

CONSOLIDATED EXTENDED SEMI-ANNUAL REPORT

Echo Investment Capital Group In the first half of 2012



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I. CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Consolidated condensed financial statements of Echo Investment Capital Group for the first half of 2012, prepared in accordance with the International Accounting and Financial Reporting Standards for the period between 1 January 2012 and 30 June 2012.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION [IN PLN '000]

ASSETS	NOTE	30.06.2012	31.12.2011	30.06.2011
1. Non-current assets				
1.1. Intangible assets		1,343	1,428	1,349
1.2. Tangible fixed assets		55,423	55,866	23,217
1.3. Long-term receivables		6	7	308
1.4. Investment real property	2	2,830,050	2,893,756	2,938,510
1.5. Investment real property under construction	2	1,195,576	1,047,624	831,682
1.6. Financial Investments		107,205	106,019	44,585
1.7. Loans granted		14	-	6
1.8. Deferred income tax assets		29,607	42,201	22,726
		4,219,224	4,146,901	3,862,383
2) Current assets				
2.1. Inventory	3	474,265	500,938	476,418
2.2. Current income tax receivables		1,196	1,345	1,458
2.3. Other tax receivables		30,574	82,925	39,042
2.4. Trade and other receivables		99,319	73,663	83,119
2.5. Loans granted		198	161	55,254
2.6. Derivative financial instruments	4	1,935	-	920
2.7. Restricted cash		57,849	57,174	49,658
2.8. Cash and cash equivalents		336,624	504,211	307,611
		1,001,960	1,220,417	1,013,480
TOTALASSETS		5,221,184	5,367,318	4,875,863

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	NOTE	30.06.2012	31.12.2011	30.06.2011
EQUITY AND LIABILITIES				
1. Equity				
1.1. Equity attributable to the parent company's shareholders		2,097,763	2,064,213	1,956,805
1.1.1. Share capital		21,000	21,000	21,000
1.1.2. Supplementary capital		2,033,957	1,857,464	1,857,464
1.1.3. Own shares purchased		(28,647)	-	-
1.1.4. Accumulated profit (loss)		60,475	176,493	75,107
1.1.5. Currency conversion differences		10,978	9,256	3,234
1.2. Non-controlling interest		(45)	(59)	(61)
	-	2,097,718	2,064,154	1,956,744
2. Provisions				
2.1. Long-term provisions		11,264	8,613	6,358
2.2. Short-term provisions		2,000	4,773	7,417
2.3. Deferred income tax provision		275,832	280,323	260,260
	-	289,096	293,709	274,035
3. Long-term liabilities				
3.1. Credits and loans	5	2,119,051	2,241,553	2,041,281
3.2. Derivative financial instruments	4	13,968	13,169	5,448
3.3. Deposits received		41,833	40,413	16,154
3.4. Leasing		76,672	76,688	55,062
	-	2,251,524	2,371,823	2,117,945
4. Short-term liabilities				
4.1. Credits and loans	5	396,155	317,499	288,963
4.2. Derivative financial instruments	4	229	20,670	4,110
4.3. Income tax liabilities		893	3,481	1,028
4.4. Other tax liabilities		15,682	16,434	16,506
4.5. Trade liabilities		105,084	192,528	134,555
4.6. Other liabilities		6,983	10,004	8,035
4.7. Prepayments received		57,820	77,016	73,942
	-	582,846	637,632	527,139
TOTALLIABILITIES		5,221,184	5,367,318	4,875,863
		30.06.2012	31.12.2011	30.06.2011
Book value (in PLN '000)		2,097,763	2,064,213	1,956,805
Number of shares (in thousands) without owned treasury shares		412,691	420,000	420,000
Book value per share		5.08	4.91	4.66

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INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT [IN '000 PLN]

	NOTE	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
Revenue		276,746	182,263
Cost of sales		(129,035)	(62,397)
Gross profit (loss) on sales		147,711	119,866
Profit (loss) on investment property		(48,909)	71,447
Selling expense		(12,576)	(11,368)
General and administrative expense		(25,990)	(18,407)
Other operating income		22,660	12,072
Other operating costs		(9,966)	(6,407)
Operating profit		72,930	167,203
Finance revenue		9,219	14,459
Financial costs		(85,641)	(74,755)
Profit (loss) on currency derivatives		14,588	(7,879)
Gains (losses) from foreign exchange differences		58,767	(7,277)
Gross profit (loss)		69,863	91,751
Income tax		(9,374)	(16,646)
- current part		(1,225)	(3,578)
- deferred part		(8,149)	(13,068)
Net profit (loss), including:		60,489	75,105
Profit (loss) attributable to the parent company's shareholders		60,475	75,107
Profit (loss) attributable to non-controlling interest		14	(2)
Profit (loss) attributable to the parent company's shareholders		60,475	75,107
(semi-annual) Weighted average number of ordinary shares (in thousands)		412,691	420,000
without owned treasury shares		112,071	120,000
Profit (loss) per share (in PLN)		0.15	0.18
INTERIM CONSOLIDATED TOTAL INCOME STATEMENT [IN PLN '000]			
	NOTE	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
Net profit		60,489	75,105
Other comprehensive income			
Currency conversion differences of foreign operations		1,722	6,123
Other comprehensive net income		1,722	6,123
Comprehensive income, including:		62,211	81,228
Comprehensive profit (loss) attributable to the parent company's shareholders		62,197	81,230
Comprehensive profit (loss) attributable to non-controlling interest		14	(2)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY [IN PLN '000]

For the period between 01.01.2012 and	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OWN SHARES PURCHASED	ACCUMULATED PROFIT (LOSS)	F/X DIFFERENCES FROM CONVERSION	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS	NON- CONTROLLING INTEREST	TOTAL EQUITY
30.06.2012 Opening balance	21,000	1,857,464	_	176,493	9,256	2,064,213	(59)	2,064,154
		17(102				2,004,213	· · ·	2,004,134
Distribution of profit from previous years	-	1/0,473	-	(176,493)	-		-	-
Purchase of own shares	-	-	(28,647)	-	-	(28,647)	-	(28,647)
Other comprehensive net income	-	-	-	-	1,722	1,722	-	1,722
Net profit (loss) for the period	-	-	-	60,475	-	60,475	14	60,489
Total comprehensive income	-	-	-	60,475	1,722	62,197	14	62,211
Closing balance	21,000	2,033,957	(28,647)	60,475	10,978	2,097,763	(45)	2,097,718

For the period between 01.01.2011 and								
31.12.2011								
Opening balance	21,000	1,709,726	-	147,738	(2,889)	1,875,575	(59)	1,875,516
Distribution of profit from previous years	-	147,738	-	(147,738)	-	-	-	-
Sales of shares in subsidiaries	-	-	-	-	-	-	25	25
Other comprehensive net income	-	-	-	-	12,145	12,145	-	12,145
Net profit (loss) for the period	-	-	-	176,493	-	176,493	(25)	176,468
Total comprehensive income	-	-	-	176,493	12,145	188,638	(25)	188,613
Closing balance	21,000	1,857,464	-	176,493	9,256	2,064,213	(59)	2,064,154

For the period between 01.01.2011 and								
30.06.2011								
Opening balance	21,000	1,709,726	-	147,738	(2,889)	1,875,575	(59)	1,875,516
Distribution of profit from previous years	-	147,738	-	(147,738)	-	-	-	-
Other comprehensive net income	-	-	-	-	6,123	6,123	-	6,123
Net profit (loss) for the period	-	-	-	75,107	-	75,107	(2)	75,105
Total comprehensive income	-	-	-	75,107	6,123	81,230	(2)	81,228
Closing balance	21,000	1,857,464	-	75,107	3,234	1,956,805	(61)	1,956,744



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS [IN PLN '000]

	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
A. Operating cash flows – indirect method	50.00.2012	30.00.2011
I. Net profit (loss)	60,489	75,105
II. Total adjustments		
1. Share in net (profit) loss of associated units	_	
2. Depreciation of fixed assets	2.960	1.021
2. Gains (losses) from foreign exchange differences	(58,767)	7,277
4. Interest and profit sharing (dividends)	66,377	58,826
5. Current income tax	9,374	16,646
6. Income tax paid	(3,711)	(5,010)
7. Profit (loss) on investment activities	27,286	(70,516)
8. Change in provisions	(123)	2,210
9. Change in inventories	26,957	(473)
10. Change in receivables	26,695	(27,828)
11. Change in current liabilities, excluding loans and borrowings	(46,022)	16,616
	51,026	(1,231)
II. Net cash flows from operating activities (I+/-II)	111,515	73,874
3. Cash flows from investment activities		
I. Inflows		
 Sales of intangible assets and tangible fixed assets 	153	1 001
2. Disposal of investments in real property and intangible assets		-
3. From financial assets	-	53,002
	- 13,523	53,002
4. Other investment inflows		53,002 6,770
4. Other investment inflows	- 13,523 - 13,676	53,002 6,770
		53,002 6,770
4. Other investment inflows	- 13,676 (2,585)	53,002 6,770 61,153 (790)
 4. Other investment inflows II. Expenditure Purchases of intangible and tangible fixed assets Investments in real property and intangible assets 	- 13,676 (2,585) (196,120)	53,002 6,770 61,153 (790) (237,873)
 4. Other investment inflows II. Expenditure Purchases of intangible and tangible fixed assets Investments in real property and intangible assets For financial assets 	- 13,676 (2,585)	53,002 6,770
 4. Other investment inflows II. Expenditure Purchases of intangible and tangible fixed assets Investments in real property and intangible assets 	- 13,676 (2,585) (196,120)	53,002 6,770 61,153 (790) (237,873)
 4. Other investment inflows II. Expenditure Purchases of intangible and tangible fixed assets Investments in real property and intangible assets For financial assets 	- 13,676 (2,585) (196,120)	1,381 53,002 6,770 - 61,153 (790) (237,873) (106,275) - - (344,938) (283,785)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS [IN PLN '000] CONTINUED

	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
C. Cash flows from financing activities		
I. Inflows		
1. Net proceeds from the issue of shares and other equity instruments and	-	-
additional equity contributions:		
2. Loans and borrowings	113,736	163,696
3. Issuance of debt securities	290,000	295,000
4. Other financial inflows	-	-
	403,736	458,696
II. Expenditure		
1. Purchase of own shares	(28,647)	-
2. Dividends and other payments to owners	-	-
Profit distribution expenses other than payments to owners	-	-
4. Repayment of loans and borrowings	(92,750)	(29,201)
5. Redemption of debt securities	(290,000)	(185,000)
6. Expenses on foreign currency derivatives	-	-
7. Payment of financial lease liabilities	(15)	(7)
8. Interest	(79,078)	(62,720)
9. Other financial expenses	-	-
	(490,490)	(276,928)
III. Net financial cash flows (I-II)	(86,754)	181,768
D. Total net cash flow (A.III+/-B.III+/-C.III)	(168,634)	(28,143)
E. Balance sheet change in cash, including:	(166,912)	(22,020)
movement in cash due to foreign exchange differences	1,722	6,123
F. Cash at the beginning of the period	561,385	379,289
G. Cash at the end of the period (F+/-D), including:	394,473	357,269
restricted cash	57,849	49,658



ADDITIONAL INFORMATION ABOUT THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY NOTES

GENERAL INFORMATION

The principal scope of activities of Echo Investment Capital Group S.A. (the "Group") is construction and lease or sale of space in commercial, shopping and entertainment, office, hotel and residential buildings and real property trading.

The parent company of the Group is Echo Investment S.A. (the "Company" or "Echo"), based in Kielce at Al. Solidarności 36. The Company was registered in Kielce on July 23rd 1992. Echo is a joint stock company (S.A.), entered into the National Court Register under number 0000007025 by the District Court in Kielce X Commercial Department of the Court Register.

The Company's shares are traded on the Warsaw Stock Exchange, sector as per regulated market – developers.

The Company has been established for an unlimited period of time.

The Management Board of Echo Investment SA as of 30 June 2011 as well as of 30 June 2012 was as follows: President of the Board Piotr Gromniak, Vice President Artur Langner. The Supervisory Board of Echo Investment SA as of 30 June 2011 as well as of 30 June 2012 was as follows: President of the Board Wojciech Ciesielski, Vice President Andrzej Majcher, Vice President Mariusz Waniołka, and members: Tomasz Kalwat, Robert Oskard and Karol Żbikowski. The Audit Committee as of 30 June 2012 was as follows: Wariusz Waniołka – chairman, Robert Oskard and Karol Żbikowski.

INFORMATION ON THE FINANCIAL STATEMENTS

The condensed consolidated financial statements of Echo Investment Capital Group S.A. present the consolidated financial data for the period of 6 months ending on 30 June 2012 and comparative data for the period of 6 months ending on 30 June 2011 and comparative data for the period of 12 month ending on 31 December 2011 (in the case of the statement of financial position and the statement of changes in equity). Unless noted otherwise, all financial data in the condensed consolidated financial statements of the Group are presented in PLN.

The currency of the interim financial statements of the Group is the Polish zloty ("PLN") – also the functional and reporting currency of the parent company. Some of the Group's units have other functional currency than PLN. The reporting data of these companies included in this report were converted to PLN in accordance with IAS 21. Balance sheet items were translated at the exchange rate on the balance sheet date, and income statement items were translated at the average exchange rate for the period. The resulting foreign exchange differences are reported as a separate equity item.

The condensed financial statements of the Company are based on the principles of IAS 34. These financial statements need to be analysed in conjunction with the annual consolidated financial statements for the year 2011.

These statements were prepared on the historical cost basis except for investment properties and financial instruments measured at fair value. The statements were prepared on the assumption of continuing business operations for the foreseeable future, bearing in mind that there are no circumstances indicating a threat to the continuation of activity.

The Management Board of the Group has used its best judgment regarding the application of standards and interpretations, as well as the methods and principles of measurement of individual items of these financial statements.

The operations of the Echo Group are not seasonal in nature.

While preparing these statements, the Company applied new interpretations issued by the IFRS Committee applicable to the Company for the reporting period beginning on 1 January 2012. The applied changes had no material impact on the presentation of data and measurement in the financial statements. The Company decided not to apply any standard, interpretation or change which was published but has not entered into force so far.

SUMMARY OF SIGNIFICANT ACHIEVEMENTS AND FAILURES OF THE CAPITAL GROUP DETAILING THE KEY EVENTS

THE MOST IMPORTANT EVENTS IN Q1 2012

ECHO INVESTMENT S.A. own share buyback program

On 18 January 2012 the Management Board of Echo Investment S.A. passed a resolution to accept share buyback program of Echo Investment S.A.

Pursuant to Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008, the Management Board of Echo Investment S.A. adopted the adopted the Echo Investment S.A. share buyback program (the "Program").

The Program concerns the repurchase of Echo Investment S.A. shares (the "Company") listed on the main market of the Warsaw Stock Exchange in Warsaw (the "Stock Exchange").

The aim of the Program is to acquire own shares by the Company for further sale or redemption, subject to the conditions and procedures specified in Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.

According to the Board of Echo Investment S.A., the share buyback is justified due to:

- unthreatened financial position of the Company and its Group, including large cash reserves,
- safe parameters and indicators with regard to debt and the debt servicing capabilities of the Company and the Group, even after taking into account the funds allocated for the repurchase of own shares,
- possible slower growth, as a result of the debt crisis of some countries in the euro area and the large capital needs of the leading European banks, of the Polish property market in relation to the past two years, and therefore the higher risk of starting new projects and the risks of financing,
- recognition as an alternative to the payment of dividends.

DETAILED INFORMATION ABOUT THE PROGRAM

- 1. The own share buyback program is scheduled to begin on 19 January 2012.
- 2. The Program shall remain in accordance with the applicable provisions of the Polish and European law, as well as the principles set out in Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.
- 3. The total number of shares repurchased for redemption shall not exceed 210,000,000 shares.
- 4. The total number of shares repurchased for further sale shall not exceed 84,000,000 shares, including the remaining treasury shares which were not sold by the Company.
- 5. The amount of funds allocated for the purchase of shares for redemption and the amount of funds allocated for the purchase of shares for further sale will fall within the limits marked the provisions of Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.
- 6. The program will end no later than on 19 December 2013.
- 7. The Management Board, guided by interests of the Company, after consultation with the Supervisory Board may:
 - (a) end the acquisition of shares before 19 December 2013 or before all the funds allocated to their acquisition;
 - (b) cancel the purchase of shares in whole or in part.

The Board shall convey relevant information to the public should they decide to end the Program before 19 December 2013.

- 8. The price at which the Company will purchase own shares may not exceed the price of the last independent transaction and the highest current independent bid in transactions concluded during stock exchange sessions.
- 9. In one day, the Company may not acquire more than 25% of the average daily volume of shares on the Warsaw Stock Exchange, and the value of the average daily volume will be based on the average daily volume in the 20 days preceding the date of purchase.
- 10. In the event of extremely low liquidity of shares, the Company will be allowed exceed the threshold of 25% specified in paragraph 9, but not more than 50%, after having notified the Polish Financial Supervision Authority, the Warsaw Stock Exchange and the public about such intention.
- 11. Acquisition as part of a public tender offer for the shares of the Company is not excluded.



- 12. The shares of the Company shall be purchased through a subsidiary or a brokerage house, who will acquire the Company's shares on their own accounts through transactions at the Warsaw Stock Exchange in compliance with the terms of the Program, in particular the quantitative and price restrictions.
- 13. The shares repurchased through a subsidiary or a brokerage house as part of the Program will subsequently be purchased by the Company (in the case of purchasing from a subsidiary) or a subsidiary (in the case of buying from a brokerage house for further resale to the Company) in block transactions. The block transactions referred to in the previous sentence will not be subject to the qualitative and price restrictions described above.
- 14. The Management Board will inform the public about:
 - (a) for each day of the Program the number of shares purchased on that day within the Program and their average price, unless no treasury shares were purchased on that day within the Program;
 - (b) after the completion of the Program a detailed summary report on its implementation.
- 15. The Management Board of the Company is authorised to change the provisions of the Program, and the information about these changes shall be conveyed to the public before the changes inter into force.

After the completion of the Program, the Management Board shall decide whether to redeem the shares bought or sell them. Should they decide to redeem the shares, the Management shall convene without delay, but no sooner than 3 months of that date, a General Meeting of Shareholders of the Company in order to adopt resolutions concerning the redemption of shares and reduction of the Company's share capital.

Tender offer to subscribe for of shares of the Issuer

On 19 January 2012 the Management Board of Echo Investment S.A. decided to announce, through a subsidiary "Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership based in Kielce (the "Offeror") a tender offer, pursuant to Art. 72 Para. 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, to subscribe for shares in the Company, wherein the aim is to purchase 42 000 420 (forty two million four hundred and twenty) own shares of the Company with nominal value of PLN 0.05 each, at the price of PLN 3.90 (three zloty 90/100) per share for the purpose of redemption or further resale, under the terms of the Tender Offer which is annexed to this report.

The Management Board decided that the beginning of the period of accepting subscriptions will be on 8 February 2012 and the subscription period will end on 21 February 2012. The remuneration for the Company's acquisition of own shares under the Tender Offer will come from the Offeror's own resources.

At the same, the Management Board informs that, through the BRE Bank S.A. Investment House, in accordance with the requirements of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies and the Regulation of the Minister of Finance of 19 October 2005 on the Model Calls for the Sale or Exchange of Shares of a Public Company, the Detailed Method of Publishing and the Conditions for the Acquisition of Shares as a Result of these Calls, it has passed the content of the call to register for the sale of shares of the Company (the "Offer") to the Polish Financial Supervision Authority, the Warsaw Stock Exchange and the Polish Press Agency S.A. in Warsaw.

According to the Board of Echo Investment S.A., the share buyback within the framework of the Offer is justified due to:

- unthreatened financial position of the Company and its Group, including large cash reserves,
- safe parameters and indicators with regard to debt and the debt servicing capabilities of the Company and the Group, even after taking into account the funds allocated for the repurchase of own shares,
- possible slower growth, as a result of the debt crisis of some countries in the euro area and the large capital needs
 of the leading European banks, of the Polish property market in relation to the past two years, and therefore the
 higher risk of starting new projects and the risks of financing,
- recognition as an alternative to the payment of dividends

Information on acquisition of shares of the Issuer as a result of a tender offer for own shares

On 24 February 2012 as part of the call to register for the sale of shares of Echo Investment S.A., the Issuer's subsidiary "Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership (Company, Offeror) concluded purchase transactions of 7,309,418 (seven million three hundred and nine thousand four hundred and eighteen) shares of Echo Investment SA at a price of PLN 3.9 per share.

The settlement the transaction was took place on 27 February 2012.

The above-described purchase of the Issuer's shares by the Company as a result of the tender offer was executed pursuant to:

- the Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008, which authorized the Management Board of the Issuer to acquire own shares for redemption or further
- resale in the period between 20 December 2008 and 19 December 2013.
- the resolution on the adoption of the Echo Investment S.A. own shares repurchase program on 18 January 2012 (CR No. 3/2012).
- the resolution of the General Meeting of the limited joint-stock partnership of 18 January 2012.

The Offeror will not exercise the rights acquired as a result of the offer of shares, except for the power to sell or engaging in activities designed to protect the rights of the Offeror.

The nominal value of each Issuer share amounts to PLN 0.05, and the total nominal value of the purchased shares is PLN 365,470.9.

The purchased shares 1.74% of the share capital of the Issuer and the entitlement to 7,309,418 votes representing 1.74% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.

In total, the Company holds 7,309,418 ordinary bearer shares of Echo Investment S.A. representing 1.74% of the share capital of the Issuer and the entitlement to 7,309,418 votes representing 1.74% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.

Conclusion of significant lease agreements

On 15 March 2012, subsidiaries of the Issuer entered into, with the company "real,- Spółka z ograniczoną odpowiedzialnością i Spółka" limited joint-stock partnership based in Warsaw (02-183) at Al. Krakowska 61, a company entered into the Register of Entrepreneurs of the National Court Register by the District Court for the Capital City Warsaw, XIII Commercial Department of the National Court Register under KRS number 0000011498 (Lessee), commercial space lease agreements for the period of 10 years in shopping centres owned by the subsidiaries listed below.

The lease agreements in question were concluded by the following subsidiaries of the Issuer:

- "Galeria Sudecka Projekt Echo 43 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership based in Jelenia Góra (58-506) at Al. Jana Pawła II 51, a company entered into the Register of Entrepreneurs of the National Court Register kept by the District Court for Wrocław-Fabryczna, IX Commercial Department of the National Court Register under KRS number 0000380072 – applies to retail space in the shopping centre in Jelenia Góra, ul. Jana Pawla li 51;
- "PPR Projekt Echo 77 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership based in Kielce (25-323) at Al. Solidarności 36, the company entered into the Register of Entrepreneurs kept by the District Court in Kielce, X Commercial Department of the National Court Register under KRS number 0000361525 – applies to retail space in shopping centres in Radom, ul. Żółkiewskiego 4 and Piotrkow Trybunalski ul. Sikorskiego 13/17;
- "Galeria Tamów Projekt Echo 43 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership based in Kielce (25-323) at Al. Solidarności 36, the company entered into the Register of Entrepreneurs kept by the District Court in Kielce, X Commercial Department of the National Court Register under KRS number 0000385055 – applies to retail space in the shopping centre in Tarnów, ul. Błonie 2.

The total value arising from the four lease agreements concluded by the above-mentioned subsidiaries of the Issuer for the period of 10 years equals EUR 38.15 million, which at the date when the Warsaw Stock Exchange was notified (Current Report no 10/2012) was equivalent of PLN 158.04 million after conversion at the average rate of National Bank of Poland.

The agreement of the highest value is the lease agreement for the space in the Radom Shopping Centre amounting to EUR 11.17 million, which at the date when the Warsaw Stock Exchange was notified (Current Report no 10/2012) was equivalent of PLN 46.27 million after conversion at the average rate of National Bank of Poland.

The commercial premises shall be delivered to the Lessee on 30 January 2012.



The agreements contain standard provisions for contractual penalties for this type of contracts used in the market. The liability of the Lessee and lessor companies with respect to contractual penalties is limited to the amount of EUR 3 million, which at the date when the Warsaw Stock Exchange was notified (Current Report no 10/2012) was equivalent of PLN 12.43 million after conversion at the average rate of National Bank of Poland. The payment of contractual penalties does not exclude the right of each of the parties to claim compensation on general terms.

Issuance of bonds under the Bond Issuance Programme

Within the Bond Issuance Program signed with BRE Bank S.A., based in Warsaw (CR no. 7/2011 of 1 February 2011), the Company has issued bonds for a total amount of PLN 115 million.

The nominal value and issue price of a single bond is PLN 100 thousand. The bonds were issued for the period of 3 years. The interest on the bonds was determined on the basis of the WIBOR 6M variable plus a margin for investors. The interest will be paid semi-annually. The bonds will be redeemed at maturity at par value. The bonds are not secured.

The value of liabilities as of the last day of the quarter preceding the offer to purchase, i.e. 31 March 2012, amounts to PLN 949 million.

In the opinion of the Management Board of Echo Investment S.A., during the period of validity of the issued bonds, general liabilities of Echo Investment S.A. will be maintained at a safe level and the indicators of the debt servicing capability are at levels which ensure the ability of handling the liabilities arising from the issued bonds.

As of March 31, 2012, the issued bonds represent 19.2% of the equity of Echo Investment SA.

The bonds do not carry a right to a benefit in kind on the part of the Issuer.

The funds from the bond issue will be used in the ongoing investment processes in the property market according to the development strategy pursued by Echo Investment Capital Group S.A.

The loan agreement for the financing of the first stage of "Aquarius Business House"

On 6 June 2012, the company "GRUPA ECHO SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ 1" LIMITED JOINT-STOCK PARTNERSHIP based in Kielce at al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court in Kielce, X Commercial Department of the National Court Register under the KRS number 0000378348 (hereinafter: the Borrower, the Company), a subsidiary of the Issuer, has signed with the company ALIOR BANK SPÓŁKA AKCYJNA, based in Warsaw, Al. Jerozolimskie 94, 00-807 Warsaw, entered into the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, XII Commercial Department of the National Court Register under KRS number 305178, (hereinafter: the Lender, the Bank) a loan agreement (the Agreement).

Under the terms of the Agreement, the Bank shall provide for the Borrower a construction loan in the amount of PLN 93,368,427 for the purpose of financing and refinancing of the project costs associated with the implementation of the first phase of the building of the office and commercial complex "Aquarius Business House" in Wroclaw.

The amount of the loan bears interest at one-month WIBOR rate plus the bank's margin.

The repayment date was set for 30 September 2013

The repayment of the Borrower to the Bank related to the Loan will be secured by, among others:

- 1. property mortgage with priority of satisfaction to the amount representing 150% of the Loan;
- registered pledge and lien with priority of satisfaction on all shares in the company of the Borrower to the amount representing 150% of the Loan with a declarations of the Shareholders on submission to enforcement in accordance with the provisions of the Banking Law with respect to their shares;
- 3. registered pledge and lien on the accounts of the Borrower and power of attorney allowing access and blocking of the Borrower's accounts;
- 4. bank transfer to secure claims under insurance contracts;
- 5. bank transfer to secure claims under Lease Agreements and collateral of Lease Agreements;
- 6. bank transfer to secure claims under Agreements with Contractors and collateral of these Agreements;
- 7. declaration on submission to enforcement by the Borrower pursuant to the provisions of the Banking Law.

Overdraft Agreement

On 12 June 2012 the Issuer signed with the company Bank Zachodni WBK Spółka Akcyjna, based in Wrocław at Rynek 9/11 50-950 Wrocław, entered into the Register of Entrepreneurs of the National Court Register under KRS number 0000008723 by

the District Court in Wrocław-Fabryczna, VI Commercial Department of the National Court Register (hereinafter: the Bank) an Overdraft Agreement (hereinafter: the Agreement).

Under the terms of the Agreement, the Bank shall grant the Company a loan to the amount of PLN 50,000,000.00 (fifty million 00/100) to finance current operations.

The repayment date specified in the Agreement was set for 8 June 2013.

Annex to the Overdraft Agreement

On 29 June 2012 the Issuer signed with Bank Polska Kasa Opieki S.A., based in Warsaw, an annex to the Overdraft Agreement, of which the Company informed in the current report no. 34/2011 of 30 June 2011.

The Annex increased the amount of the overdraft from PLN 30 million to PLN 50 million and the repayment date was extended to 30 June 2013.

INFORMATION CONCERNING THE PROJECTS OF THE CAPITAL GROUP

OPERATING SEGMENTS

As of 30 June 2012 the Group had both projects already placed in service as well as projects under construction or in preparation for it.

Portfolio of property in operation

As of 30 June 2012 the Group had 5 shopping centres, 3 shopping and entertainment centres and 5 office projects for lease.

PROPERTY PORTFOLIO AS OF 30 JUNE 2012

CITY	LOCATION	NAME	GLA [SQM]
Jelenia Góra	Al. Jana Pawła II	Galeria Echo	19,000
Piotrków Trybunalski	ul. Sikorskiego	Galeria Echo	17,400
Przemyśl	ul. 29 Listopada	Galeria Echo	4,900
Radom	ul. Żółkiewskiego	Galeria Echo	19,500
Tarnów	ul. Błonie	Galeria Echo	20,200
SHOPPING CENTRES	TOTAL		81,000
Kielce	ul. Świętokrzyska	Galeria Echo	70,500
Szczecin	Al. Wyzwolenia	Galaxy	41,700
Wrocław	Plac Grunwaldzki	Pasaż Grunwaldzki	48,700
SHOPPING AND ENTERTAINMENT	TOTAL		160,900
CENTRES			
Kielce	al. Solidarności	Astra Park (*)	11,200
Poznań	ul. Baraniaka	Malta Office Park (3 stages)	28,400
Szczecin	ul. Malczewskiego	Oxygen	14,100
Warsaw	Al. Jana Pawła II	Babka Tower	6,200
Warsaw	ul. Postępu	Polkomtel Office Building(*)	10,200
OFFICES	TOTAL		70,100
PROJECTS FOR LEASE	TOTAL		312,000

*The Astra Park Project does not include area occupied by the Group. In the case of the Polkomtel Office Building (Warsaw ul. Postępu) the area accounts for 50% of the project attributable to the Group.



The Lessees of space in shopping and shopping and entertainment centres are national and international retail chains and local businesses. The key retail tenants include:

- supermarkets: Real, Carrefour, Tesco,
- specialised retail networks: Empik, Nomi, RTV Euro AGD, Saturn,
- clothing chains: C&A, H&M, Zara, Reserved,
- cultural and entertainment chains: Helios, Multikino,
- health and beauty chains: Douglas, Rossmann.

Office space is rented to renowned companies and local businesses. The key tenants of office space include: Grand Thornton Frąckowiak, Roche Polska Sp. z o.o., Ikea Shared Services Sp. z o. o., McKinsey Emea Shared Services, Coloplast Shared Services Sp. z o.o., Nordea Bank Polska S.A., Tieto Polska S.A., Polkomtel S.A., Pramerica Życie TUIR S.A., Raiffeisen Bank Polska S.A., Sygnity S.A., Medicover Sp. z o.o., Altkom Investments Sp. z o.o., Mentor Graphics Polska Sp. z o.o., Kennametal Polska Sp. z o. o., Tebodin SAP-Projekt Sp. z o.o., Samsung Electronics Polska Sp. z o.o.

Projects under construction and in preparation for construction

In order to minimise the risk of unfavourable changes in the property market, staged implementation of planned investments and adjustment of the pace of their implementation to market expectations is not precluded. The Management Board is closely monitoring the situation in the property market and the decisions concerning construction projects are made on the basis of assessment of the current market conditions. All dates of project implementations are flexible and reasonably adapted to the actual situation.

PROJECTS UNDER CONSTRUCTION OR IN PREPARATION WITHIN THE SEGMENT OF SHOPPING CENTRES AND SHOPPING AND ENTERTAINMENT CENTRES

PROJEKT	GLA [SQM]		PROJECT START	PROJECT COMPLETION
Galeria Olimpia, Bełchatów		21,200	IH 2011	II H 2012
Galeria Veneda, Łomża		15,200	II H 2011	IH 2013
Outlet Park, Szczecin (stage I)		15,900	II H 2011	II H 2012
Outlet Park, Szczecin (stage II)		8,500	IH 2014	II H 2014
Galeria Amber, Kalisz		34,100	IH 2012	II H 2013
Pasaż Grunwaldzki, Wrocław (expansion)		16,500	IH 2013	IH 2014
Galeria Arena, Słupsk (stage I-II)		20,200	IH 2013	II H 2015
Galeria Nova, Koszalin		27,200	II H 2013	IH 2015
Metropolis, Poznań		73,300	IH 2013	IH 2015
Galaxy, Szczecin (expansion)		16,100	II H 2013	IH 2015
Lublin, ul. Poligonowa		70,900	II H 2013	IH 2015
Galeria Echo, Jelenia Góra (expansion)		9,800	II H 2013	IH 2015
Katowice, ul. Kościuszki		49,100	II H 2014	II H 2016
PROJECTS IN POLAND		378,000		
Korona, Brasov (Romania), stage I		35,500	IH 2013	II H 2014
Mundo, Budapest (Hungary)(*)		42,700		
PROJECTS ABROAD		78,200		
PROJECTS TOTAL		456,200		

* As a result of legislation introduced in Hungary which reduces the possibility of shopping centre construction and the economic situation in the country, the commencement of the project during the next three years is uncertain.

PROJECTS UNDER CONSTRUCTION OR IN PREPARATION WITHIN THE SEGMENT OF OFFICE BUILDINGS AND HOTELS

PROJEKT	GLA [SQM]	PROJECT	START PROJECT COMPLETION
Novotel, Łódź	7,5	300 II H 20	II IH 2013
Aquarius, Wrocław (stage I)	15,	700 I H 201	1 II H 2012
Aquarius, Wrocław (stage II)	9,	500 I H 201	2 II H 2013
Warszawa, Konstruktorska (stage I-II)	33,	300 II H 20	12 II H 2015
Katowice, Francuska (stage I-III)	32,-	500 II H 20	12 I H 2017
Kraków, Opolska (stage I-III)	57,	700 II H 20	12 I H 2017
Tryton, Gdańsk	22,	100 II H 20	12 I H 2014
Warszawa, Jana Pawła II	52,	700 IH 201	3 I H 2016
Warszawa, Beethovena (stage I-III)	53,	700 IH 201	3 II H 2017
Wrocław, Lotnicza	16,	200 I H 201	3 II H 2014
Aurus, Łódź (stage I-II)	19,5	200 I H 201	3 II H 2015
PROJECTS IN POLAND	320,8	300	
Kiev, Dehtiarivska (stage I-VI)	110,	400 I H 201	3 I H 2015*
PROJECTS ABROAD	110,	400	
PROJECTS TOTAL	431,:	200	

*the completion date applies to the I stage

PROJECTS UNDER CONSTRUCTION OR IN PREPARATION WITHIN THE RESIDENTAL SEGMENT

PROJEKT	PUM] [SQM]	PROJECT START	PROJECT COMPLETION
Dyminy, Osiedle Południowe (stage I)	48,100	II H 2010	II H 2012
Dyminy, Osiedle Południowe (stage II-III)	112,100	II H 2011	IH 2014
Poznań, Sołacz	13,700	IH 2013	IH 2014
Warszawa, Rezydencje Leśne, Młociny	52,900	II H 2010	II H 2012
SALE OF PLOTS	226,800		
Kielce, Zielone Tarasy	2,100	II H 2012	II H 2013
Kraków, Korzeniowskiego	3,000	II H 2012	IH 2014
Kraków, Bronowicka	3,100	II H 2012	IH 2014
Kraków, Tyniecka / Czarodziejska	4,600	IH 2013	II H 2014
Łódź, Osiedle Jarzębinowe stage I	6,900	II H 2011	II H 2013
Łódź, Osiedle Jarzębinowe stage II–IV	38,600	IH 2013	II H 2018
Łódź, Wodna (stage I-II)	13,700	IH 2013	IH 2016
Poznań, Kasztanowa Aleja (stage II)	8,600	II H 2012	II H 2014
Poznań, Naramowice, Pod Klonami I Multifamily	9,300	IH 2010	II H 2012
Poznań, Naramowice, Pod Klonami II Terraced	4,500	IH 2012	II H 2013
Poznań, Naramowice, Karpia (stage I-II)	20,300	II H 2012	II H 2015
Warszawa, Konstruktorska (stage I-IV)	44,800	II H 2012	II H 2019
Warszawa, Princess, Puławska	4,700	IH 2013	II H 2014
Warszawa, Kirkor, Szajnochy	1,300	IH 2013	IH 2013
Wrocław, Grota Roweckiego (stage I-III)	18,300	II H 2012	II H 2016
SALE OF APARTMENTS	183,800		
PROJECTS TOTAL	410,600		



FACTORS AND EVENTS, AND IN PARTICULAR THOSE OF UNTYPICAL NATURE, MATERIALLY AFFECTING THE FINANCIAL PERFORMANCE

FACTORS AFFECTING THE FINANCIAL PERFORMANCE OF THE CAPITAL GROUP IN THE FIRST HALF OF 2012

- accounting of revenues from final agreements of residential property sales:
 - in Krakow (Dom Pod Słowikiem at ul. Krasickiego)
 - in Poznań (Kasztanowa Aleja at ul. Wojskowa, Pod Klonami at ul. Rubież, Naramowice Rynek),
 - in Warsaw (Klimt House at ul. Kazimierzowska),
- accounting of revenues from final agreements of sales of plots with house projects:
 - in Dyminy near Kielce (Osiedle Południowe),
 - w Bilcza near Kielce (Osiedle Bilcza II)
- accounting of revenues from final agreements of sales of plots:
 - in Masłów near Kielce
- regular income from the rental of offices and shopping centres,
- sales of construction effort related to the construction of the Novotel hotel in Łódź,
- quarterly revaluation of fair value of the Group's real estate:
 - in service, taking into account:
 - changes in exchange rates (EUR and USD),
 - indexation of rents,
 - changes in the level of net operating income,
 - under construction and in the process of commercialization:
 - Malta Office Park stage III in Poznań (further valuation),
 - Outlet Park in Szczecin (further valuation),
 - Galeria Olimpia in Bełchatów (initial valuation)
 - Galeria Veneda in Łomża (initial valuation)
 - Aquarius Office Building I stage in Wrocław (initial valuation)
- selling costs and general and administrative expense,
- quarterly revaluation of inventories
- valuation of liabilities from bonds and loans at amortized cost,
- valuation of loans and cash due to changes in foreign exchange rates,
- valuation and implementation of securing financial instruments on foreign currencies
- interest on deposits and loans granted
- discount and interests on credits, bonds and loans.

UNUSUAL EVENTS AFFECTING THE FINANCIAL PERFORMANCE OF THE COMPANY IN THE FIRST HALF OF 2012

- none.

FOREIGN CURRENCY HEDGING

The Group makes foreign exchange hedge transactions pursuant to agreements with banks. These transactions are made as part of the security policy in order to secure future cash flows from currency tranches of loans in EUR and operating income.

Due to the open positions in the currency market, Echo Investment Capital Group as of 30 June 2012 was secured for the part of the cash flows in 2012: 17.18 million EUR and in 2013: 0.75 million EUR.

Balance sheet valuation of open positions on derivative instruments as of 30 June 2012 is: PLN 2.16 million.

Weighted average forward rate of settlement (strike) for the remaining open trades is 4.4273 EUR/PLN.

Maturity periods of open positions (as of 30 June 2012):

FINANCIAL INSTRUMENT	CURRENCY	BALANCE SHEET VALUE ON 30.06.2011 (MILLION PLN)	NOMINAL VALUE (MILLION EUR)	3Q 2012 NOMINAL VALUE (MILLION EUR)	Q4 2012 NOMINAL VALUE (MILLION EUR)	Q1 2013 NOMINAL VALUE (MILLION EUR)
Forward	EUR/PLN	2.16	17.93	12.65	4.53	0.75

NOTES ON THE SEASONALITY OR CYCLICALITY OF THE CAPITAL GROUP'S BUSINESS IN THE PRESENTED PERIOD

The operations of the Group cover several segments of the property market. The owned portfolio of assets held for lease, systematic construction and sale of residential projects and property management to a large extent provide comparable revenue in each quarter. However, income from general investment services and property trading can be irregular. The Management Board cannot rule out other one-off events that may affect the results achieved in a given period.

ACCOUNTING POLICY

In the preparation of this report, the Group applied the same accounting policies as those adopted and described in the annual consolidated financial statements for 2011.

COMPOSITION OF THE GROUP

These financial statements of the Echo Investment Group S.A. include the separate financial statements of Echo Investment S.A. and its subsidiaries The subsidiaries are all the entities over which the Group exercises control, which usually occurs when the Company directly or through its other subsidiaries has more than half of the votes in a given entity. Control also occurs when the Company has the ability to influence the financial and operating activities of a given entity. Subsidiaries are consolidated from the date of acquisition of control until the time when control over them is lost.

As of the day of subsidiary acquisition, the assets as well as equity and liabilities of the acquired entity are measured at their fair value. The surplus of the purchase price over the fair value of identifiable acquired net assets of the relevant unit is disclosed in balance sheet assets as goodwill. If the purchase price is lower than the fair value of identifiable acquired net assets of the relevant unit, the difference is disclosed as profit in the Profit and Loss account for the period during which the purchase took place. The share of Minority Shareholders is stated at the fair value of the net assets attributable to them. In subsequent periods, the losses attributable to minority shareholders exceeding the value of their shares are deducted from the equity of the parent company.

The most important role in the structure of the Group is played by Echo Investment S.A., which, as the owner of the entities comprising the Group, monitors, participates and provides funding for the implementation of development projects. The companies it is composed of have been established or acquired to meet specific investment projects and for the most part not engage in economic activity other than that which would arise from the implementation of a specific project, and subsequently lease already completed assets or provide other services.

In the process of consolidation all intercompany transactions and settlement balances are eliminated. Also eliminated is the value of shares held by the Company and other consolidated entities in subsidiaries which corresponds to the share of the Company and other entities of the Group under consolidation in the subsidiaries' equity.

As of 30 June 2012, the Echo Investment Capital Group is composed of 81 subsidiaries, fully consolidated, one co-subsidiary company consolidated using the proportional method and one associated company consolidated using the equity method.

SUBSIDIARIES

COMPANY NAME	REGISTERED	% OF EQUITY	(HELD AS OF	PARENT COMPANY
	OFFICE	30.06.2012	30.06.2011	
47 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
53 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Astra Park – Projekt Echo – 69 Sp. z o.o. LJSP (formerly: "Astra Park" Sp. o.o.)	Kielce	100%	0%	XXXIV FIZ Forum
Avatar – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Babka Tower – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Barconsel Holdings Ltd	Nicosia	100%	100%	Echo – SPV 7
Bełchatów – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Budivelnuy Soyuz Monolit LLC	Kiev	100%	100%	Yevrobudgarant LLC
Echo – Arena Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Arena Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo – Aurus Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Centrum Przemyśl – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum



COMPANY NAME	NAME REGISTERED % OF EQUITY HELD AS OF		PARENT COMPANY	
	OFFICE	30.06.2012	30.06.2011	
Echo – Galaxy Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Galaxy Sp. z o.o. LJSP	Szczecin	100%	100%	XXIX FIZ Forum
Echo – Galeria Lublin Sp. z o.o.	Lublin	100%	100%	Echo Investment S.A.
Echo – Kasztanowa Aleja Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Kasztanowa Aleja Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo – Klimt House Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Klimt House Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo – Pasaż Grunwaldzki Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo Pasaż Grunwaldzki – Magellan West Sp. z o.o. LJSP	Kielce	99.95%	100%	XXIX FIZ Forum
Echo – Pod Klonami Sp. z o.o.	Kielce	100%	100%	Projekt Naramowice Poznań Sp. z o.o.
Echo – Pod Klonami Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo – Project – Management Ingatlanhasznosito Kft.	Budapest	100%	100%	Echo Investment S.A.
Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Przy Słowiańskim Wzgórzu Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo – SPV 7 Sp.z o.o.	Kielce	100%	100%	Echo Investment S.A.
Echo – Galeria Amber Sp. z o.o. (formerly: Huxton nvestments Sp. z o.o.)	Kielce	100%	0%	Echo Investment S.A.
Echo Investment ACC – Grupa Echo Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo Investment Facility Management -Grupa Echo Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	100%	Echo Investment S.A.
Echo Investment Project 1 S.R.L.	Bucharest	100%	100%	Echo Investment S.A.
Echo Investment Project Management S.R.L.	Bucharest	100%	100%	Echo Investment S.A.
Echo Investment Property Management – Grupa Echo Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Echo Investment Ukraine LLC	Kiev	100%	100%	Echo Investment S.A.
El – Project Cyp – 1 Ltd	Nicosia	100%	100%	Echo Investment S.A.
Galeria Kielce – Projekt Echo – 93 Sp. z o.o.	Kielce	100%	100%	XXIX FIZ Forum /
Galeria Olimpia – Projekt Echo – 98 Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Galeria Sudecka – Projekt Echo – 43 Sp. z o.o. JSP	Jelenia Góra	100%	100%	XXIX FIZ Forum
Galeria Tarnów – Projekt Echo – 43 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Grupa Echo Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Grupa Echo Sp. z o.o. 1 LJSP	Kielce	100%	100%	XXIX FIZ Forum
Malta Office Park – Projekt Echo – 96 Sp. z o.o. JSP	Kielce	100%	100%	XXXIV FIZ Forum
Mena Investments Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
Metropolis – Grupa Echo Sp. z o.o. LJSP (formerly: Echo – Metropolis Sp. z o.o.)	Kielce	100%	100%	XXXIV FIZ Forum
Dxygen – Projekt Echo – 95 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Pamiątkowo Sp. z o.o.	Pamiątkowo	100%	100%	Echo Investment S.A.
Park Postępu – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum

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COMPANY NAME	NAME REGISTERED % OF EQUITY HELD AS OF		HELD AS OF	PARENT COMPANY
	OFFICE	30.06.2012	30.06.2011	
PHS – Projekt CS Sp. z o.o. LJSP	Szczecin	100%	100%	XXIX FIZ Forum
PPR – Projekt Echo – 77 Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Princess Investment Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Beethovena – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum / XXXIV FIZ Forum
Projekt CS Sp. z o.o.	Szczecin	100%	100%	Echo Investment S.A.
Projekt Echo – 30 Sp. z o.o.	Kielce	100%	100%	XXXIV FIZ Forum
Projekt Echo – 39 Sp. z o.o.	Kielce	100%	100%	XXXIV FIZ Forum
Projekt Echo – 43 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 59 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 67 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 67 Sp. z o.o. LP	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 69 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 70 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 77 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 93 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 95 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 96 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 97 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 98 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Echo – 99 Sp. z o.o.	Kielce	100%	100%	Echo Investment S.A.
Projekt Naramowice Poznań Sp. z o.o.	Kielce	100%	100%	XXXIV FIZ Forum
Projekt S Sp. z o.o.	Kielce	95%	95%	Echo Investment S.A.
Projekt 3 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Projekt 4 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Projekt 5 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Projekt 6 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
Projekt 7 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	100%	XXIX FIZ Forum
SPV 1 – Grupa Echo Sp. zo.o. LJSP (formerly: SPV – 1 Sp. z o.o.)	Kielce	100%	100%	XXIX FIZ Forum
Ultra Marina Sp. z o.o.	Kielce	100%	100%	XXIX FIZ Forum / XXXIV FIZ Forum
Vasco Investment Sp. z o.o.	Kielce	100%	0%	Echo Investment S.A.
Veneda – Projekt Echo -97 Sp. z o.o. LJSP	Kielce	100%	100%	XXXIV FIZ Forum
Yevrobudgarant LLC	Kiev	100%	100%	El – Project Cyp – 1 Ltd
Zakład Ogrodniczy Naramowice -Pamiątkowo Sp. z o.o. LJSP	Pamiątkowo	100%	100%	XXXIV FIZ Forum

The joint subsidiary is Wan 11 Spółka z o.o. based in Warsaw. The associated company is EBR Global Services sp. z o.o. (formerly: Projekt Echo – 100 Sp. z o.o.).



Changes in the first half of 2012 within the Group are due to the fact that the companies forming the Echo Investment Group acquired 100% of shares in companies: Echo – Galeria Amber Sp. of o.o. (formerly: Huxton Investments Sp. z o.o.), Mena Investments Sp. z o.o.., Vasco Investmant Sp. z o.o.

Reporting by segment

The segments of the Group's activity are presented according to the data from internal management reporting and analysed by the key operating decision maker. The key operating decision maker responsible for the allocation of reserves and evaluation of the results of the operating segments is the Board of Echo Investment S.A.

The following reportable segments were separated in the Group, identical to operating segments, defined on the basis of the type of projects:

- residential space (lease and sale of residential and commercial space),
- shopping centres (lease and sale of commercial and entertainment space)
- office buildings and hotels (lease and sale of space in office buildings and hotels)

The principles for determining revenues, costs, measurement of a segment's performance, the valuation of assets and liabilities of a segment are accounting policies adopted for preparing and presenting consolidated financial statements, as well as the accounting principles that relate specifically to segment reporting.

The measure of an operating segment's performance is the "gross profit/loss on sale".

The financial information relating to segments are included in the notes 6A-6D to the condensed financial statements.

ESTIMATES OF THE MANAGEMENT BOARDS OF THE GROUP'S COMPANIES

The preparation of the financial statements required the Management of the Group to make certain estimates and assumptions that are reflected in these statements. Actual results may differ from these estimates. The main areas in which Management estimates are significant to the financial statements are as follows:

Investment real property

The fair value of fixed income-generating real property is determined by the entity through by the investment method, using a simple capitalization technique as the ratio of net operating income of the project (NOI) to yields. The yield value is at least once a year verified by independent property appraisers, net operating income (NOI) is updated quarterly on the basis of the existing lease agreements, the values expressed in EUR and USD are calculated on a quarterly basis according to the current rates published by the NBP.

Due to the fact that the majority of lease agreements entered into by the Group are denominated in EUR, the valuation of investment properties were prepared in EUR and converted into PLN using the average exchange rate as of the balance sheet date. According to the valuation made by the Group, the total value of 15 investment properties as of 30 June 2012 amounted to 664,128 thousand EUR (737 097 thousand EUR as of 30 June 2011 – 17 properties, 655,170 thousand EUR as of 31 December 2011 – 15 properties). The yield used to estimate the fair value as of 30 June 2012 was in the range from 7.3% to 9.95%. The yields were estimated by independent experts individually for each substantial investment property, taking into account the location and type of property. Future net operating revenues were estimated separately for each investment property based upon lease agreements existing at the balance sheet date, contracted revenues and the expected operating costs of property. At the end of the reporting period, 4 projects under construction: Galeria Outlet Park in Szczecin, Galeria Olimpia in Belchatów, Galeria Veneda in Łomża and Aquarius Business House in Wroclaw were stated at the fair value using a method based on discounted cash flows. The estimated completion dates of the investment processes for these properties range from 4 to 10 months. Other projects under construction were characterized by the risks associated with the construction process, at levels which, according to the Board, did not allow a reliable estimate of the fair value of the property. The total value of 24 investment properties under construction as of 30 June 2012 amounted to PLN 1,195,576 thousand (PLN 831,682 thousand as of June 30, 2011 - 23 properties, PLN 1,047,624 thousand as of December 31, 2011 - 23 properties).

Acquisitions or sales of fixed assets

In the first half of 2012 Capital Group acquired or sold no fixed assets.

Financial instruments measured at fair value

The fair value of financial instruments (included in the fair value hierarchy level 2), which are not traded on an active market is determined using valuation techniques. The Company uses its judgement in the selection of valuation methods and adopts assumptions based on market conditions existing at each balance sheet date. In particular, the concluded forward agreements and option agreements are valued on the basis of valuations provided by the banks, which use in their calculations such data as current foreign exchange rates, the historical volatility and interest rates on deposits (WIBOR, EURIBOR). In the first half of 2012 Capital Group did not change the rules for the valuation of financial instruments.

Changes in classification of financial assets

In the first half of 2012 Capital Group did not make any changes to the classification of financial assets related to the change in the purpose or use of those assets.

Inventory

In estimating the amount of the write-down on inventory held by the Company as of the balance sheet date, active market data concerning the expected sales prices and current market trends and information arising out of the Company's preliminary sales agreements is analysed.

The assumptions used in the calculation of write-down are mainly real property market prices prevailing in a given market segment. The Management Board believes that the changes in these assumptions would not have a material impact on the value of the write-down of inventories at the balance sheet due to the fact that the assumptions and information on write-down value were based in a significant part on the concluded sales agreements. In the case of land included as an inventory item, write-downs arise from the suitability of the land for the present and future needs of the Company estimated by the Board. The data on write-downs of inventories to net realizable value and the reversal for write-downs are presented in Note 3B.

Deferred income tax

The Management Board of the Company is obligated to estimate the probability of realisation of deferred income tax assets. In the process of preparing the financial statements, the Company estimates the value of reserves and deferred tax assets on the basis of, among other things, the value of future levels of burden of income tax. The process includes an analysis of the current levels of income tax burdens and the value of temporary differences resulting from different treatment of transactions for tax and accounting purposes, from which assets and deferred income tax result.

In the process of that evaluation, a number of assumptions are adopted for the purpose of determining the value of assets and the deferred income tax. These estimates take into account tax projections, historical value of tax burden, current available operational activity planning strategies of the Company and realisation dates for the various temporary differences. Due to the fact that these estimates are subject to change resulting from external factors, the Company may periodically adjust the value of the assets and deferred income tax, which in turn may affect the Company's financial condition and its results.

In the first half of 2012 the Group created and terminated deferred income tax reserve and assets with a total value of PLN 8,149 thousand, as a result of which it held at the balance sheet date deferred income tax reserve in the amount of PLN 275,832 thousand and deferred income tax assets in the amount of PLN 29,607 thousand.

ADDITIONAL INFORMATION

Information about non-repayment of a loan or violation of the material provisions of a loan agreement, in respect of which no corrective action was taken until the end of the reporting period.

In the first half of 2012 there were no action related to non-repayment of a loan or breach of any material provisions of a loan agreement.

Information on emissions, redemption and repayment of non-equity securities.

See item 3.2 of the Management Board's report.

Information on transactions with related entities

In the first half of 2012, within the Group there were no transactions to related entities on other than market conditions.

Litigation

In the first half, there were no significant settlements arising from litigation.

Information on changes in the economic situation

In the first half of 2012 there were no changes in economic and business conditions which would have a material impact on the fair value of financial assets and liabilities.

CORRECTION OF ERRORS FROM PREVIOUS PERIODS AND RESTATEMENT OF THE FINANCIAL STATEMENTS



The statement for the first half of 2012 the Group did not make adjustments to errors from prior periods. In the report for the first half of 2012 changes in presentation were made: in the Balance of the item "Cash and cash equivalents" a separate item "Restricted cash" was added, while in the Profit and Loss Account items "Profit (loss) on property sales" and "Revaluation of investments" are shown together as "Profit (loss) on investment property". Details below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31.12.2011 [IN PLN '000]	WAS	IS
Cash and cash equivalents	561.385	504.211
Restricted cash	-	57.174
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30.06.2011 [IN PLN '000]	WAS	IS
Cash and cash equivalents	357.269	307.611
Restricted cash	-	49.658
INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD BETWEEN 01.01.2011 AND 30.06.2011 [IN '000 PLN]	WAS	IS
Profit (loss) on property sales	9.803	-
Revaluation of investments	61.644	-
Profit (loss) on investment property	-	71.447

INFORMATION ON SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 27 July 2012 Projekt Echo – 39 Sp. z o.o. (Borrower) signed a loan agreement (hereinafter: the Agreement) in the amount of EUR 47 million (construction and investment loan) and PLN 7 million (VAT financing) with the company Bank Polska Kasa Opieki S.A. based in Warsaw. The final planned loan repayment date is 31 December 2019. The funds obtained under the agreement will be used by the Borrower for the construction of Galeria Amber in Kalisz at the intersection of ul. Górnośląska and Trasa Bursztynowa. The security for the repayment of the Loan and the amounts due to the Bank will be, among other things, mortgage on property in Kalisz, declaration on submission to enforcement, power of attorney allowing access to the bank accounts of the Borrower, Subordination Agreement – under which certain payments will be subordinated with regard to the payments to the Lender under the Loan Agreement and Pledge Agreement – meaning a total of registered pledges and liens on the rights to the Borrower's accounts, cash receivables of the future partner, lien and registered pledge on the shares of the Borrower.

On 21 August 2012, Echo Investment S.A. received through mail a signed annex dated 17 August 2012 to the Loan Agreement for a multi-purpose credit limit of 21 August 2006 entered into with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna based in Warsaw. Pursuant to the annex the amount of the multi-purpose credit limit was increased from PL 80 million to PLN 100 million and the term of the Ioan was extended for a further period of three years, i.e. until 19 August 2015. Within the limit of the Ioan agreement the Bank will provide the Borrower with:

- overdraft, in the Polish zloty, up to 40% of the limit,

- revolving working capital loan, in the Polish zloty, up to 50% of the limit,

- bank guarantees up to 65% of the limit.

The interest rate was established according to the WIBOR 1M variable interest rate plus the Bank's margin. Repayment security for the debts to the Bank in connection with the use of the limit are:

- blank promissory note issued by the Borrower with the Borrower's promissory note declaration,
- declaration on submission to enforcement pursuant to Art. 97 of the Banking Law,

- clause deduction of debts from the Borrower's bank accounts held at PKO BP.

TRANSACTIONS WITH RELATED PARTIES

As a result of transactions with related parties in the first half of 2012, the Echo Investment S.A. Capital Group generated revenues from entities jointly controlled by a major investor in the amount of PLN 8,193 thousand. Additionally the Group has bonds of an entity jointly controlled by a major investor, acquired for PLN 60 million, and trade receivables from entities jointly controlled by a major investor of PLN 2,983 thousand.

INFORMATION ON REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management of Echo Investment S.A. in the first half of 2012 received the remuneration at Echo Investment S.A. and for performing functions in the governing bodies of the subsidiaries, jointly controlled entities and associates respectively:

- Piotr Gromniak received remuneration at Echo Investment S.A. amounting to PLN 508 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Artur Langner received remuneration at Echo Investment S.A. amounting to PLN 477 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.

The Management of Echo Investment S.A. in the first half of 2011 received the remuneration at Echo Investment S.A. and for performing functions in the governing bodies of the subsidiaries, jointly controlled entities and associates respectively:

- Piotr Gromniak received remuneration at Echo Investment S.A. amounting to PLN 438 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Artur Langner received remuneration at Echo Investment S.A. amounting to PLN 413 thousand in total, did not
 receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and
 associates.

The Supervisors of Echo Investment S.A. in the first half of 2012 received the remuneration at Echo Investment S.A. for the performance of supervisory functions respectively:

- Wojciech Ciesielski received remuneration at Echo Investment S.A. amounting to PLN 42 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Andrzej Majcher received remuneration at Echo Investment S.A. amounting to PLN 30 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.



- Mariusz Waniołka received remuneration at Echo Investment S.A. amounting to PLN 30 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Robert Oskard received remuneration at Echo Investment S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Karol Żbikowski received remuneration at Echo Investment S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Tomasz Kalwat received remuneration at Echo Investment S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.

The Supervisors of Echo Investment S.A. in the first half of 2011 received the remuneration at Echo Investment S.A. for the performance of supervisory functions respectively:

- Wojciech Ciesielski received remuneration at Echo Investment S.A. amounting to PLN 42 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Andrzej Majcher received remuneration at Echo Investment S.A. amounting to PLN 30 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Mariusz Waniołka received remuneration at Echo Investment S.A. amounting to PLN 30 thousand in total, did not
 receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and
 associates.
- Robert Oskard received remuneration at Echo Investment S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
- Karol Żbikowski received remuneration at Echo Investment S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.
 - Tomasz Kalwat received remuneration at Echo Investment
 - S.A. amounting to PLN 18 thousand in total, did not receive remuneration for the functions in the governing bodies of the subsidiaries, jointly controlled entities and associates.

EXPLANATORY NOTES

NOTE 1

OFF BALANCE SHEET ITEMS (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
1. Contingent liabilities			
1.1 To related parties, due to:			
a) guarantees and sureties granted		-	-
	-	-	-
1.2 To other entities, due to:			
a) guarantees and sureties granted	-	-	600
	-	-	600
Total contingent liabilities	-	-	600

Contingent liabilities are shown at nominal value, no different from fair value.

NOTE 2A

CHANGE IN PROPERTY (BY TYPE) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
Opening balance	2,893,756	2,808,083	2,808,083
a) increases (relative to)			
- reclassification from investment property under construction	-	6,762	-
- outlays for investments	6,327	310,490	113,176
- changes in the valuation of property	-	344,427	61,644
—	6,327	661,679	174,820
b) decreases (relative to)			
- sales	-	473,364	42,704
- changes in the valuation of property	68,047	67,503	-
- reclassification to investment real property under construction	-	29,658	-
- reclassification to inventory	1,985	-	-
- repayment of perpetual usufruct (lease)	1	5,481	1,689
—	70,033	576,006	44,393
Property at the end of the period	2,830,050	2,893,756	2,938,510

The Company evaluates the fair value of property at the end of each calendar quarter. Profit/loss from valuation are shown in "Profit (loss) on investment property" in the Profit and Loss Account.

As of 30 June 2012 the Group had 15 investment properties located in Polish cities.

Due to the fact that the majority of the leases define rent rates denominated in EUR, the valuation was made in that currency and revalued to PLN according to the NBP exchange rate at the balance sheet date.

NOTE 2B

AMOUNTS STATED IN THE INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (IN PLN '000)	01.01.2012- 30.06.2012	01.01.2011- 31.12.2011	01.01.2011- 30.06.2011
a) rental income from investment property	179,725	333,015	149,855
b) direct operating expenses (including repairs and maintenance) arising from investment property which generated rental income during the period	60,090	115,428	48,907
c) direct operating expenses (including repairs and maintenance) arising from investment property which did not generate rental income during the period	-	-	-



NOTE 2C

CHANGE IN PROPERTY UNDER CONSTRUCTION (BY TYPE) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
Opening balance	1,047,624	689,039	689,039
a) increases (relative to)			
- outlays for investments	133,512	351,283	135,949
- reclassification from inventory	-	7,631	7,780
- leasing (perpetual usufruct)	817	28,434	-
- changes in the valuation of property	19,138	-	-
- exchange rate differences	2,883	14,785	-
- reclassification from investment property	-	29,658	-
	156,350	431,791	143,729
b) decreases (relative to)			
- reclassification to investment real property	-	6,762	-
- changes in the valuation of property	-	63,809	-
- exchange rate differences	8,384	2,500	1,082
- repayment of perpetual usufruct (lease)	14	4	4
- liquidation	-	131	-
	8,398	73,206	1,086
Property at the end of the period	1,195,576	1,047,624	831,682

NOTE 3A

INVENTORY (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) materials	148	180	203
b) semi-finished products and work-in-progress	385,556	398,538	453,955
c) finished products	85,475	100,145	20,407
d) goods	3,086	2,075	1,853
e) advance payments for deliveries	-	-	-
Total inventories	474,265	500,938	476,418

The "finished products" item includes ready residential premises intended for sale.

The "semi-finished products and work-in-progress" item includes mainly the property owned by the Group and expenditures on residential projects in preparation and under construction.

Inventories are valued no higher than the obtainable value of the net sales. This value is derived from the information from an active market. Reversal of inventory write-down occurs either in connection with the sale of an inventory item or in connection with an increase in net sale price. The amounts of write-downs on inventories recognized as an expense in the period and the amount of any reversal of write-downs which decrease the value of inventories recognized as revenue in the period can be found in the Profit and Loss Account under the item "Cost of sales" / "Revenue".

NOTE 3B

INVENTORY – IMPACT ON THE FINANCIAL RESULT (IN PLN '000)	01.01.2012-	01.01.2011-	01.01.2011-
	30.06.2012	31.12.2011	30.06.2011
a) amount of inventories recognized as an expense in the period	53,602	29,904	7,948
b) amount of inventory write-downs in the period	20,462	10,393	1,388
c) amount of reversal of write-downs which decrease the value of	4,458	4,273	8,396
inventory in the period			

The amount of inventories recognized as an expense in the period can be found in the Profit and Loss Account in the "Cost of sales" item.

NOTE 4A

DERIVATIVE FINANCIAL INSTRUMENTS (ASSETS) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) forward exchange rates	1,931	-	920
b) interest rate options	4	-	-
Derivative financial investments, total	1,935	-	920
of which with maturity:			
- up to 1 year	1,935	-	920
- between 1 and 3 years	-	-	-
- between 3 and 5 years	-	-	-
- over 5 years	-	-	-

NOTE 4B

DERIVATIVE FINANCIAL INSTRUMENTS (LIABILITIES) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) Interest Rate Swap	13,968	13,169	5,448
b) forward exchange rates	229	20,670	4,110
Derivative financial liabilities, total	14,197	33,839	9,558
of which with maturity:			
- up to 1 year	229	20,670	4,110
- between 1 and 3 years	-	-	-
- between 3 and 5 years	13,968	13,169	5,448
- over 5 years	-	-	-

The total amount of the nominal value of outstanding forward foreign exchange contracts on 30 June 2012 amounted to EUR 17.9 million. These contracts apply to the sale of EUR in the years 2012-2013 and are intended to protect a portion of the projected future cash flows of the Group against exchange rate risk

The concluded IRS transactions and interest rate options protect a portion of future interest payments within the Group against the risk of changes in interest rates

NOTE 5A

CREDITS AND LOANS (BY TYPE) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) loans	1,661,476	1,704,761	1,512,792
b) debt securities	853,729	854,291	817,451
c) interest on loans and borrowings	1	-	1
Credits and loans, total	2,515,206	2,559,052	2,330,244
- of which long-term	2,119,051	2,241,553	2,041,281
- of which short-term	396,155	317,499	288,963

Credit liabilities are measured using the "amortized cost of a liability," according to IAS 39.

NOTE 5B

LONG-TERM CREDITS AND LOANS WITH REPAYMENT DATE AS FROM THE BALANCE SHEET DATE (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) up to 12 months	396,155	317,499	288,963
b) over 1 to 3 years	743,856	822,805	653,132
c) over 3 to 5 years	336,934	322,603	291,027
d) over 5 years	1,038,261	1,096,145	1,097,122
Credits and loans, total	2,515,206	2,559,052	2,330,244



NOTE 5C

CREDITS AND LOANS (CURRENCY BREAKDOWN) (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
a) in the Polish currency (PLN)	890,965	926,173	901,929
b) in foreign currencies (by currency and after conversion into PLN)			
b1. in EUR '000	387,107	373,198	360,982
b1. after conversion into PLN '000	1,624,241	1,632,879	1,428,315
Long-term financial liabilities, total	2,515,206	2,559,052	2,330,244
Interest rates used to discount the expected cash flows:			
a) for bonds in PLN	7.63%	7.14%	6.96%
b) for loans denominated in EUR	4.65%	4.99%	5.11%

According to the best information and data of the Management Board of the Group, during the financial year and by the date of signing of the financial statements there has been no breach of the loan agreements and agreed security levels.

NOTE 5D

LIABILITIES DUE TO LOANS AND BORROWINGS

NAME (COMPANY) AND ITS LEGAL FORM	REGISTERED OFFICE	ACCOR	DWING AMOUNT DING TO THE EEMENT		WING AMOUNT 30.06.2012		OWING AMOUNT 31.12.2011		WING AMOUNT 0.06.2011	INTEREST RATE TERMS	REPAYMENT DATE	PROJEKT
IIS LEGAL FORM		IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY			
PKO Bank Polski	Warsaw	35,663	-	-	-	17,900	-	17,900	-	WIBOR 3M + margin	2012-03-31	Klimt House
S.A.												
Pekao S.A.		65,540	-	5,469	-	32,774	-	65,540	-	WIBOR 1M + margin	2012-06-30	-
ING Bank Śląski	Katowice	18,025	EUR 4,230	-	-	1,373	EUR 310	1,381	EUR 347	EURIBOR 1M + margin	2012-06-30	CH Echo Przemyśl
S.A.			thousand				thousand		thousand			
Pakao S.A.	Warsaw	35,798	-	-	-	2,453	-	1,036	-	WIBOR 1M + margin	2013-07-31	Kasztanowa Aleja
Alior Bank	Warsaw	93,368	-	-	-	-	-	-	-	WIBOR 1M + margin	2013-09-30	Aquarius stage I
Pekao S.A.	Warsaw	154,685	EUR 36,300	81,368	EUR 19,003	89,836	EUR 20,142	86,644	EUR 21,821	Fixed interest rate	2014-02-15	CH Echo Radom,
			thousand		thousand		thousand		thousand	IRS; EURIBOR 1M +		CH Echo
										margin		Piotrków
												Trybunalski
Pekao S.A.	Warsaw	29,906	-	2,898	-	-	-	-	-	WIBOR 1M + margin	2014-03-31	Małe Naramowice Pod Klonami
Raiffeisen Bank Polska S.A.	Warsaw	50,000	-	26,739	-	18,755	-	-	-	WIBOR 1M + margin	2014-05-30	Przy Słowiańskim Wzgórzu
Westdeutsche	Mainz	135,445	EUR 38,945	129,688	EUR 30,919	91,622	EUR 20,875	66,894	EUR 16,781	Fixed interest rate	2014-08-20	Malta Office Park
ImmobilienBank AG			thousand		thousand		thousand		thousand	IRS; EURIBOR + margin		
Eurohypo AG	Eschborn	86,762	EUR 13,840	28,291	EUR 6,635	30,402	EUR 6,860	28,306	EUR 7,101	Fixed interest rate	2014-09-30	Babka Tower
,,			thousand		thousand		thousand		thousand	IRS; EURIBOR 1M +		
			USD 8,200							margin		
			thousand									
Pekao S.A.	Warsaw	76,703	EUR 18,000	61,817	EUR 14,504	64,988	EUR 14,790	-	-	Fixed interest rate	2015-12-31	CH Echo Jelenia
			thousand		thousand		thousand			IRS; EURIBOR 3M +		Góra
										margin		(refinancing)

CONT'D NOTE 5D

LIABILITIES DUE TO LOANS AND BORROWINGS

•	REGISTERED		OWING AMOUNT AGREEMENT		WING AMOUNT 0.06.2012		WING AMOUNT AS		WING AMOUNT 0.06.2011	INTEREST RATE	REPAYMENT	PROJEKT
AND ITS LEGAL FORM	OFFICE	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	TERMS	DATE	
	Eschborn	68,394	EUR 16,050 thousand	52,840	EUR 12,501 thousand	56,113	EUR 12,764 thousand	51,539	EUR 13,017 thousand	Fixed interest rate IRS; EURIBOR 1M + margin	2016-01-29	Postępu 3
Nordea Bank Polski S.A.	Gdynia	72,442	EUR 17,000 thousand	68,429	EUR 16,873 thousand	64,291	EUR 14,600 thousand	46,204	EUR 11,590 thousand	Fixed interest rate IRS; EURIBOR 3M + margin	2017-03-27	Oxygen
Eurohypo AG	Eschborn	102,271	EUR 24,000 thousand	90,113	EUR 21,242 thousand	95,181	EUR 21,586 thousand	-	-	Fixed interest rate IRS; EURIBOR 1M + margin	2017-12-31	Astra Park
Nordea Bank Polski S.A.	Gdynia	72,092	EUR 15,372 thousand PLN 6,587 thousand	-	-	-	-	-	-	Fixed interest rate IRS; EURIBOR 1M/3M + margin	2018-06-30	Galeria Olimpia
Raiffeisen Bank Polska S.A.	Warsaw	66,150	EUR 14,350 thousand PLN 5,000 thousand	611	EUR 143 thousand	635	EUR 143 thousand	-	-	Fixed interest rate IRS; EURIBOR 3M + margin WIBOR 3M + margin	2019-09-30	Galeria Veneda
Eurohypo AG	Eschborn	198,015	EUR 50,000 thousand	-	-	-	-	195,560	EUR 49,595 thousand	Fixed interest rate IRS; EURIBOR 3M + margin	2019-11-17	Park Postępu
Eurohypo AG	Eschborn	426,130	EUR 100,000 thousand	285,024	EUR 68,525 thousand	277,364	EUR 64,508 thousand	165,015	EUR 41,419 thousand	Fixed interest rate IRS; EURIBOR 3M + margin	2020-02-22	Galeria Echo Kielce
Eurohypo AG	Eschborn	426,130	EUR 100,000 thousand	357,309	EUR 85,580 thousand	381,861	EUR 87,230 thousand	350,471	EUR 88,805 thousand	Fixed interest rate IRS; EURIBOR 1M/3M + margin	2022-09-30	Galaxy
Eurohypo AG	Eschborn	492,180	EUR 115,500 thousand	455,874	EUR 108,168 thousand	479,213	EUR 109,390 thousand	436,302	EUR 110,507 thousand	Fixed interest rate IRS; EURIBOR 1M/3M + margin	2022-09-30	Pasaż Grunwaldzki
PKO Bank Polski S.A.	Warsaw	100,335	EUR 21,903 thousand PLN 7,000 thousand	13,097	EUR 3,015 thousand	-	-	-	-	EURIBOR 3M + margin	2028-09-14	Outlet Park Szczecin
Total		2,806,034		1,659,567		1,704,761		1,512,792				

Loans are secured by:

- capped mortgages on property,
- assignment of receivables from lease agreements or preliminary sales agreements,
- assignment of claims under guarantee or suretyship agreements,
- assignment of claims under insurance policies,
- assignment of claims under performance contracts,
- assignment of receivables under bank account agreements,
- assignment of receivables arising from hedging contracts
- assignment of claims under other agreements
- registered pledges on bank accounts
- registered pledges on the shares of special purpose companies,
- guarantees in the event of exceeding implementation costs
- declarations on submission to enforcement

NOTE 5E

OPEN CREDIT FACILITIES

AND ITS I FGAI	EGISTERED OFFICE	LOAN/BORROWING AMOUNT ACCORDING TO THE AGREEMENT IN PLN '000	LOAN/BORROWING AMOUNT AS OF 30.06.2012 IN PLN '000	LOAN/BORROWING AMOUNT AS OF 31.12.2011 IN PLN '000	LOAN/BORROWING AMOUNT AS OF 30.06.2011 IN PLN '000	INTEREST RATE TERMS	REPAYMENT DATE
PKO BP S.A. Wars	saw	40,000	-			WIBOR 3M + margin	2012-08-19
PKO BP S.A. Wars	saw	40,000	-			WIBOR 3M + margin	2012-08-19
Alior Bank S.A. Wars	saw	30,000	-			WIBOR 3M + margin	2013-01-30
BZ WBK S.A. Wroc	cław	50,000	150			WIBOR 1M + margin	2013-06-08
Pekao S.A. Wars	saw	50,000	1,759			WIBOR 1M + margin	2013-06-30
Total		210,000	1,909				

Open credit facilities are secured by:

- guarantee clauses of current accounts,

- power of attorney allowing access to bank accounts,

- blank promissory notes,

- declarations on submission to enforcement,

NOTE 5F

LONG-TERM LIABILITIES RELATIVE TO DEBT INSTRUMENTS ISSUED (IN PLN '000)

DEBT FINANCIAL INSTRUMENTS BY TYPE	PAR VALUE	INTEREST RATE TERMS	REDEMPTION DATE	GUARANTEES/COLLATERALS	ADDITIONAL RIGHTS	QUOTATION MARKET
Bonds (BRE S.A.)	35,000	WIBOR 1M +	2012-07-13	-	-	-
		margin				
Bonds (BRE S.A.)	150,000	WIBOR 6M +	2013-03-29	-	-	-
		margin				
Bonds (BRE S.A.)	100,000	WIBOR 6M +	2013-05-25	-	-	-
		margin				
Bonds (BRE S.A.)	300,000	WIBOR 6M +	2014-06-30	-	-	-
		margin				
Bonds (BRE S.A.)	115,000	WIBOR 6M +	2015-05-18	-	-	-
	1 (5 000	margin	001/0011			
Bonds (BRE S.A.)	145,000	WIBOR 6M +	2016-02-11	-	-	-
		margin				
Total	845,000					

In the first half of 2012 the Group issued bonds with a par value of PLN 295 million and redeemed bonds with a par value of PLN 185 million.

REPORTING BY SEGMENT

Ν	OTE	6A

NOIL 6A			
ASSIGNMENT OF ASSETS TO SEGMENTS (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
- shopping centres	3,135,792	3,203,159	2,857,404
- office buildings and hotels	1,225,248	1,179,903	1,135,152
- residential premises	496,195	508,152	481,118
- unallocated assets	363,949	476,104	402,189
Total assets	5,221,184	5,367,318	4,875,863
NOTE 6B			
ASSIGNMENT OF LIABILITIES TO SEGMENTS (IN PLN '000)	30.06.2012	31.12.2011	30.06.2011
- shopping centres	1,381,953	1,450,188	1,198,463
- office buildings and hotels	451,479	464,645	448,248
- residential premises	92,442	120,137	72,203
- unallocated liabilities	1,197,592	1,268,194	1,200,205
Total liabilities	3,123,466	3,303,164	2,919,119
NOTE 6C			
ASSIGNMENT OF OPERATING INCOME TO SEGMENTS (IN PLN '000)	01.01.2012-30.06.2	012 01.01.20	11-30.06.2011
- shopping centres	150,	808	133,293
- office buildings and hotels	38,	508	34,034
- residential premises	84,	485	11,904
- unallocated revenue	2,	945	3,032
Total operating income	276,	182,263	
NOTE 6D			
ASSIGNMENT OF OPERATING COSTS TO SEGMENTS (IN PLN '000)	01.01.2012-30.06.2	012 01.01.20	11-30.06.2011
- shopping centres	(39,6	571)	(38,060)
- office buildings and hotels	(14,1	97)	(11,613)

 office buildings and hotels 	
- residential premises	

residerniarp	10111150
- unallocated	costs

Total operating income

Unallocated assets and liabilities include items which cannot be clearly attributed to individual segments. There were no inter-segment revenues within the Group.

On: 28 August 2012

(70,685)

(4,482)

(129,035)

Signatures of the Echo Investment S.A. Management Board

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

Signature of the person entrusted with bookkeeping:

Tomasz Sułek

Chief Accountant

(9,337)

(3,387)

(62,397)



II. CONDENSED STATUTORY FINANCIAL STATEMENTS

Condensed statutory financial statements of Echo Investment Capital Group for the first half of 2012, prepared in accordance with the International Accounting and Financial Reporting Standards for the period between 1 January 2012 and 30 June 2012.

STATUTORY INTERIM STATEMENT OF FINANCIAL POSITION [IN PLN '000]

ASSETS	NOTE	30.06.2012	31.12.2011	30.06.2011
1. Non-current assets				
1.1. Intangible assets		1,336	1,419	1,349
1.2. Tangible fixed assets		14,471	14,664	15,773
1.3. Investment real property	1	3,496	3,655	11,723
1.4. Investments in subsidiaries and joint subsidiaries	2	923,936	909,152	792,728
1.5. Loans granted	4	-	-	6
1.6. Other financial assets	2	3	3,431	143
1.7. Other receivables		13,769	14,038	14,226
	-	957,011	946,359	835,948
2) Current assets				
2.1. Inventory	3	298,425	313,863	337,920
2.2. Current income tax receivables		-	-	157
2.3. Other tax receivables		51	2,685	2,311
2.4. Trade and other receivables		52,523	97,731	125,694
2.5. Loans granted	4	195,154	144,929	148,844
2.6. Cash and cash equivalents		36,963	86,386	150,490
	-	583,116	645,594	765,416
TOTALASSETS		1,540,127	1,591,953	1,601,364

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EQUITY AND LIABILITIES	NOTE	30.06.2012	31.12.2011	30.06.2011
1. Equity				
1.1. Share capital		21,000	21,000	21,000
1.2. Supplementary capital		567,091	550,574	550,573
1.3. Net profit (loss)		17,327	16,517	15,107
	-	605,418	588,091	586,680
2. Provisions				
2.1. Provisions for short-term liabilities		2,000	4,273	7,316
2.2. Deferred income tax provision – long term		9,154	7,778	10,749
· · · · ·	-	11,154	12,051	18,065
3. Long-term liabilities				
3.1. Credits, loans and bonds	5	523,702	654,374	654,568
3.3. Prepayments received		15,976	16,288	16,601
	-	539,678	670,662	671,169
4. Short-term liabilities				
4.1. Credits, loans and bonds	6	337,405	232,691	228,423
4.2. Current income tax liabilities		728	3,369	26
4.3. Other tax liabilities		5,803	14,033	8,684
4.4. Trade liabilities		16,237	42,391	67,898
4.5.Prepayments received		18,970	20,628	14,244
4.6.Other liabilities		4,734	8,037	6,175
	_	383,877	321,149	325,450
TOTALLIABILITIES		1,540,127	1,591,953	1,601,364



INTERIM PROFIT AND LOSS ACCOUNT [IN '000 PLN]

	NOTE	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
Revenue	8	99,822	195,571
Cost of sales		(62,062)	(158,421)
Gross profit on sales		37,760	37,150
Profit (loss) on investment property		1,826	756
Selling expense		(12,507)	(11,537)
General and administrative expense		(16,390)	(13,074)
Other operating income		39,585	28,960
Other operating costs		(278)	(1,450)
Profit before tax and financial income/costs		49,996	40,805
Financial revenues		986	163
Financial costs		(31,420)	(27,119)
Gross profit		19,562	13,849
Income tax		(2,235)	1,258
Net profit		17,327	15,107
Net profit		17,327	15,107
Weighted average number of ordinary shares (in '000)		420,000	420,000
Profit per share (in PLN)		0.04	0.04
Diluted weighted average number of ordinary shares (in '000)		420,000	420,000
Diluted profit per ordinary share (in PLN)		0.04	0.04
INTERIM TOTAL INCOME STATEMENT [IN PLN '000]			
	NOTE	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011

Net profit	17,327	15,107
Other comprehensive net income	-	-
Comprehensive income	17,327	15,107

INTERIM STATEMENT OF CASH FLOWS [IN PLN '000]

	01.01.2012- 30.06.2012	01.01.2011- 30.06.2011
A. Operating cash flows – indirect method		
I. Net profit (loss)	17,327	15,107
II. Adjustments		
1. Amortisation and depreciation	1,982	1,633
2. Interest and profit sharing (dividends)	(3,695)	1,872
3. Current income tax in the P&L account	859	-
4. Income tax paid	(3,500)	204
5. Profit (loss) on investment activities	(100)	(774)
6. Change in provisions	(897)	125
7. Change in inventories	14,226	(11,078)
8. Change in receivables	66,964	(28,569)
9. Change in current liabilities, excluding loans and borrowings	(41,651)	12,707
	34,188	(23,880)
III. Net cash flows from operating activities	51,515	(8,773)
B. Cash flows from investment activities		
I. Inflows	110	1 220
1. Sales of intangible assets and tangible fixed assets	110	1,330
 Disposal of investments in real property From financial assets, including: 	159 51,038	- 57,378
a) in related entities	51,038	57,320
- dividends and profit sharing	13,000	18,000
	35,003	38,492
- repayment of borrowings granted - interest	3,035	30,472 828
	3,033	020 58
b) in other undertakings - disposal of financial assets	-	58
4. Other investment inflows	_	50
	51,307	58,708
II. Expenditure	01,007	00,700
1. Purchases of intangible and tangible fixed assets	(1,723)	(892)
2. Investments in real property and intangible assets	-	-
3. For financial assets, including:	(92,822)	(49,745)
a) in related entities	(92,822)	(49,745)
, - acquisition of financial assets	(11,356)	(9,341)
- Ioans granted	(81,466)	(40,404)
4. Other investment expenses	(268)	(99)
· · · · ·	(94,813)	(50,736)
III. Net cash flows from investment activities	(43,506)	7,972
C. Cash flows from financial activities		
I. Inflows		
1. Loans and borrowings	2,280	15,505
2. Issuance of debt securities	288,195	295,000
	290,475	310,505
II. Expenditure		
 Repayment of loans and borrowings 	(27,305)	(20,376)
2. Redemption of debt securities	(290,000)	(185,000)
3. Interest	(30,602)	(19,665)
	(347,907)	(225,041)
III. Net financial cash flows	(57,432)	85,464
D. Total net cash flow	(49,423)	84,663
E. Balance sheet change in cash, including:	(49,423)	84,663
- change in cash due to foreign exchange gains/losses	-	-
F. Cash at the beginning of the period	86,386	65,827
G. Cash at the end of the period, including:	36,963	150,490
- restricted cash	-	7,300



INTERIM STATEMENT OF CHANGES IN EQUITY [IN PLN '000]

	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	PROFIT (LOSS) FROM PREVIOUS YEARS	CURRENT YEAR PROFIT (LOSS)	TOTAL EQUITY
As of 1 January 2012	21,000	550,574	16,517		588,091
Changes in the period:					
Distribution of profit from previous years	-	16,517	(16,517)	-	-
Net profit (loss) for the period	-	-	-	17,327	17,327
Total changes	-	16,517	(16,517)	17,327	17,327
As of 30 June 2012	21,000	567,091	-	17,327	605,418
As of 1 January 2011	21,000	511,902	38,672		571,574
Changes in the period:					
Distribution of profit from previous years	-	38,672	(38,672)	-	-
Net profit (loss) for the period	-	-	-	16,517	16,517
Total changes	-	38,672	(38,672)	16,517	16,517
As of 31 December 2011	21,000	550,574	-	16,517	588,091
As of 1 January 2011	21,000	511,901	38,672		571,573
Changes in the period:					
Distribution of profit from previous years	-	38,672	(38,672)	-	-
Net profit (loss) for the period	-	-	-	15,107	15,107
Total changes	-	38,672	(38,672)	15,107	15,107
As of June 30th 2011	21,000	550,573	-	15,107	586,680

ADDITIONAL INFORMATION ABOUT THE ADOPTED ACCOUNTING PRINCIPLES AND OTHER EXPLANATORY NOTES

GENERAL INFORMATION

The principal scope of activities of Echo Investment S.A. is construction and lease or sale of space in commercial, shopping and entertainment, office, hotel and residential buildings and real property trading.

Echo Investment S.A. (hereinafter: "Echo"" or "Company"), based in Kielce at Al. Solidarności 36, was registered in Kielce on 23 July 1992. Echo is a joint stock company (Spółka Akcyjna), entered into the National Court Register under number 0000007025 by the District Court in Kielce X Commercial Department of the Court Register.

The Company's shares are traded on the Warsaw Stock Exchange, sector as per regulated market – developers.

The Company has been established for an unlimited period of time.

The Management Board of Echo Investment SA as of 30 June 2011 as well as of 30 June 2012 was as follows: President of the Board Piotr Gromniak, Vice President Artur Langner. The Supervisory Board of Echo Investment SA as of 30 June 2011 as well as of 30 June 2012 was as follows: President of the Supervisory Board Wojciech Ciesielski, Vice Presidents Andrzej Majcher and Mariusz Waniołka, and members: Tomasz Kalwat, Robert Oskard and Karol Żbikowski. The Audit Committee as of 30 June 2012 was as follows: Mariusz Waniołka – chairman, and members – Robert Oskard and Karol Żbikowski.

INFORMATION ON THE FINANCIAL STATEMENTS

The condensed interim financial statements of Echo Investment S.A. present the financial data for the period of 6 months ending on 30 June 2012 and comparative data for the period of 6 months ending on 30 June 2011 and comparative data for the period of 12 month ending on 31 December 2011.

The reporting currency of the financial statements and the functional currency of Echo Investment S.A. shall be Polish zloty (PLN). Unless noted otherwise, all financial data in the financial statements of the Company are presented in thousands of PLN.

The condensed financial statements of the Company are based on the principles of IAS 34. These financial statements need to be analysed in conjunction with the annual consolidated financial statements for the year 2011.

These financial statements were prepared on the historical cost basis except for investment property and financial instruments measured at fair value. In order to fully understand the financial position and results of the Company, as the parent company Echo Investment Group, these financial statements should be read in conjunction with the interim consolidated financial statements for the period of 6 months ending 30 June 2012. The statements were prepared on the assumption of continuing business operations for the foreseeable future, bearing in mind that there are no circumstances indicating a threat to the continuation of activity.

The Management Board of the Company has used its best judgment regarding the application of standards and interpretations, as well as the methods and principles of measurement of individual items of these statutory financial statements.

While preparing these statements, the Company applied new standards, amendments to standards and interpretations issued by the IFRS Committee applicable to the Company for the reporting period beginning on 1 January 2012. The applied changes had no material impact on the presentation of data and measurement in the financial statements.

The Company decided not to apply any standard, interpretation or change which was published but has not entered into force so far.



SUMMARY OF SIGNIFICANT ACHIEVEMENTS AND FAILURES OF THE COMPANY DETAILING THE KEY EVENTS

THE MOST IMPORTANT EVENTS IN Q1 2012

ECHO INVESTMENT S.A. own share buyback program

On 18 January 2012 the Management Board of Echo Investment S.A. passed a resolution to accept share buyback program of Echo Investment S.A.

Pursuant to Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008, the Management Board of Echo Investment S.A. adopted the adopted the Echo Investment S.A. share buyback program (the "Program").

The Program concerns the repurchase of Echo Investment S.A. shares (the "Company") listed on the main market of the Warsaw Stock Exchange in Warsaw (the "Stock Exchange").

The aim of the Program is to acquire own shares by the Company for further sale or redemption, subject to the conditions and procedures specified in Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.

According to the Board of Echo Investment S.A., the share buyback is justified due to:

- unthreatened financial position of the Company and its Group, including large cash reserves,
- safe parameters and indicators with regard to debt and the debt servicing capabilities of the Company and the Group, even after taking into account the funds allocated for the repurchase of own shares,
- possible slower growth, as a result of the debt crisis of some countries in the euro area and the large capital needs of the leading European banks, of the Polish property market in relation to the past two years, and therefore the higher risk of starting new projects and the risks of financing,
- recognition as an alternative to the payment of dividends.

DETAILED INFORMATION ABOUT THE PROGRAM

- 1. The own share buyback program is scheduled to begin on 19 January 2012.
- 2. The Program shall remain in accordance with the applicable provisions of the Polish and European law, as well as the principles set out in Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.
- 3. The total number of shares repurchased for redemption shall not exceed 210,000,000 shares.
- 4. The total number of shares repurchased for further sale shall not exceed 84,000,000 shares, including the remaining treasury shares which were not sold by the Company.
- 5. The amount of funds allocated for the purchase of shares for redemption and the amount of funds allocated for the purchase of shares for further sale will fall within the limits marked the provisions of Resolution no. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008.
- 6. The program will end no later than on 19 December 2013.
- 7. The Management Board, guided by interests of the Company, after consultation with the Supervisory Board may:
 - (a) end the acquisition of shares before 19 December 2013 or before all the funds allocated to their acquisition;
 - (b) cancel the purchase of shares in whole or in part.

The Board shall convey relevant information to the public should they decide to end the Program before 19 December 2013.

- 8. The price at which the Company will purchase own shares may not exceed the price of the last independent transaction and the highest current independent bid in transactions concluded during stock exchange sessions.
- 9. In one day, the Company may not acquire more than 25% of the average daily volume of shares on the Warsaw Stock Exchange, and the value of the average daily volume will be based on the average daily volume in the 20 days preceding the date of purchase.
- 10. In the event of extremely low liquidity of shares, the Company will be allowed exceed the threshold of 25% specified in paragraph 9, but not more than 50%, after having notified the Polish Financial Supervision Authority, the Warsaw Stock Exchange and the public about such intention.
- 11. Acquisition as part of a public tender offer for the shares of the Company is not excluded.

- 12. The shares of the Company shall be purchased through a subsidiary or a brokerage house, who will acquire the Company's shares on their own accounts through transactions at the Warsaw Stock Exchange in compliance with the terms of the Program, in particular the quantitative and price restrictions.
- 13. The shares repurchased through a subsidiary or a brokerage house as part of the Program will subsequently be purchased by the Company (in the case of purchasing from a subsidiary) or a subsidiary (in the case of buying from a brokerage house for further resale to the Company) in block transactions. The block transactions referred to in the previous sentence will not be subject to the qualitative and price restrictions described above.
- 14. The Management Board will inform the public about:
 - (a) for each day of the Program the number of shares purchased on that day within the Program and their average price, unless no treasury shares were purchased on that day within the Program;
 - (b) after the completion of the Program a detailed summary report on its implementation.
- 15. The Management Board of the Company is authorised to change the provisions of the Program, and the information about these changes shall be conveyed to the public before the changes inter into force.

After the completion of the Program, the Management Board shall decide whether to redeem the shares bought or sell them. Should they decide to redeem the shares, the Management shall convene without delay, but no sooner than 3 months of that date, a General Meeting of Shareholders of the Company in order to adopt resolutions concerning the redemption of shares and reduction of the Company's share capital.

Tender offer to subscribe for sale of shares of the Issuer

On 19 January 2012 the Management Board of Echo Investment S.A. decided to announce, through a subsidiary "Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership based in Kielce (the "Offeror") a tender offer, pursuant to Art. 72 Para. 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies, to subscribe for the sale of shares in the Company, wherein the aim is to purchase 42 000 420 (forty two million four hundred and twenty) own shares of the Company with nominal value of PLN 0.05 each, at the price of PLN 3.90 (three zloty 90/100) per share for the purpose of redemption or further resale, under the terms of the Tender Offer which is annexed to this report.

The Management Board decided that the beginning of the period of accepting subscriptions will be on 8 February 2012 and the subscription period will end on 21 February 2012. The remuneration for the Company's acquisition of own shares under the Tender Offer will come from the Offeror's own resources.

At the same, the Management Board informs that, through the BRE Bank S.A. Investment House, in accordance with the requirements of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies and the Regulation of the Minister of Finance of 19 October 2005 on the Model Calls for the Sale or Exchange of Shares of a Public Company, the Detailed Method of Publishing and the Conditions for the Acquisition of Shares as a Result of these Calls, it has passed the content of the call to subscribe for the sale of shares of the Company (the "Offer") to the Polish Financial Supervision Authority, the Warsaw Stock Exchange and the Polish Press Agency S.A. in Warsaw.

According to the Board of Echo Investment S.A., the share buyback within the framework of the Offer is justified due to:

- unthreatened financial position of the Company and its Group, including large cash reserves,
- safe parameters and indicators with regard to debt and the debt servicing capabilities of the Company and the Group, even after taking into account the funds allocated for the repurchase of own shares,
- possible slower growth, as a result of the debt crisis of some countries in the euro area and the large capital needs
 of the leading European banks, of the Polish property market in relation to the past two years, and therefore the
 higher risk of starting new projects and the risks of financing,
- recognition as an alternative to the payment of dividends.

Information on acquisition of shares of the Issuer as a result of a tender offer for own shares

On 24 February 2012 as part of the call to register for the sale of shares of Echo Investment S.A., the Issuer's subsidiary "Park Postępu – Projekt Echo – 93 Spółka z ograniczoną odpowiedzialnością" limited joint-stock partnership (Company, Offeror) concluded purchase transactions of 7,309,418 (seven million three hundred and nine thousand four hundred and eighteen) shares of Echo Investment SA at a price of PLN 3.9 per share.

The settlement the transaction will take place on 27 February 2012.

The above-described purchase of the Issuer's shares by the Company as a result of the tender offer was executed pursuant to:



- the Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Echo Investment S.A. of 19 December 2008, which authorized the Management Board of the Issuer to acquire own shares for redemption or further resale in the period between 20 December 2008 and 19 December 2013.
- the resolution on the adoption of the Echo Investment S.A. own shares buyback program on 18 January 2012 (CR No. 3/2012).
- the resolution of the General Meeting of the limited joint-stock partnership of 18 January 2012.

The Offeror will not exercise the rights acquired as a result of the offer of shares, except for the power to sell or engaging in activities designed to protect the rights of the Offeror.

The nominal value of each Issuer share amounts to PLN 0.05, and the total nominal value of the purchased shares is PLN 365,470.9.

The purchased shares represent 1.74% of the share capital of the Issuer and the entitlement to 7,309,418 votes representing 1.74% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.

In total, the Company holds 7,309,418 ordinary bearer shares of Echo Investment S.A. representing 1.74% of the share capital of the Issuer and the entitlement to 7,309,418 votes representing 1.74% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.

Issuance of bonds under the Bond Issuance Programme

Within the Bond Issuance Program signed with BRE Bank S.A., based in Warsaw (CR no. 7/2011 of 1 February 2011), the Company has issued bonds for a total amount of PLN 115 million.

The nominal value and issue price of a single bond is PLN 100 thousand. The bonds were issued for the period of 3 years. The interest on the bonds was determined on the basis of the WIBOR 6M variable plus a margin for investors. The interest will be paid semi-annually. The bonds will be redeemed at maturity at par value. The bonds are not secured.

The value of liabilities as of the last day of the quarter preceding the offer to purchase, i.e. 31 March 2012, amounts to PLN 949 million.

In the opinion of the Management Board of Echo Investment S.A., during the period of validity of the issued bonds, general liabilities of Echo Investment S.A. will be maintained at a safe level and the indicators of the debt servicing capability are at levels which ensure the ability of handling the liabilities arising from the issued bonds.

As of March 31, 2012, the issued bonds represent 19.2% of the equity of Echo Investment SA.

The bonds do not carry a right to a benefit in kind on the part of the Issuer.

The funds from the bond issuance will be used in the ongoing investment processes in the property market according to the development strategy pursued by Echo Investment Capital Group S.A.

Overdraft Agreement

On 12 June 2012 the Issuer signed with the company Bank Zachodni WBK Spółka Akcyjna, based in Wrocław at Rynek 9/11 50-950 Wrocław, entered into the Register of Entrepreneurs of the National Court Register under KRS number 0000008723 by the District Court in Wrocław-Fabryczna, VI Commercial Department of the National Court Register (hereinafter: the Bank) an Overdraft Agreement (hereinafter: the Agreement).

Under the terms of the Agreement, the Bank shall grant the Company a loan in the amount of PLN 50,000,000.00 (fifty million 00/100) to finance current operations.

The repayment date specified in the Agreement was set on 8 June 2013

Annex to the Overdraft Agreement

On 29 June 2012 the Issuer signed with Bank Polska Kasa Opieki S.A., based in Warsaw, an annex to the Overdraft Agreement, of which the Company informed in the current report no. 34/2011 of 30 June 2011.

The Annex increased the amount of the overdraft from PLN 30 million to PLN 50 million and the repayment date was extended to 30 June 2013.

FACTORS AND EVENTS, AND IN PARTICULAR THOSE OF UNTYPICAL NATURE, MATERIALLY AFFECTING THE FINANCIAL PERFORMANCE

- 1. Factors affecting the financial performance of the company in the first half of 2012:
 - accounting of revenues from final agreements of residential property sales:

- in Krakow (Dom Pod Słowikiem at ul. Krasickiego)
- accounting of revenues from final agreements of sales of plots with house projects:
- w Bilcza near Kielce (Osiedle Bilcza II)
- in Dyminy near Kielce (Osiedle Południowe),
- accounting of revenues from final agreements of sales of plots:
- in Masłów near Kielce
- sales of construction effort related to the construction of the Novotel hotel in Łódź,
- revenues with subsidiaries from investment project management agreements and preparation of investment agreements,
- revenues with subsidiaries from framework agreements for lease and financing,
- quarterly revaluation of fair value,
- selling costs and general and administrative expense,
- quarterly revaluation of inventories
- valuation of liabilities from bonds and loans at amortized cost,
- interest on deposits and loans granted
- discount and interests on credits, bonds and loans.
- 2. Unusual events affecting the financial performance of the Company in the first half of 2012
 - none.

NOTES ON THE SEASONALITY OR CYCLICALITY OF THE COMPANY'S BUSINESS IN THE PRESENTED PERIOD

The operations of the Company cover several segments of the property market. Systematic execution of projects for subsidiaries on the basis of investment preparation agreements and investment project management agreements to a large extent provide a regular income each quarter. Sales of residential projects depend on the residential buildings being put into operation, and revenues from this activity are in almost every quarter, but with varying intensity. Income from general investment services for third parties and property trading can be irregular. The Management Board cannot rule out other one-off events which may affect the results achieved in a given period.

ACCOUNTING PRINCIPLES

The accounting policies are consistent with the policies used for the annual financial statements for the year ending on 31 December 2011.

METHODS FOR MEASURING FINANCIAL PERFORMANCE

The financial performance is measured using the calculation method.

Operating income

The revenues from sales of goods and products are recognised at fair value of consideration received or receivable, after deducting discounts, rebates and sales-related taxes and are recognized upon delivery of goods and products to the buyer along with the risks and benefits of ownership of the goods and products, and when and the revenues can be measured reliably.

In particular, the revenues from the sale of the Company's residential and commercial units are recognized in accordance with IAS 18 and IFRIC 15 at the time of transfer of ownership of these premises pursuant to sales agreements after project completion and the right of use of the premises is obtained.

The revenues from lease of residential and commercial space are recognised on a straight-line basis during the period of the concluded agreements.

The revenues from legal, consulting, IT, finance, marketing, security and other services from sales are recognized in period in which the services were provided.

Operating expenses

The production costs of goods, products and services sold consist of the incurred costs with respect to the revenue of a given the fiscal year and accrued costs, which have not yet been incurred.

The costs of goods and products sold are valued at production costs using the method of strict identification of actual costs of sold assets or the percentage of, e.g., sold acreage, sold shares, etc. In particular, cost of sales of the units and land sold is measured in proportion to their share of the total cost of construction of the project and of the land constituting the project.

Financial costs



The financial costs for the current period are recognised in the profit and loss account, except for the costs to be capitalised in accordance with the reporting standard found in IAS 23. The Company capitalises this part of financial costs which is directly related to the purchase and creation of assets recognised as inventories and investments in progress. Costs consisting of interest, discount and commissions are subject to capitalisation.

Statement of cash flows

The cash-flow statement is calculated according to the indirect method. Liabilities due to bank overdrafts are presented as loan debt, not cash equivalent.

Reporting by segment

The Company does not present the information on segments in accordance with IFRS 8 § 4. This information can be found in the consolidated financial statements of the Echo Investment Capital Group, which will be published together with the statutory financial statements of the Company.

MATERIAL ESTIMATES OF THE MANAGEMENT BOARD

The preparation of the financial statements required the Management of the Company to make certain estimates and assumptions that are reflected in these statements. Actual results may differ from these estimates. The main areas in which Management estimates are significant to the financial statements are as follows:

Investment real property

Investment property includes rented properties owned by the Company along with the land directly related to these properties. Investment real property is initially recognised at acquisition cost or cost of manufacture.

The properties constructed by the Company are treated as investment property from the moment they are put into service.

After initial recognition on the first balance sheet date, investment properties are recognised at fair value. Valuation of fair value is updated at least once per quarter. Gains or losses arising from change of fair value of investment property are recognized in the profit and loss account in the period in which they arise.

The fair values of land and buildings valued at fair value are updated in such a way as to reflect market conditions at the end of the reporting period. The fair value of investment property is the price at which this property could be exchanged between knowledgeable, willing and unrelated parties. The fair value of fixed income-generating real property is determined by the entity through by the investment method, using a simple capitalization technique as the ratio of net operating income of the project (NOI) to yields, taking into account existing tenancy or lease agreements and other agreements. The yield value is at least once a year verified by independent property appraisers, net operating income (NOI) is updated quarterly on the basis of the existing lease agreements, the values expressed in EUR and USD are calculated on a quarterly basis according to the current rates published by the NBP. The fair value of property held in order to increase value which do not generate significant income is determined by external property appraisers.

The differences from investment property valuation and the result on investment property sale is referred to in the profit and loss account as "Profit (loss) on investment property".

All costs due to repairs and maintenance of investment property are recognised as cost in the statement of results in the period of their occurrence.

Inventory

In estimating the amount of the write-down on inventory held by the Company as of the balance sheet date, active market data concerning the expected sales prices and current market trends and information arising out of the Company's preliminary sales agreements is analysed.

The assumptions used in the calculation of write-down are mainly real property market prices prevailing in a given market segment. The Management Board believes that the changes in these assumptions would not have a material impact on the value of the write-down of inventories at the balance sheet due to the fact that the assumptions and information on write-down value were based in a significant part on the concluded sales agreements. In the case of land included as an inventory item, write-downs arise from the suitability of the land for the present and future needs of the Company estimated by the Board.

Impairment of shares in subsidiaries, joint subsidiaries and affiliates

The impairment test is carried out when there is an indication that the carrying value of investments will not be recovered. Assessment of impairment of shares in subsidiaries, joint subsidiaries and associates is based on an analysis of the fair value of assets and liabilities held by the entities and the expectations for future cash flows from the activities of these units. During the assessment the Company also measures the duration and degree in which the current value of shares is lower than purchasing price and the prospects of a given unit and the plans concerning its investment projects. All material declines in the fair value of the subsidiaries have been recognised by the Board as long-term and they resulted in share charge-off in subsidiaries. In particular, in the case of significant subsidiaries which as of 30 June 2012 did not conduct operational activity, the value of charge-offs corresponds to the total value of the difference between net value of the assets of the subsidiary and the purchase price of the shares.

Provisions

Provisions are established whenever the Company has a present obligation as a result of past events and when it is probable or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of such obligation can be reliably estimated.

Provisions are measured at the present value of the costs estimated to the best knowledge of the Company's management, which are necessary to settle the present obligation at the balance sheet date.

According to the adopted rule, provisions for retirement benefits are not created. Potential provisions would not have material impact on the presented financial statements. At the moment of their occurrence they will be recorded on a cash basis.

Deferred income tax

The Management Board of the Company is obligated to estimate the probability of realisation of deferred income tax assets. In the process of preparing the financial statements, the Company estimates the value of provisions and deferred tax assets on the basis of, among other things, the value of future levels of burden of income tax. The process includes an analysis of the current levels of income tax burdens and the value of temporary differences resulting from different treatment of transactions for tax and accounting purposes, from which assets and deferred income tax result.

In the process of that evaluation, a number of assumptions are adopted for the purpose of determining the value of assets and the deferred income tax. These estimates take into account tax projections, historical value of tax burden, current available operational activity planning strategies of the Company and realisation dates for the various temporary differences. Due to the fact that these estimates are subject to change resulting from external factors, the Company may periodically adjust the value of the assets and deferred income tax, which in turn may affect the Company's financial condition and its results.



ADDITIONAL EXPLANATIONS

Significant agreements entered into with related parties pursued during the period.

In connection with the strategy of Echo Investment Group S.A. to construct each shopping centre as well as office and residential building through a separate subsidiary and in relation to making a contribution in kind by Echo Investment S.A. to special purpose entities in the form of the property on which the shopping centres and office buildings are constructed, a large portion of the transactions made by Echo Investment are with related parties. The largest transactions in the first half of 2012 with related parties were carried out based on agreements for general realisation of investments and agreements for the management of an investment project:

- Agreement for general realisation of investment concluded on 30 July 2008 with Oxygen Projekt Echo 95 Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Contractor) is committed to carry out comprehensive construction of an office building on the property located in Szczecin at ul. Malczewskiego. Transaction value for 2012 is PLN 873 thousand.
- Agreement for general realisation of investment concluded on 29 August 2008 with Galeria Kielce Projekt Echo -93 Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement Echo Galeria Kielce Sp. z o.o. entrusted Echo Investment S.A. with the expansion works of the existing shopping centre in Kielce at al. Solidarności. Transaction value for 2012 is PLN 2,087 thousand.
- Agreement for general realisation of investment concluded on 8 September 2010 with Echo Przy Słowiańskim Wzgórzu Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Contractor) is committed to carry out comprehensive construction of a residential building on the property located in Wrocław at ul. Jedności Narodowej. Transaction value for 2012 is PLN 12,421 thousand.
- Agreement for general realisation of investment concluded on 17 June 2010 with Echo Kasztanowa Aleja Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Contractor) is committed to carry out comprehensive construction of a residential building on the property located in Poznań at ul. Wojskowa. Transaction value for 2012 is PLN 1,473 thousand.
- Agreement for the management of an investment project concluded on 16 March 2011 with Galeria Olimpia Projekt Echo – 98 Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Echo) is committed to prepare and organise the investment project on the property located in Bełchatów at ul. Kolejowa. Transaction value for 2012 is PLN 2,775 thousand.
- Agreement for the management of an investment project concluded on 25 August 2011 with Projekt Echo 39 Sp. z o.o. as the Investor. Pursuant to this agreement, Echo Investment S.A. (Echo) is committed to prepare and organise the investment project on the property located in Kalisz at ul. Górnośląska and Podmiejska. Transaction value for 2012 is PLN 5,128 thousand.
- Agreement for the management of an investment project concluded on 1 Spetember 2011 with Veneda Projekt Echo 97 Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Echo) is committed to prepare and organise the investment project on the property located in Łomża at ul. Gen. Wł. Sikorskiego, Zawadzka and Katyńska. Transaction value for 2012 is PLN 3,606 thousand.
- Agreement for the management of an investment project concluded on 15 Spetember 2011 with Projekt 5 Grupa Echo Spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Echo) is committed to prepare and organise the investment project on the property located in Szczecin at ul. Struga. Transaction value for 2012 is PLN 2,939 thousand.
- Agreement for the management of an investment project concluded on 2 May 2012 with Grupa Echo spółka z ograniczoną odpowiedzialnością LSJP as the Investor. Pursuant to this agreement, Echo Investment S.A. (Echo) is committed to prepare and organise the investment project on the property located in Wrocław at ul. Swobodna. Transaction value for 2012 is PLN 2,572 thousand.

Transactions with related parties specified in the financial statements refer to subsidiaries.

Information on changes in the economic situation

No material changes in economic and business conditions which would have a material impact on the fair value of financial assets and liabilities were identified.

CORRECTION OF ERRORS FROM PREVIOUS PERIODS

The Company in the first half of 2012 changed the comparative data as of 30.06.2011, the changes are presented in the following table (in PLN thousands)

INTERIM PROFIT AND LOSS ACCOUNT	CONFIRMED DATA	CHANGE	CONVERTED DATA
1. Presentational change of revenues from dividends and profit sharing			
Financial revenues	18,163	-18,000	163
Other operating income	6,589	18,000	28,960
2. Presentational change in recognizing a profit / loss of LP			
Net profit (loss)	10,736	4,371	15,107
Other operating income	6,589	4,371	28,960

INTERIM STATEMENT OF FINANCIAL POSITION	CONFIRMED DATA	CHANGE	CONVERTED DATA
1. Presentational change in recognizing a profit / loss of LP			
Assets			
2.4. Trade and other receivables	121,323	4,371	125,694
Equity and liabilities			
1.3. Net profit (loss)	10,736	4,371	15,107

INTERIM STATEMENT OF CASH FLOWS	CONFIRMED DATA	CHANGE	CONVERTED DATA
1. Presentational change in recognizing a profit / loss of LP			
I. Net profit	10,736	4,371	15,107
3. Interest and profit sharing (dividends)	6,243	-4,371	1,872

INTERIM STATEMENT OF CHANGES IN EQUITY	CONFIRMED DATA	CHANGE	CONVERTED DATA
1. Presentational change in recognizing a profit / loss of LP			
Current year profit (loss)	10,736	4,371	15,107
Total equity	582,309	4,371	586,680

The change in the comparative data results from the change in the presentation of revenues from dividends and the recognition of the Company's share in the profits of limited partnerships for the first half of 2011.

INFORMATION ON SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On 21 August 2012 the Company received through mail a signed annex dated 17 August 2012 to the Loan Agreement for a multi-purpose credit limit of 21 August 2006 entered into with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna based in Warsaw. Pursuant to the annex, the amount of the multi-purpose credit limit was increased from PL 80 million to PLN 100 million and the term of the loan was extended for a further period of three years, i.e. until 19 August 2015. Within the limit of the loan agreement the Bank will provide the Borrower with:

- overdraft, in the Polish zloty, up to 40% of the limit,
- revolving working capital loan, in the Polish zloty, up to 50% of the limit,
- bank guarantees up to 65% of the limit.

The interest rate was established according to the WIBOR 1M variable interest rate plus the Bank's margin.

Repayment security for the debts to the Bank in connection with the use of the limit are:

- Blank promissory note issued by the Borrower with the Borrower's promissory note declaration,
- Declaration on submission to enforcement pursuant to Art. 97 of the Banking Law,



- Clause allowing for deduction of debts from the Borrower's bank accounts held at PKO BP.

INFORMATION ON REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management of Echo Investment S.A. in the first half of 2012 received the following remuneration at Echo Investment S.A.:

- Piotr Gromniak received total remuneration at Echo Investment S.A. amounting to PLN 508 thousand,
- Artur Langner received total remuneration at Echo Investment S.A. amounting to PLN 477 thousand,

The Supervisors of Echo Investment S.A. in the first half of 2012 received the following remuneration at Echo Investment S.A. for the performance of supervisory functions, respectively:

- Wojciech Ciesielski received total remuneration at Echo Investment S.A. amounting to PLN 42 thousand,
- Andrzej Majcher received total remuneration at Echo Investment S.A. amounting to PLN 30 thousand,
- Mariusz Waniołka received total remuneration at Echo Investment S.A. amounting to PLN 30 thousand,
- Robert Oskard received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,
- Karol Żbikowski received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,
- Tomasz Kalwat received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,

The Management of Echo Investment S.A. in the first half of 2011 received the following remuneration at Echo Investment S.A.:

- Piotr Gromniak received total remuneration at Echo Investment S.A. amounting to PLN 438 thousand,
- Artur Langner received total remuneration at Echo Investment S.A. amounting to PLN 413 thousand,

The Supervisors of Echo Investment S.A. in the first half of 2011 received the following remuneration at Echo Investment S.A. for the performance of supervisory functions, respectively:

- Wojciech Ciesielski received total remuneration at Echo Investment S.A. amounting to PLN 42 thousand,
- Andrzej Majcher received total remuneration at Echo Investment S.A. amounting to PLN 30 thousand,
- Mariusz Waniołka received total remuneration at Echo Investment S.A. amounting to PLN 30 thousand,
- Robert Oskard received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,
- Karol Żbikowski received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,
- Tomasz Kalwat received total remuneration at Echo Investment S.A. amounting to PLN 18 thousand,

EXPLANATORY NOTES TO THE INTERIM STATEMENT OF FINANCIAL POSITION

NOTE 1A

CHANGE IN PROPERTY (BY TYPE) [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
Value of real property investments as of the beginning of the period	3,655	11,631	14,080
a) increases (relative to)			
- changes in the valuation of property	1,825	91	-
	1,825	91	-
b) decreases (relative to)			
- sales	-	(8,067)	-
- reclassification to inventory	(1,984)	-	-
- changes in the valuation of property			(2,357)
	(1,984)	(8,067)	(2,357)
Value of real property investments as of the end of the period	3,496	3,655	11,723

The Company evaluates the fair value of property at the end of each calendar quarter. Profit/loss from valuation are shown in "Profit (loss) on investment property" in the Profit and Loss Account.

As of 30 June 2012 the Company had investment property located in Poland. Due to the fact that lease agreements define rent rates denominated in EUR, the valuation was made in that currency and revalued to PLN according to the exchange rate published by the NBP.

The Company has no collateral established on investment properties. The Company has no contractual obligations as of 30 June 2012.

NOTE 2A

SHARES OR STOCKS [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) Investments in subsidiaries and joint subsidiaries			
- in subsidiaries	921,306	906,522	789,780
- in joint subsidiaries	1,500	1,500	1,818
- investment certificates	1,130	1,130	1,130
	923,936	909,152	792,728
b) other financial assets			
- prepayments on shares	3	3,431	143
	3	3,431	143
Total stocks or shares	923,939	912,583	792,871

The Company has shares in the financial result of associated companies equal to the total number of votes at the General Meeting.



NOTE 2B

CHANGE IN SHARES AND STOCKS [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) at the beginning of the period, including:	912,583	783,531	783,531
- shares and stocks	912,583	783,531	783,531
b) increases (relative to)	14,828	162,413	23,255
- purchase of shares	11,392	58,369	393
- capital increase	3,433	100,613	22,719
- prepayments on shares	3	3,431	143
c) decreases (relative to)	(3,472)	(33,361)	(13,915)
- sale of shares	(41)	(189)	(130)
- write-downs of assets	-	(19,387)	-
- settlement of prepayments for the purchase of shares	(3,431)	(13,785)	(13,785)
d) at the end of the period, including:	923,939	912,583	792,871
- shares and stocks	923,939	912,583	792,871

In 2012 the Company made a capital increase in the subsidiary:

- Princes Investment Sp. z o.o. by making a cash contribution in the amount of PLN 2,400 thousand. In exchange for the contribution it acquired shares for a total value of PLN 2,400 thousand.
- Echo Investment Project Management SRL by making a cash contribution in the amount of PLN 1,030 thousand. In exchange for the contribution it acquired shares for a total value of PLN 1,030 thousand.
- Ultra Marina Sp. z o. o. by making a cash contribution in the amount of PLN 1 thousand. In exchange for the contribution it acquired shares for a total value of PLN 1 thousand.

In addition, in 2012 the Company purchased, among others, the shares of:

- Echo Aurus Sp. z o.o. with a value of PLN 10,903 thousand,
- Projekt Echo 59 Sp. z o.o. with a value of PLN 81 thousand,
- Mena Investments Sp.z o.o. with a value of PLN 105 thousand,
- Echo Galeria Amber Sp. z o.o. with a value of PLN 101 thousand,
- VASCO Investment Sp. z o.o. with a value of PLN 90 thousand.

At the same time in 2012, the Company sold, among others, the shares of:

- Mena Investments Sp.z o.o. for the price of PLN 1 thousand,
- Echo Galeria Amber Sp. z o.o. for the price of PLN 1 thousand,
- VASCO Investment Sp. z o.o. for the price of PLN 1 thousand,
- EBR Global Services Sp. z o.o. for the price of PLN 40 thousand.

NOTE 3A

INVENTORIES [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) semi-finished products and work-in-progress	272,883	301,786	324,321
b) finished products	23,239	10,216	11,747
c) goods	2,303	1,861	1,852
Total inventories	298,425	313,863	337,920

Inventories are valued no higher than the obtainable value of the net sales. This value is derived from the information from an active market. Reversal of inventory write-down occurs either in connection with the sale of an inventory item or in connection with an increase in net realizable value. The amounts of write-downs on inventories recognized as an expense in the period and the amount of any reversal of write-downs which decrease the value of inventories recognized as revenue in the period can be found in the statement of results under the item "Cost of sales".

The "finished products" item includes ready residential premises intended for sale. The "semi-finished products and work-inprogress" item includes mainly the property owned by the Company and expenditures on residential projects in preparation and under construction. The "Goods" item includes land.

NOTE 3B

INVENTORY - IMPACT ON THE FINANCIAL RESULT [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
The amount of inventory write-downs recognised in the period as cost	20,770	10,393	5
The amount of reversal of write-downs which decrease the value of inventory	6,019	4,273	1,657
recognised in the period as revenue			

Write-downs of inventories and reversal relates to residential projects where there is a time shift between the sale of residential units and the associated sale of their garages and aims to demonstrate the real sales margin realized during the period.

The amount of inventories recognized as an expense in the period can be found in the Profit and Loss Account in the "Cost of sales" item.

The change of inventory write-down as of 30 June 2012 was PLN 14,751 thousand (as of 31 December 2011: PLN 6,120 thousand, as of 30 June 2011: PLN 1,652 thousand)

NOTE 4A

SHORT-TERM LOANS GRANTED [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) in subsidiaries			
- loans granted	188,786	142,400	140,264
- interest	6,311	2,526	8,380
	195,097	144,926	148,644
b) in other undertakings			
- loans granted	56	3	200
- interest	1	-	-
	57	3	200
Short-term loans granted, total*	195,154	144,929	148,844

*Note 4A includes short-term loans with interest

NOTE 4B

SHORT-TERM LOANS GRANTED, TOTAL (CURRENCY BREAKDOWN) [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) in the Polish currency (PLN)	195,154	144,929	148,844
b) in foreign currencies (by currency and after conversion into PLN)	-	-	-
Short-term loans granted total*	195,154	144,929	148,844

*Note 4B includes short-term loans with interest

Basic information on major short-term loans without interest as of 30.06.2012

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Projekt Echo – 70 Sp. z o.o.	25,050	WIBOR 3M + margin	31 December 2012
Echo – Galeria Kielce Sp. z o.o.	73,400	WIBOR 3M + margin	31 December 2012
Echo Investment Hungary Ingatlanhasznosito Kft.	20,585	WIBOR 3M + margin	31 December 2012
Projekt S Sp. z o.o.	960	WIBOR 3M + margin	31 December 2012
Echo Investment Project 1 SRL	16,950	WIBOR 3M + margin	31 December 2012
Barconsel Holding Limited	646	WIBOR 3M + margin	31 December 2012
El Project CYP – 1 LIMITED	27,250	WIBOR 3M + margin	30 September 2012
Veneda – Projekt Echo – 97 Sp. z o.o. LJSP	25,350	WIBOR 3M + margin	31 December 2012
other – unrelated entities	57	WIBOR 6M + margin	30 June 2013
Total:	190,248		

The maximum value of the credit risk associated with the loans is equal to their carrying value.

The granted loans are not secured.

The granted loans are not past due, no impairment of granted loans has occurred.

The loans were granted to related parties with good financial condition.



Basic information on major short-term loans without interest as of 31.12.2011

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Projekt Echo – 70 Sp. z o.o.	30,000	WIBOR 3M + margin	31 December 2012
Echo – Galeria Kielce Sp. z o.o.	83,400	WIBOR 3M + margin	31 December 2012
Echo Investment Hungary Ingatlanhasznosito Kft.	18,585	WIBOR 3M + margin	31 December 2012
Projekt S Sp. z o.o.	960	WIBOR 3M + margin	31 December 2012
Echo Investment Project 1 SRL	250	WIBOR 3M + margin	31 December 2012
Barconsel Holding Limited	586	WIBOR 3M + margin	31 December 2012
El Project CYP – 1 LIMITED	10,000	WIBOR 3M + margin	30 September 2012
other – unrelated entities	3	WIBOR 6M + margin	31 December 2012
Total:	143,784		

Basic information on major short-term loans without interest as of 30.06.2011

NAME OF THE COUNTERPARTY	AMOUNT [IN PLN '000]	INTEREST RATE	REPAYMENT DATE
Princess Investment Sp. z o.o.	227	WIBOR 3M + margin	31 December 2011
Echo – Galeria Kielce Sp. z o.o.	83,400	WIBOR 3M + margin	31 December 2011
Echo Investment Hungary KF	18,585	WIBOR 3M + margin	31 December 2011
Projekt S Sp. z o.o.	960	WIBOR 3M + margin	31 December 2011
Echo Investment Project 1 SRL	37,944	WIBOR 3M + margin	1 July 2011
Barconsel Holding Limited	286	WIBOR 3M + margin	31 December 2011
Echo Investment Project Management S.R.L.	200	WIBOR 3M + margin	31 December 2011
other – unrelated entities	200	WIBOR 6M + margin	31 December 2011
Total:	141,802		

NOTE 4C

LONG-TERM LOANS GRANTED [IN PLN '000]	30.06.2012	31.12.2011	30.06.2010
- in subsidiaries	-	-	-
- in other undertakings	-	-	6
Long-term loans granted, total	-	-	6

The value of long-term loan capital as of 30.06.2011

NAME OF THE COUNTERPARTY	AMOUNT	INTEREST RATE	REPAYMENT DATE
other – unrelated entities	6	WIBOR 3M rate +	31 August 2012
		margin	
Total:	6		

NOTE 5A

LONG-TERM LIABILITIES (WITHOUT PROVISION FOR INCOME TAX) [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) due to subsidiaries	-	-	-
b) due to other undertakings			
- prepayments received*	15,976	16,288	16,601
- arising from debt securities	523,702	654,374	654,568
	539,678	670,662	671,169
Long-term liabilities, total	539,678	670,662	671,169

Within the Bond Issuance Program agreement signed with BRE Bank S.A, the Company issued on 18 May 2012 coupon bonds for a total amount of PLN 115 million.

*In the financial statements for 30.06.2011 the item "long-term liabilities – prepayments received" was demonstrated in the item "short-term liabilities – prepayments received".

NOTE 5B

LONG-TERM LIABILITIES (WITHOUT PROVISION FOR INCOME TAX) WITH REPAYMENT DATE AS FROM THE BALANCE SHEET DATE [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) over 1 to 3 years	412,538	543,002	542,496
b) over 3 to 5 years	113,316	113,872	114,224
c) over 5 years	13,824	13,788	14,449
Long-term liabilities, total	539,678	670,662	671,169
Interest rates used to discount the expected cash flows:	7.63%	7.14%	6.96%

The Company presented long-term liabilities in nominal value in note 5E.

NOTE 5C

LONG-TERM LIABILITIES (WITHOUT PROVISION FOR INCOME TAX) (CURRENCY BREAKDOWN) [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) in the Polish currency (PLN)	539,678	670,662	671,169
b) in foreign currencies (by currency and after conversion into PLN)	-	-	-
Long-term liabilities, total	539,678	670,662	671,169

Financial liabilities on debt instruments are measured using the "amortized cost of a liability," according to IAS 39. The fair value of long-term liabilities does not differ significantly from their carrying value.

According to the best information and data of the Management Board of the Company, during the financial year and by the date of signing of the condensed financial statements there has been no breach of the loan agreements and agreed security levels.

NOTE 5D

Credit facilities as of 30 June 2012

NAME (COMPANY)	REGISTERED	LOAN/BORROV AS PER THE A			LOAN/BORROWING AMOUNT TO BE REPAID		REPAYMENT DATE	SECURITY
AND ITS LEGAL FORM	OFFICE	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	TERMS		
PeKaO S.A.	Warsaw	50,000	PLN	1,759	PLN	WIBOR 1M + margin	2013-06-30	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 60 million, blank promissory note
PeKaO S.A.	Warsaw	65,540	PLN	5,469	PLN	WIBOR 1M + margin	2012-06-30	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 79 million, blank promissory note
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 1M + margin	2012-08-19	power of attorney over bank account, declaration
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 1M + margin	2012-08-19	of submission to enforcement up to the amount of PLN 160 million, blank promissory note
BZ WBK S.A.	Wrocław	50,000	PLN	150	PLN	WIBOR 1M + margin	2013-06-08	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 100 million, blank promissory note
Alior Bank S.A.	Warsaw	30,000	PLN	-		WIBOR 1M + margin	2013-01-30	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 60 million, blank promissory note
Total		215,469		7,378				

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Credit facilities as of 31 December 2011

NAME (COMPANY)	REGISTERED	LOAN/BORROV AS PER THE A		LOAN/BORRON REMA	WING AMOUNT	INTEREST RATE	REPAYMENT DATE	SECURITY
AND ITS LEGAL FORM	OFFICE	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	TERMS	KEI ATMENT DATE	SECONIT
PeKaO S.A.	Warsaw	30,000	PLN	-		WIBOR 1M + margin	2012-06-30	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 36 million, blank promissory note
PeKaO S.A.	Warsaw	65,540	PLN	32,774	PLN	WIBOR 1M + margin	2012-06-30	power of attorney to the bank account, declaration of submission to enforcement up to the amount of PLN 79 million, blank promissory note
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 1M + margin	2012-08-19	power of attorney over bank account, declaration of
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 1M + margin	2012-08-19	submission to enforcement up to the amount of PLN 160 million, blank promissory note
Alior Bank S.A.	Warsaw	20,000	PLN	-		WIBOR 1M + margin	2012-02-24	power of attorney over bank account, declaration of submission to enforcement up to the amount of PLN 40 million, blank promissory note up to PLN 22 million
Total		195,540		32,774				

Credit facilities as of 30 June 2011

NAME (COMPANY)	REGISTERED	LOAN/BORROV AS PER THE A		LOAN/BOF AMOUNT RI		INTEREST RATE	REPAYMENT DATE	SECURITY
AND ITS LEGAL FORM	OFFICE	IN PLN '000	CURRENCY	IN PLN '000	CURRENCY	TERMS		
Alior Bank S.A.	Warsaw	20,000	PLN	-		WIBOR 3M + margin	2012-02-24	power of attorney over bank account, blank promissory note
PeKaO S.A.	Warsaw	30,000	PLN	-		WIBOR 1M + margin	2012-06-30	power of attorney over bank account, declaration of submission to enforcement
PeKaO S.A.	Warsaw	65,540	PLN	65,540	PLN	WIBOR 1M + margin	2012-06-30	power of attorney over bank account, guarantee clause
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 3M + margin	2012-08-19	on the current account in PKO BP S.A., declaration of submission to enforcement
PKO BP S.A.	Warsaw	40,000	PLN	-		WIBOR 3M + margin	2012-08-19	guarantee clause on the current account in PKO BP S.A., declaration of submission to enforcement
Total		195,540		65,540				

The value of the loans corresponds to the non-discounted cash flows.

NOTE 5E

Liabilities relative to debt instruments issued*

DEBT FINANCIAL INSTRUMENTS BY TYPE	PAR VALUE	INTEREST RATE TERMS	REDEMPTION DATE	GUARANTEES/COLLATERALS	QUOTATION MARKET
Bonds (BRE Bank S.A.)	35,000	WIBOR 1M + margin	2012-07-13	none	none
Bonds (BRE Bank S.A.)	150,000	WIBOR 6M + margin	2013-03-29	none	none
Bonds (BRE Bank S.A.)	100,000	WIBOR 6M + margin	2013-05-25	none	none
Bonds (BRE Bank S.A.)	300,000	WIBOR 6M + margin	2014-06-30	none	none
Bonds (BRE Bank S.A.)	115,000	WIBOR 6M + margin	2015-05-18	none	none
Bonds (BRE Bank S.A.)	145,000	WIBOR 6M + margin	2016-02-11	none	none
Total	845,000				

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The value of the bonds corresponds to the non-discounted cash flows.

NOTE 6A

SHORT-TERM CREDITS, LOANS AND BONDS [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
relative to other undertakings			
- credits and loans	7,378	32,774	65,540
- arising from debt securities	330,027	199,917	162,883
Credits, loans and bonds, total	337,405	232,691	228,423

Within the Bond Issuance Program agreement signed with BRE Bank S.A, the Company issued on 25 January 2012, 29 February 2012, 30 March 2012, 9 May 2012 and 13 June 2012 discount bonds, each time in the amount of PLN 35 million.

According to the best information and data of the Company, during the financial year and by the date of signing of the condensed financial statements there has been no breach of the loan agreements and agreed security levels.

NOTE 6B

SHORT-TERM CREDITS, LOANS AND BONDS (CURRENCY BREAKDOWN) [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
in the Polish currency (PLN)	337,405	232,691	228,423
Credits, loans and bonds, total	337,405	232,691	228,423



NOTE 7

CHANGE IN THE BALANCE OF ASSETS / DEFERRED INCOME TAX PROVISION [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
1. Opening balance of assets / deferred income tax provision	(7,778)	(12,007)	(12,007)
investment real property	1,118	465	465
receivables and liabilities related to loans	(218)	(884)	(884)
liabilities related to loans and bonds	26	(347)	(347)
tax loss	1,869	4,170	4,170
inventories	1,967	225	225
shares and stocks	(1,734)	(5,415)	(5,415)
limited partnership income tax	(6,245)	(5,386)	(5,386)
other	(4,561)	(4,835)	(4,835)
2. Increases	4,655	7,389	2,418
investment real property	-	653	-
receivables and liabilities related to loans	-	666	-
liabilities related to loans and bonds	-	373	133
tax loss	-	-	1,487
inventories	4,655	1,742	126
shares and stocks	-	3,681	-
limited partnership income tax	-	-	620
other	-	274	52
3. Decreases	(6,031)	(3,160)	(1,160)
investment real property	(1,465)	-	(18)
receivables and liabilities related to loans	(715)	-	(454)
liabilities related to loans and bonds	(163)	-	-
tax loss	(1,869)	(2,301)	-
inventories	-	-	-
shares and stocks	(812)	-	(2)
limited partnership income tax	(363)	(859)	-
other	(644)	-	(686)
Closing balance of assets / deferred income tax provision	(9,154)	(7,778)	(10,749)
investment real property	(347)	1,118	447
receivables and liabilities related to loans	(933)	(218)	(1,338)
liabilities related to loans and bonds	(137)	26	(214)
tax loss	-	1,869	5,657
inventories	6,622	1,967	351
shares and stocks	(2,546)	(1,734)	(5,417)
limited partnership income tax	(6,608)	(6,245)	(4,766)
other	(5,205)	(4,561)	(5,469)

The Company has no items for which no deferred tax was recognized.

NOTE 8

CHANGE IN THE BALANCE OF SHORT-TERM PROVISIONS (BY TYPES)		21 10 0011	20.04.0011
[IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
a) at the beginning of the period			
- provision for penalties	2,000	5,600	5,600
- warranty repairs	1,100	1,100	1,100
- litigation	1,173	-	-
	4,273	6,700	6,700
b) increases (relative to)			
- provision for penalties	-	616	616
- litigation	-	1,173	-
	-	1,789	616
c) utilisation (due to)			
- provision for penalties	-	(4,216)	-
	-	(4,216)	-
d) release (due to)			
- litigation	(1,173)	-	-
- warranty repairs	(1,100)	-	-
	(2,273)	-	-
e) at the end of the period			
- provision for penalties	2,000	2,000	6,216
- warranty repairs	-	1,100	1,100
- litigation	-	1,173	-
	2,000	4,273	7,316

The provision for penalties covers the value of potential penalties the Company may be charged with under concluded agreements, with probability greater than 50%. The amount of the provision was estimated on the basis of the best knowledge of the Company and past experience.

The provision for estimated warranty repairs costs include the value of repairs or compensation associated with sales of units and projects, with the probability of being charged greater than 50%. The amount of the provision was estimated on the basis of the best knowledge of the Company and past experience.

The dates of realisation of the provisions for penalties and loss, warranty costs and litigation are not possible to assess, while there is a large probability of realisation within 12 months of the balance sheet date.

NOTE 9

OFF-BALANCE SHEET ITEMS [IN PLN '000]	30.06.2012	31.12.2011	30.06.2011
1. Contingent receivables	-	-	-
2. Contingent liabilities			
2.1. To related parties (due to)	29,147	534,333	483,232
- guarantees and sureties granted	29,147	534,333	483,232
2.2. To other entities (due to)	4,262	4,269	-
- guarantees and sureties granted	4,262	4,269	-
	33,409	538,602	483,232
3. Other (due to)			
- lawsuits against Echo Investment	1,798	146	146
	1,798	146	146
Total	35,207	538,748	483,378



Guarantees and sureties granted by Echo Investment S.A.

1. Non-performance of obligations security under the Agreement concluded on 22 May 2012 for the benefit of the Municipality of Szczecin The security value is PLN 18 thousand.

2. Non-performance of payment obligations security arising under the purchase agreement for the right of perpetual usufruct of property concluded on 21 December 2011 for the benefit of Ravenna Warszawa Sp. z o.o. Guarantee issued in EUR. The guarantee amount is PLN 8,523 thousand.

3. Security of claims due in connection with the termination of the lease for the benefit of Master Service – Opon Sp. z o.o. Value of the security is PLN 1,300 thousand.

4. Bank performance bond of 14 October 2011 issued by PKO BP S.A. for the benefit of Immopoland Sp. z o.o. securing proper implementation of the lease agreement of 20 September 2011. The guarantee amount is PLN 137 thousand.

5. Security to cover the shortfall of funds or excess of cost of the Olimpia shopping centre in Belchatow for the benefit of Nordea Bank Poland SA. The security value is PLN 18,411 thousand.

6. Bank performance bond of 7 July 2011 issued by PKO BP S.A. for the benefit of ORBIS S.A. securing claims due to nonperformance or inadequate performance of the agreement of 4 September 2008 with subsequent amendments. The guarantee amount is PLN 4,073 thousand.

7. Bank payment guarantee issued on 26 July 2011 by PKO BP S.A. for the benefit of PGE Dystrybucja S.A. in relation to agreement no. 1091/2/RP2/2009 of 12 May 2011 on utilities connection to the distribution zone of the Galeria Veneda shopping centre concluded between PGE Dystrybucja S.A. and Veneda – Projekt Echo – 97 Sp. z o.o. LJSP The guarantee amount is PLN 434 thousand.

8. Bank payment guarantee issued on 26 July 2011 by PKO BP S.A. for the benefit of PGE Dystrybucja S.A. in relation to agreement no. 1091/1/RP1/2009 of 12 May 2011 on utilities connection to the distribution zone of the Galeria Veneda shopping centre concluded between PGE Dystrybucja S.A. and Veneda – Projekt Echo – 97 Sp. z o.o. LJSP The guarantee amount is PLN 324 thousand.

9. Bank performance bond of 24 August 2011 issued by PKO BP S.A. for the benefit of Immopoland Sp. z o.o. securing proper implementation of the lease agreement of 28 August 2009. The guarantee amount is PLN 189 thousand.

The Company believes that the fair value of guarantees is close to zero, due to their low risk of realization.

EXPLANATORY NOTES TO THE PROFIT AND LOSS ACCOUNT

NOTE 10

OPERATING INCOME	01.01.2012 -	01.01.2011 -
(STRUCTURE – TYPES OF ACTIVITIES) [IN PLN '000]	30.06.2012	30.06.2011
A. Sales of residential and commercial space	18,766	1,362
- of which: from related parties	-	-
B. Implementation of the investment services	46,328	162,540
- of which: from related parties	41,154	162,286
from subsidiaries	41,154	162,286
from joint subsidiaries	-	-
C. Real property transactions	3,963	3,222
- of which: from related parties	-	-
D. Lease services	2,007	4,365
- of which: from related parties	941	1,271
from subsidiaries	941	1,271
from the parent company	-	-
E. Legal, accounting, consulting and IT services	19,152	18,490
- of which: from related parties	19,150	18,489
from subsidiaries	19,150	18,489
from joint subsidiaries	-	-
F. Financial, marketing and security services, and other income	9,606	5,592
- of which: from related parties	9,014	4,222
from subsidiaries	9,014	4,222
from key staff	-	-
Total operating income	99,822	195,571
- of which: from related parties	70,259	186,268
from subsidiaries	70,259	186,268
from the parent company	-	-
from key staff	-	-

The minimum contracted rental income for 2013 amounts to PLN 4,013 thousand.

The Company did not conclude any transactions with affiliated entities pursuant to terms others than market ones.

SENSITIVITY ANALYSIS FOR LOSS OF VALUE OF SHARES, STOCKS AND FUNDS	CALCULATED VALUE FOR THE ANALYSIS				
SENSITIVITT ANALTSIS FOR LOSS OF VALUE OF SHARES, STOCKS AND FUNDS	30.06.2012	31.12.2011	30.06.2011		
Status of owned shares and funds	923,936	909,152	792,728		
Financial income / costs on account of shares and funds valuation	-	(19,376)	11		
Estimated percentage change in the value of shares and funds	+/-1pp	+/- 1 pp	+/-1pp		
Estimated income / expense on account of potential changes in the value of	9,239	9,092	7,927		
shares and funds					
TOTAL impact on the gross profit of the period	9,239	9,092	7,927		
Income tax	1,755	1,727	1,506		
TOTAL impact on the net profit of the period	7,484	7,364	6,421		



The Company, while calculating impairment of shares and funds in subsidiaries, associates and joint subsidiaries refers to the net asset value of the company, taking into account cash flows of the resulting from the investment properties held by these companies.

NOTE 12

Information on financial instruments

			BALANCE SHEET VALUE (IN PLN '000)			
REF.	TYPE OF FINANCIAL INSTRUMENT	NOTE	AS OF	AS OF	AS OF	
			30.06.2012	31.12.2011	30.06.2011	
	Financial assets					
1.	Loans and receivables					
	-long term loans	4	-	-	6	
	-short-term loans	4	195,154	144,929	148,844	
	- trade receivables		26,234	90,532	113,227	
	-other receivables		13,769	14,038	14,226	
2.	Cash and cash equivalents		36,963	86,386	150,490	
	Financial liabilities					
1.	Other financial liabilities:					
	- liabilities arising from debt securities	5, 6	853,729	854,291	817,451	
	-trade liabilities		16,237	42,391	67,898	
	- credits and loans	6	7,378	32,774	65,540	

The main financial instruments in the Company are:

- loans granted valued at amortized purchase price determined using the effective interest rate method,

- financial liabilities, i.e. liabilities due to debt securities, bank loans and other liabilities (loans and liabilities relative to deliveries and services).

Financial liabilities are measured using the "amortized cost of a liability," according to IAS 39.

On: 28 August 2012

Signatures of the Echo Investment S.A. Management Board

Piotr Gromniak

President of the Board

Vice President of the Board

Artur Langner

Signature of the person entrusted with bookkeeping:

Tomasz Sułek

Chief Accountant



REPORT OF THE MANAGEMENT BOARD ON OPERATIONS OF

Echo Investment S.A. Capital Group in the first half of 2012





III. REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS OF ECHO INVESTMENT S.A. CAPITAL GROUP

Echo Investment S.A. Capital Group (the Capital Group) is active on the property market since 1996. The parent company of the Capital Group is Echo Investment S.A. (the Issuer, the Company), a company traded on the Warsaw Stock Exchange since March 1996.

Echo Investment SA organizes the entire investment process for a given project, from purchasing real property, through obtaining administrative decisions, financing, oversight of construction to putting a project into service. These activities are conducted on their own behalf or, as it is in most cases, by providing services for a subsidiary specially established for this purpose. The implementation of development projects through subsidiaries greatly simplifies the organization of implemented processes and ensures transparency in the structure of the Group. These entities are principally engaged in leasing commercial space (shopping and entertainment centres, offices), construction and sales of apartments and property management services. The Company also provides general contractor services for external investors.

The principal scope of activities of the Group is divided into four segments:

- construction and lease of space in commercial and entertainment centres,
- construction and lease of space in office buildings,
- construction and sale of residential units,
- construction and sale of hotel buildings.

The Group is engaged in business activities in Poland, Hungary, Romania and the Ukraine.

As of 30 June 2012 and 30 June 2011, the Group employed 333 and 323, people, respectively.

The financial statements presented cover the period of 6 months ending on 30 June 2012 and include comparative data for the period of 6 months ending on 30 June 2011 and comparative data for the period of 12 months ending on 31 December 2011 (in the case of the balance and the statement of changes in equity). The statements are written in thousands of PLN, in accordance with the International Financial Reporting Standards as adopted by the European Commission.

The shares of the parent company – Echo Investment S.A. – have been listed on the Stock Exchange in Warsaw since 1996. The number of shares of Echo Investment S.A. is 420,000,000 ordinary bearer shares.

3.1. Information concerning the segments of the capital group

The Capital Group generates revenue from the lease of owned commercial space, from the sales of apartments, from the construction of projects and provision of property management services. The structure of revenues is as follows:

Realised operating results during the first half of 2012 in the segment:

DETAILS	REVENUE	% SHARE	COSTS	% SHARE
SHOPPING CENTRES AND SHOPPING AND	150.8	54.5%	39.7	30.7%
ENTERTAINMENT CENTRES				
residential space	84.5	30.5%	70.7	54.8%
hotels and office buildings	38.5	13.9%	14.2	11.0%
non-attributable to segments	2.9	1.1%	4.4	3.5%
operating results total	276.7	100.0%	129.0	100.0%

In the first half of 2012, the Group did not change the segmentation basis, total assets of the segments did not change significantly compared to the data presented in the report for 2011.

Realised operating results during the first half of 2011 in the segment:

DETAILS	REVENUE [IN PLN MILLION]	% SHARE	COSTS [IN PLN MILLION]	% SHARE
Shopping centres and shopping and	133.3	73.1%	38.1	61.0%
ENTERTAINMENT CENTRES				
residential space	11.9	6.5%	9.3	15.0%
hotels and office buildings	34.0	18.7%	11.6	18.6%
non-attributable to segments	3.0	1.7%	3.4	5.4%
operating results total	182.2	100.0%	62.4	100.0%

3.2. Information on issue, repurchase and repayment of debt and capital securities.

The current activities of the Group, in addition to its own resources and loans, are also financed through the issuance of debt instruments. At present, the Company has an active program to issue both long and short-term bonds.

As part of the Bond Issuance Programme agreements with BRE Bank S.A. signed in 2004, with subsequent amendments,

The company has issued bonds, for which at the date of this report it has liabilities in amounts shown in the table below:

LIABILITIES DUE TO BONDS ISSUED AS OF 30 JUNE 2012 [IN PLN '000]

BANK NAME	TYPE OF FINANCIAL INSTRUMENT	AMOUNT USED	REDEMPTION DATE	INTEREST RATE TERMS
BRE Bank S.A.	Bonds	35,000	2012-07-13	WIBOR 1M + margin
BRE Bank S.A.	Bonds	115,000	2015-05-18	WIBOR 6M + margin
BRE Bank S.A.	Bonds	150,000	2013-03-29	WIBOR 6M + margin
BRE Bank S.A.	Bonds	100,000	2013-05-25	WIBOR 6M + margin
BRE Bank S.A.	Bonds	300,000	2014-06-30	WIBOR 6M + margin
BRE Bank S.A.	Bonds	145,000	2016-02-11	WIBOR 6M + margin

As of 30 June 2012, the Issuance Program allows to issue bonds up to a maximum nominal value of PLN 1 billion.

On 25 January 2012, a redemption of bonds from the guaranteed program took place, amounting to PLN 35 million, and on that day there was another issue under guarantee program. The Company has issued discount bonds to a total amount of PLN 35 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 1 month. Redemption of bonds was due on 29 February 2012. The interest on the bonds was determined on the basis of the WIBOR 1M variable plus a margin for investors.

On 29 February 2012, a redemption of bonds from the guaranteed program took place, amounting to PLN 35 million, and another issue under guarantee program. The Company has issued discount bonds to a total amount of PLN 35 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 1 month. Redemption of bonds was due on 30 March 2012. The interest on the bonds was determined on the basis of the WIBOR 1M variable plus a margin for investors.

On 30 March 2012, a redemption of bonds from the guaranteed program took place, amounting to PLN 35 million, and another issue under guarantee program. The Company has issued discount bonds to a total amount of PLN 35 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 1 month. Redemption of bonds was due on 9 May 2012. The interest on the bonds was determined on the basis of the WIBOR 1M variable plus a margin for investors.

On 9 May 2012, a redemption of bonds from the guaranteed program took place, amounting to PLN 35 million, and another issue under guarantee program. The Company has issued discount bonds to a total amount of PLN 35 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 1 month. Redemption of bonds was due on 13 June 2012. The interest on the bonds was determined on the basis of the WIBOR 1M variable plus a margin for investors.

Within the Bond Issuance Program signed with BRE Bank S.A., based in Warsaw, the Company issued on 18 May 2012 coupon bonds for a total amount of PLN 115 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 3 years, i.e. the redemption of bonds is due on 18 May 2015.

The interest on the bonds was determined on the basis of the WIBOR 6M variable plus a margin for investors. The interest will be paid semi-annually. The bonds will be redeemed at maturity at par value. The bonds are not secured.



On 13 June 2012, a redemption of bonds from the guaranteed program took place, amounting to PLN 35 million, and another issue under guarantee program. The Company has issued discount bonds to a total amount of PLN 35 million. The issue price of a single bond was PLN 100 thousand. The bonds were issued for the period of 1 month. Redemption of bonds is due on 13 July 2012. The interest on the bonds was determined on the basis of the WIBOR 1M variable plus a margin for investors.

The bonds are not secured.

3.3. Information about the dividend paid (or declared)

The Company has not paid dividends in the previous years and has not declared payments of dividend in the current and the nearest period.

3.4. Events after the day on which the condensed interim financial statements were prepared, not included in these statements which could have a significant influence on the Capital Group's future financial performance

The loan agreement of the Issuer's subsidiary

On 27 July 2012, the company PROJEKT ECHO – 39 SP. Z O.O., based in Kielce at al. Solidarności 36, 25-323 Kielce, entered in the Register of Entrepreneurs of the National Court Register kept by the District Court in Kielce, X Commercial Department of the National Court Register under the KRS number 0000196339 (hereinafter: the Borrower, the Company), a subsidiary of the Issuer, signed with the company BANK POLSKA KASA OPIEKI S.A., based in Warsaw, ul. Grzybowska 53/57, PO Box. 1008, 00-950 Warsaw, entered into the Register of Entrepreneurs kept by the District Court for the Capital City of Warsaw, XIII Commercial Department of the National Court Register under KRS number 14843, (hereinafter: the Lender, the Bank) a loan agreement (hereinafter: the Agreement).

Under the terms of the Agreement, the Bank places at the disposal of the Borrower, based on its application:

- 1. funds constituting a construction and investment loan in the maximum amount not exceeding EUR 47 million (forty seven million EUR);
- 2. funds constituting a VAT loan in the maximum amount not exceeding PLN 7 million (seven million PLN);

The Borrower shall use the loans exclusively for the following purposes:

- 1. Construction loan to finance or refinance the cost of the project;
- 2. Investment Ioan to refinance the debt under the construction Ioan by making a Conversion (repayment of debt of the construction Ioan with the funds of the investment Ioan);
- 3. VAT loan for financing and refinancing VAT taxes in connection to the project.

The loan amount shall bear interest; for the investment loan and the construction loan – at 1 or 3-month EURIBOR rate, and for the VAT loan – at 1-month WIBOR rate plus the bank's margin.

The funds obtained under the agreement will be used by the Borrower for the construction of Galeria Amber in Kalisz at the intersection of ul. Górnośląska and Trasa Bursztynowa.

The repayment date was set as follows:

- 1. for the investment loan the fifth anniversary of the day of Conversion, or 31 December 2019, depending on whichever is earlier;
- 2. for the VAT loan 6 months of the date of the permit for use date or 31 December 2014, depending on whichever is earlier.

The Borrower shall provide the following security for the repayment of the loan:

- 1. mortgage securing the loans with priority of satisfaction up to the maximum amount of the security in the amount of 200% of the commitment under the loan,
- 2. Declaration of the Borrower on submission to enforcement,
- 3. Declaration of the Issuer on submission to enforcement,
- 4. Declaration of each shareholder of the Borrower who at the date of this Agreement is a the partner on submission to enforcement,
- 5. Power of attorney over the Borrower's accounts,

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- 6. Subordination Agreement pursuant to which specified payments will be subordinated in relation to the payments for the Lender under the Lease Agreement,
- 7. Pledge Agreement meaning a total of registered pledges and liens on the rights to the Borrower's accounts, cash receivables of the general partner, lien and registered pledge on the shares of the Borrower.

Annex to the Overdraft Agreement

On 21 August 2012, the Issuer received through mail a signed annex dated 17 August 2012 to the Loan Agreement for a multi-purpose credit limit of 21 August 2006 entered into with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna based in Warsaw (hereinafter: the Bank, PKO BP). See current reports: no. 49/2006 of 22 August 2006 and no. 29/2009 of 1 September 2009.

Pursuant to the annex, the amount of the multi-purpose credit limit was increased from PL 80 million to PLN 100 million and the term of the loan was extended for a further period of three years, i.e. until 19 August 2015.

Within the limit of the loan agreement the Bank will provide the Borrower with:

- overdraft, in the Polish zloty, up to 40% of the limit,
- revolving working capital loan, in the Polish zloty, up to 50% of the limit,
- - bank guarantees up to 65% of the limit.

The interest rate was established according to the WIBOR 1M variable interest rate plus the Bank's margin. Repayment security for the debts to the Bank in connection with the use of the limit are:

- 1) Blank promissory note issued by the Borrower with the Borrower's promissory note declaration,
- 2) Declaration on submission to enforcement pursuant to Art. 97 of the Banking Law,
- 3) Clause allowing for deduction of debts from the Borrower's bank accounts held at PKO BP.
- 3.5. Information on changes in contingent liabilities or contingent assets that occurred after the end of the previous financial year.

3.5.1. Suretyship agreements

SURETYSHIP AGREEMENTS OF THE CAPITAL GROUP IN FORCE AS OF 30 JUNE 2012

SURETY FOR BENEFIT OF	VALUE [PLN '000]	EXPIRY DATE	FOR
METALPLAST – STOLARKA SP. Z O.O.	6,000	shall remain in force until the repayment of the entire obligations arising from the contract for building the facade of the Aquarius Business House office complex in Wroclaw (stage I) of 31.01.2012	The suretyship applies to the payment obligations of Grupa Echo Spółka z ograniczoną odpowiedzialnością 1 LJSP arising from the contract for building the facade of the Aquarius Business House office complex in Wroclaw (stage I) of 31.01.2012 entered into with Metalplast – Stolarka Sp. z o.o.

See also item 3.13 of this Report

The suretyship granted by Echo Investment S.A. for the obligations of Oxygen – Projekt Echo – 95 spółka z ograniczoną odpowiedzialnością LJSP (formerly: Echo-Oxygen Sp. z o.o.) in the amount of EUR 14,600,000 arising from the loan agreement concluded on 27 September 2010 with Nordea Bank Polska S.A expired on 31 May 2012.



The value of current suretyship contracts in force received by the Group as of 30 June 2012 is as follows:

- on account of concluded lease agreements: PLN 2.91 million, EUR 3.41 million, USD 33.95 thousand

- on account of project construction – PLN, 0 EUR, 0 USD

3.5.2. Guarantee agreements

GUARANTEE AGREEMENTS IN FORCE AS OF 30 JUNE 2012

GUARANTOR	VALUE [PLN '000]	EXPIRY DATE	FOR
PKO BP SA	4,073	until 24.03.2013	Security of non-performance or improper performance of all obligations for Orbis S.A. under conditional agreement for General Implementation of Investment of 4 September 2008
PKO BP SA	324	until 29.08.2012	Security for non-performance of obligations PGE Dystrybucja S.A. under the Utilities Connection Agreement no. 1091/1/RP2/2009 concluded on 12 May 2011
PKO BP SA	434	until 29.08.2012	Security for non-performance of obligations PGE Dystrybucja S.A. under the Utilities Connection Agreement no. 1091/2/RP2/2009 concluded on 12 May 2011
PKO BP SA	189	until 31.08.2012	Security for non-performance of obligations for ImmoPoland Sp. z o.o. arising under the lease agreement concluded on 28 August 2009. Guarantee issued in EUR
PKO BP SA	137	until 14.10.2012	Security for non-performance of obligations for ImmoPoland Sp. z o.o. arising under the lease agreement concluded on 20 September 2011. Guarantee issued in EUR
Echo Investment S.A.	18,411	shall be in force until the Date of Conversion, but no later than 30 June 2018	Security to cover the shortfall of funds or excess of cost of the Olimpia shopping centre in Belchatow for the benefit of Nordea Bank Poland SA
PKO BP SA	1,300	until 31.12.2012	Security of claims due in connection with the termination of the lease for the benefit of Master Service – Opon Sp. z o.o.
PKO BP SA	8,523	until 31.10.2012	Non-performance of payment obligations security arising under the purchase agreement for the right of perpetual usufruct of property concluded on 21 December 2011 for the benefit of Ravenna Warszawa Sp. z o.o. Guarantee issued in EUR
PKO BP SA	18	until 30.11.2012	Non-performance of obligations security under the Agreement concluded on 22 May 2012 for the benefit of the Municipality of Szczecin

The guarantee in the amount of PLN 7,767,586.20 granted by Echo Investment S.A. to Nordea Bank Polska S.A. as security of covering the excess costs of the Oxygen office building in Szczecin expired on 31 May 2012.

On 6 June 2012 Bank PKO BP SA granted bank guarantee to the Municipality of Szczecin as performance bond connected to the obligations of the Agreement signed on 22 May 2012 by Projekt 5 – Grupa echo Spółka z ograniczoną odpowiedzialnością LJSP. (subsidiary of the Issuer). the amount of guarantee is pln 18,450.00. The guarantee is valid until 30 November 2012.

The value of current guarantee contracts in force received by the Group as of 30 June 2012 is as follows:

- on account of concluded lease agreements: PLN 4.88 million, EUR 12.01 million, USD 0

- on account of project construction – PLN 72.65 million, EUR 218.59 thousand, USD 81.09 thousand

3.6. Composition of Echo Investment Capital Group

The most important role in the structure of the Group is played by Echo Investment S.A., which, as the owner of the entities comprising the Group, monitors, participates and provides funding for the implementation of development projects. The companies it is composed of have been established or acquired to meet specific investment projects' goals and do not engage in economic activity other than that which would arise from the implementation of a specific project, and subsequently lease already completed assets or provide other services.

As of 30 June 2012, the Echo Investment Capital Group is composed of 81 subsidiaries, fully consolidated, one co-subsidiary company consolidated using the proportional method and one associated company consolidated using the equity method.

Subsidiaries:

COMPANY NAME	REGISTERED OFFICE	% of Equity Held	PARENT COMPANY
47 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
53 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Astra Park – Projekt Echo – 69 Sp. z o.o. LJSP (previously: "Astra Park" Sp. o.o.)	Kielce	100%	XXXIV FIZ Forum
Avatar – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Babka Tower – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Barconsel Holdings Ltd	Nicosia	100%	Echo – SPV 7
Bełchatów – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Budivelnuy Soyuz Monolit LLC	Kiev	100%	Yevrobudgarant LLC
Echo – Arena Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Arena Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo – Aurus Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Centrum Przemyśl – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Echo – Galaxy Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Galaxy Sp. z o.o. LJSP	Szczecin	100%	XXIX FIZ Forum
Echo – Galeria Lublin Sp. z o.o.	Lublin	100%	Echo Investment S.A.
Echo – Kasztanowa Aleja Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Kasztanowa Aleja Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo – Klimt House Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Klimt House Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo – Pasaż Grunwaldzki Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo Pasaż Grunwaldzki – Magellan West Sp. z o.o.LJSP	Kielce	99.95%	XXIX FIZ Forum
Echo – Pod Klonami Sp. z o.o.	Kielce	100%	Projekt Naramowice Poznań Sp. z o.o.
Echo – Pod Klonami Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo – Project – Management Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.
Echo – Przy Słowiańskim Wzgórzu Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Przy Słowiańskim Wzgórzu Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo – SPV 7 Sp.z o.o.	Kielce	100%	Echo Investment S.A.
Echo – Galeria Amber Sp. z o.o. (formerly: Huxton Investments Sp. z o.o.)	Kielce	100%	Echo Investment S.A.
Echo Investment ACC – Grupa Echo Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo Investment Facility Management -Grupa Echo Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo Investment Hungary Ingatlanhasznosito Kft.	Budapest	100%	Echo Investment S.A.



COMPANY NAME	REGISTERED OFFICE	% of Equity Held	PARENT COMPANY
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 Property Management – Grupa Echo Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Echo Investment Ukraine LLC	Kiev	100%	Echo Investment S.A.
El – Project Cyp – 1 Ltd	Nicosia	100%	Echo Investment S.A.
Galeria Kielce – Projekt Echo – 93 Sp. z o.o.LJSP	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
Galeria Olimpia – Projekt Echo – 98 Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Galeria Sudecka – Projekt Echo – 43 Sp. z o.o. LJSP	Jelenia Góra	100%	XXIX FIZ Forum
Galeria Tarnów – Projekt Echo – 43 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Grupa Echo Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Grupa Echo Sp. z o.o. 1 LJSP	Kielce	100%	XXIX FIZ Forum
Malta Office Park – Projekt Echo – 96 Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Mena Investments Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Metropolis – Grupa Echo Sp. z o.o. LJSP (formerly: Echo – Metropolis Sp. z o.o.)	Kielce	100%	XXXIV FIZ Forum
Oxygen – Projekt Echo – 95 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Pamiątkowo Sp. z o.o.	Pamiątkowo	100%	Echo Investment S.A.
Park Postępu – Projekt Echo – 93 Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
PHS – Projekt CS Sp. z o.o. LJSP	Szczecin	100%	XXIX FIZ Forum
PPR – Projekt Echo – 77 Sp. z o.o.	Kielce	100%	XXIX FIZ Forum
Princess Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Beethovena – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
Projekt CS Sp. z o.o.	Szczecin	100%	Echo Investment S.A.
Projekt Echo – 30 Sp. z o.o.	Kielce	100%	XXXIV FIZ Forum
Projekt Echo – 39 Sp. z o.o.	Kielce	100%	XXXIV FIZ Forum
Projekt Echo – 43 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 59 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 67 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 67 Sp. z o.o. LP	Kielce	100%	Echo Investment S.A.
Projekt Echo – 69 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 70 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 77 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 93 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 95 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 96 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 97 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 98 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Echo – 99 Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Projekt Naramowice Poznań Sp. z o.o.	Kielce	100%	XXXIV FIZ Forum
Projekt S Sp. z o.o.	Kielce	95%	Echo Investment S.A.
Projekt 3 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Projekt 4 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum

COMPANY NAME	REGISTERED OFFICE	% of Equity Held	PARENT COMPANY
Projekt 5 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Projekt 6 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
Projekt 7 – Grupa Echo Sp. z o.o. LJSP	Kielce	100%	XXIX FIZ Forum
SPV 1 – Grupa Echo Sp. z o.o. LJSP (previously: SPV – 1 Sp. z o.o.)	Kielce	100%	XXIX FIZ Forum
Ultra Marina Sp. z o.o.	Kielce	100%	XXIX FIZ Forum / XXXIV FIZ Forum
Vasco Investment Sp. z o.o.	Kielce	100%	Echo Investment S.A.
Veneda – Projekt Echo -97 Sp. z o.o. LJSP	Kielce	100%	XXXIV FIZ Forum
Yevrobudgarant LLC	Kiev	100%	El – Project Cyp – 1 Ltd
Zakład Ogrodniczy Naramowice -Pamiątkowo Sp. z o.o. LJSP	Pamiątkowo	100%	XXXIV FIZ Forum

The joint subsidiary is Wan 11 Spółka z o.o. based in Warsaw. The associated company is EBR Global Services sp. z o.o. (formerly: Projekt Echo – 100 Sp. z o.o.).

All certificates issued by XXIX FIZ Forum and XXXIV FIZ Forum are in possession of the companies of the Echo Investment Group.

3.7. Effects of changes in the business undertaking's structure, including as a result of business combinations, acquisitions or sales of the Capital Group's member entities, long-term investments, division, restructuring and discontinued operations.

Conclusion of agreements for transferring ownership of shares in the share capitals of subsidiaries

On 29 March 2012, within Echo Investment Capital Group an agreement was concluded for the sale of shares in the company Project Echo – 59 Sp. z o.o. based in Kielce (the Company), Echo – Aurus Sp. z o.o. based in Kielce (a Subsidiary of the Issuer) sold to Echo Investment S.A. based in Kielce 999 (nine hundred and ninety-nine) shares of a nominal value of PLN 50 (fifty) each, representing 99.9% of the share capital of the Company.

On 17 April 2012, within Echo Investment Capital Group an agreement was concluded for the sale of shares in the company Echo – Aurus Sp. z o.o. based in Kielce (the Company), Zakład Ogrodniczy Naramowice – Pamiątkowo Spółka z ograniczoną odpowiedzialnością LJSP, based in Pamiątkowo (a Subsidiary of the Issuer) sold to Echo Investment S.A. based in Kielce 5674 (five thousand six hundred seventy-four) shares of a nominal value of PLN 500 (five hundred) each, representing 2% of the share capital of the Company.

I. The composition of Echo Investment Capital Group increased in the first half of 2012 by the following companies:

- The acquisition on 05 March 2012 100% of the shares in the company Huxton Investments Sp. z o.o. based in Warsaw. The total purchase price amounted to PLN 101,048.06. The share capital of the company amounts to 5 thousand. PLN,
- The acquisition on 05 March 2012 100% of the shares in the company Mena Investments Sp. z o.o. based in Warsaw. The total purchase price amounted to PLN 105,081.00. The share capital of the company amounts to 5 thousand. PLN,
- The acquisition on 05 March 2012 100% of the shares in the company Vasco Investment Sp. z o.o. based in Kielce. The total purchase price amounted to PLN 89,569.00. The share capital of the company amounts to 5 thousand. PLN,

II. Other changes in the companies of the Capital Group of the Issuer in the first half of 2012

- sale of 750 shares in the company Project Echo 100 Sp. z o.o. based in Kielce. The total sale price amounted to
 PLN 40,000. The share capital of the company amounts to 50 thousand. PLN, The shares sold represent 75% of the
 share capital of the company. Due to this transaction, Projekt Echo 100 Sp. z o.o. became an associate company
 (formerly a fully consolidated subsidiary), and will be consolidated with the equity method,
- capital increase in the company Project Echo 30 Sp. z o.o. by FIZ XXXIV Forum,
- capital increase in the company Project Echo 39 Sp. z o.o. by FIZ XXXIV Forum,



- capital increase in the company Princess Investment Sp. z o.o. by Echo Investment S.A. and the Echo Group Sp. z o.o.,
- capital increase in the company Echo Investment Project Management S.R.L. by Echo Investment S.A.,
- capital increase in the company Ultra Marina Sp. z o.o. by FIZ XXXIV Forum, Echo Investment S.A.,
- transformation of Zakłady Ogrodnicze Naramowice Sp. z o.o. into Zakład Ogrodniczy Naramowice Pamiątkowo Spółka z ograniczoną odpowiedzialnością LJSP
- transformation of Echo Galeria Kielce Sp. z o.o. into Galeria Kielce Projekt Echo 93 Spółka z ograniczoną odpowiedzialnością LJSP
- transformation of Projekt Echo 58 Sp. z o.o. into Projekt Beethovena Grupa Echo Spółka z ograniczoną odpowiedzialnością LJSP
- transformation of Astra Park Sp. z o.o. into Astra Park Projekt Echo 69 Spółka z ograniczoną odpowiedzialnością LJSP
- transformation of SPV 1 Sp. z o.o. into SPV 1 Grupa Echo Spółka z ograniczoną odpowiedzialnością LJSP
- transformation of Echo Metropolis Sp. z o.o. into Metropolis Grupa Echo Spółka z ograniczona odpowiedzialnością LJSP
- change of the company Projekt Echo 94 Spółka z ograniczoną odpowiedzialnością LP into Echo Pod Klonami Spółka z ograniczoną odpowiedzialnością LP
- change of the company Huxton Investments Sp. z o.o. into Echo Galeria Amber Sp. z o.o.
- change of the company Projekt Echo 100 Sp. z o.o. into EBR Global Services Sp. z o.o.

3.8. Position of the Management Board concerning the option to implement previously published result forecasts for the relevant year in the light of the results presented in the quarterly report in relation to predicted results.

The Management of the Company has not published any financial forecasts.

3.9. The ownership structure of major holdings of Echo Investment S.A.

The shareholders holding, directly or indirectly via subsidiaries, at least 5% of the overall number of votes at the General Meeting of Echo Investment S.A., as of 28 August 2012, are:

SHAREHOLDER	NUMBER OF SHARES [PCS]	% OF SHARE CAPITAL OF ECHO INVESTMENT S.A.	NUMBER OF VOTES AT THE GM OF ECHO INVESTMENT S.A.	% OF TOTAL VOTES AT THE GM OF ECHO INVESTMENT S.A.
MICHAŁ SOŁOWOW, including:	187,928,068	44.74%	187,928,068	44.74%
- directly:	2,343,431	0.56%	2,343,431	0.56%
- indirectly, including:	185,584,637	44.19%	185,584,637	44.19%
Barcocapital Investment Limited	66,121,790	15.74%	66,121,790	15.74%
Calgeron Investment Limited	17,884,050	4.26%	17,884,050	4.26%
FTF Galleon S.A.	101,578,797	24.19%	101,578,797	24.19%
ING OFE*	54,488,467	12.97%	54,488,467	12.97%
AVIVA OFE AVIVA BZ WBK*	36,683,460	8.73%	36,683,460	8.73%
OFE PZU Złota Jesień*	22,119,006	5.27%	22,119,006	5.27%

** - based on the annual structure of OFE investment portfolios as of 31 December 2011.

In the period since the publication of the last quarterly report, i.e. 15 May 2012 to the date of this report the Company has received the following notification of a change in ownership of a substantial shareholder:

On May 24, 2012, the Issuer has received from Michal Solowow, the main shareholder, a notification of the contents as follows:

"Pursuant to Article 69 of the Act dated 29 July 2005 on Public Offering and Terms of Introducing Financial Instruments to Organised Trading and on Public Companies (Journal of Laws, No. 185, item 1439) I announce that as a result of the acquisition, by the company dependent on me: Barcocapital Investment Limited, the shares of Echo Investment SA (the

Issuer, the Company) in transactions on the Stock Exchange in Warsaw, settled on 23 May 2012, my participation has increased by at least 1% of the total number of votes at the General Meeting of Shareholders.

As of the date of this notification, my total direct and indirect shareholding amounts to 187,928,068 shares in Echo Investment S.A., accounting for 44.74% of the share capital and giving the holder the right to 187,928,068 votes at the General Meeting of Shareholders of Echo Investment S.A., accounting for 44.74% of the total votes at the General Meeting of Shareholders of Echo Investment S.A.

Details of my shareholding in Echo Investment S.A. as at the date of this notification are tabulated below:

	NUMBER OF SHARES [PCS]	% OF SHARE CAPITAL	NUMBER OF VOTES AT THE GM	% of total votes at the GM
Total, directly and indirectly:	187,928,068	44.74%	187,928,068	44.74%
- directly:	2,343,431	0.56%	2,343,431	0.56%
- indirectly, including:	185,584,637	44.19%	185,584,637	44.19%
Barcocapital Investment Limited	66,121,790	15.74%	66,121,790	15.74%
Calgeron Investment Limited	17,884,050	4.26%	17,884,050	4.26%
FTF Galleon S.A.	101,578,797	24.19%	101,578,797	24.19%

Before the transaction, I had held the total of 186,842,775 shares in the Company, accounting for 44.49% of the share capital, and had been authorised thereby to 186,842,775 votes at the General Meeting of Shareholders, accounting for 44.49% of the total votes at the General Meeting of Shareholders.

There are no persons referred to in Art. 87 para. 1 item 3(c) of the Act of July 29th, 2005 on public offering and terms of introducing financial instruments to organised trading and on public companies (Journal of Laws, no. 184, item 1539)"

3.10. Summary of changes in shareholding of Echo Investment S.A. or rights to shares (options) by the Issuer's managers and supervisors, as to the knowledge of Echo Investment S.A. since the submission of the previous quarterly report

In the period since the publication of the last quarterly report, i.e. 15 May 2012 to the date of this report, Echo Investment SA had not received any information about a change in ownership of shares of Echo Investment S.A. or rights (options) held by the managers and supervisors of the Company.

SHARES HELD BY THE MEMBERS OF THE MANAGEMENT BOARD

MANAGING PERSONS	28.08.2012	15.05.2012
Piotr Gromniak – President of the Board	no shares	no shares
Artur Langner – Vice President of the Board	no shares	no shares

SHARES HELD BY THE MEMBERS OF THE SUPERVISORY BOARD

Supervisors	28.08.2012	15.05.2012
Wojciech Ciesielski – President of the Supervisory Board	1,200,000 shares	1,200,000 shares
Andrzej Majcher – Vice President of the Supervisory Board	98,800 shares	98,800 shares
Mariusz Waniołka – Vice President of the Supervisory Board	no shares	no shares
Karol Żbikowski – Member of the Supervisory Board	no shares	no shares
Robert Oskard – Member of the Supervisory Board	no shares	no shares
Tomasz Kalwat – Member of the Supervisory Board	no shares	no shares



3.11. Information on court proceedings

Between 1 January and 30 June 2012, there were no proceedings pending before court or a public administration authority concerning liabilities or claims of the Company and its subsidiaries, whose total value constitutes at least 10% of the Company's equity.

3.12. Information on transactions with related entities on other than market conditions

In the first half of 2012, the Company and its subsidiaries did not conclude any transactions with related parties on other than market conditions.

3.13. Information of granted loan sureties and granted guarantees equivalent in value to at least 10% of the issuer's equity capitals.

In the first half of 2012, Echo Investment S.A. or its subsidiaries did not grant any credit or loan sureties or guarantees and did not grant guarantee jointly to an entity or its subsidiary equivalent in value to at least 10% of the issuer's equity capitals.

3.14. Other information that the Management Board of Echo Investment S.A. believes to be important to assess the personnel, economic and financial situation, the profit, and any changes in these aspects of business, and information necessary to assess the Echo Investment Capital Group's capacity to meet its obligations

Allocation of profit for the financial year of 2011

The General Meeting of Shareholders of Echo Investment S.A. by way of Resolution No. 6 decided to exclude the net profit of the Company for the financial year of 2011 in the amount of PLN 16,517 thousand from distribution to shareholders and devote it entirely to fund the Company's supplementary capital to finance the Company's current operations.

E.Leclerc supermarket in Galeria Amber

A supermarket of the French chain E.Leclerc will be established in Galeria Amber constructed in Kalisz. The largest shopping centre in the Kalisz and Ostrów are is under construction.

E.Leclerc supermarket in Galeria Amber will have the area of 5,500 sq. m. E.Leclerc is one of Europe's largest supermarket chains, which now has 40 locations in Poland.

Gallery Amber is a four-storey shopping and entertainment centre, which is being constructed in the centre of Kalisz, close to the main railway and bus station, at the junction of ul. Górnośląska and Trasa Bursztynowa. The space for rent is 33,500 sq. m.

The facility will hold 140 shops and services along with cafés and restaurants. A 7-screen cinema is also planned, which will be operated by the Helios chain. Approximately 1,000 parking spaces are available to customers. The general contractor of Galeria Amber is Eiffage Budownictwo Mitex. The opening is scheduled for the third quarter of 2013.

The preliminary architectural concept of Galeria Amber was created by Bose International Planning and Architecture. The author of the construction design is Artur Jasiński i Wspólnicy Biuro Architektoniczne Sp. z o.o.

Samsung Electronics Polska in Malta Office Park

Nearly 2,000 sq. m. in the Malta Office Park office complex completed by Echo Investment in Poznań was rented by Samsung Electronics Polska.

Samsung Electronics Polska Sp. z o.o. is part of one of the world's largest electronics companies – Samsung Electronics Co., Ltd. The office of the Poznań branch of Samsung Electronics Polska in Malta Office Park will be taken by the research and development department. Malta Office Park is located in Poznan; it is a modern office park consisting of six buildings, offering a total of nearly 31,000 sq. m. of rentable space. Tenants and their customers have at their disposal nearly 600 parking spaces in the parking lot and underground. Construction of Malta Office Park began in August 2007. The investment completed in three stages.

"Green light" for the MUNDO shopping centre in Budapest

The Hungarian Ministry National Economy gave permission for the construction of MUNDO – a shopping centre by the Polish developer Echo Investment, to be built in the Budapest district Zuglo. In accordance with legislation aimed at controlling new commercial investment in force from the beginning of 2012, the developer must provide a committee reporting to the minister of the economy with a report on the impact of the investment on the market and the environment. The decision of the Minister confirmed that the construction of MUNDO is environmentally friendly and compatible with sustainable development, and the project is needed.

The MUNDO complex will combine functions of: trade, entertainment, and recreational services. The architectural design of the new centre combines harmoniously and properly underlines the individual functions of the project. Mundo is a multipurpose centre in the heart of one of the largest and most affluent districts of Budapest – Zuglo. GLA of the project is 37,300 sq. m. Mundo will hold 170 stores, and the customers will have a parking with 1,450 parking spaces at their disposal, including the option to "park and drive". The opening of the centre is planned for 2015. The project was prepared in the Hungarian architectural office Bánáti + Hartvig Architect in cooperation with the Warsaw Studio Quadra. The Mundo project in the future will be the centre of the Zuglo district and, in addition to its commercial function, it will have very important public and social functions. Its construction was divided into two stages. The second phase includes a building which hold the new headquarters of the Zuglo district council.

Additional loan for the investment of Malta Office Park

Echo Investment has signed an annex to the loan agreement on refinancing of the III stage of the Malta Office Park office complex in Poznań.

The Annex accompanies a contract worth EUR 31.785 million signed in June 2009 between Echo Investment and WESTDEUTSCHE IMMOBILIENBANK AG. It is for an additional amount of EUR 7.160 million, which the investor will allocate to the refinancing of the III stage of Malta Office Park.

3.15. Factors which, in the opinion of the Management Board, will influence the Capital Group's financial performance for at least the upcoming quarter.

In subsequent periods, the following factors will have impact, among others:

- accounting of revenues from final agreements of residential property sales:
- in Krakow (Dom Pod Słowikiem at ul. Krasickiego)
- in Poznań (Kasztanowa Aleja at ul. Wojskowa, Pod Klonami at ul. Rubież, Naramowice Rynek),
- in Warsaw (Klimt House at ul. Kazimierzowska),
- in Wrocław (Przy Słowiańskim Wzgórzu at ul. Jedności Narodowej)
- accounting of revenues from final agreements of sales of plots with house projects:
 - in Dyminy near Kielce (Osiedle Południowe),
 - w Bilcza near Kielce (Osiedle Bilcza II)
- accounting of revenues from final agreements of sales of plots:
- in Masłów near Kielce
- regular income from the rental of offices and shopping centres,
- sales of construction effort related to the construction of the Novotel hotel in Łódź,
 - quarterly revaluation of fair value of the Group's real estate:
 - in operation taking into account the change in yields,
 - under construction and in the process of commercialization,
 - Malta Office Park stage III in Poznań (further valuation),
 - Outlet Park in Szczecin (further valuation),
 - Galeria Olimpia in Bełchatów (subsequent valuation)
 - Galeria Veneda in Łomża (subsequent valuation)
 - Aquarius Office Building I stage in Wrocław (subsequent valuation)
 - Galeria Amber in Kalisz (initial valuation)
 - selling costs and general and administrative expense,
- quarterly revaluation of inventories
- valuation of liabilities from bonds and loans at amortized cost,
- valuation of loans and cash due to changes in foreign exchange rates,
- valuation and implementation of securing financial instruments on foreign currencies
- interest on deposits and loans granted
- discount and interests on credits, bonds and loans.

3.16. Description of significant risk factors and threats in the months ahead in 2012

Significant risk factors and threats to the operations of the Company are as follows:

- **the risk of competition** associated with the operation of the entity among other developers and the ability to acquire customers. In the property market in Poland, alongside national companies, foreign investors are active on a large scale, whose competitive advantage is expressed in greater capital resources. Extensive experience in the construction of development projects speaks in favour of the Group in all segments of the market, therefore it has a well-established market position. Experience, market knowledge, quality and confidence of the customers is the predominant feature of the Group's competitiveness, the importance of which could be seen during the recent



economic crisis. At that time, the Group continued construction of projects and successfully raised funding. Dynamic development, a growing number of completed and ongoing projects, and the portfolio of assets indicates that the Group is able to operate effectively in a competitive market.

- **interest rate risk** is associated with changes in interest rates due to the economic situation. The Group's operations are based largely on external financing. Risks associated with changes in interest rates is mitigated by hedging instruments (fixed interest, IRS).
- currency risk associated with foreign currency exchange. In the Group, risk is associated primarily with loans denominated in foreign currencies (mostly in euros) borrowed by special purpose companies. In order to minimize the risk, contracts with the lessees of a given project are denominated in the currency of the loan taken for its financing. Payments from tenants obtained in this way are allocated to the repayment of these loans. This link between funding and the sources of revenues significantly reduces foreign exchange risk (natural hedging). In addition, due to the significant impact of exchange rate fluctuations on the value of future cash flows (currency purchases, sales of property, credit tranches), the Group uses the available derivative instruments such as forward contracts and currency options.
- risk of the financial condition of the tenants of the Group is associated with the loss of their liquidity. As part of the Group's activities, most revenue is generated from the lease of commercial and office space. A key aspect is the selection of tenants with stable economic and financial condition. The tenants of shopping centres are network operators (Tesco, Real, Carrefour, NOMI, designer clothing stores, cinemas, etc.). Cooperation with tenants allows the Company to take actions which steadily increase the attractiveness of the rented space and emphasises the prestige of the object, thus attracting customers. The business partners in office buildings are such companies as: Polkomtel, Tieto Poland, Medicover, Tebodin, Roche Poland, IKEA Shared Services and others.
- risks associated with external contractors is related to the quality of service of contractors and their financial condition. The Company, while acting as the investor of a project entrusts its execution to third parties. Timeliness and quality of construction of these projects to a significant extent also depends on these entities. This factor is largely eliminated by various types of collateral included in contracts for the construction works and by studying the financial condition and technical capabilities of the contractor during the selection process. The Company also monitors the construction of projects through inspectors or uses specialized third-party supervision, which significantly reduces this risk.
- the risk of administrative procedures is associated with changes in laws and tardiness of the authorities. Timeconsuming administrative procedures in Poland and abroad have impact on the launch dates of the Company's projects. This may result in a delay in their implementation. At the same time significant rights of third parties to intervene in the course of administrative procedures often lengthen the investment process, affecting its profitability. The Group seeks to reduce this risk through experience in carrying out administrative procedures and by employing specialists in this field.
- liquidity risk is associated with the lack of solvency. The Group manages liquidity risk by maintaining adequate
 amount of continuously available, accumulated funds in the form of cash on bank accounts and / or granted
 credit facilities. Actual cash flows are constantly monitored and assessed. In order to maintain liquidity, a stability of
 the Group's portfolio of projects for rent is essential, which with each year generates more and more revenues from
 lease.
- the risk of adverse changes in the real property market is associated with the changes in demand and market conditions. The Company seeks to minimize the risk of adverse changes in the real property market through phased implementation of investments and by adapting the pace of their implementation to the expectations of demand and the prices in the local markets.
- the socio-economic risk is associated with social and macroeconomic factors and their influence on business. These include: inflation, overall condition of the economy, changing economic situation, changes in real income of the population and the tax policies in the countries where the Group operates, as well as the situation across the globe. Changes in macroeconomic indicators may lead to a reduction of income or increase expenses. This is particularly important in a situation of lower GDP growth, increasing budgetary deficit and rising unemployment, which in turn lead to a decline in real income of the population. The socio-economic situation may have an impact on the revenues and the financial results of the Company, as the construction of new projects both in the residential, office, commercial and entertainment sector is dependent on consumers and the money they are able to spend. On the other hand pro social programs such as "Family at home" may result in an increase in demand. This risk is limited by working with tenants who cater to different target groups, including those whose spending is not heavily sensitive to changes in the macroeconomic situation. Apartments offered by the Group are mainly targeted at wealthy individuals whose consumer decisions are less sensitive to the macroeconomic situation.

On: 28 August 2012

Signatures of the Echo Investment S.A. Management Board

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

Signature of the person entrusted with bookkeeping:

Tomasz Sułek

Chief Accountant

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