

ECM REAL ESTATE INVESTMENTS A.G.
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2010

To the shareholders of
ECM Real Estates A.G.,
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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of ECM REAL ESTATE INVESTMENTS AG at 30 June, 2010, and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended (collectively, the “interim financial information”). The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted by the European Union.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to note 4.1.4. to the financial statements. ECM REAL ESTATE INVESTMENTS A.G. is currently in breach of the condition defined in article 4.1.8.4 of the SECURITIES NOTE AND SUMMARY dated October 3, 2007 as the event of default to its euro bonds with convertible warrants. As discussed in Note 4.1.4. to the financial statements, the Entity’s ability to continue as a going concern is dependent upon the decision of the general meeting of the Bondholders as it may require immediate repayment of the euro bonds at an amount equal to 125% of the par value together with accrued interest. Moreover the Entity will need significant additional funding for realization of the projects and to fund its cash flow needs. Also, the valuation of the Entity’s real estate assets and projects

and ultimate realization are subject to change as a result of changing operating conditions of the Entity and changing market conditions, and those changes can be material. These factors raise substantial doubt about the ability of the Entity to continue as a going concern. The ultimate outcome of these matters is uncertain. These financial statements do not include any adjustments that might be required if the euro bonds become repayable after the general meeting of the Bondholders or the Entity is otherwise unable to continue as a going concern.

Deloitte S.A.
Réviseur d'entreprises agréé

PP 
Nick Tabone
Partner

Luxembourg, 24 August 2010

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE
SIX MONTH PERIOD ENDED 30 JUNE 2010**

Name of the Company: ECM REAL ESTATE INVESTMENTS A.G.

Registered Office: 9, Rue du Laboratoire, L – 1911 Luxembourg

Components of the Condensed Consolidated Interim Financial Statements:

Condensed consolidated interim statement of comprehensive income

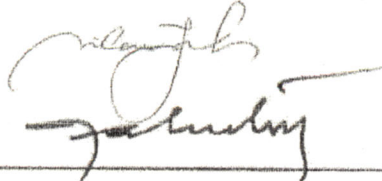
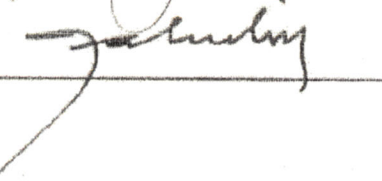
Condensed consolidated interim statement of financial position

Condensed consolidated interim statement of changes in equity

Condensed consolidated interim statement of cash flows

Notes to the condensed consolidated interim financial statements

The consolidated financial statements were authorised for issue by the Board of Directors on 23 August 2010.

Statutory body of the reporting entity:	Signature
Milan Janků <i>Chairman of the Board of Directors</i>	
Antonín Jakubše <i>Member of the Board of Directors</i>	

ECM REAL ESTATE INVESTMENTS A.G.

Condensed consolidated interim statement of comprehensive income

For the six-months period ended 30 June 2010

In thousands of €

	Note	30 June 2010 (6 months)	30 June 2009 (6 months)
Gross rental income	4.3	3,813	6,420
Service income	4.3	11,552	11,499
Service charge income		857	1,517
Service charge expenses		(1,198)	(2,728)
Property operating expenses		(11,295)	(9,509)
Net rental and service related income		3,729	7,199
Valuation gains on investment property	4.4.1	1,389	15,546
Valuation losses on investment property	4.4.2	(21,650)	(16,522)
Net valuation (loss) on investment property	4.4	(20,261)	(976)
Proceeds from the sale of investment property	4.5	5,097	3,044
Carrying value of investment property sold	4.5	(6,915)	(3,431)
(Loss) on the disposal of investment property	4.5	(1,818)	(387)
Proceeds from the sale of financial investments in subsidiaries and associates	4.6	15,439	8,404
Carrying value of financial investments in subsidiaries and associates sold	4.6	(14,646)	(9,768)
Gain / (Loss) on the disposal of financial investments	4.6	793	(1,364)
Proceeds from the sale of trading property – inventory and related accounts	4.7	16,666	3,114
Carrying value of trading property – inventory and related accounts sold	4.7	(16,336)	(2,297)
Gain on the disposal of trading property	4.7	330	817
Personnel expenses	4.8	(1,527)	(1,502)
Administrative expenses	4.9	(4,909)	(4,532)
Impairment of trading property	4.10.1	(3,509)	(4,527)
Other income		2,110	2,651
Other expenses	4.11	(913)	(5,510)
Net other (expense)		(2,312)	(7,386)
Net operating (loss) before net financial (expense)		(25,975)	(8,131)
Interest income	4.12	853	657
Interest expenses	4.12	(8,675)	(12,241)
Net other financial (expense)	4.13	(622)	(308)
Net financial (expense)		(8,444)	(11,892)
Share of the (loss) of associates and joint venture		(1,143)	(2,548)
(Loss) before tax		(35,562)	(22,571)
Current tax (expense) / income			--
Deferred tax (expense) / income	4.14	(5,585)	4,005
Income tax (expense) / income	4.14	(5,585)	4,005
(Loss) for the period		(41,147)	(18,566)

ECM REAL ESTATE INVESTMENTS A.G.
 Condensed consolidated interim statement of comprehensive income
 For the six-months period ended 30 June 2010

In thousands of €

	Note	30 June 2010 (6 months)	30 June 2009 (6 months)
Other comprehensive income			
Foreign currency translation differences for foreign operations		97	2,316
Other comprehensive income for the period, net of income tax		97	2,316
Total comprehensive income for the period		(41,050)	(16,250)
(Loss) attributable to:			
Equity holders of the parent company		(39,561)	(19,699)
Non-controlling interest		(1,586)	1,133
(Loss) for the period		(41,147)	(18,566)
Total comprehensive income attributable to:			
Equity holders of the parent company		(40,225)	(14,062)
Non-controlling interest		(825)	(2,188)
Total comprehensive income for the period		(41,050)	(16,250)
Earnings per share			
Basic earnings per share (euros)	4.24.3	(5.80)	(2.70)
Diluted earnings per share (euros)	4.24.3	(4.20)	(1.95)

Note: No tax effect is related to Other comprehensive income.

Notes to condensed consolidated interim financial statements on pages 10 to 39 are integral part of these financial statements.

ECM REAL ESTATE INVESTMENTS A.G.

Condensed consolidated interim statement of financial position

As at 30 June 2010

In thousands of €

	Note	30 June 2010	31 December 2009
Investment property	4.15	76,101	167,649
Investment property under construction	4.16	2,158	10,601
Property, plant and equipment	4.17	11,312	10,608
Intangible fixed assets		549	270
Goodwill	4.18	--	3,314
Pre-paid operating lease payments		7	6
Investments in associates and joint venture	4.19	5,747	5,731
Other investments		270	262
Provided loans	4.20	38,992	13,217
Deferred tax assets		1,724	17,606
Total non-current assets		136,860	229,264
Assets held for sale	4.21	6,964	--
Trading property	4.22	74,004	63,880
Income tax receivable		28	167
Trade and other receivables	4.23	26,710	19,924
Cash and cash equivalents		23,851	28,455
Total current assets		131,557	112,426
TOTAL ASSETS		268,417	341,690

ECM REAL ESTATE INVESTMENTS A.G.

Condensed consolidated interim statement of financial position

As at 30 June 2010

In thousands of €

	Note	30 June 2010	31 December 2009
EQUITY	4.24		
Issued capital		11,676	11,676
Share premium		66,888	66,888
Reserves		244	253
Equity instruments		7,438	7,438
Retained earnings		(124,429)	(88,000)
Translation reserve		20,570	21,234
Total equity attributable to equity holders of the Company		(17,613)	19,489
Non-controlling interest		6,854	10,772
Total equity		(10,759)	30,261
LIABILITIES			
Interest-bearing loans and borrowings	4.25	47,532	70,952
Other long-term payables	4.29	12,712	13,024
Provisions		16,479	16,071
Deferred tax liabilities		1,739	15,037
Total non-current liabilities		78,462	233,598
Convertible bonds	4.26	81,089	76,262
Other bonds	4.27	31,467	30,581
Short-term liabilities from derivatives	4.26	12,324	11,671
Liabilities related to assets held for sale	4.21	2,770	--
Trade and other payables	4.28	15,457	16,970
Bank overdraft		1	--
Interest-bearing loans and borrowings	4.25	57,566	60,739
Provisions		40	122
Total current liabilities		200,714	77,831
Total liabilities		279,176	311,429
TOTAL EQUITY AND LIABILITIES		268,417	341,690

Notes to condensed consolidated interim financial statements on pages 10 to 39 are integral part of these financial statements.

ECM REAL ESTATE INVESTMENTS A.G.
 Condensed consolidated interim statement of changes in equity
 For the six-months period ended 30 June 2010

In thousands of €

	Share capital	Share premium	Legal reserve fund	Equity instrument	Retained earnings	Translation reserve	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
Balance at 1 January 2009	11,676	67,874	193	7,438	(29,469)	16,873	74,585	20,761	95,346
Total comprehensive income for the period									
Profit or loss	--	--	--	--	(57,707)	--	(57,707)	(4,572)	(62,279)
Other comprehensive income									
Foreign currency translation differences	--	--	--	--	--	4,361	4,361	(2,902)	1,459
<i>Total other comprehensive income</i>	--	--	--	--	--	4,361	4,361	(2,902)	1,459
Total comprehensive income for the period	--	--	--	--	(57,707)	4,361	(53,346)	(7,474)	(60,820)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Equity Step-up	--	(986)	--	--	--	--	(986)	--	(986)
Transactions with non-controlling interest resulting in loss of control	--	--	--	--	--	--	--	(4,807)	(4,807)
Addition to Legal Reserve Fund	--	--	60	--	(60)	--	--	--	--
<i>Total contributions by and distributions to owners</i>	--	(986)	60	--	(60)	--	(986)	(4,807)	(5,793)
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interest without change in control	--	--	--	--	(784)	--	(784)	2,292	1,508
<i>Total changes in ownership interests in subsidiaries</i>	--	--	--	--	(784)	--	(784)	2,292	1,508
Total transactions with owners	--	(986)	60	--	(844)	--	(1,770)	(2,515)	(4,285)
Other movements									
Other changes in equity	--	--	--	--	20	--	20	--	20
Total other movements	--	--	--	--	20	--	20	--	20
Balance at 31 December 2009	11,676	66,888	253	7,438	(88,000)	21,234	19,489	10,772	30,261

ECM REAL ESTATE INVESTMENTS A.G.
Condensed consolidated interim statement of changes in equity
For the six-months period ended 30 June 2010

In thousands of €

	Share capital	Share premium	Legal reserve fund	Equity Instrument	Retained earnings	Translation reserve	Total attributable to equity holders of the Company	Non-controlling interest	Total equity
<i>Balance at 1 January 2010</i>	11,676	66,888	253	7,438	(88,000)	21,234	19,489	10,772	30,261
Total comprehensive income for the period									
Loss	--	--	--	--	(39,561)	--	(39,561)	(1,586)	(41,147)
Other comprehensive income									
Foreign currency translation differences	--	--	--	--	--	(664)	(664)	761	97
<i>Total other comprehensive income</i>	--	--	--	--	--	(664)	(664)	761	97
Total comprehensive income for the period	--	--	--	--	(39,561)	(664)	(40,225)	(825)	(41,050)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Equity Step-up	--	--	--	--	--	--	--	--	--
Transactions with non-controlling interest resulting in loss of control	--	--	--	--	--	--	--	--	--
Addition to Legal Reserve Fund	--	--	--	--	--	--	--	--	--
<i>Total contributions by and distributions to owners</i>	--	--	--	--	--	--	--	--	--
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Transactions with non-controlling interest without change in control	--	--	--	--	3,088	--	3,088	(3,093)	(5)
<i>Total changes in ownership interests in subsidiaries</i>	--	--	--	--	3,088	--	3,088	(3,093)	(5)
Total transactions with owners	--	--	--	--	3,088	--	3,088	(3,093)	(5)
Other movements									
Transfers to/from Legal reserve	--	--	(9)	--	9	--	--	--	--
Other changes in equity	--	--	--	--	35	--	35	--	35
Total other movements	--	--	(9)	--	44	--	35	--	35
<i>Balance at 30 June 2010</i>	11,676	66,888	244	7,438	(124,429)	20,570	(17,613)	6,854	(10,759)

Notes to condensed consolidated interim financial statements on pages 10 to 39 are integral part of these financial statements

ECM REAL ESTATE INVESTMENTS A.G.
Condensed consolidated interim statement of cash flows
For the six-months period ended 30 June 2010

In thousands of €

	30 June 2010 (6 months)	30 June 2009 (6 months)
<i>Cash flows from operating activities</i>		
(Loss) for the period before tax	(35,562)	(22,571)
<i>Adjustments for:</i>		
Depreciation	238	310
Amortisation	56	24
Impairment losses	3,509	4,527
Foreign exchange losses	1,792	15,587
Change in the value of investment property	20,261	976
Revaluation of derivatives	477	(7,966)
Interest expense	7,822	11,584
Share of (loss) / profit of associates	1,143	2,548
(Loss) / gain on the sale of investments in subsidiaries and associates	(793)	1,364
(Loss) on the sale of trading property - inventory	(330)	(817)
Gain on the sale of investment property	1,818	387
Gain on the sale of property, plant and equipment	--	39
Other	157	--
<i>Operating (loss) / profit before changes in working capital and provisions</i>	588	5,992
(Decrease) in trade and other receivables	(15,051)	(3,700)
(Decrease) in trading property - inventory	(30,097)	(1,973)
Increase / (decrease) in trade and other payables	2,319	(12,123)
Increase / (decrease) in assets and liabilities held for sale	--	--
Increase / (decrease) in provisions and employee benefits	5	2,166
<i>Cash used in the operations</i>	(42,236)	(9,638)
Interest paid	(3,581)	(6,549)
Interest received	119	643
Income taxes paid	429	(673)
<i>Net cash used in operating activities</i>	(45,269)	(16,217)
<i>Cash flows from investing activities</i>		
Proceeds from the sale of property, plant and equipment	--	400
Proceeds from the sale of investment property	5,097	3,044
Proceeds from the sale of trading property	16,666	3,114
Proceeds from disposal of subsidiaries, net of cash disposed	8,795	7,978
Acquisition of subsidiary, net of cash acquired	(5)	--
Acquisition of investment in associates	(5,556)	--
Acquisition of property, plant and equipment	(426)	(113)
Acquisition of intangible fixed assets	(576)	--
Acquisition of investment property	(3,541)	(5,808)
Acquisition of investment property under construction	(144)	(767)
Other loans (provided) / repaid	(13,076)	1,513
<i>Net cash from investing activities</i>	7,234	9,361

ECM REAL ESTATE INVESTMENTS A.G.
 Condensed consolidated interim statement of cash flows
 For the six-months period ended 30 June 2010

In thousands of €

	30 June 2010 (6 months)	30 June 2009 (6 months)
<i>Cash flows from financing activities</i>		
Proceeds from the issue of share capital	--	--
Drawings of loans and borrowings	28,552	9,146
Drawings / (repayments) of finance lease liabilities and other long term payables	4,878	(275)
<i>Net cash from financing activities</i>	33,430	8,871
<i>Net increase / (decrease) in cash and cash equivalents</i>	(4,605)	2,015
Cash and cash equivalents at 1 January	28,455	33,627
<i>Cash and cash equivalents at 30 June</i>	23,850	35,642

Notes to condensed consolidated interim financial statements on pages 10 to 39 are integral part of these financial statements.

ECM REAL ESTATE INVESTMENTS A.G.

Notes to the condensed consolidated interim financial statements

For the six-months period ended 30 June 2010

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ECM REAL ESTATE INVESTMENTS A.G.

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ECM REAL ESTATE INVESTMENTS A.G.

Notes to the condensed consolidated interim financial statements

For the six-months period ended 30 June 2010

1. GENERAL INFORMATION

Business firm:

ECM REAL ESTATE INVESTMENTS A.G. (hereinafter “the Company” or “ECM”)

Registered office:

9, Rue du Laboratoire
L - 1911 Luxembourg

Registration number:

B 65153

The Company was incorporated on 1 July 1998 for an unlimited period of time.

List of directors

Milan Janků, Chairman of the Board of Directors of the Company
Jana Žejdlíková, Member of the Board of Directors of the Company
Antonín Jakubše, Member of the Board of Directors of the Company
Jozef Franc Homola, Member of the Board of Directors of the Company

The condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2009 are available on www.ecm.cz.

2. STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS), specifically IAS 34 Interim Financial Reporting. They do not include all of the information required for a full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2009.

The Company engaged an auditor to perform an independent review of these condensed consolidated interim financial statements. The scope of that review is limited to an review of general purpose condensed consolidated interim financial statements to fulfill the legal requirement. The review scope comprehends the condensed consolidated interim financial statements taken as a whole and does not provide assurance on any individual line item, account or transaction. The reviewed condensed consolidated interim financial statements are not intended for use by any party for purposes of decision making concerning any ownership, financing or any other specific transactions relating to the Company. Accordingly, users of the reviewed condensed consolidated interim financial statements should not rely exclusively on the financial statements and should undertake other procedures before making decisions.

These condensed consolidated interim financial statements were approved by the directors on 23 August 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

ECM REAL ESTATE INVESTMENTS A.G.

Notes to the condensed consolidated interim financial statements

For the six-months period ended 30 June 2010

(b) Foreign exchange rates used in the condensed consolidated interim financial statements

The following exchange rates were used during translations:

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 6 month period
30 June 2010	25.695	25.727
31 December 2009	26.465	26.445
30 June 2009	25.890	27.142
31 December 2008	26.930	24.942

Date	Closing exchange rate RUB/EUR	Average exchange rate RUB/EUR for the 6 month period
30 June 2010	38.287	39.835
31 December 2009	43.272	44.121
30 June 2009	43.907	44.049
31 December 2008	41.283	36.397

Date	Closing exchange rate CNY/EUR	Average exchange rate CNY/EUR for the 6 month period
30 June 2010	8.318	9.033
31 December 2009	9.835	9.478
30 June 2009	9.653	9.090
31 December 2008	9.496	10.168

Date	Closing exchange rate USD/EUR	Average exchange rate USD/EUR for the 6 month period
30 June 2010	1.227	1.323
31 December 2009	1.441	1.388
30 June 2009	1.413	1.330
31 December 2008	1.392	1.464

Date	Closing exchange rate PLN/EUR	Average exchange rate PLN/EUR for the 6 month period
30 June 2010	4.151	3.999
31 December 2009	4.104	4.326
30 June 2009	4.453	4.472
31 December 2008	4.153	3.502

(c) Income tax

In the condensed consolidated interim financial statements, income tax is recognised based on the best reasonable approximation of the effective annual income tax rate expected for the financial year. This reasonable approximation is calculated based on the weighted average of tax rates across tax jurisdictions.

For the six-month periods ended 30 June 2010 and 30 June 2009, the effective tax rate of 19 percent (20 percent respectively) was used based on the weighted average of income tax rates enacted for 2010 (2009 respectively) and the following periods in the individual tax jurisdictions of the consolidated companies.

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Notes to the condensed consolidated interim financial statements

For the six-months period ended 30 June 2010

4. SUPPORTING NOTES TO THE FINANCIAL STATEMENTS

4.1. Group entities

4.1.1. Control of the Group

The Group's ultimate parent company is ECM REAL ESTATE INVESTMENTS A.G. which is controlled by the owners – ECM Group N.V. (80 %) and other retail and institutional investors.

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For the six-months period ended 30 June 2010

4.1.2. Subsidiaries, joint ventures and associates

Name (former name)	Country of incorporation	Ownership interest		
		30/6/2010	31/12/2009	30/6/2009
ECM Finance a.s.	Czech Republic	100%	100%	100%
ECM Real Estate Investments,k.s.	Czech Republic	100%	100%	100%
ECM Czech Republic A.G.	Luxembourg	--	100%	100%
CITY PARKVIEW s.r.o. (SPV Court, s.r.o.)	Czech Republic	--	100%	100%
CITY TOWER s.r.o. (SPV TOWER, s.r.o.)	Czech Republic	--	--	100%
LANCASTER a.s.	Czech Republic	100%	100%	100%
TABULA MAIOR, a.s.	Czech Republic	100%	100%	100%
TABULA MINOR, a.s.	Czech Republic	100%	100%	100%
ECM Byty s.r.o.	Czech Republic	100%	100%	100%
ECM Czech Services, a.s. (STROMOVKA OBCHODNI CENTRUM a.s.)	Czech Republic	100%	100%	100%
ECM Hotel Operations EUROPORT s.r.o.	Czech Republic	100%	100%	100%
ECM Hotel Operations Plzeň s.r.o.	Czech Republic	100%	100%	100%
ECM OFFICES LIBEŇ s.r.o.	Czech Republic	100%	100%	100%
ADARKON a.s.	Czech Republic	100%	100%	100%
EPOQUE HOTEL a.s.	Czech Republic	100%	100%	100%
EPOQUE-LANCASTER a.s.	Czech Republic	100%	100%	100%
ECM CITY POINT a.s. (HUANTA a.s.)	Czech Republic	100%	100%	100%
ECM CITY EMPIRIA a.s. (DORMIDA a.s.)	Czech Republic	--	100%	100%
ECM Facility a.s. (1)	Czech Republic	100%	100%	100%
ECM REGIONS CZ S.a.r.l.	Luxembourg	100%	100%	100%
GRASLON a.s.	Czech Republic	100%	100%	100%
CITY ELEMENT s.r.o.	Czech Republic	100%	100%	100%
CITY DECO s.r.o.	Czech Republic	100%	100%	100%
EMPIRIA BUILDING s.r.o.	Czech Republic	100%	100%	100%
SAZERAC a.s.	Czech Republic	100%	100%	100%
Palisády, s.r.o.	Czech Republic	100%	100%	100%
TORSAR a.s.	Czech Republic	100%	100%	100%
NATIONAL BUSINESS CENTRE Ostrava a.s.	Czech Republic	100%	100%	100%
NBC National s.r.o.	Czech Republic	100%	100%	100%
NBC Office a.s.	Czech Republic	10%	10%	10%
Ryazan Investors Company Ltd.	Cyprus	79%	79%	79%
Ryazan Shopping Mall Ltd.	Cyprus	79%	79%	79%
Ryazan Hold Company Ltd.	Cyprus	100%	100%	100%
PROSPECT LLC (OOO "PROSPEKT")	Russia	79%	79%	79%
REZIDENCE UNHOŠŤ a.s.	Czech Republic	100%	100%	100%
Czech Real Estate Regions S.a.r.l.	Luxembourg	100%	100%	100%
VARENSKÁ OFFICE CENTER, a.s.	Czech Republic	100%	100%	100%
EKZ Tschechien 4 Immobiliengesellschaft s.r.o.	Czech Republic	50%	50%	50%
OIK City Point Investment a.s. (SPV POINT, a.s.)	Czech Republic	--	--	5%
China East Investment Limited	Hong Kong	49.9%	37%	37%
ECM Property Holding (Tianjin) Co Ltd.	China	49.9%	37%	37%
Metropolis Holding China Limited	Hong Kong	49.9%	37%	37%
Metropolis Holding (Tianjin) Co., Ltd.	China	49.9%	37%	37%
MOLE ONE LIMITED	Cyprus	100%	100%	100%
ECM Poland A.G. (China ECM Beijing I. SA)	Luxembourg	100%	100%	100%
ECM CHINA Beijing S.a.r.l.	Luxembourg	100%	100%	100%
ECM POZNAŇ RESIDENCE sp. z o.o. (Mergus sp. z o.o.)	Poland	100%	100%	100%
East Point Holding B.V.	Netherlands	100%	30%	30%
OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara"	Russia	100%	30%	30%
Yerevan Invest B.V.	Netherlands	--	70%	70%
GONDOMAR s.r.o.	Czech Republic	100%	100%	100%
ECM Corporate Services s.r.o. (HARBINOIR s.r.o.)	Czech Republic	100%	100%	100%
ECM China Investments s.r.o. (LEPORANO s.r.o.)	Czech Republic	100%	100%	100%
POYNTON s.r.o.	Czech Republic	100%	100%	100%
ROBUREN s.r.o.	Czech Republic	100%	100%	100%
ECM ExCE Services s.r.o. (TALENTONE s.r.o.)	Czech Republic	100%	100%	100%
URBARIUM s.r.o.	Czech Republic	100%	100%	100%
VEPAMOS s.r.o.	Czech Republic	100%	100%	100%
LUNZIE a.s.	Czech Republic	100%	100%	100%
OPTISERVIS, spol. s r.o. (1)	Czech Republic	--	--	100%
ECM Russia A.G.	Luxembourg	100%	100%	100%
OOO "ECM Russia"	Russia	--	100%	100%
ECM Real Estate Consulting (Beijing) Co.,Ltd.	China	100%	100%	100%

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(1) 1 January 2009 was set as the effective day of merger by acquisition of OPTISERVIS, spol. s r.o. (the company ceasing to exist) and ECM Facility a.s. (the successor company). The merger was recorded in the Commercial Register as at 1 October 2009.

4.1.3. Changes in the Group

In the six-month period ended 30 June 2010, the Group acquired or disposed the following companies:

Company	Share of acquisition	Share of disposal	Purchased/ Sold on
China East Investment Limited (1)	12.9%	--	8 January 2010
Metropolis Holding China Limited (2)	12.9%	--	8 January 2010
OOO "ECM Russia" (3)	--	100%	24 March 2010
East Point Holding B.V. (4)	70%	--	1 April 2010
Yerevan Invest B.V. (5)	--	100%	--
ECM Czech Republic A.G. (6)	--	100%	21 April 2010
CITY PARKVIEW s.r.o. (SPV Court, s.r.o.) (7)	--	100%	29 April 2010
ECM CITY EMPIRIA a.s. (DORMIDA a.s.) (8)	--	100%	13 May 2010

- (1) Including its subsidiary ECM Property Holding (Tianjin) Co Ltd. The ownership interest was acquired from NORDEVO INVESTMENTS LIMITED. The ownership interest increased to 49.9%.
- (2) Including its subsidiary Metropolis Holding (Tianjin) Co., Ltd. The ownership interest was acquired from NORDEVO INVESTMENTS LIMITED. The ownership interest increased to 49.9%.
- (3) The ownership interest was sold to PPF ECM Holding B.V.
- (4) Including its subsidiary OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara". The ownership interest was acquired from Esteria Investments. The ownership interest increased to 100%. The Group controls the operation and activities of East Point Holding B.V. and its wholly owned subsidiary OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara" regardless of ownership interest since 31 March 2008 as the development project in OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara" is under control of the Group. Therefore, the method of full consolidation has been applied since 31 March 2008 and acquisition of 70% in 2010 was treated as common control transaction.
- (5) The entity is currently in process of liquidation.
- (6) The entity was liquidated.
- (7) The ownership interest was sold to Skanska Central Europe Holding B.V. (90%) and to Skanska Holding East B.V. (10%).
- (8) The ownership interest was sold to Česká pojišťovna a.s.

ECM REAL ESTATE INVESTMENTS A.G.

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4.1.4. Going concern

Following the breach of the condition defined in article 4.1.8.4. of the SECURITIES NOTE AND SUMMARY dated October 3, 2007 as the event of default to its EUR bonds with convertible warrants ECM convened a bondholders' meeting in May 2010. The representative of the body of the Bondholders might, decided by the general meeting of Bondholders, ruling by majority decision, by notification sent to the Company, declare all the Bonds due and repayable at an amount equal to 125% of par together with accrued interest. As a result of voting, bondholders did not declare the bonds due and have given the company a limited timeframe to prepare a proposal for solution. Immediately after this decision, ECM has entered into formal talks regarding a standstill period with the EUR bondholders with the aim of negotiating a potential financial restructuring. It is expected that other major creditors, in particular the CZK bondholders, will also have to be involved in the negotiations of any financial restructuring.

In order to successfully negotiate the restructuring of the terms and conditions of the EUR bonds, ECM's management has prepared a short and mid-term business plan and also hired an independent financial advisor to better communicate with the bondholders' representative. The overall plan is dependent upon several key assumptions, among others, the ability to find bridge financing to overcome the immediate forecasted cash deficit during the period when any financial restructuring is to be negotiated followed by further and more extensive fund raising, enabling ECM to realise its plan.

If the EUR bonds repayment were to be accelerated as a result of the breach of the terms and conditions of the EUR bonds, there is quite a considerable risk that the exit prices of assets (mainly investment property, property, plant and equipment, trading property and trade and other receivables) would be significantly below the current market conditions as potential buyers and other counterparties would most likely be trying to take advantage of ECM's current liquidity problems.

Because of those risks ECM has decided to reclassify all liabilities stemming from both types of issued bonds into short-term liabilities. All bank loans and borrowings are still accounted for according to their respective maturities.

All the key business events which took place during the course of the first half of 2010 (e.g. disposals of City Empiria, City Forum and City Court) were predominantly aimed at obtaining cash liquidity to protect core development projects which management believes will return significant recovery to all the company's stakeholders.

Further development and the first results related to the current negotiations will be known at the next bondholders' meeting which could be expected at some point in September 2010. During such a meeting bondholders still have the right to vote about declaration of the bonds due again.

The matter referred to above and the failure to obtain additional funding required to complete the existing projects and to cover the company's operational needs may lead to a situation where, under these conditions, ECM would not be able to operate as a going concern and management would have to consider filing for insolvency.

The ultimate outcome of these matters is uncertain. These financial statements do not include any adjustments that might be required if the EUR bonds become repayable after the general meeting of the bondholders or the company is otherwise unable to continue as a going concern.

Key areas with a potential for significant differences between the actual results if ECM is forced to file for insolvency and the estimates included in these condensed consolidated financial statements principally include values of investment property, property, plant and equipment, trading property and trade and other receivables.

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In these condensed consolidated financial statements investment properties are stated at fair value. An external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the portfolio of investment property at 30 June 2010 and at 31 December 2009. The results of independent valuations were further analysed by the Group and included in the final management estimates of the fair value. Those estimates considered the results of current and prior external valuations, information from similar selling and purchase transactions and current market conditions. These valuations may significantly differ should the company not continue in its operations on a going concern basis.

The valuation of items of property, plant and equipment in these condensed consolidated financial statements is based on cost less accumulated depreciation and impairment losses. Trading property is shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Also, the value of other assets, such as a deferred tax asset, may be significantly changed if the company is forced to file for insolvency or a different business strategy is applied by the company.

4.2. Segment reporting

4.2.1. Operating segments

The Group comprises the following main operating segments:

- Development
 - Activities in this segment comprise realization of specific development projects.
- Business Operations
 - Activities in this segment consist of providing the rental of immovables (mainly multi-purpose office and retail buildings) and related services.
- Hotel Operations
 - Companies within the Group operate three hotels: Courtyard by Marriott Prague Airport, Marriott Executive Apartments and Courtyard by Marriott Pilsen. Based on market development and internal analysis, the Group disclosed a provision for onerous contracts within this segment of TEUR 14,029 as at 30 June 2010 (TEUR 13,621 as at 31 December 2009) and an impairment of TEUR 1,750 related to leased assets within the segment (TEUR 1,700 as at 31 December 2009).

4.2.2. Geographical segments

The running of the business and development segments are managed on a worldwide basis, but operate in two principal geographical areas, Europe and Asia. In Europe the business facilities and sales offices are operated in Russia, Cyprus, the Netherlands, Luxembourg, the Czech Republic and Poland.

The companies in Asia operate in China and Hong Kong.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

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Operating segments

<i>In thousands of euros</i>	Hotel Operations			Business Operations			Development			Eliminations			Consolidation		
	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010
External revenues (1)	3,813	3,123	9,281	9,429	40,330	21,446	--	--	--	--	53,424	33,998			
Inter-segment revenue	--	--	521	2,810	2,470	5,016	(2,991)	(7,826)			--	--			
Total segment revenue	3,813	3,123	9,802	12,239	42,800	26,462	(2,991)	(7,826)			53,424	33,998			
Segment result	2,096	(1,827)	(1,558)	11,582	(40,542)	(25,773)					(40,004)	(16,018)			
Results from operating activities															
Share of the profit in associates and joint ventures															(8,131)
Net finance revenues (costs)															(1,143)
Income tax expense															(8,444)
Loss for the period															(5,585)
															(41,147)
															(18,566)

(1) External revenues consist of gross rental income, service income, service charge income, proceeds from the sale of investment property, proceeds from the sale of financial investment in subsidiaries and associates and proceeds from the sale of trading property.

<i>In thousands of euros</i>	Hotel Operations			Business Operations			Development			Consolidation		
	30 June 2010	31 Dec 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Segment assets	11,383	3,429	2,753	24,080	99,166	268,707	232,954	239,095	247,464	268,417	341,690	518,924
Segment liabilities	20,373	16,170	17,440	15,478	82,543	187,449	243,325	212,716	239,199	279,176	311,429	444,088
Segment net assets	(20)	15	9	221	1,275	(314)	17,407	12,135	2,692	17,608	13,425	74,836
Capital expenditure	3	3	182	22	70	42	213	505	86	238	578	310
Depreciation	1	2	1	6	4	4	54	33	19	56	41	24
Amortisation of intangible assets												

Geographical segments

<i>In thousands of euros</i>	Europe and Russia						Asia						Consolidated	
	30 June 2010	31 Dec 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	31 Dec 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Revenue from external customers	53,336	108,376	33,530	88	869	468	53,424	109,245	33,998					
Segment assets	268,179	341,123	518,377	238	567	547	268,417	341,690	518,924					
Capital expenditure	17,604	13,255	2,217	4	170	170	17,608	13,425	2,387					

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4.3. Gross rental and service income

Gross rental income totals TEUR 3,813 (30 June 2009 – TEUR 6,420), which consists of income from the rental of offices, land and garages. The income is mainly generated by ECM CITY EMPIRIA a.s., VARENSKÁ OFFICE CENTER, a.s., ECM OFFICES LIBEN s.r.o., OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara", ECM Real Estate Investments, k.s., ECM Finance, a.s. and TABULA MAIOR, a.s.

Service income totals TEUR 11,552 (30 June 2009 – TEUR 11,499), which consists of income from facility management activities provided in connection with the rental activity and services provided in the Hotel Operations segment. The income is mainly generated by ECM Hotel Operations EUROPORT s.r.o., ECM Hotel Operations Plzeň s.r.o., ECM Facility a.s., ECM Finance a.s., ECM CITY EMPIRIA a.s., and ECM REAL ESTATE INVESTMENTS A.G.

4.4. Net valuation gains and losses on investment property

4.4.1. Valuation gains on investment property

<i>In thousands of euros</i>	30/6/2010	30/6/2009
	(6 months)	(6 months)
<i>Entity</i>		
ECM CITY EMPIRIA a.s.	751	5,781
CITY TOWER s.r.o.	--	4,963
ECM OFFICES LIBEN s.r.o.	30	2,543
VARENSKÁ OFFICE CENTER, a.s.	265	2,259
ECM POZNAŇ REZIDENCE sp. z .o.o	343	--
TOTAL	1,389	15,546

4.4.2. Valuation losses on investment property

<i>In thousands of euros</i>	30/6/2010	30/6/2009
	(6 months)	(6 months)
<i>Entity</i>		
GRASLON a.s.	(33)	(3,970)
LUNZIE a.s.	(145)	(3,183)
CITY PROJECT	(3,462)	(3,036)
NATIONAL BUSINESS CENTRE OSTRAVA a.s. & NBC National s.r.o.	(2,257)	(3,013)
RYAZAN SHOPPING MALL Ltd.	--	(2,394)
ECM POZNAŇ REZIDENCE sp. z .o.o	--	(660)
OAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara"	(15,478)	(266)
CITY PARKVIEW s.ro.	(275)	--
TOTAL	(21,650)	(16,522)
Net valuation gains and losses on investment property	(20,261)	(976)

ECM REAL ESTATE INVESTMENTS A.G.

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4.5. Net result on the disposal of investment property

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Proceeds from sale of investment property		
<i>Entity description – project description</i>		
TABULA MAIOR, a.s. – CITY FORUM	5,000	--
ECM Byty s.r.o. – Residence Letňany	97	--
VARENSKÁ OFFICE CENTER, a.s. - VARENSKÁ OFFICE CENTER (small building)	--	1,657
Palisády, s.r.o. - Palisády	--	847
CITY TOWER s.r.o. – CITY TOWER	--	540
	5,097	3,044
Carrying value of investment property sold		
<i>Entity description – project description</i>		
TABULA MAIOR, a.s. – CITY FORUM	(6,825)	--
ECM Byty s.r.o. – Residence Letňany	(90)	(1)
VARENSKÁ OFFICE CENTER, a.s. - VARENSKÁ OFFICE CENTER (small building)	--	(2,013)
Palisády, s.r.o. - Palisády	--	(877)
CITY TOWER s.r.o. – CITY TOWER	--	(540)
	(6,915)	(3,431)
Net gain / (loss) on disposal		
<i>Entity description – project description</i>		
TABULA MAIOR, a.s. – CITY FORUM	(1,825)	--
ECM Byty s.r.o. – Residence Letňany	7	(1)
VARENSKÁ OFFICE CENTER, a.s. - VARENSKÁ OFFICE CENTER (small building)	--	(356)
Palisády, s.r.o. - Palisády	--	(30)
CITY TOWER s.r.o. – CITY TOWER	--	--
TOTAL	(1,818)	(387)

4.5.1. TABULA MAIOR, a.s. – CITY FORUM

The agreement on the sale of investment property - building in TABULA MAIOR, a.s. (rented out to tenants) and related equipment was signed in the second quarter of 2010. The investment property was sold for TEUR 4,950 in cash and equipment for TEUR 50 in cash and a total loss of TEUR (1,825) was realised.

4.5.2. ECM Byty s.r.o. – Residence Letňany

Agreement on the sale of part of the land and buildings in ECM BYTY s.r.o. was signed on 13 December 2007. In second half of 2007, the investment property was sold for TEUR 1,246 in cash and a gain of TEUR 916 was realised. In 2008, another part of investment property was sold for TEUR 300 in cash and a loss of TEUR (22) was realised. In 2010, the remaining part of investment property was sold for TEUR 97 in cash and a gain of TEUR 7 was realised.

4.5.3. VARENSKÁ OFFICE CENTER, a.s. - VARENSKÁ OFFICE CENTER

The agreement on the sale of a part of investment property in VARENSKÁ OFFICE CENTER, a.s. (known as small building) was signed in the first quarter of 2009. The investment property was sold for TEUR 1,657 in cash and a loss of TEUR (356) was realised.

4.5.4. Palisády, s.r.o. - Palisády

The agreement on the sale of investment property - land in Palisády, s.r.o. was signed in the second quarter of 2009. The investment property was sold for TEUR 847 in cash and a loss of TEUR (30) was realised.

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4.5.5. CITY TOWER s.r.o. – CITY TOWER

The agreements on the sale of fit-outs of rented premises to the lessees in CITY TOWER s.r.o. were signed in the first and second quarter of 2009. The investment property was sold for TEUR 540 in cash and no gain or loss was realised.

4.6. Net result on disposal of the financial investment in subsidiaries

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Proceeds from sale of financial investment in subsidiaries and associates		
<i>Entity description – project description</i>		
OOO “ECM Russia”	550	--
CITY PARKVIEW s.r.o. (SPV Court, s.r.o.)	4,433	--
ECM CITY EMPIRIA a.s. (DORMIDA a.s.)	10,456	--
China East Investment Limited and Metropolis Holding China Limited – ECMall + Metropolis Tower	--	8,404
	15,439	8,404
Carrying value of financial investment in subsidiaries and associates		
<i>Entity description – project description</i>		
OOO “ECM Russia”	(1,367)	--
CITY PARKVIEW s.r.o. (SPV Court, s.r.o.)	(4,564)	--
ECM CITY EMPIRIA a.s. (DORMIDA a.s.)	(8,715)	--
China East Investment Limited and Metropolis Holding China Limited – ECMall + Metropolis Tower	--	(9,768)
	(14,646)	(9,768)
Net profit (loss) on disposal of subsidiaries and associates		
Gain/ (loss) on disposal of subsidiaries and associates		
<i>Entity description – project description</i>		
OOO “ECM Russia”	(817)	--
CITY PARKVIEW s.r.o. (SPV Court, s.r.o.)	(131)	--
ECM CITY EMPIRIA a.s. (DORMIDA a.s.)	1,741	--
China East Investment Limited and Metropolis Holding China Limited – ECMall + Metropolis Tower	--	(1,364)
	793	(1,364)

4.6.1. OOO “ECM Russia”

Following the further OPEX optimization of the Group it has been decided to dispose Russian service company to a third party. As there was a negative equity value, the Group realized an accounting loss of TEUR (817).

Effect of the disposal

<i>In thousands of euros</i>	30/6/2010
Property, plant and equipment	146
Provided loans	13
Deferred tax assets	661
Trading properties	1,020
Trade and other receivables	569
Cash and cash equivalents	160
Identifiable assets	2,569
Interest-bearing loans and borrowings	(999)
Trade and other payables	(203)
Identifiable liabilities	(1,202)
Net identifiable assets total	1,367
Net identifiable assets sold	1,367
Total carrying value sold	1,367
Sales price	550
Net loss on disposal	(817)

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4.6.2. CITY PARKVIEW s.r.o.

By the decision of the Board of Directors to focus only on key projects in the portfolio the Group has decided to sell City Court office project. The project was sold to Skanska Central Europe Holding, B.V.

Effect of the disposal

<i>In thousands of euros</i>	30/6/2010
Carrying value of investment property under construction	8,371
Deferred tax assets	103
Cash and cash equivalents	27
Identifiable assets	8,501
Interest-bearing loans and borrowings	(3,337)
Other long-term liabilities	(15)
Trade and other payables	(585)
Identifiable liabilities	(3,937)
Net identifiable assets total	4,564
Net identifiable assets sold	4,564
Total carrying value sold	4,564
Sales price	4,433
Net loss on disposal	(131)

4.6.3. ECM CITY EMPIRIA a.s.

In 2010 the Group has received an interesting offer to sell its investment project City Empiria together with neighbouring property City Forum. After successful negotiations the Group has been able to sell both projects for the price equalling independent third party valuation. The buyer of both properties is a Czech based large institutional investor.

<i>In thousands of euros</i>	30/6/2010
Carrying value of investment property	66,500
Property, plant and equipment	85
Intangible assets	206
Deferred tax assets	409
Trade and other receivables	816
Cash and cash equivalents	5,823
Identifiable assets	73,839
Interest-bearing loans and borrowings	(53,836)
Other long-term liabilities	(5,559)
Deferred tax liability	(4,417)
Trade and other payables	(1,312)
Identifiable liabilities	(65,124)
Net identifiable assets total	8,715
Net identifiable assets sold	8,715
Total carrying value sold	8,715
Sales price	10,456
Net gain on disposal	1,741

4.6.4. China East Investment Limited and Metropolis Holding China Limited

In January 2009 ECM has agreed with Nordevo Investments Limited, a project partner in China, on the sale of 23% stake in China East Investment Limited and Metropolis Holding China Limited for a total consideration of US\$ 11.5 million. China East Investment Limited and Metropolis Holding China Limited are companies that own, respectively, the Beijing-based ECMall and Metropolis Tower Projects through their wholly-owned subsidiaries. The sale consisted of the sale of 23% stake in the above entities and the cession of part of shareholders' loans provided by the Group.

Nordevo has been granted an option ("Put option") to require ECM to purchase 12.9% of the issued share capital and the related shareholders' loans of the HK Holding Companies for a consideration of US\$ 6.45 million plus the value of any new pro-rata shareholders' loan, together with the cost of financing accruing at the rate of 20% per annum for a period of nine to twelve months after completion of the transaction. ECM has been granted an option ("Call option") to require Nordevo to sell 12.9% of the issued share capital and the related

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shareholders' loans of the HK Holding Companies on similar terms, at any time after completion of the transaction, for a period of 12 months.

Effect of the disposal

<i>In thousands of euros</i>	30/6/2009
Carrying value of investment property	122,459
Carrying value of investment property under construction	55,295
Trade and other receivables	3
Cash and cash equivalents	426
Identifiable assets	178,183
Interest-bearing loans and borrowings	(81,796)
Deferred tax liability	(913)
Trade and other payables	(83,121)
Identifiable liabilities	(165,830)
Net identifiable assets total	12,353
Net identifiable assets sold	3,154
Loans ceded	6,322
Total carrying value sold	9,476
Sales price	8,404
Cost to sell	(292)
Net loss on disposal	(1,364)

4.7. Net result on the disposal of trading property - inventories

<i>In thousands of euros</i>	30/6/2010	30/6/2009
	(6 months)	(6 months)
Proceeds from the sale of trading property		
<i>Entity description – project description</i>		
ECM Real Estate Investments, k.s. and Ryazan Shopping Mall Ltd. – Ryazan Shopping Center	14,551	--
REZIDENCE UNHOŠŤ a.s. – Terasy Unhošť	2,115	3,114
	16,666	3,114
Carrying value of sold trading property		
<i>Entity description – project description</i>		
ECM Real Estate Investments, k.s. and Ryazan Shopping Mall Ltd. – Ryazan Shopping Center	(14,810)	--
REZIDENCE UNHOŠŤ a.s. – Terasy Unhošť	(1,526)	(2,297)
	(16,336)	(2,297)
Net gain / (loss) on the disposal of trading property		
<i>Entity description – project description</i>		
ECM Real Estate Investments, k.s. and Ryazan Shopping Mall Ltd. – Ryazan Shopping Center	(259)	--
REZIDENCE UNHOŠŤ a.s. – Terasy Unhošť	589	817
TOTAL	330	817

4.7.1. ECM Real Estate Investments, k.s. and Ryazan Shopping Mall Ltd – Ryazan Shopping Center

The agreements on the sale of part of trading property related to project Ryazan Shopping Mall were signed with PSJ, a.s. in the second quarter of 2010. The trading property was sold for TEUR 14,551 in cash and a loss of TEUR (259) was realised.

4.7.2. REZIDENCE UNHOŠŤ a.s. – Terasy Unhošť

Sale of trading property in 2010

The agreements on the sale of 16 family houses (including related land) from residential project Terasy Unhošť in REZIDENCE UNHOŠŤ a.s. were signed in the first and second quarter of 2010. The trading property was sold for TEUR 2,115 in cash and a gain of TEUR 589 was realised.

Sale of trading property in 2009

The agreements on the sale of 13 family houses (including related land) from residential project Terasy Unhošť in REZIDENCE UNHOŠŤ a.s. were signed in the first and second quarter of 2009. The trading property was sold for TEUR 3,114 in cash and a gain of TEUR 817 was realised.

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4.8. Personnel expenses

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Wages and salaries	1,361	1,348
Social security contributions	166	154
Total	1,527	1,502

4.9. Administrative expenses

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Material consumption	57	135
Amortisation and depreciation	77	103
Audit, tax, advisory services	844	523
Legal services	370	389
Advertising expenses	105	434
Representation cost	90	109
Travel expenses	152	157
Operating lease	425	517
Telecommunication fees	115	151
Other administrative expenses	2,674	2,014
TOTAL	4,909	4,532

4.10. Impairment

4.10.1. Impairment of trading property

As a result of interim impairment test, the Group decided to charge through profit or loss impairment of trading property in total amount of TEUR 3,509 (30 June 2009 - TEUR 4,527) of which TEUR 3,292 related to project Terasy Unhošť in REZIDENCE UNHOŠŤ a.s. and TEUR 217 to project Ryazan Shopping Center recorded in PROSPECT LLC (refer also to Note 4.10.1). The impairment of trading property charged to profit or loss as at 30 June 2009 related to Chinese and Russian projects in progress recorded in ECM Real Estate Investments, k.s. The reason for the impairment recorded is the ECM's conservative view on its ability to recover the value of the assets.

4.11. Other expenses

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Change in other provisions	--	2,380
Other charges related to ECM Group N.V.	--	--
Other expenses related to Chinese projects	--	862
Taxes and fees	257	790
Penalties	80	146
Insurance	15	59
Receivable written off	24	39
Effect of liquidation of subsidiaries (refer to Note 4.6)	19	--
Impairment of receivables	60	1
Other	458	1,233
TOTAL	913	5,510

4.12. Interest income / (expense)

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Bank interest income	240	209
Other interest income	613	448
Interest income	853	657
Interest expense related to bank and non-bank loans	(2,687)	(5,535)
Interest expenses from convertible debt	(4,828)	(5,412)
Expenses related to other bonds	(819)	(963)
Interest charges related to financial leases	(341)	(331)
Interest (expenses)	(8,675)	(12,241)
Net interest (expense)	(7,822)	(11,584)

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4.13. Net other financial income / (expense)

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Revaluation of financial derivatives	(790)	7,966
Net foreign exchange gains/(losses)	1,396	(8,345)
Bank charges	(1,188)	
Other financial income	8	260
Other financial expenses	(48)	(189)
Net financial (expense)	(622)	(308)

Net foreign exchange losses comprise net foreign exchange losses of TEUR (8,342) (30 June 2009 net foreign exchange losses of TEUR (7,890)) related to the revaluation of investment property and net foreign exchange gains of TEUR 9,738 (30 June 2009 net foreign exchange losses of TEUR (455)) which were recorded mainly due to the fluctuations in the FX rate in the companies having EUR and CZK as the functional currencies.

4.13.1. Foreign exchange gains and losses related to revaluation of investment property

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
<i>Entity description – Project description</i>		
OA0 Yugo-Vostochnaya promyshlennaya kompaniya “Kartontara”	--	2,132
RYAZAN SHOPPING MALL Ltd.	--	1,020
ECM POZNAŇ REZIDENCE sp. z. o.o	71	545
Palisády, s.r.o.	--	14
TOTAL foreign exchange gains on investment property	71	3,711
CITY TOWER s.r.o.	--	(5,041)
OA0 Yugo-Vostochnaya promyshlennaya kompaniya “Kartontara”	(3,606)	--
ECM CITY EMPIRIA a.s.	(2,666)	(2,475)
CITY PROJECT	(775)	(2,154)
CITY PARKVIEW s.r.o.	(305)	--
VARENSKÁ OFFICE CENTER, a.s.	(301)	(458)
GRASLON a.s.	(133)	(448)
ECM OFFICES LIBEŇ s.r.o.	(253)	(371)
LUNZIE a.s.	(230)	(333)
NATIONAL BUSINESS CENTRE OSTRAVA a.s. & NBC National s.r.o.	(144)	(321)
TOTAL foreign exchange losses on investment property	(8,413)	(11,601)
Net foreign exchange gains and losses on investment property	(8,342)	(7,890)

Foreign exchange gains and losses related to the revaluation of investment property are included in net foreign exchange losses.

4.14. Income tax

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Effective tax rate	19.00%	20.00%
Tax income/ (expense) calculated using the effective tax rate	6,540	4,005
Release of deferred tax asset	(12,125)	--
TOTAL	(5,585)	4,005

As at 30 June 2010 the Group decided to release deferred tax asset of TEUR 12,125 to statement of comprehensive income as a result of low probability of its tax utilization in future.

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4.15. Investment property

<i>In thousands of euros</i>	CITY PROJECT	VAREN-SKA OFFICE CENTER, a.s.	ECM CITY EMPIRIA a.s.	ECM OFFICES LIBEŇ s.r.o.	ECM BYŤ, s.r.o.	ECM CITY TOWER s.r.o.	Ryazan Shopping Mall Ltd.	NATIONAL BUSINESS CENTRE Ostrava a.s. + NBC National s.r.o.	GRA-SLON a.s.	GRA-Palísady, s.r.o.	ECM POZNAN RESIDENCE sp. z o.o.	ECM LUNZIE a.s.	ECM Property Holding (Timajin) Co Ltd.	OA O Vostochnaya promyshlennaya kompaniya "Kartontara"	URBARIUM s.r.o.	Total
Balance at 1 January 2009	56,416	14,054	64,794	9,699	103	131,988	29,997	8,399	11,720	820	8,499	8,728	125,626	37,396	279	508,518
Acquisitions	4,398	--	693	--	1	3,772	997	2	237	91	610	664	--	491	--	11,956
Transfers to/ from investment property under construction	(7,300)	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(7,300)
Transfers to/ from trading property	(16,380)	--	--	--	--	--	(30,776)	--	--	--	--	--	(2,719)	--	--	(49,875)
Other transfers	--	--	--	--	--	--	--	--	--	--	--	--	(448)	--	--	(448)
Acquisitions through business combinations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Fair value adjustment	(9,108)	(1,941)	245	(1,231)	--	(4,346)	(2,946)	(3,570)	(7,510)	--	(932)	(1,689)	--	(7,915)	--	(40,943)
FX adjustment	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(refer to Note 4.13)	(1,194)	(212)	(1,147)	(172)	--	(2,580)	1,029	(149)	(207)	14	(97)	(155)	--	1,618	--	(3,252)
Effect in movement in foreign exchange rate	1,162	250	1,153	174	2	2,590	1,699	151	212	15	66	156	--	(1,749)	5	5,886
Disposals	--	(2,066)	--	--	(1)	(1,424)	--	(3)	--	(940)	--	--	--	--	--	(4,434)
Disposals out of the Group	--	--	--	--	--	(130,000)	--	--	--	--	--	--	(122,459)	--	--	(252,459)
Balance at 31 December 2009	27,994	10,085	65,738	8,470	105	--	--	4,830	4,452	--	8,146	7,704	--	29,841	284	167,649

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<i>In thousands of euros</i>	CITY PROJECT	VAREN-SKA OFFICE CENTER, a.s.	ECM CITY OFFICES LIBEŇ a.s. s.r.o.	ECM Byty, s.r.o.	CITY TOWER s.r.o.	Ryazan Shopping Mall Ltd.	NATIONAL BUSINESS CENTRE Ostrava a.s. + NBC National s.r.o.	GRA-SLON a.s.	Palisady, s.r.o.	ECM POZNAŇ RESIDENCE sp. z o.o.	LUNZIE a.s.	ECM Property Holding (Tinajin) Co Ltd.	UAO Yugo-Vostochnaya promyshlennaya kompaniya "Kartontara"	URBARI-UM s.r.o.	Total
Balance at 1 January 2010	27,994	10,085	8,470	105	--	--	4,830	4,451	--	8,146	7,704	--	29,841	284	167,649
Acquisitions	2,205	--	--	211	--	--	--	17	--	9	730	--	215	--	3,541
Transfers to/ from investment property under construction	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfers to/ from property, plant and equipment	(1,360)	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Other transfers	--	--	--	--	--	--	--	--	--	--	--	--	--	--	(1,360)
Acquisitions through business combinations	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Fair value adjustment	(3,462)	265	751	30	--	--	(2,257)	(33)	--	343	(145)	--	(15,478)	--	(19,986)
FX adjustment (refer to Note 4.13)	(775)	(301)	(2,666)	--	--	--	(144)	(133)	--	71	(230)	--	(3,606)	--	(8,037)
Effect in movement in foreign exchange rate	773	301	2,677	4	--	--	141	131	--	10	231	--	3,028	8	7,559
Disposals	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Disposals out of the Group	(6,765)	--	(66,500)	--	--	--	--	--	--	--	--	--	--	--	(73,265)
Balance at 30 June 2010	18,610	10,350	--	8,500	320	--	2,570	4,591	--	8,579	8,290	--	14,000	292	76,101

Investment property comprises advances paid to suppliers of TEUR 764 (2009 – TEUR 472).

Acquisitions through business combinations represent purchases of investment property as part of the acquisition of subsidiaries.

Disposals out of the Group in 2010 included in the above table represent the disposal of investment property as a result of the sale of ECM CITY EMPIRIA a.s. (for more details refer to Note 4.6.3) and sale of investment property form TABULA MAIOR a.s. (for more details refer to Note 4.5.1).

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Disposals in 2009 consist of the sales of investment property from VARENSKÁ OFFICE CENTER, a.s. (for more details refer to Note 4.5.3), CITY TOWER s.r.o. (Note 4.5.5.), Palisády, s.r.o. (Note 4.5.4), ECM Byty s.r.o. (Note 4.5.2) and NATIONAL BUSINESS CENTRE Ostrava a.s. & NBC National s.r.o.

In 2009, CITY PARKVIEW s.r.o. obtained a construction permit and started to develop an office building. As a result, project CITY COURT was transferred to investment property under construction in the second quarter of 2009 (refer also to Note 4.16).

In 2009, Ryazan Shopping Mall Ltd. obtained a construction permit and started to develop a retail building for future sale. As a result, this project was transferred to trading property in the third quarter of 2009 (refer also to Note 4.22). In 2009, EPOQUE – LANCASTER a.s. obtained a construction permit and started to develop a project CITY EPOQUE - RESIDENCE for future sale. As a result, this project was transferred to trading property in the fourth quarter of 2009 (refer also to Note 4.22.).

4.16. Investment property under construction

<i>In thousands of euros</i>	Metropolis Holding (Tianjin) Co., Ltd.	CITY PARK- VIEW s.r.o.	SAZERAC a.s.	Total
Balance at 1 January 2009	56,235	--	1,282	57,517
Acquisitions	172	141	708	1,021
Transfer to/from trading property	(907)	--	--	(907)
Transfer to/from investment property	--	7,300	--	7,300
Other transfers	(205)	--	--	(205)
Fair value adjustment	--	1,110	--	1,110
FX adjustment (refer to Note 4.13)	--	197	--	197
Effect in movement in foreign exchange rate	--	(158)	21	(137)
Disposals	--	--	--	--
Disposals out of the Group	(55,295)	--	--	(55,295)
Balance at 31 December 2009	--	8,590	2,011	10,601
Balance at 1 January 2010	--	8,590	2,011	10,601
Acquisitions	--	58	86	144
Transfer to/from trading property	--	--	--	--
Transfer to/from investment property	--	--	--	--
Other transfers	--	--	--	--
Fair value adjustment	--	(275)	--	(275)
FX adjustment (refer to Note 4.13)	--	(305)	--	(305)
Effect in movement in foreign exchange rate	--	303	61	364
Disposals	--	--	--	--
Disposals out of the Group	--	(8,371)	--	(8,371)
Balance at 30 June 2010	--	--	2,158	2,158

Disposals out of the Group in 2010 included in the above table represent the disposal of investment property under construction as a result of the sale of CITY PARKVIEW s.r.o. (for more details refer to Note 4.6.2).

In 2009, CITY PARKVIEW s.r.o. obtained a construction permit and started to develop an office building. As a result, project CITY COURT was reclassified from investment property to investment property under construction in the second quarter of 2009 (refer also to Note 4.15).

Investment property under construction includes the capitalised borrowing cost of TEUR 0 (31 December 2009 – TEUR 0).

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4.17. Property, plant and equipment

<i>In thousands of euros</i>	Land and buildings	Plant and equipment	Property under construction	Advanc payments	Other	Finance leases	Total
Cost							
Balance at 1 January 2009	625	2,991	6,156	266	92	12,962	23,092
Other acquisitions	37	147	628	--	1	--	813
Disposals out of Group	--	--	(6,382)	--	(1)	--	(6,383)
Disposals	(15)	(756)	(326)	(172)	--	--	(1,269)
Effect of movements in foreign exchange rate	11	54	122	4	2	230	423
Balance at 31 December 2009	658	2,436	198	98	94	13,192	16,676
Balance as 1 January 2010	658	2,436	198	98	94	13,192	16,676
Other acquisitions	41	382	--	3	--	--	426
Transfer to assets held for sale	(312)	(280)	(5)	(1)	--	--	(598)
Transfer from investment property	1,067	--	293	--	--	--	1,360
Disposals	(298)	(96)	(109)	(100)	(16)	--	(619)
Disposals out of the Group	--	(704)	--	--	--	--	(704)
Effect of movements in foreign exchange	20	76	6	3	3	325	433
Balance as 30 June 2010	1,176	1,814	383	3	81	13,517	16,974
Accumulated depreciation and impairment losses							
Balance at 1 January 2009	(89)	(1,948)	--	(6)	--	(2,141)	(4,184)
Depreciation charge for the year	(58)	(150)	--	--	--	(370)	(578)
Disposals	3	479	--	--	--	--	482
Impairment loss	--	--	--	(15)	--	(1,700)	(1,715)
Effect of movements in foreign exchange rate	(2)	(35)	--	--	--	(36)	(73)
Balance at 31 December 2009	(146)	(1,654)	--	(21)	--	(4,247)	(6,068)
Balance at 1 January 2010	(146)	(1,654)	--	(21)	--	(4,247)	(6,068)
Depreciation charge for the year	(2)	(54)	--	--	--	(182)	(238)
Transfer to assets held for sale	95	145	--	--	--	--	240
Disposals	50	54	--	22	--	--	126
Disposal out of the Group	--	392	--	--	--	--	392
Effect of movements in foreign exchange	(4)	(51)	--	(1)	--	(58)	(114)
Balance at 30 June 2010	(7)	(1,168)	--	--	--	(4,487)	(5,662)
Carrying amounts							
At 1 January 2009	536	1,043	6,156	260	92	10,821	18,908
At 31 December 2009	512	782	198	77	94	8,945	10,608
At 1 January 2010	512	782	198	77	94	8,945	10,608
At 30 June 2010	1,169	646	383	3	81	9,030	11,312

Disposals out of the Group in 2010 included in the above table represent the disposal of Property, plant and equipment as a result of the sale of CITY PARKVIEW s.r.o. (Note 4.6.2.), ECM CITY EMPIRIA s.r.o (Note 4.6.3) and OOO "ECM RUSSIA" (Note 4.6.1.).

4.18. Goodwill

As result of planned sale of ECM Facility a.s., goodwill is presented under the Assets and liabilities held for sale (for further information refer o Note 4.21).

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4.19. Investments in associates, joint ventures and other investments

4.19.1. Equity accounted investments

The Group has the following investments in associates which were accounted for using the equity method:

	Country	Ownership		Investment	
		30/6/2010	31/12/2009	30/6/2010	31/12/2009
EKZ Tschechien 4 Immobiliengesellschaft s.r.o.	Czech Republic	50%	50%	79	77
China East Investment Limited (1) + (3)	Hong Kong	49.9%	37%	5,668	5,654
Metropolis Holding China Limited (2) +	Hong Kong	49.9%	37%	--	--

- (1) Including its subsidiary ECM Property Holding (Tianjin) Co Ltd. The ownership interest was acquired from NORDEVO INVESTMENTS LIMITED. The ownership interest increased to 49.9%.
- (2) Including its subsidiary Metropolis Holding (Tianjin) Co., Ltd. The ownership interest was acquired from NORDEVO INVESTMENTS LIMITED. The ownership interest increased to 49.9%.
- (3) In January 2009 ECM agreed with Nordevo Investments Limited, a project partner in China, on the sale of 23% stake in China East Investment Limited and Metropolis Holding China Limited for a total consideration of US\$ 11.5 million. China East Investment Limited and Metropolis Holding China Limited are companies that own, respectively, the Beijing-based ECMall and Metropolis Tower Projects through their wholly-owned subsidiaries (for further details refer to Note 4.6).

The financial information relating to associates (100%) is summarised below:

<i>In thousands of euros</i>	Assets	Liabilities	Equity	Profit
30/6/2010				
EKZ Tschechien 4 Immobiliengesellschaft s.r.o.	*)	*)	*)	*)
China East Investment Limited	64,580	(78,664)	9,335	4,749
ECM Property Holding (Tianjin) Co Ltd.	152,888	(102,951)	(56,475)	6,538
Metropolis Holding China Limited	29,402	(43,955)	9,293	5,260
Metropolis Holding (Tianjin) Co., Ltd.	76,128	(50,796)	(27,505)	2,173
31/12/2009				
EKZ Tschechien 4 Immobiliengesellschaft s.r.o.	*)	*)	*)	*)
China East Investment Limited	56,016	(63,911)	7,895	7,240
ECM Property Holding (Tianjin) Co., Ltd.	164,157	(87,891)	(76,276)	(19,246)
Metropolis Holding China Limited	47,067	(54,622)	7,555	7,542
Metropolis Holding (Tianjin) Co., Ltd.	62,097	(32,905)	(29,192)	(3,273)

*) Data not available as at 31 December 2009 and 30 June 2010 respectively.

4.20. Provided loans

<i>In thousands of euros</i>	30/6/2010	Average interest rate	31/12/2009	Average interest rate
Provided loans	38,992	9%	13,217	9%
Total	38,992		13,217	

As at 30 June 2010, provided loans comprise mainly TEUR 25,555 which was granted to China East Investment Limited and TEUR 6,362 provided to Metropolis Holding China Limited. As at 31 December 2009, provided loans comprise mainly TEUR 7,244 which was granted to China East Investment Limited, TEUR 3,144 provided to Metropolis Holding China Limited and TEUR 2,162 provided to Blackstrait Limited.

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4.21. Assets and liabilities held for sale

4.21.1. ECM Facility a.s.

Due to the Group's serious negotiations with a prospective buyer for ECM Facility, a.s. the assets and liabilities of ECM Facility, a.s. are reported on the group level as assets held for sale and related liabilities.

Assets held for sale		
<i>In thousands of euros</i>	30/6/2010	31/12/2009
Property, plant equipment	358	--
Intangible fixed assets	31	--
Goodwill	3,413	--
Provided loans	50	--
Deferred tax assets	--	--
Trading properties	2	--
Income tax receivables	65	--
Trade and other receivables	3,012	--
Cash and cash equivalents	33	--
Total	6,964	--

Liabilities related to assets held for sale		
<i>In thousands of euros</i>	30/6/2010	31/12/2009
Long-term interest bearing loans and borrowings	(191)	--
Deferred tax liabilities	(31)	--
Other long-term payables	(5)	--
Bank overdraft	(1)	--
Short-term interest-bearing loans and borrowings	(391)	--
Trade and other payables	(2,060)	--
Short-term provisions	(91)	--
Total	(2,770)	--
Net asset held for sale	4,194	--

4.22. Trading property – inventory

<i>In thousands of euros</i>	CITY TO- WER s.r.o.	REZIDE- NCE UNHOŠŤ a.s.	Ryazan Shopping Mall Ltd.	EPOQUE- LANCAS- TER a.s.	OOO ECM RUSSIA	Other	Total
Balance at 1 January 2009	8	11,458	--	--	79	2,004	13,549
Acquisitions	--	3,030	6,758	--	--	--	9,788
Transfers to/from investment property	--	--	30,776	16,380	--	2,719	49,875
Transfers to/from investment property under construction	--	--	--	--	--	907	907
Impairment/reversal of impairment	--	(684)	--	--	--	(5,588)	(6,272)
Disposals and other movements	--	(4,119)	--	--	(2)	(96)	(4,217)
Disposals out of the Group	(8)	--	--	--	--	--	(8)
Effect of movements in foreign exchange rate	--	205	(46)	--	(4)	103	258
Balance at 31 December 2009	--	9,890	37,488	16,380	73	49	63,880
Balance at 1 January 2010	--	9,890	37,488	16,380	73	49	63,880
Acquisition	--	440	12,922	1,764	--	--	15,126
Impairment/reversal of impairment	--	(3,292)	(217)	--	--	--	(3,509)
Other movements	--	--	(952)	--	952	--	--
Disposals	--	(1,328)	--	--	(11)	(28)	(1,367)
Disposals out of the Group	--	--	--	--	(1,020)	--	(1,020)
Effect of movement in foreign exchange rate	--	290	105	492	6	1	894
Balance at 30 June 2010	--	6,000	49,346	18,636	--	22	74,004

Other trading property – inventory primarily represents unbilled services provided by ECM Finance a.s. and ECM Real Estate Investments, k.s. to other companies within the Group.

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Disposals out of the Group in 2010 included in the above table represent the disposal of trading property as a result of the sale of OOO "ECM RUSSIA" (for more details refer to Note 4.6.1).

As at 30 June 2010, in connection with annual impairment test, the Group decided to recognize impairment loss on trading property in total amount of TEUR (3,509) (30 June 2009 - (4,527)).

Trading property includes borrowing cost in the amount of TEUR 98 (31 December 2009 – TEUR 980) and advances to suppliers of TEUR 72 (31 December 2009 – TEUR 723).

In 2009, Ryazan Shopping Mall Ltd. obtained a construction permit and started to develop a retail building for future sale. As a result, this project was transferred from investment property to trading property in the third quarter of 2009 (refer also to Note 4.15.).

In 2009, EPOQUE – LANCASTER a.s. obtained a construction permit and started to develop a project CITY EPOQUE - RESIDENCE for future sale. As a result, this project was transferred from investment property to trading property in the fourth quarter of 2009 (refer also to Note 4.15).

Transfers from investment property and investment property under construction in 2009 included in column 'Other' in the above table represent the transfer of unbilled services provided by ECM Real Estate Investments, k.s. to China East Investment Limited and Metropolis Holding China Limited as a result of the sale of 23% stake in these entities to Nordevo Investments Limited (for more details refer to Note 4.6.4).

4.23. Trade and other receivables

<i>In thousands of euros</i>	30/6/2010	31/12/2009
Trade receivables (1)	13,762	9,108
Value added tax receivables	4,631	2,509
Pre-payments (2)	3,581	3,667
Revaluation of derivatives	51	--
Prepaid expenses	572	871
Estimated receivables	34	885
Receivables to employees	56	45
Receivables from retention	235	--
Other receivables (3)	3,788	2,839
Total	26,710	19,924

(1) Trade receivables are shown net of impairment losses amounting to TEUR (126) recognised in the current year (31 December 2009 – TEUR (275)).

(2) The Company entered into negotiations with Telor International Limited to cancel the future share purchase option on the sale of 25% shares of GRASLON a.s. and SAZERAC a.s. Cancellation is expected to occur in 2011.

(3) Other receivables are shown net of provisions for irrecoverable amounts amounting to TEUR (279) recognised in the current year (31 December 2009 – TEUR (271)). During 2010 provisions for irrecoverable amounts were released.

4.24. Changes in equity

The condensed consolidated statement of changes in equity is presented on the face of the financial statements.

4.24.1. Equity Step-Up

Due to the low possibility of further use of Step-Up equity program the Company has decided to write off currently booked asset which has currently been gradually decreased upon each step-up drawing in 2009. This asset consists of various consultancy and brokerage fees paid upon the set-up of this program. As a result, the share premium was decreased by TEUR (986) which consists of the asset written off of TEUR (1,389) and related deferred tax liability of TEUR 403.

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4.24.2. Other changes in equity

Change in non-controlling interest without change in control charged directly in equity as at 30 June 2010 relates to purchase of 70% of shares of East Point Holding B.V. from Esteria Investments. For further information refer to Note 4.1.3 Changes in the Group.

Effect of transaction with non-controlling interest resulting in loss of control as at 30 June 2009 relates to sale of 23% stake in China East Investment Limited and Metropolis Holding China Limited to Nordevo Investments Limited. For further information refer to Note 4.6. Net result on disposal of the financial investment in subsidiaries and associates.

Change in non-controlling interest without change in control charged directly in equity as at 30 June 2009 relates to sale of 6% of shares of Ryazan Investors Company Ltd. to PSJ NEW NV. For further information refer to Note 4.1.3 Changes in the Group.

4.24.3. Earnings per share

Basic earnings per share as at 30 June 2010

Profit attributable to ordinary shareholders

In thousands of euros	Continuing operations	Discontinued operations	Total
Net profit / (Loss) for the six-month period ended 30 June 2010	(39,561)	--	(39,561)
Dividends on non-redeemable preference shares	--	--	--
Net profit / (Loss) attributable to ordinary shareholders	(39,561)	--	(39,561)

The weighted average number of ordinary shares

In thousands of shares	Ordinary shares	Weight	Weighted average
Issued ordinary shares at 1 January 2010	6,868	180	6,868
Weighted average number of ordinary shares at 30 June 2010			6,868
Earnings per share			(5.80)

Diluted earnings per share as at 30 June 2010

Profit attributable to ordinary shareholders (diluted)

In thousands of euros	Continuing operations	Discontinued operations	Total
Net profit / (Loss) attributable to ordinary shareholders for the six-month period ended 30 June 2010	(39,561)	--	(39,561)
Net profit attributable to ordinary shareholders	(39,561)	--	(39,561)

The weighted average number of ordinary shares (diluted)

In thousands of shares	Ordinary shares	Weight	Weighted average
Weighted average number of ordinary shares (basic) at 30 June 2010	6,868		6,868
Effect of convertible warrants from convertible bonds 2006 unconverted in bonds 2007	780	180	780
Effect of convertible warrants from convertible bonds 2007	1,857	180	1,857
Weighted average number of ordinary shares (diluted) at 30 June 2010			9,505
Earnings per share (diluted)			(4.20)

Basic earnings per share as at 30 June 2009

Profit attributable to ordinary shareholders

In thousands of euros	Continuing operations	Discontinued operations	Total
Net profit / (Loss) for the six-month period ended 30 June 2009	(18,566)	--	(18,566)
Dividends on non-redeemable preference shares	--	--	--
Net profit / (Loss) attributable to ordinary shareholders	(18,566)	--	(18,566)

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The weighted average number of ordinary shares

In thousands of shares	Ordinary shares	Weight	Weighted average
Issued ordinary shares at 1 January 2009	6,868	180	6,868
Weighted average number of ordinary shares at 30 June 2009			6,868
Earnings per share			(2.70)

Diluted earnings per share as at 30 June 2009

Profit attributable to ordinary shareholders (diluted)

In thousands of euros	Continuing operations	Discontinued operations	Total
Net profit / (Loss) attributable to ordinary shareholders for the six-month period ended 30 June 2009	(18,566)	--	(18,566)
Net profit attributable to ordinary shareholders	(18,566)	--	(18,566)

The weighted average number of ordinary shares (diluted)

In thousands of shares	Ordinary shares	Weight	Weighted average
Weighted average number of ordinary shares (basic) at 30 June 2009	6,868		6,868
Effect of convertible warrants from convertible bonds 2006 unconverted in bonds 2007	780	180	780
Effect of convertible warrants from convertible bonds 2007	1,857	180	1,857
Weighted average number of ordinary shares (diluted) at 30 June 2009			9,505
Earnings per share (diluted)			(1.95)

4.25. Interest-bearing loans and borrowings

There were no significant movements in the effective interest rates as reported in the latest set of the annual financial statements. The contractual terms of the Group's interest-bearing loans and borrowings are summarised below.

In thousands of euros	30/6/2010	31/12/2009
Current liabilities		
Loans from third parties	23,820	21,690
Loans from related parties	4,289	2,702
Bank loans	29,457	36,347
Total	57,566	60,739

In thousands of euros	30/6/2010	31/12/2009
Non-current liabilities		
Loans from third parties	9	86
Bank loans	47,523	70,866
Total	47,532	70,952

Non-current interest bearing loans and borrowings are payable as follows:

In thousands of euros	Amount as at 30 June 2010	Payable in 1-5 years	Payable after 5 years
Loans from third parties	9	9	--
Bank loans	47,523	33,875	13,648
Total	47,532	33,884	13,648

In thousands of euros	Amount as at 31 December 2009	Payable in 1-5 years	Payable after 5 years
Loans from third parties	86	86	--
Bank loans	70,866	52,453	18,413
Total	70,952	52,539	18,413

The maturity of loans depends on the development of individual projects. Therefore, any further details related to the maturity of the above stated loans would be inaccurate.

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Pledge of the Group's stakes and other guarantees for bank loans

Refer to Note 4.30 Contingencies.

4.26. Convertible bonds

On 31 July 2006, the Company issued 115,212 bonds with 15 redeemable warrants attached to each bond. All of these 115,212 bonds and 948,408 of the warrants issued in 2006 were converted into 16,870 new issued bonds with redeemable warrants attached in the fourth quarter of 2007. In the fourth quarter of 2007, the Company further issued 9,662 bonds with warrants attached.

<i>In thousands of euros</i>	30/6/2010	31/12/2009
Number of convertible notes	22,461	22,461
Proceeds from the issue of convertible notes (2)	80,017	80,017
Transaction costs	(3,578)	(3,578)
Net proceeds	76,439	76,439
Amount classified as equity (3)	(7,438)	(7,438)
Amount classified as derivative (1)	(5,027)	(5,027)
Accrued interest	17,115	12,288
Carrying amount of liability	81,089	76,262

(1) The Group identified a derivative embedded in the value of convertible bonds. The nominal value of the derivative is TEUR 14,178 (31 December 2009 – TEUR 14,178). The fair value of the derivative was separated and presented on the face of the statement of financial position as a long-term liability from derivatives. The fair value of the derivative was TEUR 5,027 as at the date of separation and TEUR 12,324 as at 30 June 2010 (TEUR 11,671 as at 31 December 2009).

(2) Proceeds from the issue of convertible notes consist of the redemption value of the converted 2006 warrants of TEUR 34,475, the redemption value of the converted 2006 bonds of TEUR 25,649 and net proceeds of TEUR 34,396 paid in cash. In 2009, proceeds from the issue of convertible notes were decreased by the proceeds attributable to 4,071 convertible bonds received as a part of the settlement for transfer of ownership interest in CITY TOWER s.r.o.

(3) The amount of convertible warrants classified as equity of TEUR 7,438 is net of the attributable transaction cost of TEUR 348.

The warrants are convertible into 1,857 thousand ordinary shares in October 2011 at the option of the holder, which represents the rate of one share for each warrant. Seventy warrants are attached to each bond.

The interest rate of the bonds is 5% and interest is payable on an annual basis on 30 September. Bonds will be redeemed in full on 9 October 2011. Subject to certain conditions, the Company may decide to redeem all the bonds early (on the interest payment date) at par plus the interest amount accrued until the early redemption date.

Because of risks described in note 4.1.4. Company has decided to reclassify all liabilities stemming both from convertible and other bonds into short-term liabilities.

4.27. Other bonds

Starting from 30 March 2007, the Company has issued 800 bearer bonds with a nominal value of TCZK 1,000 each. The Company could issue bearer bonds up to a maximum value of TCZK 1,000,000.

<i>In thousands of euros</i>	30/6/2010	31/12/2009
Number of bearer bonds	800	800
Proceeds from the issue of bearer bonds	28,510	28,510
Transaction costs	(245)	(245)
Net proceeds	28,265	28,265
FX translation as at the date of statement of financial position	2,637	1,787
Accrued interest	565	529
Carrying amount of liability	31,467	30,581

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The principal of the bearer bonds is due on 30 March 2012.

The interest rate of the bonds is floating and amounted to 5.05% p.a. in the first half of 2010 (6.82% p.a. in the first quarter of 2009, to 5.56% in the second and third quarters of 2009 and to 5.05% in the fourth quarter of 2009). Interest is payable on a semi-annual basis on 31 March and 30 September.

4.28. Trade and other payables

<i>In thousands of euros</i>	30/6/2010	31/12/2009
Trade payables	9,532	8,660
Advances received	809	2,117
Payables resulting from the purchase of financial assets	18	18
Estimated payables	2,204	2,713
Income tax payables	359	228
Payables to employees, social security and health insurance, employees income tax	195	515
Accrued expenses	357	370
Value added tax payables	643	595
Deferred revenues	246	198
Revaluation of derivatives	874	696
Other payables	220	860
TOTAL	15,457	16,970

4.29. Other long-term payables

As at 30 June 2010, other long-term payables amounted to TEUR 12,712 (31 December 2009 – TEUR 13,024), of which TEUR 11,109 (31 December 2009 – TEUR 11,085) related to finance lease liabilities and TEUR 1,174 (31 December 2009 – TEUR 989) related to retentions.

4.30. Contingencies

The Group identified the following contingencies as at 30 June 2010:

- EPOQUE-LANCASTER a.s. pledged its fixed assets, receivables from its bank account and shares as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 2,724.
- EPOQUE HOTEL a.s. pledged its fixed assets, receivables from its bank account and shares as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 2,724.
- ECM REAL ESTATE INVESTMENTS A.G. has pledged its shares and stake in TABULA MAIOR, a.s., ECM OFFICES LIBEŇ s.r.o., CITY DECO s.r.o., CITY ELEMENT s.r.o., NATIONAL BUSINESS CENTRE Ostrava a.s. EPOQUE HOTEL a.s., EPOQUE-LANCASTER a.s. and LUNZIE a.s. for bank loans granted to these Group companies. In addition, ECM REAL ESTATE INVESTMENTS A.G. pledged its fixed assets, receivables from its bank account and existing and future claims arising from the insurance agreements for a bank loan granted to the Group. Furthermore ECM REAL ESTATE INVESTMENTS A.G. agreed with issue of a bill of exchange as a guarantee to secure a non-bank loan in the amount of TEUR 1,700.
- NATIONAL BUSINESS CENTRE Ostrava a.s. pledged its receivables from bank accounts as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 3,114.

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- ECM OFFICES LIBEŇ s.r.o. pledged its receivables and fixed assets as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 6,750.
- CITY DECO s.r.o. pledged its receivables and fixed assets as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 19,149.
- CITY ELEMENT s.r.o. pledged receivables and fixed assets as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 15,259.
- VARENSKÁ OFFICE CENTER, a.s. pledged receivables, shares and fixed assets as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 9,535.
- REZIDENCE UNHOŠŤ a.s. pledged its receivables, shares and fixed assets as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 17,757.
- LUNZIE a.s. pledged fixed assets, shares and receivables from its bank account as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 3,503.
- ECM Facility a.s. pledged technology Energo, guarantee declaration, shares, receivables from bank accounts and stake in OPTISERVIS spol. s r.o. as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 6,959.
- TABULA MAIOR, a.s. pledged its fixed assets, receivables and shares as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 5,292.
- ECM POZNAŇ RESIDENCE sp. z o.o. pledged its fixed assets and receivables as a guarantee to the bank for a group company to secure a loan in the amount of TEUR 4,818.
- Czech Real Estate Regions S.a.r.l. pledged its share in REZIDENCE UNHOŠŤ a.s. and VARENSKÁ OFFICE CENTER, a.s. as a guarantee for bank loans granted to these Group companies.

The Company did not enter any contract to pledge its assets in the period ended 30 June 2010; any changes in pledges in comparison to the year 2009 are caused by fluctuations in exchange rates of foreign currency.

4.31. Related parties

4.31.1. Identity of related parties

The Group has a related party relationship with its subsidiaries, associates, joint ventures and with its directors and executive officers.

Key management persons include the Chairman of the Board of Directors, Finance Director and Chief Project Manager. The remuneration of the key management personnel is as follows:

<i>In thousands of euros</i>	30/6/2010 (6 months)	30/6/2009 (6 months)
Remuneration and benefits paid to key management (1)	271	539
TOTAL	271	539

(1) The remuneration for the 6-months period ended 30 June 2010 includes bonuses for 2009.

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4.31.2. Transactions with related parties

The Group identified the following transactions with related parties in 2010 and 2009:

<i>In thousands of euros</i>		30/6/2010	31/12/2009	30/6/2009
		(6 months)	(12 months)	(6 months)
Milan Janků	Loans provided to the Group	65	61	1,688
	Loans granted by the Group	4,902	18	119
	Payables to the Group	479	4,581	5,174
	Services provided to the Group	79	67	12
	Purchases from the Group	175	7	19
ECM Group N.V.	Loans granted by the Group	13	92	--
	Loans provided to the Group	--	--	5,788
	Services provided to the Group	1	260	86
	Purchases from the Group	--	31	31
ECM Group Asset Management, a.s.	Payables to the Group	--	--	953
	Receivables from the Group	--	1	137
	Advances provided to the Group	--	141	5
	Services provided to the Group	--	107	92
	Purchases from the Group	--	531	122
Domus Eventis Asset Management, s.r.o.	Payables to the Group	--	20	20
NONET s.r.o.	Loans granted by the Group	36	34	34
	Payables to the Group	--	--	18
	Receivables from the Group	6	--	12
	Services provided to the Group	2	--	2
	Purchases from the Group	9	2	9
LONGIN Business Center, a.s.	Loans granted by the Group	53	50	50
	Payables to the Group	24	23	36
	Services provided to the Group	--	1	--
	Purchases from the Group	1	3	1
PSJ, a.s.	Loans granted by the Group	615	--	--
	Receivables from the Group	1,549	41	945
	Payables to the Group	13,407	--	11
	Advances to the Group	--	176	72
	Services provided to the Group	--	2	494
	Purchases from the Group	3,642	883	115
Nová Liboc, a.s.	Loans granted by the Group	50	46	22
	Receivables from the Group	27	--	27
	Services provided to the Group	--	--	12
	Payables to the Group	11	--	9
PSJ New N.V.	Loans provided to the Group	1,069	1,700	--
	Services provided to the Group	1	--	45
	Payables to the Group	1,716	79	1,622
ECM Real Estate Investment II, A.G.	Receivables from the Group	64	--	87
	Purchases from the Group	56	196	--
	Loans granted from the Group	39	38	--
	Payables	324	38	--
TELOR CAPITAL MANAGEMENT a.s.	Receivables	169	297	--
	Advances to the Group	--	1	--
	Purchases	8	13	--
	Loans provided to the Group	701	672	--
	Loans granted by the Group	280	--	--
	Receivables from the Group	92	81	--
ECM Real Estate Development Prague, s.r.o.	Payables to the Group	15	--	--
	Purchases from the Group	3	2	--
	Services provided to the Group	8	3	--
	Services provided to the Group	4	1	--
	Receivables to the Group	1,335	--	--
EARTH RESOURCES, spol. s r.o. PPF ECM Advisory s.r.o.	Purchases from the Group	6	--	--
	Services provided to the Group	2,308	--	--

4.32. Subsequent events

4.32.1. Disposal of ECM Facility, a.s.

ECM is currently in serious negotiations with a prospective buyer for 100% disposal of its stake in ECM Facility, a.s.