

Echo Investment S.A. Capital Group

**Interperiod condense, consolidated financial statement for the period
of three months ended by 31 March 2005.**

Kielce, 16 may 2005 r.

Echo Investment S.A. Capital Group

1. Condensed consolidated balance in thous. PLN

	on 2005.03.31	on 2004.12.31	on 2004.03.31
Assets			
1. Fixed assets			
1.1. Intangible and legal assets	51	66	33
1.2. Goodwill of subsidiaries	(571)	(571)	(3 077)
1.3. Tangible fixed assets	241 031	213 730	149 415
1.4. Long-term receivables	2 577	-	-
1.5. Real estate investments	1 145 824	1 339 148	1 324 126
1.6. Long-term financial assets	20 813	21 086	55 069
1.7. Assets due to deferred income tax	11 478	20 245	19 346
	1 421 203	1 593 704	1 544 912
2. Current assets			
2.1. Inventories	163 377	155 197	176 082
2.2. Short-term receivables including	26 338	36 962	34 353
2.2.1. Receivables on taxes	8 681	16 240	15 652
2.3. Short-term financial assets including	355 137	75 065	60 407
2.3.1. Cash and other cash assets	353 669	73 610	49 559
	544 852	267 224	270 842
Assets total	1 966 055	1 860 928	1 815 754
Liabilities			
1. Equity			
1.1. Equity towards dominant entity shareholders	758 636	699 629	708 826
1.1.1. Share capital	21 000	21 000	21 000
1.1.2. Reserve capital	314 339	314 339	289 724
1.1.3. Undistributed profit (loss) from previous years	364 290	335 964	360 511
1.1.4. Current profit (loss)	59 007	28 326	37 591
1.2. Minority capital	1 946	1 531	194
	760 582	701 160	709 020
2. Liabilities			
2.1. Long-term liabilities	790 357	818 907	873 047
2.1.1. Long-term reserves	10 928	11 729	139
2.1.2. Reserves due to deferred income tax	90 548	107 017	107 292
2.1.3. Long-term liabilities including	688 881	700 161	765 616
2.1.3.1. Financial liabilities	678 515	689 376	756 841
2.2. Short-term liabilities	415 116	340 861	233 687
2.2.1. Short-term reserves	31 766	29 633	3 936
2.2.2. Short-term liabilities including	383 350	311 228	229 751
2.2.2.1. Financial liabilities	169 332	177 757	79 159
2.2.2.2. Liabilities due to taxes	74 614	4 232	14 849
	1 205 473	1 159 768	1 106 734
Liabilities total	1 966 055	1 860 928	1 815 754

OUTSIDE BALANCE STANDINGS thous. PLN	on 2005.03.31	on 2004.12.31	on 2004.03.31
1. Outside balance liabilities			
2. Outside balance payments	14 955	21 665	18 643

2. Condensed consolidated profit and loss statement in thous. PLN

	1st quarter period from 2005.01.01 to 2005.03.31	1st quarter period from 2004.01.01 to 2004.03.31
Operating revenues	57 179	72 856
Operating costs	(18 041)	(36 989)
Net profit (loss) on sale	39 138	35 867
Profit (loss) on real estate sale	62 641	-
Revaluation of real estate value	(11)	36 609
Selling expenses	(2 001)	(1 580)
General administrative expenses	(6 426)	(4 856)
Other operating revenues (expenses)	59	(2 826)
Income before taxation with financial incomes/expenditures accounted for	93 400	63 214
Financial revenues	2 615	3 726
Financial expenses	(14 305)	(12 856)
Profit (loss) on exchange rate differences	(3 516)	(6 458)
Revaluation of goodwill of subsidiaries	(3 073)	(185)
Share stake of associate entities	-	-
Gross (loss) profit	75 121	47 441
Income tax	(15 695)	(9 833)
Net (loss) profit	59 426	37 608
1. Profit (loss) towards minority shareholders	419	17
2. Profit (loss) towards dominant entity shareholders	59 007	37 591

3. Condensed statement of changes in equity in thous. PLN

	Capital stock	Reserve capital	Undistributed Profit (loss) from previous years	Current profit (loss)	Equity ascribed to dominant entity shareholders	Minority capital	Equity total
For the first quarter of the year for period from 20005.01.01 to 2005.05.31							
At the beginning of the period	21 000	314 339	34 686	-	370 025	1 531	371 556
Changes in accepted accountancy policy			329 604		329 604		329 604
Correction of cardinal mistakes					-		-
State at the beginning of the period after comparing to corresponding data	21 000	314 339	364 290	-	699 629	1 531	701 160
Changes in minority share stake						(4)	(4)
Net profit (loss) for given period				59 007	59 007	419	59 426
At the end of the period	21 000	314 339	364 290	59 007	758 636	1 946	760 582
For the first quarter of the previous year period from 2004.04.01 to 2004.03.31							
At the beginning of the period	21 000	289 724	24 548	-	335 272	177	335 449
Changes in accepted accountancy policy			335 963		335 963		335 963
Correction of cardinal mistakes					-		-
State at the beginning of the period after comparing to corresponding data	21 000	289 724	360 511	-	671 235	177	671 412
Changes in minority share stake							-
Net profit (loss) for given period				37 591	37 591	17	37 608
At the end of the period	21 000	289 724	360 511	37 591	708 826	194	709 020

4. Condensed consolidated cash flow statement in thous. PLN.

	1st quarter period from 2005.01.01 to 2005.03.31	1st quarter period od 2004.01.01 do 2004.03.31
A. Cash-flow statement on operating activity (indirect method)		
I. Net profit (loss)	59 426	37 608
II. Corrections total		
1. Participation in (profits) losses of associate entities	-	-
2. Depreciation of fixed assets	1 455	1 688
3. Revaluation of goodwill	3 073	185
4. (profit) loss on exchange rate differences	3 535	8 119
5. Intrests and share stakes (dividends)	10 818	9 627
6. (Profit) loss on investments	(62 770)	(38 283)
7. Change in reserves	(10 683)	9 762
8. Change in inventories	(13 592)	6 832
9. Change in liabilities	13 098	13 605
10. Change in short-term liabilities (except loans and credits)	103 188	(31 507)
11. Change in inter-period settlements	(2 908)	(7 122)
12. Other corrections	(4)	-
	45 210	-27 094
III. Net cash-flow on operating activity (I+/-II)	104 636	10 514
B. Cash-flow on investment activity		
I. Incomes		
1. Disposal of intangible and legal assets and tangible fixed assets	23	491
2. Disposal of investments in real estate property and intangible and legal assets	249 076	-

3. On financial assets	2 739	10 119
4 . Other investment incomes	-	10
	251 838	10 620
II. Expenses		
1. Purchase of intangible and legal assets and tangible fixed assets	(3 029)	(703)
2. Investment in real estate property and intangibles and legal assets	(15 633)	(14 393)
3. On financial assets	-	-
4. Dividends and other share stakes paid to minority	-	-
5. Other investment expenses	(120)	-
	(18 782)	(15 096)
III. Net cash flow on investment activity	233 056	(4 476)
C. Cash flow on financial activity		
I. Incomes		
1. Net income from issuing share and other capital instruments and additional capital contributions	-	-
2. Credits and loans	46 166	240 600
3. Issue of debt securities	34 522	59 000
4. Other financial incomes	-	-
	80 688	299 600
II. Expenses		
1. Purchase of (own) shares	-	-
2. Dividends and other payments towards owners	-	-
3. Other than payments towards owners expenditures due to distribution profit	-	-
4. Repayment of credits and loans	(97 452)	(184 069)
5. Redemption of debt securities	(25 000)	(107 600)
6. From other financial liabilities	-	-
7. Payments for financial leasing contracts	(122)	(122)
8. Interests	(15 747)	(12 663)
9. Other financial expenditures	-	-
	(138 321)	(304 454)
III. Net cash flow on financial activity(I-II)	(57 633)	(4 854)
D. Net cash flow total (A.III+/-B.III+/-C.III)	280 059	1 184
E. Balance change of cash, including	280 059	1 184
-change of cash due to exchange rate differences	-	-
F. Cash at the beginning of the period	73 610	48 375
G. cash at the end of the period (F+/-D) including:	353 669	49 559
-restricted cash	-	-

5. Additional information to condense, consolidated quarterly report for the first quarter of 2005.

5.1. Basic information.

Echo Investment S.A. ('Company') functioning before as 'Echo Press' Sp.z.o.o. was registered in Kielce on 23 July 1992. The office of the company is in Kielce Zagnanska 27 Street.

The basic Echo Investment S.A. activity is centred around construction of buildings to lease and for sale.

Capital Group operates all over Poland.

This statement covers 3 months ended by 31 March 2005 with enclosed comparable data from period ended by 31 March 2004. The financial statement was drawn in thousands of PLN.

Dominating entity shares- Echo Investment S.A- are quoted on Polish Stock Exchange.

5.2. Rules accepted for drawing up quarterly reports.

Consolidated Echo Investment S.A. financial report for the first quarter of 2005 was for the first time drawn up in accordance with International Accounting Standards. While drawing up directives IAS no.1 and IAS no.34 were used. Assets and liabilities valuation as well as financial balance were accepted as at balance day.

Dominating entity Management Board used its profound knowledge with respect to implementation and interpretation of standards as well as valuation method of separate standings in condense, consolidated financial statement for the first quarter of 2005. Drawing up the financial statements in accordance with IAS entails the Board to make certain estimations and assumptions which will be reflected in this statements. Actual results may differ from those ratings. Presented financial data was not checked by the auditor.

Basic rules for assets and liabilities valuation and for presenting financial balance:

- Intangible and legal assets are valued according to purchase price, in balance amounts are diminished by amortization and deduction due to permanent loss in value.
- Subsidiaries value results from difference between the purchase price and fair value of identified assets and liabilities of dependent, co-dependent and associated entities. The difference is accounted on purchase day. Company is checked at least once a year with respect to loss in value.
- Record of fixed assets is kept according to purchase price. They are entered in joint accounts according to fixed Assets Classification groups and detailed record of fixed assets is kept. Fixed assets are depreciated by linear method by means of tax rates. Fixed assets of purchase price up to 3,500 zloty are depreciated once in total purchase price on purchase day. Regarding fixed assets that lost economic usefulness, unplanned depreciation charges are made. Fixed assets include: real estate property owned by the company (used for administrative purpose), machines and devices, means of transport and other objects that can be used longer than for a year, especially furniture, telephones, mobile phones, electronic equipment (computers, TV sets, radios, videos) regardless of price. In financial report net value is given, that is in index value diminished by depreciation charges and loss in value.
- Fixed assets under construction are valued according to purchase price and manufacturing costs. Expenses connected with unfinished investment are qualified here. Including plot purchase, investment expenses on building realization (external service) as well as adequate financial expenses.
- Real estate investment comprise those investments which are treated as a means of income as well as those maintained with a view to future rise in value. Real estate is valued in fair value. The difference resulting from changing fair value is presented in results account for the given period.
- Shares in other entities and other investments treated as fixed assets are valued according to purchase price diminished by deduction due to loss in value.
- Granted loans are shown according to depreciated purchase price determined by efficient rate of interest method.
- Reserves include: half-finished products and products under realization, ready products and delivery advance. Reserves on tangible elements of current assets are valued according values equaling plot purchase price and production costs on development activity increased by used financial costs, but not higher than anticipated net sale price. Reserves regarding long-term building contracts are valued in accordance with IAS directives no.11 'Building Contracts'.
- Liabilities listed in balance sheet in amount requiring payment with due caution. Updated liabilities deductions are created in accordance with the following criteria:
 - Regarding over year due liabilities in full liability value.
 - Regarding over half a year but not more than a year due liabilities by 50% of liability value.
 - In separate, justified cases individual updating deductions calculating method can be used.

- Liabilities also include discount on short and long-term debt securities till they are accounted for in next settlement period, calculated, unmatured interest on investment valued in amount requiring payment.
- Short-term investments are valued according to purchase price with value loss accounted for. Cash and other financial assets include such assets as country means of payment, foreign currency, exchange and other financial assets especially credit interest if they are required within three months since statement. Cash flow statement includes the same definition of financial means.
- Due to deferred income tax such standings are created: deferred income tax assets and income tax reserve. Those standings are valued according to justified, appraised value. To calculate reserve interest rate for the next settlement period will be used. Deferred income tax asset due to tax loss is created if settlement of this loss in next years is possible.
- In accordance with accepted method, no retirement gratuity reserves are created. Potential reserves wouldn't significantly influence presented financial statement. In case of appearance they will be entered by cash receipt principle.
- Stock capital and reserve capital are valued according to face value.
- Amount of company social benefit fund is prepared on the basis of company social; benefits fund act (Dz.U. from 1994 no.43, position 163 with later changes) and in balance sheet it is presented in face value in the amount to be used in the next period.
- Reserves are only created when previous years liabilities rest on the company and it may cause necessary outflow of economic value and accurate assessment of the liability can be made. Reserves are especially created on costs, which were not yet incurred but fall on current period that is : cost of investment projects, bonuses, monetary equivalent for outstanding leave and costs of audit as well as anticipated losses in future periods.
- Liabilities are listed in the balance in the amount required for payment. Especially liabilities entered by memorial method, unmatured interests on bank credits. Delivery advances standing includes both invoiced (for houses) and not invoiced advances.
- Interperiod income and cost settlements are given in face value.
- Foreign currency on balance day are calculated according to average NBP exchange rate on balance day.
- Financial result is determined from profit and loss account by principles of memorial and commensurate, realization and caution, diminished by gross profit from income tax, reserve deduction on temporary difference due to income tax and other financial result. Financial result is determined by calculating method.
 - a) Regarding long-term contracts, financial result is influenced by estimated income based on the stage of investment development on balance day. Investment development stage is determined as a share in incurred costs on balance day in total, estimated cost. Proportionately to estimated incomes, current period incomes are determined. Cost on production sale based on building contracts realization is indicated adequately to advancement in investment realization.
 - b) Manufacturing costs on sold products comprise incurred costs within current year and entered by costs and incomes commensurate method, which were not yet incurred.
 - c) Sale cost is valued on the level of manufacturing costs depending on projects by one or the other method:
 - profitability level resulting from sale contract or average (calculated) profitability level accepted by the Company;
 - percentage share; e.g. of sold plot, sold shares, etc., (in average prices). Prime cost of sold apartments or land is calculated proportionately to sold share in ground. In separate justified cases accurate identification of real costs of sold assets elements is acceptable.
 - d) Costs also include:
 - regarding other product and service sale- invoiced and due to company incomes as well as commensurate costs,
 - incurred sale and general administrative costs entered by costs and incomes commensuracy principle, costs which were not yet incurred,
 - profit , loss on securities sale,
 - due financial incomes,
 - incurred and entered costs regarding current period, except for activated costs in accordance with IAS no.23 ' External financing costs' as an alternative solution. The company activates this part of financial costs which directly links to purchasing or manufacturing assets elements presented as reserves and undertaken investments. Activated costs amount consists of interests, discounts and commission diminished by incomes on financial means deposited at a bank (interest on bank investments except for investments resulting from blocking accounts and letter of credit contracts) . Calculated are: company general administrative structure expenses, advances, given loans, expenses on tangible financial investments, intangible and legal assets, not activated reserves and expenses diminished by income on advance on activated building projects. Amount of activated financial expenses is calculated in proportion to the last position. It is divided into separate reserve projects according to expenses structure diminished by advance.
 - realized extraordinary incomes and made extraordinary losses including only those standings not present in casual economic activity.

- Cash flow statement is prepared by indirect method.

5.3. Result of changes in accounting policy (previous periods financial statements transformations) with description.

Comparable Capital Group financial statements were transformed in accordance with IAS no.1.

Comparable financial statements were mostly influenced by assessing real estate according to fair value in accordance with IAS no.40. Capital Group valued its real estate property on available historical valuations prepared by independent experts (mostly on crediting banks requirement). Consequently Capital Group equity increased by 284,705 thousand zloty by the end of 2004.

As a result of changing market terms (change in rate of discount) real estate properties can be valued again, which may influence future results.

In accordance with IAS no. 39 since 1 January 2005 cash flow in EURO or USD resulting from lease contracts are not identified as financial instrument. Stopping financial instrument valuation also greatly influenced comparable financial statement. As a consequence of made corrections Capital Group equity increased by 43,144 thousand zloty by the end of 2004.

With regard to differences in IAS no.12 and PAS regarding taxable assets value temporary difference due to deferred income tax on legal people resulting from building tax allowances on apartments to lease in Bemowo was revealed. As a consequence of made corrections Capital Group equity fell by 2,991 thousand zloty.

Correction influence on I quarter 2004 results.

With respect to real estate fair value methodology, the amount was greatly influenced by zloty rate to lease currency (EURO or USD). At the end of first quarter of 2004 EURO/PLN reached one of the highest levels- 4,7455, next it went down. It influenced results achieved on real estate valuation in the first and next quarters of 2004.

➤ Financial results:

by PSR	7,901 thousand PLN
by MSR	37,591 thousand PLN
difference	29,690 thousand PLN, including:

41.758	– difference on real estate valuation (fair value)
(5.118)	– Wycofanie wyceny pochodnego instrumentu finansowego wbudowanego w umowy najmu
(6.962)	– differed income tax on the above mentioned position
12	– differed income tax on depreciation of apartments in Bemowo

Undivided result from previous years:

by PSR	29,293 thousand PLN
by MSR	360,511 thousand PLN
difference	331,218 thousand PLN, including:

466.270	– difference on real estate valuation (fair value)
(53.610)	– Wycofanie wyceny pochodnego instrumentu finansowego wbudowanego w umowy najmu
(78.405)	– differed income tax on the above mentioned

➤ position

(3.037) – differed income tax on Bemowo apartments investment tax credit

➤ Equity:

by PSR	347,918 thousand PLN
by MSR	709,021 thousand PLN
difference	361,102 thousand PLN, including:

331.218	– undivided profit from previous years
26.690	– net result in accounting year
194	– minority capital

➤ Tangible fixed assets:

by PSR	965,513 thousand PLN
by MSR	149,415 thousand PLN
difference	(816,098) thousand PLN- withdrawing fixed assets assigned for lease

➤ Real estate investments

by PSR	0 thousand PLN
by MSR	1,324,126 thousand PLN

Difference 1,324,126 thousand PLN- indicating fixed assets assigned for lease (fair value)

➤ Differed income tax assets

by PSR	8,188 thousand PLN
by MSR	19,346 thousand PLN

difference 11,158 thousand PLN occurrence of temporary difference due to withdrawing financial instrument embedded in lease contract

➤ Income tax reserves

by PSR 7,742 thousand PLN

by MSR 107,292 thousand PLN

difference 99,550 thousand PLN, including;

96.526 – occurrence of temporary difference due to real estate valuation (fair value)

3.024 – occurrence of temporary difference due to Bemowo apartments investment tax credit

Correction influence on 2004 data:

➤ Financial result:

by PSR 34,686 thousand PLN

by MSR 28,326 thousand PLN

difference (6,360) thousand PLN, including;

(114.782) – difference on real estate valuation (fair value)

106.871 – withdrawing valuation of financial instrument embedded in lease contract

1.503 – differed income tax on the above mentioned position

48 – differed income tax on Bemowo apartments investment tax credit.

➤ Undivided result from previous years:

by PSR 4,746 thousand PLN

by MSR 335,964 thousand PLN

difference 331,218 thousand PLN, including;

466.270 – difference on real estate valuation (fair value)

(53.610) – Wycofanie wyceny pochodnego instrumentu finansowego wbudowanego w umowy najmu

(78.405) – differed income tax on the above mentioned position

(3.037) – differed income tax on depreciation of Bemowo apartments

➤ Equity:

by PSR 374,770 thousand PLN

by MSR 701,160 thousand PLN

difference 326,390 thousand PLN, including;

331.218 – Undivided profit from previous years

(6.360) – Net result in accounting year

1.532 – Minority capital

➤ Real estate investments:

by PSR 987,660 thousand PLN

by MSR 1,339,148 thousand PLN

difference 351,488 thousand PLN- difference on real estate valuation (fair value)

➤ Reserves on income tax:

by PSR 27,126 thousand PLN

by MSR 107,017 thousand PLN.

difference 79,891 thousand PLN, including;

66.783 – occurrence of temporary differences due to real estate valuation (fair value)

2.988 – occurrence of temporary differences due to Bemowo apartments depreciation

10.120 – occurrence of temporary difference due to withdrawing financial instrument embedded in lease contract

5.4. Composition of Echo Investment S.A. Capital Group.

The core of Capital Group is formed by Echo Investment S.A., which as the owner of Group's subsidiaries supervises, participates in realization and provides financial means for carried out development projects. Companies comprising the Group were either set up or purchased in order to realize selected investment tasks and do not run economic activity other than that resulting from accomplishment of a particular building site, then provides lease service of accomplished property or other service.

49 subsidiaries comprise Echo Investment S.A. Capital Group; they are dependent or co-dependent, consolidated under full method. Four of them are accounted for under the equity method.

Entities consolidated under full method:

- 'Athina Park'- Sp.z.o.o. with office in Kielce
- 'Bioelektrownia Hydropol -4'- Sp.z.o.o. with office in Kielce
- Shopping Centre PHS- stock capital with office in Szczecin
- 'Echo Bau'- Sp.z.o.o. with office in Kielce
- 'Echo- banking and Finance Centre Lodz'- Sp.z.o.o. with office in Kielce
- 'Echo- Lodz Business Centre' Sp.z.o.o. with office in Kielce
- 'EchoACC- Sp.z.o.o. with office in Kielce
- Echo Centre Slichowice' Sp.z.o.o. with office in Kielce
- 'Echo Investment- Gdynia Centre' Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Belchatow- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Jelenia Gora- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Lomza - Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Olkusz- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Pabianice- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Pila- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Piotrkow Trybunalski- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Przemysl- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Radom- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Rzeszow- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Siemianowice Slaskie- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Swietochlowice- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Tarnow- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Tczew- Sp.z.o.o. with office in Kielce
- Echo Investment- Shopping Centre Zamosc- Sp.z.o.o. with office in Kielce
- Echo Investment Shopping-Service-Entertainment Centre Gliwice- Sp.z.o.o. with office in Kielce
- Echo Investment Shopping-Entertainment Centre Kielce- Sp.z.o.o. with office in Kielce
- Echo Investment Shopping-Entertainment Centre Szczecin- Sp.z.o.o. with office in Kielce
- 'Est-On Property Management Sp.z.o.o. with office in Kielce
- 'Hotel Investment Sp.z.o.o. with office in Kielce
- Kielce Echo Shopping -Entertainment Centre- Sp.z.o.o. with office in Kielce
- 'Malta Office Park' Sp.z.o.o. with office in Kielce
- 'MDP' Sp.z.o.o. with office in Kielce
- 'Piomot Auto' Sp.z.o.o. with office in Kielce
- 'Princess Boryszewska' Sp.z.o.o. with office in Kielce
- 'Princess Investment' Sp.z.o.o. with office in Kielce
- 'Project Echo' Sp.z.o.o. with office in Warsaw
- 'Projekt- Echo 17' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 30' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 32' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 33' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 34' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 36' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 37' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo 39' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo Naramowice' Sp.z.o.o. with office in Kielce
- 'Projekt- Echo S' Sp.z.o.o. with office in Kielce
- 'WAN- 11' Sp.z.o.o. with office in Warsaw
- 'Wygledow' Sp.z.o.o. with office in Kielce
- 'Zaklady Ogrodnicze Naramowice' Sp.z.o.o. with office in Poznan.
- Entities accounted for under equity method
- 'SPC- stock company with office in Warsaw
- 'W.A. Hotels' Sp.z.o.o. with office in Warsaw
- 'WAN Invest' Sp.z.o.o. with office in Warsaw
- 'Projekt Echo- 23' Sp.z.o.o. with office in Kielce

All consolidated companies are dependent, co-dependent or associate . Dominating company holds directly or indirectly 100% of primary capital in all entities accounted for under full method. In co-dependent entities the dominating company holds respectively:

- 'WAN 11' Sp.z.o.o. - 50% of primary capital and 50% of votes at general meeting
- 'Projekt S' Sp.z.o.o. - 56% of primary capital and 56% of votes at general meeting

Capital connections within Capital Group concern:

- a) - 'Piomot auto'- Sp.z.o.o. which holds 15,88% of 'Echo - Piotrkow Trybunalski centre' Sp.z.o.o.
- b) 'Zaklady Ogrodnicze Naramowice' Sp.z.o.o. which holds 99,8% of 'Projekt Naramowice Sp.z.o.o. primary capital
- c) 'Echo Investment- Kielce Shopping-Entertainment Centre' Sp.z.o.o. which holds 99,9% of 'Kielce Echo Shopping-Entertainment Centre' Sp.z.o.o. primary capital
- d) 'Projekt- Echo 17' Sp.z.o.o., which holds corresponding share in primary capital of the following companies
 - 1,00% of 'Wygledow' Sp.z.o.o.' capital
 - 1,00% of 'Projekt Echo 36' Sp.z.o.o capital
 - 1,00% of 'Projekt Echo 37' Sp.z.o.o capital
 - 1,00% of 'Projekt Echo 39' Sp.z.o.o capital
 - 1,00% of 'Projekt 3' Sp.z.o.o. capital
 - 1,00% of 'Echo ACC' Sp.z.o.o. capital
 - 1,00% of Projekt Echo 30' Sp.z.o.o capital
 - 1,00% of Projekt Echo 32' Sp.z.o.o capital
 - 1,00% of 'Echo- Grunwaldzki Arcade' Sp.z.o.o.
 - 1,00% of Projekt Echo 34' Sp.z.o.o capital
 - 1,00% of 'Est-On Property Management' Sp.z.o.o.
 - 0,05% of 'Hotel Investment' Sp.z.o.o. capital
 - 0,03% of 'Malta Office Park' Sp.z.o.o. capital
 - 0,02% of 'Echo- Slichowice Centre' Sp.z.o.o. capital
 - 0,02% of 'Echo- Lodz Business Centre' Sp.z.o.o.
 - 0,02% of 'Projekt Naramowice' Sp.z.o.o. capital
 - 0,01% of 'Echo Investment- Shopping Centre Tczew' Sp.z.o.o. capital
 - 0,01% of 'Echo Investment- Shopping Centre Pila' Sp.z.o.o. capital
 - 0,01% of 'Echo Investment- Shopping Centre Zamosc' Sp.z.o.o. capital
 - 0,01% of 'Echo Investment- Shopping-Entertainment Centre Gliwice' Sp.z.o.o. capital
 - 0,009% of 'Echo Investment- Shopping Centre Siemianowice Slaskie' Sp.z.o.o. capital
 - 0,008% of 'Athina Park' Sp.z.o.o. capital
 - 0,007% of 'Echo Investment- Shopping Centre Lomza' Sp.z.o.o. capital
 - 0,006% of 'Echo Investment- Shopping Centre Belchatow' Sp.z.o.o. capital
 - 0,006% of 'Echo Investment- Shopping Centre Rzeszow' Sp.z.o.o. capital
 - 0,005% of 'Echo Investment- Shopping Centre Olkusz' Sp.z.o.o. capital
 - 0,005% of 'Echo Investment- Gdynia Centre' Sp.z.o.o. capital
 - 0,004% of 'Echo Investment- Shopping Centre Radom' Sp.z.o.o. capital
 - 0,004% of 'MDP' Sp.z.o.o. capital
 - 0,004% of 'Echo Investment- Shopping Centre Tarnow' Sp.z.o.o. capital
 - 0,002% of Echo Investment- Shopping- Entertainment Centre Kilece' Sp.z.o.o. capital
 - 0,001% Echo Investment- Shopping-Entertainment Centre Szczecin' Sp.z.o.o. capital

The rest of shares in the above mentioned companies is held by Echo Investment S.A.

5.5. Explanation regarding seasonal and cyclical type of Issuer's activity in presented period.

Echo Investment S.A. Capital group activity covers many sectors of real estate market, that is why seasonal or cyclical nature of drawn incomes or results is irrelevant. Consolidated income on sale is accumulated to large extend from lease of commercial surface(shopping centres, offices) while it is supplemented by other types of activity: apartment sale, general investment contractor service, management and sale of real estate and others. Held assets portfolio assigned to lease, systematic accomplishment and sale of housing projects, supplemented by other type of activity give comparable incomes in every quarter of the year. The Management Board cannot exclude other, one-time occurrences, which may influence achieved in that period results.

5.6 Information regarding issue, redemption and repayment of debt and capital securities.

Current Capital Group activity apart from own means and credits is also financed through issuing debt financial instruments. At present the dominating entity Echo Investment S.A. holds active issue programmes of both long- (bonds, bills of exchange) and shortterm debt instrument (bonds). Detailed information about issues, redemption and repayment of those instruments is contained in inclosed cash flow statement.

5.6 Information regarding paid (or declared) dividend, total and per share with division into common and preference ones.

The dominating entity- Echo Investment S.A. neither paid dividends in previous years nor declared their payment soon. Equity capital of dominating entity- Echo Investment S.A. consists only of common, bearer shares.

5.7 Indicating events, which occurred after condensed, quarterly financial statement was drawn and were not included in that statement but could significantly influence future issuer's results.

The above-mentioned events did not occur.

5.8 Indicating results of changes in economic structure of the unit including economic units merge, taking over or sale of capital group entities, long-term investments, division, restructuring, abandoning the activity.

The above-mentioned events did not occur.

5.9 Information regarding changes in secondary liabilities or secondary assets, which appeared since the end of last accounting year.

Detailed information about the above-mentioned subject is contained in financial statements in off-balance sheet liabilities standing.

6. In accordance with § 98 Government Order from 21 March 2005 (Dz. U. No.49, pos.463) regarding current and interperiod information transmission by securities issuers, Echo Investment S.A. Management Board transmits supplementary to quarterly financial statement information, comprising quarterly report.**6.1. Description of issuer's successes and failures.**

In the first quarter of 2005 Capital Group and its activity was focused on their basic business activity.

Accomplishment of initialized investments was continued namely: shopping centre in Grunwaldzki Arcade in Wroclaw, Mondrian House apartment building and housing estate Inflancka in Warsaw and Male Naramowice in Poznan. All the building works were conducted according to the schedule.

On 17 January 2005 dependent entity- Project Echo-33 Sp. z.o.o. with office in Kielce, ul. Zagnanska 25, signed preliminary lease contract with M-Investment Sp. z.o.o. with office in Warsaw (ITI Group). On the strength of the signed preliminary contract Project Echo-33 Sp.z.o.o. is obliged to lease commercial surface multi-screen cinema in shopping-entertainment centre in Grunwaldzki Arcade in Wroclaw. Concluding final contract was conditioned by obtaining building permit by Echo Investment S.A. up to 31.12.2005. Preliminary contract has been signed for 10 years, but at the same time both companies expressed willingness to sign another one for 5 years after this one loses validity. Planned remuneration in lease period will not exceed 10% of Echo Investment S.A. equity (as at 30.09.2004).

Planned multiscreen cinema will have 11 screens for 2600 viewers.

Finishing standards will be much higher than in most modern chain multiplex cinema, opened at the beginning of 2004 in Szczecin Galaxy Centre- object also accomplished by Echo Investment S.A. Similarly to all chain object realized so far, Wroclaw multiplex will also offer its viewers complete range of free time entertainment including; best films, ceremonial first nights as well as special events, concerts or cultural events.

6.2. Factors and events, especially untypical ones, influencing achieved financial results.

Financial results of the first quarter of the year were greatly influenced by the sale of seven shopping centres in Plock, Olkusz, Pila, Simianowice-Bytkow, Swietochowice, Tczew and Zamosc, All of them were developed by 'Echo' shopping centres buildings. Net value of the transaction amounted to 249,063 thousand PLN. As assessed according to the fair value(based on MSR no.40) presented in the report, value of the sold properties at the end of the year equalled 186,435 thousand PLN thus the profit on sale was 62,628 thousand PLN, which greatly influenced presented here statement.

Indirect purchaser of the above mentioned property is i Meinl European Ltd. commercial real estate investment fund. The sale of 7 shopping centres proves professional structure of our objects, their chief assets and possibilities of development. Simultaneously started building site in Wroclaw and soon to start shopping centres in Lomza and Kielce, office building in Poznan perfectly supplement commercial surface portfolio, raising standards and modernity of our offer.

In Echo Investment S.A. management board's opinion the decision of selling 7 centres will positively influence further capital group's development. Type of our activity requires constant investments in new projects in various sectors of real estate market thus raised financial means will be used for currently being accomplished as well as future investments.

6.3. Selected financial data, containing basic standings of condensed financial statement (also converted into Euro)

Selected financial data.	In thous. PLN		In thous. EURO	
	1st quarter period from 01.01.2005 to 31.03.2005	1st quarter period from 01.01.2004 to 31.03.2004	1st quarter period from 01.01.2005 to 31.03.2005	1st quarter period from 01.01.2004 to 31.03.2004
I. Operating revenues	57 179	72 856	14 240	15 198
II. Profit before taxation with incomes/expenses accounted for	93 400	63 214	23 261	13 187
III. Gross profit (loss)	75 121	47 441	18 709	9 896
IV. Net profit towards dominating entity shareholders	59 007	37 591	14 696	7 842
V. Net cash-flow on operating activity	104 636	10 514	26 059	2 193
VI. Net cash-flow on investment activity	233 056	(4 476)	58 042	(934)
VII. Net cash-flow on financial activity	(57 633)	(4 854)	(14 353)	(1 013)
VIII. Net cash-flow total	280 059	1 184	69 748	247
IX. Assets total	1 966 055	1 815 754	481 440	382 626
X. Equity	760 582	709 020	186 248	149 409
XI. Long-term liabilities	790 357	873 047	193 539	183 974
XII. Short-term liabilities	415 116	233 687	101 652	49 244
XIII. Share units	10 500 000	10 500 000	10 500 000	10 500 000
XIV. Profit (loss) per one ordinary share	4,74	5,61	1,16	1,18
XV. Diluted profit (loss) per ordinary share (in PLN/ EUR)	4,74	5,61	1,16	1,18

6.4. Management Board position regarding possible implementation of previously published anticipated this year's results as presented in quarterly report with respect to anticipated results.

Echo Investment S.A. Management Board did not publish any financial forecasts either towards dominating entity or the capital group.

6.5. Indication of shareholders holding directly or indirectly at least 5% of the total number of votes at the general issuer's meeting on quarterly report reporting day with number of shares held by them, their percentage share in capital stock, resulting number of votes, percentage share in total number of shares at general meeting and indicating changes in Issuer's assets since quarterly report submission.

Shareholders who hold directly or indirectly through subordinates at least 5% of the total number of votes at the general Echo Investment S.A. meeting were:

Shareholder	Share units	Echo Investment S.A. capital stock in %	Number of Echo Investment S.A. votes at (WZA-Shareholders' General Meeting)	%of the total number of Echo Investment S.A. votes at GSM
Michał Sołowow (directly and indirectly)	3.964.134	37,75%	3.964.134	37,75%
OFE ING Nationale – Nederlanden Poland	1.040.000	9,90%	1.040.000	9,90%
Artur Kłoczko	766.069	7,30%	766.069	7,30%
Commercial Union PTE	542.340	5,17%	542.340	5,17%

In correspondence to recently given information about main shareholders contained in previous quarterly report there has been one change. On 4 April 2005 Commercial Union PTE BPH CU WBK S.A. with its office in Warsaw notified about issuer's equity. Commercial Union PTE BPH CU WBK S.A. informs that for 30 March 2005 Commercial Union OFE BPH CU WBK held 542.340 Echo Investment S.A. shares comprising 5,7% of shareholders' capital giving 542,340 votes at WZA comprising 5,17% of the total number of votes at Echo Investment S.A. General Shareholders' Meeting.

6.5. Statement of changes in issuer's equity or entitlement to them (options) by managing or supervising bodies, in accordance with held by the issuer information since previous quarterly report submission day.

According to held by issuer information there were no changes in issuer's equity or entitlement to them by managing or supervising bodies since previous quarterly report submission day. In the company there is no managing options programme.

Issuer's equity or entitlement to them (options) by managing or supervising bodies as at 16 May 2005 are presented in the chart below:

Management	as at 1 March 2005	as at 16 May 2005
Andrzej Majcher – the President of the Board	197.520 shares	197.520 shares
Jarosław Grodzki – the vice-president of the Board	No shares	No shares
Piotr Gromniak - Member of the Board	No shares	No shares
Supervising Body		
Wojciech Ciesielski – President of the Supervisory Board	36.000 shares	36 000 shares
Mariusz Waniółka – Vice-President of the Supervisory Board	-	No shares
Mariusz Gromek - Member of the Supervisory Board	-	No shares
Artur Kłoczko – Member of the Supervisory Board	766.069 shares	766 069 shares
Robert Oskard - Member of the Supervisory Board	-	No shares
Karol Żbikowski - Member of the Supervisory Board	-	No shares

6.7. Information about legal proceedings.

Since 1 January 2005 till 31 March 2005 there were no legal or public administration proceedings regarding Echo Investment S.A. Capital Group as well as subsidiaries liabilities or receivables, which comprised at least 10% of Echo Investment S.A. Capital Group equity.

6.8. Information about subsidiaries transactions.

Since 1 January 2005 till 31 March 2005 neither Echo Investment S.A. nor any subsidiary concluded any transaction that would be untypical or diverging from market terms comprising at least 10% of Echo Investment S.A. Capital Group equity.

6.9. Information about given guarantees.

Since 1 January 2005 till 31 March 2005 Echo Investment S.A. Capital Group neither gave a credit or loan guarantee nor any other guarantee comprising at least 10% of Echo Investment S.A. Capital Group.

6.10. Indication of factors which will influence results within the next quarter of the year.

Within the next quarter of the year Echo Investment S.A. Capital Group results will be influenced by: systematic lease income, lease and sale of currently accomplished commercial and housing investments. Situation on financial market as well.

7. Quarter of a year unit financial statement on day prepared for period of three months which ended on 31 March 2005.

7.1. Echo Investment quarter of a year unit balance Sheet (in thou. PLN).

Bilans	on 2005.03.31	on 2005.12.31	on 2005.03.31
ASSETS			
1. Fixed assets			
1.1. Intangible and legal assets	51	65	29
1.2. Tangible fixed assets	49 109	46 593	34 664
1.3. Long-term receivables	2 577	2 601	-
1.4. Real estate investments	15 362	53 686	101 491
1.5. Long-term financial assets	250 130	247 177	231 756
1.6. Assets due to deferred income tax	5 883	5 660	3 642
	323 112	355 782	371 582
2. Current assets			
2.1. Inventories	227 828	214 146	147 668
2.2. Short -term receivables, including	106 961	122 812	85 101
2.2.1. on taxes	-	702	2 295
2.3. Short-term financial assets, including	187 085	109 304	18 232
2.3.1. Loans to associate entities	96 986	95 551	12 015
2.3.2. Cash and other cash assets	89 656	13 304	5 377
	521 874	446 262	251 001
Assets total	844 986	802 044	622 583
Liabilities			
1. Equity			
1.1. Share capital	21 000	21 000	21 000
1.2. Reserve capital	281 147	281 147	270 354
1.3. Undivided profit from previous years	12 665	8 204	18 997
1.4. Net profit from current year	10 800	4 461	4 498
	325 612	314 812	314 849
2. Liabilities			
2.1. Long-term liability			
2.1.1. Deferred income tax reserve	13 742	15 511	13 006
2.1.2. Long-term liabilities, including	249 693	233 582	173 412
2.1.2.1. financial liabilities, including	249 693	233 582	173 412
2.1.2.1.1. towards associate entities	123 193	122 082	134 859
	263 435	249 093	186 418
2.2. Short-term liabilities			
2.2.1. Short-term reserves	9 241	7 743	5 156
2.2.2. Short-term reserves, including	246 698	230 396	116 160
2.2.2.1. financial liabilities, including	128 740	128 713	27 246
2.2.2.1.1. towards associate entities	5 602	4 616	-
2.2.2.2. liabilities due to taxes	7 282	-	-
	255 939	238 139	121 316
Liabilities total	844 986	802 044	622 583

Off-balance sheet liabilities	on 2005.03.31	on 2004.12.31
Contingent payables		
Contingent liabilities	83 955	32 962
Other	3 559	3 736
Off-balance sheet standings total	87 514	36 698

7.2. Echo investment S.A quarter of a year unit profit and loss statement (in thousand PLN).

	1st quarter from 2005.01.01 to 2005.03.31	1st quarter from 2004.01.01 to 2004.03.31
Operating revenues	22 253	51 754
Operating expenses	(11 910)	(42 487)
Gross profit on sale	10 343	9 267
Profit from real estate investments	29 420	-
Revaluation of real estate value	(1 752)	(1 579)
Selling expenses	(2 830)	(2 922)
General and administrative expenses	-	2 080
Other operating revenues/expenses	(14 189)	(1 302)
Income before taxation with financial incomes/expenditures accounted for	20 992	5 544
Financial revenues	1 361	5 666
Financial expenses	(5 560)	(5 633)
Including exchange rate differences	(558)	(49)
Gross profit	16 793	5 577
Income tax	(5 993)	(1 079)
Net profit	10 800	4 498
Net profit (annualised)	10 763	14 298
Average weighted number of ordinary shares	10 500 000	10 500 000
Profit per one ordinary share (in PLN)	1,03	1,36
Average weighted diluted profit per ordinary share (in PLN)	10 500 000	10 500 000
Rozwodniony zysk na jedną akcję zwykłą (w zł)	1,03	1,36

7.3. Echo Investment S.A. change in equity statement (in thousand PLN).

	Share capital	Reserve capital	Profit from previous years	Net profit during period	Capital total
Prepared for 1 January 2004	21 000	270 355	10 792	-	302 147
Accepted changes in accounting policy	-	-	8 204	-	8 204
Prepared for 1 January 2004 in comparison to corresponding data	21 000	270 355	18 996	-	310 351
Changes during the period:					
Net result during the period	-	-	-	4 498	4 498
Changes total	-	-	-	4 498	4 498
Prepared for 31 March 2004	21 000	270 355	18 996	4 498	314 849
Prepared for 1 January 2005	21 000	281 147	7 544	-	309 691
Accepted changes in accounting policy	-	-	5 121	-	5 121

Echo Investment S.A. Capital Group	SA-QS 1Q-2005				thous. PLN
Prepared for 1 January 2005 in comparison to corresponding data	21 000	281 147	12 665	-	314 812
Changes during the period:					
Net result during the period	-	-	-	10 800	10 800
Changes total	-	-	-	10 800	10 800
Prepared for 31 March 2005	21 000	281 147	12 665	10 800	325 612

7.4. Echo Investment S.A mid-year cash-flow unit statement.

	1st quarter from 2005.01.01 to 2005.03.31	1st quarter from 2004.01.01 to 2004.03.31
Cash-flow on operating activity (indirect method)		
I. Net (loss) profit	10 800	4 498
II. Corrections:		
1. Participapion in (profit) loss of subsidiaries accounted for under the equity method	-	-
2. Depreciaiton	506	861
3. (Profit) loss due to exchange rate differences	-	-
4. Intrests and participation in profits (dividends)	6 130	201
5. (Profit) loss on investment activity	(29 421)	(5 155)
6. Change in reserves	(271)	(584)
7. Change in inventories	(13 681)	7 211
8. Change in liabilities	15 824	38 924
9. Change in short-term liabilities except for loans and credits	23 609	(25 469)
10. Change in interperiod settlements	285	654
11. Other corrections	(4)	-
	2 977	16 643
Net cash-flow on operating activity	13 777	21 141
Cash-flow on investment activity		
I. Incomes		
1. Sale of intangible and legal assets and tangible fixed assets	15	335
2. Sale of investments in real estate property and tangible and legal assets	67 903	-
3. On financial assets	384	80 402
4. Other investment incomes	(120)	10
	68 182	80 747
II. Expenses		
1. Purchase of intangible and legal assets and tangible fixed assets	(3 029)	(703)
2. Investment in real estate property and intangible and legal assets	-	-
3. On financial assets	(3 558)	(5 371)
4. Other investment expenses	-	-
	(6 587)	(6 074)
Net cash-flow on investment activity	61 595	74 673

Cash-flow on financial activity**I. Incomes**

1. Net income on issuing share and other capital instruments and additional capital contributions	-	-
2. Credits and loans	3 763	64 483
3. Issue of debt securities	34 522	60 195
4. Other financial incomes	-	-
	38 285	124 678

II. Expenditures

1. Purchase of own shares	-	-
2. Dividends and other payments towards owners	-	-
3. Other than payments towards owners expenditures due to distribution of profits	-	-
4. Repayment of credits and loans	(4 973)	(108 625)
5. Redemption of debt securities	(25 000)	(107 600)
6. Intrests	(7 332)	(2 312)
	(37 305)	(218 537)

Net cash-flow on financial activity**980 (93 859)**

Net cash-flow total	76 352	1 955
Balance change of cash:	76 352	1 955
-including the change of cash due to exchange rate differences	-	-
Cash at the beginning of period	13 304	3 422
Cash at the end of period	89 656	5 377
-including restricted cash	-	-

Signitures:**Management Board:**

Andrzej Majcher The President of the Board

Jarosław Grodzki Vice-president of the Board

Piotr Gromniak Member of the Board

General-ledger book-keeper:

Tomasz Sułek Chief book-keeper