

## **Echo Investment S.A. Capital Group**

Mid-year condensed consolidated financial statement  
as on and for a period of nine months expiring on September 30, 2005

*Kielce, November 14, 2005*

**1. Condensed consolidated balance sheet, in thousands PLN**

	balance as on 2005.09.30	balance as on 2004.12.31	balance as on 2004.09.30
<b>Assets</b>			
<b>1. Fixed assets</b>			
1.1. Intangible assets	63	66	48
1.2. Goodwill of subsidiaries	-	(571)	(3 423)
1.3. Non-current assets	288 201	214 148	188 368
1.4. Long-term receivables	-	-	-
1.5. Investment immovable property	1 276 615	1 306 300	1 331 477
1.6. Long-term financial assets	20 355	21 086	63 756
1.7. Assets on account of deferred income tax	18 766	20 594	9 748
	<b>1 604 000</b>	<b>1 561 623</b>	<b>1 589 974</b>
<b>2. Current assets</b>			
2.1. Inventories	153 977	218 524	218 359
2.2. Short-term receivables, including	21 035	31 479	42 282
2.2.1. Receivables on account of taxes	10 405	16 240	19 935
2.3. Short-term financial assets, including:	240 036	77 459	66 949
2.3.1. Cash and cash equivalents	238 514	73 610	60 261
	<b>415 048</b>	<b>327 462</b>	<b>327 590</b>
<b>Assets total</b>	<b>2 019 048</b>	<b>1 889 085</b>	<b>1 917 564</b>
<b>Liabilities</b>			
<b>1. Equity Capital</b>			
1.1. Equity capital allocated to shareholders of the dominant company	901 328	723 157	731 902
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Reserve capital	349 025	319 084	329 286
1.1.3. Profit (loss) carried forward	353 702	355 636	345 299
1.1.4. Profit (loss) of the accounting year	177 601	27 437	36 317
1.2. Minority capitals	1 550	1 531	(447)
	<b>902 878</b>	<b>724 688</b>	<b>731 455</b>
<b>2. Liabilities</b>			
2.1. Long-term liabilities	827 865	858 557	933 047
2.1.1. Long-term reserves	159	159	1 172
2.1.2. Provision on account of deferred income tax	123 918	112 887	99 769
2.1.3. Long-term liabilities, including	703 788	745 511	832 106
2.1.3.1. Financial liabilities	665 040	688 624	774 898
2.2. Short-term liabilities	288 305	305 840	253 062
2.2.1. Short-term reserves	23 776	41 502	17 316
2.2.2. Short-term liabilities, including	264 529	264 338	235 746
2.2.2.1. Financial liabilities	133 034	177 763	158 371
2.2.2.2. Liabilities on account of taxes	5 351	4 232	5 614
	<b>1 116 170</b>	<b>1 164 397</b>	<b>1 186 109</b>
<b>Liabilities total</b>	<b>2 019 048</b>	<b>1 889 085</b>	<b>1 917 564</b>
	balance as on 2005.09.30	balance as on 2004.12.31	balance as on 2004.09.30

Book value	901 328	723 157	731 902
Number of shares	10 500 000	10 500 000	10 500 000
Book value per one share (in PLN)	85,84	68,87	69,70
Diluted number of shares	10 500 000	10 500 000	10 500 000
Diluted book value per one share (in PLN)	85,84	68,87	69,70

**NON-BALANCE ITEMS PLN k**

1. Non-balance receivables			
2. Non-balance liabilities	40 352	21 665	26 562

**2. Condensed consolidated profit and loss account, in thousands PLN**

	3 <sup>rd</sup> quarter the period from 2005.07.01 to 2005.09.30	3 quarters the period from 2005.01.01 to 2005.09.30	3 <sup>rd</sup> quarter the period from 2004.07.01 to 2004.09.30	3 quarters the period from 2004.01.01 to 2004.09.30
Operating income	86 794	199 021	84 560	245 703
Operating costs	(40 911)	(79 106)	(47 633)	(121 295)
<b>Gross profit (loss) on sales</b>	<b>45 883</b>	<b>119 915</b>	<b>36 927</b>	<b>124 408</b>
Profit (loss) on sales of real property	-	65 907	-	-
Revaluation of real property	73 972	90 960	(51 113)	(57 344)
Costs of sales	(2 332)	(6 405)	(1 273)	(4 674)
Overheads	(4 617)	(19 020)	(5 852)	(18 684)
Other operating income and costs	(2 216)	10 684	(1 946)	(15 054)
<b>Profit before tax and financial income/costs</b>	<b>110 690</b>	<b>262 041</b>	<b>(23 257)</b>	<b>28 652</b>
Financial income	6 339	9 975	4 405	6 433
Financial costs	(25 212)	(48 378)	(16 374)	(38 613)
Foreign exchange gains/losses	12 205	5 215	28 069	52 589
Revaluation of goodwill of subsidiaries	(3 300)	(6 373)	(1)	(910)
Shares in profits of associated companies	-	(7)	477	(340)
<b>Gross profit (loss)</b>	<b>100 722</b>	<b>222 473</b>	<b>(6 681)</b>	<b>47 811</b>
Income tax	(19 637)	(44 850)	79	(11 993)
<b>Net profit (loss)</b>	<b>81 085</b>	<b>177 623</b>	<b>(6 602)</b>	<b>35 818</b>
1. Profit (loss) allocated to minority shareholders	-	22	(507)	(499)
2. Profit (loss) allocated to shareholders of the dominant company	81 085	177 601	(6 095)	36 317
Net profit (loss) (annualized)		168 721		42 596
Weighted average number of ordinary shares		10 500 000		10 500 000
Profit (loss) per one ordinary share (in PLN)		16,07		4,06
Weighted average diluted number of ordinary shares		10 500 000		10 500 000
Diluted profit (loss) per one ordinary share (in PLN)		16,07		4,06

**3. Condensed statement of changes in consolidated equity capital in thousands PLN**

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the accounting year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
<b>For 3 quarters (current year), period from 2005.01.01 to 2005.09.30</b>							
Balance at the beginning of the period	21 000	319 084	383 073	-	723 157	1 531	724 688
Changes in applied accounting principles (policy)	-	-	570	-	570	-	570
Corrections of basic errors					-		-
<b>Balance at the beginning of the period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>319 084</b>	<b>383 643</b>	<b>-</b>	<b>723 727</b>	<b>1 531</b>	<b>725 258</b>
Distribution of profit/loss carried forward	-	29 941	(29 941)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(3)	(3)
Net profit (loss) of the current period	-	-	-	177 601	177 601	22	177 623
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>349 025</b>	<b>353 702</b>	<b>177 601</b>	<b>901 328</b>	<b>1 550</b>	<b>902 878</b>
<b>For 3 quarters (previous year), period from 2004.01.01 to 2004.09.30</b>							
Balance at the beginning of the period	21 000	294 469	24 548	-	340 017	177	340 194
Changes in applied accounting principles (policy)	-	-	355 636	-	355 636	-	355 636
Corrections of basic errors	-	-	-	-	-	-	-
<b>Balance at the beginning of the period, after reconciliation to comparable data</b>	<b>21 000</b>	<b>294 469</b>	<b>380 184</b>	<b>-</b>	<b>695 653</b>	<b>177</b>	<b>695 830</b>
Distribution of profit/loss carried forward	-	34 885	(34 885)	-	-	-	-
Revaluation of real property	-	(68)	-	-	(68)	-	(68)
Changes in minority shares	-	-	-	-	-	(125)	(125)
Net profit (loss) of the current period	-	-	-	36 317	36 317	(499)	35 818
<b>Balance at the end of the period</b>	<b>21 000</b>	<b>329 286</b>	<b>345 299</b>	<b>36 317</b>	<b>731 902</b>	<b>(447)</b>	<b>731 455</b>

#### 4. Condensed consolidated cash flow account, in thousands PLN

	3 quarters the period from 2005.01.01 to 2005.09.30	3 quarters the period from 2004.01.01 to 2004.09.30
<b>A. Cash flows on operating activity – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>177 623</b>	<b>35 818</b>
<b>II. Adjustments total</b>		
1. Share of associated companies in net (profit) loss	7	340
2. Depreciation of fixed assets	4 631	3 471
3. Revaluation of goodwill	6 373	912
4. Foreign exchange gains/losses	(3 576)	(68 587)
5. Interest and shares in profits (dividends)	26 016	33 488
6. (Profit) loss on investment activity	(134 822)	54 161
7. Change in reserves	3 246	19 052
8. Change in inventories	(40 109)	(51 465)
9. Change in receivables	25 154	6 695
10. Change in short-term liabilities, except for loans and credits	29 351	5 529
11. Change in accruals	(3 901)	6 758

12. Other adjustments	(4)	-
	<b>(87 634)</b>	<b>10 354</b>
<b>III. Net cash flows from operating activity (I+/-II)</b>	<b>89 989</b>	<b>46 172</b>
<b>B. Cash flows on investment activity</b>		
<b>I. Income</b>		
1. Sales of intangible assets and fixed assets	35	1 090
2. Sales of investments in real property and in intangible assets	251 896	-
3. From financial assets	13 076	19 978
4. Other income from investments	-	-
	<b>265 007</b>	<b>21 068</b>
<b>II. Expenditure</b>		
1. Acquisition of intangible assets and fixed assets	(5 190)	-
2. Investments in real property and in intangible assets	(75 512)	(167 765)
3. On financial assets	-	-
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditure	(230)	-
	<b>(80 932)</b>	<b>(167 765)</b>
<b>III. Net cash flows on investment activity (I-II)</b>	<b>184 075</b>	<b>(146 697)</b>
<b>C. Cash flows on financial activity</b>		
<b>I. Income</b>		
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credits	172 184	302 692
3. Issue of debenture bonds	58 676	233 399
4. Other financial income	-	-
	<b>230 860</b>	<b>536 091</b>
<b>II. Expenditure</b>		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	(232 383)	(169 028)
5. Redemption of debenture bonds	(60 000)	(209 200)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	(365)	(365)
8. Interest	(41 224)	(45 087)
9. Other financial expenses	(3)	-
	<b>(333 975)</b>	<b>(423 680)</b>
<b>III. Net cash flows on financial activity (I-II)</b>	<b>(103 115)</b>	<b>112 411</b>
<b>D. Net cash flows total (A.III+/-B.III+/-C.III)</b>	<b>170 949</b>	<b>11 886</b>
<b>E. Difference in cash balances, including:</b>	<b>164 904</b>	<b>11 886</b>
- change in cash balance on account of exchange rate gain/loss	(6 045)	-
<b>F. Cash at the beginning of period</b>	<b>73 610</b>	<b>48 375</b>
<b>G. Cash at the end of period (F+/-D), including:</b>	<b>238 514</b>	<b>60 261</b>
- with limited disposability	-	-

## 5. Additional information to condensed consolidated report

## 5.1 Basic information.

Echo Investment S.A. (hereinafter 'the Company'), previously operating under the name of 'Echo Press' Sp. z o.o. , was registered in Kielce on July 23, 1992. The registered office of the Company is located in Kielce at 27 Zagnańska Street.

The main range of operation of Echo Investment S.A. Capital Group (hereinafter 'the Capital Group') consists in execution of facilities for rent and for sale.

The Capital Group performs its operations in the territory of Poland.

The presented statement refers to nine months' period expiring on September 30, 2005, with comparative data referring to nine months' period expiring on September 30, 2004. The statement is expressed in thousands Polish zlotys.

Shares of Echo Investment S.A., which is the dominant company, are quoted on the Warsaw Stock Exchange.

## 5.2 Principles applied during preparation of the quarterly report.

The consolidated statement of Echo Investment S.A. for the three quarters of the year 2005 has been prepared in accordance with the International Financial Reporting Standards. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the financial result were applied as on the balance day.

The management of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for three quarters of the year 2005. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

Key principles of assets and liabilities valuation and determination of financial result:

- Intangible assets are valuated according to acquisition prices and their balance values are reduced by depreciation and write-offs due to permanent loss in value.
- Goodwill of subsidiaries results from the presence of a difference between company acquisition cost and fair value of identifiable items of assets and liabilities of wholly and partially owned subsidiaries and associated companies. This difference is calculated as on the date of acquisition of a given company. Goodwill is analyzed for loss of value at least once a year.
- Fixed assets are recorded according to acquisition prices. They are disclosed on summary accounts according to Fixed Assets Classification groups. Detailed records of fixed assets are also kept. Fixed assets are depreciated according to declining balance method and equally through tax rates. Fixed assets with acquisition prices lower than PLN 3.5 k are depreciated once in their full value under the date of purchase. For fixed assets that have permanently lost their economic usability, extraordinary depreciation write-offs are made. Fixed assets are interpreted as real property owned by the company (used for administrative purposes), machines and items of equipment, means of transport and other complete and usable items with an estimated life longer than one year. The following are particularly classified as fixed assets: furniture, fixed and mobile telephones, electronic equipment (computers, television sets, radio sets, VCRs, players), regardless of their prices. The financial statement presents net values of fixed assets, i.e. recorded values of available fixed assets reduced by depreciation write-offs and write-offs due to permanent loss in value.
- Fixed assets under construction are valuated according to acquisition prices and production costs. This item includes costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditure on execution of buildings (mainly foreign services) and relevant financial costs.
- Investments in real property are such investments that are considered a source of income from lease rent and ones maintained with regard to an expected increase in their value. Real property is valuated in fair value. The difference resulting from change in fair value is reflected in the profit and loss account for a given period.
- Shares in other companies and other investments classified among fixed assets are valuated according to acquisition prices reduced by write-offs on account of permanent loss in value.

- Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.
  - The following are disclosed under inventories: semi-finished products and work in process, finished products and advances on deliveries. Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs but not higher than expected net sales price. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'.
  - Receivables are disclosed in the balance sheet as amounts due, with due caution. Revaluation write-offs for receivables are made according to the following criteria:
    - for receivables aged over one year – for full value of receivables,
    - for receivables aged over six months but not longer than one year – 50% of the value of receivables.In justified individual cases, individual principles of calculating revaluation write-offs can be applied.

The receivables also include discount on short-term and long-term debenture bonds to be settled in the following accounting period, calculated and not aged interest on deposits valued as amounts due.
  - Short-term investments are valued according to acquisition prices, accounting for write-offs due to permanent loss in value. Cash and cash equivalents include assets in the form of domestic monies, foreign currency and financial instruments, as well as other financial assets, particularly interest on loans granted if it falls due within 3 months from the report date. The same definition of cash applies to the cash flow statement.
  - The following items are created on account of deferred tax: assets on account of deferred income tax and provision for income tax. These items are valued according to their justified estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.
  - According to the adopted principle, reserves for leave payments are not established. Such potential reserves would have no significant impact on the presented financial statement. At the point of occurrence they would be booked on a cash basis.
  - Share capital and reserve capital is valued in its nominal value.
  - The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the amount brought forward.
  - Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will result in the necessity of expensing funds that form economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of executed investment projects, costs of bonuses, cash equivalents for holidays not used by employees and audit costs that have not been incurred but which fall on the current period, as well as for expected losses to be yielded in future periods.
  - Liabilities are disclosed in the balance sheet as payable amounts. Liabilities include in particular not aged interest on bank loans, booked according to the accruals method. The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced.
  - Accrued income and costs are disclosed in their nominal value.
  - Foreign currencies are valued as on the balance day, applying average exchange rates of the National Bank of Poland applicable as on the balance day.
  - Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the calculation method.
- a) With regard to long-term contracts, financial result is affected by estimated income on the basis of progress of investment execution as on the balance day in conformity with the principles according to IAS No. 11 'Construction Contracts'. Progress of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. Revenues of the current period are established in the same proportion towards total estimated revenues. Own costs of sales of production consisting in execution of building contracts is disclosed according to the progress of investment execution.

- b) The costs of production of products sold include yielded costs pertaining to the revenues of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
  - c) The cost of sale is valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
    - profitability level according to the sales contract, or average (calculated) profitability level assumed by the company;
    - percentage share of such items as: sold area of land, sold shares, etc. (according to average prices). Own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
  - d) The following items are also classified as costs:
    - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
    - yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
    - profits and losses on sale of securities,
    - all financial income receivable by the company,
    - yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated as overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The amount of activated financial costs corresponding to the latter item is calculated proportionally. It is divided among specific inventory projects according to structure of expenses reduced by advances.
    - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

### **5.3 Results of change in applied accounting principles (conversion of financial statements for the preceding periods), with description.**

The comparable financial statements of the Capital Group have been converted in accordance with IFRS no. 1. Valuation of real property in fair value according to IAS no. 40 had the most significant impact on the comparable statements. The Capital Group valued its real property mainly on the basis of available valuations prepared by independent experts (mostly for purposes of crediting banks). As a result of valuation of real property, equity capital of the Capital Group as at the end of the year 2004 increased by PLN 349,884 k.

In view of changing market conditions (changes in discount rates), real property can be valued again, which will affect the future financial results of the Capital Group.



Data for 3 quarters of the year 2004:

- Financial result
  - according to PAS    PLN 23,956 k
  - according to IAS    PLN 36,317 k
  - difference    PLN 12,361 k, where
    - (39.775) - Difference from valuation of real property (in fair value)
    - 54.334 - Withdrawal of valuation of a derivative integrated in lease contracts
    - 657 - Valuation of foreign currency liabilities
    - (2.891) - Deferred income tax on the above mentioned items
    - 36 - Deferred income tax on depreciation of premises in the Bemowo district
- Profit/loss carried forward:
  - according to PAS    PLN (10,337) k
  - according to IAS    PLN 345,299 k
  - difference    PLN 355,636 k, where
    - 497.072 - Difference from valuation of real property (in fair value)
    - (53.610) - Withdrawal of valuation of a derivative integrated in lease contracts
    - (657) - Valuation of foreign currency liabilities
    - (84.133) - Deferred income tax on the above mentioned items
    - (3.036) - Deferred income tax on investment tax credits for premises in the Bemowo district
- Equity capital allocated to shareholders of the dominant company:
  - according to PAS    PLN 363,905 k
  - according to IAS    PLN 731,902 k
  - difference    PLN 367,997 k, where
    - 355.636 - Profit/loss carried forward
    - 12.361 - Net result in the financial year
- Non-current assets:
  - according to PAS    PLN 1,064,465 k
  - according to IAS    PLN 188,368 k
  - difference    PLN (876,097) k - Withdrawal of fixed assets for lease
- Investment in real estate
  - according to PAS    PLN 0 k
  - according to IAS    PLN 1,331,477 k
  - difference    PLN 1,331,477 k - Disclosure of fixed assets for lease (according to their fair value)
- Other long-term investments
  - according to PAS    PLN 19,648 k
  - according to IAS    PLN 0 k
  - difference    PLN (19,648) k - Withdrawal of valuation of a derivative integrated in lease contracts
- Assets on account of deferred income tax
  - according to PAS    PLN 9,886 k
  - according to IAS    PLN 9,748 k
  - difference    PLN (138) k - Occurrence of transitional differences in income tax
- Provision for income tax
  - according to PAS    PLN 9,882 k
  - according to IAS    PLN 99,769 k
  - difference    PLN 89,887 k - Occurrence of transitional differences in income tax
- Other long-term liabilities
  - according to PAS    PLN 20,372 k
  - according to IAS    PLN 0 k
  - difference    PLN (20,372) k - Withdrawal of valuation of a derivative integrated in lease contracts

Data for the year 2004:

- Financial result
  - according to PAS    PLN 34,686 k
  - according to IAS    PLN 27,437 k
  - difference    PLN 7,249 k, where
    - (114,688) - Difference from valuation of real property (in fair value)
    - 106.871 - Withdrawal of valuation of a derivative integrated in lease contracts
    - (1.192) - Valuation of foreign currency liabilities
    - 1.712 - Deferred income tax on the above mentioned items
    - 48 - Deferred income tax on depreciation of premises in the Bemowo district
- Profit/loss carried forward:
  - according to PAS    PLN 0 k
  - according to IAS    PLN 355,636 k
  - difference    PLN 355,636 k, where
    - 497.072 - Difference from valuation of real property (in fair value)
    - (53.610) - Withdrawal of valuation of a derivative integrated in lease contracts
    - (657) - Valuation of foreign currency liabilities
    - (84.133) - Deferred income tax on the above mentioned items
    - (3.036) - Deferred income tax on investment tax credits for premises in the Bemowo district
- Equity capital allocated to shareholders of the dominant company:
  - according to PAS    PLN 374,770 k
  - according to IAS    PLN 723,157 k
  - difference    PLN 348,386 k, where
    - 355.636 - Profit/loss carried forward
    - (7.249) - Net result in the financial year
- Investment in real estate
  - according to PAS    PLN 975,926 k
  - according to IAS    PLN 1,306,300 k
  - difference    PLN 330,374 k - Difference from valuation of real property (in fair value)
- Other long-term investments
  - according to PAS    PLN 5,174 k
  - according to IAS    PLN 0 k
  - difference    PLN (5,174) k - Withdrawal of valuation of a derivative integrated in lease contracts
- Provision for income tax
  - according to PAS    PLN 27,126 k
  - according to IAS    PLN 112,887 k
  - difference    PLN 85,761 k - Occurrence of transitional differences in income tax
- Long-term financial liabilities
  - according to PAS    PLN 745,212 k
  - according to IAS    PLN 688,624 k
  - difference    PLN 56,588 k, where
    - 1.848 - Valuation of foreign currency liabilities
    - (58.436) - Withdrawal of valuation of a derivative integrated in lease contracts

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have

been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific construction facility, followed by provisions of lease services of already completed property components or other services.

The 'Echo Investment' S.A. Capital Group consists of 49 wholly and partially owned subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- „Athina Park” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Bioelektrownia Hydropol - 4” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Centrum Handlowe PHS” Spółka Akcyjna [Joint Stock Company], having its registered office in Szczecin,
- „Echo Bau” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo – Centrum Bankowości I Finansów Łódź” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo – Centrum Biznesu Łódź” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo – Pasaż Grunwaldzki” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo ACC” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Centrum Ślichowice” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Gdynia” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Bełchatów” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Jelenia Góra” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Łomża” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Olkusz” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Pabianice” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Piła” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Piotrków Trybunalski” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Przemyśl” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Radom” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Rzeszów” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Siemianowice Śląskie” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Świętochłowice” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Tarnów” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Tczew” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowe Zamość” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowo – Usługowo – Rozrywkowe Gliwice” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowo – Rozrywkowe Kielce” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Echo Investment – Centrum Handlowo – Rozrywkowe Szczecin” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Est On Property Management” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Hotel Investment” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Kieleckie Centrum Handlowo – Rozrywkowe Echo” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,

- „Malta Office Park” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „MDP” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Piomot Auto” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Princess Boryszewska” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Princess Investment” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Project 3” Spółka z o.o. [Limited Liability Company], having its registered office in Warsaw,
- „Projekt – Echo 17” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 30” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 32” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 34” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 36” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 37” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt – Echo 39” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt Naramowice” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Projekt S” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „WAN 11” Spółka z o.o. [Limited Liability Company], having its registered office in Warsaw,
- „Wyględów” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce,
- „Zakłady Ogrodnicze Naramowice” Spółka z o.o. [Limited Liability Company], having its registered office in Poznań,

Companies valued according to ownership rights method:

- „SPC” Spółka Akcyjna [Joint Stock Company], having its registered office in Warsaw,
- „W.A. Hotele” Spółka z o.o. [Limited Liability Company], having its registered office in Warsaw
- „WAN Invest” Spółka z o.o. [Limited Liability Company], having its registered office in Warsaw
- „Projekt Echo – 23” Spółka z o.o. [Limited Liability Company], having its registered office in Kielce.

All wholly and partially owned subsidiaries and affiliated companies are covered by the range of consolidation. The dominant company owns 100% of basic capital, directly or indirectly, in all fully consolidated subsidiaries. In partially owned subsidiaries, the dominant Company is the owner of the following respective shares:

- ‘WAN 11’ Sp. z o.o. [Co., Ltd.] – 50% of basic capital and 50% of voting rights at the general meeting.
- ‘Projekt S’ Sp. z o.o. [Co., Ltd.] – 56% of basic capital and 56% of voting rights at the general meeting.

Capital relationships within the Capital Group concern the following:

- a) „Piomot – Auto” Sp. z o.o. [Co., Ltd.], which owns 15.88% of the basic capital of „Echo – Centrum Piotrków Trybunalski” Sp. z o.o. [Co. Ltd.];
- b) „Zakłady Ogrodnicze Naramowice” Sp. z o.o. [Co. Ltd.], which owns 99,8% of the basic capital of „Projekt Naramowice” Sp. z o.o. [Co. Ltd.];
- c) „Echo Investment – Centrum Handlowo – Rozrywkowe Kielce” Sp. z o.o. [‘Echo Investment – Commercial and Entertainment Center of Kielce, Co. Ltd.], which owns:
  - 99.99% of the basic capital of „Kieleckie Centrum Handlowo – Rozrywkowe Echo” Sp. z o.o. [Echo Commercial and Entertainment Center of Kielce, Co. Ltd.];
  - 100% of the basic capital of „Princess Boryszewska” Sp. z o.o. [Co. Ltd.]
- d) „Projekt – Echo 17” Sp. z o.o. [Co. Ltd.], which owns the following respective shares in basic capitals of the following companies:
  - 1.00% of the capital of „Wyględów” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 36” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 37” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 39” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Project 3” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Echo ACC” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 30” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 32” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Echo – Pasaż Grunwaldzki” Sp. z o.o. [‘Echo – Grunwaldzki Arcade, Co. Ltd.]
  - 1.00% of the capital of „Projekt – Echo 34” Sp. z o.o. [Co. Ltd.]
  - 1.00% of the capital of „Est On Property Management” Sp. z o.o. [Co. Ltd.];
  - 0.05% of the capital of „Hotel Investment” Sp. z o.o. [Co. Ltd.]
  - 0.03% of the capital of „Malta Office Park” Sp. z o.o. [Co. Ltd.]
  - 0.02% of the capital of „Echo Centrum Ślichowice” Sp. z o.o. [‘Echo Ślichowice Center Co. Ltd.]
  - 0.02% of the capital of „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Business Center Łódź Co. Ltd.];

- 0.02% of the capital of „Projekt Naramowice” Sp. z o.o. [Co. Ltd.];
- 0.01% of the capital of „Echo Investment – Centrum Handlowe Tczew” Sp. z o.o. [‘Echo Investment – Tczew Shopping Center’ Co. Ltd.];
- 0.01% of the capital of „Echo Investment – Centrum Handlowe Piła” Sp. z o.o. [‘Echo Investment – Piła Shopping Center’ Co. Ltd.];
- 0.01% of the capital of „Echo Investment – Centrum Handlowe Zamość” Sp. z o.o. [‘Echo Investment – Zamość Shopping Center’ Co. Ltd.];
- 0.01% of the capital of „Echo Investment – Centrum Handlowo – Rozrywkowe Gliwice” Sp. z o.o. [‘Echo Investment – Gliwice Shopping and Entertainment Center’ Co. Ltd.];
- 0.009% of the capital of „Echo Investment – Centrum Handlowe Siemianowice Śląskie” Sp. z o.o. [‘Echo Investment – Siemianowice Śląskie Shopping Center’ Co. Ltd.];
- 0.008% of the capital of „Athina Park” Sp. z o.o. [Co. Ltd.];
- 0.007% of the capital of „Echo Investment – Centrum Handlowe Łomża” Sp. z o.o. [‘Echo Investment – Łomża Shopping Center’ Co. Ltd.];
- 0.006% of the capital of „Echo Investment – Centrum Handlowe Bełchatów” Sp. z o.o. [‘Echo Investment – Bełchatów Shopping Center’ Co. Ltd.];
- 0.006% of the capital of „Echo Investment – Centrum Handlowe Rzeszów” Sp. z o.o. [‘Echo Investment – Rzeszów Shopping Center’ Co. Ltd.];
- 0.005% of the capital of „Echo Investment – Centrum Handlowe Olkusz” Sp. z o.o. [‘Echo Investment – Olkusz Shopping Center’ Co. Ltd.];
- 0.005% of the capital of „Echo Investment – Centrum Gdynia” Sp. z o.o. [‘Echo Investment – Gdynia Center’ Co. Ltd.];
- 0.004% of the capital of „Echo Investment – Centrum Handlowe Radom” Sp. z o.o. [‘Echo Investment – Radom Shopping Center’ Co. Ltd.];
- 0.004% of the capital of „MDP” Sp. z o.o. [Co. Ltd.];
- 0.004% of the capital of „Echo Investment – Centrum Handlowe Tarnów” Sp. z o.o. [‘Echo Investment – Tarnów Shopping Center’ Co. Ltd.];
- 0.002% of the capital of „Echo Investment – Centrum Handlowo – Rozrywkowe Kielce” Sp. z o.o. [‘Echo Investment Commercial and Entertainment Center of Kielce’ Co. Ltd.];
- 0.001% of the capital of „Echo Investment – Centrum Handlowo – Rozrywkowe Szczecin” Sp. z o.o. [‘Echo Investment Commercial and Entertainment Center of Szczecin’ Co. Ltd.]

Other shares in the above mentioned companies are held by ‘Echo Investment’ S.A.

## 5.5 Explanations concerning seasonal or cyclical quality of the issuer’s activity during the presented period.

The operations of Echo Investment S.A. capital group cover numerous segments of the real estate market. Therefore, seasonality or cyclicity of yielded income or results is highly diversified. Consolidated income on sales is to a significant extent generated from lease of commercial surfaces (shopping centers, offices) and supplemented by other types of activity: sale of apartments, general contractor’s services, real estate management and turnover, other minor ranges of activity. The available portfolio of assets for lease, systematic execution and sale of residential project, along with other ranges of activity ensure comparable incomes in each quarter. The Management Board cannot exclude other singular events that can affect the results yielded in a given period.

## 5.6 Information about issuance, redemption and repayment of debt and capital securities.

Apart from own funds and loans, the current operations of the capital group are also financed through issuance of debt financial instruments. The dominant company – Echo Investment S.A. – is currently implementing active programs of issuance of long-term (bonds, commercial bills of exchange) and short-term financial instruments (bonds). Detailed information about issuance, redemption and repayment of such instruments is contained in the enclosed cash flow statement.

**5.7 Information about paid (or declared) dividend, total and per one share, divided into ordinary and preference shares.**

The dominant company – Echo Investment S.A. – did not pay any dividend in the previous years nor declare payment of such in the nearest future.

**5.8 Specification of events occurring after the condensed quarterly financial statement date, not disclosed in the statement but capable of significantly affecting future financial results of the issuer.**

Such events did not occur

## **5.9 Specification of results of changes in the structure of the business entity, including ones resulting from mergers, takeover or sale of capital group companies, long-term investments, division, restructuring or discontinuation of operations.**

Such events did not occur

## **5.10 Information about changes in conditional liabilities or conditional assets that occurred after the end of the last financial year.**

Detailed information about the above issue is contained in financial statements, in the statement of non-balance liabilities. Selected financial data including the basic items of condensed financial statement (also converted to Euro).

## **5.11 Description of the issuer's significant achievements or failures**

During the 3rd quarter of the year 2005, the operations of capital group companies were focused on continuation of basic activity in all current segments of the real estate market:

### **Hotels**

All Group projects in the hospitality industry are executed in cooperation with international hotel chains: Accor, Envergure, Qubus. Hotels executed by the Group operate in several Polish cities (Warsaw, Cracow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice). The Group's long experience and recognized partners provide good grounds for its further operations in this sector.

During the third quarter of the year 2005, the company continued realization, designing and preparation of subsequent hotels. Execution of four-star Qubus Hotel in Cracow (196 rooms, 12,000 square meters of usable area) was continued. In August, realization of a three-star hotel situated in the very center of Kielce (90 rooms, 3,550 square meters of usable area) began. The Cracow and Kielce hotels are being built for Qubus Hotel, owner of a network of three- and four-star hotels in Poland, which signed a rental agreement with Echo Investment S.A. for 25 years.

### **Offices**

In the office investments segment, Echo Investment S.A. Capital Group has completed facilities for lease in the largest cities in Poland: Warsaw, Łódź, Cracow and Szczecin. The Group is executing new investments and acquiring projects already functioning in the market. Its offer covers office buildings of various standards, including top class.

Although this market segment is highly competitive, the group's projects ensure stable income from long-term lease contracts due to location and appropriate standards.

Office areas are leased to such recognized companies as Philips Polska Sp. z o.o. BRE Bank S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Bank PeKaO S.A., Provident Polska S.A., Deutsche Leasing S.A., Impel S.A., Porr Polska S.A., Modzelewski & Rodek Sp. z o.o., Roche Diagnostic Polska Sp. z o.o. and others.

During the third quarter of the year 2005, the process of delivering to the lessees office space in the 'Athina Park' in Warsaw, Wybrzeże Gdyńskie Street, was completed. Usable area of the project exceeds 15,000 square meters. During the same period, finishing and adaptation works were carried out in the office building situated in Postępu Street in Warsaw (usable area over 25,000 square meters). This building with a two-storey parking lot was leased entirely.

The process of designing and preparing execution of the 'Malta Office Park' office complex in Poznań was also carried out (usable area exceeding 25,000 square meters). At the same time, recommercialization of two office buildings in Łódź was implemented, in which the company provides the lessees with over 17,000 square meters of high standard air-conditioned space with an underground parking lot. The above mentioned buildings have been leased in 100%, which does not imply ceasing the actions concerned with increasing the value of these facilities through optimization of the structure of lessees and lease conditions.

Office projects are financed in cooperation with Eurohypo A.G., Bank PeKaO S.A., ING Bank Śląski S.A.

### Shopping centers

Shopping centers built by the Group operate in more than ten larger cities in Poland.

Domestic and international shopping chains, as well as local companies are lessees of commercial areas in these buildings, i.e. clients of the shopping centers. Key lessees of commercial facilities include: Carrefour, Tesco, Geant, Ahold, Champion, Nomi, Multikino, Silver Screen, ITI Neovision, RTV Euro AGD, Empik, Douglas, Supermarkety Drogerijne Rossman Sp. z o.o.

The stability of the market of shopping areas is due to high demand, possibility of adapting to the requirements of specific clients and high diversification of industries.

The third quarter of the year 2005 shows continuation of intense works on the execution of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław (total area exceeding 130,000 square meters). At the same time, works were performed on preparing execution and commercialization of shopping centers in Kielce (approximate total area 22,000 square meters) and in Łomża (approximate total area 18,000 square meters). At the end of the third quarter, the index of leased area in the Łomża and Kielce centers equaled 55.8% and 74.2%, respectively.

Construction of shopping and entertainment centers is financed in cooperation with Eurohypo A.G., Bank BPH S.A., Bank PeKaO S.A., Kredyt Bank S.A. and ING Bank Śląski S.A.

The operations of Capital Group companies will focus on execution of new projects, followed by a consequent increase of the portfolio of commercial areas for lease.

### Apartments

In the residential segment, Echo Investment S.A. Capital Group is active in the largest cities in Poland, implementing a number of projects, from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

During the third quarter of the year 2005, works were continued on the execution of residential investments in Warsaw (2<sup>nd</sup> stage of the Inflancka Housing Estate), Poznań (2<sup>nd</sup> stage of the Małe Naramowice Housing Estate) and Cracow (Dom pod Pegazem – Pegasus House)]. Execution of two apartment buildings was completed: Mondrian House in Warsaw and 4 Pory Roku [The Four Seasons] in Cracow. Both projects have been put into use. Designing works on the 2<sup>nd</sup> stage of investment in Zwycięzców Street in Warsaw were resumed and preparation to the subsequent stage of the Małe Naramowice Housing Estate in Poznań began.

The high rate of sales, which is due to such factors as increased interest in modern apartments among foreign investors, was maintained.

Demand for flats and apartments keeps increasing and investment perspectives in the housing market are optimistic, particularly in large cities. At present, the Company's projects are realized in the following markets: Warsaw, Cracow and Poznań. Echo Investment S.A. has its stable offer of sale of apartments in various price ranges in each of these markets. The Company intends to maintain the current level of investment in this segment in the future.

## 5.12 Factors and events, particularly ones that are extraordinary in nature, having a significant impact on the achieved financial results.

During the first three quarters of the year, the achieved financial results was significantly affected by the completed transaction of sale of seven shopping centers in Płock, Olkusz, Piła, Siemianowice – Bytków, Świętochłowice, Tczew, Zamość, with 'Echo' shopping center buildings. The net value of the transaction is PLN 249,063,000 (read: two hundred and forty-nine million sixty-three thousand zlotys). The total recorded value of sold assets, according to the consolidated financial report published after the 4<sup>th</sup> quarter of the year 2004, equaled PLN 147,444 k.

The intermediary buyer is Meinl European Land Ltd., a fund investing in commercial property. The sale of 7 shopping centers indicates professional functioning of our buildings, their advantages and development potential. The commenced construction of Pasaż Grunwaldzki in Wrocław and soon after that – of shopping centers in Łomża and Kielce will perfectly supplement the portfolio of commercial areas with simultaneous improvement in quality and innovativeness of our offer. From the point of view of Echo Investment S.A., the decision about selling the selected shopping centers will favorably affect further development of the capital group. The unique quality of our operations requires continuous investments in new projects in various segments of the real



estate market. Therefore, the Management Board of Echo Investment S.A. intends to assign the funds gained on this transaction to investments in the course of execution and ones planned in the future.

During the 3rd quarter of the year 2005, revaluation of real property owned by the Capital Group had a significant impact on the financial result.

### 5.13 Selected financial data

	PLN k		EURO k	
	3 quarters accrued - the period from 2005.01.01 to 2005.09.30	3 quarters accrued - the period from 2004.01.01 to 2004.09.30	3 quarters accrued - the period from 2005.01.01 to 2005.09.30	3 quarters accrued - the period from 2004.01.01 to 2004.09.30
I. Operating income	199 021	245 703	49 040	51 934
II. Profit before tax and financial income/costs	262 041	28 652	64 569	6 056
III. Gross profit (loss)	222 473	47 811	54 819	10 106
IV. Net profit (loss)	177 601	36 317	43 762	7 676
V. Net cash flows on operating activity	89 989	46 172	22 174	9 759
VI. Net cash flows on investment activity	184 075	(146 697)	45 358	(31 007)
VII. Net cash flows on financial activity	(103 115)	112 411	(25 408)	23 760
VIII. Net cash flows total	170 949	11 886	42 123	2 512
IX. Assets total	2 019 048	1 917 564	515 510	437 480
X. Equity capital	902 878	731 455	230 526	166 877
XI. Long-term liabilities	827 865	933 047	211 373	212 869
XII. Short-term liabilities	288 305	253 062	73 611	57 735
XIII. Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	16,07	4,06	4,10	0,93
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	16,07	4,06	4,10	0,93

#### 5.14 Ownership structure of significant packs of the issuer's shares.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on November 14, 2005:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	3.964.134	37,75%	3.964.134	37,75%
OFE ING Nationale – Nederlanden Polska	1.040.000	9,90%	1.040.000	9,90%
Artur Kłoczko	676.069	6,44%	676.069	6,44%
OFE PZU Złota Jesień PTE	544.125	5,18%	544.125	5,18%
Commercial Union PTE	542.340	5,17%	542.340	5,17%

During the period following submission of the previous quarterly report, a change occurred in ownership structure of significant packs of shares – Mr. Artur Kłoczko sold 90,000 shares and he now owns 676,069 shares.

#### 5.15 Statement of changes in the ownership status of the issuer's shares or options by persons managing and supervising the issuer, according to information available to the issuer, during the period following presentation of the previous quarterly report.

According to information available to the issuer, changes in the ownership status of the issuer's shares or options by persons managing and supervising the issuer during the period following presentation of the previous quarterly report are presented in the table below:

Managers	balance as on August 16, 2005	balance as on November 14, 2005
Andrzej Majcher – President of the Management Board	197.520 shares	197.520 shares
Jarosław Grodzki – Vice-President of the Management Board	did not hold any shares	did not hold any shares
Piotr Gromniak – Member of the Management Board	did not hold any shares	did not hold any shares
Artur Langner – Member of the Management Board	did not hold any shares	did not hold any shares
<b>Supervisors</b>		
Wojciech Ciesielski – Chairman of the Supervisory Board	36 000 shares	36 000 shares
Mariusz Waniółka – Deputy Chairman of the Supervisory Board	did not hold any shares	did not hold any shares
Mariusz Gromek – Member of the Supervisory Board	did not hold any shares	did not hold any shares
Artur Kłoczko – Member of the Supervisory Board	766 069 shares	676 069 shares

Robert Oskard - Member of the Supervisory Board	did not hold any shares	did not hold any shares
Karol Żbikowski - Member of the Supervisory Board	did not hold any shares	did not hold any shares

#### **5.16 Information about court proceedings**

During the period from January 1, 2005 to September 30, 2005, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. Capital Group or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A. Capital Group.

#### **5.17 Opinion of the management board concerning the possibilities of realizing the previously published estimations of results for a given year in view of the results presented in the quarterly report compared to estimated results.**

The Management Board of Echo Investment S.A. did not publish any financial estimations referring to the dominant entity or to the capital group.

#### **5.18 Information about transactions with affiliated companies**

During the period from January 1, 2005 to September 30, 2005, neither Echo Investment S.A. nor its subsidiaries entered into any transaction with affiliated companies that would be considered extraordinary or differing from market conditions and whose value would exceed the PLN equivalent of EUR 500,000.

#### **5.19 Information about granted guarantees**

During the period from January 1, 2005 to September 30, 2005 Echo Investment SA Capital Group did not grant any loan or credit collaterals or any guarantees whose total value would equal at least 10% of equity capitals of Echo Investment S.A. Capital Group.

#### **5.20 Specification of factors that, according to the issuer, shall affect its results in the perspective of at least the nearest quarter of a year.**

The following factors shall affect financial results achieved by Echo Investment S.A. Capital Group during the forthcoming periods: regular income from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments. Other important aspects shall include the situation in the financial market and general economic trends in Poland.

## 6. Mid-year individual financial statement, in thousands PLN, as on and for a period of nine months expiring on September 30, 2005

Condensed Balance Sheet	balance as on September 30, 2005	balance as on December 31, 2004	balance as on September 30, 2004
<b>Assets</b>			
<b>1. Fixed assets</b>			
1.1. Intangible assets	60	65	46
1.2. Non-current assets	49 838	46 594	37 926
1.3. Long-term investments	242 248	300 865	375 421
1.3.1. Investment immovable property	13 239	53 686	54 996
1.3.2. Long-term financial assets	229 008	247 179	320 425
1.4. Assets on account of deferred income tax	11 598	5 659	5 267
	<b>303 744</b>	<b>353 183</b>	<b>418 660</b>
<b>2. Current assets</b>			
2.1. Inventories	250 037	214 147	213 619
2.2. Short-term receivables, including	106 106	122 325	125 867
2.2.1. receivables on account of taxes	1 953	9 341	8 276
2.3. Short-term financial investments, including:	49 683	95 996	19 099
2.3.1. loans granted to affiliated companies	45 869	95 550	18 012
2.4. cash and cash equivalents	72 807	13 304	750
2.5. Short-term accruals	218	-	-
	<b>478 851</b>	<b>445 772</b>	<b>359 335</b>
<b>Assets total</b>	<b>782 595</b>	<b>798 955</b>	<b>777 995</b>
<b>Liabilities</b>			
<b>1. Equity capital</b>			
1.1. Initial capital	21 000	21 000	21 000
1.2. Reserve capital	288 690	281 147	281 147
1.3. Profit carried forward	5 121	8 204	8 204
1.4. Net profit of the current year	7 925	4 460	4 959
	<b>322 736</b>	<b>314 811</b>	<b>315 310</b>
<b>2. Liabilities</b>			
<b>2.1. Long-term liabilities</b>			
2.1.1. Provision for deferred income tax	13 937	15 511	14 599
2.1.2. Long-term liabilities, including	224 092	230 982	254 969
2.1.2.1. financial liabilities, including	224 092	230 982	254 969
2.1.2.1.1. from associated companies	104 869	122 082	62 812
	<b>238 029</b>	<b>246 493</b>	<b>269 568</b>
<b>2.2. Short-term liabilities</b>			
2.2.1. Short-term reserves	11 406	7 743	8 052
2.2.2. Short-term liabilities, including	210 424	229 908	185 065
2.2.2.1. financial liabilities, including	102 334	128 713	117 790
2.2.2.1.1. from associated companies	5 544	4 616	4
2.2.2.2. liabilities on account of taxes	211	-	488
	<b>221 830</b>	<b>237 651</b>	<b>193 117</b>
<b>Liabilities total</b>	<b>782 595</b>	<b>798 955</b>	<b>777 995</b>

<i>Book value</i>	322 736	314 811	315 310
<i>Number of shares</i>	10 500 000	10 500 000	10 500 000
<i>Book value per one share (in PLN)</i>	30,74	29,98	30,03

<b>Non-balance liabilities</b>	<b>balance as on September 30, 2005</b>	<b>balance as on December 31, 2004</b>	<b>balance as on September 30, 2004</b>
Conditional receivables	-		-
Conditional liabilities	37 795	32 962	103 428
Other	3 547	3 736	7 915
<b>Non-balance items total</b>	<b>41 342</b>	<b>36 698</b>	<b>111 344</b>

<b>Condensed profit and loss account</b>	<b>Three months' period expiring on September 30, 2005</b>	<b>Nine months' period expiring on September 30, 2005</b>	<b>Three months' period expiring on September 30, 2004</b>	<b>Nine months' period expiring on September 30, 2004</b>
Operating income	55 566	99 388	49 655	161 331
Operating costs	(35 095)	(61 875)	(43 139)	(123 352)
<b>Gross profit on sales</b>	<b>20 471</b>	<b>37 513</b>	<b>6 516</b>	<b>37 979</b>
Profit on sales of investment real property	198	29 853	127	157
Costs of sales	(416)	(1 770)	(2 366)	(2 430)
Overheads	(2 008)	(5 592)	(1 275)	(4 681)
Change in fair value	(3 426)	(8 692)	(2 899)	(9 353)
Other operating income / costs	(2 046)	(16 310)	1 800	(6 782)
<b>Profit from operating activity</b>	<b>12 773</b>	<b>35 002</b>	<b>1 903</b>	<b>14 890</b>
Financial income	2 903	22 568	2 289	9 747
Financial costs	(14 752)	(46 551)	(4 567)	(18 730)
including on account of foreign exchange gains/losses	(2 254)	(3 595)	225	250
<b>Gross profit</b>	<b>924</b>	<b>11 019</b>	<b>(375)</b>	<b>5 907</b>
Income tax	(254)	(3 094)	290	(948)
<b>Net profit</b>	<b>670</b>	<b>7 925</b>	<b>(85)</b>	<b>4 959</b>
Net profit (annualized)		7 426		13 794
Weighted average number of ordinary shares		10 500 000		10 500 000
Profit per one ordinary share (in PLN)		0,71		1,31
Weighted average diluted number of ordinary shares		10 500 000		10 500 000
Diluted profit per one ordinary share (in PLN)		0,71		1,31

Condensed statement of changes in equity capital	Initial capital	Reserve capital	Profit brought forward	Net profit during the period	Capitals total
<b>Balance as on January 1, 2004</b>	<b>21 000</b>	<b>270 355</b>	<b>10 792</b>	<b>-</b>	<b>302 147</b>
changes in the applied accounting principles related to the conversion to IAS	-	-	8 204	-	8 204
Balance as on January 1, 2004, after reconciliation to comparable data	21 000	270 355	18 996	-	310 351
Changes during the period:					
Distribution of profits	-	10 792	(10 792)	-	-
Net result during the period	-	-	-	4 959	4 959
Changes total	-	10 792	(10 792)	4 959	4 959
<b>Balance as on 30.09.04</b>	<b>21 000</b>	<b>281 147</b>	<b>8 204</b>	<b>4 959</b>	<b>315 310</b>
<b>Balance as on 01.01.05</b>	<b>21 000</b>	<b>281 147</b>	<b>12 664</b>	<b>-</b>	<b>314 811</b>
Balance as on 01.01.05, after reconciliation to comparable data	21 000	281 147	12 664	-	314 811
Changes during the period:					
Distribution of profits	-	7 543	(7 543)	-	-
Net result during the period	-	-	-	7 925	7 925
Changes total	-	7 543	(7 543)	7 925	7 925
<b>Balance as on 30.09.05</b>	<b>21 000</b>	<b>288 690</b>	<b>5 121</b>	<b>7 925</b>	<b>322 736</b>

Condensed cash flow statement	Nine months' period expiring on 30.09.05	Nine months' period expiring on September 30, 2004
<b>Cash flows on operating activity – indirect method</b>		
<b>I. Net profit (loss)</b>	<b>7 925</b>	<b>4 959</b>
<b>II. Adjustments:</b>		
1. Shares in net (profit) loss of subsidiaries valued according to ownership rights method	-	-
2. Depreciation	1 943	2 217
3. Foreign exchange gains/losses	3 613	-
4. Interest and shares in profits (dividends)	1 001	10 297
5. Current income tax in the profit and loss account	10 608	839
6. Income tax paid	(9 695)	1 336
7. (Profit) loss on investment activity	(7 489)	(825)
8. Change in reserves	2 089	3 904
9. Change in inventories	(36 180)	(60 803)
10. Change in receivables	15 844	(5 284)
11. Change in short-term liabilities, except for loans and credits	22 524	(47 060)
12. Change in accruals	(4 833)	3 630
13. Other adjustments	(4)	40 069
<b>Net cash flows on operating activity</b>	<b>7 346</b>	<b>(46 721)</b>

**Cash flows on investment activity****I. Income**

1. Sales of intangible assets and fixed assets	22	911
2. Sales of investments in real property and in intangible assets	69 151	-
3. From financial assets	66 779	107 947
4. Other income from investments	-	-
	<b>135 952</b>	<b>108 858</b>

**II. Expenditure**

1. Acquisition of intangible assets and fixed assets	(5 190)	(1 788)
2. Investments in real property and in intangible assets	(339)	-
3. On financial assets	(5 662)	(123 264)
4. Other investment expenditure	(230)	-
	<b>(11 421)</b>	<b>(125 052)</b>

**Net cash flows on investment activity**

	<b>124 531</b>	<b>(16 194)</b>
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**Cash flows on financial activity****I. Income**

1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credits	18 601	4 510
3. Issue of debenture bonds	58 676	288 426
4. Other financial income	-	-
	<b>77 277</b>	<b>292 936</b>

**II. Expenditure**

1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	(67 528)	(7 522)
5. Redemption of debenture bonds	(60 000)	(209 200)
6. Interest	(18 510)	(15 971)
	<b>(146 038)</b>	<b>(232 693)</b>

**Net cash flows on financial activity**

	<b>(68 761)</b>	<b>60 243</b>
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**Net cash flows total**

	<b>63 116</b>	<b>(2 672)</b>
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## Difference in cash balances, including:

	59 503	(2 672)
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- change in cash balance on account of exchange rate gain/loss

	(3 613)	-
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**Cash at the beginning of period**

	<b>13 304</b>	<b>3 422</b>
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**Cash at the end of period, including:**

	<b>72 807</b>	<b>750</b>
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- with limited disposability

	-	-
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**Management Board:****Person in charge of keeping books of accounts:**