

ECHO INVESTMENT S.A.

FINANCIAL STATEMENT  
FOR THE PERIOD  
FROM JANUARY 1, 2005  
TO JUNE 30, 2005

## Introduction

1. The basic range of activity of the company registered under the company name of 'Echo Investment' Spółka Akcyjna [Joint Stock Company], having its head office in Kielce, Poland (address: 25-528 Kielce, ul. Zagnańska 27), recorded in the National Court Register under number 0000007025, District Court in Kielce, 10<sup>th</sup> Economic Department of the National Court Register – according to Polish Classification of Activity – covers services related to real property – PKD code 70, industry according to the regulated market – construction industry. Duration of the company - unlimited.
2. Echo Investment S.A. prepares a consolidated financial statement. The dominant company of Echo Investment S.A., which prepares the consolidated financial statement, is Magellan Pro – Equity Fund I S.A. (address: 25-528 Kielce, ul. Zagnańska 27). Ownership rights method applies to Echo shares. Consolidated statements of Magellan Pro – Equity Fund I S.A. are prepared at the end of each respective financial year and published in Monitor Polski B.
3. The statement presents individual financial data for the period from January 1 to June 30, 2005, as compared to the period from January 1 to June 30, 2004. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. The following persons are members of the Management Board of Echo Investment S.A.: Andrzej Majcher, President of the Management Board, Jarosław Grodzki, Vice-President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Mariusz Waniółka, deputy chairman, and members: Robert Oskard, Karol Żbikowski, Mariusz Gromek and Artur Kłoczko.
5. Neither the financial statement nor comparable financial data contains combined data, as there are no internal organizational units preparing individual financial statements within the structure of 'Echo Investment' S.A. No merger took place during the period covered by the statement.
6. The financial statement has been drawn up under the assumption of continuation of business operations by the company in foreseeable future and there are no circumstances indicating any risk for the continuation of operations.
7. Items disclosed in the report are determined in accordance with the following principles:

### 1. Intangible assets

Intangible assets are recognized if it is probable that they will bring economic advantages in the future that may be directly related to such assets. Initially, intangible assets are disclosed according to acquisition prices or production costs. After initial disclosure, intangible assets are valued according to acquisition prices or production cost, reduced by depreciation and write-offs due to permanent loss in value.

Records of intangible assets are kept according to analytic methods. The depreciation schedule applies rates determined in the regulation of the Minister of Finance as of January 17, 1997 on depreciation of fixed assets and intangible assets (Journal of Laws No. 6 item 35, as amended) and in the Act as of February 15, 1992 on corporate income tax (Journal of Laws of 1993, No. 106, item 482, as amended). The most significant item of intangible assets is computer software.

### 2. Non-current assets

Fixed assets are interpreted as real property owned by the company (not leased and not intended for trade), 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, items of electronic equipment, regardless of their prices.

Fixed assets are valued and disclosed in the statement according to acquisition prices or production cost, reduced by depreciation and write-offs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account, except for a situation where it is possible to prove that such costs resulted in an

increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

Fixed assets are booked 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 in other operating costs. Fixed assets include, among other items, the right to perpetual usufruct of land, which is depreciated equally during 95 years. Ownership rights of land are not depreciated.

The company has verified the value of available fixed assets. The values of fixed assets disclosed in the statement do not differ from their assumed costs.

### **3. Fixed assets under construction**

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 activated financial costs. After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use. Fixed assets under construction are valued according to acquisition prices or production costs.

### **4. Investment immovable property**

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company. Investment real property is initially disclosed according to acquisition price / production cost.

After initial disclosure as on the first balance day, investment real property is disclosed according to its fair value. Fair value is revaluated at least once every six months. Profits or losses resulting from change in fair value of investment real property is disclosed in the profit and loss account in the period of their occurrence.

Fair value is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is verified by independent property experts at least once a year.

Residential and garage property with values below PLN 1,000 k, due to minor difference between such valuation and valuation according to fair value, are valued according to production costs corrected by write-offs due to permanent loss in value.

### **5. Shares and stock**

Shares and stocks in other companies are valued according to acquisition prices, reduced by write-offs due to permanent loss in value. This item also covers the reserve from valuation of non-cash contribution, achieved up to December 31, 2000.

### **6. Inventories**

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods and advances on deliveries (mainly of land). Due to unique quality of operations, purchased land or right to perpetual usufruct of land is classified as work in process if the land is designed for development, or as goods if the land is designed for sale. Finished products include housing and service premises sold through final contracts.

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. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'. Then, inventories are valued according to lower of the following two values: acquisition price / production costs, determined according to the above mentioned methodology and achievable net value. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

### **7. Receivables**

Receivables are disclosed in the balance sheet as amounts due, with due caution. Receivables are valued accounting for probability of their payment through a revaluation write-off. Revaluation

write-offs for receivables are made at the end of each consecutive 6-month period and each consecutive year 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.

Receivables include output, but not aged interest from deposits, valued as amounts due.

## **8. Short-term investments**

Short-term investments, except for cash and financial instruments, are valued according to acquisition price or market value, whichever is lower. Short-term investments, except for cash and financial instruments, for which active market does not exist, are valued according to acquisition prices, accounting for write-offs due to permanent loss of value. The results of increases or decreases in the value of short-term investments valued according to market prices (values) are classified as financial income or costs, respectively.

Cash on bank accounts and on hand, short-term investments maintained up to their due dates and other financial assets (interest from granted loans if they fall due within 3 months from the statement date) are valued in nominal values.

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Foreign exchange gains / losses pertaining to cash in foreign currencies and operations of sale of foreign currencies are classified as financial costs or income, respectively. The same definition of cash applies to the cash flow statement.

## **9. Loans granted**

Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.

## **10. Deferred income tax**

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.

## **11. Equity capitals**

Share capital and reserve capital is valued in its nominal value. The differences between fair value of received payment and nominal value of shares are disclosed in reserve capital from sale of shares above their nominal value. The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's reserve capital to the amount of surplus of issue value over nominal value of shares, while their remaining part is classified under financial costs.

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 about brought forward.

## **12. Reserves**

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. Reserves for costs of bonuses are established pursuant to resolutions of the management board. Other reserves are established on the basis of resolutions of the management board or decisions of the chief accountant / deputy chief accountant.

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.

### **13. Liabilities**

Liabilities are disclosed in the balance sheet as payable amounts. Liabilities include in particular not aged interest from bank loans, booked according to the accruals method. Liabilities also include discount on short-term and long-term debt securities to be settled in the following accounting period, with a minus mark. The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced. Credits in foreign currencies are valued at least on each balance day according to the selling rate of the bank employed by the Company.

### **14. Methods of determining the financial result**

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) 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.

b) The cost of sales of products and services 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.

c) The following items are also classified as costs and income:

- 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).

- realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.

### **15. Cash flow statement**

Cash flow statement is prepared according to indirect method. Liabilities on account of arranged overdrafts are presented as debt on account of credits and not cash equivalent.

8. The data contained in the financial statement for the period from January 1 to June 30, 2005 is comparable to the data contained in the statement for the period from January 1 to June 30, 2004. The comparable financial statements have been converted according to the IFRS no. 1. See the description of results of changes in applied accounting principles below.

Key changes in comparable statements are presented in the tables below (in thousands PLN):

Balance sheet items	current period of 2004 according to IAS	current period of 2004 according to PAS	Difference (IAS – PAS)
<b>Assets</b>		-	
Non-current assets	35 556	121 089	(85 533)
Long-term investments	335 869	303 412	32 457
Real property	99 411	-	99 411
Long-term financial assets	236 458	303 412	(66 954)
in associated companies	235 613	302 567	(66 954)
Short-term accruals	-	1 458	(1 458)
<b>Liabilities</b>	-	-	-
Equity capital	310 351	302 147	8 204
Provisions for liabilities	18 747	7 846	10 901
Provision on account of deferred income tax	13 519	7 846	5 673
Other reserves	5 228		5 228
Short-term liabilities	200 094	147 017	53 077
To other companies	199 950	146 874	53 077
Accruals	-	126 717	(126 717)

Balance sheet items	1st half of 2004 according to IAS	1st half of 2004 according to PAS	Difference (IAS – PAS)
<b>Assets</b>		-	
Non-current assets	38 537	79 299	(40 762)
Long-term investments	385 560	397 128	(11 568)
Real property	55 387	-	55 387
Long-term financial assets	330 173	397 128	(66 955)
in associated companies	330 134	397 089	(66 955)
Other accruals	-	2 843	(2 843)
Short-term accruals	-	596	(596)
<b>Liabilities</b>	-	-	-
Equity capital	315 394	306 561	8 833
Profit (loss) carried forward	8 204	-	8 204
Net profit (loss)	5 043	4 413	629
Provisions for liabilities	24 505	13 406	11 099
Provision on account of deferred income tax	16 027	10 235	5 792
Other reserves	8 479	3 171	5 308
Long-term liabilities	250 241	253 084	(2 843)
Short-term liabilities	143 661	110 484	33 177
To other companies	138 162	104 985	33 177
Accruals	-	106 034	(106 034)

Balance sheet items	year 2004 according to IAS	year 2004 according to PAS	Difference (IAS – PAS)
<b>Assets</b>			
Non-current assets	46 594	46 404	190
Long-term investments	300 865	357 990	(57 125)
Real property	53 686	43 863	9 823
Long-term financial assets	247 178	314 127	(66 949)
in associated companies	247 155	314 104	(66 949)
Other accruals	0	2 601	(2 601)
Short-term accruals	0	488	(488)
<b>Liabilities</b>			
Equity capital	314 811	309 690	5 121
Profit (loss) carried forward	8 204	0	8 204
Net profit (loss)	4 460	7 543	(3 083)
Provision on account of deferred income tax	15 511	10 621	4 890
Long-term liabilities	230 982	233 582	(2 600)
Short-term liabilities	229 908	179 656	50 252
To other companies	225 225	174 973	50 252
Accruals	0	117 690	(117 690)

The following changes have been introduced in the comparable statements:

- the discount on account of bonds has been reclassified from accruals in assets to liabilities on account of issued securities, with minus sign,
- real property for lease has been reclassified from non-current assets to investments in real property and valued in fair value instead of net depreciated value, which on the other side affected the equity capital. The company valued its real property mainly on the basis on available historical evaluations by independent experts (mostly for purposes of crediting banks).
- the reserve from non-cash contribution valuation has been reclassified from accruals in liabilities to long-term financial assets in associated companies, with minus sign,
- advances have been reclassified from accruals in liabilities to short-term liabilities to other companies,
- reserves have been reclassified from accruals in liabilities to other reserves,
- the reserve for deferred tax due to tax deductions for apartments for lease, which on the other side affected the equity capital.

The table below presents reconciliation of capitals and financial result.

Reconciliation of capitals and financial result	current period of 2004 according to IAS	current period of 2004 according to PAS	Difference (IAS – PAS)
<b>Profit/loss carried forward</b>			
Net difference from valuation of real property (in fair value)	11 241	0	11 241
Deferred income tax on the investment relief	(3 037)	0	(3 037)
	<b>8 204</b>	<b>0</b>	<b>8 204</b>

  

Reconciliation of capitals and financial result	1st half of 2004 according to IAS	1st half of 2004 according to PAS	Difference (IAS – PAS)
<b>Financial result</b>			
Operating costs (change by depreciation of investments in real property)	(120 281)	(121 092)	811
Valuation of investments in real property	(64)	0	(64)
Deferred tax	(492)	(374)	(118)
<b>Net profit</b>	<b>5 042</b>	<b>4 413</b>	<b>629</b>
<b>Profit/loss carried forward</b>			
Net difference from valuation of real property (in fair value)	11 241	0	11 241
Deferred income tax on the investment relief	(3 037)	0	(3 037)
	<b>8 204</b>	<b>0</b>	<b>8 204</b>

  

Reconciliation of capitals and financial result	year 2004 according to IAS	year 2004 according to PAS	Difference (IAS – PAS)
<b>Financial result</b>			
Operating costs (change by depreciation of investments in real property)	(182 054)	(183 648)	1 594
Valuation of investments in real property	(5 460)		(5 460)
Deferred tax	(629)	(1 412)	783
<b>Net profit</b>	<b>4 460</b>	<b>7 543</b>	<b>(3 083)</b>
<b>Profit/loss carried forward</b>			
Net difference from valuation of real property (in fair value)	11 241	0	11 241
Deferred income tax on the investment relief	(3 037)	0	(3 037)
	<b>8 204</b>	<b>0</b>	<b>8 204</b>



## 9. Basic data converted to EURO:

Selected financial data	2005 mid-year PLN k	2005 mid-year EUR k	2004 mid-year PLN k	2004 mid-year EUR k
Operating income	43 822	10 739	111 676	23 604
Profit before tax and financial income/costs	22 229	5 448	12 988	2 745
Gross profit	10 095	2 474	6 282	1 328
Net profit	7 255	1 778	5 042	1 066
Net cash flows on operating activity	(2 023)	(496)	28 373	5 997
Net cash flows on investment activity	124 140	30 423	(29 144)	(6 160)
Net cash flows on financial activity	(41 769)	(10 236)	7 166	1 515
Net cash flows total	80 348	19 691	6 395	1 352
Assets total	815 621	201 881	733 801	161 552
Liabilities and provisions for liabilities	493 555	122 164	418 407	92 115
Long-term liabilities	239 890	59 377	250 241	55 092
Short-term liabilities	231 175	57 220	143 661	31 628
Equity capital	322 066	79 717	315 394	69 436
Initial capital	21 000	5 198	21 000	4 623
Number of shares (pcs.)	10 500 000	10 500 000	10 500 000	10 500 000
Profit per one ordinary share (in PLN / EUR)	0,64	0,16	1,21	0,26
Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,64	0,16	1,21	0,26
Wartość księgowa na jedną akcję (w zł / EUR)	30,67	7,59	30,04	6,61
Diluted book value per one share (in PLN/EUR)	30,67	7,59	30,04	6,61
Declared or paid dividend per one share (in PLN/EUR)	-	-	-	-

The conversion was made as follows:

- Assets and liabilities items in the balance sheet were converted according to the average exchange rate valid as on the balance day, i.e. as on June 30, 2005 1 EUR = PLN 4.0401, as on June 30, 2004 1 EUR = PLN 4.5422,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to June 30, 2005 were converted according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 4.0805. For the period from January 1 to June 30, 2004, the conversion was made according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 4.7311.

**Balance sheet**

	balance as on	Note	2005 half	2004 year	2004 half
<b>Assets</b>					
<b>1. Fixed assets</b>					
1.1. Intangible assets		1	38	65	41
1.2. Non-current assets		2	49 761	46 594	38 537
1.3. Long-term investments		3	246 208	300 865	385 560
1.3.1. Real property			13 955	53 686	55 387
1.3.2. Long-term financial investments			232 253	247 178	330 173
1.4. Assets on account of deferred income tax		4	9 044	5 659	6 314
			<b>305 051</b>	<b>353 183</b>	<b>430 452</b>
<b>2. Current assets</b>					
2.1. Inventories		5	256 842	214 146	162 162
2.2. Short-term receivables		6	112 137	122 324	111 563
2.3. Short-term financial investments		7	49 081	95 996	19 806
2.3.1. In associated companies			49 058	95 950	19 806
2.3.2. In other companies			23	46	-
2.4. Cash and cash equivalents		7	92 292	13 304	9 817
2.5. Short-term accruals			218	-	-
			<b>510 570</b>	<b>445 772</b>	<b>303 349</b>
<b>Assets total</b>			<b>815 621</b>	<b>798 955</b>	<b>733 801</b>
<b>Liabilities</b>					
<b>1. Equity capital</b>					
1.1. Initial capital		8	21 000	21 000	21 000
1.2. Reserve capital		9	288 690	281 147	281 147
1.3. Profit (loss) carried forward			5 121	8 204	8 204
1.4. Net profit (loss)			7 255	4 460	5 043
			<b>322 066</b>	<b>314 811</b>	<b>315 394</b>
<b>2. Liabilities</b>					
2.1. Long-term liabilities		10	254 226	246 493	266 267
2.1.1. Provision on account of deferred income tax		11	14 336	15 511	16 027
2.2. Short-term liabilities		12	239 329	237 650	152 139
2.2.1. To associated companies			4 697	4 678	5 440
2.2.2. To other companies			226 420	225 225	138 162
2.2.3. Special funds			58	5	58
2.2.4. Reserves			8 154	7 743	8 479
			<b>493 555</b>	<b>484 143</b>	<b>418 407</b>
<b>Liabilities total</b>			<b>815 621</b>	<b>798 955</b>	<b>733 801</b>
Book value			322 066	314 811	315 394
Number of shares			10 500 000	10 500 000	10 500 000
Book value per one share (in PLN)			30,67	29,98	30,04
Estimated number of shares			10 500 000	10 500 000	10 500 000
Diluted book value per one share (in PLN)			30,67	29,98	30,04

**Non-balance items**

	note	2005 half	2004 year	2004 half
<b>1. Conditional receivables</b>		-	-	-
<b>2. Conditional liabilities</b>	13			
2.1 To associated companies (on account of)		76 491	27 769	103 757
- granted guarantees and securities		76 491	27 769	103 757
2.2. To other companies (on account of)		5 224	5 193	1 416
- granted guarantees and securities		5 224	5 193	1 416
		<b>81 715</b>	<b>32 962</b>	<b>105 173</b>
<b>3. Other (on account of)</b>				
- purchase of land property in Radom		2 000	2 000	2 000
- agreement with NOMI S.A. as of June 1, 2001		802	810	902
- court proceedings against Echo Investment		700	926	
		<b>3 502</b>	<b>3 736</b>	<b>2 902</b>
<b>Total</b>		<b>85 217</b>	<b>36 697</b>	<b>108 075</b>

**Sureties and guarantees granted by 'Echo Investment' S.A.:**

1. Absolute surety towards the Municipal Office of Łódź for execution of liabilities of 'MDP' Sp. z o.o. concerning payment of annual fees for perpetual usufruct of land – total value due in the next 90 years is PLN 8,561 k.
2. Surety as of November 15, 2000 for liabilities of 'Echo - Centrum Bełchatów' Sp. z o.o. under a credit contract as of June 28, 2000, made with Bank Polska Kasa Spółka Akcyjna, concerning a facility for financing an investment project involving purchase and execution of a shopping center in Bełchatów, in the amount of PLN 740 k.
3. Guarantee on account of failure to execute or improper execution of construction works as of May 31, 2004 to Qubus Hotel System Sp. z o.o., granted by T.U. Allianz Polska S.A. The guarantee expires on May 31, 2006.
4. Bank guarantee of timely delivery of the subject of lease by 'WAN 11'As on June 30, 2005 the value of the guarantee is PLN 8,080 k. Sp. z o.o. to the Lessee, granted by BRE Bank S.A. for an amount of EUR 2,000 k. The guarantee shall expire on January 1, 2006.
5. Bank guarantee of good and timely performance of contract as of June 29, 2001 to BPH S.A., 1st Branch in Kielce, with reference to the Contract for Construction Works signed with 'Dipservice' and concerning a building in Warsaw, Wiśniowa Street, for an amount of PLN 534 k. The guarantee shall expire after signing the Post-Guarantee Acceptance Protocol of the Building.
6. Bank guarantee as of August 24, 2004 to Bank Polska Kasa Spółka Akcyjna for an amount of PLN 4,040 k, with reference to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities on account of possible contractual indemnity.
7. Absolute surety with Wan S.A. for liabilities under the credit contract of Wan 11 Sp zoo in favor of Eurohypo Aktengesellschaft up to the amount of EUR 48 m. As on June 30, 2005 the value of the surety is PLN 59,110 k. The surety remains valid until December 31, 2015, not longer however than to the point of presenting the lender with a valid entry of pledge and mortgage.

**Other non-balance liabilities:**

1. Liability in the form of a blank bill of exchange issued by 'Echo Investment' S.A. in favor of the Commune of Radom in the amount of PLN 2,000 k, as a guarantee of proper execution of investment in the real property purchased from the Commune of Radom,
2. Liability towards Nomi S.A. under the agreement as of June 1, 2001 of payment of an equivalent of EUR 198 k PLN 802 k. in case of commencing development of the real property situated in Rzeszów by Echo Investment S.A. or Echo - Centrum Rzeszów Sp. z o.o. and payment of 50% of profits gained on sale of the real property, exceeding EUR 397 k. As on June 30, 2005, the value of the liability is
3. On account of court proceedings against Echo Investment S.A. PLN 700 k. The Company did not establish a reserve on this account due to very high probability of achieving a judgment positive for the company.

**Profit and loss account**

	note	2005 half	2004 half
Operating income	14	43 822	111 676
Operating costs	15	26 780	80 212
<b>Gross profit (loss) on sales</b>		<b>17 042</b>	<b>31 464</b>
Profit (loss) on sales of real property		29 655	30
Revaluation of non-financial assets		(14 863)	(8 722)
Costs of sales		(3 584)	(3 406)
Overheads		(5 266)	(6 454)
Other operating income / costs	16	(755)	76
<b>Profit before tax and financial income/costs</b>		<b>22 229</b>	<b>12 988</b>
Financial income	17	19 665	7 458
Financial costs	18	(31 799)	(14 164)
<b>Gross profit</b>		<b>10 095</b>	<b>6 282</b>
Income tax	19	(2 840)	(1 240)
a) current portion		(7 398)	(748)
b) deferred portion		4 558	(492)
<b>Net profit</b>	20	<b>7 255</b>	<b>5 042</b>
Net profit (loss) (annualized)		6 671	12 705
Weighted average number of ordinary shares		10 500 000	10 500 000
Profit (loss) per one ordinary share (in PLN)		0,64	1,21
Weighted average diluted number of ordinary shares		10 500 000	10 500 000
Diluted profit (loss) per one ordinary share (in PLN)		0,64	1,21



**Cash flow statement**

	note	2005 half	2004 half
<b>Cash flows on operating activity – indirect method</b>			
<b>I. Net profit (loss)</b>		<b>7 255</b>	<b>5 043</b>
<b>II.</b>			
1. Shares in net (profit) loss of subsidiaries valuated according to ownership rights method		-	-
2. Depreciation		1 201	1 685
3. Foreign exchange gains/losses		1 360	-
4. Interest and shares in profits (dividends)		(3 084)	5 308
5. Current income tax in the profit and loss account		7 397	748
6. Income tax paid		(9 695)	1 336
7. (Profit) loss on investment activity		(10 221)	(3 112)
8. Change in reserves		(764)	5 757
9. Change in inventories		(42 988)	(7 283)
10. Change in receivables		12 423	9 455
11. Change in short-term liabilities, except for loans and credits		37 155	(32 720)
12. Change in accruals		(2 058)	2 087
13. Other adjustments	21	(4)	40 069
		<b>(9 278)</b>	<b>23 330</b>
<b>Net cash flows on operating activity</b>		<b>(2 023)</b>	<b>28 373</b>
<b>Cash flows on investment activity</b>			
<b>I. Income</b>			-
1. Sales of intangible assets and fixed assets		19	463
2. Sales of investments in real property and in intangible assets		68 690	-
3. From financial assets, including:		64 543	93 244
a) in associated companies		64 492	79 646
- sales of financial assets		-	-
- dividends and shares in profits		12 700	1 500
- repayment of granted loans		49 240	75 247
- interest		2 552	2 899
- other income from financial assets		-	-
b) in other companies		51	13 598
- sales of financial assets		51	13 598
- dividends and shares in profits		-	-
- repayment of granted loans		-	-
- interest		-	-
- other income from financial assets		-	-
4. Other income from investments		-	-
		<b>133 252</b>	<b>93 707</b>
<b>II.</b>			
1. Acquisition of intangible assets and fixed assets		4 336	1 628
2. Investments in real property and in intangible assets		339	-
3. On financial assets, including:		4 114	121 223
a) in associated companies		4 114	121 223
- acquisition of financial assets		3 067	20 610
- granted long-term loans		1 047	100 613
b) in other companies		-	-
- acquisition of financial assets		-	-
- granted loans		-	-
4. Other investment expenditure		323	-
		<b>9 112</b>	<b>122 851</b>
<b>Net cash flows on investment activity</b>		<b>124 140</b>	<b>(29 144)</b>

**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	-	1 524
3. Issue of debt securities	58 280	249 116
4. Other financial income	-	-
	<b>58 280</b>	<b>250 640</b>

**II.**

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	26 478	65 556
5. Redemption of debenture bonds	60 000	168 800
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	-	-
8. Interest	13 571	9 118
9. Other financial expenses	-	-
	<b>100 049</b>	<b>243 474</b>

<b>Net cash flows on financial activity</b>	<b>(41 769)</b>	<b>7 166</b>
---	-----------------	--------------

<b>Net cash flows total</b>	<b>80 348</b>	<b>6 395</b>
Difference in cash balances, including:	78 988	6 395
- change in cash balance on account of exchange rate gain/loss	(1 360)	-
<b>Cash at the beginning of period</b>	<b>13 304</b>	<b>3 422</b>
<b>Cash at the end of period, including:</b>	<b>92 292</b>	<b>9 817</b>
- with limited disposability	-	-

**Additional explanatory notes****Note 1A**

<b>Intangible assets</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) costs of finished development works	-	-	-
b) goodwill	-	-	-
c) acquired concessions, patents, licences and similar assets, including:	26	53	37
- computer software	26	53	37
d) other intangible assets	12	12	4
e) advances for intangible assets	-	-	-
<b>Intangible assets total</b>	<b>38</b>	<b>65</b>	<b>41</b>

**NOTA 1B****Zmiana wartości niematerialnych i prawnych (wg grup rodzajowych)**

	a) nabyte koncesje, patenty, licencje i podobne wartości, w tym:	- oprogramowanie komputerowe	b) inne wartości niematerialne i prawne	c) zaliczki na wartości niematerialne i prawne	d) wartości niematerialne i prawne przeznaczone do sprzedaży	Wartości niematerialne i prawne razem
<b>a) wartość brutto wartości niematerialnych i prawnych na początek okresu</b>	<b>1 137</b>	<b>1 095</b>	<b>28</b>			<b>1 165</b>
<b>b) zwiększenia (z tytułu)</b>						
- zakupu	52	52	-			52
	52	52	-	-	-	52
<b>c) zmniejszenia (z tytułu)</b>						
- sprzedaż	1	1				1
	1	1	-	-	-	1
<b>d) wartość brutto wartości niematerialnych i prawnych na koniec okresu</b>	<b>1 188</b>	<b>1 146</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>1 216</b>
<b>e) skumulowana amortyzacja na początek okresu</b>	<b>1 083</b>	<b>1 041</b>	<b>16</b>			<b>1 099</b>
<b>f) amortyzacja za okres (z tytułu)</b>						
- planowana	80	80	-			80
- sprzedaż	(1)	(1)				(1)
	79	79	-	-	-	79
<b>g) skumulowana amortyzacja (umorzenie) na koniec okresu</b>	<b>1 162</b>	<b>1 120</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>1 178</b>
<b>h) odpisy z tytułu trwałej utraty wartości na początek okresu</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
- zwiększenie	-	-	-	-	-	-
- zmniejszenie	-	-	-	-	-	-
<b>i) odpisy z tytułu trwałej utraty wartości na koniec okresu</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>j) wartość netto wartości niematerialnych i prawnych na koniec okresu</b>	<b>26</b>	<b>26</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>38</b>

Wszystkie wartości niematerialne i prawne posiadane przez jednostkę zostały nabyte.

Zastowane metody amortyzacji i przyjęte okresy użytkowania lub zastosowane stawki amortyzacyjne dla:

- nabytych koncesji, patentów, licencji i podobnych wartości - metoda liniowa, 50%, amortyzacja księgowana na koszty ogólnego zarządu
- innych wartości niematerialnych i prawnych - nieprzekazane do użytkowania, na dzień 30 czerwca 2005 roku nieamortyzowane



**Note 2A**

<b>Non-current assets</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) fixed assets, including:	49 761	46 594	38 537
- land (including the right to perpetual usufruct of land)	3 551	3 557	2 016
- buildings, premises and civil engineering structures	40 454	40 507	33 509
- technical equipment and machines	466	535	611
- means of transport	5 207	1 951	2 342
- other fixed assets	83	44	59
b) fixed assets under construction	-	-	-
c) advances for fixed assets under construction	-	-	-
<b>Non-current assets total</b>	<b>49 761</b>	<b>46 594</b>	<b>38 537</b>

The right of perpetual usufruct of land in Warsaw at Zeusa, Hery Streets, which is disclosed among fixed assets, is charged with ordinary mortgage in the amount of USD 3.66 m, established for Bank Amerykański w Polsce S.A. as a credit collateral. A motion was filed for deletion of this mortgage. The credit was already repaid as on June 30, 2005.

**NOTA 2B****Zmiany środków trwałych (wg grup rodzajowych)**

	- grunty własne i prawo wieczystego użytkowania gruntów	- budynki i budowle	- urządzenia techniczne i maszyny	- środki transportu	- pozostałe środki trwałe	środki trwałe, razem
<b>a) wartość brutto środków trwałych na początek okresu</b>	<b>3 678</b>	<b>43 596</b>	<b>2 572</b>	<b>4 027</b>	<b>1 868</b>	<b>55 741</b>
<b>b) zwiększenia (z tytułu)</b>						
- zakupu	-	639	164	3 715	55	<b>4 573</b>
	-	<b>639</b>	<b>164</b>	<b>3 715</b>	<b>55</b>	<b>4 573</b>
<b>c) zmniejszenia (z tytułu)</b>						
- sprzedaż	-	-	30	-	12	<b>42</b>
- przeniesienie na inwestycje	-	145				<b>145</b>
	-	<b>145</b>	<b>30</b>	<b>-</b>	<b>12</b>	<b>187</b>
<b>d) wartość brutto środków trwałych na koniec okresu</b>	<b>3 678</b>	<b>44 090</b>	<b>2 706</b>	<b>7 742</b>	<b>1 911</b>	<b>60 127</b>
<b>e) skumulowana amortyzacja (umorzenie) na początek okresu</b>	<b>114</b>	<b>3 267</b>	<b>2 036</b>	<b>2 076</b>	<b>1 824</b>	<b>9 317</b>
<b>f) amortyzacja za okres (z tytułu)</b>						
- amortyzacja planowana	13	369	234	459	16	<b>1 091</b>
- sprzedaż	-	-	(30)	-	(12)	<b>(42)</b>
	<b>13</b>	<b>369</b>	<b>204</b>	<b>459</b>	<b>4</b>	<b>1 049</b>
<b>g) skumulowana amortyzacja (umorzenie) na koniec okresu</b>	<b>127</b>	<b>3 636</b>	<b>2 240</b>	<b>2 535</b>	<b>1 828</b>	<b>10 366</b>
<b>h) odpisy z tytułu trwałej utraty wartości na początek okresu</b>	-	-	-	-	-	-
- zwiększenie	-	-	-	-	-	-
- zmniejszenie	-	-	-	-	-	-
<b>i) odpisy z tytułu trwałej utraty wartości na koniec okresu</b>	-	-	-	-	-	-
<b>j) wartość netto środków trwałych na koniec okresu</b>	<b>3 551</b>	<b>40 454</b>	<b>466</b>	<b>5 207</b>	<b>83</b>	<b>49 761</b>

Zastowane metody amortyzacji i przyjęte okresy użytkowania lub zastosowane stawki amortyzacyjne dla:

- gruntów własnych - prawo wieczystego użytkowania gruntu amortyzuje się metodą liniową w ciągu 95 lat, praw własności gruntów nie amortyzuje się
- budynków i budowli - metoda liniowa, stawka: mieszkalne 1,5%, użytkowe 2,5%, używane 10%, budowle 4,5%, inwestycje w obcych obiektach 10%
- urządzeń technicznych i maszyn - metoda liniowa, stawki od 10% do 20%, komputery metodą przyspieszoną, stawka 30% lub 60%
- środków transportu - metoda liniowa, stawka 20%, a na samolot 14%
- pozostałych środków trwałych - metoda liniowa, stawka od 10% do 20%

Kwota zobowiązań umownych zaciągniętych w związku z nabyciem rzeczowych aktywów trwałych wynosi:

93

tys zł

**Note 3A**

<b>Change in investments in real property</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>A) gross value of investments in real property at the beginning of period</b>	<b>48 773</b>	<b>89 037</b>	<b>89 037</b>
<b>a) increases (on account of)</b>			
- purchase	24	-	-
- transfer from fixed assets	146	-	-
- transfer from inventories	292	3 695	-
- transfer from fixed assets under construction	23	-	-
	<b>485</b>	<b>3 695</b>	<b>-</b>
<b>b) decrease (on account of)</b>			
- sale	34 750	43 959	43 959
	<b>34 750</b>	<b>43 959</b>	<b>43 959</b>
<b>B) gross value of investments in real property at the end of period</b>	<b>14 508</b>	<b>48 773</b>	<b>45 078</b>
<b>D) valuation to fair value at the beginning of period</b>	<b>5 091</b>	<b>10 373</b>	<b>10 373</b>
<b>a) increases</b>	-	-	-
<b>b) decreases (on account of)</b>			
- sale	4 259	-	-
- valuation	958	5 460	64
	<b>5 217</b>	<b>5 460</b>	<b>64</b>
<b>E) valuation to fair value at the end of period</b>	<b>(126)</b>	<b>4 913</b>	<b>10 309</b>
<b>F) write-offs due to permanent loss in value at the beginning of the period</b>	<b>8</b>	-	-
- decrease	-	-	-
- increase	419	-	-
<b>G) write-offs due to permanent loss in value at the end of the period</b>	<b>427</b>	-	-
<b>Net value of fixed assets at the end of period</b>	<b>13 955</b>	<b>53 686</b>	<b>55 387</b>

**Note 3B**

<b>Amounts disclosed in the profit and loss account</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
income from lease rent pertaining to investment real property	1 463	14 837	8 812
direct operating costs (including costs of repairs and maintenance) pertaining to the investment real property that yielded income from lease rent during a given period	349	3 730	2 417
direct operating costs (including costs of repairs and maintenance) pertaining to the investment real property that did not yield income from lease rent during a given period	-	-	-

**Note 3C**

Long-term financial assets	2005 half	2004 year	2004 half
<b>a) in subsidiaries</b>			
- shares or stocks	199 985	215 002	213 470
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	10 599	9 668	14 527
- other long-term financial assets (according to type)	9 500	9 500	12 773
- advances for shares	9 500	9 500	12 773
	<b>220 084</b>	<b>234 171</b>	<b>240 771</b>
<b>b) in partially owned subsidiaries</b>			
- shares or stocks	1 500	1 525	50
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	809	78 638
- other long-term financial assets (according to type)	-	-	-
- advances for shares	-	-	-
	<b>1 500</b>	<b>2 334</b>	<b>78 688</b>
<b>c) in associated companies</b>			
- shares or stocks	10 650	10 650	10 675
	<b>10 650</b>	<b>10 650</b>	<b>10 675</b>
<b>d) in the significant investor</b>	-	-	-
<b>e) in the dominant company</b>	-	-	-
<b>f) in other companies</b>			
- granted loans	19	23	39
	<b>19</b>	<b>23</b>	<b>39</b>
<b>Long-term financial assets total</b>	<b>232 253</b>	<b>247 178</b>	<b>330 173</b>

The basic data concerning the largest long-term loans is presented in the following table:

Name of the other party	Amount	Interest rate	Due date
Echo - Centrum Biznesu Łódź Sp. z o.o.	6 515	collateral loan rate + margin	subject to the Credit Contract made on December 21, 2001 between the
Centrum Bankowości i Finansów Łódź Sp. z o.o.	3 176	collateral loan rate + margin	31 grudzień 2011
		fixed 5% + adjustment	
Projekt S Sp. z o.o.	909	according to USD exchange rate	19 sierpień 2008
other	19	fixed 15%	31 grudzień 2007
<b>Total:</b>	<b>10 619</b>		

Registration pledge was established on current and future shares of 'Echo - Centrum Siemianowice Śląskie' Sp. z o.o., amounting to PLN 4,214 k, as a collateral of credit granted to the 'Echo - Centrum Siemianowice Śląskie' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of EUR 3,600 k. As on June 30, 2005, the credit was already repaid.

Registration pledge was established on the shares of MDP Sp z o o in the value of PLN 0 k as a security of the liabilities of MDP SP z o o towards PeKaO S.A. bank. The maximum value of collateral is EUR 4,924,000.

Registration pledge was established on the shares of MDP Sp z o o in the value of PLN 0 k as a security of the liabilities of MDP SP z o o towards PeKaO S.A. bank. The maximum value of collateral is USD 6,773,000.

Registration pledge was established on current and future shares of 'Kieleckie Centrum Handlowo - Rozrywkowe Echo' Sp. z o.o. in the value of PLN 5 k as a security of the liabilities of 'Kieleckie Centrum Handlowo - Rozrywkowe' Sp. z o.o. towards Kredyt Bank S.A.. The maximum value of collateral is 27,000 k EUR.

Registration pledge was established on current and future shares of 'Echo - Centrum Tarnów' Sp. z o.o., amounting to PLN 13,329 k, as a collateral of credit granted to the 'Echo - Centrum Tarnów' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank Der Deutschen Bank in the amount of 11,100 k EUR.

Registration pledge was established on the shares of 'Echo - Centrum Świętochłowice' Sp. z o.o., amounting to PLN 2,321 k, as a collateral of credit granted to the 'Echo - Centrum Świętochłowice' Sp. z o.o. subsidiary by Bank Śląski S.A. in the amount of EUR 5,000 k. A motion was filed for deletion of this pledge.

Registration pledge was established on the shares of 'Echo - Centrum Przemysław' Sp. z o.o., amounting to PLN 1,279 k, as a collateral of credit granted to the 'Echo - Centrum Przemysław' Sp. z o.o. subsidiary by Bank Śląski S.A. in the amount of 2,850 k EUR.

Registration pledge was established on the shares of 'Echo Centrum Bankowości i Finansów Łódź' Sp. z o.o., amounting to PLN 3,008 k, as a collateral of financial liabilities of 'Echo Investment' S.A. towards Polska Kasa Opieki S.A. bank in Warsaw.

Registration pledge was established on the shares of 'Echo Investment - Centrum Handlowe Bełchatów' Sp. z o.o., amounting to PLN 2,083 k, as a collateral of financial liabilities of 'Echo Investment' S.A. towards Polska Kasa Opieki S.A. bank in Warsaw.

Registration pledge was established on the shares of 'MDP' Sp. z o.o., amounting to PLN 0 k, as a collateral of financial liabilities of 'Echo Investment' S.A. towards Polska Kasa Opieki S.A. bank in Warsaw.

Registration pledge was established on the shares of 'Echo Investment - Centrum Handlowe Jelenia Góra' Sp. z o.o., amounting to PLN 5,401 k, as a collateral of financial liabilities of 'Echo Investment' S.A. towards Polska Kasa Opieki S.A. bank in Warsaw.

Registration pledge was established on the shares of 'Echo Centrum Biznesu Łódź' Sp. z o.o., amounting to PLN 2,511 k, as a collateral of financial liabilities of 'Echo Centrum Biznesu Łódź' Sp. z o.o. towards RHEINHYP-BRE Bank Hipoteczny S.A. in Warsaw under a credit contract. The pledge was established up to the amount of 7,500 k USD.

Registration pledge was established on current and future shares of 'Echo - Centrum Szczecin' Sp. z o.o., amounting to PLN 35,882 k, as a collateral of credit granted to the subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of 66,300 k EUR.

Registration pledges were established on the shares of the following companies:

Echo Investment - Centrum Handlowe Tczew Sp. z o.o. with a value of PLN 1,514 k

Echo Investment - Centrum Handlowe Piła Sp. z o.o. with a value of PLN 350 k

Echo Investment - Centrum Handlowe Olkusz Sp. z o.o. with a value of PLN 8,083 k

as a security of financial liabilities of the above mentioned companies towards Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of

Registration pledges were established on the shares in the following subsidiaries:

Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. with a value of PLN 6,510 k

Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. with a value of PLN 10,526 k

in favor of Bank Przemysłowo-Handlowy PBK S.A., seated in Cracow. Registration pledges constitute collaterals of the credit contract signed by the above mentioned subsidiaries with BPH PBK S.A. The pledges were established up to the amount of 72,600 k EUR.

Registration pledge was established on the shares of Echo Investment - Centrum Handlowe Radom Sp. z o.o., amounting to PLN 11,730 k, as a collateral of credit contract signed by the above mentioned subsidiary with BPH PBK S.A. The pledges were established up to the amount of 72,600 k EUR.

Registration pledge was established on the shares of 'Athina Park' Sp. z o.o., amounting to PLN 6,009 k, as a collateral of credit granted to the 'Athina Park' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank in the amount of 30,600 k EUR.

Registration pledge was established on the shares of 'Wan - 11' Sp. z o.o., amounting to PLN 1,500 k, as a collateral of credit granted to the 'Wan - 11' Sp. z o.o. subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutschen Bank in the amount of 48,000 k EUR.

### Note 3D

Change in long-term financial assets (according to type groups)	2005 half	2004 year	2004 half
<b>a) balance at the beginning of the period, including:</b>	<b>247 178</b>	<b>236 458</b>	<b>236 458</b>
- shares and stock	227 178	218 615	218 615
- granted long-term loans	10 500	17 047	17 047
- other long-term financial assets	9 500	796	796
<b>b) increases (on account of)</b>			
- acquisition of shares	3 076	-	406
- granting of a loan	-	22	77 216
- charging interest and foreign exchange gains / losses	429	841	1 406
- advances for acquisition of shares	-	9 500	11 977
- takeover of shares	-	14 176	9 059
- other	-	498	-
	<b>3 505</b>	<b>25 037</b>	<b>100 065</b>
<b>d) decreases (on account of)</b>			
- sale of shares	-	6	2
- change of balance sheet qualification	-	5 088	-
- balance sheet valuation	18 114	5 612	3 883
- repayment of instalment	216	2 816	2 463
- settlement of advances for acquisition of shares	-	796	-
- other	99	-	-
	<b>18 429</b>	<b>14 318</b>	<b>6 348</b>
<b>d) balance at the end of the period, including:</b>	<b>232 253</b>	<b>247 177</b>	<b>330 175</b>
- shares and stock	212 135	227 178	224 196
- granted long-term loans	10 618	10 500	93 206
- other long-term financial assets	9 500	9 500	12 773

### Note 3E

Securities, shares and other long-term financial assets (currency structure)	2005 half	2004 year	2004 half
a) in Polish currency	212 135	227 177	224 196
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
<b>Securities, shares and other long-term financial assets total</b>	<b>212 135</b>	<b>227 177</b>	<b>224 196</b>

**Note 3F**

<b>Securities, shares and other long-term financial assets (according to transferability)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>A. With unlimited transferability, quoted on stock exchanges (balance sheet value)</b>	-	-	-
<b>B. With unlimited transferability, quoted on markets other than stock exchanges (balance sheet value)</b>	-	-	-
<b>C. With unlimited transferability, not quoted on regulated market (balance sheet value)</b>			
a) shares (balance sheet value):	4 742	4 742	4 810
- revaluation adjustments (for the period)	34	34	-
- gross value	4 776	4 776	4 810
- net (balance sheet) value	4 742	4 742	4 810
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value) - shares:	150 067	168 088	164 274
- revaluation adjustments (for the period)	20 480	2 463	3 008
- gross value	170 547	170 551	167 282
- net (balance sheet) value	150 067	168 088	164 274
	<b>154 809</b>	<b>172 830</b>	<b>169 084</b>
<b>D. With limited transferability (balance sheet value)</b>			
a) shares and stocks (balance sheet value):	57 326	54 347	55 112
- revaluation adjustments (for the period)	3 212	3 115	875
- gross value	60 538	57 462	55 987
- net (balance sheet) value	57 326	54 347	55 112
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	-	-	-
	<b>57 326</b>	<b>54 347</b>	<b>55 112</b>
Balance sheet net value total	212 135	227 177	224 196
Gross value total	235 861	232 789	228 079
Revaluation adjustments (for the period) total	23 726	5 612	3 883
<b>Balance sheet value total</b>	<b>212 135</b>	<b>227 177</b>	<b>224 196</b>

**Note 3G**

<b>Granted long-term loans (currency structure)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) in Polish currency	9 710	9 692	92 222
b) in foreign currencies (according to currency, after conversion to zlotys)	908	809	983
- unit / currency k/USD	271	271	255
- PLN k	908	809	983
<b>Granted long-term loans total</b>	<b>10 618</b>	<b>10 501</b>	<b>93 205</b>

## Nota 3H Udziały lub akcje w jednostkach podporządkowanych

Lp.	Nazwa (firma) jednostki ze wskazaniem formy prawnej	Siedziba	Przedmiot przedsiębiorstwa	Charakter powiązania	Zastosowana metoda konsolidacji	Data objęcia kontroli	Wartość akcji / udziałów wg ceny nabycia	Korekty aktualizujące wartość - stan początkowy	Korekty aktualizujące wartość - zmiana	Korekty aktualizujące wartość - stan końcowy	Wartość bilansowa udziałów / alcji	Procent posiadanego kapitału zakładowego / akcyjnego	Udział w ogólnej liczbie głosów na walnym zgromadzeniu	Wskazanie innej podstawy kontroli
1	"PHS Szczecin" S.A.	Szczecin	działalność handlowa	spółka zależna	pełna	1999-06-01	4 776				4 776	100,00%	100,00%	brak
2	"Piomot Auto" Sp. z o.o.	Kielce	motoryzacja	spółka zależna	pełna	1997-03-11	320				320	100,00%	100,00%	brak
3	"M.D.P." Sp. z o.o.	Kielce	dział.budowlana	spółka zależna	pełna	1996-11-22	16 019		16 019	16 019	-	99,99%	99,99%	brak
4	"Projekt 3" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	1997-04-25	51				51	99,00%	99,00%	brak
5	"Wyględów" Sp. z o.o.	Kielce	dział.budowlana	spółka zależna	pełna	1998-10-21	51		51	51	-	99,00%	99,00%	brak
6	"Princess Boryszewska" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	1999-10-26	1 962	1 637	30	1 667	295	100,00%	100,00%	brak
7	"Princess Investment" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	1999-10-26	2 663	1 478	67	1 545	1 118	100,00%	100,00%	brak
8	"Echo Investment Centrum Handlowe w Radomiu" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	11 730				11 730	99,99%	99,99%	brak
9	"Echo Investment - Centrum Handlowe Tamów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-11-09	13 329				13 329	99,99%	99,99%	brak
10	"Echolinvestment - Centrum Handlowe Jelenia Góra" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	5 401				5 401	100,00%	100,00%	brak
11	"Echo Investment - Centrum Handlowe Siemianowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-11-10	4 214				4 214	99,99%	99,99%	brak
12	"Echo Investment - Centrum Handlowe Belchatów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	2 083				2 083	99,99%	99,99%	brak
13	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	6 510				6 510	84,00%	84,00%	brak
14	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	2 511				2 511	99,98%	99,98%	brak
15	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-11-06	1 279				1 279	100,00%	100,00%	brak
16	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1999-02-23	2 321				2 321	100,00%	100,00%	brak
17	"Echo Investment - Centrum Handlowe - Rozrywkowe Szczecin" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	35 882				35 882	99,99%	99,99%	brak
18	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	1 514				1 514	99,99%	99,99%	brak
19	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	3 008	2 463	(2 463)		3 008	100,00%	100,00%	brak
20	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	10 526				10 526	100,00%	100,00%	brak
21	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	350				350	99,99%	99,99%	brak
22	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	8 083				8 083	99,99%	99,99%	brak
23	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	4 969		4 174	4 174	795	99,99%	99,99%	brak
24	"Projekt Echo -17" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	52				52	100,00%	100,00%	brak
25	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	1 888				1 888	99,99%	99,99%	brak
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	2 477		236	236	2 241	99,99%	99,99%	brak
27	"Echo - Centrum Gdynia" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	9 284				9 284	99,99%	99,99%	brak
28	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	6 133				6 133	99,99%	99,99%	brak
29	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	8 369				8 369	99,99%	99,99%	brak
30	"Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	5				5	0,03%	0,03%	brak
31	"Bioelektrownia Hydropol - 4" Sp. z o.o.	Kielce	wytwarzanie energii elektrycznej	spółka zależna	pełna	1998-10-30	101				101	100,00%	100,00%	brak
32	"Echo Acc" Sp. z o.o.	Kielce	dział.rachunkowo - księgowa	spółka zależna	pełna	1998-10-30	51				51	99,99%	99,99%	brak
33	"Athina Park" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	6 009				6 009	99,99%	99,99%	brak
34	"Echo Centrum Slichowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	2 508				2 508	99,99%	99,99%	brak
35	"Malta Office Park" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	2 007				2 007	99,99%	99,99%	brak
36	"Projekt Echo -30" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
37	"Hotel Investment" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	1 008				1 008	99,99%	99,99%	brak
38	"Projekt Echo -32" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
39	"Echo - Pasaż Grunwaldzki" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,99%	99,99%	brak
40	"Projekt Echo -34" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
41	"Projekt Echo -36" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
42	"Projekt Echo -37" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
43	"EchoBau" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	52				52	100,00%	100,00%	brak
44	"Projekt Echo -39" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	1998-10-30	51				51	99,00%	99,00%	brak
45	"Zakłady Ogrodnicze Naramowice" Sp. z o.o.	Poznań	dział.sadownicza	spółka zależna	praw własności	2000-05-11	40 673				40 673	100,00%	100,00%	brak
46	"EST-ON Property Management" Sp. z o.o.	Kielce	zarządzanie nieruchomościami	spółka zależna	pełna	1998-10-27	50				50	99,00%	99,00%	brak
47	"Projekt S" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	2004-03-23	3 101				3 101	56,00%	56,00%	brak
48	"Wan 11" Sp. z o.o.	Warszawa	dział.budowlana i obsługa nieruch.	sp. współzależna	pełna	2004-03-08	1 500				1 500	50,00%	50,00%	brak
49	"Projekt Echo -23" Sp. z o.o.	Kielce	obróbka metali nieżelaznych	sp. stowarzyszona	praw własności	1998-10-30	11				11	37,50%	37,50%	brak
50	W.A. Hotele Sp. z o.o.	Warszawa	dział.budowlana i obsługa nieruch.	sp. stowarzyszona	praw własności	2002-04-18	10 639				10 639	43,45%	43,45%	brak
51	"SPC" S.A.	Warszawa	zarządzanie innymi podmiotami	sp. stowarzyszona	praw własności	1996-03-26	34	34		34	-	34,00%	34,00%	brak
<b>Razem</b>							<b>235 861</b>	<b>5 612</b>	<b>18 114</b>	<b>23 726</b>	<b>212 135</b>			

Zmiana wartości korekt aktualizujących wartość udziałów została wykazana na wyniku w 1 półroczu 2005 roku w pozycji aktualizacja wartości inwestycji w przychodach / kosztach finansowych.

W tym na kosztach znalazła się kwota utworzonego odpisu aktualizującego z tytułu utraty wartości w wys.

20 577 tys. zł.

A na przychodach znalazła się kwota odwrócenia odpisu aktualizującego z tytułu utraty wartości w wys.

2 463 tys. zł.

Zmiany odpisu wyniknęły ze zmiany wartości spółek.

Spółka nie wycenia udziałów i akcji w jednostkach podporządkowanych (również przeznaczonych do obrotu) w wartości godziwej ponieważ aktywa te obejmują udziały i akcje dla których nie istnieje aktywny rynek.

**NOTA 3I Udziały lub akcje w jednostkach podporządkowanych - cd.**

Lp.	nazwa jednostki	kapitał własny jednostki, w tym:							zobowiązania i rezerwy na zobowiązania jednostki, w tym			należności jednostki, w tym			aktywa jednostki razem	przychody ze sprzedaży	nieopłacona przez emitenta wartość udziałów / akcji w jednostce	dywidendy od jednostki na ostatni rok obrotowy
		kapitał zakładowy	należne wpłaty na poczet kapitału zakładowego (wielkość ujemna)	kapitał zapasowy	pozostały kapitał własny, w tym:			zobowiązania długoterminowe	zobowiązania krótkoterminowe	należności długoterminowe	należności krótkoterminowe							
						niepodzielony zysk (niepokryta strata) z lat ubiegłych	zysk (strata) netto											
Akcje/udziały w podmiotach zależnych i współzależnych																		
1	"PHS Szczecin" S.A.	17 779	2 519	-	5 563	9 697	8 838	859	5 746	974	933	897	-	897	25 484	4 322	-	500
2	"Piomot Auto" Sp. z o.o.	77	150	-	-	(73)	(71)	(2)	1 737	-	79	0	-	0	1 814	-	-	-
3	"M.D.P." Sp. z o.o.	(4 051)	16 004	-	382	(20 437)	(31 635)	11 198	53 465	34 285	17 839	1 447	-	1 447	45 288	3 464	-	-
4	"Projekt 3" Sp. z o.o.	51	50	-	1	-	-	-	1	-	-	-	-	-	52	-	-	-
5	"Wygłędów" Sp. z o.o.	53	50	-	2	1	(0)	1	1	-	0	-	-	-	53	-	-	-
6	"Princess Boryszewska" Sp. z o.o.	295	900	-	-	(605)	(573)	(32)	21	-	21	9	-	9	316	72	-	-
7	"Princess Investment" Sp. z o.o.	1 113	1 600	-	-	(487)	(413)	(74)	2 080	-	2 080	52	-	52	3 194	24	-	-
8	"Echo Investment Centrum Handlowe Radom" Sp. z o.o.	49 897	14 102	-	5 099	30 696	28 162	2 534	55 136	48 970	3 991	41	-	41	110 469	6 134	-	1 500
9	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o.	51 333	12 894	-	5 872	32 567	29 600	2 967	28 796	22 518	5 719	68	-	68	87 561	6 511	-	1 500
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o.	47 008	11 057	-	8 146	27 805	21 208	6 597	22 191	15 943	5 779	48	-	48	74 136	6 145	-	1 000
11	"Echo Investment - Centrum Handlowe Siemianowice" Sp. z o.o.	15 419	5 289	-	1 819	8 311	4 191	4 120	4 105	-	4 105	167	-	167	20 311	1 048	-	1 250
12	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o.	24 147	8 524	-	4 998	10 625	7 830	2 795	10 570	7 853	2 517	28	-	28	36 562	2 846	-	-
13	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o.	46 322	11 420	-	4 706	30 196	26 293	3 903	49 112	43 928	3 327	58	-	58	100 324	5 482	-	-
14	"Echo - Centrum Biznesu Łódź" Sp. z o.o.	9 131	2 504	-	3 865	2 762	(850)	3 612	30 708	25 031	4 544	128	-	128	38 321	2 787	-	-
15	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o.	8 483	3 784	-	2 806	1 893	898	995	14 807	10 048	4 733	13	-	13	23 543	2 249	-	-
16	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o.	17 109	5 789	-	2 609	8 711	4 419	4 292	3 292	-	3 278	321	-	321	21 317	1 484	-	1 000
17	"Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o.	188 425	36 635	-	4 699	147 091	131 649	15 442	207 317	179 522	16 741	725	-	725	423 043	25 555	-	3 000
18	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o.	11 759	3 583	-	246	7 930	5 057	2 873	44	-	4	137	-	137	12 588	832	-	250
19	"Echo Investment -Centrum Bankowości i Finansów Łódź" Sp. z o.o.	4 383	5 718	(2 717)	-	1 382	(2 501)	3 883	25 356	19 091	4 525	43	-	43	28 166	2 658	-	-
20	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o.	37 843	13 311	-	1 985	22 547	20 212	2 335	42 573	37 860	3 173	93	-	93	83 954	4 753	-	1 500
21	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o.	10 955	4 442	-	189	6 324	4 769	1 555	72	-	42	156	-	156	11 677	919	-	400
22	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o.	18 380	10 044	-	228	8 108	6 416	1 692	593	-	477	4	-	4	19 842	1 270	-	800
23	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.	795	7 782	-	-	(6 987)	-	(6 987)	2 635	-	2 635	-	-	-	3 430	8	-	-
24	"Projekt Echo -17" Sp. z o.o.	57	50	-	10	(3)	(2)	(1)	1	-	1	2	-	2	60	-	-	-
25	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	18 187	4 543	-	2 839	10 805	4 244	6 561	2 735	-	2 735	202	-	202	21 838	1 136	-	-
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gilwice" Sp. z o.o.	2 222	3 436	-	-	(1 214)	(1 323)	109	1	-	1	1 195	-	1 195	2 222	172	-	-
27	"Echo - Centrum Gdynia" Sp. z o.o.	9 277	9 270	-	-	7	-	7	1 821	-	1 821	12	-	12	11 098	10	-	-
28	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o.	6 805	6 781	-	-	24	-	24	677	-	677	6	-	6	7 482	8 000	-	-
29	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o.	34 720	32 132	-	1 880	708	-	708	2 793	-	1 010	257	-	257	37 512	-	-	-
30	"Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o.	55 516	11 544	-	8 682	35 290	24 931	10 359	98 928	61 956	6 793	869	-	869	159 173	9 677	-	-
31	"Bioelektrownia Hydropol - 4" Sp. z o.o.	173	100	-	1	73	-	73	4 752	-	4 752	17	-	17	4 926	211	-	-
32	"Echo Acc" Sp. z o.o.	246	50	-	1	195	-	195	362	-	162	307	-	307	608	788	-	-
33	"Athina Park" Sp. z o.o.	(1 506)	6 000	-	-	(7 506)	(8 461)	955	102 637	3 527	99 068	300	-	300	100 963	5 352	-	-
34	"Echo Centrum Ślischowice" Sp. z o.o.	2 662	2 500	-	87	75	-	75	38	-	-	0	-	0	2 701	-	-	-
35	"Malta Office Park" Sp. z o.o.	2 038	2 000	-	3	35	-	35	5 319	-	5 319	102	-	102	7 357	172	-	-
36	"Projekt Echo -30" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
37	"Hotel Investment" Sp. z o.o.	1 066	1 000	-	36	30	-	30	15	-	-	-	-	-	1 081	-	-	-
38	"Projekt Echo -32" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
39	"Echo - Pasaż Grunwaldzki" Sp. z o.o.	52	50	-	2	-	-	(0)	2	-	1	0	-	0	54	-	-	-
40	"Projekt Echo -34" Sp. z o.o.	55	50	-	4	1	-	1	1	-	-	-	-	-	55	-	-	-
41	"Projekt Echo -36" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
42	"Projekt Echo -37" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
43	"EchoBau" Sp. z o.o.	52	50	-	2	-	(1)	1	-	-	-	-	-	-	53	-	-	-
44	"Projekt Echo -39" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
45	"Zakłady Ogrodnicze Naramowice" Sp. z o.o.	789	12 997	-	524	(12 732)	(11 382)	(1 427)	12 333	-	12 209	316	-	316	13 122	572	-	-
46	"EST-ON Property Management" Sp. z o.o.	1 212	50	-	1 113	49	-	49	3 309	-	2 827	1 189	-	1 189	4 522	6 750	-	-
47	"Projekt S " Sp. z o.o.	54	50	-	3	1	-	1	1 033	-	1 033	-	-	-	1 086	-	-	-
48	"Wan 11" Sp. z o.o.	3 051	3 000	-	7	44	(1)	45	93 163	59 110	34 053	4 174	-	4 174	96 214	12	-	-
Akcje/udziały w podmiotach stowarzyszonych																		
1	"Projekt Echo -23" Sp. z o.o.	23	28	-	-	(6)	(5)	(1)	-	-	-	-	-	-	23	-	-	-
2	W.A. Hotele Sp. z o.o.	25 522	25 537	-	17	(32)	-	(32)	40	-	40	8	-	8	25 562	25	-	-
3	"S.P.C." S.A.	100	100	-	-	-	-	-	-	-	-	-	-	-	100	-	-	-



**Note 4**

<b>Change in the balance of assets on account of deferred income tax</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>1. Balance of assets on account of deferred income tax at the beginning of the period, including:</b>			
a) compared to the financial result	5 661	4 296	4 297
Non-current assets	-	631	631
Long-term investments	1 688	607	607
Inventories	1 755	650	650
Short-term receivables	536	578	578
Short-term investments	7	584	584
Short-term accruals	774	992	992
Provisions for liabilities	133	-	-
Long-term liabilities	-	103	103
Short-term liabilities	768	151	151
b) compared to equity capital	-	-	-
c) compared to goodwill or negative goodwill	-	-	-
	<b>5 661</b>	<b>4 296</b>	<b>4 297</b>
<b>2. Increases</b>			
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	4 110	2 936	2 666
Non-current assets	-	-	-
Long-term investments	3 418	1 081	40
Inventories	-	1 106	2 315
Short-term receivables	-	-	29
Short-term investments	281	-	94
Short-term accruals	-	-	29
Provisions for liabilities	-	133	-
Long-term liabilities	-	-	-
Short-term liabilities	411	616	159
b) compared to the financial result of the period in relation to tax loss	-	-	-
c) compared to equity capital due to negative timing differences	-	-	-
d) compared to equity capital in relation to tax loss	-	-	-
e) compared to goodwill or negative goodwill due to negative timing differences	-	-	-
	<b>4 110</b>	<b>2 936</b>	<b>2 666</b>
<b>3. Reductions</b>			
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(727)	(1 573)	(649)
Non-current assets	-	(631)	(593)
Long-term investments	-	-	-
Inventories	(168)	-	-
Short-term receivables	-	(43)	(2)
Short-term investments	-	(577)	-
Short-term accruals	(426)	(218)	-
Provisions for liabilities	(133)	-	-
Long-term liabilities	-	(103)	(54)
Short-term liabilities	-	-	-
b) compared to the financial result of the period in relation to tax loss (on account of)	-	-	-
c) compared to equity capital due to negative timing differences (on account of)	-	-	-
d) compared to equity capital in relation to tax loss (on account of)	-	-	-
e) compared to goodwill or negative goodwill due to negative timing differences (on account of)	-	-	-
	<b>(727)</b>	<b>(1 573)</b>	<b>(649)</b>
<b>4. Balance of assets on account of deferred income tax at the end of the period total, including:</b>			
a) compared to the financial result	9 044	5 659	6 314
Non-current assets	-	-	38
Long-term investments	5 108	1 688	647
Inventories	1 587	1 755	2 964
Short-term receivables	536	536	607
Short-term investments	287	7	677
Short-term accruals	348	774	1 021
Provisions for liabilities	-	133	-
Long-term liabilities	-	-	49
Short-term liabilities	1 178	768	310
b) compared to equity capital	-	-	-
c) compared to goodwill or negative goodwill	-	-	-
	<b>9 044</b>	<b>5 659</b>	<b>6 314</b>

**Note 5A**

<b>Inventories</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) materials	-	-	-
b) semi-finished products and work in process	239 367	195 258	102 456
c) finished products	8 069	9 406	27 696
d) goods	9 027	8 789	12 109
e) advances for deliveries	379	694	19 902
<b>Assets total</b>	<b>256 842</b>	<b>214 146</b>	<b>162 162</b>

**Note 5B**

<b>Inventories</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
Value of inventories recognized as cost in a given period	66 658	54 400	27 270
Amounts of write-offs of values of inventories disclosed as cost in a given period	177	9 238	7 408
Amounts of reversal of write-offs of values decreasing the value of inventories disclosed as cost in a given period	1 579	3 995	3 685

Inventories are valued not higher than obtainable net value.

Reversal of write-off of inventory value took place as a result of sale of inventory or increase in net sales price.

The amounts of write-offs of the value of inventories disclosed as cost in a given period are disclosed in the profit and loss account under revaluation of non-financial assets.

The amounts of reversal of write-offs of the values decreasing the values of inventories disclosed as income in a given period are disclosed in the profit and loss account under other income.

The real property in Zabrze, disclosed under semi-finished products and work in progress, is charged with mortgage security in the amount of PLN 3,700 k in favor of the Municipal Commune of Zabrze as a security of payment of any possible claims that could occur due to payment of contractual indemnity in case the Company fails to execute the investment in due time.

**Note 6A**

<b>Short-term receivables</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>a) from associated companies</b>	<b>107 007</b>	<b>109 898</b>	<b>99 766</b>
- for deliveries and services, payable within:	107 007	109 898	99 766
- within 12 months	102 902	92 239	85 248
- over 12 months	4 105	17 659	14 517
- other	-	-	-
- claimed through the court	-	-	-
<b>b) revaluation write-offs of receivables affiliated</b>	<b>16 150</b>	<b>2 819</b>	<b>2 819</b>
<b>c) receivables from other companies</b>	<b>5 130</b>	<b>12 426</b>	<b>11 797</b>
- for deliveries and services, payable within:	950	3 000	11 265
- within 12 months	941	2 950	10 648
- over 12 months	9	50	616
- due to taxes, grants, customs, social and health insurance and other benefits	3 896	9 341	369
- other	284	85	164
- claimed through the court	-	-	-
<b>d) revaluation write-offs of receivables other</b>	<b>2 260</b>	<b>2 693</b>	<b>4 033</b>
<b>Short-term receivables total</b>	<b>112 137</b>	<b>122 324</b>	<b>111 563</b>
revaluation write-offs of receivables total	18 410	5 512	6 852
<b>Gross short-term receivables total</b>	<b>130 547</b>	<b>127 837</b>	<b>118 415</b>

The reserve for receivables from affiliated companies is a reserve for receivables not yet aged.

**Note 6B**

<b>Short-term receivables from associated companies</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) on account of deliveries and services, including:	107 008	109 898	99 765
- from subsidiaries	100 840	109 764	99 764
- from partially owned subsidiaries	6 168	134	1
- from associated companies	-	-	-
- from the significant investor	-	-	-
- from the dominant company	-	-	-
b) other	-	-	-
c) claimed through the court	-	-	-
<b>Net short-term receivables from affiliated companies total</b>	<b>107 008</b>	<b>109 898</b>	<b>99 765</b>
d) revaluation write-offs of receivables from affiliated companies	16 150	2 819	2 819
<b>Gross short-term receivables from affiliated companies total</b>	<b>123 158</b>	<b>112 717</b>	<b>102 583</b>

(1)

Receivables from affiliated companies are not secured. Receivables from affiliated companies were not written down during the 1st half of the year 2005. However, a reserve for uncertain receivables was established in the amount of PLN 13,331 k. No guarantees were granted or received with reference to receivables from affiliated companies.

**Note 6C**

<b>Change in the balance of revaluation write-offs of short-term receivables</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>Balance at the beginning of the period</b>	<b>5 512</b>	<b>9 747</b>	<b>9 747</b>
a) increases (on account of)	13 332	1 409	908
- creating a write-off	13 332	1 409	908
b) decreases (on account of)	(434)	(5 644)	(3 803)
- repayment	(396)	(5 644)	(3 803)
- utilization	(38)	-	-
<b>Balance of revaluation write-offs of short-term receivables at the end of the period</b>	<b>18 410</b>	<b>5 512</b>	<b>6 852</b>

**Note 6D**

<b>Gross short-term receivables (currency structure)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) in Polish currency	130 547	127 837	118 415
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
<b>Short-term receivables total</b>	<b>130 547</b>	<b>127 837</b>	<b>118 415</b>

**Note 6E**

<b>Receivables on account of deliveries and services (gross) - due period remaining up to the balance date</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) up to 1 month	2 158	2 703	6 442
b) over 1 month up to 3 months	6 287	7 906	1 452
c) over 3 months up to 6 months	2 025	1 874	11 448
d) over 6 months up to 1 year	78 751	81 088	3 186
e) over 1 year	20 265	20 527	17 952
f) aged receivables	16 881	4 312	77 401
<b>Receivables on account of deliveries and services total (gross)</b>	<b>126 367</b>	<b>118 410</b>	<b>117 881</b>
g) revaluation write-offs of receivables on account of deliveries and services	(18 310)	(5 412)	(6 852)
<b>Receivables on account of deliveries and services total (net)</b>	<b>108 057</b>	<b>112 998</b>	<b>111 029</b>

**Note 6F**

<b>Aged receivables on account of deliveries and services (gross) - divided into receivables not paid during a period</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) up to 1 month	2 540	767	41 149
b) over 1 month up to 3 months	1 379	333	26 011
c) over 3 months up to 6 months	10 858	231	993
d) over 6 months up to 1 year	67	809	5 180
e) over 1 year	2 038	2 172	4 069
<b>Aged receivables on account of deliveries and services total (gross)</b>	<b>16 882</b>	<b>4 312</b>	<b>77 401</b>
f) revaluation write-offs of receivables on account of deliveries and services, aged	(2 160)	(2 593)	(4 033)
<b>Aged receivables on account of deliveries and services total (net)</b>	<b>14 722</b>	<b>1 718</b>	<b>73 368</b>

**Note 6G**

<b>Disputable and aged receivables</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>Disputable receivables</b>	-	-	-
- on account of deliveries of works and services	-	-	-
- including ones not covered by a revaluation write-off	-	-	-
<b>Aged receivables</b>	<b>16 881</b>	<b>4 312</b>	<b>77 401</b>
- on account of deliveries of works and services	16 881	4 312	77 401
- including ones not covered by a revaluation write-off	14 722	1 718	73 368

**Note 7A**

<b>Short-term financial assets and cash</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>a) in subsidiaries</b>			
- granted loans	24 505	92 088	18 003
- other short-term financial assets (according to type)	2 394	3 416	1 357
- interest from 3 to 12 months	2 394	3 416	1 357
	<b>26 899</b>	<b>95 504</b>	<b>19 360</b>
<b>b) in partially owned subsidiaries</b>			
- granted loans	21 156	-	-
- other short-term financial assets (according to type)	556	-	-
- interest from 3 to 12 months	556	-	-
	<b>21 712</b>	-	-
<b>c) in associated companies</b>			
- shares or stocks	447	447	447
	<b>447</b>	<b>447</b>	<b>447</b>
<b>d) in the significant investor</b>	-	-	-
<b>e) in the dominant company</b>	-	-	-
<b>f) in other companies</b>			
- granted loans	19	43	-
- other short-term financial assets (according to type)	4	3	-
- interest from 3 to 12 months	4	3	-
	<b>23</b>	<b>46</b>	-
<b>g) cash and cash equivalents</b>			
- cash on hand and on bank accounts	92 218	13 246	9 817
- other cash	-	-	-
- other cash assets	74	59	-
	<b>92 292</b>	<b>13 304</b>	<b>9 817</b>
<b>Short-term financial assets total</b>	<b>141 373</b>	<b>109 301</b>	<b>29 624</b>

The basic data concerning the largest short-term loans is presented in the following table:

Name of the other party	Amount	Interest rate	Due date
WAN 11 Sp. z o.o.	21 100	collateral loan rate + margin	31 grudzień 2005
Athina Park Sp. z o.o.	19 450	collateral loan rate + margin	31 grudzień 2005
Malta Office Park Sp. z o.o.	4 874	collateral loan rate + margin	31 grudzień 2005
Est On Sp. z o.o.	2 553	collateral loan rate + margin	31 grudzień 2005
other	731	collateral loan rate + margin	31 grudzień 2005
<b>Total:</b>	<b>48 708</b>		

#### Note 7B

Securities, shares and other short-term financial assets (currency structure)	2005 half	2004 year	2004 half
a) in Polish currency	447	447	447
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
<b>Securities, shares and other short-term financial assets total</b>	<b>447</b>	<b>447</b>	<b>447</b>

#### Note 7C

Securities, shares and other short-term financial assets (according to transferability)	2005 half	2004 year	2004 half
<b>A. With unlimited transferability, quoted on stock exchanges (balance sheet value)</b>	-	-	-
<b>B. With unlimited transferability, quoted on markets other than stock exchanges (balance sheet value)</b>	-	-	-
<b>C. With unlimited transferability, not quoted on regulated market (balance sheet value)</b>			
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - shares:	447	447	447
- fair value	-	-	-
- market value	447	447	447
- value according to acquisition prices	447	447	447
	<b>447</b>	<b>447</b>	<b>447</b>
<b>D. With limited transferability (balance sheet value)</b>	-	-	-
Value according to acquisition prices total	447	447	447
Value at the beginning of the period total	447	447	447
Revaluation adjustments (for the period) total	-	-	-
<b>Balance sheet value total</b>	<b>447</b>	<b>447</b>	<b>447</b>

#### Note 7D

Granted short-term loans (currency structure)	2005 half	2004 year	2004 half
a) in Polish currency	48 634	95 550	19 360
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
<b>Granted short-term loans total</b>	<b>48 634</b>	<b>95 550</b>	<b>19 360</b>

#### Note 7E

Cash and cash equivalents (currency structure)	2005 half	2004 year	2004 half
a) in Polish currency	18 877	4 331	9 817
b) in foreign currencies (according to currency, after conversion to zlotys)	73 415	8 974	-
- unit / currency EUR	18 172	2 200	-
- PLN k	73 415	8 974	-
<b>Cash and cash equivalents total</b>	<b>92 292</b>	<b>13 305</b>	<b>9 817</b>

#### Note 8

##### Initial capital (structure)

INITIAL CAPITAL		Nominal value of one share = PLN 2.00						
Series / issue	Class of shares	Class of shares privilege	Type of restriction of rights to shares	Number of shares	Value of series / issue according to nominal value	Method of capital coverage	Registration date	Right to dividend (as from)
A	bearer shares	ordinary shares	none	40 000	80,0	non-cash contribution	1994-06-30	1995-01-01
B	bearer shares	ordinary shares	none	960 000	1 920,0	cash	1994-06-30	1995-01-01
C	bearer shares	ordinary shares	none	500 000	1 000,0	cash	1995-11-13	1995-01-01
D	bearer shares	ordinary shares	none	1 500 000	3 000,0	cash	1997-02-18	1996-01-01
E	bearer shares	ordinary shares	none	500 000	1 000,0	cash	1997-12-30	1997-01-01
F	bearer shares	ordinary shares	none	7 000 000	14 000,0	cash	2002-11-26	2002-01-01
<b>Number of shares total</b>				<b>10 500 000</b>				
<b>Initial capital total</b>					<b>21 000,0</b>			

**Shareholders of Echo Investment S.A. holding more than 5% of share capital as on June 30, 2005**

Shareholder	Number of votes /	Percentage of share capital	Percentage of votes at the
Michał Solowow (directly and indirectly)	3 964 134	37,75%	37,75%
Artur Kłoczko	766 069	7,30%	7,30%
ING Nationale-Nederlanden Otwarty Fundusz Emerytalny	1 040 000	9,90%	9,90%
PZU Złota Jesień	544 125	5,18%	5,18%
CU OFE BPH CU WBK	542 340	5,17%	5,17%
Other Shareholders	3 643 332	34,70%	34,70%
<b>Total</b>	<b>10 500 000</b>	<b>100,00%</b>	<b>100,00%</b>

The issuer's shares are not held by the issuer or other subsidiaries.

**Note 9**

Reserve capital	2005 half	2004 year	2004 half
a) on transfer of shares above their nominal value	100 943	100 943	100 943
b) established by force of law	80	80	80
c) established by force of articles / agreement above the value required by law (minimum)	187 840	180 297	180 297
d) from additional payments of shareholders / partners	-	-	-
e) other (according to type)	22	22	22
- costs of issue of stocks	(195)	(195)	(195)
<b>Supplementary capital total</b>	<b>288 690</b>	<b>281 147</b>	<b>281 147</b>

**Note 10A**

Long-term liabilities (exclusive of provision for income tax)	2005 half	2004 year	2004 half
<b>a) to subsidiaries</b>			
- loans and credits	52 252	63 582	65 067
- on account of issue of debt securities	58 500	58 500	-
	<b>110 752</b>	<b>122 082</b>	<b>65 067</b>
<b>b) to partially owned subsidiaries</b>	-	-	-
<b>c) to associated companies</b>	-	-	-
<b>d) to the significant investor</b>	-	-	-
<b>e) to the dominant company</b>	-	-	-
<b>f) to other companies</b>			
- loans and credits	40 000	-	2 617
- on account of issue of debt securities	89 138	108 899	182 557
	<b>129 138</b>	<b>108 899</b>	<b>185 174</b>
<b>Long-term liabilities total</b>	<b>239 890</b>	<b>230 982</b>	<b>250 241</b>

**Note 10B**

Long-term liabilities (exclusive of provision for income tax) with due period remaining after the balance date	2005 half	2004 year	2004 half
a) over 1 year up to 3 years	40 104	20 097	42 116
b) over 3 years up to 5 years	-	-	-
c) over 5 years	199 786	210 884	208 125
<b>Long-term liabilities total</b>	<b>239 890</b>	<b>230 981</b>	<b>250 241</b>

**Note 10C**

Long-term liabilities (exclusive of provision for income tax) (currency structure)	2005 half	2004 year	2004 half
a) in Polish currency	239 890	230 981	247 624
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	2 617
- unit / currency k/USD	-	-	686
- PLN k	-	-	2 617
<b>Long-term liabilities total</b>	<b>239 890</b>	<b>230 981</b>	<b>250 241</b>

**NOTA 10D****Zobowiązania długoterminowe z tytułu kredytów i pożyczek**

Nazwa (firma) jednostki ze wskazaniem formy prawnej	Siedziba	Kwota kredytu / pożyczki wg umowy		Kwota kredytu / pożyczki pozostała do spłaty		Warunki oprocentowania	Termin spłaty	Zabezpieczenia	Inne
		w tys zł	waluta USD	w tys zł	waluta USD				
PeKaO S.A.*	Kraków	80 000		40 000		Wibor + marża	2007-07-30	pełnomocnictwo do rachunku	
EI - Centrum Handlowo-Rozrywkowe Szczecin Sp. z o.o.	Kielce	739		1 344		Wibor + marża	2023-12-31	brak	
EI - Centrum Handlowe Tczew Sp. z o.o.	Kielce	1 198		1 408		Wibor + marża	2023-12-31	brak	
EI - Centrum Handlowe Piła Sp. z o.o.	Kielce	1 313		1 467		Wibor + marża	2023-12-31	brak	
EI - Centrum Handlowe Olkusz Sp. z o.o.	Kielce	6 800		530		Wibor + marża	2023-12-31	brak	
EI - Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o.	Kielce	12 416		1 896		Wibor + marża	2023-12-31	brak	
Kieleckie Centrum Handlowo-Rozrywkowe Echo Sp. z o.o.	Kielce	13 700		14 708		Wibor + marża	2013-12-31	brak	
Projekt 3 Sp. z o.o.	Kielce	50		48		Wibor	2006-12-31	brak	
EI - Centrum Handlowe Piotrków Tryb. Sp. z o.o.	Kielce	18 000		3 726		Wibor + marża	2019-12-31	brak	
EI - Centrum Handlowe Radom Sp. z o.o.	Kielce	10 709		11 996		Wibor + marża	2019-12-31	brak	
EI - Centrum Handlowe Pabianice Sp. z o.o.	Kielce	13 720		15 071		Wibor + marża	2019-12-31	brak	
Wyględów Sp. z o.o.	Kielce	50		50		Wibor	2006-12-31	brak	
EI - Centrum Handlowe Świętochłowice Sp. z o.o.	Kielce	2 671		7		Wibor + marża	2006-12-31	brak	
<b>Razem</b>		<b>161 365</b>	<b>-</b>	<b>92 252</b>	<b>-</b>				

\* Krótkoterminowa część kredytu w kwocie 40.000 tys zł została zaprezentowana w zobowiązaniach krótkoterminowych.

**NOTA 10E****Zobowiązania długoterminowe z tytułu wyemitowanych dłużnych instrumentów finansowych**

Dłużne instrumenty finansowe wg rodzaju	Wartość nominalna	Warunki oprocentowania	Termin wykupu	Gwarancje/ zabezpieczenia	Dodatkowe prawa	Rynek notowań	Inne
obligacje (BRE Bank S.A. )	150 000	Wibor + marża	2011-05-25	brak		brak	
<b>Razem</b>	<b>150 000</b>						

**Note 11**

<b>Change in the balance of provision on account of deferred income tax</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>1. Balance of reserve on account of deferred income tax at the beginning of the period, including:</b>			
a) compared to the financial result	9 836	7 844	7 844
Non-current assets	1 170	1 190	1 190
Long-term investments	5 981	6 857	6 857
Inventories	1 368	1 690	1 690
Short-term receivables	565	804	804
Short-term investments	661	550	550
Short-term accruals	(77)	(500)	(500)
Short-term liabilities	(383)	(1)	(1)
Accruals	551	(2 744)	(2 744)
b) compared to equity capital	5 675	5 675	5 675
Non-current assets	3 036	3 036	3 036
Long-term investments	2 639	2 639	2 639
c) compared to goodwill or negative goodwill	-	-	-
	<b>15 511</b>	<b>13 519</b>	<b>13 519</b>
<b>2. Increases</b>			
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	946	3 830	3 828
Non-current assets	-	-	-
Long-term investments	-	-	193
Inventories	762	-	-
Short-term receivables	54	-	-
Short-term investments	-	111	-
Short-term accruals	-	424	468
Short-term liabilities	130	-	-
Accruals	-	3 295	3 167
b) compared to equity capital due to positive timing differences (on account of)	-	-	-
c) compared to goodwill or negative goodwill due to positive timing differences (on account of)	-	-	-
	<b>946</b>	<b>3 830</b>	<b>3 828</b>
<b>3. Reductions</b>			
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(2 122)	(1 838)	(1 320)
Non-current assets	(335)	(20)	(51)
Long-term investments	(1 603)	(876)	-
Inventories	-	(321)	(594)
Short-term receivables	-	(239)	(108)
Short-term investments	(86)	-	(279)
Short-term accruals	(98)	-	-
Short-term liabilities	-	(382)	(288)
Accruals	-	-	-
b) compared to equity capital due to positive timing differences (on account of)	-	-	-
c) compared to goodwill or negative goodwill due to positive timing differences (on account of)	-	-	-
	<b>(2 122)</b>	<b>(1 838)</b>	<b>(1 320)</b>
<b>4. Balance of reserve on account of deferred income tax at the end of the period total</b>			
a) compared to the financial result	8 661	9 836	10 352
Non-current assets	835	1 170	1 138
Long-term investments	4 378	5 981	7 050
Inventories	2 131	1 368	1 095
Short-term receivables	619	565	697
Short-term investments	575	661	270
Short-term accruals	(175)	(77)	(32)
Short-term liabilities	(253)	(383)	(290)
Accruals	551	551	423
b) compared to equity capital	5 675	5 675	5 675
Non-current assets	3 036	3 036	3 036
Long-term investments	2 639	2 639	2 639
c) compared to goodwill or negative goodwill	-	-	-
	<b>14 336</b>	<b>15 511</b>	<b>16 027</b>

**Note 12A**

<b>Short-term liabilities (exclusive of reserves)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>a) to subsidiaries</b>			
- loans and credits, including:	4 210	4 131	3
- long-term payable	-	-	-
- on account of issue of debt securities	-	-	-
- on account of dividends	-	-	-
- other financial liabilities, including:	445	485	-
- booked interest from bonds	445	485	-
- on account of deliveries and services, payable:	42	62	5 432
- within 12 months	42	62	5 432
- over 12 months	-	-	-
	<b>4 697</b>	<b>4 678</b>	<b>5 435</b>
<b>b) to partially owned subsidiaries</b>			
- on account of deliveries and services, payable:	-	-	5
- within 12 months	-	-	5
	<b>-</b>	<b>-</b>	<b>5</b>
<b>c) to associated companies</b>	-	-	-
<b>d) to the significant investor</b>	-	-	-
<b>e) to the dominant company</b>	-	-	-
<b>f) to other companies</b>			
- loans and credits, including:	59 121	113 713	52 683
- long-term payable	-	-	1 745
- on account of issue of debt securities	44 095	24 512	9 404
- other financial liabilities, including:	936	1 531	-
- interest charged	936	1 531	-
- on account of deliveries and services, payable:	31 838	33 598	36 390
- within 12 months	22 296	24 041	26 833
- over 12 months	9 542	9 557	9 557
- advances received for deliveries	89 437	50 903	32 434
- bill of exchange liabilities	-	-	-
- on account of taxes, customs duties, securities and other performances	-	389	6 651
- on account of salaries and wages	-	-	-
- other (according to titles)	993	579	600
- received hedging deposits	666	551	553
- insurance	301	-	-
- other	26	28	47
	<b>226 420</b>	<b>225 225</b>	<b>138 162</b>
<b>g) special funds - company social benefits fund</b>	<b>58</b>	<b>5</b>	<b>58</b>
<b>Short-term liabilities total</b>	<b>231 175</b>	<b>229 908</b>	<b>143 661</b>

**Note 12B**

<b>Short-term liabilities (exclusive of reserves) (currency structure)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) in Polish currency	231 175	229 908	141 916
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	1 745
- unit / currency k/USD	-	-	457
- PLN k	-	-	1 745
<b>Short-term liabilities total</b>	<b>231 175</b>	<b>229 908</b>	<b>143 661</b>



## NOTA 12C

## Zobowiązania krótkoterminowe z tytułu kredytów i pożyczek

Nazwa (firma) jednostki ze wskazaniem formy prawnej	Siedziba	Kwota kredytu / pożyczki wg umowy		Kwota kredytu / pożyczki pozostała do spłaty		Warunki oprocentowania	Termin spłaty	Zabezpieczenia	Inne
		w tys zł	waluta UŚ	w tys zł	waluta USD				
PeKaO S.A.	Warszawa	20 000	PLN	19 102	PLN	Wibor+marża	2006-06-30	weksle własne in blanco, pełnomocnictwo do rachunku bankowego, oświadczenie o poddaniu się egzekucji	
PeKaO S.A.*	Warszawa	80 000	PLN	40 000	PLN	Wibor+marża	2006-06-30	pisemne oświadczenie o poddaniu się egzekucji, pełnomocnictwo do dokonywania potrąceń wierzytelności Banku z rachunku bankowego	
PKO BP S.A.	Warszawa	20 000	PLN		PLN	Wibor+marża	2005-12-31	pełnomocnictwo do rachunku, weksle in blanco, oświadczenie o poddaniu się egzekucji	
Bank BPH S.A.	Kraków	20 000	PLN	-	PLN	Wibor+marża	2006-04-28	pełnomocnictwo do rachunku	
Bank Handlowy w Warszawie S.A.	Warszawa	20 000	PLN	19	PLN	Wibor+marża	2006-01-27	zobowiązanie do przeprowadzenia przez rachunek kwoty 13.000 tys zł kwartalnie	
Bioelektrownia Hydropol - 4 Sp. z o.o.	Kielce	4		1		stałe	2005-12-30	brak	
Echo Acc Sp. z o.o.	Kielce	50		41		Wibor	2005-12-30	brak	
Echo Centrum - Ślchowice Sp. z o.o.	Kielce	2 500		2 699		Wibor + marża	2005-12-30	brak	
Projekt Echo 30 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Hotel Investment Sp. z o.o.	Kielce	1 000		1 080		Wibor + marża	2005-12-30	brak	
Projekt Echo 32 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Projekt Echo 33 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Projekt Echo 34 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Projekt Echo 36 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Projekt Echo 37 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
Echo Bau Sp. z o.o.	Kielce	50		53		Wibor	2005-12-30	brak	
Projekt Echo 39 Sp. z o.o.	Kielce	50		55		Wibor	2005-12-30	brak	
<b>Razem</b>		<b>163 954</b>		<b>63 380</b>					

\* Długoterminowa część kredytu w kwocie 40.000 tys zł została zaprezentowana w zobowiązaniach długoterminowych.

## NOTA 12D

## Zobowiązania krótkoterminowe z tytułu wyemitowanych dłużnych instrumentów finansowych

Dłużne instrumenty finansowe wg rodzaju	Wartość nominalna	Warunki oprocentowania	Termin wykupu	Gwarancje/ zabezpieczenia	Dodatkowe prawa	Inne
obligacje (Bank BRE S.A.)	25 000,00	Wibor + marża	2005-10-05	brak		
obligacje (Bank BPH S.A.)	20 000,00	Wibor + marża	2006-02-26	brak		
<b>Razem</b>	<b>45 000,00</b>					

**Note 12E**

<b>Change in the balance of short-term reserves (according to titles)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
<b>a) balance at the beginning of the period</b>			
- guarantee repairs	700	-	-
- court proceedings	508	-	-
- sureties for liabilities	2 500	-	-
- bonuses, holidays, audit	4 035	5 222	5 222
	<b>7 743</b>	<b>5 222</b>	<b>5 222</b>
<b>b) increases (on account of)</b>			
- guarantee repairs	-	700	-
- establishment of reserves for penalties	1 747	-	3 257
- court proceedings	150	508	-
- sureties for liabilities	1 547	2 500	-
- bonuses, holidays, audit	-	-	-
	<b>3 444</b>	<b>3 708</b>	<b>3 257</b>
<b>c) utilization (on account of)</b>			
- bonuses, holidays, audit	932	1 187	-
- guarantee repairs	700	-	-
- court proceedings	67	-	-
	<b>1 699</b>	<b>1 187</b>	<b>-</b>
<b>d) release (on account of)</b>			
- bonuses, holidays, audit	1 334	-	-
	<b>1 334</b>	<b>-</b>	<b>-</b>
<b>e) balance at the end of the period</b>			
- reserves for penalties	1 747	-	3 257
- guarantee repairs	-	700	-
- court proceedings	591	508	-
- sureties for liabilities	4 047	2 500	-
- bonuses, holidays, audit	1 769	4 035	5 222
	<b>8 154</b>	<b>7 743</b>	<b>8 479</b>

The reserve for penalties covers a reserve for possible penalties that the Company can be charged with due to performed services,  
The reserve for court proceedings covers court proceedings against the company, where the probability of succeeding is lower than 50%.

The reserve for sureties for liabilities covers the reserve for sureties made for Princess Investment Sp. z o.o. and Princess Boryszewska Sp. z o.o.

The reserve for bonuses, holidays and audit covers the reserve for unpaid bonuses for the first half of this year and possibly the previous year, for costs of audit of the statement for the first half of the year and costs of unused holiday benefits.

**Note 13**

<b>Conditional liabilities to affiliated companies (on account of)</b>	<b>2005 half</b>	<b>2004 year</b>	<b>2004 half</b>
a) granted guarantees and sureties, including:	76 491	27 769	103 757
- to subsidiaries	76 491	27 769	103 757
- to partially owned subsidiaries	67 190	-	-
b) other	-	-	-
<b>Conditional liabilities to affiliated companies total</b>	<b>76 491</b>	<b>27 769</b>	<b>103 757</b>

**Note 14A**

<b>Operating income (material structure - types of operations)</b>	<b>2005 half</b>	<b>2004 half</b>
<b>A. Sales of residential and commercial areas</b>	<b>2 417</b>	<b>21 883</b>
- including:	-	-
<b>B. Investment contracting services</b>	<b>19 571</b>	<b>67 462</b>
- including:	19 571	43 204
from subsidiaries	10 368	43 204
from partially owned subsidiaries	9 203	-
<b>C. Real estate turnover</b>	<b>2 265</b>	<b>109</b>
- including:	-	-
<b>D. Lease services</b>	<b>5 422</b>	<b>10 984</b>
- including:	125	86
from subsidiaries	124	85
- from the dominant company	1	1
<b>E. Legal, accounting and consulting services</b>	<b>12 900</b>	<b>9 776</b>
- including:	12 844	9 598
from subsidiaries	12 695	9 593
from partially owned subsidiaries	149	5
<b>F. Other income</b>	<b>1 247</b>	<b>1 462</b>
- including:	435	357
from subsidiaries	434	355
from partially owned subsidiaries	-	-
from key personnel	1	2
<b>Operating income total</b>	<b>43 822</b>	<b>111 676</b>
- including:	32 975	53 245
from subsidiaries	23 621	53 237
from partially owned subsidiaries	9 352	5
- from the dominant company	1	1
from key personnel	1	2

**Note 14B**

<b>Operating income (territorial structure)</b>	<b>2005 half</b>	<b>2004 half</b>
a) at home	43 822	111 676
- including:	32 975	53 242
b) export	-	-
- including:	-	-
<b>Net income on sales of products total</b>	<b>43 822</b>	<b>111 676</b>
- including:	32 975	53 242

**Note 15**

<b>Operating costs according to type</b>	<b>2005 half</b>	<b>2004 half</b>
<b>Costs according to type, total</b>		
a) depreciation	1 201	1 684
b) consumption of materials and energy	3 107	65 112
c) foreign services	63 418	59 581
d) taxes and duties	1 531	2 191
e) salaries and wages	5 200	3 494
f) social security and other benefits	924	828
g) other costs in kind (on account of)	4 392	2 731
- activated financial costs	3 833	2 036
- business trips	45	62
- other	514	633
	<b>79 773</b>	<b>135 621</b>
Change in the balance of inventories, products and accruals	(43 851)	(45 549)
Cost of manufacture of products for the company's own purposes (negative value)	(292)	-
Costs of sales (negative value)	(3 584)	(3 406)
Overheads (negative value)	(5 266)	(6 454)
<b>Production cost of sold products</b>	<b>26 780</b>	<b>80 212</b>

**Note 16A**

<b>Other operating income</b>	<b>2005 half</b>	<b>2004 half</b>
a) released reserves (on account of)	396	3 803
- receivables	396	3 803
b) other, including:	1 678	647
- contractual penalties	58	485
- other	1 620	162

<b>Other operating income total</b>	<b>2 074</b>	<b>4 450</b>
-------------------------------------	--------------	--------------

**Note 16B**

<b>Other operating costs</b>	<b>2005 half</b>	<b>2004 half</b>
a) established reserves (on account of)	2 676	3 171
- for expected costs	2 676	3 171
b) other, including:	153	1 203
- gifts	16	447
- contractual penalties	113	1
- other	24	755
<b>Other operating costs total</b>	<b>2 829</b>	<b>4 374</b>

**Note 17A**

<b>Financial income from dividends and shares in profits</b>	<b>2005 half</b>	<b>2004 half</b>
a) from associated companies, including:	12 700	1 500
- from subsidiaries	12 700	1 500
b) from other companies	-	-
<b>Financial income from dividends and shares in profits total</b>	<b>12 700</b>	<b>1 500</b>

**Note 17B**

<b>Financial income on account of interest</b>	<b>2005 half</b>	<b>2004 half</b>
<b>a) on account of granted loans</b>		
- from associated companies, including:	3 951	2 298
- from subsidiaries	1 522	1 302
- from partially owned subsidiaries	2 429	996
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	3	6
	<b>3 954</b>	<b>2 304</b>
<b>b) other interest</b>		
- from associated companies, including:	-	400
- from subsidiaries	-	400
- from partially owned subsidiaries	-	-
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	540	155
	<b>540</b>	<b>555</b>
<b>Financial income on account of interest total</b>	<b>4 494</b>	<b>2 859</b>

**Note 17C**

<b>Other financial income</b>	<b>2005 half</b>	<b>2004 half</b>
a) foreign exchange gains	-	25
- realized	-	(94)
- unrealized	-	119
b) investment revaluation	2 471	3 074
c) other, including:	-	-
-	-	-
<b>Other financial income total</b>	<b>2 471</b>	<b>3 099</b>

**Note 18A**

<b>Financial costs on account of interest</b>	<b>2005 half</b>	<b>2004 half</b>
a) from loans and credits		
- to associated companies, including:	2 995	2 553
- to subsidiaries	2 995	2 553
- to partially owned subsidiaries	-	-
- to associated companies	-	-
- to the significant investor	-	-
- to the dominant company	-	-
- to other companies	6 550	3 945
	<b>9 545</b>	<b>6 498</b>
b) other interest		
- to other companies	24	9
	<b>24</b>	<b>9</b>
<b>Financial costs on account of interest total</b>	<b>9 569</b>	<b>6 507</b>

During the 1st half of the year 2005, the activated amount of external financing costs was 3 834 PLN k  
The yield rate applied to determination of the amount of external financing costs that can be activated equals 6.27%.

**Note 18B**

<b>Other financial costs</b>	<b>2005 half</b>	<b>2004 half</b>
a) foreign exchange losses, including	1 341	-
- realized	-	-
- unrealized	1 341	-
b) investment revaluation	20 577	3 930
c) loss on disposal of investments	-	3 074
d) other, including:	312	652
- commission	312	646
- other	-	6
<b>Other financial costs total</b>	<b>22 230</b>	<b>7 656</b>

**Note 19A**

<b>Current income tax</b>	<b>2005 half</b>	<b>2004 half</b>
<b>1. Gross profit (loss)</b>	<b>10 095</b>	<b>6 282</b>
<b>2. Differences between gross profit (loss) and income tax taxable base (according to titles)</b>		
Future revenues considered tax gains in the current year	-	-
Interest gained from receivables for the previous years	62	-
Interest gained from loans for the previous years	2 552	2 899
Income related to valuation of long-term contracts	(346)	(16 092)
Output interest on loans, not received	(2 101)	(1 699)
Output interest on deposits, not received	(2)	(10)
Dividends received	(12 700)	(1 500)
Released reserves for liabilities	(396)	(3 803)
Gifts	16	447
Reserve for liabilities	13 332	1 248
Penalties for late payment	-	2
Budget interest	-	3
Unplanned depreciation	-	-
Other costs that are not costs of income	3 588	3 977
Booked costs related to valuation of long-term contracts and established reserves	517	4 773
Booked, but unpaid discount on debt bonds	632	171
Established reserves for accruals of costs concerning investments and overheads	-	(3 172)
Valuation of loans, investments and inventories	16 705	8 465
Output interest on credits that has not been paid	1 332	1 524
Unpaid interest from liabilities	2 162	1 441
Unrealized foreign exchange gains / losses	1 360	(119)
Activated financial costs settled as costs of income in the previous years	2 870	3 250
Depreciation covered by the investment tax credit	127	116
Perpetual usufruct fees, settled as costs of income in the previous years	-	0
Activated financial costs for developer projects	(2 850)	(91)
Valuation of fair value	-	(747)
Non-accounting tax depreciation	-	-
Provision for guarantee repairs	(700)	-
Discount on debt bonds booked under costs of the previous year but paid this year	(114)	(2 633)
Interest from credits booked under costs in the previous year but paid this year	(2 016)	(6)
Interest from liabilities booked under costs in the previous year but paid this year	-	(778)
Released reserves for costs	(2 242)	-
Deductible gifts	(16)	(11)
	<b>21 772</b>	<b>(2 344)</b>
<b>3. Income tax taxable base</b>	<b>31 867</b>	<b>3 938</b>
<b>4. Income tax</b>	<b>7 398</b>	<b>748</b>
<b>5. Increases, abandonments, exemptions, deductions and reductions of tax</b>	<b>-</b>	<b>-</b>
<b>6. Current income tax presented (disclosed) in the tax return of the period, including:</b>	<b>7 398</b>	<b>748</b>
- disclosed in the profit and loss account	7 398	748
- concerning items that have reduced or increased equity capital	-	-
- concerning items that have reduced or increased goodwill or negative goodwill	-	-

**Note 19B**

<b>Deferred income tax disclosed in the profit and loss account</b>	<b>2005 half</b>	<b>2004 half</b>
Reduction (increase) due to occurrence and reversal of timing differences	(4 558)	492
<b>Deferred income tax total</b>	<b>(4 558)</b>	<b>492</b>

**Note 19C**

<b>Total amount of deferred tax</b>	<b>2005 half</b>	<b>2004 half</b>
- disclosed in equity capital	-	-
- disclosed in goodwill or negative goodwill	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note 20****Distribution of profits**

The net profit yielded by 'Echo Investment S.A.' in the year 2004, amounting to PLN 7,543,423.38 was assigned to supplementary capital through a resolution no. 3 of the Ordinary General Meeting of Shareholders of June 14, 2005.

**Note 21**

<b>Corrections to changes in the balance of balance sheet items, disclosed under II.11 'Other</b>	<b>2005 half</b>	<b>2004 half</b>
Reclassification of investments in real property as inventories	-	40 069
Correction concerning the reserve from valuation of non-cash contribution	(4)	-
<b>Adjustments total</b>	<b>(4)</b>	<b>40 069</b>

**Note 22**

<b>Cash disclosed in the cash flow statement</b>	<b>2005 half</b>	<b>2004 half</b>
<b>Balance at the beginning of the period, including</b>	<b>13 304</b>	<b>3 422</b>
- cash on hand and on bank accounts	13 245	598
- other cash	-	-
- other cash assets	59	2 824
<b>Balance at the end of the period</b>	<b>92 292</b>	<b>9 817</b>
- cash on hand and on bank accounts	92 218	9 817
- other cash	-	-
- other cash assets	74	-

There are discrepancies between balance sheet changes in the balance under the following item of the cash flow statement:

Change in inventories:

- amounting to PLN 292 k - this change results from correction of this balance with transfer from inventories for own purposes

Change in the balance of receivables:

- amounting to PLN -46,875 k - this change results from correction of this balance with the change in the balance of investment receivables

- amounting to PLN 2,298 k - this change results from correction of this balance with the change in the balance of receivables on account of income tax

- amounting to PLN 411 k - this change results from correction of this balance with the change in the balance of loans and issues

Change in the balance of short-term liabilities, except for loans and credits:

- amounting to PLN 60,148 k - this change results from correction of this balance with the change in the balance of financial liabilities

- amounting to PLN 323 k - this change results from correction of this balance with the change in the balance of investment liabilities

Change in accruals

- amounting to PLN 1,324 k - this change results from correction of this balance with the change in the balance of discount on account of long-term debt securities

## **Additional explanations:**

### **1. Discontinued operations**

No items related to discontinued operations occurred during the 1<sup>st</sup> half of the year 2005. The Management Board does not expect discontinuation of performed operations during the subsequent period.

### **2. Affiliated companies**

As a result of the strategy applied by 'Echo Investment' S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers are built, a significant part of transactions executed by Echo Investment are made with affiliated companies. The largest transactions during the 1<sup>st</sup> half of the year 2005 with affiliated companies were executed on the basis of the following contracts:

- Contract of general contracting of investment, made on December 21, 2004 with Wan 11 Sp. z o.o. as the investor and Wan S.A. as the second General Contractor of the Investment. Under this contract, Wan 11 Sp. z o.o. contracted performance of finishing and adaptation works in the office building in Warsaw, Postępu Street, to General Contractors.
- Contract of general contracting of investment, made on July 25, 2003 with Athina Park Sp. z o.o. as the investor. Under this contract, Athina Park Sp. z o.o. contracted performance of construction works in 4 office buildings with parking lots in Warsaw, Wybrzeże Gdynskie Street, to a General Contractor.

The shares of the above mentioned transactions in the company's income are presented in the Management Report.

Managers and supervisors in Echo Investment S.A. did not receive any of the following during the 1<sup>st</sup> half of the year 2005: benefits after the employment period, other long-term benefits, employment termination benefits or payments on account of shares held. Managers and supervisors of Echo Investment S.A. received a total of PLN 1,492 k of compensation on account of short-term employment benefits during the 1<sup>st</sup> half of the year 2005.

As on June 30, 2005 there were no credits, loans, guarantees or advance payments to managers or supervisors of the Company or to their spouses, relations and in-laws to the second degree, relations by adoption or other personal relations.



### 3. Significant events following the balance date:

- On July 15, 2005 the company signed a contract with Modzelewski & Rodek Sp. z o.o., having its head office in Warsaw, for performance of works related to execution of a construction facility – residential and service complex in Warsaw, Inflancka Street – Stage B. The compensation for Modzelewski & Rodek Sp. z o.o. for execution of the subject of the contract is a lump sum of PLN 27,200 k (twenty-seven million two hundred thousand zlotys) net. The date of completion of execution of the subject matter of the contract was set on December 15, 2006. In case of failure to execute or improper execution of the contract, Echo Investment shall charge contractual indemnity. Should the value of the damage exceed the value of contractual indemnity, Echo Investment S.A. may claim additional compensation. The parties are obliged to pay the contractual indemnity amounting to 10% of the contract value if any of the parties terminates the contract by default of this party.
- On July 26, 2005 the Company signed a contract of sale of shares with Echo Investment – Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o., having its head office in Kielce. Under this contract, Echo Investment s.A. sold 1800 shares to the above mentioned company, nominal value of PLN 500 each, representing 100% of initial capital and giving 100% of the total number of votes at the general meeting of shareholders of 'Princess Boryszewska Sp. z o.o., with its head office in Kielce (100% subsidiary of Echo Investment S.A.). The parties agreed that the sales price of shares is PLN 296,000. The recorded value of sold assets in books of accounts is PLN 295,000.

Date: September 1, 2005

Andrzej Majcher

Jarosław Grodzki

Piotr Gromniak

Artur Langner

President of the Management Board  
of the Management Board

Vice-President of the Management Board  
Member of the Management Board

Member

Signature of the person in charge of keeping books of accounts

Tomasz Sułek

Chief Accountant

ECHO INVESTMENT S.A.

REPORT ON AUDIT  
OF THE FINANCIAL STATEMENT  
FOR THE PERIOD  
FROM JANUARY 1, 2005  
TO JUNE 30, 2005

**Independent chartered accountant's report  
on audit of the financial statement  
covering the period from January 1, 2005 to June 30, 2005**

For the Supervisory Board of **Echo Investment S.A.**

We have audited the enclosed financial statement of **Echo Investment S.A.** seated in Kielce, 27 Zagnańska Street. The said statement consists of the following sections:

- introduction to the financial report;
- balance sheet prepared as on June 30, 2005, where the balance amount of assets and liabilities is 815,621 thousand zlotys;
- profit and loss account for the period from January 1, 2005 to June 30, 2005, showing net profit amounting to 7,255 thousand zlotys;
- statement of changes in equity capital, showing an increase in equity capital by an amount of 7,255 thousand zlotys;
- cash flow statement, showing net cash increase during the period from January 1, 2005 to June 30, 2005 by an amount of 80,348 thousand zlotys;
- additional information and explanations.

The Management Board of the Company is responsible for preparation of this statement.

Our task was to audit this statement.

We have carried out the audit pursuant to the provisions of the Accounting Act and to chartered accountants' code of practice, issued by the National Board of Chartered Accountants. The standards oblige us to plan and execute the audit so that to achieve reasonable certainty that the financial statement does not contain any material errors.

We have carried out the audit mainly through analysing the financial statement data, examination of the books of accounts and use of information obtained from the management and from persons responsible for the company's financial and accounting issues.

The scope and method of auditing the financial statement differs greatly from studies providing grounds for an opinion expressed on reliability, correctness and clarity of an annual financial statement and we are thus not capable of issuing such an opinion about the enclosed statement.

Our audit did not indicate the need to introduce any material changes in the enclosed financial statement so that it correctly, reliably and clearly presents the property and financial situation of the company as on June 30, 2005 and its financial result for the period from January 1, 2005 to June 30, 2005, in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as regulations of the European Commission and, in fields not regulated by those provisions, in accordance with principles set forth in the Accounting Act (Journal of Laws of 2002, No. 76, item 694, as amended) and secondary provisions issued thereto, as well as in conformity with the requirements set forth in the regulation of the Board of Ministers as of August 11, 2004 on specific requirements applicable to issue prospectus and outline prospectus (Journal of Laws No. 186 item 1921, as amended), and the regulation of the Board of Ministers as of March 21, 2005, on current and periodical information submitted by issuers of securities (Journal of Laws No. 49, item 463).

While not pointing out any reservations, we would like to emphasize that the presented financial statement is an individual statement and may not provide exclusive grounds for evaluating the Company's financial and property position, as the Company also prepares a consolidated financial statement of the capital group in which it is the dominant company. 75% of income from sales of products is income realized within affiliated companies from the capital group, which are excluded from the consolidated statement.

Katowice, September 2, 2005

**BDO Polska Spółka z o.o.**  
**ul. Postępu 12**  
**02-676 Warszawa**  
**Registration number 523**  
**Katowice Branch**  
**ul. Drzymały 15**  
**40-059 Katowice**

**Expert auditor**  
Barbara Kubas  
Chartered Accountant  
ID 6452/447

**Acting on behalf of BDO Polska Sp. z o.o.**  
dr André Helin  
State Authorized  
Public Accountant  
Chartered Accountant 90004/502  
President of BDO Polska Sp. z o.o.