

„ECHO INVESTMENT” S.A. CAPITAL GROUP
address: 25-528 Kielce, ul. Zagnańska 27

Opinion and Report
on audit of the consolidated financial statement
prepared according to the International Accounting Standards
for the period from January 1, 2006 to 31 December 2005

Opinion of Independent Chartered Accountant

for the Shareholders and the Supervisory Board of Echo Investment S.A.

We have audited the enclosed consolidated financial statement of the Capital Group whereof the Dominant Company is Echo Investment S.A., having its registered seat in Kielce, 27 Zagnańska Street. The said statement is composed of:

- introduction to the consolidated financial statement;
- consolidated balance sheet prepared as on 31 December 2005, where the balance amount of assets and liabilities is **2,149,700 thousand** zlotys,
- consolidated profit and loss account for the period from 01 January 2005 to 31 December 2005, showing net profit amounting to **194,414 thousand** zlotys,
- statement of changes in consolidated equity for the period from 01 January 2005 to 31 December 2005, showing an increase in equity by **194,984 thousand** zlotys,
- consolidated cash flow statement for the period from 01 January 2005 to 31 December 2005, showing a cash increase by an amount of **179,344 thousand** zlotys,
- additional information and explanations.

The report has been prepared according to the full accounting method.

The Management Board of the Echo Investment SA. is responsible for preparation of this consolidated financial statement.

Our task was to audit and assess the fairness, correctness and clarity of this financial statement.

We have audited the consolidated statement pursuant to the provisions of:

- 1) chapter 7 of the Act of September 29, 1994, on Accounting (Journal of Laws No. 76, item 694 of 2002, as amended),
- 2) Chartered accountants' code of practice, issued by the National Board of Expert Auditors in Poland.
- 3) International Financial Revision Standards.

We have planned and executed the audit of the consolidated statement so that to achieve reasonable certainty allowing for expressing an opinion of the statement.

The audit particularly included verification of correctness of accounting principles applied by affiliated companies, primarily through random verification, and the basis of values and information contained in the consolidated statement, as well as global evaluation of the consolidated statement.

In our opinion, the audit has provided sufficient grounds for the expression of a reliable opinion.

In our opinion, the audited consolidated statement, covering quantitative data and verbal explanations:

- fairly and clearly presents all information significant for assessment of the material and financial condition of the audited capital group as on 31 December 2005, as well as its financial result for the financial year from 01 January 2005 to 31 December 2005,
- has been prepared in all substantial aspects in compliance with the accounting principles according to the International Accounting Standards, the International Financial Reporting Standards and related interpretations published as regulations of the European Commission and, with respect to issues not regulated by the said Standards, in accordance with the requirements of the Accounting Act and secondary provisions issued on its basis,
- complies with the laws binding upon the capital group to the extent to which these laws affect the contents of the consolidated statement.

The statement of the capital group's activity is complete within the meaning of Article 49 clause 2 of the Accounting Act. The information contained therein is based on and compliant with the audited consolidated statement.

Katowice, 08 May 2006

BDO Polska Spółka z o.o. [BDO Poland Limited Liability Company]

address: ul. Postępu 12

02-676 Warszawa

Registration number 523

Katowice Branch

address: al. Korfantego 2

40-004 Katowice

Grażyna Maślanka
Chartered Accountant
registry no. 9375/7031

dr Andr  Helin
State Authorized
Public Accountant
Chartered Accountant 90004/502
President of BDO Polska Sp. z o.o.

„ECHO INVESTMENT” S.A. CAPITAL GROUP
address: 25-528 Kielce, ul. Zagnańska 27

Complementary report to the Opinion
on audit of the consolidated financial statement
prepared according to the International Accounting Standards
for the period from January 1, 2006 to 31 December 2005

CONTENTS

I. GENERAL PART OF REPORT	Błąd! Nie zdefiniowano zakładki.
II. ANALYSIS OF THE CAPITAL GROUP'S FINANCIAL STANDING	Błąd! Nie zdefiniowano zakładki.
III. DETAILED PART OF REPORT	Błąd! Nie zdefiniowano zakładki.

I. GENERAL PART OF REPORT

1. Identification data of the dominant company

1.1 Name and legal form

Echo Investment Spółka Akcyjna [Echo Investment Joint Stock Company]

1.2 Registered address of the Company

25-528 Kielce, ul. Zagnańska 27.

1.3 Objects of activity

According to the Company Articles and entry to the registry, the main objects of the Company's activity particularly include:

- erection of complete buildings and structures or parts thereof, civil engineering,
- preparation of land for construction,
- engineering installations and finishing works,
- maintenance of own property,
- letting of own property,
- contracted maintenance of property,
- legal, financial and accounting, consulting, holding management activity.

During the audited period, the Company was primarily involved in civil engineering and developer activity in the field of building apartments, shopping and entertainment centers, hotels and offices, lease of areas and advisory services for affiliated companies.

1.4 Basis of activity

Echo Investment S.A. acts on the basis of:

- company Articles prepared as a notarial deed Repertory A 4162/94 as of June 30, 1994, as amended, C
- the Polish Code of Commercial Partnerships and Companies, t

1.5 Registration at the Economic Court

On April 10, 2001 the Company was entered into the National Court Register at the District Court in Kielce, 10th Economic Department, with National Court Register number KRS 0000007025.

Previously the Company was registered in the commercial registry with number RHB 2054.

1.6 Registration with the Tax Office and the Provincial Statistical Office

NIP [Tax Identification Number] 657-023-09-12
REGON [Company statistical number]: 290463755

1.7 Equity and changes in equity during the reporting period

The value of the Company's share capital is PLN 21,000 and is divided into 10,500 shares with nominal value of PLN 2.00 each.

As on December 31, 2005 the Company's shares were taken up by:

Shareholders	Number of shares (pcs.)	share in capital (%)
Michał Sołowow - directly	146 392	1,39%
Michał Sołowow – indirectly through:	3 817 742	36,36%
- Magellan Pro-Equity Fund I S.A.	2 608 242	24,84%
- Columbus Pro-Equity Fund II Sp. z o.o.	927 000	8,83%
- Amundsen Pro-Equity Fund III Sp. z o.o.	282 500	2,69%
Otwarty Fundusz Emerytalny ING NN	1 040 000	9,90%
OFE PZU Złota Jesień PTE	927 343	8,83%
Commercial Union PTE	806 504	7,68%
Artur Kłoczko	676 069	6,44%
Other Shareholders	3 085 950	29,39%
Total	10 500 000	100%

The value of share capital did not change during the audited period.

1.8 The Supervisory Board and the Management Board of the Company

As at the beginning of the audited period, the Management Board of Echo Investment S.A. was composed of:

- Andrzej Majcher- President of the Management Board
- Jarosław Grodzki Vice-President of the Management Board
- Piotr Gromniak - Member of the Management Board

Through Resolution no. 5 of the Supervisory Board of Echo Investment S.A. as of June 14, 2005, the Management Board was appointed for the consecutive term of office, composed of the following members:

- Andrzej Majcher- President of the Management Board
- Jarosław Grodzki Vice-President of the Management Board
- Piotr Gromniak - Member of the Management Board
- Artur Langner - Member of the Management Board

The composition of the Management Board did not change until the end of the audited period.

As on December 31, 2005, the following persons were members of the Supervisory Board of Echo Investment S.A.:

- Wojciech Ciesielski- Chairman of the Supervisory Board
- Mariusz Waniółka- Deputy Chairman of the Supervisory Board
- Robert Oskard - Member of the Supervisory Board:
- Mariusz Gromek - Member of the Supervisory Board:
- Karol Żbikowski - Member of the Supervisory Board:
- Artur Kłoczko - Member of the Supervisory Board:

The composition of the Supervisory Board did not change during the audited period.

1.9 Employment

As on December 31, 2005, the dominant company was hiring 116 employees and the capital group was hiring 269 persons.

2.1. Information about the companies incorporated in the Capital Group

Information about companies incorporated in the Capital Group:

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
1	Echo Investment S.A.	Kielce	Dominant company	full		01.01.2005 - 31.12.2005	878 410	9 523	228 475	BDO Polska Sp. z o.o.	with explanation **)
2	"PHS Szczecin" S.A. [‘PHS Szczecin’ Joint Stock Company]	Szczecin	subsidiary	full	100%	01.01.2005 - 31.12.2005	23 829	619	8 049	Bilans - Servis Sp. z o.o.	no objection
3	"Piomot Auto" Sp. z o.o. [‘Piomot Auto’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	156	(5)	-	No audit obligation *)	-
4	"M.D.P." Sp. z o.o. [‘M.D.P.’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	40 740	4 699	7 044	No audit obligation *)	-
5	"Projekt 3" Sp. z o.o. [‘Project 3’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	53	1	-	No audit obligation *)	-
6	"Wyględów" Sp. z o.o. [‘Wyględów’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	54	1	-	No audit obligation *)	-
7	"Princess Investment" Sp. z o.o. [‘Princess Investment’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	3 257	(141)	36	No audit obligation *)	-
8	"Princess Boryszewska" Sp. z o.o. [‘Princess Boryszewska’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	293	(35)	77	No audit obligation *)	-
9	"Echo Investment - Centrum Handlowe Radom" Sp. z o.o. [‘Echo Investment – Radom Shopping Center’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	118 008	14 050	11 957	Bilans - Servis Sp. z o.o.	no objection
10	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o.	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	85 302	4 540	12 620	Bilans - Servis Sp. z o.o.	no objection

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	['Echo Investment – Tarnów Shopping Center' Limited Liability Company]										
11	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o. ['Echo Investment – Jelenia Góra Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	78 722	13 042	11 935	No audit obligation *)	-
12	"Echo Investment - Centrum Handlowe Siemianowice" Sp. z o.o. ['Echo Investment – Siemianowice Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	19 856	3 377	1 047	No audit obligation *)	-
13	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment – Bełchatów Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	35 182	3 346	5 508	No audit obligation *)	-
14	Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment – Piotrków Trybunalski Shopping Center Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	103 784	10 480	10 684	Bilans - Servis Sp. z o.o.	no objection
15	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. ['Echo Investment – Łódź Business Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	37 290	2 451	5 501	No audit obligation *)	-
16	"Echo Investment -	Kielce	subsidiary	full	100%	01.01.2005 -	26 055	4 423	4 339	No audit	-

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	Centrum Handlowe Przemysł" Sp. z o.o. ['Echo Investment – Przemysł Shopping Center' Limited Liability Company]					31.12.2005				obligation *)	
17	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment – Świętochłowice Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	21 082	3 076	1 483	No audit obligation *)	-
18	"Echo Investment - Centrum Handlowo – Rozrywkowe Szczecin" Sp. z o.o. ['Echo Investment – Szczecin Shopping and Entertainment Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	440 690	44 256	50 894	BDO Polska Sp. z o.o.	no objection
19	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment – Tczew Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	12 297	2 923	799	No audit obligation *)	-
20	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment – Łódź Banking and Finance Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	28 891	4 487	5 337	No audit obligation *)	-
21	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment – Pabianice Shopping	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	81 341	3 947	9 298	Bilans - Servis Sp. z o.o.	no objection

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	Center' Limited Liability Company]										
22	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment – Piła Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	11 546	1 595	919	No audit obligation *)	-
23	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment – Olkusz Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	19 814	2 211	1 270	No audit obligation *)	-
24	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment – Rzeszów Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	3 410	(7 046)	20	No audit obligation *)	-
25	"Projekt Echo -17" Sp. z o.o. ['Project Echo - 17' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	(3)	-	No audit obligation *)	-
26	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment – Zamość Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	21 276	6 483	1 135	No audit obligation *)	-
27	"Echo Investment - Centrum Handlowo – Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment – Gliwice Shopping, Service and Entertainment Center'	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	2 339	104	155	No audit obligation *)	-

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	Limited Liability Company]										
28	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	7 353	(39)	20	No audit obligation *)	-
29	"Echo Investment - Centrum Handlowe – Rozrywkowe Kielce" Sp. z o.o. ['Echo Investment – Kielce Shopping and Entertainment Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	37 142	1 302	-	No audit obligation *)	-
30	"Kieleckie Centrum Handlowe – Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping and Entertainment Center of Kielce' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	167 490	26 543	19 421	BDO Polska Sp. z o.o.	no objection
31	"Echo Centrum Gdynia" Sp. z o.o. ['Echo Gdynia Center' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	4 027	(7 087)	26	No audit obligation *)	-
32	"Bioelektrownia Hydropol - 4" Sp. z o.o. ['Hydropol – 4 Bioelectricity Plant' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	4 563	73	522	No audit obligation *)	-
33	"Echo ACC" Sp. z o.o. ['Echo ACC' Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	972	566	2 346	No audit obligation *)	-
34	"Athina Park" Sp. z	Kielce	subsidiary	full	100%	01.01.2005 -	119 896	17 970	12 092	Bilans - Servis	no objection

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	o.o. [‘Athina Park’ Limited Liability Company]					31.12.2005				Sp. z o.o.	
35	“Echo Centrum Ślichowice” Sp. z o.o. [‘Echo Ślichowice Center’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	2 779	134	-	No audit obligation *)	-
36	“Malta Office Park” Sp. z o.o. [‘Malta Office Park’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	7 610	20	266	No audit obligation *)	-
37	“Projekt Echo -30” Sp. z o.o. [‘Project Echo - 30’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	1	-	No audit obligation *)	-
38	“Hotel Investment” Sp. z o.o. [‘Hotel Investment’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	1 113	51	-	No audit obligation *)	-
39	“Projekt Echo -32” Sp. z o.o. [‘Project Echo - 32’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	1	-	No audit obligation *)	-
40	“Echo – Pasaż Grunwaldzki” Sp. z o.o. [‘Echo – Grunwaldzki Arcade’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	305	1	-	No audit obligation *)	-
41	“Projekt Echo -34” Sp. z o.o. [‘Project Echo - 34’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	1	-	No audit obligation *)	-
42	“Hotel Investment Spółka z Ograniczoną Odpowiedzialnością” Sp.k. [‘Hotel Investment Limited Liability Company’ Limited Partnership]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	1	(1)	-	No audit obligation *)	-
43	“Projekt Echo -37” Sp. z o.o. [‘Project Echo - 37’ Limited Liability	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	1	-	No audit obligation *)	-

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
	Company]										
44	“Echo Bau” Sp. z o.o. [‘Echo Bau’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	54	1	-	No audit obligation *)	-
45	“Projekt Echo -39” Sp. z o.o. [‘Project Echo - 39’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	56	1	-	No audit obligation *)	-
46	"Est-On Property Management" Sp. z o. o. [‘Est-On Property Management’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	5 033	(628)	10 853	No audit obligation *)	-
47	"Zakład Ogrodniczy Naramowice" Sp. z o.o. [‘Naramowice Gardening Enterprise’ Limited Liability Company]	Poznań	subsidiary	full	100%	01.01.2005 - 31.12.2005	13 400	(1 070)	3 136	No audit obligation *)	-
48	“Projekt Naramowice” Sp. z o.o. [‘Project Naramowice’ Limited Liability Company]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	57 152	(4 613)	1 455	Bilans - Servis Sp. z o.o.	no objection
49	“Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością” Sp.K. [‘Echo – Grunwaldzki Arcade Limited Liability Company’ Limited Partnership]	Kielce	subsidiary	full	100%	01.01.2005 - 31.12.2005	135 444	-	-	No audit obligation *)	-
50	“Projekt Gdynia - -1” Sp. z o.o. [‘Project Gdynia - 1’ Limited Liability Company]	Kielce	Subsidiary	full	100%	01.01.2005 - 31.12.2005	4 011	(48)	-	No audit obligation *)	-
51	“Projekt S” Sp. z o.o. [‘Project S’ Limited Liability Company]	Kielce	subsidiary	full	56%	01.01.2005 - 31.12.2005	1 106	(3)	-	No audit obligation *)	-
52	“Wan 11” Sp. z o.o. [‘Wan 11’ Limited Liability Company]	Warsaw	partially owned subsidiary	full	50%	01.01.2005 - 31.12.2005	152 475	33 238	4 665	BDO Polska Sp. z o.o.	no objection

Item	Name (company name) of the company, specifying the legal status	Registered office address	Type of capital relationship	Method of consolidation	Percentage of owned initial / share capital	Period covered by the statement	Balance total (in thousands PLN)	Profit/loss (in thousands PLN)	Operating incomes before exclusion (in thousands PLN)	Entity entitled to audit	Audit opinion
53	"WAN INVEST" Sp. z o. o. ['WAN INVEST' Limited Liability Company]	Warsaw	partially owned subsidiary	ownership rights	50%	01.01.2005 - 31.12.2005	no data available	no data available	no data available	No audit obligation *)	-
54	„W.A. Hotele Sp. z o.o.” ['W.A. Hotels Limited Liability Company']	Warsaw	associated company	ownership rights	43,45%	01.01.2005 - 31.12.2005	no data available	no data available	no data available	No audit obligation *)	-
55	“Projekt Echo – 23” Sp. z o.o. [“Project Echo – 23” Limited Liability Company]	Warsaw	associated company	ownership rights	37,50%	01.01.2005 - 31.12.2005	no data available	no data available	no data available	No audit obligation *)	-
56	“SPC” S.A. ['SPC' Joint Stock Company]	Warsaw	associated company	ownership rights	34%	01.01.2005 - 31.12.2005	no data available	no data available	no data available	no data available	-

*) The companies are not subject to mandatory audit because they do not comply with at least two of three conditions contained in Article 64 clause 1 item 4 of the Accounting Act

**) The opinion of Echo Investment S.A. contains the following explanation: ‘The presented financial statement is an individual financial statement and cannot provide exclusive grounds for assessment of the Company’s financial and property condition, as the Company is the dominant organization of a capital group. Apart from that individual statement, the Company prepares a consolidated financial statement of the capital group where it is the dominant body. 71.4% of net income from sales of products, goods and materials is the income realized within affiliated companies from the capital group, which are excluded from the consolidated statement.

Statement of balance totals and profits/losses of audited companies (in thousands PLN):

1) audited by BDO Polska Sp. z o.o.:

Company	Balance total	Net profit/loss
- ECHO INVESTMENT SA	878 410	9 523
- Echo Investment CHR Szczecin	440 690	44 256
- WAN 11	152 475	33 238
- KCHR Echo	167 490	26 543
	1 639 065	113 560

2) audited by Bilans – Service Sp. z o.o.:

Company	Balance total	Net profit/loss
- Echo Investment CH Radom	118 008	14 050
- Echo Investment CH Tarnów	85 302	4 540
- Echo Investment CH Piotrków Tryb.	103 784	10 480
- Echo Investment CH Pabianice	81 341	3 947
- ATHINA PARK	119 896	17 970
- PHS SZCZECIN	23 829	619
- Projekt Naramowice	57 152	(4 613)
	589 312	46 993

Total audited	2 228 377	160 553
Total not audited	587 565	38 262
Grand total	2 815 942	198 815
% of all companies that have been audited	79,1	80,7
% of all companies that have not been audited	20,9	19,3

Financial statements of Companies not subject to mandatory audit by a chartered accountant were reviewed to the extent required for auditing a consolidated financial statement within a capital group.

2.2. Companies excluded from consolidation

Wydawcy Prasy Spółka z o.o. [Press Editors Limited Liability Company] of Warsaw, which is associated with Echo Investment S.A., was excluded from consolidation due to missing financial data.

3. Identification data of the audited consolidated financial statement

The audit concerned the consolidated financial statement of “Echo Investment” S.A. prepared for the period from January 1, 2005 to December 31, 2005, including:

- introduction to the consolidated financial statement;
- consolidated balance sheet prepared as on December 31, 2005, where the balance amount of assets and liabilities is 2,149,700 thousand zlotys,
- consolidated profit and loss account for the period from January 1, 2005 to December 31, 2005, showing net profit amounting to 194.414 thousand zlotys,
- statement of changes in consolidated equity for the period from January 1, 2005 to December 31, 2005, showing an increase in equity by 194.984 thousand zlotys,
- consolidated cash flow statement for the period from January 1, 2005 to December 31, 2005, showing a cash increase by an amount of 179.344 thousand zlotys,
- additional information and explanations.

The consolidated financial statement covers the individual financial statements of companies enumerated in clause 2.1 of the report.

4. Identification data of the certified company and chartered accountant carrying out the audit

Audit of the consolidated financial statement was carried out by BDO Polska Sp. z o.o. with its registered seat in Warsaw, listed as a company certified to audit financial statements by the National Board of Chartered Accountants with number 523, pursuant to the selection made by the Supervisory Board of the dominant company and to the provisions of the audit agreement made with the certified body on August 2, 2005. The certified company was represented in execution of that agreement by Grażyna Maślanka, chartered accountant (registration number 9375/7031).

We hereby declare that BDO Polska Sp. z o.o. as the certified company and the chartered accountant involved in the audit of the aforementioned statement comply with preconditions for expressing an impartial and independent opinion on the audited statement, pursuant to Article 66 clause 1 and 2 of the Accounting Act.

During audit, the dominant company made all required data available to the Chartered Accountant and provided all explanations necessary for carrying out the audit. The company further communicated all the significant events after the balance day, before the date of filing the statement.

5. Information about the consolidated financial statement for the preceding year

The consolidated statement for 2004 covered the period from January 01, 2004 to December 31, 2004.

The consolidated statement for 2004 was audited by BDO Polska Sp. z o.o. in Warsaw, Katowice Branch, and obtained an opinion with the following objection:

1. According to presentation of note 1.2.1 of the Additional information and explanations to the enclosed financial statement, the Capital Group companies carried out security accounts according to the methodology described in that note. The companies have identified hedging instruments incorporated in lease contracts concerning foreign exchange risk related to long-term bank loans. As a result of valuating this hedging instrument as on the balance day, the Company's profit during the given period was underestimated by PLN 106,912 thousand. The same valuation of this instrument in the preceding period overestimated the Group's profit by PLN 53,644 thousand. The applied method of recognition and valuation of a hedging item in our opinion differs from a methodology commonly applied for this type of transactions and does not comply with the requirements stipulated in the Regulation as of December 12, 2001 'on specific rules of recognizing, valuation methods, scope of disclosure and method of presentation of financial instruments', considering incorrectly determined and valuated hedging instruments.
2. When calculating corporate income tax for the period from January 1, 1998 to December 31, 1999, Echo Investment S.A. deducted an amount of PLN 16,932 thousand as a deduction for erection of apartments for lease from taxable income. Non-depreciated value of expenditure financed with this deduction as on December 31, 2004 is PLN 15,726 thousand. The Company did not establish a reserve for deferred income tax in relation to

this deduction. When taking decision in this respect, the Management Board of the Company followed the literal meaning of the provision of Article 37 of the Accounting Act as of September 29, 1994, thus assuming that if the deduction on account of erection of apartments for lease is used, then the circumstances described in the aforementioned provision as ‘different moment of recognizing income as earned or cost as incurred within the meaning of the Act and tax laws’ shall not apply. In our opinion, the Company should have established a reserve for a timing difference concerning corporate income tax as on December 31, 1999, and thus equity as on the balance day would have been lower than that disclosed in the financial statement by PLN 2,988 thousand, with simultaneous increase of reserve for deferred corporate income tax for the same amount.

The Company made adjustments according to the aforementioned objections to the consolidated financial statement through correcting the opening balance as on January 1, 2005. The adjustments resulted in an increase of consolidated equity by PLN 50,225 thousand.

The Company’s consolidated financial statement for the period from January 01, 2004 to December 31, 2004 was approved through Resolution no. 2 of the General Meeting of Shareholders as of June 14, 2005.

The financial statement for the year 2004 was published in Monitor Polski B no. 1843 as of November 28, 2005.

As from January 1, 2005, the Company assumed valid accounting principles according to the International Accounting Standards and the International Financial Accounting Standards. Therefore, as on January 1, 2005 the consolidated statement for 2004 was transformed in order to maintain comparability of data.

Transformation of the consolidated statement from the Polish accounting standards into the international accounting standards is presented in the introduction to that consolidated financial statement.

6. Events following the balance date

Events following the balance date are presented in the additional information. These events have no impact on the audited consolidated financial statement.

II. ANALYSIS OF THE CAPITAL GROUP'S FINANCIAL STANDING

Selected values from the consolidated balance sheet and profit and loss account for 2004 and 2005 are presented below:

The consolidated financial statement for the period from January 1, 2005 to December 31, 2005 is the first consolidated financial statement prepared by Echo Investment SA according to International Financial Reporting Standards. According to the IFRS 1, the dominant company transformed comparable data for the period from January 1, 2004 to December 31, 2004 according to the same accounting principles as those applied for preparing the audited consolidated financial statement. Therefore, financial analysis covers data for two financial years.

2. Consolidated balance sheet

(in thousands PLN)				
ASSETS	31.12.05	% of balance total	31.12.04	% of balance total
Fixed assets	1.678.924	78,1	1.561.867	82,7
Intangible assets	85	-	66	-
Goodwill of subsidiaries	-	-	(571)	-
Tangible assets	245.081	11,4	214.148	11,4
Fixed assets	65.763	3,1	61.668	3,3
Fixed assets under construction	179.318	8,3	152.480	8,1
Long-term receivables	-	-	-	-
Investment immovable property	1.400.398	65,2	1.306.300	69,1
Long-term financial investments	17.747	0,8	21.086	1,1
Deferred income tax assets	15.613	0,7	20.838	1,1
Current assets	470.776	21,9	327.462	17,3
Inventories	170.595	7,9	218.524	11,6
Tax receivables	35.184	1,6	16.240	0,8
Short-term receivables	13.794	0,6	13.784	0,7
Short-term financial investments	7.889	0,4	1.455	0,1
Short-term accruals	831	0,1	3.849	0,2
Cash and cash equivalents	242.483	11,3	73.610	3,9
ASSETS TOTAL	2.149.700	100,0	1.889.329	100,0
LIABILITIES				
Equity	935.248	43,5	723.650	38,3
Equity capital allocated to shareholders of the dominant company	917.103	42,7	722.119	38,2
Initial capital	21.000	1,0	21.000	1,1
Supplementary capital	353.771	16,5	319.084	16,9
Profit/loss carried forward	347.918	16,2	355.636	18,8
Net profit (loss) of the accounting year	194.414	9,0	26.399	1,4
Minority capitals	18.145	0,8	1.531	0,1
Reserves	156.769	7,3	154.548	8,2
Reserve for deferred income tax	125.972	5,9	112.887	6,0
Other reserves	30.797	1,4	41.661	2,2
Long-term liabilities	714.265	33,2	746.793	39,5
Financial liabilities	685.010	31,9	689.906	36,5
Other liabilities	29.255	1,3	56.887	3,0
Short-term liabilities	343.418	16,0	264.338	14,0
Financial liabilities	152.992	7,1	177.763	9,4
Liabilities on account of deliveries and services	57.499	2,7	40.252	2,2
Liabilities on account of taxes	27.878	1,3	4.232	0,2
Other liabilities	105.049	4,9	42.091	2,2

LIABILITIES TOTAL	<u>2.149.700</u>	100,0	<u>1.889.329</u>	100,0
--------------------------	-------------------------	--------------	-------------------------	--------------

The balance total of Echo Investment S.A. Capital Group for 2005 increased by 13.8% as compared to the previous year. The most important changes in the structure of assets include: growth of current assets value by 43.7%, constituting 21.9% assets total as on the balance day as compared to 17,3% assets in the previous year. The increased percentage of current assets in the balance total to a significant extent resulted from increase in value of cash and other cash assets by 229.4%. This increase was largely due to cash received for sale of shopping centers.

Despite 7.2% growth of value of investment property, its share in total assets dropped to 65.2%. However, this is still one of the major assets of the Capital Group, which yields revenues in the form of lease rents. The increase in the value of real estate mainly resulted from an increase in fair value of real estate owned.

The share of equity in the balance total grew from 38.3% to 43.5%, mainly because of the profit earned by the group in 2005.

Fixed assets are financed with regular capital in 100%. In addition, regular capital finances nearly 20% of current assets.

The increase in other liabilities is due to increasing debt on account of advances received for deliveries.

3. Consolidated profit and loss account

	2005 (thousands PLN)	2004 (thousands PLN)	Dynamics 2005/2004
Operating income	257.939	332.114	77,7
Operating costs	(108.098)	(157.979)	68,4
Gross profit from sales	149.841	174.135	86,0
Profit from sales of immovable property	63.672	-	-
Revaluation of immovable property	101.347	(130.433)	-
Costs of sales	(8.459)	(8.008)	105,6
Overheads	(28.847)	(30.968)	93,2
Other operating income and costs	14.438	(28.827)	-
Profit before tax and financial income/costs	291.992	(24.101)	-
Financial income	8.169	8.227	99,3
Financial costs	(43.038)	(52.417)	82,1
Foreign exchange gains	16.058	103.557	15,5
Revaluation of goodwill of subsidiaries	(6.375)	(910)	700,5
Shares in profits of associated companies	-	(2)	-
Gross profit (loss)	266.806	34.354	776,6
Corporate income tax	(55.774)	(7.951)	701,5
a) current portion	(37.467)	(12.986)	288,5
b) deferred portion	(18.307)	5.035	-
Net profit (loss), including:	211.032	26.403	799,3
Profit (loss) allocated to shareholders of the dominant company	194.414	26.399	736,4
Gross minority profit (loss)	16.618	4	415.450,0

In 2005, the capital group earned net profit of PLN 211,032 thousand, which is an increase by 699.3% as compared to the preceding year.

The audited year was characterized by an increase in incomes from sales and in costs of operating activity, to decrease by 22.3% and 31.6%, respectively.

One of the reason for reduced income from sales was the sale of seven shopping centers yielding turnovers of PLN 36,255 thousand in 2004. The sale transaction took place in March 2005 and turnover realized in the first quarter of 2005 increased the consolidated incomes by ca. PLN 8,768 thousand.

As a result, gross profit from sales dropped by 14.0%, to reach PLN 149,841 thousand.

The capital group recorded profit from sale of immovable property in the amount of PLN 63,672 thousand and a positive result on account of growth of fair value of real estates owned, in the amount of PLN 101,347 thousand, where in the previous year the valuation resulted in decreasing the result by PLN 130,433 thousand.

The values of costs of sales and overheads remained on a similar level as compared to 2004, but the result on other operating incomes and costs was better. The aforementioned factors contributed to a profit from operating activity of PLN 291,992 thousand, as compared to a loss of PLN 24.101 thousand in 2004.

Foreign exchange gains dropped by 84.5% and other financial incomes and costs remained on a similar level. Gross profit reached a value of PLN 266,806. Income tax with timing differences between the reported book value of assets and liabilities and tax value of the same for 2005 equaled PLN 55,774 thousand.

4. Basic financial indicators

Indicator	Economic content	31.12.2005	31.12.2004
Balance total		2.149.700	1.889.329
Net profit/loss		211.032	26.403
Return on assets (%)	net financial result / average annual balance of assets	10,4%	1,6%
Return on equity (%)	net financial result / average annual balance of equity	25,4%	5,0%
Net sales profit to earnings ratio (%)	net financial result / income from sales of products, goods and materials	81,8%	7,9%
Gross profit margin (%)	gross profit from sales of products, goods and materials / income from sales of products, goods and materials	58,1%	52,4%
Receivables turnover ratio in days	average annual balance of all receivables on account of deliveries and services x 365 / income from sales of products, goods and materials	19	22
Debt repayment level in days	average annual balance of all liabilities on account of deliveries and services x 365 / value of sold commodities and materials + production costs of sold products	165	122
Stocks turnover ratio in days	average annual balance of inventories x 365 / value of sold commodities and materials + production costs of sold products	657	448
Fixed assets coverage with equity and long-term reserves ratio	equity + long-term reserves ¹ / fixed assets total	0,6	0,5
Financing structure permanence	equity + long-term reserves ¹ + long-term debt ¹ / total assets	0,8	0,8
Liquidity ratio I	operating assets total ³ / short-term liabilities	1,4	1,2
Liquidity ratio II	current assets total ³ - inventories / short-term liabilities ³	0,9	0,4
Short-term debt coverage with short-term receivables ratio	(short-term receivables / short-term debt + special funds)	0,1	0,1
Net assets allocated to the dominant company in PLN per 1 share	Dominant company's equity / number of shares	87,34	68,77
Net profit allocated to the dominant company in PLN per 1 share	Dominant company's net profit / number of shares	18,52	2,51

¹ exclusive of other reserves

² including liabilities for deliveries and services beyond 12 months

³ exclusive of receivables for deliveries and services beyond 12 months

⁴ exclusive of liabilities for deliveries and services beyond 12 months

In 2005, return ratios increased significantly as compared to the preceding year. Return on assets reached 10.4% from the initial level of 1.6%, return on equity grew by 5.0% to reach 25.4% and net return on sales increased from 7.9% to 81.8%. Gross return on sales increased from 52.4% to 58.1%. The values of the aforementioned indicators were mostly affected by positive result on other operating activity, profit from real estate valuation, and profit from sales of real estate.

Liquidity ratio I reached 1.4 from 1.2 in 2004, where the recommended value should range from 1.2 to 2. Liquidity ratio II increased from 0.4 to 0.9 and is slightly lower than the recommended range of 1 to 1.3. The liquidity ratios do not indicate any possibility of liquidity problems.

Receivables receipt cycle was established as 19 days, i.e. 3 days shorter than in the previous year. Debt repayment cycle extended from 122 to 165 days.

Stocks repayment cycle became longer, from 657 to 448 days, indicating extended contracts performance cycle of the dominant company.

Regular capital finances ca. 80% of the company's total assets. Short-term receivables cover 10% of the group's short-term debt.

III. DETAILED PART OF REPORT

1. Financial statements consolidation methods applied

1.1. Major principles of consolidating the capital group's financial statement, determination of incomes, costs and individual assets values

The consolidated financial statement of “Echo Investment” S.A. Capital Group was prepared on the basis of financial statements prepared by Capital Group companies, expressed as though the group was a single organization.

The dominant company prepares the financial statement according to International Accounting Standards and subsidiaries act on the basis of the Polish Accounting Standards. Statements of subsidiaries were transformed for purposes of preparing the consolidated financial statement in accordance with International Accounting Standards.

The accounting principles applied by the capital group account for the character of activity and are applied on a continuous basis. Application of accounting principles according to the International Accounting Standards and the International Financial Reporting Standards required a transformation of the consolidated financial statement for 2004 in order to maintain comparability of data.

Relevant exclusions were made in the course of consolidation concerning mutual receivables and debts, incomes and costs related to operations between consolidated companies, profits and loss on operations between consolidated companies, contained in the values of consolidated assets and liabilities.

Further exclusions applied to the value of shares held by the dominant company in capitals of subsidiaries.

Minority shareholders' capital was calculated correctly, in proportion to their respective shares held.

1.2. Consolidation records

The dominant company has prepared consolidation documents compliant with the requirements of the Regulation of the Minister of Finance as of December 12, 2001 on specific principles of preparing a financial statement of affiliated companies by organizations other than banks and insurance companies, including:

- financial statements of capital group companies, prepared for consolidation purposes and considering internal Group transactions,
- consolidation adjustments, covering all adjustments and exclusions in consolidated financial statements,
- data containing book value of shares,
- calculation of minority capitals;

2. Introduction to the consolidated financial statement, additional information and explanations

The dominant company has prepared additional information, covering the introduction to the financial report and additional information and explanations.

Numerical data contained in the said information is according to individual financial statements of consolidated companies and in compliance with the audited financial statement.

3. Statement of changes in consolidated equity

The statement of changes in consolidated equity of the capital group properly presents the increase of equity in the amount of PLN 194,984 thousand during the period. It was executed correctly and has a proper correlation with the consolidated balance sheet and the consolidated profit and loss account.

4. Consolidated cash flow statement

The consolidated cash flow statement was prepared through:

- totaling relevant positions of cash flow statements of subsidiaries covered by the consolidated financial statement,
- executing consolidation adjustments consisting in exclusion of cash flows between companies covered by the consolidated financial statement.

5. Management Report on the activities of the capital group

Pursuant to the requirements of Article 49 of the Act, the Management Board of the dominant company prepared a report on global operations of Echo Investment Capital Group in 2005.

The information contained therein is compliant with information contained in the audited consolidated financial statement for 2005.

6. Statement of the dominant organization’s management

The Management Board of Echo Investment S.A. filed a written statement on complete disclosure of data in the books of accounts, presentation of all contingent liabilities and non-existence of any significant events after the balance date.

Katowice, May 08, 2006

BDO Polska Spółka z o.o. [BDO Poland Limited Liability Company]
address: ul. Postępu 12
02-676 Warszawa
Registration number 523
Katowice Branch
address: al. Korfantego 2
40-004 Katowice

Grażyna Maślanka
Chartered Accountant
registry no. 9375/7031

dr Andrè Helin
State Authorized
Public Accountant
Chartered Accountant
90004/502
President of BDO Polska Sp. z

o.o.