

ANNUAL REPORT 2005

Individual financial statement of Echo Investment S.A.

Kielce, May 12, 2006

Letter to Shareholders, Partners and Clients

Dear Sirs,

I am pleased to inform that the year 2005 was an outstanding success for Echo Investment S.A.

Many factors contributed to gaining a profit of PLN 9.5 million (194 million for the Capital Group. One of the most important of these factors was an evident upswing in the market, following Poland's accession to the European Union. Our market has become extremely attractive for Western investors, which showed in increased demand for office space and apartments, particularly high-standard ones. The market of commercial area was also very interesting to investors, which can be illustrated by the transaction of sale of seven 'Echo' shopping centers to Meinl European Land, an international investment group. The transaction had a significant impact on the financial result achieved by the Group.

To meet the boom, we have been executing our investments in all sectors of our operations during last year. We have participated in implementation of development projects, simultaneously increasing the number of investments for lease. We have prepared subsequent projects with total area of approximately 300 thousand square meters.

The perspectives for further development of the Company are very optimistic. We intend to continue our active participation in the Polish real property market. With new knowledge and experience, we have decided to expand the Company's operations abroad. Our experts are studying the markets of Central and Eastern European countries, where we intend to commence investment and development activity, particularly in the sector of commercial projects.

I am convinced that the financial results achieved in 2005 have met the expectations of our Shareholders, Partners and Clients. This huge success would not have been possible without the involvement and outstanding effort of the entire team. We owe our long-term development, increased potential and results to our people. Therefore, on behalf of the entire Management Board I would like to thank all those who directly contribute to achievement of such outstanding results by Echo Investment Capital Group companies.

I would like to assure our Shareholders, Partners and clients that we are going to continue strengthening the Group's position in the real property market, guaranteeing profits and increasing value of assets.

Yours sincerely,

Andrzej Majcher
President of the Management Board

SECURITIES AND EXCHANGE COMMISSION

Annual Report R 2005

(according to Article 86 clause 1 item 3 of the Regulation of the Council of Ministers as of October 19, 2005
(Journal of Laws No. 209, item 1744))

(for issuers of securities performing production, construction, trade or service activities)

For the current financial year 2005, covering the period from January 1, 2005 to December 31, 2005
including an IAS financial statement
currency of the report: PLN

May 12, 2006
(submission date)

"Echo Investment" Spółka Akcyjna [Joint Stock Company]			
(full name of issuer)			
"Echo Investment" S.A.	building sector		
(contracted name of issuer)	(sector according to Warsaw Stock Exchange classification)		
25-528	Kielce	Zagnańska 27	
(postcode)	(town/city)	(Street)	(number)
(0-41) 36 31 700	(0-41) 36 31 707	office@kielce.echo.com.pl	
(phone)	(fax)	(e-mail)	
657 023 09 12	290463755	www.echo.com.pl	
(NIP [Tax Identification Number])		(REGON [Company Statistical Number]) (WWW)	

BDO Polska Sp z o.o
(Entity entitled to audit)

The annual report consists of:

- ☐ Report by a certified auditor of financial statements of a review of annual financial statement
- ☒ Opinion and report by a certified auditor of financial statements of an audit of annual financial statement (paragraph 62 clause 6 item 2 of the above mentioned regulation)
- ☒ Annual financial statement
- ☒ Introduction ☒ Statement of changes in equity capital

- ☒ Balance sheet
☒ Profit and loss account
☒ Management report (report on the issuer's activities)
☒ Statement of the Management Board on reliability of preparation of the consolidated financial statement
☒ Statement of the Management Board on entity certified to audit financial statements
- ☒ Cash flow statement
☒ Additional information and explanations

Selected financial data	PLN k		EUR k	
	2005	2004	2005	2004
I. Net income from the sale of products, goods and materials	228 476	235 350	56 789	52 090
II. Profit (loss) from operating activity	30 991	19 037	7 703	4 213
III. Gross profit (loss)	11 189	4 222	2 781	934
IV. Net profit (loss)	9 523	3 422	2 367	757
V. Net cash flows on operating activity	(38 885)	(28 540)	(10 864)	(6 317)
VI. Net cash flows on investment activity	140 071	(16 685)	34 815	(3 693)
VII. Net cash flows on financial activity	(37 447)	55 107	(9 308)	12 197
VIII. Net cash flows total	63 739	9 882	15 843	2 187
IX. Assets total	878 410	799 198	227 579	195 930
X. Liabilities and provisions for liabilities	554 875	485 425	143 757	119 930
XI. Long-term liabilities	232 328	232 263	60 192	56 941
XII. Short-term liabilities	293 308	229 908	75 990	56 364
XIII. Equity capital	323 296	313 773	83 760	76 924
XIV. Initial capital	21 000	21 000	5 219	4 847
XV. Number of shares (pcs.)	10 500 000	10 500 000	10 500 000	10 500 000
XVI. Profit (loss) per one ordinary share (in PLN/EUR)	0,91	0,23	0,21	0,07
XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,91	0,23	0,21	0,07
XVIII. Book value per one share (in PLN/EUR)	30,79	29,88	7,98	7,33
XIX. Diluted book value per one share (in PLN/EUR)	30,79	29,88	7,98	7,33
XX. Declared or paid dividend per one share (in PLN/EUR)	-	-	-	-



Recitals

1. The basic range of activity 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, 10th 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 December 31, 2005, as compared to the period from January 1 to December 31, 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 Waniolka, 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 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. Tax rates are applied in the depreciation scheme. 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 balance day, investment real property is valued according to its fair value. Fair value is revaluated at least once every three 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.


Differences from investment real property are accounted for in the profit and loss account under the item of real property revaluation.

5. Shares and stocks

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 overdue by more than one year – for full value of receivables,
- for receivables overdue by more than 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

At the point of initial booking, loans are disclosed in acquisition prices, corresponding to fair value of received cash.

As on the balance day, granted loans are valued according to depreciated costs, applying effective interest rate.

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.

Financial liabilities include in particular loans, credits, debt securities, not matured interest ib bank loans, booked according to the accruals method, as well as discount on short-term and long-term debt securities to be settled in the following accounting period, with a minus mark. Foreign currency loans are valued according to the selling rate of the bank employed by the Company.

Long-term financial liabilities are valued with the 'depreciated cost of liabilities component' method, according to IAS 39. The risk and the possibility of early repayment of long-term liabilities is taken into consideration in the course of valuation. Particularly if the liability value calculated with the 'depreciated cost of liabilities component' method is lower than the value of liability subject to early repayment, then a reserve is established to cover the difference.

The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced.

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, prudence and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for timing 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 sold services and products 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 December 31, 2005 is comparable to the data contained in the statement for the period from January 1 to December 31, 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)
Assets		-	
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)
Liabilities	-	-	-
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	year 2004 according to IAS	year 2004 according to PAS	Difference (IAS - PAS)
Assets			
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 affiliated companies	247 155	314 104	(66 949)
Long-term accruals	5 904	5 660	244

Other accruals	0	2 601	(2 601)
Short-term accruals	0	488	(488)
Liabilities			
Equity capital	313 773	309 690	4 083
Profit (loss) carried forward	8 204	0	8 204
Net profit (loss)	3 422	7 543	(4 121)
Provision on account of deferred income tax	15 511	10 621	4 890
Long-term liabilities	232 263	233 582	(1 319)
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, in the amount of PLN 66,949 thousand,
- advances have been reclassified from accruals in liabilities to short-term liabilities to other companies, in the amount of PLN 54,535 thousand,
- reserves have been reclassified from accruals in liabilities to other reserves, in the amount of PLN 5,228 thousand,
- the reserve for deferred tax due to tax deductions for apartments for lease, which on the other side affected the equity capital.
- long-term bonds were valued

The table below presents reconciliation of equity 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)
Equity capital			
Profit/loss carried forward			
Valuation of real property - fair value	13 878	0	13 878
Deferred income tax on valuation of real property - fair value	-2 637		-2 637
Deferred income tax on the investment relief	-3 037	0	-3 037
	8 204	0	8 204

Reconciliation of capitals and financial result	year 2004 according to IAS	year 2004 according to PAS	Difference (IAS – PAS)
Capitals			
Financial result			
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
Valuation of bonds	-1 282		-1 282
Deferred tax	-384	-1 412	-1 028
Net profit	3 422	7 543	-4 121
Profit/loss carried forward			
Valuation of real property - fair value	13 878	0	13 878
Deferred income tax on valuation of real property - fair value	-2 637		-2 637
Deferred income tax on the investment relief	-3 037	0	-3 037
	8 204	0	8 204

9. Basic data converted to EURO:

Selected financial data	2005	2005	2004	2004
	PLN k	EUR k	PLN k	EUR k
Operating income	228 476	56 789	235 350	52 090
Profit before tax and financial income/costs	30 991	7 703	19 037	4 213
Gross profit	11 189	2 781	4 222	934
Net profit	9 523	2 367	3 422	757
Net cash flows on operating activity	(38 885)	(9 665)	(28 540)	(6 317)
Net cash flows on investment activity	140 071	34 815	(16 685)	(3 693)
Net cash flows on financial activity	(37 447)	(9 308)	55 107	12 197
Net cash flows total	63 739	15 843	9 882	2 187
Assets total	878 410	227 579	799 198	195 930
Long-term liabilities	232 328	60 192	232 263	56 941
Short-term liabilities	293 308	75 990	229 908	56 364
Equity capital	323 296	83 760	313 773	76 924
Number of shares (pcs.)	10 500 000	10 500 000	10 500 000	10 500 000
Profit per one ordinary share (in PLN / EUR)	0,91	0,23	0,33	0,07
Diluted profit (loss) per one ordinary share (in PLN/EUR)	0,91	0,23	0,33	0,07
Book value per one share (in PLN/EUR)	30,79	7,98	29,88	7,33
Diluted book value per one share (in PLN/EUR)	30,79	7,98	29,88	7,33
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 31.12.2005 1 EUR = PLN 4.0401, as on 31.12.2004 1 EUR = PLN 4.0790,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to 31.12.2005 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 4.0233. For the period from January 1 to 31.12.2004, 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 4.5182.

Balance sheet

balance as on	Note	2005	2004
Assets			
1. Fixed assets			
1.1. Intangible assets	1	58	65
1.2. Non-current assets	2	50 263	46 593
1.3. Long-term investments	3	233 829	300 865
1.3.1. Real property		13 990	53 686
1.3.2. Long-term financial investments		219 839	247 178
1.4. Assets on account of deferred income tax	4	15 479	5 904
		299 629	353 426
2. Current assets			
2.1. Inventories	5	213 559	214 146
2.2. Short-term receivables	6	246 339	122 324
2.3. Short-term financial investments	7	46 489	95 996
2.3.1. In associated companies		46 481	95 950
2.3.2. In other companies		8	46
2.4. Cash and cash equivalents	7	72 231	13 304
2.5. Short-term accruals		163	-
		578 781	445 772
Assets total		878 410	799 198
Liabilities			
1. Equity capital			
1.1. Initial capital	8	21 000	21 000
1.2. Reserve capital	9	288 690	281 147
1.3. Profit (loss) carried forward		4 083	8 204
1.4. Net profit (loss)		9 523	3 422
		323 296	313 773
2. Reserves			
2.1.1. Provision on account of deferred income tax	10	14 056	15 511
2.2.4. Reserves		15 421	7 743
		29 477	23 254
3. Liabilities			
3.1. Long-term liabilities	11	232 328	232 263
3.2. Short-term liabilities	12	293 308	229 908
3.2.1. To affiliated companies		4 872	4 678
3.2.2. To other companies		288 431	225 225
3.2.3. Special funds		5	5
		525 636	462 171
Liabilities total		878 410	799 198
Book value		323 296	313 773
Number of shares		10 500 000	10 500 000
Book value per one share (in PLN)		30,79	29,88
Estimated number of shares		10 500 000	10 500 000
Diluted book value per one share (in PLN)		30,79	29,88

Off-balance items

	note	2005	2004
1. Conditional receivables		-	-
2. Contingent liabilities	13		
2.1. To affiliated companies (on account of)		17 020	27 769
- granted guarantees and securities		17 020	27 769
2.2. To other companies (on account of)		4 493	5 193
- granted guarantees and securities		4 493	5 193
		21 513	32 962
3. Other (on account of)			
- purchase of land property in Radom		2 000	2 000
- agreement with NOMI S.A. as of June 1, 2001		775	810
- court proceedings against Echo Investment		771	926
		3 546	3 736
Total		25 059	36 697

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. As on 31.12.2005 the value of the guarantee is PLN 633 k.
4. Bank guarantee of timely delivery of the subject of lease by 'WAN 11' 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 02.03.2006. As on 31.12.2005 the value of the guarantee is PLN 7,720 k.
5. Bank guarantee as of August 24, 2004 to Bank Polska Kasa Spółka Akcyjna for an amount of PLN 3,859 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.
6. Bank guarantee as of September 23, 2005 concerning securing payment for execution of construction of an underground passage and other items of reconstruction of the road system of Grunwaldzki Square in Wrocław. As on 31.12.2005 the value of the guarantee is PLN 15,860 k.

Other off-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 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 31.12.2005, the value of the liability is PLN 775 thousand
3. On account of court proceedings against Echo Investment S.A. PLN 771 k. The Company did not establish a reserve on this account due to very high probability of achieving a judgment positive for the company.

Statement of changes in equity capital

	Initial capital	Reserve capital	Profit (loss) carried	Profit (loss) of the	Equity capital
--	-----------------	-----------------	-----------------------	----------------------	----------------

			forward	accounting year	total
Balance as on 01.01.2005	21 000	281 147	11 626	-	313 773
changes in applied accounting principles	-	-	-	-	-
corrections of basic errors	-	-	-	-	-
Balance as on 01.01.2005, after reconciliation to comparable data	21 000	281 147	11 626	-	313 773
Changes during the period:					
Distribution of profit/loss carried forward	-	7 543	-7 543	-	-
Net profit (loss) of the current period				9 523	8 720
Changes total	-	7 543	-7 543	9 523	8 720
Balance as on 31.12.2005	21 000	288 690	4 083	9 523	323 296
Balance as on January 1, 2004	21 000	270 355	10 792	-	302 147
changes in the applied accounting principles related to the conversion to IAS	-	-	8 204	-	8 204
corrections of basic errors	-	-	-	-	-
Balance as on January 1, 2004, after reconciliation to comparable data	21 000	270 355	18 996	-	310 351
Changes during the period:					
Distribution of profit/loss carried forward	-	10 792	(10 792)	-	-
Net profit (loss) of the current period				3 422	3 422
Changes total	-	10 792	(10 792)	3 422	3 422
Balance as on 31.12.2004	21 000	281 147	8 204	3 422	313 773

Profit and loss account

	note	2005	2004
Operating income	14	228 476	235 350

Operating costs	15	(177 966)	(182 055)
Gross profit (loss) on sales		50 510	53 295
Profit (loss) on sales of real property		29 873	36
Revaluation of non-financial assets		(22 682)	(16 076)
Costs of sales		(7 561)	(6 842)
Overheads		(15 231)	(11 921)
Other operating income / costs	16	(3 918)	545
Profit before tax and financial income/costs		30 991	19 036
Financial income	17	38 480	13 520
Financial costs	18	(58 282)	(28 334)
Gross profit		11 189	4 222
Income tax	19	(1 665)	(800)
a) current portion		(12 695)	(415)
b) deferred portion		11 030	(385)
Net profit	20	9 523	3 422
Net profit (loss) (annualized)		9 523	3 422
Weighted average number of ordinary shares		10 500 000	10 500 000
Profit (loss) per one ordinary share (in PLN)		0,91	0,33
Weighted average diluted number of ordinary shares		10 500 000	10 500 000
Diluted profit (loss) per one ordinary share (in PLN)		0,91	0,33

Cash flow statement

	note	2005	2004
Cash flows on operating activity – indirect			

method		
I. Net profit (loss)	9 523	3 422
II. Corrections		
1. Shares in net (profit) loss of subsidiaries valuated according to ownership rights method	-	-
2. Depreciation	2 648	2 715
3. Foreign exchange gains/losses	4 812	-
4. Interest and shares in profits (dividends)	(1 593)	14 550
5. (Profit) loss on investment activity	(495)	3 677
6. Change in reserves	7 679	4 750
7. Change in inventories	294	(71 949)
8. Change in receivables	(118 707)	421
9. Change in short-term liabilities, except for loans and credits	67 846	(28 948)
10. Change in accruals	(11 192)	3 237
11. Other adjustments	21	40 072
	(48 408)	(31 962)

Net cash flows on operating activity	(38 885)	(28 540)
---	-----------------	-----------------

Cash flows on investment activity		-
I. Income		
1. Sales of intangible assets and tangible assets	75	1 146
2. Sales of investments in real property and in intangible assets	69 151	-
3. From financial assets, including:	85 063	109 967
a) in affiliated companies	85 047	96 417
- sales of financial assets	-	-
- dividends and shares in profits	25 299	1 500
- repayment of granted loans	53 276	90 878
- interest	3 365	4 039
- other income from financial assets	3 107	-
b) in other companies	16	13 550
- sales of financial assets	-	13 550
- dividends and shares in profits	-	-
- repayment of granted loans	16	-
- interest	-	-
- other income from financial assets	-	-
4. Other income from investments	-	-
	154 288	111 113

II. Expenditure		
1. Acquisition of intangible assets and fixed assets	6 379	2 363
2. Investments in real property and in intangible assets	132	-
3. On financial assets, including:	7 707	125 435

a) in affiliated companies	7 707	125 435
- acquisition of financial assets	7 707	20 321
- granted long-term loans	-	105 114
b) in other companies	-	-
- acquisition of financial assets	-	-
- granted loans	-	-
4. Other investment expenditure	-	-
	14 218	127 798
Net cash flows on investment activity	140 071	(16 685)
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	10 276	15 544
3. Issue of debenture bonds	157 242	308 970
4. Other financial income	-	-
	167 517	324 514
II. Expenditure		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	71 258	16 505
5. Redemption of debenture bonds	110 000	229 200
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	-	-
8. Interest	23 706	23 702
9. Other financial expenses	-	-
	204 965	269 407
Net cash flows on financial activity	(37 447)	55 107
Net cash flows total	63 739	9 882
Difference in cash balances, including:	58 927	9 882
- change in cash balance on account of exchange rate gain/loss	(4 812)	-
Cash at the beginning of period	13 304	3 422
Cash at the end of period, including:	72 231	13 304
- with limited disposability	-	8 974

Additional explanatory notes

Note 1A

Intangible assets	2005	2004
-------------------	------	------

a) costs of finished development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	46	53
- computer software	46	53
d) other intangible assets	12	12
e) advances for intangible assets	-	-
Intangible assets total	58	65

NOTE 1B

Changes in the value of intangible assets (according to type groups)

	a) acquired concessions, patents, licences and similar assets, including:	computer software	b) other intangible assets	c) advances for intangible assets	d) intangible assets for sale	Intangible assets total
a) gross value of intangible assets at the beginning of period	1 137	1 094	28	-	-	1 164
b) increases (on account of)	172	172	-	-	-	172
- purchase	172	172				172
c) decreases (on account of)	(1)	(1)	-	-	-	(1)
- sale	(1)	(1)				(1)
d) gross value of intangible assets at the end of period	1 308	1 265	28	-	-	1 336
e) accumulated amortization at the beginning of the period	1 083	1 041	15	-	-	1 099
f) amortization for the period (on account of)			-	-	-	
- planned	179	179	-	-	-	179
- sale	(1)	(1)	-	-	-	(1)
	178	178				178

	a) acquired concessions, patents, licences and similar assets, including:	con sof	echo I N V E S T M E N T	c) advances for intangible assets	d) intangible assets for sale	Intangible assets total ²⁰
g) accumulated amortization (depreciation) at the end of the period	1 262	1 220	15	-	-	1 277
h) write-offs due to permanent loss in value at the beginning of the period	-	-	-	-	-	-
- increase	-	-	-	-	-	-
- decrease	-	-	-	-	-	-
i) write-offs due to permanent loss in value at the end of the period	-	-	-	-	-	-
j) net value of intangible assets at the end of period	46	46	12	-	-	58

All intangible assets held by the company have been acquired.

Applied methods of amortization and assumed periods of utilization or applied rates of amortization for:

- acquired concessions, patents, licences and similar value - amortized equally, 50%, amortization booked under overheads
- other intangible assets - not put into use, not amortized as on 31.12.2005

Note 2A

Non-current assets	2005	2004
a) fixed assets, including:	50 262	46 594
- land (including the right to perpetual usufruct of land)	3 538	3 557
- buildings, premises and civil engineering structures	40 447	40 507
- technical equipment and machines	478	535
- means of transport	5 712	1 951
- other fixed assets	87	44
b) fixed assets under construction	-	-
c) advances for fixed assets under construction	-	-
Non-current assets total	50 262	46 594

The right of perpetual usufruct of land in Warsaw at Zeusa, Hery Streets, which is disclosed among fixed assets, was charged with ordinary mortgage in the amount of USD 3.66 m, established for Bank Amerykański w Polsce S.A. as a credit collateral. This mortgage was deleted on October 11, 2005.

NOTE 2B**Changes in fixed assets (according to type groups)**

	- own land and the right to perpetual usufruct of land	- buildings and structures	- technical equipment and machines	- means of transport	- other fixed assets	fixed assets total
a) gross value of fixed assets at the beginning of period	3 678	43 596	2 572	4 027	1 868	55 741
b) increases (on account of)						
- purchase	-	764	419	4 813	188	6 183
- transfer from fixed assets under construction	-	243	-	-	-	243
	-	1 006	419	4 813	188	6 426
c) decreases (on account of)						
- sale			46	417	12	475
- transfer to investments		145				145
	-	145	46	417	12	620
						-
d) gross value of fixed assets at the end of period	3 678	44 458	2 945	8 422	2 044	61 547
e) accumulated amortization (depreciation) at the beginning of the period	114	3 267	2 036	2 076	1 824	9 317
f) depreciation for the period (on account of)						
- planned depreciation	26	743	477	1 023	145	2 414
- sale			46	389	12	447
	26	743	431	634	133	1 967

	- own land and the right to perpetual usufruct of land	- buildings and structures	- technical equipment and machines	- means of transport	- other fixed assets	fixed assets total
g) accumulated amortization (depreciation) at the end of the period	140	4 010	2 467	2 711	1 956	11 285
h) write-offs due to permanent loss in value at the beginning of the period						
- increase						
- decrease						
i) write-offs due to permanent loss in value at the end of the period						
j) net value of fixed assets at the end of period	3 538	40 447	478	5 712	87	50 263

Applied methods of amortization and assumed periods of utilization or applied rates of amortization for:

- own land - the right to perpetual usufruct of land is amortized equally during 95 years. Ownership rights of land are not amortized.
- buildings and structures - equally, depreciation rate: residential 1.5%, service 2.5%, used 10%, structures 4.5%, investments in foreign facilities 10%
- technical equipment and machines - equally, rates from 10% to 20%, computers - accelerated method, rate 30% or 60%
- means of transport - equally, rate 20% or 14% for airplane
- other fixed assets - equally, rates from 10% to 20%

The amount of contractual liabilities incurred on account of acquisition of non-current assets is:

650 PLN k

Note 3A

Change in investments in real property	2005	2004
A) gross value of investments in real property at the beginning of period	48 773	89 037
a) increases (on account of)		
- purchase	110	-
- transfer from fixed assets	145	-
- transfer from inventories	292	3 695
- transfer from fixed assets under construction	23	-
	570	3 695
b) decreases (on account of)		
- sale	35 041	43 959
	35 041	43 959
B) gross value of investments in real property at the end of period	14 302	48 773
D) valuation to fair value at the beginning of period	5 091	10 373
a) increases	1 315	-
b) decreases (on account of)		
- sale	4 259	-
- valuation	2 407	5 460
	6 666	5 460
E) valuation to fair value at the end of period	(260)	4 913
F) depreciation	8	-
- decrease - sale	(11)	-
- increase - scheduled depreciation	55	-
G) depreciation at the end of the period	52	-
Net value of fixed assets at the end of period	13 990	53 686

Note 3B

Amounts disclosed in the profit and loss account	2005	2004
income from lease rent pertaining to investment real property	4 953	14 837
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	1 271	3 730
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	2004
a) in subsidiaries		
- shares or stocks	190 151	215 002
- debt securities	-	-
- other securities (according to type)	-	-
- granted loans	10 446	9 668
- other long-term financial assets (according to type)	6 732	9 500
- advances for shares	6 732	9 500
	207 329	234 171
b) in partially owned subsidiaries		
- shares or stocks	1 500	1 525
- debt securities	-	-
- other securities (according to type)	-	-
- granted loans	-	809
- other long-term financial assets (according to type)	-	-
- advances for shares	-	-
	1 500	2 334
c) in associated companies		
- shares or stocks	10 993	10 650
	10 993	10 650
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies		
- granted loans	16	23
	16	23
Long-term financial assets total	219 838	247 178

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. [Echo - Business Center Łódź Co., Ltd.]	6 305	collateral loan rate + margin	June 28, 2012
Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Co., Ltd.]	3 231	collateral loan rate + margin	December 31, 2011
Projekt S Sp. z o.o. [Project S Co., Ltd.]	910	fixed 5% + adjustment according to USD exchange rate	August 19, 2008
other	16	fixed 15%	December 31, 2007
Total:	10 462		

Registered pledge was established on the shares of MDP Sp z o.o. in the value of PLN 16,019 k as a security of the liabilities of MDP SP z o.o. in favor of PeKaO S.A. bank. The maximum value of collateral is EUR 4,924,000.

Registered pledge was established on the shares of MDP Sp z o.o. in the value of PLN 16,019 k as a security of the liabilities of MDP SP z o.o. in favor of PeKaO S.A. bank. The maximum value of collateral is USD 6,773,000.

Registered pledge was established on current and future shares of 'Kieleckie Centrum Handlowo - Rozrywkowe Echo' Sp. z o.o. [Shopping and Entertainment Center of Kielce Co., Ltd.] in the value of PLN 5 k as a security of the liabilities of 'Kieleckie Centrum Handlowo - Rozrywkowe' Sp. z o.o. in favor of Kredyt Bank S.A. The maximum value of collateral is 27,000 k EUR.

Registered pledge was established on current and future shares of 'Echo Investment - Centrum Handlowe Tarnów' Sp. z o.o. ['Echo Investment - Tarnów Shopping Center Co., Ltd.], 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

Registered pledge was established on the shares of 'Echo Investment - Centrum Handlowe Przemyśl' Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center Co., Ltd.], amounting to PLN 1,279 k, as a collateral of credit granted to the 'Echo - Centrum Przemyśl' Sp. z o.o. subsidiary by Bank Śląski S.A. in the amount of 2,850 k EUR.

Registered pledge was established on the shares of 'Echo Centrum Biznesu Łódź' Sp. z o.o. ['Echo Business Center Łódź Co., Ltd.], 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

Registered pledge was established on current and future shares of 'Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin' Sp. z o.o. ['Echo Investment - Szczecin Shopping and Entertainment Center Co., Ltd.], 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.

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

- Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center Co., Ltd.] with a value of PLN 6,510 k

- Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. [Echo Investment - Pabianice Shopping Center Co., Ltd.] with a value of PLN 10,526 k

- Echo Investment - Centrum Handlowe Radom Sp. z o.o. [Echo Investment - Radom Shopping Center Co., Ltd.] with a value of PLN 11,730 k

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

Registered pledge was established on the shares of 'Athina Park' Sp. z o.o. ['Athina Park' Co., Ltd.], 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.

Registered pledge was established on the shares of 'Wan - 11' Sp. z o.o. ['Wan-11' Co., Ltd.], 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	2004
a) balance at the beginning of the period, including:	247 178	236 458
- shares and stock	227 178	218 615
- granted long-term loans	10 500	17 047
- advances for acquisition of shares	9 500	796
- other long-term financial assets		
b) increases (on account of)		
- acquisition of shares	6 835	-
- granting of a loan	-	22
- charging interest and foreign exchange gains / losses	795	841
- advances for acquisition of shares	-	9 500
- take-up of shares	-	14 176
- balance sheet valuation	197	
- other	-	498
	7 827	25 037
c) decreases (on account of)		
- sale of shares	1 962	6
- change of balance sheet classification	-	5 088
- balance sheet valuation	29 405	5 612
- repayment of instalment	1 030	2 816
- settlement of advances for acquisition of shares	2 768	796
- other	-	-
	35 165	14 318
d) balance at the end of the period, including:	219 838	247 177
- shares and stock	202 644	227 178
- granted long-term loans	10 462	10 500
- other long-term financial assets	6 732	9 500

Note 3E

Securities, shares and other long-term financial assets (currency structure)	2005	2004
a) in Polish currency	202 644	227 177
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Securities, shares and other long-term financial assets total	202 644	227 177

Note 3F

Securities, shares and other long-term financial assets (according to transferability)	2005	2004
A. With unlimited transferability, quoted on stock exchanges (balance sheet value)	-	-
B. With unlimited transferability, quoted on markets other than stock exchanges (balance sheet value)	-	-
C. With unlimited transferability, not quoted on regulated market (balance sheet value)		
a) shares (balance sheet value):	4 776	4 742
- revaluation adjustments (for the period)	34	34
- gross value	4 810	4 776
- net (balance sheet) value	4 776	4 742
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value) - shares:	119 154	168 088
- revaluation adjustments (for the period)	18 962	2 463
- gross value	138 116	170 551
- net (balance sheet) value	119 154	168 088
	123 930	172 830
D. With limited transferability (balance sheet value)		
a) shares and stocks (balance sheet value):	78 714	54 347
- revaluation adjustments (for the period)	16 019	3 115
- gross value	94 733	57 462
- net (balance sheet) value	78 714	54 347
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
	78 714	54 347
Balance sheet net value total	202 644	227 177
Gross value total	237 659	232 789
Revaluation adjustments (for the period) total	35 015	5 612
Balance sheet value total	202 644	227 177

Note 3G

Granted long-term loans (currency structure)	2005	2004
a) in Polish currency	9 552	9 692
b) in foreign currencies (according to currency, after conversion to zlotys)	910	809
- unit / currency k/USD	279	271
- PLN k	910	809
Granted long-term loans total	10 462	10 501

Note 3H Shares in subsidiaries

Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
1	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	Szczecin	trade activity	subsidiary	full		4 776				4 776	100,00%	100,00%	none
2	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Co., Ltd.]	Kielce	automotive	subsidiary	full	1997-03-11	320				320	100,00%	100,00%	none
3	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	Kielce	construction activity	subsidiary	full	1996-11-22	16 019		16 019	16 019	-	99,99%	99,99%	none
4	"Projekt 3" Sp. z o.o. ['Project 3' Co., Ltd.]	Kielce	developer activity	subsidiary	full	1997-04-25	51				51	99,00%	99,00%	none
5	"Wygłędów" Sp. z o.o. ['Wygłędów' Co., Ltd.]	Kielce	construction activity	subsidiary	full	1998-10-21	51		51	51	-	99,00%	99,00%	none
6	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Co., Ltd.]	Kielce	developer activity	subsidiary	full	1999-10-26	-	1 637	(1 637)	-	-	0,00%	0,00%	none
7	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	Kielce	developer activity	subsidiary	full	1999-10-26	2 663	1 478	117	1 595	1 068	100,00%	100,00%	none
8	"Echo Investment Centrum Handlowe w Radomiu" Sp.z o.o. ['Echo Investment Radom Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	11 730				11 730	99,99%	99,99%	none
9	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-09	13 329				13 329	99,99%	99,99%	none
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp.z o.o. ['Echo Investment Jelenia Góra Shopping Center Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	5 401				5 401	100,00%	100,00%	none
11	"Echo Investment Centrum Handlowe Siemianowice" Sp.z	Kielce	construction activity and real	subsidiary	full	1998-11-10	4 214				4 214	99,99%	99,99%	none

	o.o. [‘Echo Investment Siemianowice Shopping Center’ Co., Ltd.]		estate services	y										
12	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. [‘Echo Investment – Bełchatów Shopping Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 083			2 083	99,99%	99,99%	99,99%	none
13	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 510			6 510	84,00%	84,00%	84,00%	none
14	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. [‘Echo Investment – Łódź Business Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 511			2 511	99,98%	99,98%	99,98%	none
Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of relationship	Applied method of consolidation	Date of selection for control	Value of acquisition price	Value of initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares	Percentage of owned initial/ share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
15	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. [‘Echo Investment – Przemyśl Shopping Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-06	1 279				1 279	100,00%	100,00%	none
16	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1999-02-23	2 321				2 321	100,00%	100,00%	none
17	"Echo Investment - Centrum Handlowo – Rozrywkowe Szczecin" Sp. z o.o. [‘Echo Investment – Szczecin Shopping and Entertainment Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	35 882				35 882	99,99%	99,99%	none
18	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. [‘Echo Investment – Tczew Shopping Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 514				1 514	99,99%	99,99%	none

19	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	3 008	2 463	(2 463)	-	3 008	100,00%	100,00%	none
20	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	10 526				10 526	100,00%	100,00%	none
21	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment - Piła Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	350				350	99,99%	99,99%	none
22	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	8 083				8 083	99,99%	99,99%	none
23	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	4 969		4 174	4 174	795	99,99%	99,99%	none
24	"Projekt Echo -17" Sp. z o.o. ['Project Echo -17' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
25	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment - Zamość Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 888				1 888	99,99%	99,99%	none
26	"Echo Investment - Centrum Handlowo -Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 477		236	236	2 241	99,99%	99,99%	none
27	"Echo - Centrum Gdynia" Sp. z o.o. ['Echo - Gdynia Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	9 284		7 101	7 101	2 183	99,99%	99,99%	
28	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 133				6 133	99,99%	99,99%	none
29	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o. ['Echo	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	8 369				8 369	99,99%	99,99%	none

Investment – Kielce Shopping
and Entertainment Center’ Co.,
Ltd.]

Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
30	"Kieleckie Centrum Handlowo – Rozrywkowe Echo" Sp. z o.o. [‘Echo Shopping and Entertainment Center of Kielce’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	5				5	0,03%	0,03%	none
31	"Bioelektrownia Hydropol - 4" Sp. z o.o. [‘Hydropol – 4 Bioelectricity Plant’ Co., Ltd.]	Kielce	electric power production	subsidiary	full	1998-10-30	101				101	100,00%	100,00%	none
32	"Echo Acc" Sp. z o.o. [‘Echo Acc’ Co., Ltd.]	Kielce	zbiór rachunkowo - księgowy	subsidiary	full	1998-10-30	51				51	99,99%	99,99%	none
33	"Athina Park" Sp. z o.o. [‘Athina Park’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 009				6 009	99,99%	99,99%	none
34	"Echo Centrum Ślchowice" Sp. z o.o. [‘Echo Ślchowice Center’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 508				2 508	99,99%	99,99%	none
35	"Malta Office Park" Sp. z o.o. [‘Malta Office Park’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 007				2 007	99,99%	99,99%	none
36	"Projekt Echo -30" Sp. z o.o. [‘Project Echo -30’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
37	"Hotel Investment" Sp. z o.o. [‘Hotel Investment’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 008				1 008	99,99%	99,99%	none
38	"Projekt Echo -32" Sp. z o.o. [‘Project Echo -32’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
39	"Echo – Pasaż Grunwaldzki" Sp. z o.o. [‘Echo – Grunwaldzki Arcade’ Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,99%	99,99%	none
40	"Projekt Echo -34" Sp. z o.o. [‘Project Echo -34’ Co., Ltd.]	Kielce	construction activity and real	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none

41	"Projekt Echo -36" Sp. z o.o. ['Project Echo -36' Co., Ltd.]	Kielce	estate services construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
42	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	Kielce	estate services construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
43	"EchoBau" Sp. z o.o. ['EchoBau' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
44	"Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
45	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.]	Poznań	orcharding activity	subsidiary	owne rship rights	2000-05-11	40 673	5 702	5 702	34 971	100,00%	100,00%	100,00%	none
Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of relationship	Appli ed metho d of conso lidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares	Percentage of owned initial/ share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
46	"EST-ON Property Management" Sp. z o. o. ['EST- ON Property Management' Co., Ltd.]	Kielce	property management	subsidiary	full	1998-10-27	50				50	99,00%	99,00%	none
47	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2004-03-23	6 402				6 402	63,00%	63,00%	none
48	"Echo - Pasaż Grunwaldzki" Sp. z o.o. Sp.K. ['Echo - Grunwaldzki Arcade' Co., Ltd. Limited Company]	Kielce	construction activity and real estate services	subsidiary	full	2005-08-30	11				11	90,00%	90,00%	none
49	"Hotel Investment" Sp. z o.o. Sp.k. ['Hotel Investment' Co., Ltd. Limited Company]	Kielce	construction activity and real estate services	subsidiary	full	2005-09-27	2				2	90,00%	90,00%	none
50	"Wan 11" Sp. z o.o. ['Wan 11' Co., Ltd.]	Warsaw	construction activity and real estate services	partially owned subsidiary	full	2004-03-08	1 500				1 500	50,00%	50,00%	none

51	“Projekt Echo -23” Sp. z o.o. [‘Project Echo -23’ Co., Ltd.]	Kielce	processing non-ferrous metals	associated company	ownership rights	1998-10-30	11			11	37,50%	37,50%	none	
52	W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.]	Warsaw	construction activity and real estate services	associated company	ownership rights	2002-04-18	10 639			10 639	43,45%	43,45%	none	
53	“SPC” S.A. [‘SPC’ Joint Stock Company]	Warsaw	managing other companies	associated company	ownership rights	1996-03-26	34	34	34	-	34,00%	34,00%	none	
54	Wan - Invest Sp. z o.o. [Wan - Invest Co., Ltd.]	Warsaw	construction activity and real estate services	associated company	ownership rights		446	-	103	103	343	50,00%	50,00%	none
Total							237 659	5 612	29 403	35 015	202 644			

Changes in the values of shares revaluation adjustments were disclosed in the result in 2005 under revaluation of investments in financial income / costs.

The costs also included the amount of established revaluation write-off on account of loss of value equaling

33 503,00 PLN k

The income included the amount of reversal of revaluation write-off on account of loss of value equaling

4 100,00 PLN k

The changes in the write-off resulted from the change in the values of companies.

Revaluation write-off for the value of shares of 'Princess Boryszewska' Sp. z o.o. is presented as balance: PLN 30 k increase and PLN 1,667 k decrease.

NOTE 3I Shares in subsidiaries according to PAS- ctd.

NOTE 31 Shares in subsidiaries according to P.A.S.- Ltd.

Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares in the company unpaid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity capital, including:				long-term liabilities	short-term liabilities		long-term receivables	short-term receivables				
							profit (loss) carried forward	net profit (loss)										
Shares in wholly and partially owned subsidiaries																		
1	"PHS Szczecin" S.A. [PHS Szczecin' Joint Stock Company]	7 775	2 519	-	4 063	1 193	-	1 193	5 707	730	1 174	913	913	13 482	1 132		1 500	
2	"Piomot Auto" Sp. z o.o. [Piomot Auto' Co., Ltd.]	74	150	-	-	(76)	(71)	(5)	1 739	-	81	-	-	-	1 814	-	-	

3	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	20 296	16 004	382	3 910	4 693	(784)	51 272	31 562	17 983	199	199	71 568	7 044	-	-	
4	"Projekt 3" Sp. z o.o. ['Project 3' Co., Ltd.]	51	50	1	0	-	0	2		1	0	0	53	-	-	-	
5	"Wyględów" Sp. z o.o. ['Wyględów' Co., Ltd.]	52	50	2	(0)	(0)	0	2		1	0	0	54				
6	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Co., Ltd.]	292	900	-	-	(608)	(573)	(35)	1	1	2	2	293	77	-	-	
7	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	1 046	1 600	-	(554)	(413)	(141)	2 211		2 211	74	74	3 257	36	-	-	
8	"Echo Investment Centrum Handlowe Radom" Sp.z o.o. ['Echo Investment Radom Shopping Center' Co., Ltd.]	34 648	14 102	4 099	16 447	6 898	9 549	51 549	45 201	3 744	150	-	150	86 195	11 957	-	2 500
9	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów Shopping Center' Co., Ltd.]	23 150	12 894	5 872	4 384	(1 711)	6 095	25 415	19 312	5 272	473	-	473	48 564	12 620	-	1 500
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp.z o.o. ['Echo Investment Jelenia Góra Shopping Center Co., Ltd.]	27 035	11 057	8 146	7 832	(345)	8 177	19 112	13 318	5 068	147	147	46 147	11 935	-	1 000	
11	"Echo Investment Centrum Handlowe Siemianowice" Sp.z o.o. ['Echo Investment Siemianowice Shopping Center' Co., Ltd.]	13 543	5 289	319	7 936	(100)	8 036	6 356		568	78	78	19 899	1 047		2 750	
12	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment - Bełchatów Shopping Center' Co., Ltd.]	16 081	8 524	4 498	3 059	(477)	3 536	9 093	6 482	2 398	86	86	25 173	5 508	-	500	
13	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Co., Ltd.]	16 142	11 420	4 706	15	6 091	8 725	45 731	40 548	2 945	179	179	76 673	10 684	-	-	
14	Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Co., Ltd.]	11 644	2 504	3 865	5 275	5 419	(144)	29 304	23 184	4 936	209	-	209	40 949	5 501	-	-
15	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center' Co., Ltd.]	8 301	3 784	2 806	1 711	(277)	1 988	13 283	8 910	4 317	66	66	21 585	4 339	-	-	

16	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment – Świętochłowice Shopping Center’ Co., Ltd.]	14 242	5 789		109	8 343	(554)	8 897	6 846	6 090	12	12	21 088	1 483	2 500			
Item	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares in the company unpaid by the issuer	dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplementary capital	other equity capital, including:				Zobowiązania długoterminowe	short-term liabilities		long-term receivables	short-term receivables				
							profit (loss) carried forward	net profit (loss)										
17	"Echo Investment - Centrum Handlowo – Rozrywkowe Szczecin" Sp. z o.o. ['Echo Investment – Szczecin Shopping and Entertainment Center’ Co., Ltd.]	71 046	36 635		2 699	31 711	10 170	21 541	187 170	168 423	12 794	1 292	1 292	258 216	50 894	-	5 000	
18	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment – Tczew Shopping Center’ Co., Ltd.]	11 808	3 583		246	7 980	766	7 214	490		5	27	27	12 298	799		250	
19	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment – Łódź Banking and Finance Center’ Co., Ltd.]	5 390	5 718	(2 717)	0	2 390	2 309	81	23 890	17 164	4 853	70	70	29 280	5 337	-	-	
20	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment – Pabianice Shopping Center’ Co., Ltd.]	25 165	13 311		985	10 869	5 313	5 557	39 768	34 898	2 952			64 933	9 298		2 500	
21	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment – Piła Shopping Center’ Co., Ltd.]	10 995	4 442		189	6 364	1 123	5 241	667		9	132	132	11 662	919		400	
22	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment – Olkusz Shopping Center' Co., Ltd.]	18 899	10 044		228	8 626	1 539	7 088	953		1	55	55	19 853	1 270		800	
23	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment – Rzeszów Shopping Center' Co., Ltd.]	736	7 782			(7 046)	(0)	(7 046)	2 674		2 674	1	1	3 410	20			
24	"Projekt Echo -17" Sp. z o.o.	55	50		10	(5)	(2)	(3)	1		1	3	3	56	-		-	

	["Project Echo -17' Co., Ltd.]																
25	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. [Echo Investment - Zamość Shopping Center' Co., Ltd.]	15 509	4 543	239	10 727	(729)	11 456	5 767	5 392	18	18	21 276	1 135	2 600			
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o. [Echo Investment - Gliwice Shopping, Service and Entertainment Center' Co., Ltd.]	2 216	3 436		(1 220)	(1 324)	104	123	0	637	637	2 339	155	-	-		
27	"Echo - Centrum Gdynia" Sp. z o.o. [Echo - Gdynia Center' Co., Ltd.]	2 183	9 270		(7 087)	(0)	(7 087)	1 845	1 845	25	25	4 027	26				
28	Przedsiębiorstwo Usługowo-Handlowe MERCOR Sp. z o.o. [MERCOR Services and Trade Co., Ltd.]	6 741	6 781	0	(40)	(0)	(40)	612	612	8	8	7 353	20	-	-		
29	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o. [Echo Investment - Kielce Shopping and Entertainment Center' Co., Ltd.]	35 314	32 132	1 880	1 302		1 302	1 828	4	213	213	37 142	-				
30	"Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o. [Echo Shopping and Entertainment Center of Kielce' Co., Ltd.]	31 017	11 544	8 682	10 791	704	10 088	86 244	50 282	5 794	1 409	1 409	117 262	19 421			
31	"Bioelektrownia Hydropol - 4" Sp. z o.o. [Hydropol - 4 Bioelectricity Plant' Co., Ltd.]	174	100	1	73		73	4 390	4 390	108	108	4 563	522				
Item	company name	equity of the company, including:						liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares in the company unpaid by the issuer	dividends from the company for the last financial year
			short-term liabilities							Short-term liabilities		long-term receivables	short-term receivables				
							profit (loss) carried forward										
32	"Echo Acc" Sp. z o.o. [Echo Acc' Co., Ltd.]	618	50	1	566	(0)	566	349	113	390	390	966	2 346				
33	"Athina Park" Sp. z o.o. [Athina Park' Co., Ltd.]	6 956	6 000	0	956	(745)	1 701	102 377	3 424	98 837	361	361	109 333	12 092	-	-	
34	"Echo Centrum Ślchowice" Sp. z o.o. [Echo Ślchowice Center' Co., Ltd.]	2 722	2 500	87	134		134	57	4	1	1	2 779	-	-	-		
35	"Malta Office Park" Sp. z o.o.	2 022	2 000	3	20		20	5 587	5 576	35	35	7 610	266				

36	["Malta Office Park" Co., Ltd.] "Projekt Echo -30" Sp. z o.o. [Project Echo -30' Co., Ltd.]	54	50	3	1	1	2	1	0	0	56	-	-	-				
37	"Hotel Investment" Sp. z o.o. [Hotel Investment' Co., Ltd.]	1 087	1 000	36	51	51	26	5	1	1	1 113	-	-	-				
38	"Projekt Echo -32" Sp. z o.o. [Project Echo -30' Co., Ltd.]	54	50	3	1	1	2	1	0	0	56	-	-	-				
39	"Echo – Pasaż Grunwaldzki" Sp. z o.o. [Echo – Grunwaldzki Arcade' Co., Ltd.]	54	50	2	1	1	251	250	0	0	305	-	-	-				
40	"Projekt Echo -34" Sp. z o.o. [Project Echo -34' Co., Ltd.]	54	50	4	1	1	2	1	0	0	56	-	-	-				
41	"Projekt Echo -36" Sp. z o.o. [Project Echo -36' Co., Ltd.]	4 006	4 050	3	(48)	(48)	6	6	7	7	4 012	-	-	-				
42	"Projekt Echo -37" Sp. z o.o. [Project Echo -37' Co., Ltd.]	54	50	3	1	1	2	1	0	0	56	-	-	-				
43	"EchoBau" Sp. z o.o. [EchoBau' Co., Ltd.]	52	50	2	(0)	(1)	1	2	1	0	54	-	-	-				
44	"Projekt Echo -39" Sp. z o.o. [Project Echo -39' Co., Ltd.]	54	50	3	1	1	2	1	0	0	56	-	-	-				
45	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. [Naramowice Gardening Enterprise' Co., Ltd.]	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. [EST-ON Property Management' Co., Ltd.]	535	50	1 113	(628)	(628)	4 498	3 393	1 529	1 529	5 033	10 853	-	-	-			
47	"Projekt S" Sp. z o.o. [Project S' Co., Ltd.]	50	50	3	(4)	-	(4)	1 056	1 054	2	-	-	1 106	-	-	-		
48	"Wan 11" Sp. z o.o. [Wan 11' Co., Ltd.]	5 367	3 000	7	2 360	(1)	2 361	110 183	85 203	23 656	5 750	5 750	115 550	729	-	-		
49	"Echo – Pasaż Grunwaldzki" Sp. z o.o. Sp.K. [Echo – Grunwaldzki Arcade' Co., Ltd. Limited Company]	1 000	1 000	-	0	0	135 443	135 443	24 417	24 417	135 444	-	-	-	-			
50	"Hotel Investment" Sp. z o.o. Sp.k. [Hotel Investment' Co., Ltd. Limited Company]	0	1	-	(1)	(1)	-	-	-	-	0	-	-	-	-			
Shares in associated companies																		
1	"Projekt Echo -23" Sp. z o.o. [Project Echo -23' Co., Ltd.]	22	28	-	(6)	(5)	(2)	-	-	0	0	22	-	-	-	-		
2	W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.]	25 568	25 537	-	17	14	-	14	6	-	6	110	110	25 574	166	-	-	
3	"S.P.C." S.A. [S.P.C.' Joint Stock Company]	100	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Wan - Invest Sp. z o.o. [Wan - Invest Co., Ltd.]	701	760	-	-	(59)	-	(59)	2	-	2	31	-	31	703	25	-	-



Note 4

Change in the balance of assets on account of deferred income tax	2005	2004
1. Balance of assets on account of deferred income tax at the beginning of the period, including:		
a) compared to the financial result	5 904	4 296
Non-current assets	-	631
Long-term investments	1 688	607
Inventories	1 755	650
Short-term receivables	536	578
Short-term investments	7	584
Short-term accruals	774	992
Provisions for liabilities	133	-
Long-term liabilities	243	103
Short-term liabilities	768	151
b) compared to equity capital	-	-
c) compared to goodwill or negative goodwill	-	-
	5 904	4 296
2. Increases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	9 947	2 936
Non-current assets	-	-
Long-term investments	5 507	1 081
Inventories	2 533	1 106
Short-term receivables	-	-
Short-term investments	971	-
Short-term accruals	-	-
Provisions for liabilities	286	133
Long-term liabilities	-	243
Short-term liabilities	649	616
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	-	-
	9 947	3 179
3. Decreases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(372)	(1 573)
Non-current assets	-	(631)
Long-term investments	-	-
Inventories	-	-
Short-term receivables	-	(43)
Short-term investments	-	(577)
Short-term accruals	(129)	(218)
Provisions for liabilities	-	-
Long-term liabilities	(243)	(103)
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)	-	-
	-	37

(372) (1 573)

4. Balance of assets on account of deferred income tax at the end of the period total, including:

a) compared to the financial result	15 480	5 659
Non-current assets	-	-
Long-term investments	7 197	1 688
Inventories	4 289	1 755
Short-term receivables	536	536
Short-term investments	978	7
Short-term accruals	645	774
Provisions for liabilities	419	133
Long-term liabilities	-	243
Short-term liabilities	1 417	768
b) compared to equity capital	-	-
c) compared to goodwill or negative goodwill	-	-
	15 479	5 903

Note 5A

Inventories	2005	2004
a) materials	-	-
b) semi-finished products and work in process	191 116	195 258
c) finished products	15 056	9 406
d) goods	6 974	8 789
e) advances for deliveries	414	694
Assets total	213 559	214 146

Note 5B

Inventories	2005 year	2004 year
Value of inventories recognized as cost in a given period	171 549	54 400
Amounts of write-offs of values of inventories disclosed as cost in a given period	7 247	9 238
Amounts of reversal of write-offs of values decreasing the value of inventories disclosed as cost in a given period	2 046	3 995

Inventories are valued not higher than obtainable net value. This value is obtained from information from the active market.

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

Short-term receivables	2005	2004
-------------------------------	-------------	-------------

a) from affiliated companies	235 433	109 898
- for deliveries and services, payable within:	235 433	109 898
- within 12 months	235 433	92 239
- over 12 months	0	17 659
- other	-	-
- claimed through the court	-	-
b) revaluation write-offs of receivables affiliated	16 150	2 819
c) receivables from other companies	10 906	12 426
- for deliveries and services, payable within:	4 672	3 000
- within 12 months	4 622	2 950
- over 12 months	50	50
- due to taxes, grants, customs, social and health insurance and other benefits	6 009	9 341
- other	224	85
- claimed through the court	-	-
d) revaluation write-offs of receivables other	7 021	2 693
Short-term receivables total	246 339	122 324
revaluation write-offs of receivables total	23 171	5 512
Gross short-term receivables total	269 510	127 837

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

Note 6B

Short-term receivables from associated companies	2005	2004
a) on account of deliveries and services, including:	235 433	109 898
- from subsidiaries	233 923	109 764
- from partially owned subsidiaries	1 510	134
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
b) other	-	-
c) claimed through the court	-	-
Net short-term receivables from affiliated companies total	235 433	109 898
d) revaluation write-offs of receivables from affiliated companies	16 150	2 819
Gross short-term receivables from affiliated companies total	251 583	112 717

Receivables from affiliated companies are not secured. No guarantees were granted or received with reference to receivables from affiliated companies.

Receivables from affiliated companies were not written down during the year 2005. However, a reserve for uncertain receivables was established in the amount of PLN 13,331 k.

Note 6C

Change in the balance of revaluation write-offs of short-term receivables	2005	2004
Balance at the beginning of the period	5 512	9 747

a) increases (on account of)	18 121	1 409
- creating a write-off	18 121	1 409
b) decreases (on account of)	(462)	(5 644)
- repayment	(60)	(5 644)
- released	(402)	

Balance of revaluation write-offs of short-term receivables at the end of the period	23 171	5 512
---	---------------	--------------

Note 6D

Gross short-term receivables (currency structure)	2005	2004
a) in Polish currency	269 510	127 837
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Short-term receivables total	269 510	127 837

Note 6E

Receivables on account of deliveries and services (gross) - due period remaining up to the balance date	2005	2004
a) up to 1 month	7 193	2 703
b) over 1 month up to 3 months	137 328	7 906
c) over 3 months up to 6 months	604	1 874
d) over 6 months up to 1 year	90 323	81 088
e) over 1 year	16 203	20 527
f) aged receivables	11 626	4 312
Receivables on account of deliveries and services total (gross)	263 277	118 410
g) revaluation write-offs of receivables on account of deliveries and services	(23 171)	(5 412)
Receivables on account of deliveries and services total (net)	240 106	112 998

Note 6F

Aged receivables on account of deliveries and services (gross) - divided into receivables not paid during a period	2005	2004
a) up to 1 month	1 957	767
b) over 1 month up to 3 months	929	333
c) over 3 months up to 6 months	382	231
d) over 6 months up to 1 year	6 542	809
e) over 1 year	1 816	2 172
Aged receivables on account of deliveries and services total (gross)	11 626	4 312
f) revaluation write-offs of receivables on account of deliveries and services, aged	(7 021)	(2 593)
Aged receivables on account of deliveries and services total (net)	4 605	1 718

Note 6G

Disputable and aged receivables	2005	2004
Disputable receivables	-	-
- on account of deliveries of works and services	-	-

- including ones not covered by a revaluation write-off

Aged receivables	11 626	4 312
- on account of deliveries of works and services	11 626	4 312
- including ones not covered by a revaluation write-off	4 605	1 718

Note 7A

Short-term financial assets and cash	2005	2004
a) in subsidiaries		
- granted loans	24 969	92 088
- other short-term financial assets (according to type)	2 567	3 416
- interest from 3 to 12 months	2 567	3 416
	27 536	95 504
b) in partially owned subsidiaries		
- granted loans	18 903	-
- other short-term financial assets (according to type)	42	-
- interest from 3 to 12 months	42	-
	18 945	-
c) in associated companies		
- shares or stocks	-	447
	-	447
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies		
- granted loans	8	43
- other short-term financial assets (according to type)	-	3
- interest from 3 to 12 months	-	3
	8	46
g) cash and cash equivalents		
- cash on hand and on bank accounts	72 125	13 246
- other cash	-	-
- other cash assets	107	59
	72 231	13 304
Short-term financial assets total	118 720	109 301

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

Name of the other party	Amount	Interest rate
--------------------------------	---------------	----------------------

WAN 11 Sp. z o.o. [WAN 11 Co., Ltd.]	19 000	collateral loan rate + margin
Athina Park Sp. z o.o. [Athina Park Co., Ltd.]	18 000	collateral loan rate + margin
Malta Office Park Sp. z o.o. [Malta Office Park Co., Ltd.]	4 652	collateral loan rate + margin
Est On Sp. z o.o. [Est On Co., Ltd.]	2 450	collateral loan rate + margin
other	115	collateral loan rate + margin
Total:	44 217	

Note 7B

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

Note 7C

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

Note 7D

Granted short-term loans (currency structure)	2005	2004
--	-------------	-------------

a) in Polish currency	46 489	95 550
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Granted short-term loans total	46 489	95 550

Note 7E

Cash and cash equivalents (currency structure)	2005	2004
a) in Polish currency	1 211	4 331
b) in foreign currencies (according to currency, after conversion to zlotys)	71 020	8 974
- unit / currency EUR	18 437	2 200
- PLN k	71 020	8 974
Cash and cash equivalents total	72 231	13 305

Note 8

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

Shareholders of Echo Investment S.A. holding more than 5% of share capital as on 31.12.2005

Shareholder	Number of votes / shares	Percentage of share capital	Percentage of votes at the General Meeting of Shareholders
Michał Sołowow (directly)	146 392	1,39%	1,39%
Michał Sołowow (indirectly):	3 817 742	36,36 %	36,36 %
- Magellan Pro-Equity Fund I S.A.	2 608 242	24,84%	24,84%
- Columbus Pro-Equity Fund II Sp. z o.o.	927 000	8,83%	8,83%
- Amundsen Pro-Equity Fund III Sp. z o.o.	282 500	2,69%	2,69%
Artur Kłoczko	676 069	6,44%	6,44%
OFE ING Nationale-NederlandenPolska*	1 040 000	9,90%	9,90%
Commercial Union PTE*	806 504	7,68%	7,68%
OFE PZU Złota Jesień PTE*	927 343	8,83%	8,83%
Other Shareholders	3 085 950	29,40%	29,40%
Total	10 500 000	100,00%	100,00%

*Balance according to the structure of investment portfolios of the OFEs (Open Pension Funds) as on December 31, 2005

Note 9

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

Note 10

Change in the balance of provision on account of deferred income tax	2005	2004
---	-------------	-------------

1. Balance of reserve on account of deferred income tax at the beginning of the period, including:

a) compared to the financial result	9 836	7 844
Non-current assets	1 170	1 190
Long-term investments	5 981	6 857
Inventories	1 368	1 690
Short-term receivables	565	804
Short-term investments	661	550
Short-term accruals	(77)	(500)
Short-term liabilities	(383)	(1)
Accruals	551	(2 744)
b) compared to equity capital	5 675	5 675
Non-current assets	3 036	3 036
Long-term investments	2 639	2 639
c) compared to goodwill or negative goodwill	-	-
	15 511	13 519

2. Increases

a) compared to the financial result of the period due to negative timing differences on balance sheet items:	845	3 830
Non-current assets	-	-
Long-term investments	-	-
Inventories	443	-
Short-term receivables	-	-
Short-term investments	-	111
Short-term accruals	-	424
Short-term liabilities	163	-
Accruals	239	3 295
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)	-	-
	845	3 830

3. Decreases

a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(2 300)	(1 838)
Non-current assets	(363)	(20)
Long-term investments	(1 583)	(876)
Inventories	-	(321)
Short-term receivables	(16)	(239)
Short-term investments	(145)	-
Short-term accruals	(193)	-
Short-term liabilities	-	(382)
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)	-	-
	(2 300)	(1 838)

4. Balance of reserve on account of deferred income tax at the end of the period total

a) compared to the financial result	8 382	9 836
Non-current assets	807	1 170
Long-term investments	4 397	5 981
Inventories	1 812	1 368
Short-term receivables	549	565
Short-term investments	516	661
Short-term accruals	(269)	(77)
Short-term liabilities	(220)	(383)
Accruals	789	551
b) compared to equity capital	5 675	5 675
Non-current assets	3 036	3 036
Long-term investments	2 639	2 639
c) compared to goodwill or negative goodwill	-	-
	14 056	15 511

Note 11A

Long-term liabilities (exclusive of provision for income tax)	2005	2004
a) to subsidiaries		
- loans and credits	44 551	63 582
- on account of issue of debt securities	37 839	58 500
	82 390	122 082
b) to partially owned subsidiaries	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies		
- loans and credits	40 000	-
- on account of issue of debt securities	109 938	110 180
	149 938	110 180
Long-term liabilities total	232 328	232 263

Note 11B

Long-term liabilities (exclusive of provision for income tax) with due period remaining after the balance date	2005	2004
a) over 1 year up to 3 years	40 000	20 097
b) over 3 years up to 5 years	-	-
c) over 5 years	109 938	212 166
Long-term liabilities total	149 938	232 263

Note 11C

Long-term liabilities (exclusive of provision for income tax) (currency structure)	2005	2004
a) in Polish currency	149 938	232 263
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency k/USD	-	-
- PLN k	-	-
Long-term liabilities total	149 938	232 263

NOTA 11D

Long-term liabilities on account of loans and credits

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency USD	PLN k	currency USD				
PeKaO S.A.	Cracow	40 000		40 000		Wibor + margin	2007-06-30	power of attorney to a bank account	
EI - Centrum Handlowo – Rozrywkowe Szczecin Sp. z o.o. [EI Szczecin Shopping and Entertainment Center Co., Ltd.]	Kielce	739		1 365		Wibor + margin	2023-12-31	none	
EI - Centrum Handlowe Tczew Sp. z o.o. [EI- Tczew Shopping Center Co., Ltd.]	Kielce	1 198		1 442		Wibor + margin	2023-12-31	none	
EI - Centrum Handlowe Piła Sp. z o.o. [EI- Piła Shopping Center Co., Ltd.]	Kielce	1 313		1 505		Wibor + margin	2023-12-31	none	
Kieleckie Centrum Handlowo – Rozrywkowe Echo Sp. z o.o. [Echo Shopping and Entertainment Center of Kielce Co., Ltd.]	Kielce	6 700		7 841		Wibor + margin	2013-12-31	none	
EI - Centrum Handlowe Piotrków Tryb. Sp. z o.o. [EI- Piotrków Tryb. Shopping Center Co., Ltd.]	Kielce	18 000		3 820		Wibor + margin	2019-12-31	none	
EI - Centrum Handlowe Radom Sp. z o.o. [EI- Radom Shopping Center Co., Ltd.]	Kielce	10 709		12 305		Wibor + margin	2019-12-31	none	
EI - Centrum Handlowe Pabianice Sp.z o.o. [EI - Pabianice Shopping Center Co., Ltd.]	Kielce	13 720		15 466		Wibor + margin	2019-12-31	none	
EI - Centrum Handlowo – Rozrywkowe Kielce Sp. z o.o. [EI Kielce Shopping and Entertainment Center Co., Ltd.]	Kielce	7 843		281		Wibor + margin	2023-12-31	none	

EI – Centrum Handlowe Olkusz Sp.z
o.o. [EI – Olkusz Shopping Center
Co., Ltd.]

Kielce

-

527

Wibor + margin

2023-12-31

none

Total

92 379

-

84 551

-

NOTE 11E

Long-term liabilities on account of issued debt financial instruments

Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Quotation market	Other
bonds (BRE S.A.)	150 000	Wibor + margin	2011-05-25	none		none	
Total	150 000						

Note 12A

Short-term liabilities (exclusive of reserves)	2005	2004
a) to subsidiaries		
- loans and credits, including:	4 282	4 131
- long-term payable	-	-
- on account of issue of debt securities	-	-
- on account of dividends	-	-
- other financial liabilities, including:	302	485
- booked interest from bonds	235	485
- on account of deliveries and services, payable:	288	62
- within 12 months	288	62
- over 12 months	-	-
	4 872	4 678
b) to partially owned subsidiaries		
- on account of deliveries and services, payable:	-	-
- within 12 months	-	-
	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies		
- loans and credits, including:	35 348	113 713
- long-term payable	-	-
- on account of issue of debt securities	93 911	24 512
- other financial liabilities, including:	920	1 531
- interest charged	920	1 531
- on account of deliveries and services, payable:	49 855	33 598
- within 12 months	41 294	24 041
- over 12 months	8 561	9 557
- advances received for deliveries	84 505	50 903
- bill of exchange liabilities	-	-
- on account of taxes, customs duties, securities and other performances	22 685	389
- on account of salaries and wages	1	-
- other (according to titles)	1 205	579
- received hedging deposits	919	551
- insurance	275	-
- other	11	28
	288 430	225 225
g) special funds - company social benefits fund	5	5
Short-term liabilities total	293 307	229 908

Note 12B

Short-term liabilities (exclusive of reserves) (currency structure)	2005	2004
a) in Polish currency	293 307	229 908
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency k / USD	-	-
- PLN k	-	-
Short-term liabilities total	293 307	229 908

NOTE 12C

Short-term liabilities on account of loans and credits

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency USD	PLN k	currency USD				
PeKaO S.A.	Warsaw	20 000	PLN	13 717	PLN	Wibor + margin	2006-06-30	own blank bill of exchange, power of attorney to bank account, statement of submission to execution power of attorney to the account, blank bill of exchange, statement of submission to execution	
PKO BP S.A.	Warsaw	20 000	PLN	13 623	PLN	Wibor + margin	2006-12-31		
Bank BPH S.A.	Cracow	20 000	PLN	7 880	PLN	Wibor + margin	2006-04-28	power of attorney to a bank account	
Bank Handlowy w Warszawie S.A.	Warsaw	20 000	PLN	128	PLN	Wibor + margin	2006-01-27	obligation to transfer a quarterly amount of PLN 13,000 k through the account	
Echo Centrum Ślichowice Sp. z o.o. [Echo Ślichowice Center Co., Ltd.]	Kielce	2 500		2 776		Wibor + margin	2006-12-31	brak	
Projekt Echo 30 Sp. z o.o. [Project Echo 30 Co., Ltd.]	Kielce	50		56		Wibor	2006-12-31	brak	
Hotel Investment Sp. z o.o. [Hotel Investment Co., Ltd.]	Kielce	1 000		1 111		Wibor + margin	2006-12-31	brak	
Projekt 3 Sp. z o.o. [Project 3 Co., Ltd.]	Kielce	50		49		Wibor	2006-12-31		
Projekt Echo 32 Sp. z o.o. [Project Echo 32 Co., Ltd.]	Kielce	50		56		Wibor	2006-12-31	brak	
Projekt Echo 34 Sp. z o.o. [Project Echo 34 Co., Ltd.]	Kielce	50		56		Wibor	2006-12-31	brak	
Projekt Echo 37 Sp. z o.o. [Project Echo 37 Co., Ltd.]	Kielce	50		56		Wibor	2006-12-31	brak	
Wygłędów	Kielce	50		51		Wibor	2006-12-31	brak	
Echo Bau Sp. z o.o. [Echo Bau Co., Ltd.]	Kielce	50		54		Wibor	2006-12-31	brak	
Echo Acc Sp. z o.o. [Echo Acc Co., Ltd.]	Kielce	50		4		Wibor	2006-12-31	brak	
Projekt Echo 39 Sp. z o.o. [Project Echo	Kielce	50		7		Wibor	2006-12-31	brak	

39 Co., Ltd.]

Echo – Pasaż Grunwaldzki Sp. z o.o.

[Echo – Grunwaldzki Arcade Co., Ltd.]

Kielce	50	7	Wibor	2006-12-31	brak
--------	----	---	-------	------------	------

Total	84 000	39 631			
--------------	---------------	---------------	--	--	--

*unpaid interest on received loans are presented as increases in the value of liability

NOTE 12D

echo

49

Short-term liabilities on account of issued debt financial instruments

I N V E S T M E N T

Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Other
bonds (BRE S.A.)	25 000,00	Wibor + margin	2006-02-08	none		
	20 000,00	Wibor + margin	2006-05-31	none		
bonds (Bank BPH S.A.)	20 000,00	Wibor + margin	2006-02-26	none		
	30 000,00	Wibor + margin	2006-01-12	none		
					issue up to PLN 30 m is guaranteed by BPH S.A. bank	
Total	95 000,00					



Note 12E

Change in the balance of short-term reserves (according to titles)	2005	2004
a) balance at the beginning of the period		
- guarantee repairs	700	-
- court proceedings	508	-
- sureties for liabilities	2 500	-
- bonuses, holidays, audit	4 035	5 222
	7 743	5 222
b) increases (on account of)		
- guarantee repairs	2 524	700
- establishment of reserves for penalties	5 516	
- court proceedings	150	508
- sureties for liabilities	1 547	2 500
- bonuses, holidays, audit	1 700	-
	11 437	3 708
c) utilization (on account of)		
- bonuses, holidays, audit	1 186	1 187
- guarantee repairs	1 200	-
- court proceedings	217	-
	2 603	1 187
d) release (on account of)		
- bonuses, holidays, audit	1 155	-
	1 155	-
e) balance at the end of the period		
- reserves for penalties	5 516	
- guarantee repairs	2 024	700
- court proceedings	441	508
- sureties for liabilities	4 047	2 500
- bonuses, holidays, audit	3 394	4 035
	15 421	7 743

The reserve for penalties covers a reserve for possible penalties that the Company can be charged with due to performed services,

The reserve for guarantee repairs includes a reserve for the penalty from Mitex for removal of faults and defects.

The reserve for court proceedings covers court proceedings against the company, where the probability of succeeding is lower than 50%.

The reserve for liabilities sureties includes a reserve for sureties provided to Princess Investment Sp. z o.o. and Princess Boryszewska Sp. z o.o. The company covenanted to incur the first payment for perpetual usufruct of land purchased by these companies if the municipality of Warsaw demands this payment from these companies.

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

Note 13

Contingent liabilities to affiliated companies (on account of)	2005	2004
a) granted guarantees and sureties, including:	17 020	27 769
- to subsidiaries	17 020	27 769
- to partially owned subsidiaries	7 720	-
b) other	-	-
Contingent liabilities to affiliated companies total	17 020	27 769

Note 14A

Operating income (material structure - types of operations)	2005	2004
A. Sales of residential and commercial areas	51 877	71 069
- including: from affiliated companies	-	39 997
B. Investment contracting services	140 163	92 794
- including: from affiliated companies	140 163	66 815
from subsidiaries	123 867	66 713
from partially owned subsidiaries	16 296	102
C. Real estate turnover	2 506	20 377
- including: from affiliated companies	-	-
D. Lease services	9 155	18 912
- including: from affiliated companies	248	214
from subsidiaries	246	212
- from the dominant company	2	2
E. Legal, accounting and consulting services	21 838	28 926
- including: from affiliated companies	21 608	19 674
from subsidiaries	21 411	19 660
from partially owned subsidiaries	197	14
F. Other income	2 938	3 272
- including: from affiliated companies	1 299	1 742
from subsidiaries	1 248	1 734
from partially owned subsidiaries	48	5
from key personnel	3	3
Operating income total	228 477	235 350
- including: from affiliated companies	163 318	128 442
from subsidiaries	146 772	128 316
from partially owned subsidiaries	16 541	121
- from the dominant company	2	2
from key personnel	3	3

Note 14B

Operating income (territorial structure)	2005	2004
a) at home	228 476	226 376
- including: from affiliated companies	163 318	128 437
b) export	-	8 975
- including: from affiliated companies	-	-
Net income on sales of products total	228 476	235 350
- including: from affiliated companies	163 318	128 437

Note 15

Operating costs according to type	2005	2004
Costs according to type, total		
a) depreciation	2 649	2 715
b) consumption of materials and energy	26 443	148 264
c) foreign services	157 686	119 116
d) taxes and duties	3 146	3 830
e) salaries and wages	9 998	8 040
f) social security and other benefits	1 552	1 431
g) other costs in kind (on account of)	7 386	6 656
- activated financial costs	6 120	5 673
- business trips	246	109
- other	1 020	873
	208 860	290 052
Change in the balance of inventories, products and accruals	(7 810)	(76 552)
Cost of manufacture of products for the company's own purposes (negative value)	(292)	(11 200)
Costs of sales (negative value)	(7 561)	(6 842)
Overheads (negative value)	(15 231)	(11 921)
Production cost of sold products	177 966	182 055

Note 16A

Other operating income	2005	2004
a) released reserves (on account of)	402	5 644
- receivables	402	5 644
b) other, including:	5 742	1 397
- contractual penalties	3 571	1 075
- other	2 171	322
Other operating income total	6 144	7 041

Note 16B

Other operating costs	2005	2004
a) established reserves (on account of)	8 500	3 708
- for expected costs	8 500	3 708
b) other, including:	1 562	2 788
- gifts	57	555
- contractual penalties	337	84
- other	1 168	2 149
Other operating costs total	10 062	6 496

Note 17A

Financial income from dividends and shares in profits	2005	2004
a) from associated companies, including:	25 299	1 500
- from subsidiaries	25 299	1 500
b) from other companies	-	-
Financial income from dividends and shares in profits total	25 299	1 500

Note 17B

Financial income on account of interest	2005	2004
a) on account of granted loans		
- from associated companies, including:	6 214	7 627
- from subsidiaries	2 862	2 839
- from partially owned subsidiaries	3 352	4 788
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	4	23
	6 218	7 650
b) other interest		
- 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	1 433	493
	1 433	893
Financial income on account of interest total	7 651	8 543

Note 17C

Other financial income	2005	2004
a) foreign exchange gains	-	249
- realized	-	552
- unrealized	-	(304)
b) investment revaluation	5 528	3 224
c) other, including:	2	4
-	2	4
Other financial income total	5 530	3 477

Note 18A

Financial costs on account of interest	2005	2004
a) from loans and credits		
- to associated companies, including:	9 183	6 613
- to subsidiaries	9 183	6 613
- to partially owned subsidiaries	-	-
- to associated companies	-	-
- to the significant investor	-	-
- to the dominant company	-	-
- to other companies	14 133	11 930
	23 317	18 543
b) other interest		
- to other companies	423	61
	423	61
c) activated financial costs	(6 033)	
	(6 033)	
Financial costs on account of interest total	17 707	18 605

During the year 2005, the activated amount of external financing costs was 6 033 PLN k

Note 18B

Other financial costs	2005	2004
a) foreign exchange losses, including	4 796	-
- realized	(15)	-
- unrealized	4 812	-
b) investment revaluation	33 533	5 659
c) loss on disposal of investments	1 669	3 076
d) other, including:	665	994
- commission	665	987
- other	-	6
e) activated financial costs	(87)	
	(87)	
Other financial costs total	40 575	9 729

Note 19A

Current income tax	2005	2004
1. Gross profit (loss)	11 189	4 222
2. Differences between gross profit (loss) and income tax taxable base (according to titles)		
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	3 365	4 039
Income related to valuation of long-term contracts	6 956	(19 731)
Output interest on loans, not received	(2 157)	(3 878)
Output interest on deposits, not received	(54)	(62)
Dividends received	(25 299)	(1 500)
Released reserves for liabilities	(402)	(5 644)
Gifts	57	555
Reserve for liabilities	14 317	1 375
Penalties for late payment	-	5
Budget interest	-	0
Unplanned depreciation	-	46
Other costs that are not costs of income	7 921	5 646
Booked costs related to valuation of long-term contracts and established reserves	-	-
Booked, but unpaid discount on debt bonds	1 128	404
Established reserves for accruals of costs concerning investments and overheads	-	(3 323)
Valuation of loans, investments and inventories	33 207	12 955
Output interest on credits that has not been paid	1 156	2 016
Unpaid interest from liabilities	3 589	4 028
Unrealized foreign exchange gains / losses	4 812	(552)
Activated financial costs settled as costs of income in the previous years	4 570	4 112
Depreciation covered by the investment tax credit	254	233
Perpetual usufruct fees, settled as costs of income in the previous years	-	0
Activated financial costs for developer projects	(2 824)	(2 513)
Valuation of fair value		3 866
Non-accounting tax depreciation		
Provision for guarantee repairs	1 504	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	(170)	(783)
Released reserves for costs	(678)	(1 150)
Deductible gifts	(43)	(243)
	49 141	(2 038)
3. Income tax taxable base	60 330	2 184
4. Income tax	12 695	415
5. Increases, abandonments, exemptions, deductions and	-	-

reductions of tax

6. Current income tax presented (disclosed) in the tax return of the period, including:	12 695	415
- disclosed in the profit and loss account	12 695	415
- concerning items that have reduced or increased equity capital	-	-
- concerning items that have reduced or increased goodwill or negative goodwill	-	-

Note 19B

Deferred income tax disclosed in the profit and loss account	2005	2004
Reduction (increase) due to occurrence and reversal of timing differences	(11 030)	629
Deferred income tax total	(11 030)	629

Note 19C

Total amount of deferred tax	2005 year	2004 year
- disclosed in equity capital	-	-
- disclosed in goodwill or negative goodwill	-	-
Total	-	-

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

Corrections to changes in the balance of balance sheet items, disclosed under II.11 'Other adjustments'	2005	2004
Reclassification of investments in real property as inventories	-	40 069
Correction concerning the reserve from valuation of non-cash contribution	-	4
Adjustments total	-	40 073

Note 22

Cash disclosed in the cash flow statement	2005	2004
Balance at the beginning of the period, including	13 304	3 422
- cash on hand and on bank accounts	13 246	598
- other cash	-	-
- other cash assets	59	2 824
Balance at the end of the period	72 231	13 304
- cash on hand and on bank accounts	72 125	13 246
- other cash	-	-
- other cash assets	107	59

Additional explanations:

1. Discontinued operations

No items related to discontinued operations occurred during 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 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. The General Contractors charge a margin for performed services in the value of 6% of incurred costs.
- 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 Company charges a margin for performed services in the value of 6% of incurred costs.
- Contract of general contracting of investment, made on December 30, 2005 with Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa [Echo -Grunwaldzki Arcade Limited Liability Company Limited Company] as the investor. Pursuant to this contract, Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa contracted performance of building works on the shopping center in Wrocław at Grunwaldzka Street to the General Contractor. The Company charges a margin for performed services in the value of 8% of incurred costs.

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 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 2,638 k of compensation on account of short-term employment benefits during the year 2005.

As on December 31, 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:

- The Management Board of Echo Investment S.A. informs that on February 24, 2006 the company was notified that on February 23, 2006 a contract of sale of 100% of shares in the Projekt Gdynia-1 Sp. z o.o. subsidiary was made. The sellers are the following subsidiaries: Echo Centrum Gdynia Sp. z o.o., Echo Projekt - 17 Sp. z o.o. and Echo Investment S.A. and the buyer is P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź. The subject of the contract of sale is the 100% of shares of the issuer's subsidiary, Projekt Gdynia-1 Sp. z o.o. The price of sale of the shares equaled PLN 4,000,000 (read: four million) and the book value of the assets in the issuer's and the subsidiaries' books of accounts, as on December 31, 2006, totaled PLN 4,052,000 (read: four million and fifty-two thousand).
- The Management Board of Echo Investment S.A. hereby announces that on February 27, 2006 Echo Investment SA signed an annex to the contract of performance of a Bonds Issuance Program as of April 3, 2003 (RB 10/2003) with Bank BPH S.A., seated in Cracow. The annex to the Contract of Bonds Issuance Program stipulates repeated issues of coupon bonds by the Company. The company shall allocate the funds obtained from issues to financing its basic current activity. Under the signed annex, Bank BPH S.A. shall organize and provide complex service of issue of coupon bonds by Echo Investment S.A. on the non-public market. The maximum total nominal value of all bonds shall not exceed PLN 60 million. The bonds will be straight debt, issued as bearer securities. The aging period has been established as no less than 365 days and no more than 10 years. Interest shall be charged according to the interest rate. Terms and conditions of issue shall be set out a few days prior to issue, during the term of the Program Contract. The signed annex to the contract shall extend the term of the contract until May 30, 2009.

- The Management Board of Echo Investment S.A. also informs that on March 10, 2006 the Company granted its guarantee for the liabilities of Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. on account of the loan agreement signed with Bank Eurohypo AG, seated in Eschborn. The guarantee was granted to the amount not exceeding EUR 100 m, which equals PLN 389,050,000 as on the day of granting the guarantee. The guarantee shall remain in force until lawful registration of mortgage security on the real property and recording registration pledges to the register of pledges, which are required in accordance with the provisions of executed loan agreement. Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. is a subsidiary of Echo Investment S.A. On April 6, 2006 the Management Board of Echo Investment S.A. received a decision of the District Court in Wrocław, 4th Department of Land and Mortgage Registers as of March 28, 2006 on making an entry in the land and mortgage register of mortgage security on real properties owned by a subsidiary Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. [Echo – Grunwaldzki Arcade Limited Liability Company, Ltd.] with its registered seat in Kielce.
- The Management Board of Echo Investment S.A. informs that on March 21, 2006 the Company was notified that on March 3, 2006 the District Court in Bucharest registered a subsidiary Echo Investment Projekt 1 S.R.L., seated in Bucharest. The value of the initial capital is RON 4,000 (an equivalent of PLN 4,344 according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event), divided into 400 shares with nominal value of RON 10 each. Shares shall carry one vote each. Echo Investment S.A. is the owner of all shares. The registered subsidiary is going to carry out developer operations in the territory of Romania. Legal grounds: Article 56 Clause 1 item 9 of the Act on Public Quotations and Conditions of Introducing Financial Instruments to Organized Trade and on Public Companies.
- During the 1st quarter of the year 2006 the Company entered into a contract of sale of two centers: in Legionowo, Zegrzyńska Street, and in Kalisz, Wojska Polskiego Street. Total size of sold area of the centers: 4,004 square meters. The net value of the above transactions was PLN 14,680 thousand (read: fourteen million six hundred and eighty thousand).

Date: May 8, 2006

Andrzej Majcher

Jarosław Grodzki

Piotr Gromniak

Artur Langner

Prezes Zarządu
Board

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

Member of the Management

Signature of the person in charge of keeping books of accounts


Tomasz Sułek

Chief Accountant

Management Report on the operations of Echo Investment S.A. in 2005

Kielce, May 8, 2006

Report on the operations of Echo Investment S.A. in 2005



Echo Investment S.A. has been operating in the real property market since 1996. As a dominant company within the Capital Group, it organizes the entire investment process for a given project, starting from purchasing real property, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed facility. Echo Investment S.A. also provides general contracting services for foreign investors. Individual developer and investment projects are implemented by affiliated companies, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in leasing commercial areas (shopping and entertainment centers, offices), realization and sales of apartments, and property management services.

1. Description of basic economic and financial values disclosed in the annual financial report of Echo Investment S.A. for the year 2005

Balance sheet

Balance total at the end of the year 2005 amounted to **PLN 878.4 m**, showing an increase in value by 9,9% in comparison with the balance as at the end of 2004.

Assets

The structure of assets at the end of 2005 was the following:

- fixed assets constitute 34.1% of all assets, where the dominant items include long-term investments – 78.0% of fixed assets, and tangible assets – 16.8% of total fixed assets.
- current assets constitute 65.8% of all assets, including inventories – 36.8% of total current assets, short-term receivables – 42.5% of current assets, and short-term investments – 8% of total current assets.

Liabilities

- share capital of Echo Investment S.A., as on December 31, 2005, amounted to **PLN 21.0 m** and was divided into 10,500,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 2.0 each,
- equity capital as on December 31, 2005 amounted to **PLN 323.2 m**, showing an increase by 3.0% in comparison with the balance as at the end of December 2004.
- the structure of equity at the end of 2005 was the following:
 - initial capital: 6.4%,
 - supplementary capital: 89.3%,
- net book value per one share is PLN 30.79,
- liabilities and provisions for liabilities constituted 63.2% of balance total and amounted to **PLN 555.1 m**.

Profit and loss account

- net income on sales reached the level of **PLN 228.4 m** in 2005, which is a decrease by 2,9% in comparison with the equivalent period of the preceding year,
- profit from operating activity as at the end of 2005 amounted to PLN 30.9 m and exceeded the profit gained during the preceding financial year by 62.8%.
- gross profit amounted to PLN 11.1 m and outgrew the balance of 2004 by 165%.
- net profit amounted to PLN 9.5 m, which is an increase by 178,2% in comparison with the year 2004,
- net profit per one share was PLN 0.91.

Cash flow statement


- the reporting period began with the cash balance of PLN 13.3 m,
- on operating activity, the Company recorded cash expenditure in the amount of PLN 38.9 m in 2005, including the following most significant items:
 - change in accruals PLN (-) 11.2 m,
 - change in receivables PLN (-) 118.7 m,
 - change in the balance of short-term liabilities, except for loans and credits: PLN (+) 67.8 m,
- on investment activity, the Company recorded cash expenditure in the amount of PLN 140.1 m in 2005, which was most significantly affected by:
 - sale of investments in real property and in intangible assets PLN (+) 69.2 m
 - income from financial assets PLN (+) 85.1 m,
- in financial activity, the Company recorded expenditure of cash in the amount of PLN 37.4 m in 2005,
- the following factors most significantly contributed to cash flows from financial activity:
 - issue of debt securities, increase in cash in the amount of PLN (+) 157.2 m,
 - repayment of loans and credits in the amount of PLN (-) 71.3 m.
- redemption of debt securities PLN (-) 110 m
- during the period from January 1, 2005 to December 31, 2005 the cash balance increased by PLN 58.9 m,
- cash at the end of December 2005 amounted to PLN 72.2 m.

2. Description of major risk factors and threats, specifying the extent to which Echo Investment S.A. is exposed to them

The following should be classified among major risk factors and threats for the operations of Echo Investment S.A. and the Capital Group:

- competition risk – the real estate market in Poland has become very attractive for foreign investors in the recent years due to achievable rates of return. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Dynamic growth of the Capital Group in the recent years and its portfolio of assets indicate that Echo Investment S.A. is capable of efficient functioning in the conditions of market competition.
- interest rate risk – the operations of Echo Investment S.A. and its subsidiaries are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through diversification of interest on loans taken and securing instruments. Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.
- foreign exchange risk – this refers to loans taken in foreign currencies (most commonly in Euro) within the Capital Group. Contracts with tenants are expressed in the currency of the loan taken for project financing. Thus obtained payments from tenants are assigned to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes foreign exchange risk.
- risk of the tenants' financial condition – most of the revenues are yielded within the range of operations performed by the capital group from lease of commercial and office areas.

The key aspect is selection of tenants with stable economic and financial condition. In shopping centers, tenants include chain operators (Tesco, Carrefour, Ahold, Nomi, brand clothing shops, multiscreen cinemas, etc.). Cooperation with tenants enables undertaking such activities that would



continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Philips, Nordea, Polkomtel S.A., BRE Bank S.A., Deutsche Leasing, and others.

- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts its execution to external companies. Execution of these facilities, timely completion, quality and possible increase in costs largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in contracting agreements.
- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk in the forthcoming years.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion.

3. Information about key products, with value and quantity specification and shares of specific product groups in the sales of Echo Investment S.A. Information about changes in the above fields during the financial year.

3.1. Segments of operation

During the year 2005, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below:

Segment of shopping centers and commercial and entertainment centers


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

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

Domestic and international shopping chains, as well as local companies are tenants of commercial areas in these buildings. Key tenants in shopping centers include: Carrefour, Tesco, Geant, Ahold, Champion, Nomi, Multikino, Silver Screen ITI Neovision, RTV Euro AGD, Empik, Douglas, Saturn Planet, Supermarkety Drogerijne Rossman and other chain brands.

In March 2005 Echo Investment S.A. and its subsidiaries sold seven 'Echo' shopping centers situated in Olkusz, Piła, Płock, Siemianowice Śląskie, Świętochłowice, Tczew and Zamość. The buyer was Meinl European Land Ltd., one of the funds investing in commercial property. The sale of seven shopping centers indicates their high advantages and professional operation. The Management Board of Echo Investment S.A. intends to use the funds so obtained for the future and current investments.

One of the key projects of the Company and specific-purpose companies in 2005 is realization of an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. In May, a contract was signed with Strabag Sp. z o.o. for complex execution of the core and shell of this project. Commercialization of the project also progressed. Planowana powierzchnia



przeznaczona na wynajem to ok. 47,000 square meters. Attractiveness of this investment has been confirmed by the tenants' interest. The company leased 70% of the center's area (at the end of 2005), signing long-term contracts with a high number of tenants.

Realization of erection of shopping centers in Łomża and Kielce supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the company's offer. In mid-2005, long-term contracts of lease of commercial areas were signed with major tenants. In the Shopping Center in Łomża, which is currently under preparation, the REAL superstore will be opened, with an approximate area of 8,500 square meters. In the Kielce Shopping Center, E.LECLERC outlet will be opened, with an area of 13,200 square meters.

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

Income from lease of areas in shopping centers during the year 2005 amounted to PLN 119.0 m, which constituted 52,1 % of total income.

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

Segment of office areas

In the office investments segment, Echo Investment S.A. through its specific-purpose subsidiaries realizes projects and acquires finished office facilities for lease in the largest cities in Poland: Warsaw, Łódź, Cracow and Szczecin. The Company's current portfolio includes top class and standard office buildings (Łódź, Warsaw), as well as lower standard buildings.

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


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

During the first half of the year 2005, execution and commercialization of 'Athina Park', a complex of office buildings with an underground parking lot in Warsaw at Wybrzeże Gdyńskie Street (usable area exceeding 15,000 square meters) was completed. During the third quarter of the year, the process of handing over office areas to tenants was completed.

During the 4th quarter of 2005, adaptation of the office building at 3 Postępu Street in Warsaw was completed. The entire area of the building, including a two-storey car park, was leased to a single tenant – Polkomtel S.A. (net area of the building: about 400 square meters). The lease contract was made for a period of 10 years.

The process of designing and preparing execution of the 'Malta Office Park' office complex in Poznań was also carried out (usable area exceeding 25,000 square meters). The company obtained a decision of development conditions concerning realization of an office building complex. The investment is planned to commence during the 4th quarter of the year 2006.

At the same time, recommercialization of two office buildings in Łódź was implemented, in which the company provides the lessees with over 17,000 square meters of high standard air-conditioned space with an underground parking lot. The above mentioned buildings have been leased in 100%, which does not



imply ceasing the actions concerned with increasing the value of these facilities through optimization of the structure of lessees and lease conditions.

In 2005 Echo Investment S.A. acquired a real property situated at 21 Postępu Street in Warsaw, designed for erection of an office buildings complex. The anticipated commencement date of investment realization is April 2007.

With respect to the anticipated realization of the prepared project of construction of a complex of office buildings in Kielce at Al. Solidarności Street, in 2005 Echo Investment S.A. obtained a decision on development conditions. The anticipated construction commencement date is March 2006. (net area of the buildings is about 20,000 square meters).

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

Income from lease of areas in the segment of office and hotel areas during the year 2005 amounted to PLN 26.9 m, which constituted 11,8 % of total income.

The situation in the market of office property has improved since Poland's accession to the European Union, which was reflected in improved condition and dynamic development of many companies and, consequently, in increased demand for office space. This contributes to stabilization of lease rent rates level and increase of the leased-area ratio.

The good perspectives are noticeable in the Warsaw market and in regional markets, such as Łódź, Poznań, Cracow, Wrocław, which is due to high interest of international corporations in moving certain parts of their operations to Poland.

Echo Investment S.A. collaborates with Philips International, which is the key tenant in the Company's office building named Orion, situated in Łódź. Philips International has chosen Łódź for the head office of its Central European branches' financial and accounting service.

Segment of hotels


The Group's long experience and recognized partners provide good grounds for the company's operations on the market of hotels. During the preceding years, Echo Investment S.A. dealt with complex realization of hotels for key clients, acting as a general contractor of investments. Projects in the hospitality industry are executed in cooperation with international hotel chains: with the French chains of hotels Accor and Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Cracow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice.

In 2005, the Company continued the process of realizing a four-star Qubus hotel in Cracow (196 rooms, 12,000 square meters of usable area) and in August realization of a three-star hotel for the same client commenced, in the very center of Kielce (90 rooms, 3,550 square meters of usable area). The company signed 25-year contracts of lease of both hotels with Qubus Hotel System.

During the last few months, economic trends in the hospitality market have been improving. The growth tendency is particularly noticeable in two-star hotels segment, which, considering Echo Investment S.A.'s experience gained during execution of hotels for international operators, provides good perspectives for growth in this segment of commercial property.

Income from lease of areas in the segment of office and hotel areas during the year 2005 amounted to PLN 26.9 m, which constituted 11,8 % of total income.

Housing segment



In the residential sector, Echo Investment S.A. – the dominant company – realizes investments from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

In 2005, works were continued on the execution of residential investments in Warsaw (2nd stage of the Inflancka Housing Estate) and in Poznań (2nd stage of the Małe Naramowice Housing Estate). Execution of two apartment buildings was completed: Mondrian House in Warsaw and Cztery Pory Roku [The Four Seasons] in Cracow. Both these projects have been put to use. Realization of Dom Pod Pegazem [Pegasus House] in Cracow, a residential building with underground parking lot, was also completed and 69 apartments were commissioned to use. Designing works on the 2nd stage of investment in Zwycięzców Street in Warsaw were resumed and preparation to the subsequent stage of the Małe Naramowice Housing Estate in Poznań began.

In 2005 Echo Investment S.A. acquired a real property situated at Kazimierzowska Street in Warsaw, designed for erection of a residential buildings complex.

Income from sale and lease of flats and apartments in 2005 amounted to PLN 55.1 m, which constituted 24.1 % of total income.

The high rate of sales, which is due to such factors as increased interest in modern apartments among foreign investors, was maintained in 2005.

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

Foreign market

In 2005, the Company began studying and recognition of the legal status of foreign markets. The Management Board of the Company expects relevant applications to be ready in 2006. Within the range of its foreign operations, the Company intends to collaborate with local partners. Investments in foreign markets would affect the main segments of Echo Investment S.A.'s operations.

3.2. Structure of revenues

Echo Investment S.A. yields revenues from lease of its commercial areas, sales of apartments, realization of buildings and provision of real property management services. The structure of yielded revenues is as follows:

- sales of residential and commercial areas

The main source of income in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues yielded on this account constituted approx. 22.7% of all income from sales of products.

- investment contracting service

Echo Investment S.A. is the Chief Contractor of Investments for potential investors. In 2005, Echo Investment S.A. mainly earned revenues on this account. Investment contracting services constituted approx. 61,3%.

- real estate turnover:

The characteristics of Echo Investment S.A.'s operations somehow enforces owning certain real property resources, which are then allocated to specific projects. Income yielded in this area of the Company's operations constitutes about 1,09% of total income on sales.

- lease services:

Revenues from lease services are generated from lease of areas in shopping centers and office buildings owned by individual subsidiaries. Revenues yielded on this account constituted approx. 4,0% of net income from sales in 2005.

- legal, accounting and consulting services:

This range of operations is related to providing legal, accounting and consulting services to subsidiaries. The income generated in this area constitutes about 9,5% of total net income on sales.

Structure of net income from sales (in PLN m) yielded by Echo Investment S.A. during the years 2005-2004:

Specification	01.01.2005 - 31.12.2005	01.01.2004 - 31.12.2004
Sales of residential and commercial areas	51,9	71,1
Investment contracting service	140,2	92,8
Real estate turnover	2,5	20,4
Lease services	9,2	18,9
Legal, accounting and consulting services	21,8	28,9
Other income	2,9	3,3
Net income on sales of products total	228,5	235,4

4. Information about changes in the sales market, divided into domestic and foreign, and changes in sources of supply of materials for production, specifying dependency on one or several clients or suppliers and if the share of a single client or supplier reaches at least 10% of income from sales total - specifying the name of such supplier or client, his share in sales or purchases and his formal relationships with Echo Investment S.A. Capital Group.

Sales markets

All projects executed by Echo Investment S.A. in 2005 were located in the Polish market only. The Company realized its investments in the markets of the following cities: Warsaw, Kielce, Cracow, Poznań and Wrocław.

Changes in sources of supply

With regard to purchase of services provided by Echo Investment S.A., the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment S.A. in the range of execution of specific developer projects. In 2005, the turnover with two partners exceeded the 10% threshold of the value of the capital group's income:

Largest suppliers of Echo Investment S.A. in 2005:

Other party	Value of turnover (in PLN m)	% of share in net income on sales
Strabag Sp. z o.o.	36,39	15,92%
Modzelewski & Rodek Sp. z o.o.	28,87	12,64%

Changes among clients

The clients of Echo Investment S.A. and of the subsidiaries include tenants of commercial surfaces and clients receiving investment realization services.

The share exceeding 10% of net income from sales in 2005 was the sale of general investment contracting services to a subsidiary in relation to realization of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław.

Largest clients of Echo Investment S.A. in 2005:

Client	Value of turnover (in PLN m)	% of share in net income on sales
Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.K. [Echo – Grunwaldzki Arcade Limited Liability Company Limited Company]	110,98	48,57%

5. Information about contracts significant for Echo Investment S.A.'s business operations, including contracts made between shareholders, known to Echo Investment S.A., and insurance, partnering or cooperation contracts made during the year 2005.



5.1. Contracts significant for the economic activity of Echo Investment S.A.

The unique quality of the operations of Echo Investment S.A. assumes execution of investments through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor services to subsidiaries and external investors.

Shopping centers and commercial and entertainment centers

On March 31, 2005 Echo Investment S.A. and subsidiaries sold to Projekt Echo – 35 Sp. z o.o., whose main shareholder is Manhattan Development Sp. z o.o. seated in Poznań and owned by Meisl European Land Ltd. (Austrian fund investing in commercial property) seven 'Echo' shopping centers situated in Olkusz, Piła, Płock, Siemianowice Śląskie, Świętochłowice, Tczew and Zamość. The net value of the transaction was PLN 249,063,000. In addition, further contracts were signed containing provisions, pursuant to which Est-On Property management Sp. z o.o. (a subsidiary of Echo Investment S.A.) is going to provide services related to managing these shopping centers.

On May 5, 2005 a contract was signed with Strabag Sp. z o.o. for complex shell construction of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław (total area exceeding 130,000 square meters). The net value of the contract was PLN 98,000,000.

On June 22, 2005 a contract was signed with Pergranso Sp. z o.o. for lease of commercial space in the Shopping Center that is being prepared for execution in Kielce in the Ślichowice estate. Under this contract, an E.LECLERC superstore will be opened in the designed center (ca. 13,200 square meters). The contract of lease foresees a term of 30 years.

On December 30, 2005 Echo Investment S.A. signed a contract of sale of real property with expenditure with Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k. subsidiary, having its head office in Kielce. The real property is situated in Wrocław, between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street. An investment consisting in realization of a modern shopping, service and entertainment center with a parking lot was commenced on the above mentioned real property. The subsidiary is going to continue its current use of acquired real property. The real property could be sold under the condition that the Commune of Wrocław does not exercise its first right of refusal. The Commune of Wrocław did not exercise its right. The value of contract was PLN 103,646,500.

Apartments

On July 15, 2005 a contract was signed 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 date of completion of execution of the subject matter of the contract was set on December 15, 2006. 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 net.

5.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the year 2005.

5.3. Insurance contracts

Coverage	Insurer	Insurance amount [PLN k]
property insurance – office buildings	U Compensa S.A	28 418
property insurance – commercial buildings	TU S.A.	1 899
property insurance - equipment	U Compensa S.A., PTU S.A., STU Ergo Hestia S.A.	737
civil liability insurance	U Compensa S.A., TU Tryg S.A., IG Polska TU S.A.	15 232
property insurance – residential premises	U Compensa S.A., STU Ergo Hestia A.	59 617
construction and assembly risks insurance	UjR WARTA S.A., TU Allianz Polska, Generali S.A..	250 700
TOTAL		356 603


5.4. Partnering or cooperation agreements

Apart from the contract made with Qubus Hotel System Sp. z o.o., Echo Investment S.A. did not conclude any other collaboration or cooperation agreements.

6. Information about changes in organizational or capital relationships of Echo Investment S.A. with other companies, indicating its key domestic and foreign investments (securities, financial instruments and real estate), including capital investments made outside its capital group, and a description of methods of their financing.

6.1. Changes in organizational or capital relationships of Echo Investment S.A.

- On January 13, 2005 the Company received a decision of the District Court for the Capital City of Warsaw in Warsaw, 19th Economic Department of the National Court Register, as of December 29, 2004, on registration of initial capital increase in 'WAN 11' Sp. z o.o., seated in Warsaw (subsidiary owned by Echo Investment S.A. in 50%). Initial capital was increased as a result of taking up by current shareholders, i.e. Echo Investment S.A. and WAN S.A., of a total of 59,000 shares with nominal value of PLN 50 each, which yielded a sum of PLN 2,950,000. The shares that were taken up were paid up in cash. Following registration of the increase, initial capital of 'WAN 11' Sp. z o.o. equals PLN 3,000,000 and is divided into 60,000 shares with nominal value of PLN 50 each, which gives 100% of the initial capital of 'WAN 11' Sp. z o.o. and 100% of the total number of votes at the general meeting of shareholders of the company. Echo Investment S.A. directly owns 30,000 of shares with nominal value of PLN 50 each and total value of PLN 1,500,000, constituting 50% of initial capital of 'WAN 11' Sp. z o.o. and giving 50% of the total number of votes at the general meeting of shareholders of the company.
- On July 28, 2005 the Company received a contract signed on July 26, 2005 - contract of sale of shares between Echo Investment S.A. and 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.). Echo




Investment – Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o. with its registered seat in Kielce is an indirect or direct subsidiary controlled in 100% by Echo Investment S.A. The parties agreed on the sales price of shares equaling PLN 296,000. The recorded value of sold assets in books of accounts is PLN 295,000. There are certain relationships between Echo Investment S.A. and its managing staff and the Company acquiring the assets, i.e. Echo Investment – Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o., consisting in the same person acting as president of the management board in both companies and two management board members of Echo Investment S.A. act as proxies in the company acquiring the assets.

- On August 30, 2005 Echo Investment S.A. and Echo – Pasaż Grunwaldzki Sp. z o.o., seated in Kielce, established a subsidiary under the name of Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k. Shares in this newly established company are held respectively by: Echo Investment S.A.: 99%, Echo – Pasaż Grunwaldzki” Sp. z o.o.: 1%.
- On September 29, 2005 Echo Investment S.A. established a subsidiary under the name of Hotel Investment Sp. z o.o. sp.k. Shares in this newly established company are held respectively by: Echo Investment S.A.: 90%, Hotel Investment Sp. z o.o.: 10%.
- On November 9, 2005 the District Court in Kielce, 10th Economic Department of the National Economic Register registered the sale of 1 share of Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. with nominal value of PLN 500 each. The share was transferred under the sale agreement made by Echo Investment S.A. (the Seller) and Projekt Echo – 17 Sp. z o.o. subsidiary (the Buyer).
- On November 30, 2005 the District Court in Kielce, 10th Economic Department of the National Economic Register registered the sale of one share of Echo Investment – Centrum Handlowe Świętochłowice Sp. z o.o. The share was transferred under the sale agreement made by Echo Investment S.A. (the Seller) and Projekt - Echo 37 Sp. z o.o. subsidiary (the Buyer). The nominal value of the share is PLN 50 each and the price of the sold share equals PLN 160.
- On December 6, 2005 the District Court in Kielce registered an increase of capital in Projekt Echo – 36 Sp. z o.o. subsidiary by an amount of PLN 4,000,000. Together with capital increase, company name of Projekt Echo – 36 Sp. z o.o. was changed into Projekt Gdynia - 1 Sp. z o.o. Following registration of the increase, the initial capital of Projekt Gdynia-1 Sp. z o.o. amounts to PLN 4,050,000 and is divided into 8100 shares with nominal value of PLN 500 each. The total number of votes according to shares is 8100. Capital was raised through non-cash contribution made by a subsidiary Echo Centrum Gdynia Sp. z o.o. to Projekt Gdynia – 1 Sp. z o.o. in the form of the right of perpetual usufruct of real property situated in Gdynia and rights to the building project designed on the real property in question. The book value of contributed assets in the books of accounts is PLN 11,097,649.74 and the value of assets, according to which the contribution was made, is PLN 4,000,000.00. Following registration of the capital raise, the shareholders’ structure for Projekt Gdynia – 1 Sp. z o.o. is as follows:
 - Echo – Centrum Gdynia Sp. z o.o. holds 8000 shares,
 - Echo Investment S.A. holds 99 shares,
 - Projekt Echo - 17 Sp. z o.o. holds 1 share.This contract has been considered significant on the basis of the criteria of significant value for financial assets.

6.2. Investments in shares of companies quoted on the stock exchange

On account of securities, Echo Investment S.A. did not have and did not make any investments in shares of companies quoted on the stock exchange during the year 2005.



7. Description of transactions with affiliated companies if the individual or total value of several transactions made by a given affiliated company during a period of 12 months is a Polish zloty equivalent of the amount of EUR 500,000.

7.1. Transactions with companies from Echo Investment S.A. Capital Group

As a result of the strategy applied by the dominant company - 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 have been built, a significant part of transactions executed by Echo Investment are made with affiliated companies.

In 2005, the following contracts were made between Echo Investment S.A. and companies from Echo Investment S.A. Capital Group:

- On July 20, 2005 the company was informed that the District Court for Warsaw, Mokotów, 7th Land and Mortgage Registers Department, upon request of 50% subsidiary of Echo Investment S.A. - WAN 11 Sp. z o.o., with its registered seat in Warsaw, made an entry to the land and mortgage register on July 8, 2005 of a contractual joint mortgage security on real property seated in Warsaw at Postępu Street, under perpetual usufruct of WAN 11 Sp. z o.o., on which an office building is situated with an area of approx. 20 thousand square meters, with an underground and above-ground parking lot. The mortgage security was established in favor of Eurohypo AG Bank, seated in Eschborn, Germany, as a security of the bank's liability under a loan agreement signed by WAN 11 Sp. z o.o. with the above mentioned bank. The mortgage was established up to a maximum amount of EUR 48 m.
- On December 30, 2005 Echo Investment S.A. in Kielce, as the Seller, signed a contract of sale of real property with expenditure with Echo - Pasaż Grunwaldzki Sp. z o.o. sp.k. subsidiary, having its head office in Kielce, as the Buyer. The value of contract was PLN 103,646,500. (read: one hundred and three million six hundred and forty-six thousand five hundred zlotys), while the value of transferred assets in books of record as on the day of the current report equaled PLN 99,423,500 (read: ninety-nine million four hundred and twenty-three thousand five hundred zlotys). Considering the equity capital criteria, these assets have been deemed significant. The real property could be sold under the condition that the Commune of Wrocław does not exercise its first right of refusal. The Commune of Wrocław did not exercise its right. Also on December 30, 2005 Echo - Pasaż Grunwaldzki Sp. z o.o. (the Assignor) entered into an agreement of transfer of rights and obligations under contracts made previously by the Assignor with Echo - Pasaż Grunwaldzki Sp. z o.o. sp.k. (the Assignee).
- On December 30, 2005 Echo Investment S.A. seated in Kielce signed an agreement for general contracting of investment with Echo - Pasaż Grunwaldzki Sp. z o.o. sp.k., having its registered office in Kielce. Pursuant to the said contract, Echo Investment S.A. covenants to realize the entire investment of a modern shopping, service and entertainment center with a parking lot on a real property situated in Wrocław between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street.

7.2. Transactions with managers or supervisors of Echo Investment S.A.

During the year 2005, no transactions occurred between Echo Investment S.A. and its managers or supervisors with individual or total value during a period of 12 months would make a Polish zloty equivalent of the amount of EUR 500,000.

8. Information about credits taken and contracts of loan, specifying their due dates, and surety / guarantee contracts.

8.1. Credit agreements

Echo Investment S.A.'s liabilities on account of credits taken as at the end of the financial year 2005 are presented in the table below:

Name of Bank	Types of liabilities	Credit currency	Credit amount according to contract [in PLN k]	Credit usage level [in PLN k] as on December 31, 2005	Final repayment date
Pekao S.A. O/Warszawa	Advance in current account	PLN	20.000	13.717	30.06.2006
Pekao S.A. O/Warszawa	Working capital facility	PLN	40.000	40.000	30.06.2007
Bank Handlowy w Warszawie S.A.	Advance in current account	PLN	20.000	128	27.01.2006
PKO BP SA	Advance in current account	PLN	20.000	13.623	31.12.2006
Bank BPH S.A.	Advance in current account	PLN	20.000	7.880	28.04.2006

8.3. Loan agreements

8.3.1. Loans taken out in 2005

Entity	Loan amount [PLN k]	Final repayment date
Echo Investment - Centrum Handlowe Świętochłowice Sp. z o.o. [Echo Investment - Świętochłowice Shopping Center Co., Ltd.]	2 670	31.12.2006

8.3.2. Granted loans – long-term

Entity	Outstanding loan amount [in PLN k] as on December 31, 2005	Final repayment date
Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Co., Ltd.]	6 305	28.06.2012
Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Co., Ltd.]	3 231	31.12.2011
Projekt S Sp. z o.o. [Project S Co., Ltd.]	910	19.08.2008
other	16	December 31, 2007

8.4. Debt instruments contracts

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain liabilities due to issued debt securities. The balance of these liabilities as at the end of the financial year 2005 is presented in the table below:

Name of Bank	Type of instrument	Amount used [in PLN k]	Contract duration
BRE Bank S.A.	bonds	150.000	25.05.2011
BRE Bank S.A.	bonds	25.000	08.02.2006
BRE Bank S.A.	bonds	20.000	31.05.2005
Bank BPH S.A.	bonds	30.000	12.01.2005
Bank BPH S.A.	bonds	20.000	26.02.2006

8.5. Suretyship agreements

Absolute surety of Echo Investment S.A. towards the Municipal Office of Łódź for execution of liabilities of 'MDP' Sp. z o.o. (subsidiary owned by 'Echo Investment' S.A. in 100%) concerning payment of annual fees for perpetual usufruct of land – total value due in the next 90 years is PLN 8,561 k.

Echo Investment S.A.'s surety for the liability of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Co., Ltd.] as a collateral of a loan granted by PeKaO S.A. Bank. Its total value is PLN 739.9 k.

Surety in favor of	Value (PLN k)	Expiry date	Concerning
Municipal Office of Łódź	8.561	year 2095	payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Co., Ltd.] (100% subsidiary of Echo Investment S.A.)
PeKaO S.A.	739,9	until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO S.A. Bank.	surety for the liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Co., Ltd.] as a collateral of a loan granted by PeKaO S.A. Bank.

8.6. Guarantee agreements

Bank guarantee of timely delivery of the subject of lease by 'WAN 11' Sp. z o.o. to the Tenant, granted by BRE Bank S.A. for an amount of EUR 2,000 k. The guarantee shall expire on 02.03.2006. As on 31.12.2005 the value of the guarantee is PLN 7,690 k.

Bank guarantee as of September 23, 2005, granted by BZ WBK S.A. Bank by way of securing payment for execution of construction of an underground passage and other items of the road system of Grunwaldzki Square in Wrocław. The guarantee shall remain valid until November 30, 2006. As on 31.12.2005 the value of the guarantee is PLN 15,860 k.

Bank guarantee as of August 24, 2004 granted by Bank PeKaO S.A. for an amount of EUR 1,000 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. As on 31.12.2005 the value of the guarantee is PLN 3,845 k.

Bank guarantee as of September 7, 2005, granted by PKO BP SA Bank as a security of liabilities towards Spółdzielnia Spożyców MOKPOL. The guarantee shall remain valid until September 6, 2006. As on 31.12.2005 the value of the guarantee is PLN 3,995 k.

Bank guarantee in the amount of USD 194 k granted by T.U. Allianz Polska S.A. for securing due execution of contract as proper removal of faults and defects at the execution of a hotel in Gliwice for Qubus Hotel. The guarantee has been given until May 1, 2006. As on 31.12.2005 the value of the guarantee is PLN 618 k.

Guarantor	Value (PLN k)	Expiry date	Concerning
BRE Bank S.A.	7.690	02.03.2006	Securing timely delivery of the object of lease by Wan-11 Sp. z o.o. [Wan-11 Co., Ltd.]
Bank BZ WBK S.A.	15.860	30.11.2006	Securing payment for execution of construction of an underground passage and other items of reconstruction of the road system of Grunwaldzki Square in Wrocław
PeKaO S.A. Kielce	3.845	31.01.2007	Security related to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities and possible contractual penalties
PKO BP S.A.	3.995	06.09.2006	Security of liabilities towards Spółdzielnia Spożyców MOKPOL
T.U. Allianz Polska S.A.	618	01.05.2006	Securing due execution of contract as proper removal of faults and defects at the execution of a hotel in Gliwice for Qubus Hotel

9. In case of issue of securities during the reporting period – description of the use of revenues from the issue by Echo Investment S.A.

Echo Investment S.A. did not issue any securities (shares) in 2005.

10. Clarification of differences between financial results disclosed in the annual statement and previously published prognoses for the year 2005

Echo Investment S.A. did not publish any prognoses of financial results for the year 2005.

11. Evaluation of management of financial resources of Echo Investment S.A., with special consideration of the capacity of paying off the incurred debts

Management of financial resources of Echo Investment S.A. in 2005, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The Company's operations during the studied period generated a positive result on all levels of the profit and loss account. During the recent years, Echo Investment S.A. has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board should ensure stable revenues and cash flows and Echo Investment S.A.'s independency on cyclical phases in the economy and construction industry.

According to the Management Board, Echo Investment S.A.'s property and financial condition at the end of June 2005 indicates the capital group's stable financial standing and the perspective of the nearest years is optimistic with regard to the improvement in the real property market following Poland's accession to the European Union.

Profitability indicators of the Company's operations in 2005 are better in comparison to the previous year. Highest appreciation is shown in the operating profitability ratio, which proves increasing efficiency of the basic range of operations.

Increased net profit yielded an improvement in the net profit margin ratio. Other positive factors include the indicators of profitability of balance sheet items – assets (ROA) and equity (ROE).

Profitability indicators during the years 2005-2004 are presented in the table below:

Profitability ratios	2005	2004
Operating profit margin ratio <i>operating profit / net income on sales</i>	13,6%	8,1%
Net balance profit margin ratio <i>net profit / net income on sales</i>	4,2%	1,5%
Rate of return on assets (ROA) <i>net profit / assets total</i>	1,1%	0,4%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	2,9%	1,1%

The rotation of key items of assets and liabilities of Echo Investment S.A. is due to the unique qualities of performed operations. It is related to the relatively long cycle of execution of the specific investment projects and the value and volume increase of the 'portfolio' of executed investments. This directly fosters an increase in the value of inventories, covering the following items in the capital group: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining

to executed developer projects designed for sale. The rotation cycle of short-term liabilities was seriously extended, while the inventories rotation cycle witnessed a slight change.

Rotation of key items of assets and liabilities during the years 2005-2004 is presented in the table below:

Activity indicators	2005	2004
Rotation of inventories in days <i>(average balance of inventories * 365 / net income on sales)</i>	341	332
Rotation of short-term liabilities in days <i>(average balance of short-term liabilities * 365 / net income on sales)</i>	394	190
Rotation of short-term liabilities on account of deliveries and services in days <i>(average balance of short-term liabilities on account of deliveries and services * 365 / net income on sales)</i>	80	52

Liquidity factors are maintained on safe levels. Quick and cash ratios are now higher than in 2004. Current liquidity ratio may be considered very close to comparable periods. This was primarily affected by the management's policy related to financing of executed investments. Echo Investment S.A.'s credibility in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the Company. High balance of cash also fosters improvement of liquidity ratios.

Liquidity ratios of Echo Investment S.A. during the years 2005-2004 are presented in the table below:


Liquidity ratios	2005	2004
Current ratio <i>current assets/ short-term liabilities</i>	1,97	1,94
Quick ratio <i>(current assets – inventories) / short-term liabilities</i>	1,25	1,01
Cash ratio <i>cash / short-term liabilities</i>	0,25	0,06

Proper structure of financing makes it possible for the debt ratios to be maintained on similar levels in comparison to the year 2004. The values of presented factors are safe for the operations and confirm Echo Investment S.A.'s credibility on the financial market.

Assets coverage and debt ratios of Echo Investment S.A. during the years 2005-2004 are presented in the table below:

Debt indicators	2005	2004
Assets coverage ratio with equity capitals <i>equity capital / assets total</i>	36,8%	39,3%
Fixed assets coverage ratio with equity capital <i>equity capital / fixed assets</i>	107,9%	88,8%
Total debt ratio <i>liabilities total / assets total</i>	59,8%	57,8%
Equity debt ratio <i>liabilities total / equity capital</i>	162,6%	147,3%

12. Evaluation of the possibility of realization of investment plans, including capital investments, as compared to the volume of available resources, accounting for possible changes in the structure of financing of these operations



Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, Echo Investment S.A. intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The dominant company focuses its efforts on achieving a situation when programs of issue of debt securities are guaranteed and their aging period is longer than one year.

At the same time, the Company intends to execute a number of projects through subsidiaries. This refers in particular to projects designed for lease, i.e. shopping and commercial / entertainment centers and offices, obtaining financing (special purpose facilities) directly for these companies.

13. Assessment of extraordinary factors and events affecting the financial results yielded in 2005

In 2005, the achieved financial result was significantly affected by the sale of the Echo shopping center in Plock. The net value of the transaction was PLN 67,903 k (read: sixty-seven million nine hundred and three thousand zlotys). Total record value of sold assets was PLN 38,483 k (read: thirty-eight million four hundred and eighty-three thousand zlotys). The intermediary buyer is Meinel European Land Ltd., a fund investing in commercial property. According to the Management Board of Echo Investment S.A., the decision about selling the selected shopping centers will favorably affect further development of the company.

Apart from the above mentioned transaction, another factor affecting the result achieved in 2005 was the basic range of business activity of Echo Investment S.A. and revaluation of possessed real property in accordance with IAS 40.

The following factors are going to influence the achieved results in the upcoming periods: regular income from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments. Other important aspects shall include the situation in the financial market and general economic trends in Poland.

Further factors and events that may affect future results include realization of the Company's plans concerning operations abroad. In foreign markets, the Company intends to realize investments within the basic scope of its operations, focusing mainly on office area projects and shopping/entertainment centers.

14. Description of external and internal factors significant for the development of Echo Investment S.A. Description of development perspectives of the Company's economic activity.

14.1. Description of external and internal factors significant for the development of Echo Investment S.A.

Key **external** factors affecting the Company's development include:

Positive factors:

- maintained investment activity of Polish and foreign business entities and resulting demand for services provided by the Company,
- shortage of residential areas,
- decreasing cost of mortgages, encouraging consumers to take out such loans,
- Polish and foreign financial institutions' willingness to engage in financing investments in the real estate market,

- increased interest of foreign investment funds in the Polish real property markets, resulting from their encouragement by high yield rates,
- improved availability of capital sources, resulting from market entry of a number of institutions interested in investing in the real property sector,
- Poland's accession to the European structures

Negative factors:

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communes,
- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- restriction of regulations concerning construction of large-size facilities in Poland,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland.

Key **internal** factors significant for the development of Echo Investment S.A. include:

Positive factors:

- clear and precise development strategy,
- stable structure of shareholders of the dominant company – Echo Investment S.A., with clear and consistent owners' policy towards the company,
- well-defined product group,
- recognized position in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- good cooperation with stable partners,
- organizational structure accounting for the existence of profit centers, which are responsible for the specific segments of activity of Echo Investment S.A.

Negative factors:


- unique quality of the operations, involving high level of dependency on complicated and time-consuming legal procedures,
- high demand for current assets, particularly related to the high number of executed projects.

14.2. Perspektywy rozwoju działalności gospodarczej Echo Investment S.A. 14.2 Development perspectives for economic activities of Echo Investment S.A. and Capital Group.

The Management Board of Echo Investment S.A. envisages further dynamic growth of the Company. It will be based on good perspectives for the real estate market in Poland. The operations of Capital Group companies will focus on increasing the portfolio of commercial areas for lease (shopping and entertainment centers and offices). Furthermore, Echo Investment S.A. intends to maintain the sale of residential projects on the current level. Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The current activity of Echo Investment S.A. focuses on the Polish market, but the Management Board does not exclude opening the business operations to foreign markets in the future. Certain efforts have been taken in order to extend the range of the Company's operations outside Poland.

Under its portfolio building policy, the Company does not foreclose the sale of certain existing projects to obtain funds for financing its current and future investments.

15. Changes in basic management principles of Echo Investment S.A. and in the level of management supporting computerization in Echo Investment S.A. and in Echo Investment S.A. Capital Group



No significant changes in the basic rules of management took place during the year 2005. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by other Capital Group companies. Within the scope of reducing operating risk, the Accounting Department was separated from the structures of Echo Investment S.A. and moved to Echo ACC Sp. z o.o., which has been dealing with fiscal and accounting service of the entire Echo Investment S.A. Capital Group since the 1st half of 2005.

16. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during last financial years. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

16.1. Management Board

On June 14, 2005 the Supervisory Board of Echo Investment SA, acting in accordance with Article 14 clause 1 of the Company Articles, appointed the following persons as members of the Management Board of the Company for the next 3-year term of office:

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.

Compared to the Management Board of the previous term, Mr. Artur Langner is a new member.

16.2. Supervisory Board

The composition of the Supervisory Board did not change in 2005. As on the submission date of this annual report, the Supervisory Board of Echo Investment S.A. is composed of the following members:

Wojciech Ciesielski, Chairman of the Supervisory Board,
Mariusz Waniolka, Deputy Chairman of the Supervisory Board,
Mariusz Gromek, Member of the Supervisory Board,
Artur Kłoczko, Member of the Supervisory Board,
Robert Oskard, Member of the Supervisory Board,
Karol Żbikowski, Member of the Supervisory Board.

16.3. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

16.3.1. Rules of appointing and dismissing members of managing bodies



These rules, as applied by the company, are regulated by the Polish Code of Commercial Partnerships and Companies, and Company Articles of Echo Investment S.A>

The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial statement for the final year of the term of the Management Board. The Supervisory Board may dismiss the Management Board or its individual members before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

16.3.2. Authorizations of members of managing bodies

Authorizations of managing bodies members are regulated by the Company Articles of Echo Investment SA. The Management Board members shall represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities and offices. Statements shall be made in the name of the Company by two members of the Management Board acting jointly, or by one Management Board member acting jointly with the Procurator. Incurring liabilities by persons authorized to make statements in the name of the Company for amounts exceeding 20% of the Company's ownership capitals shall require prior written consent of the Supervisory Board. The Management Board shall handle all current issues of the Company in the range not reserved by the provisions of the Code of Commercial Partnerships and Companies or of the Company Articles for the General Meeting of Shareholders or the Supervisory Board.

Decisions regarding issue and redemption of shares are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

17. Value of all outstanding loans granted by the issuer to members of managing and supervisory bodies and their relatives (separately), and of guarantees and sureties granted to these persons (separately).

As on December 31, 2005 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

18. Agreements made between the issuer and members of managing bodies, stipulating compensation in case of their resignation or dismissal from their positions without an important reason, or if their removal or dismissal results from the issuer's merger through takeover

As on December 31, 2005, no agreements exist between the issuer and members of managing bodies that would stipulate compensation.

19. Value of remuneration, rewards and benefits, including ones resulting from programs based on bonds with preemptive rights, convertible bonds, subscription warrants, paid, due or potentially due, separately for each member of the issuer's managing and supervisory bodies, as well as values of remuneration and rewards received for performance of functions in the bodies of subsidiaries.

The persons supervising Echo Investment S.A. did not receive any compensation from Echo Investment S.A. nor on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Managers of Echo Investment S.A. received the following compensation from Echo Investment S.A. and on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 999 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 713 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 626 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 300 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;

20. Total number and nominal value of all shares of the issuer and shares in the issuer's capital group companies held by managing and supervising persons

The total number of shares of Echo Investment S.A. is 10,500,000.

20.1. Ownership of shares of Echo Investment S.A. by supervising persons

Ownership of shares of Echo Investment S.A. by supervising persons as on 31.12.2005 is illustrated in the table below:

	Status as on	Nominal	Nominal	Percentag
--	--------------	---------	---------	-----------

	31.12.2005	value of one share	value total	e of share capital
Wojciech Ciesielski , Chairman of the Supervisory Board,	36.000	PLN 2.00	PLN 72,000	0,34%
Mariusz Waniolka , Deputy Chairman of the Supervisory Board,	did not hold any shares	-	-	-
Mariusz Gromek , Member of the Supervisory Board,	did not hold any shares	-	-	-
Artur Kłoczko , Member of the Supervisory Board,	676.069	PLN 2.00	PLN 1,352,138	6,43%
Robert Oskard , Member of the Supervisory Board,	did not hold any shares	-	-	-
Karol Żbikowski , Member of the Supervisory Board.	did not hold any shares	-	-	-

20.2. Ownership of shares of Echo Investment S.A. by managing persons

Ownership of shares of Echo Investment S.A. by managing persons as on 31.12.2005 is illustrated in the table below:

	Status as on 31.12.2005 [pcs.]	Nominal value of one share	Nominal value total	Percentage of share capital
Andrzej Majcher , President of the Management Board,	197.520	PLN 2.00	PLN 395,040	1.88%
Jarosław Grodzki , Vice-President of the Management Board	did not hold any shares	-	-	-
Piotr Gromniak , Member of the Management Board	did not hold any shares	-	-	-
Artur Langner , Member of the Management Board.	did not hold any shares	-	-	-

21. Shareholders of Echo Investment S.A. that, as on 31.12.2005, have at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on 31.12.2005:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment
-------------	-------------------------	--	--	--

				S.A.
Michał Sołowow (directly and indirectly)	3.964.134	37,75%	3.964.134	37,75%
OFE ING Nationale – Nederlanden Polska*	1.040.000	9,90%	1.040.000	9,90%
Artur Kłoczko	676.069	6,43%	676.069	6,43%
Commercial Union PTE*	806.504	7,68%	806.504	7,68%
PZU Złota Jesień PTE*	927.343	8,83%	927.343	8,83%

* balance as on December 31, 2005

22. Information about contracts known to the issuer, made during the last financial year, as a result of which changes may occur in the future in the proportions of shares held by existing shareholders.

None of such contracts are known to the Management Board of Echo Investment S.A.

23. Owners of any securities giving special controlling privileges toward the issuer, including a description of such privileges

Securities issued by Echo Investment S.A. do not give any special controlling privileges toward the issuer.

24. Information about a system of control of matching shares programs

No matching share program is functioning in the Company.

25. Restrictions concerning transfer of ownership right of the issuer's securities, and restrictions regarding execution of the voting rights assigned to the issuer's shares

There are no restrictions as regards transfer of ownership of securities or execution of the voting rights from shares.

26. Information concerning contract with certified auditor of financial statements for audit or review of a financial statement or consolidated financial statement

On August 2, 2005 Echo Investment S.A. concluded a contract with BDO Polska Sp. z o.o. (authorized to audit financial statements) on auditing and verifying individual and consolidated financial statements. The contract was made for a term of 2 years, with an option of prolongation for a third year.

The compensation under the contract of audit of the financial statement equals PLN 144,900 and of audit of the consolidated financial statement – PLN 103,500. The same data for the equivalent period of the preceding year is: PLN 103,500 and PLN 50,000, respectively.

Other total contractual compensation due on account of other services may apply to costs of assignment borne by BDO Polska Sp. z o.o. with regard to the performance of the contract, whose value may not exceed PLN 21,000. The compensation paid in 2004 for additional costs equaled PLN 5,682.

Kielce, 08.05.2006



Signatures 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	_____ Artur Langner Member of the Management Board
---	---	---	--



STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, according to its best knowledge, the annual individual financial statement and comparative information have been prepared in accordance with valid accounting principles and they truly, reliably and clearly present the Company's property and financial condition and its financial result and that the annual management report contains a true presentation of the development, achievement and standing of the issuer's Capital Group, including a description of basic risks and threats.

The Management Board of Echo Investment SA further declares that BDO Polska Sp. z o.o., which audited the annual individual financial statement, was selected in accordance with the law and that this company and chartered accountants carrying out the audit fulfilled the criteria for issuing an objective and independent audit report, in accordance with relevant provisions of the Polish law.

Kielce, May 8, 2006

Andrzej Majcher
President of the Management Board
Management Board

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

Piotr Gromniak

Artur Langner
Member of the

DECLARATION ON APPLICATION OF CORPORATE GOVERNANCE RULES

The Company Echo Investment S.A. has implemented the corporate governance rules recommended by the Warsaw Stock Exchange. The declaration regarding application of corporate governance rules was approved by the General Shareholders' Meeting of Echo Investment SA on 14 June 2005. The contents of the Declaration is available on the Company's web site www.echo.com.pl.

Updated declaration regarding the Echo Investment SA's application of the corporate governance rules shall be published by the Company on 01 June 2006.

Kielce, 08 May 2006

Andrzej Majcher
President

Jarosław Grodzki
Vice President

Piotr Gromniak
Member of the Board

Artur Langner
Member of the Board