

Echo Investment S.A. Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of three months expiring on March 31, 2006



Kielce, May 15, 2006

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on 2006.03.31 end of quarter	balance as on 2005.12.31 end of previous year	balance as on 2005.03.31 end of quarter
Assets			
1. Fixed assets			
1.1. Intangible assets	69	85	51
1.2. Goodwill of subsidiaries	-	-	-
1.3. Non-current assets	262 808	245 081	241 031
1.4. Long-term receivables	-	-	2 577
1.5. Investment immovable property	1 428 799	1 400 398	1 176 627
1.6. Long-term financial assets	17 746	17 747	20 813
1.7. Assets on account of deferred income tax	15 843	15 613	11 930
	1 725 265	1 678 924	1 453 029
2. Current assets			
2.1. Inventories	156 508	170 595	163 377
2.2. Receivables on account of taxes	30 943	35 184	8 681
2.3. Receivables on account of deliveries and services, other receivables	9 383	13 794	10 452
2.4. Short-term financial investments	7 644	7 889	1 468
2.5. Accruals	7 442	831	7 205
2.6. Cash and cash equivalents	324 518	242 483	353 669
	536 438	470 776	544 852
Assets total	2 261 703	2 149 700	1 997 881
Liabilities			
1. Equity capital			
1.1. Equity capital allocated to shareholders of the dominant company	973 887	917 103	781 696
1.1.1. Initial capital	21 000	21 000	21 000
1.1.2. Reserve capital	353 771	353 771	319 084
1.1.3. Profit (loss) carried forward	542 332	347 918	382 605
1.1.4. Profit (loss) of the accounting year	56 784	194 414	59 007
1.2. Minority capitals	19 152	18 145	1 946
	993 039	935 248	783 642
2. Reserves			
2.1. Provision on account of deferred income tax	132 013	125 972	96 276
2.2. Other reserves	28 408	30 797	42 694
	160 421	156 769	138 970
3. Long-term liabilities			
3.1. Financial liabilities	806 983	685 010	681 553
3.2. Other liabilities	28 535	29 255	10 366
	835 518	714 265	691 919
4. Short-term liabilities			
4.1. Financial liabilities	121 961	152 992	169 332
4.2. Tax liabilities	18 110	57 499	74 614
4.3. Liabilities on account of deliveries and services	33 573	27 878	32 521
4.4. Other liabilities	99 081	105 049	106 883
	272 725	343 418	383 350
Liabilities total	2 261 703	2 149 700	1 997 881

Book value	973 887	917 103	781 696
Number of shares	10 500 000	10 500 000	10 500 000
Book value per one share (in PLN)	92,75	87,34	74,45
Diluted number of shares	10 500 000	10 500 000	10 500 000
Diluted book value per one share (in PLN)	92,75	87,34	74,45

OFF-BALANCE ITEMS in thousands PLN	balance as on 2006.03.31 end of quarter	balance as on 2005.12.31 end of previous year	balance as on 2005.03.31 end of quarter
1. Off-balance receivables			
2. Off-balance liabilities	17 048	24 809	14 955

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

	1 st quarter the period from 2006.01.01 to 2006.03.31	1 st quarter the period from 2006.01.01 to 2006.03.31	1 st quarter the period from 2005.01.01 to 2005.03.31	1 st quarter the period from 2005.01.01 to 2005.03.31
Operating income	90 919	90 919	57 179	57 179
Operating costs	(39 703)	(39 703)	(18 041)	(18 041)
Gross profit (loss) on sales	51 216	51 216	39 138	39 138
Profit (loss) on sales of real property	9 512	9 512	62 641	62 641
Revaluation of real property	43 477	43 477	(11)	(11)
Costs of sales	(2 282)	(2 282)	(2 001)	(2 001)
Overheads	(7 920)	(7 920)	(6 426)	(6 426)
Other operating income and costs	(6 512)	(6 512)	59	59
Profit before tax and financial income/costs	87 491	87 491	93 400	93 400
Financial income	2 403	2 403	2 615	2 615
Financial costs	(12 026)	(12 026)	(14 305)	(14 305)
Foreign exchange gains/losses	(5 725)	(5 725)	(3 516)	(3 516)
Revaluation of goodwill of subsidiaries	-	-	(3 073)	(3 073)
Shares in profits of associated companies	-	-	-	-
Gross profit (loss)	72 143	72 143	75 121	75 121
Income tax	(14 352)	(14 352)	(15 695)	(15 695)
Net profit (loss)	57 791	57 791	59 426	59 426
1. Profit (loss) allocated to minority shareholders	1 007	1 007	419	419
2. Profit (loss) allocated to shareholders of the dominant company	56 784	56 784	59 007	59 007
Net profit (loss) (annualized)		192 191		49 742

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

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the accounting year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
For the 1st quarter (current year), period from 2006.01.01 to 2006.03.31							
Balance at the beginning of the period	21 000	353 771	542 332		917 103	18 145	935 248
Corrections of basic errors					-		-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	353 771	542 332	-	917 103	18 145	935 248
Distribution of profit/loss carried forward	-	-	-	-	-	-	-
Net profit (loss) of the current period	-	-	-	56 784	56 784	1 007	57 791
Balance at the end of the period	21 000	353 771	542 332	56 784	973 887	19 152	993 039
For the 1st quarter (previous year), period from 2005.01.01 to 2005.03.31							
Balance at the beginning of the period	21 000	319 084	382 035	-	722 119	1 531	723 650
Changes in applied accounting principles (policy)	-	-	570	-	570	-	570
Corrections of basic errors	-	-	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	319 084	382 605	-	722 689	1 531	724 220
Distribution of profit/loss carried forward	-	-	-	-	-	-	-
Changes in minority shares	-	-	-	-	-	(4)	(4)
Net profit (loss) of the current period	-	-	-	59 007	59 007	419	59 426
Balance at the end of the period	21 000	319 084	382 605	59 007	781 696	1 946	783 642
For the previous year, period from 2005.01.01 to 2005.12.31							
Balance at the beginning of the period	21 000	319 084	382 035	-	722 119	1 531	723 650
Changes in applied accounting principles (policy)	-	-	570	-	570	-	570
Corrections of basic errors	-	-	-	-	-	-	-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	319 084	382 605	-	722 689	1 531	724 220
Distribution of profit/loss carried forward	-	34 687	(34 687)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(4)	(4)
Net profit (loss) of the current period	-	-	-	194 414	194 414	16 618	211 032
Balance at the end of the period	21 000	353 771	347 918	194 414	917 103	18 145	935 248

4. Condensed consolidated cash flow account, in thousands PLN

Cash flow statement	1 st quarter the period from 2006.01.01 to 2006.03.31	1 st quarter the period from 2005.01.01 to 2005.03.31
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	57 791	59 426
II. Adjustments total		
1. Share of associated companies in net (profit) loss	-	-
2. Depreciation of fixed assets	3 070	1 455
3. Revaluation of goodwill	-	3 073
4. Foreign exchange gains/losses	10 045	3 535
5. Interest and shares in profits (dividends)	9 788	10 818
6. (Profit) loss on investment activity	(52 728)	(62 770)
7. Change in reserves	10 859	(10 683)
8. Change in inventories	(8 071)	(13 592)
9. Change in receivables	143 525	13 098
10. Change in short-term liabilities, except for loans and credits	(176 641)	103 188
11. Change in accruals	(9 286)	(2 908)
12. Other adjustments	-	(4)
	(69 439)	45 210
III. Net cash flows from operating activity (I+/-II)	(11 648)	104 636
B. Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and tangible assets	101	23
2. Sales of investments in real property and in intangible assets	24 766	249 076
3. From financial assets	45 982	2 739
4. Other income from investments	-	-
	70 849	251 838
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(570)	(3 029)
2. Investments in real property and in intangible assets	(4 179)	(15 633)
3. On financial assets	-	-
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditure	(480)	(120)
	(5 229)	(18 782)
III. Net cash flows on investment activity (I-II)	65 620	233 056
C. 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	80 697	46 166
3. Issue of debenture bonds	168 665	34 522

4. Other financial income	-	-
	249 362	80 688
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	(43 143)	(97 452)
5. Redemption of debenture bonds	(165 000)	(25 000)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	(122)	(122)
8. Interest	(13 034)	(15 747)
9. Other financial expenses	-	-
	(221 299)	(138 321)
III. Net cash flows on financial activity (I-II)	28 063	(57 633)
D. Net cash flows total (A.III+/-B.III+/-C.III)	82 035	280 059
E. Difference in cash balances, including:	82 035	280 059
- change in cash balance on account of exchange rate gain/loss	-	-
F. Cash at the beginning of period	242 483	73 610
G. Cash at the end of period (F+/-D), including:	324 518	353 669
- with limited disposability	-	-

5. Additional information to condensed consolidated report

5.1 Basic information

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

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

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

The presented statement refers to the three months' period expiring on 31.03.2006, with comparative data referring to the three months' period expiring on 31.03.2005. The statement is expressed in thousands Polish zlotys.

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

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the first quarter of the year 2006 has been prepared in accordance with the International Financial Reporting Standards, approved by the European Commission. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the financial result were applied as on the balance day.

The management of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for the first quarter of the year 2006. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

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

- Intangible assets are valued according to acquisition prices and their balance values are reduced by depreciation and write-offs due to permanent loss in value.
- Goodwill of subsidiaries results from the presence of a difference between company acquisition cost and fair value of identifiable items of assets and liabilities of wholly and partially owned subsidiaries and associated companies. This difference is calculated as on the date of acquisition of a given company. Goodwill is analyzed for loss of value at least once a year.
- Fixed assets are 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 depreciated according to declining balance method and equally through tax rates. Fixed assets with acquisition prices lower than PLN 3.5 k are depreciated once in their full value under the date of purchase. For fixed assets that have permanently lost their economic usability, extraordinary depreciation write-offs are made.
- Fixed assets under construction are valued according to acquisition prices and production costs. This item includes costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditure on execution of buildings (mainly foreign services) and relevant financial costs.
- Investments in real property refer to such investments that are considered a source of income from lease rent and ones maintained with regard to an expected increase in their value. Real property is valued in fair value. The difference resulting from change in fair value is reflected in the profit and loss account for a given period.
- Shares in personal companies are valued in fair value, shares in capital companies and other investments classified among fixed assets are valued according to acquisition prices less write-offs on account of permanent loss in value.
- Loans granted are disclosed according to depreciated acquisition price, determined using effective interest rate method.
- The following are disclosed under inventories: semi-finished products and work in process, finished products and advances on deliveries. Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs but not higher than expected net sales price. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'.
- Receivables are disclosed in the balance sheet as amounts due, with due caution. Revaluation write-offs for receivables are made according to the following criteria:
 - for receivables aged over one year – for full value of receivables,
 - for receivables overdue over six months but not longer than one year – 50% of the value of receivables.

In certain justified cases, individual principles of calculating revaluation write-offs can be applied.
- Short-term investments are valued according to acquisition prices, accounting for write-offs due to permanent loss in value. Cash and cash equivalents include assets in the form of domestic monies, foreign currency and financial instruments, as well as other financial assets, particularly interest on loans granted if it falls due within 3 months from the report date. The same definition of cash applies to the cash flow statement.
- The following items are created on account of deferred tax: assets on account of deferred income tax and provision for income tax. These items are valued according to their justified estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.
- Share capital and reserve capital is valued in its nominal value.
- 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 unused holiday benefits and audit costs that have not been incurred but which fall on the current period, as well as for expected losses to be yielded in future periods.
- 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. Other liabilities are disclosed in the balance sheet as payable amounts.
- The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the amount brought forward.
- Accrued income and costs are disclosed in their nominal value.
- Foreign currencies are valued as on the balance day, applying relevant exchange rates of Pekao SA bank applicable as on the balance day.
- Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the calculation method.

- a) The costs of production of products sold include yielded costs pertaining to the revenues in a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
 - b) With regard to long-term construction contracts, financial result is affected by estimated income, considering progress of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Progress of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. Revenues of the current period are established in the same proportion towards total estimated revenues. Own costs of sales of production consisting in execution of building contracts is disclosed according to the progress of investment execution.
 - c) Sales are 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 of such items as, for instance, sold area of land, sold shares, etc. (according to average prices)
 Own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
 - d) The following factors also affect the financial result:
 - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
 - yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
 - profits and losses on sale of securities,
 - all financial income receivable by the company,
 - yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated as overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The amount of activated financial costs corresponding to the latter item is calculated proportionally. It is divided among specific inventory projects according to structure of expenses reduced by advances.
 - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

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

Echo Investment S.A. Capital Group did not change its accounting principles in 2006.

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services. The Echo Investment S.A. Capital Group consists of 52 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- "Athina Park" Spółka z o.o. ['Athina Park' Limited Liability Company], having its registered seat in Kielce
- "Bioelektrownia Hydropol - 4" Spółka z o.o. ['Hydropol – 4 Bioelectric Power Plant' Limited Liability Company], having its registered seat in Kielce
- "Centrum Handlowe PHS" Spółka Akcyjna ['PHS Shopping Center' Joint Stock Company], having its registered seat in Szczecin
- "Echo Bau" Spółka z o.o. ['Echo Bau' Limited Liability Company], having its registered seat in Kielce
- "Echo – Centrum Bankowości i Finansów Łódź" Spółka z o.o. ['Echo Łódź Banking and Finance Center' Limited Liability Company], having its registered seat in Kielce

- "Echo – Centrum Biznesu Łódź" Spółka z o.o. ['Echo Łódź Business Center' Limited Liability Company], having its registered seat in Kielce
- "Echo – Pasaż Grunwaldzki" Spółka z o.o. ['Echo – Grunwaldzki Arcade' Limited Liability Company], having its registered seat in Kielce
- "Echo – Pasaż Grunwaldzki Sp. z o.o." Spółka komandytowa ['Echo – Grunwaldzki Arcade Limited Liability Company' Limited Company], having its registered seat in Kielce
- "Echo ACC" Spółka z o.o. ['Echo ACC' Limited Liability Company], having its registered seat in Kielce
- "Echo Centrum Ślichowice" Spółka z o.o. ['Echo Ślichowice Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Gdynia" Spółka z o.o. ['Echo Investment – Gdynia Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Bełchatów" Spółka z o.o. ['Echo Investment – Bełchatów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Jelenia Góra" Spółka z o.o. ['Echo Investment – Jelenia Góra Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Łomża" Spółka z o.o. ['Echo Investment – Łomża Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Olkusz" Spółka z o.o. ['Echo Investment – Olkusz Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Pabianice" Spółka z o.o. ['Echo Investment – Pabianice Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Piła" Spółka z o.o. ['Echo Investment – Piła Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment – Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Przemyśl" Spółka z o.o. ['Echo Investment – Przemyśl Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Radom" Spółka z o.o. ['Echo Investment – Radom Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Rzeszów" Spółka z o.o. ['Echo Investment – Rzeszów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Siemianowice Śląskie" Spółka z o.o. ['Echo Investment – Siemianowice Śląskie Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment – Świętochłowice Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Tarnów" Spółka z o.o. ['Echo Investment – Tarnów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Tczew" Spółka z o.o. ['Echo Investment – Tczew Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Zamość" Spółka z o.o. ['Echo Investment – Zamość Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Spółka z o.o. ['Echo Investment – Gliwice Shopping, Service and Entertainment Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Kielce" Spółka z o.o. ['Echo Investment – Kielce Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Szczecin" Spółka z o.o. ['Echo Investment – Szczecin Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment Projekt 1" S.R.L., having its registered seat in Bucharest
- "Est On Property Management" Spółka z o.o. ['Est On Property Management' Limited Liability Company], having its registered seat in Kielce
- "Hotel Investment" Spółka z o.o. ['Hotel Investment' Limited Liability Company], having its registered seat in Kielce
- "Hotel Investment Sp. z o.o." Spółka komandytowa ['Hotel Investment Limited Liability Company' Limited Company], having its registered seat in Kielce
- "Kieleckie Centrum Handlowo-Rozrywkowe Echo" Spółka z o.o. ['Echo Shopping and Entertainment Center of Kielce' Limited Liability Company], having its registered seat in Kielce
- "Malta Office Park" Spółka z o.o. ['Malta Office Park' Limited Liability Company], having its registered seat in Kielce
- "MDP" Spółka z o.o. ['MDP' Limited Liability Company], having its registered seat in Kielce
- "Piomot Auto" Spółka z o.o. ['Piomot Auto' Limited Liability Company], having its registered seat in Kielce
- "Princess Boryszewska" Spółka z o.o. ['Princess Boryszewska' Limited Liability Company], having its registered seat in Kielce
- "Princess Investment" Spółka z o.o. ['Princess Investment' Limited Liability Company], having its registered seat in Kielce
- "Project 3" Spółka z o.o. ['Project 3' Limited Liability Company], having its registered seat in Warsaw
- "Projekt – Echo 17" Spółka z o.o. ['Project – Echo 17' Limited Liability Company], having its registered seat in Kielce

- "Projekt – Echo 30" Spółka z o.o. ['Project – Echo 30' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 32" Spółka z o.o. ['Project – Echo 32' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 34" Spółka z o.o. ['Project – Echo 34' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 37" Spółka z o.o. ['Project – Echo 37' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 39" Spółka z o.o. ['Project – Echo 39' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt S" Spółka z o.o. ['Project S' Limited Liability Company], having its registered seat in Kielce
- "WAN 11" Spółka z o.o. ['WAN 11' Limited Liability Company], having its registered seat in Warsaw
- "Wygledów" Spółka z o.o. ['Wygledów' Limited Liability Company], having its registered seat in Kielce
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

Companies valued according to ownership rights method:

- "SPC" Spółka Akcyjna ['SPC' Joint Stock Company], having its registered seat in Warsaw,
- "W.A. Hotele" Spółka z o.o. ['W.A. Hotels' Limited Liability Company], having its registered seat in Warsaw
- "WAN Invest" Spółka z o.o. ['WAN Invest' Limited Liability Company], having its registered seat in Warsaw
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

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

- "WAN 11" Sp. z o.o. [Co., Ltd.] – 50% of basic capital and 50% of voting rights at the general meeting.
- "Projekt S" Sp. z o.o. [Co., Ltd.] – 63% of basic capital and 63% of voting rights at the general meeting.

Capital relationships within the Capital Group concern the following:

- a) "Piomot – Auto" Sp. z o.o., holding 15.88% of basic capital of "Echo – Centrum Piotrków Trybunalski" Sp. z o.o.;
- b) "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99,8% of basic capital of "Projekt Naramowice" Sp. z o.o.;
- c) "Echo Investment - Centrum Handlowo – Rozrywkowe Kielce" Sp. z o.o., holding:
 - 99.99% of basic capital of "Kieleckie Centrum Handlowo – Rozrywkowe Echo Sp. z o.o.",
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o.
- e) "Projekt – Echo 37" Sp. z o.o., holding 0,001% of basic capital of "Echo Investment – Centrum Handlowe Świętochłowice" Sp. z o.o.;
- f) "Echo – Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo – Pasaż Grunwaldzki" Sp. z o.o.;
- g) "Hotel Investment" Sp. z o.o., holding 1% of share of "Hotel Investment Sp. z o.o." Limited Company;
- h) "Projekt – Echo 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wygledów" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 37" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 39" Sp. z o.o.,
 - 1.00% of capital of "Project 3" Sp. z o.o.,
 - 1.00% of capital of "Echo ACC" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 30" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 32" Sp. z o.o.,
 - 1.00% of capital of "Echo – Pasaż Grunwaldzki" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 34" Sp. z o.o.,
 - 1.00% of capital of "Est On Property Management" Sp. z o.o.,
 - 0,05% of capital of "Hotel Investment" Sp. z o.o.,
 - 0,03% of capital of "Malta Office Park" Sp. z o.o.,
 - 0,02% of capital of "Echo Centrum Ślichowice" Sp. z o.o.,
 - 0,02% of capital of "Echo – Centrum Biznesu Łódź" Sp. z o.o.,
 - 0,02% of capital of "Projekt Naramowice" Sp. z o.o.,
 - 0,01% of capital of "Echo Investment – Centrum Handlowe Tczew" Sp. z o.o.,
 - 0,01% of capital of "Echo Investment – Centrum Handlowe Piła" Sp. z o.o.,
 - 0,01% of capital of "Echo Investment – Centrum Handlowe Zamość" Sp. z o.o.,
 - 0,01% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
 - 0,009% of capital of "Echo Investment – Centrum Handlowe Siemianowice Śląskie" Sp. z o.o.,
 - 0,008% of capital of "Athina Park" Sp. z o.o.,
 - 0,007% of capital of "Echo Investment – Centrum Handlowe Łomża" Sp. z o.o.,
 - 0,006% of capital of "Echo Investment – Centrum Handlowe Bełchatów" Sp. z o.o.,
 - 0,006% of capital of "Echo Investment – Centrum Handlowe Rzeszów" Sp. z o.o.,
 - 0,005% of capital of "Echo Investment – Centrum Handlowe Olkusz" Sp. z o.o.,

- 0,005% of capital of "Echo Investment – Centrum Gdynia" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Pabianice" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Radom" Sp. z o.o.,
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Tarnów" Sp. z o.o.,
- 0,002% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Kielce" Sp. z o.o.,
- 0,001% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Szczecin" Sp. z o.o.

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

On February 23, 2006 subsidiaries entered into a contract of sale of shares in subsidiary Projekt Gdynia – 1 Sp. z o.o. The buyer was P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź, which, under the signed contract, also acquired ownership rights to project documentation and building permit for a hotel on the real property situated at Ejsmunda Street in Gdynia. The contract value was PLN 4 million. The Company intends to use the gained funds for realization of current and future investments.

On March 3, 2006 the District Court in Bucharest registered the issuer's security named 'Echo Investment Projekt 1' S.R.L., seated in Bucharest. This company is going to carry out developer operations in the territory of Romania.

5.5 Explanations concerning seasonal or cyclical quality of the issuer's activity during the presented period

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

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

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

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

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

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

Such events did not occur.

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

Such events did not occur.

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

Existing contingent liabilities did not change and new liabilities did not occur during the 1st quarter of the year 2006 from the end of the last financial year.

5.11 Description of the issuer's significant achievements or failures

During the 1st quarter of the year 2006, 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 Capital 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, Piotr i Paweł, Supermarkety Drogerijne Rossman and other chain brands.

Implementation of the Company's largest project, i.e. an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław, was continued during the 1st quarter of 2006. The Company obtained a valid substitute building permit for construction of one additional storey of the CHR building in Wrocław. Realization of this permit has begun. Commercialization of the project also progressed. Contracts have been made with further tenants. As at the end of the 1st quarter of the year, the Company leased ca. 80% of the area of the center. The anticipated area for rent is about 47,900 square meters. Anticipated completion date of core and shell of the project will be at the end of 2006.

The Company has obtained a valid building permit for erection of the Pasaż Świętokrzyski (Świętokrzyski Arcade) shopping and entertainment center in Kielce. In March 2006, a contract was signed with Polimex-Mostostal S.A. Warsaw for general contracting of this project. E.Leclerc superstore will be opened in the designed center, with an area of 13,200 square meters. Contracts have also been made with other tenants. Completion of the investment is anticipated in the 4th quarter of 2006.

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). The above areas had the following tenants: Jeronimo Martins Dystrybucja Sp. z o.o., and NOMI S.A. The Company intends to apply the funds gained from the sale to currently realized and future investments.

Realization of erection of shopping centers in Łomża and Lublin supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offer. In 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. The Company is expecting completion of administrative procedures.

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. and Kredyt Bank S.A.

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

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

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

During the first quarter of the year 2006, realization of the investment consisting in a complex of office buildings in Kielce at Al. Solidarności Street (net area of the buildings approx. 20,000 square meters). The project assumes realization of three six-storey buildings. The anticipated completion date of investment falls in the 3rd quarter of 2007.

The process of designing and preparing realization of a set of office buildings with multi-storey underground parking lot was also carried out on a real property situated in Warsaw at 21 Postępu Street (area ca. 30,000 square meters). The anticipated commencement date of investment falls in the 1st quarter of 2007 and completion date in the 3rd quarter of 2008.

The process of preparing and realization 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. Execution of the investment should commence during the 4th quarter of the year 2006. First stage of construction is expected to complete in the 4th quarter of the year 2007. The anticipated realization date of investment falls in the 1st quarter of 2007.

During the 1st quarter of the year, the Company sold its right of perpetual usufruct of land with a four-storey building with an area of 1,154 square meters, situated in Szczecin at 3 Maja Street. Key tenants of the building are ING Bank Śląski S.A. and Provident Polska S.A. Gross value of the contract of sale equaled PLN 8,044 k.

At the same time, recommercialization of two office buildings in Łódź was implemented, in which the company provides the lessees with over 17,000 square meters of high standard air-conditioned space with an underground parking lot. The above mentioned buildings have been leased in 100%, which does not imply ceasing the actions concerned with increasing the value of these facilities through optimization of the structure of lessees and lease conditions.

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

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 – so-called Business Offshoring Process).

Echo Investment S.A. collaborates with Philips International, which is the key tenant in the Capital Group'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. The Capital Group's projects in the hospitality industry were 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.

During the 1st quarter of 2006, the Company continued the process of realizing a four-star Qubus hotel in Cracow (196 rooms, 12,000 square meters of usable area) and 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.

On February 23, 2006 subsidiaries entered into a contract of sale of shares in subsidiary Projekt Gdynia – 1 Sp. z o.o. The buyer was P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź, which, under the signed contract, also acquired ownership rights to project documentation and building permit for a hotel on the real property situated at Ejsmunda Street in Gdynia. The contract value was PLN 4 million. The Company intends to use the gained funds for realization of current and future investments.

During the last few months, economic trends in the hospitality market have been improving. The growth tendency is particularly noticeable in one- and 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.

Housing segment

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

During the 1st quarter of 2006, works were continued on execution of housing investments in Warsaw. Erection of the 2nd stage of the Inflancka Housing Estate was begun. 134 apartments are expected to be delivered to users during the 4th quarter of the year 2006. 2nd stage of investment at Zwycięzców Street (232 apartments) was also realized. The anticipated completion date of investment falls in the 1st quarter of 2008.

Construction works were also performed in Poznań. Stage II of the Małe Naramowice Housing Estate (143 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 4th quarter of the year 2007.

Preparation of realization of the 3rd stage of Małe Naramowice Housing Estate in Poznań has also begun (net area of 14,000 square meters). The completion of these investments is anticipated in the 4th quarter of 2008. Preparation works of the 3rd stage of Inflancka Housing Estate in Poznań were also performed (net area of 6,500 square meters). The anticipated completion date of the latter housing estate falls in the 3rd quarter of 2008.

The Company is preparing realization of two luxury apartment towers in Cracow with total area of 4,300 square meters. A 4-storey building with an area of 1,3 thousand square meters (17-18 apartments) will be built at Kilińskiego Street. This building, which was designed by The Blok office, will be put to use in the 4th quarter of 2007. At the beginning of 2008, the Company is going to complete realization of a housing investment in the Wola Justowska district. This building, designed by Oleksy&Polaczek office, will have an area of about 3 thousand square meters (47 apartments).

Projects of residential buildings are currently under preparation: in Warsaw at Kazimierzowska Street (net area of 5,600 square meters) and in Poznań at Wojskowa Street (net area is about 16,000 square meters). Anticipated completion date of these buildings falls on the turn of the 3rd and 4th quarter of the year 2008.

During the 1st quarter of the year, the Company bought an area in Dyminy near Kielce, to be sold as parcels, with estate houses designs. Preparations to a similar investment have begun in Bilcza near Kielce ('Bilcza II'). The anticipated completion date of realization of both investments falls on the turn of 2007 and 2008. Net area of the parcels equals 300,000 square meters.

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

Foreign market

The Company began studying and recognition of the legal status of foreign markets. Within the range of its foreign operations, the Company intends to collaborate with local partners. Investments on foreign markets would be related to the basic segments of Echo Investment S.A. Capital Group's operations. On 03.03.2006 the District Court in Bucharest registered the issuer's security named 'Echo Investment Projekt 1' S.R.L., seated in Bucharest. This company is going to carry out developer operations in the territory of Romania.

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

The sale of two centers in Legionowo and Kalisz and of office area in Szczecin had a significant impact on achieved financial result. The net value of the transaction was PLN 24,765,458 (read: twenty-four million seven hundred and sixty-five thousand four hundred and fifty eight). Total record value of sold assets was PLN 12,450,132 (read: twelve million four hundred and fifty thousand one hundred and thirty two zlotys).

Revaluation of fair value of real property owned by the Capital Group, which was performed during the 1st quarter of 2006, also had a significant impact on the financial result.

The commenced construction of Pasaż Grunwaldzki in Wrocław and Pasaż Świętokrzyski in Kielce, and soon after that – of shopping centers in Łomża and Lublin will perfectly supplement the portfolio of commercial areas with simultaneous improvement in quality and innovativeness of our offer. From the point of view of Echo Investment S.A., the decision about selling the selected real property will favorably affect further development of the Capital Group. The unique quality of our operations requires continuous investments in new projects in various segments of the real estate market. Therefore, the Management Board of Echo Investment S.A. intends to assign the funds gained on this transaction to investments in the course of execution and ones planned in the future.

5.13 Selected financial data

	EUR k PLN		EUR k EURO	
	1st quarter accrued the period from 01.01.2006 do 31.03.2006	1st quarter accrued the period from 01.01.2005 to 31.03.2005	1st quarter accrued the period from 01.01.2006 do 31.03.2006	1st quarter accrued the period from 01.01.2005 to 31.03.2005
I. Operating income	90 919	57 179	23 642	14 240
II. Profit before tax and financial income/costs	87 491	93 400	22 751	23 261
III. Gross profit (loss)	72 143	75 121	18 760	18 709
IV. Net profit (loss)	56 784	59 007	14 766	14 696
V. Net cash flows on operating activity	(11 648)	104 636	(3 029)	26 059
VI. Net cash flows on investment activity	65 620	233 056	17 064	58 042
VII. Net cash flows on financial activity	28 063	(57 633)	7 297	(14 353)
VIII. Net cash flows total	82 035	280 059	21 332	69 748
IX. Assets total	2 261 703	1 997 881	574 663	489 233
X. Equity capital allocated to shareholders of the dominant company	973 887	781 696	247 450	191 419
XI. Long-term liabilities	835 518	691 919	212 292	169 434
XII. Short-term liabilities	272 725	383 350	69 295	93 873
XIII. Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	18,30	4,74	4,76	1,18
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	18,30	4,74	4,76	1,18
XVI. Book value per one share (in PLN/EUR)	92,75	74,45	23,57	18,23
XVII. Diluted book value per one share (in PLN/EUR)	92,75	74,45	23,57	18,23

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

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on 15.05.2006:

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)	4 309 134	41,04%	4 309 134	41,04%
OFE ING Nationale – Nederlanden Polska*	1 040 000	9,90%	1 040 000	9,90%
Artur Kłoczko	526 069	5,01%	526 069	5,01%
OFE PZU Złota Jesień PTE*	927.343	8,83%	927 343	8,83%
Commercial Union PTE*	806 504	7,68%	806 504	7,68%

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

On February 3, 2006 the issuer was notified that, following an entry in the securities account resulting from acquisition of shares of Echo Investment S.A. as of February 3, 2006, Mr. Michał Sołowow owns directly and indirectly 4,159,134 shares of the issuer, which is a 39,61% stake in the initial capital, giving him 4,159,134 votes at the General Meeting of Shareholders, which constitute 39.61% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A. Before February 3, 2006 the number of shares of Echo Investment S.A. held by Mr. Michał Sołowow equaled 3,964,134, forming 37.75% of share in the initial capital and entitling to 3,964,134 votes at the General Meeting of Shareholders. The share in the total number of votes was 37.75%.

On March 7, 2006 the issuer was notified that on March 3, 2006 a Member of the Supervisory Board of Echo Investment S.A. entered a transaction of transfer of 150,000 ordinary bearer shares of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 200 each. The transaction was made as a block non-session transaction.

On March 7, 2006 the issuer was notified that, following an entry in the securities account resulting from acquisition of shares of Echo Investment S.A. as of March 6, 2006, Mr. Michał Sołowow owns directly and indirectly 4,309,134 shares of the issuer, which is a 41.04% stake in the initial capital, giving him 4,309,134 votes at the General Meeting of Shareholders, which constitute 41.04% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A. Before March 6, 2006 the number of shares of Echo Investment S.A. held by Mr. Michał Sołowow equaled 4,159,134, forming 39.61% of share in the initial capital and entitling to 4,159,134 votes at the General Meeting of Shareholders. The share in the total number of votes was 39,61%.

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

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

Managers	balance as on 15.05.2006	balance as on 01.03.2006
Andrzej Majcher, President of the Management Board,	2,520 shares	2,520 shares
Jarosław Grodzki, Vice-President of the Management Board	did not hold any shares	did not hold any shares
Piotr Gromniak, Member of the Management Board	did not hold any shares	did not hold any shares
Artur Langner, Member of the Management Board	did not hold any shares	did not hold any shares
Supervisors	balance as on 15.05.2006	balance as on 01.03.2006
Wojciech Ciesielski, Chairman of the Supervisory Board,	36,000 shares	36,000 shares
Mariusz Waniółka, Deputy Chairman of the Supervisory Board,	did not hold any shares	did not hold any shares
Mariusz Gromek, Member of the Supervisory Board,	did not hold any shares	did not hold any shares
Artur Kłoczko, Member of the Supervisory Board,	526,069 shares	676,069 shares
Robert Oskard, Member of the Supervisory Board,	did not hold any shares	did not hold any shares
Karol Żbikowski, Member of the Supervisory Board.	did not hold any shares	did not hold any shares

On 03.02.2006 the issuer was notified that on 03.02.2006 a Member of the Management Board of Echo Investment S.A. entered a transaction of transfer of 195,000 shares of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 160 each. The transaction was made as a block non-session transaction.

On March 7, 2006 the issuer was notified that on March 3, 2006 a Member of the Supervisory Board of Echo Investment S.A. entered a transaction of transfer of 150,000 ordinary bearer shares of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 200 each. The transaction was made as a block non-session transaction.

5.16 Information about court proceeding

During the period from 01.01.2006 to 31.03.2006, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. Capital Group or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A. Capital Group.

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

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

5.18 Information about transactions with affiliated companies

During the period from 01.01.2006 to 31.03.2006, neither Echo Investment S.A. nor its subsidiaries entered into any transaction with affiliated companies that would be considered extraordinary or differing from market conditions and whose value would exceed the PLN equivalent of EUR 500,000.

5.19 Information about granted guarantees

On March 10, 2006 the Company issued a surety for liabilities of the subsidiary Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. (the Borrower) on account of a credit agreement signed with Eurohypo AG Bank seated in Eschborn (Germany) (the Lender), in the amount not exceeding EUR 100 million, i.e. the equivalent of PLN 389,050,000 as on the agreement date. The loan is designed for financing or refinancing the costs of construction of the Pasaż Grunwaldzki [Grunwaldzki Arcade] Shopping and Entertainment Center, situated in Wrocław at Grunwaldzki Square, and for financing current operations of the Borrower. 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.

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

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

6. Mid-year individual financial statement, in thousands PLN, as on and for a period of three months expiring on 31.03.2006

	balance as on 31.03.2006	balance as on 31.12.2005	balance as on 31.03.2005
Assets			
1. Fixed assets			
1.1. Intangible assets	45	58	51
1.2. Non-current assets	49 913	50 263	49 109
1.3. Long-term receivables	-	-	2 577
1.4. Long-term investments	224 941	233 829	265 492
1.4.1. Real property	5 325	13 990	15 362
1.4.2. Long-term financial assets	219 616	219 839	250 130
1.5. Assets on account of deferred income tax	15 630	15 479	6 127
	290 529	299 629	323 356
2. Current assets			
2.1. Inventories	224 666	213 559	227 828
2.2. Short-term receivables	117 373	246 339	106 961
2.3. Short-term financial investments	47 016	46 489	97 429
2.3.1. In affiliated companies	47 016	46 481	97 386
2.3.2. In other companies	-	8	43
2.4. Cash and cash equivalents	149 626	72 231	89 656
2.5. Short-term accruals	163	163	-
	538 844	578 781	521 874
Assets total	829 373	878 410	845 230
Liabilities			
1. Equity capital			
1.1. Initial capital	21 000	21 000	21 000
1.2. Reserve capital	288 690	288 690	281 147
1.3. Profit (loss) carried forward	13 606	4 083	11 626
1.4. Net profit (loss) of the accounting year	5 767	9 523	10 800
	329 063	323 296	324 573
2. Reserves			
2.1. Provision on account of deferred income tax	12 443	14 056	13 742
2.2. Other reserves	14 905	15 421	9 241
	27 348	29 477	22 983
3. Liabilities			
3.1. Long-term liabilities	237 409	232 328	250 977
3.2. Short-term liabilities	235 553	293 308	246 697
3.2.1. To affiliated companies	16 187	4 872	5 684
3.2.2. To other companies	219 278	288 431	240 945
3.2.3. Special funds	88	5	68
	472 962	525 636	497 674
Liabilities total	829 373	878 410	845 230

Book value	329 063	323 296	324 573
Number of shares	10 500 000	10 500 000	10 500 000
Book value per one share (in PLN)	31,34	30,79	30,91

Off-balance liabilities	balance as on 31.03.2006	balance as on 31.12.2005	balance as on 31.03.2005
Conditional receivables	-	-	-
Contingent liabilities	13 741	21 513	83 955
Other	3 547	3 546	3 559
Off-balance items total	17 287	25 059	87 514

Profit and loss account	Three months' period expiring on 31.03.2006	Three months' period expiring on 31.03.2006	Three months' period expiring on 31.03.2005	Three months' period expiring on 31.03.2005
Operating income	40 066	40 066	22 253	22 253
Operating costs	(20 580)	(20 580)	(11 910)	(11 910)
Gross profit on sales	19 486	19 486	10 343	10 343
Profit on sales of real property	6 149	6 149	29 420	29 420
Change in fair value	(310)	(310)	-	-
Costs of sales	(2 291)	(2 291)	(1 752)	(1 752)
Overheads	(4 741)	(4 741)	(2 830)	(2 830)
Other operating income / costs	(8 034)	(8 034)	(14 189)	(14 189)
Profit before tax and financial income/costs	10 259	10 259	20 992	20 992
Financial income	2 644	2 644	1 361	1 361
Financial costs	(4 731)	(4 731)	(5 560)	(5 560)
including on account of foreign exchange gains/losses	1 259	1 259	(558)	(558)
Gross profit	8 172	8 172	16 793	16 793
Income tax	(2 405)	(2 405)	(5 993)	(5 993)
Net profit	5 767	5 767	10 800	10 800
Net profit (annualized)		4 490		10 763
Weighted average number of ordinary shares		10 500 000		10 500 000
Profit per one ordinary share (in PLN)		0,43		1,03
Weighted average diluted number of ordinary shares		10 500 000		10 500 000
Diluted profit per one ordinary share (in PLN)		0,43		1,03

Statement of changes in equity capital	Initial capital	Reserve capital	Profit brought forward	Net profit during the period	Capitals total
Balance as on 01.01.2005	21 000	281 147	7 544	-	309 691
changes in the applied accounting principles related to the conversion to IAS	-	-	4 082	-	4 082
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 profits		-	-		-
Net result during the period				10 800	10 800
Changes total	-	-	-	10 800	10 800
Balance as on 31.03.2005	21 000	281 147	11 626	10 800	324 573
Balance as on 01.01.2006	21 000	288 690	13 606	0	323 296
Balance as on 01.01.2006, after reconciliation to comparable data	21 000	288 690	13 606	0	323 296
Changes during the period:					
Distribution of profits		0	-		0
Net result during the period				5 767	5 767
Changes total	0	0	-	5 767	5 767
Balance as on 31.03.2006	21 000	288 690	13 606	5 767	329 063

Cash flow statement	Three months' period expiring on 31.03.2006	Three months' period expiring on 31.03.2005
Cash flows on operating activity – indirect method		
I. Net profit (loss)	5 767	10 800
II. Adjustments:		
1. Shares in net (profit) loss of subsidiaries valued according to ownership rights method	-	-
2. Depreciation	677	506
3. Foreign exchange gains/losses	-	-
4. Interest and shares in profits (dividends)	4 451	6 130
7. (Profit) loss on investment activity	(5 843)	(29 421)
8. Change in reserves	(2 130)	(271)
9. Change in inventories	(11 106)	(13 681)
10. Change in receivables	128 388	15 824
11. Change in short-term liabilities, except for loans and credits	(49 742)	23 609
12. Change in accruals	1 184	285
13. Other adjustments	-	(4)
Net cash flows on operating activity	70 011	2 977
	75 778	13 777

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

1. Sales of intangible assets and tangible assets	101	15
2. Sales of investments in real property and in intangible assets	14 681	67 903
3. From financial assets	762	384
4. Other income from investments	-	(120)
	15 544	68 182

II. Expenditure

1. Acquisition of intangible assets and fixed assets	(302)	(3 029)
2. Investments in real property and in intangible assets	(188)	-
3. On financial assets	(234)	(3 558)
4. Other investment expenditure	(480)	-
	(1 204)	(6 587)

Net cash flows on investment activity

14 340 **61 595**

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	19 099	3 763
3. Issue of debenture bonds	168 665	34 522
4. Other financial income	-	-
	187 764	38 285

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	(30 335)	(4 973)
5. Redemption of debenture bonds	(165 000)	(25 000)
6. Interest	(5 152)	(7 332)
	(200 487)	(37 305)

Net cash flows on financial activity

(12 723) **980**

Net cash flows total

77 395 **76 352**

Difference in cash balances, including:

77 395 **76 352**

- change in cash balance on account of exchange rate gain/loss

- -

Cash at the beginning of period

72 231 **13 304**

Cash at the end of period, including:

149 626 **89 656**

- with limited disposability

- -

Kielce, May 15, 2006

Representatives of the company

President of the Management Board

Andrzej Majcher

Vice-President of the Management
Board

Jarosław Grodzki

Person in charge of keeping books of accounts:

Chief Accountant

Tomasz Sułek