

SEMI-ANNUAL REPORT 2006

Individual financial statement of Echo Investment S.A.

Kielce, September 29, 2006

SECURITIES AND EXCHANGE COMMISSION

Semi-annual Report P 2006

(according to Article 86 clause 1 item 2 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)

Report for the 1st half of 2006, covering the period from January 1, 2006 to June 30, 2006
including an IAS financial statement
currency of the report: PLN

29.09.2006
(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 semi-annual report consists of:

- ☒ Report by a certified auditor of financial statements on review of semi-annual financial statement
- ☐ Opinion and report by a certified auditor of financial statements on audit of semi-annual financial statement
- ☒ Semi-annual financial statement
- ☒ Introduction ☒ Statement of changes in equity capital
- ☒ Balance sheet ☒ Cash flow statement
- ☒ Profit and loss account ☒ Additional information and explanations
- ☒ 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

| Selected financial data | PLN k | | EUR k | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 1 st half of 2006 | 1 st half of 2005 | 1 st half of 2006 | 1 st half of 2005 |
| I. Net income from sales of products, goods and materials | 84 207 | 43 822 | 21 590 | 10 739 |
| II. Profit (loss) from operating activity | 14 434 | 22 229 | 3 701 | 5 448 |
| III. Gross profit (loss) | 44 856 | 10 095 | 11 501 | 2 474 |
| IV. Net profit (loss) | 44 693 | 7 255 | 11 459 | 1 778 |
| V. Net cash flows on operating activity | 69 106 | (2 023) | 17 718 | (496) |
| VI. Net cash flows on investment activity | 74 501 | 124 140 | 19 102 | 30 423 |
| VII. Net cash flows on financial activity | (52 190) | (41 769) | (13 381) | (10 236) |
| VIII. Net cash flows total | 91 418 | 80 348 | 23 439 | 19 691 |
| IX Assets total | 836 281 | 815 621 | 206 826 | 201 881 |
| X. Liabilities and provisions for liabilities | 468 292 | 493 497 | 112 449 | 122 150 |
| XI. Long-term liabilities | 299 994 | 239 890 | 74 194 | 59 377 |
| XII. Short-term liabilities | 137 068 | 231 175 | 33 899 | 57 220 |
| XIII. Equity | 367 989 | 322 066 | 91 010 | 79 717 |
| XIV. Initial capital | 21 000 | 21 000 | 84 911 | 84 842 |
| 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) | 4,47 | 0,64 | 1,15 | 0,16 |
| XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR) | 4,47 | 0,64 | 1,15 | 0,16 |
| XVIII. Book value per one share (in PLN/EUR) | 35,05 | 30,67 | 8,67 | 7,59 |
| XIX. Diluted book value per one share (in PLN/EUR) | 35,05 | 30,67 | 8,67 | 7,59 |
| XX. Declared or paid dividend per one share (in PLN/EUR) | - | - | - | - |

Introduction

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 30.06.2006, as compared to the period from January 1 to June 30, 2005. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. The following persons are members of the Management Board of Echo Investment S.A.: Andrzej Majcher, President of the Management Board, Jarosław Grodzki, Vice-President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Mariusz Waniółka, deputy chairman, and members: Robert Oskard, Karol Żbikowski, Kamil Latos and Tomasz Kalwat.
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. Fixed 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 the period of usufruct. 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 and direct 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, and immovable property maintained for the purpose of achieving an increase in value.

Immovable property for investment purposes is valued in fair values. 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 under the item of revaluation of immovable property.

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 method corrected by depreciation and write-offs due to permanent loss in value.

5. Shares and stock

Shares and stocks in other capital companies are valued according to acquisition prices, reduced by write-offs due to permanent loss in value.

Differences from valuation of shares are accounted for in the profit and loss account under the item of financial income / costs.

6. Inventory

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods, and advances on deliveries. 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 mainly 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'. Inventories are valued not higher than obtainable net value at sale. 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 according to probability of their payment through a revaluation write-off. Revaluation write-offs for receivables are made at the end of each consecutive quarter according to the following criteria:

- for receivables aged over one year – for full value of receivables,
- for receivables aged over six months but not longer than one year – 50% of the value of receivables.

In certain justified 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 financial instruments, are valued according to acquisition price or market value, whichever is lower. Short-term investments for which an 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.

9. Cash

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.

10. Loans granted

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

11. 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.

12. 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.

13. 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.

14. 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.

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.

15. Methods of determining the financial result

Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the multiple-step 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:

- return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;
- percentage share of such items as: sold area of land, sold shares, etc. (according to average prices) In particular, 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,
- profit and loss from sales of securities and valuation of the company's assets and liabilities (including differences in receivables revaluation write-offs),
- 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. 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.

16. Cash flow statement

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

8. The data contained in the financial statement for the period from January 1 to June 30, 2006 is comparable to the data contained in the statement for the period from January 1 to June 30, 2005.

9. Basic data converted to EURO:

| Selected financial data | 1 st half of 2006 | 1 st half of 2005 | 1 st half of 2006 | 1 st half of 2005 |
|---------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | PLN k | | EUR k | |
| Operating income | 84 207 | 43 822 | 21 590 | 10 739 |
| Profit from operating activity | 14 434 | 22 229 | 3 701 | 5 448 |
| Gross profit | 44 856 | 10 095 | 11 501 | 2 474 |
| Net Profit | 44 693 | 7 255 | 11 459 | 1 778 |
| Net cash flows on operating activity | 69 106 | (2 023) | 17 718 | (496) |
| Net cash flows on investment activity | 74 501 | 124 140 | 19 102 | 30 423 |
| Net cash flows on financial activity | (52 190) | (41 769) | (13 381) | (10 236) |
| Net cash flows total | 91 418 | 80 348 | 23 439 | 19 691 |

| | | | | |
|---|------------|------------|------------|------------|
| Assets total | 836 281 | 815 621 | 206 826 | 201 881 |
| Long-term liabilities | 299 994 | 239 890 | 74 194 | 59 377 |
| Short-term liabilities | 137 068 | 231 175 | 33 899 | 57 220 |
| Equity | 367 989 | 322 066 | 91 010 | 79 717 |
| Number of shares (pcs.) | 10 500 000 | 10 500 000 | 10 500 000 | 10 500 000 |
| Profit per one ordinary share (in PLN / EUR) | 4,47 | 0,64 | 1,15 | 0,16 |
| Diluted profit (loss) per one ordinary share (in PLN/EUR) | 4,47 | 0,64 | 1,15 | 0,16 |
| Book value per one share (in PLN/EUR) | 35,05 | 30,67 | 8,67 | 7,59 |
| Diluted book value per one share (in PLN/EUR) | 35,05 | 30,67 | 8,67 | 7,59 |
| Declared or paid dividend per one share (in PLN/EUR) | - | - | - | - |

The conversion was made as follows:

- Assets and liabilities items in the balance sheet were converted according to the average exchange rate valid as on the balance day, i.e. as on June 30, 2006 1 EUR = PLN 4.0434, as on June 30, 2005 1 EUR = PLN 4.0401,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to June 30, 2006 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 3.9002. For the period from January 1 to June 30, 2005, 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 4.805.

Balance sheet

| balance as on | Note | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------|---------------------|----------------|---------------------|
| Assets | | | | |
| 1. Fixed assets | | | | |
| 1.1. Intangible assets | 1 | 97 | 58 | 38 |
| 1.2. Tangible assets | 2 | 50 033 | 50 263 | 49 761 |
| 1.3. Long-term investments | 3 | 219 492 | 233 829 | 246 208 |
| 1.3.1. Immovable properties | | 5 334 | 13 990 | 13 955 |
| 1.3.2. Long-term financial investments | | 214 158 | 219 839 | 232 253 |
| 1.4. Assets on account of deferred income tax | 4 | 17 665 | 15 479 | 9 044 |
| | | 287 287 | 299 629 | 305 051 |
| 2. Current assets | | | | |
| 2.1. Inventory | 5 | 267 486 | 213 559 | 256 842 |
| 2.2. Short-term receivables | 6 | 82 586 | 246 339 | 112 137 |
| 2.3. Short-term financial investments | 7 | 25 383 | 46 489 | 49 081 |
| 2.3.1. In affiliated companies | | 25 040 | 46 481 | 49 058 |
| 2.3.2. In other companies | | 343 | 8 | 23 |
| 2.4. Cash and cash equivalents | 7 | 173 302 | 72 231 | 92 292 |
| 2.5. Short-term accruals | | 238 | 163 | 218 |
| | | 548 994 | 578 781 | 510 570 |
| Assets total | | 836 281 | 878 410 | 815 621 |
| Liabilities | | | | |
| 1. Equity | | | | |
| 1.1. Initial capital | 8 | 21 000 | 21 000 | 21 000 |
| 1.2. Supplementary capital | 9 | 298 213 | 288 690 | 288 690 |
| 1.3. Profit (loss) brought forward | | 4 083 | 4 083 | 5 121 |
| 1.4. Net profit (loss) | | 44 693 | 9 523 | 7 255 |
| | | 367 989 | 323 296 | 322 066 |
| 2. Reserves | | | | |
| 2.1. Reserve for deferred income tax | 10 | 13 614 | 14 056 | 14 336 |
| 2.2. Reserves | | 17 616 | 15 421 | 8 154 |
| | | 31 230 | 29 477 | 22 490 |
| 3. Liabilities | | | | |
| 3.1. Long-term liabilities | 11 | 299 994 | 232 328 | 239 890 |
| 3.2. Short-term liabilities | 12 | 137 068 | 293 308 | 231 175 |
| 3.2.1. To affiliated companies | | 10 451 | 4 872 | 4 697 |
| 3.2.2. To other companies | | 126 552 | 288 431 | 226 420 |
| 3.2.3. Special funds | | 65 | 5 | 58 |
| | | 437 062 | 525 636 | 471 065 |
| Liabilities total | | 836 281 | 878 410 | 815 621 |
| Book value | | 367 989 | 323 296 | 322 066 |
| Number of shares | | 10 500 000 | 10 500 000 | 10 500 000 |
| Book value per one share (in PLN) | | 35,05 | 30,79 | 30,67 |
| Estimated number of shares | | 10 500 000 | 10 500 000 | 10 500 000 |
| Diluted book value per one share (in PLN) | | 35,05 | 30,79 | 30,67 |

Off-balance items

| | Note | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------|---------------------|---------------|---------------------|
| 1. Contingent receivables | | - | - | - |
| 2. Contingent liabilities | 13 | | | |
| 2.1. To affiliated companies (on account of) | | 457 644 | 17 020 | 76 491 |
| - granted guarantees and securities | | 457 644 | 17 020 | 76 491 |
| 2.2. To other companies (on account of) | | 28 369 | 4 493 | 5 224 |
| - granted guarantees and securities | | 28 369 | 4 493 | 5 224 |
| | | 486 013 | 21 513 | 81 715 |
| 3. Other (on account of) | | | | |
| - purchase of land property in Radom | | 0 | 2 000 | 2 000 |
| - other agreements | | 803 | 775 | 802 |
| - court proceedings against Echo Investment | | 737 | 771 | 700 |
| | | 1 540 | 3 546 | 3 502 |
| Total | | 487 553 | 25 059 | 85 217 |

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 89 years is PLN 8,466 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 PeKaO Spółka Akcyjna Bank, 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. Surety as of March 10, 2006 for liabilities of the subsidiary Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. (the Borrower) on account of loan granted by Eurohypo AG Bank. The guarantee was granted to a maximum amount not exceeding EUR 100 m, which equals PLN 404,340 k as on June 30, 2006.

4. Surety as of June 20, 2006 for the liabilities of Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. (the Borrower) on account of the loan agreement signed with Bank Eurohypo AG, seated in Eschborn, Germany (the Lender). The guarantee was granted to a maximum amount of EUR 13 m, which equals PLN 52,564 k as on June 30, 2006.

5. Bank guarantee as of August 24, 2004 to PeKaO Spółka Akcyjna Bank for an amount of PLN 4,043 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 June 30, 2006 the value of the guarantee is PLN 15,860 k.

Statement of changes in equity capital

| | Initial capital | Reserve capital | Profit (loss) carried forward | Profit (loss) of the current accounting year | Equity capital total |
|---|-----------------|-----------------|-------------------------------|--|----------------------|
| Balance as on January 1, 2005 | 21 000 | 281 147 | 11 626 | - | 313 773 |
| changes in applied accounting principles | - | - | - | - | - |
| corrections of basic errors | - | - | - | - | - |
| Balance as on January 1, 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 | | | | 7 255 | 7 255 |
| Changes total | - | 7 543 | (7 543) | 7 255 | 7 255 |
| Balance as on June 30, 2005 | 21 000 | 288 690 | 4 083 | 7 255 | 321 028 |
| Balance as on January 1, 2005 | 21 000 | 281 147 | 11 626 | - | 313 773 |
| changes in the applied accounting principles related to the conversion to IAS | - | - | - | - | - |
| corrections of basic errors | - | - | - | - | - |
| Balance as on January 1, 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 | 9 523 |
| Changes total | - | 7 543 | (7 543) | 9 523 | 9 523 |
| Balance as on December 31, 2005 | 21 000 | 288 690 | 4 083 | 9 523 | 323 296 |
| Balance as on January 1, 2006 | 21 000 | 288 690 | 13 606 | - | 323 296 |
| changes in the applied accounting principles related to the conversion to IAS | - | - | - | - | - |
| corrections of basic errors | - | - | - | - | - |
| Balance as on January 1, 2004, after reconciliation to comparable data | 21 000 | 288 690 | 13 606 | - | 323 296 |
| Changes during the period: | | | | | |
| Distribution of profit/loss carried forward | - | 9 523 | (9 523) | - | - |
| Net profit (loss) of the current period | - | - | - | 44 693 | 44 693 |
| Changes total | - | 9 523 | (9 523) | 44 693 | 44 693 |
| Balance as on June 30, 2006 | 21 000 | 298 213 | 4 083 | 44 693 | 367 989 |

Profit and loss account

| | Note | 1st half of 2006 | 1st half of 2005 |
|---|------|------------------|------------------|
| Operating income | 14 | 84 207 | 43 822 |
| Operating costs | 15 | 42 364 | 26 780 |
| Gross profit (loss) on sales | | 41 843 | 17 042 |
| Profit (loss) on sales of real property | | 6 568 | 29 655 |
| Revaluation of non-financial assets | | (11 447) | (14 863) |
| Costs of sales | | (4 466) | (3 584) |
| Overheads | | (17 867) | (5 266) |
| Other operating income / costs | 16 | (196) | (755) |
| Profit before tax and financial income/costs | | 14 434 | 22 229 |
| Financial income | 17 | 48 546 | 19 665 |
| Financial costs | 18 | (18 124) | (31 799) |
| Gross profit | | 44 856 | 10 095 |
| Income tax | 19 | (163) | (2 840) |
| a) current portion | | (2 792) | (7 398) |
| b) deferred portion | | 2 629 | 4 558 |
| Net Profit | 20 | 44 693 | 7 255 |
| Net profit (loss) (annualized) | | 46 961 | 6 671 |
| Weighted average number of ordinary shares | | 10 500 000 | 10 500 000 |
| Profit (loss) per one ordinary share (in PLN) | | 4,47 | 0,64 |
| Weighted average diluted number of ordinary shares | | 10 500 000 | 10 500 000 |
| Diluted profit (loss) per one ordinary share (in PLN) | | 4,47 | 0,64 |

Cash flow statement

| | Note | 1st half of 2006 | 1st half of 2005 |
|---|------|------------------|------------------|
| Cash flows on operating activity – indirect method | | | |
| I. Net profit (loss) | | 44 693 | 7 255 |
| II. Corrections | | | |
| 1. Shares in net (profit) loss of subsidiaries valuated according to ownership rights method | | - | - |
| 2. Depreciation | | 1 593 | 1 201 |
| 3. Foreign exchange gains/losses | | (9 729) | 1 360 |
| 4. Interest and shares in profits (dividends) | | (28 995) | (3 084) |
| 5. (Profit) loss on investment activity | | (725) | (10 221) |
| 6. Change in reserves | | 1 752 | (764) |
| 7. Change in inventories | | (53 925) | (42 988) |
| 8. Change in receivables | | 163 753 | 12 423 |
| 9. Change in short-term liabilities, except for loans and credits | | (47 050) | 37 155 |
| 10. Change in accruals | | (2 261) | (2 058) |
| 11. Other adjustments | 21 | - | (4) |
| | | 24 413 | (9 278) |
| Net cash flows on operating activity | | 69 106 | (2 023) |

Cash flows on investment activity

| | | | |
|--|--|---------------|----------------|
| I. Income | | | |
| 1. Sales of intangible assets and fixed assets | | 225 | 19 |
| 2. Sales of investments in real property and in intangible assets | | 15 568 | 68 690 |
| 3. From financial assets, including: | | 70 451 | 64 543 |
| a) in affiliated companies | | 70 451 | 64 492 |
| - sales of financial assets | | - | - |
| - dividends and shares in profits | | 39 660 | 12 700 |
| - repayment of granted loans | | 22 097 | 49 240 |
| - interest | | 1 913 | 2 552 |
| - other income from financial assets | | 6 780 | - |
| b) in other companies | | - | 51 |
| - sales of financial assets | | - | 51 |
| - dividends and shares in profits | | - | - |
| - repayment of granted loans | | - | - |
| - interest | | - | - |
| - other income from financial assets | | - | - |
| 4. Other income from investments | | - | - |
| | | 86 245 | 133 252 |

II. Expenditure

| | | |
|--|-------|-------|
| 1. Acquisition of intangible assets and fixed assets | 1 587 | 4 336 |
|--|-------|-------|

| | | |
|--|-----------------|-----------------|
| 2. Investments in real property and in intangible assets | 188 | 339 |
| 3. On financial assets, including: | 9 620 | 4 114 |
| a) in affiliated companies | 9 620 | 4 114 |
| - acquisition of financial assets | 8 955 | 3 067 |
| - granted long-term loans | 665 | 1 047 |
| b) in other companies | - | - |
| - acquisition of financial assets | - | - |
| - granted loans | - | - |
| 4. Other investment expenditure | 350 | 323 |
| | 11 744 | 9 112 |
| Net cash flows on investment activity | 74 501 | 124 140 |
| 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 | 11 750 | - |
| 3. Issue of debenture bonds | 99 654 | 58 280 |
| 4. Other financial income | - | - |
| | 111 404 | 58 280 |
| 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 | 59 789 | 26 478 |
| 5. Redemption of debenture bonds | 95 000 | 60 000 |
| 6. On account of other financial liabilities | - | - |
| 7. Payments of liabilities on account of financial lease contracts | - | - |
| 8. Interest | 8 804 | 13 571 |
| 9. Other financial expenses | - | - |
| | 163 593 | 100 049 |
| Net cash flows on financial activity | (52 190) | (41 769) |
| Net cash flows total | 91 418 | 80 348 |
| Difference in cash balances, including: | 101 146 | 78 988 |
| - change in cash balance on account of exchange rate gain/loss | 9 729 | (1 360) |
| Cash at the beginning of period | 76 936 | 13 304 |
| Cash at the end of period, including: | 168 354 | 92 292 |
| - with limited disposability | 66 704 | - |

Additional explanatory notes

Note 1A

| Intangible assets | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|-----------|------------------|
| a) costs of finished development works | - | - | - |
| b) goodwill | - | - | - |
| c) acquired concessions, patents, licences and similar assets, including: | 85 | 46 | 26 |
| - computer software | 83 | 46 | 26 |
| d) other intangible assets | 12 | 12 | 12 |
| e) advances for intangible assets | - | - | - |
| Intangible assets total | 97 | 58 | 38 |

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 | 1 308 | 1 264 | 28 | - | - | 1 336 |
| b) increases (on account of) | 332 | 330 | - | - | - | 332 |
| - purchase | 332 | 330 | | | | 332 |
| c) decreases (on account of) | - | - | - | - | - | - |
| - sale | - | - | | | | - |
| d) gross value of intangible assets at the end of period | 1 641 | 1 594 | 28 | - | - | 1 668 |
| e) accumulated amortization at the beginning of the period | 1 262 | 1 219 | 15 | - | - | 1 277 |
| f) depreciation for the period (on account of) | | | | - | - | |
| - planned | 294 | 292 | - | - | - | 294 |
| - sale | - | - | - | - | - | - |
| | 294 | 292 | - | - | - | 294 |

| | 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 |
|---|--|-------------------|-------------------------------|--------------------------------------|-------------------------------|----------------------------|
| g) accumulated amortization (depreciation) at the end of the period | 1 556 | 1 511 | 15 | - | - | 1 572 |
| 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 | 85 | 83 | 12 | - | - | 97 |

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 June 30, 2006

| Tangible assets | | 1st half of 2006 | 2005 | 1st half of 2005 | |
|---|--|------------------|--------|------------------|--------|
| a) fixed assets | Echo Investment S.A. | SAP – 2006 | 50 032 | 50 262 | 49 761 |
| | - land (including the right to perpetual usufruct of land) | | 3 525 | 3 538 | 3 551 |
| | - buildings, premises and civil engineering structures | | 40 012 | 40 447 | 40 454 |
| | - technical equipment and machines | | 563 | 478 | 466 |
| | - means of transport | | 5 845 | 5 712 | 5 207 |
| | - other fixed assets | | 87 | 87 | 83 |
| b) fixed assets under construction | | | 1 | - | - |
| c) advances for fixed assets under construction | | | - | - | - |
| Non-current assets total | | | 50 033 | 50 262 | 49 761 |

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 | 44 458 | 2 945 | 8 422 | 2 044 | 61 547 |
| b) increases (on account of) | | | | | | |
| - purchase | - | 102 | 280 | 828 | 42 | 1 252 |
| - transfer from fixed assets under construction | - | - | - | - | - | - |
| | - | 102 | 280 | 828 | 42 | 1 252 |
| c) decreases (on account of) | | | | | | |
| - sale | - | 146 | 4 | 193 | 20 | 363 |
| - transfer to investments | - | - | - | - | - | - |
| | - | 146 | 4 | 193 | 20 | 363 |
| d) gross value of fixed assets at the end of period | 3 678 | 44 414 | 3 221 | 9 057 | 2 066 | 62 436 |
| e) accumulated amortization (depreciation) at the beginning of the period | 140 | 4 010 | 2 467 | 2 711 | 1 956 | 11 285 |
| f) depreciation for the period (on account of) | | | | | | |
| - planned depreciation | 13 | 392 | 195 | 633 | 42 | 1 275 |
| - sale | - | - | 4 | 132 | 20 | 156 |
| | 13 | 392 | 191 | 501 | 23 | 1 120 |

| | - 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 | 153 | 4 402 | 2 659 | 3 212 | 1 979 | 12 404 |
| 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 | 3 525 | 40 012 | 563 | 5 845 | 87 | 50 032 |

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. 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:

371 PLN k

Note 3A

| Change in investments in real property | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|---------------------|---------------|---------------------|
| A) gross value of investments in real property at the beginning of period | 14 302 | 48 773 | 48 773 |
| a) increases (on account of) | | | |
| - purchase | 188 | 110 | 24 |
| - transfer from fixed assets | - | 145 | 146 |
| - transfer from inventories | - | 292 | 292 |
| - transfer from fixed assets under construction | - | 23 | 23 |
| | 188 | 570 | 485 |
| b) decreases (on account of) | | | |
| - sale | 4 888 | 35 041 | 34 750 |
| | 4 888 | 35 041 | 34 750 |
| B) gross value of investments in real property at the end of period | 9 602 | 14 302 | 14 508 |
| C) valuation to fair value at the beginning of period | (260) | 5 091 | 5 091 |
| a) increases | 736 | 1 315 | - |
| b) decreases (on account of) | | | |
| - sale | (4 124) | 4 259 | 4 259 |
| - valuation | (555) | 2 407 | 958 |
| | (4 679) | 6 666 | 5 217 |
| D) valuation to fair value at the end of period | (4 203) | (260) | (126) |
| E) depreciation | 52 | 8 | 8 |
| - decrease - sale | (11) | (11) | - |
| - increase – scheduled depreciation | 24 | 55 | 419 |
| F) depreciation at the end of the period | 65 | 52 | 427 |
| Net value of fixed assets at the end of period | 5 334 | 13 990 | 13 955 |

Note 3B

| Amounts disclosed in the profit and loss account | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|---------------------|-------|---------------------|
| income from lease rent pertaining to investment real property | 1 188 | 4 953 | 1 463 |
| 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 | 328 | 1 271 | 349 |
| 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 | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|----------------|------------------|
| a) in subsidiaries | | | |
| - shares or stocks | 183 342 | 190 151 | 199 985 |
| - debt securities | - | - | - |
| - other securities (according to type) | - | - | - |
| - granted loans | 10 562 | 10 446 | 10 599 |
| - other long-term financial assets (according to type) | 9 248 | 6 732 | 9 500 |
| - advances for shares | 9 248 | 6 732 | 9 500 |
| | 203 152 | 207 329 | 220 084 |
| b) in partially owned subsidiaries | | | |
| - shares or stocks | 344 | 1 500 | 1 500 |
| - debt securities | - | - | - |
| - other securities (according to type) | - | - | - |
| - granted loans | - | - | - |
| - other long-term financial assets (according to type) | - | - | - |
| - advances for shares | - | - | - |
| | 344 | 1 500 | 1 500 |
| c) in associated companies | | | |
| - shares or stocks | 10 650 | 10 993 | 10 650 |
| | 10 650 | 10 993 | 10 650 |
| d) in the significant investor | - | - | - |
| e) in the dominant company | - | - | - |
| f) in other companies | | | |
| - granted loans | 13 | 16 | 19 |
| - other long-term financial assets (according to type) | - | - | - |
| - advances for shares | - | - | - |
| | 13 | 16 | 19 |
| Long-term financial assets total | 214 158 | 219 838 | 232 253 |

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 | Other |
|--|---------------|---|-------------------|--|
| Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Co., Ltd.] | 6 330 | collateral loan rate + margin | June 28, 2012 | subject to the Credit Contract made on December 21, 2001 between the Borrower and RHEINHYP-BRE Bank Hipoteczny SA in Warsaw |
| Centrum Bankowości i Finansów Łódź Sp. z o.o. [Banking and Finance Center Łódź Co., Ltd.] | 3 321 | collateral loan rate + margin | December 31, 2011 | |
| Projekt S Sp. z o.o. [Project S Co., Ltd.] | 911 | fixed 5% + adjustment according to USD exchange rate | August 19, 2008 | |
| other | 13 | fixed 15% | December 31, 2007 | |
| Total: | 10 575 | | | |

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 Przemysł' Sp. z o.o. [Echo Investment - Przemysł Shopping Center Co., Ltd.], amounting to PLN 1,279 k, as a collateral of credit granted to the 'Echo - Centrum Przemysł' 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.

Registration 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.

Registered pledge was established on the shares of 'Echo - Pasaż Grunwaldzki' Sp. z o.o. [Echo - Grunwaldzki Arcade Limited Liability Company], amounting to PLN 51 k, as a collateral of credit granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. [Echo - Grunwaldzki Arcade Limited Liability Company] Limited Company subsidiary by Eurohypo AG to the maximum amount of EUR 100 m

A registered pledge was established on the shares of "Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. [Echo - Grunwaldzki Arcade Limited Liability Company] Limited Company], amounting to PLN 11 k, as a collateral of credit granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. [Echo - Grunwaldzki Arcade Limited Liability Company] Limited Company subsidiary by Eurohypo AG to the maximum amount of EUR 100 m

Note 3D

| Change in long-term financial assets (according to type groups) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|-------------------------|----------------|-------------------------|
| a) balance at the beginning of the period, including: | 219 838 | 247 178 | 247 178 |
| - shares and stock | 202 644 | 227 178 | 227 178 |
| - granted long-term loans | 10 462 | 10 500 | 10 500 |
| - advances for acquisition of shares | 6 732 | 9 500 | 9 500 |
| - other long-term financial assets | - | - | - |
| b) increases (on account of) | | | |
| - acquisition of shares | 57 | 6 835 | 3 076 |
| - granting of a loan | - | - | - |
| - charging interest and foreign exchange gains / losses | 558 | 795 | 429 |
| - advances for acquisition of shares | 9 248 | - | - |
| - take-up of shares | - | - | - |
| - balance sheet valuation | - | 197 | - |
| - other | - | - | - |
| | 9 863 | 7 827 | 3 505 |
| c) decreases (on account of) | | | |
| - sale of shares | 51 | 1 962 | - |
| - change of balance sheet classification | - | - | - |
| - balance sheet valuation | 8 315 | 29 405 | 18 114 |
| - repayment of instalment | 255 | 1 030 | 216 |
| - settlement of advances for acquisition of shares | 6 732 | 2 768 | - |
| - other | 190 | - | 99 |
| | 15 543 | 35 165 | 18 429 |
| d) balance at the end of the period, including: | 214 158 | 219 838 | 232 253 |
| - shares and stock | 194 335 | 202 644 | 212 135 |
| - granted long-term loans | 10 575 | 10 462 | 10 618 |
| - other long-term financial assets | 9 248 | 6 732 | 9 500 |

Note 3E

| Securities, shares and other long-term financial assets (currency structure) | 1st half of 2006 | , 2005 | 1st half of 2005 |
|---|-------------------------|----------------|-------------------------|
| a) in Polish currency | 194 335 | 202 644 | 212 135 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | - | - | - |
| Securities, shares and other long-term financial assets total | 194 335 | 202 644 | 212 135 |

Note 3F

| Securities, shares and other long-term financial assets (according to transferability) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|----------------|------------------|
| 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 | 4 776 | 4 742 |
| - revaluation adjustments (for the period) | 34 | 34 | 34 |
| - gross value | 4 810 | 4 810 | 4 776 |
| - net (balance sheet) value | 4 776 | 4 776 | 4 742 |
| b) bonds (balance sheet value): | - | - | - |
| c) other - according to type groups (balance sheet value) - shares: | 100 215 | 119 154 | 150 067 |
| - revaluation adjustments (for the period) | 27 277 | 18 962 | 20 480 |
| - gross value | 127 492 | 138 116 | 170 547 |
| - net (balance sheet) value | 100 215 | 119 154 | 150 067 |
| | 104 991 | 123 930 | 154 809 |
| D. With limited transferability (balance sheet value) | | | |
| a) shares and stocks (balance sheet value): | 89 344 | 78 714 | 57 326 |
| - revaluation adjustments (for the period) | 16 019 | 16 019 | 3 212 |
| - gross value | 105 363 | 94 733 | 60 538 |
| - net (balance sheet) value | 89 344 | 78 714 | 57 326 |
| b) bonds (balance sheet value): | - | - | - |
| c) other - according to type groups (balance sheet value): | - | - | - |
| | 89 344 | 78 714 | 57 326 |
| Balance sheet net value total | 194 335 | 202 644 | 212 135 |
| Gross value total | 237 665 | 237 659 | 235 861 |
| Revaluation adjustments (for the period) total | 43 330 | 35 015 | 23 726 |
| Balance sheet value total | 194 335 | 202 644 | 212 135 |

Note 3G

| Granted long-term loans (currency structure) | 1st half of 2006 | , 2005 | 1st half of 2005 |
|--|------------------|---------------|------------------|
| a) in Polish currency | 9 663 | 9 552 | 9 710 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | 911 | 910 | 908 |
| - unit / currency k/USD | 279 | 279 | 271 |
| - PLN k | 911 | 910 | 908 |
| Granted long-term loans total | 10 575 | 10 462 | 10 618 |

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 | commercial activity | subsidiary | full | 1999-06-01 | 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 | | 250 | 250 | 70 | 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 | - | 99,99% | 99,99% | none |
| 4 | "Projekt 3" Sp. z o.o. [Project 3' Co., Ltd.] | Kielce | development activity | subsidiary | full | 1997-04-25 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 5 | "Wyględów" Sp. z o.o. [Wyględów' Co., Ltd.] | Kielce | construction activity | subsidiary | full | 1998-10-21 | 51 | 51 | | 51 | - | 99,00% | 99,00% | none |
| 6 | "Princess Investment" Sp. z o.o. [Princess Investment' Co., Ltd.] | Kielce | development activity | subsidiary | full | 1999-10-26 | 2 663 | 1 595 | | 1 595 | 1 068 | 100,00% | 100,00% | none |
| 7 | "Echo Investment Centrum Handlowe w Radomiu" Sp.z o.o. [Echo Investment Radom Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 11 731 | | | | 11 731 | 99,99% | 99,99% | none |
| 8 | "Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. [Echo Investment – Tarnów Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-11-09 | 13 329 | | | | 13 329 | 99,99% | 99,99% | none |
| 9 | "Echo Investment – Centrum Handlowe Jelenia Góra" Sp.z o.o. [Echo Investment Jelenia Góra Shopping Center Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 5 401 | | | | 5 401 | 100,00% | 100,00% | none |
| 10 | "Echo Investment Centrum Handlowe Siemianowice" Sp.z o.o. [Echo Investment Siemianowice Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-11-10 | 4 214 | | | | 4 214 | 99,99% | 99,99% | none |
| 11 | "Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. [Echo Investment – Bełchatów Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 2 083 | | | | 2 083 | 99,99% | 99,99% | none |
| 12 | "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment – Piotrków | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 6 510 | | | | 6 510 | 84,12% | 84,12% | none |

| | | | | | | | | | | | | | | |
|----|---|--------|---|------------|------|------------|-------|--|--|--|-------|--------|--------|------|
| 13 | Trybunalski Shopping Center' Co., Ltd.] "Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. ['Echo Investment – Łódź Business Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 2 511 | | | | 2 511 | 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 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 |
|------|---|---------------------------|---|----------------------|---------------------------------|-------------------------|--|---|----------------------------------|---------------------------------------|-------------------------------|---|---|--|
| 14 | "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. ['Echo Investment – Przemysł Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-11-06 | 1 279 | | | | 1 279 | 100,00% | 100,00% | none |
| 15 | "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment – Świętochłowice Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1999-02-23 | 2 321 | | | | 2 321 | 100,00% | 100,00% | none |
| 16 | "Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment – Tczew Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 1 514 | | | | 1 514 | 99,99% | 99,99% | none |
| 17 | "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 service | subsidiary | full | 1998-10-30 | 3 008 | | | | 3 008 | 100,00% | 100,00% | none |
| 18 | "Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment – Pabianice Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 10 526 | | | | 10 526 | 100,00% | 100,00% | none |
| 19 | "Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment – Piła Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 350 | | | | 350 | 99,99% | 99,99% | none |
| 20 | "Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment – Olkusz | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 8 083 | | | | 8 083 | 99,99% | 99,99% | none |

| | | | | | | | | | | | | | | |
|----|--|--------|---|------------|------|------------|-------|-------|----|-------|-------|---------|---------|------|
| 21 | Shopping Center' Co., Ltd.] "Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. [Echo Investment – Rzeszów Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 4 969 | 4 174 | 94 | 4 268 | 701 | 99,99% | 99,99% | none |
| 22 | "Projekt Echo -17" Sp. z o.o. [Project Echo -17' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 52 | | | | 52 | 100,00% | 100,00% | none |
| 23 | "Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. [Echo Investment – Zamość Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 1 888 | | | | 1 888 | 99,99% | 99,99% | none |
| 24 | "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 service | subsidiary | full | 1998-10-30 | 2 477 | 236 | 8 | 244 | 2 233 | 99,99% | 99,99% | none |
| 25 | "Echo - Centrum Gdynia" Sp. z o.o. [Echo – Gdynia Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 9 284 | 7 101 | 71 | 7 172 | 2 112 | 99,99% | 99,99% | |
| 26 | "Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. [Echo Investment - Łomża Shopping Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 6 133 | | | | 6 133 | 99,99% | 99,99% | none |
| 27 | "Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o. [Echo Investment – Kielce Shopping and Entertainment Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 8 369 | | | | 8 369 | 99,99% | 99,99% | 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 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 |
|------|--|---------------------------|---|----------------------|---------------------------------|-------------------------|--|---|----------------------------------|---------------------------------------|-------------------------------|---|---|--|
| 28 | "Kieleckie Centrum Handlowo – Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping and Entertainment Center of Kielce' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 5 | | | | 5 | 0,03% | 0,03% | none |
| 29 | "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 |
| 30 | "Echo Acc" Sp. z o.o. ['Echo Acc' Co., Ltd.] | Kielce | accounting and bookkeeping activity | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,99% | 99,99% | none |
| 31 | "Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 6 009 | | | | 6 009 | 99,99% | 99,99% | none |
| 32 | "Echo Centrum Ślichowice" Sp. z o.o. ['Echo Ślichowice Center' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 2 508 | | | | 2 508 | 99,99% | 99,99% | none |
| 33 | "Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 2 007 | | | | 2 007 | 99,99% | 99,99% | none |
| 34 | "Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 35 | "Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 1 008 | | | | 1 008 | 99,99% | 99,99% | none |
| 36 | "Projekt Echo -32" Sp. z o.o. ['Project Echo -37' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 37 | "Echo – Pasaż Grunwaldzki" Sp. z o.o. ['Echo – Grunwaldzki Arcade' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,99% | 99,99% | none |
| 38 | "Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 39 | "Projekt Echo -36" Sp. z o.o. | Kielce | construction | | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |

| [‘Project Echo -36’ Co., Ltd.] | | activity and real estate service | subsidiary | | | | | | | | | | | |
|--------------------------------|--|----------------------------------|---|------------|------|------------|--------|-------|-------|--------|--------|---------|---------|------|
| 40 | “Projekt Echo -37” Sp. z o.o. [‘Project Echo -37’ Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 41 | “Echo Bau” Sp. z o.o. [‘Echo Bau’ Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 52 | 1 | 1 | | 52 | 100,00% | 100,00% | none |
| 42 | “Projekt Echo -39” Sp. z o.o. [‘Project Echo -39’ Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1998-10-30 | 51 | | | | 51 | 99,00% | 99,00% | none |
| 43 | "Zakłady Ogrodnicze Naramowice" Sp. z o.o. [‘Naramowice Gardening Enterprise’ Co., Ltd.] | Poznań | fruit-growing activity | subsidiary | full | 2000-05-11 | 40 673 | 5 702 | 7 841 | 13 543 | 27 130 | 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 | 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 |
|------|--|---------------------------|---|----------------------------|---------------------------------|-------------------------|--|---|----------------------------------|---------------------------------------|-------------------------------|---|---|--|
| 44 | "EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Co., Ltd.] | Kielce | property management | subsidiary | full | 1998-10-27 | 50 | | 50 | 50 | - | 99,00% | 99,00% | none |
| 45 | "Projekt S" Sp. z o.o. ['Project S' Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 2004-03-23 | 6 402 | | | | 6 402 | 63,00% | 63,00% | none |
| 46 | "Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Company] | Kielce | construction activity and real estate service | subsidiary | full | 2005-08-30 | 11 | | | | 11 | 90,00% | 90,00% | none |
| 47 | "Hotel Investment Spółka z Ograniczoną Odpowiedzialnością" Sp.k. ['Hotel Investment Limited Liability Company' Limited Company] | Kielce | construction activity and real estate service | subsidiary | full | 2005-09-27 | 2 | | | | 2 | 90,00% | 90,00% | none |
| 48 | "Wan 11" Sp. z o.o. ['Wan 11' Co., Ltd.] | Warsaw | construction activity and real estate service | partially owned subsidiary | full | 2004-03-08 | 1 500 | | | | 1 500 | 50,00% | 50,00% | none |
| 49 | "Projekt Echo -23" Sp. z o.o. ['Project Echo -23' Co., Ltd.] | Kielce | processing non-ferrous metals | associated company | owners hip rights | 1998-10-30 | 11 | | | | 11 | 37,50% | 37,50% | none |
| 50 | W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.] | Warsaw | construction activity and real estate service | associated company | owners hip rights | 2002-04-18 | 10 639 | | | | 10 639 | 43,45% | 43,45% | none |
| 51 | "SPC" S.A. ['SPC' Joint Stock Company] | Warsaw | managing other companies | associated company | owners hip rights | 1996-03-26 | 34 | 34 | | 34 | - | 34,00% | 34,00% | none |

| | | | | | | | | | | | | |
|----|--|--------|---|--------------------|------------------|-----|-----|-----|-----|--------|--------|------|
| 52 | Wan - Invest Sp. z o.o. [Wan - Invest Co., Ltd.] | Warsaw | construction activity and real estate service | associated company | ownership rights | 446 | 103 | 103 | 343 | 50,00% | 50,00% | none |
| 53 | “Projekt Echo – 41” Sp. z o.o. [“Project Echo – 41” Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1 | | | 1 | 99,00% | 99,00% | none |
| 54 | “Projekt Echo – 42” Sp. z o.o. [“Project Echo – 42” Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | 1 | | | 1 | 99,00% | 99,00% | 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 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 |
|--------------|---|---------------------------|---|----------------------|---------------------------------|-------------------------|--|---|----------------------------------|---------------------------------------|-------------------------------|---|---|--|
| 55 | „Projekt Echo – 43” Sp. z o.o. [„Project Echo – 43” Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | | 1 | | | | 1 | 99,00% | 99,00% | none |
| 56 | „Projekt Echo – 44” Sp. z o.o. [„Project Echo – 44” Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | | 1 | | | | 1 | 99,00% | 99,00% | none |
| 57 | „Projekt Echo – 45” Sp. z o.o. [„Project Echo – 45” Co., Ltd.] | Kielce | construction activity and real estate service | subsidiary | full | | 1 | | | | 1 | 99,00% | 99,00% | none |
| 58 | „Szczecin – Projekt Echo – 32 Sp. z o.o.” Sp.k. [„Szczecin – Project Echo – 32 Co., Ltd.” Limited Company], formerly 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 service | subsidiary | full | 2006-06-29 | 35 882 | | | | 35 882 | 99,99% | 99,99% | none |
| 59 | „Echo Investment Hungary,” KFT | Budapest | construction activity and real estate service | subsidiary | full | 2006-04-24 | 47 | | | | 47 | 100,00% | 100,00% | none |
| 60 | „Echo Investment Projekt -1” S.R.L. | Bucharest | construction activity and real estate service | subsidiary | full | 2006-02-27 | 4 | | | | 4 | 100,00% | 100,00% | none |
| Total | | | | | | | 237 665 | 35 015 | 8 315 | 43 330 | 194 335 | | | |

Changes in the values of shares revaluation adjustments were disclosed in the result in as on June 30, 2006 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

8 315 PLN k

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

0 PLN k

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

194 335 PLN k

NOTE 3I Shares in subsidiaries - ctd.

| 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: | | | | | | | | | | | | |
| | | | | | | | profit (loss) carried forward | net profit (loss) | | long-term liabilities | short-term liabilities | | long-term receivables | short-term receivables | | | | |
| Shares in wholly and partially owned subsidiaries | | | | | | | | | | | | | | | | | | |
| 1 | "PHS Szczecin" S.A. [PHS Szczecin' Joint Stock Company] | 8 583 | 2 519 | - | 5 095 | 969 | - | 969 | 5 214 | 487 | 894 | 936 | - | 936 | 13 787 | 3 805 | - | |
| 2 | "Piomot Auto" Sp. z o.o. [Piomot Auto' Co., Ltd.] | 70 | 150 | - | - | (80) | (76) | (4) | 1 744 | - | 86 | 0 | - | 0 | 1 814 | - | - | - |
| 3 | "M.D.P." Sp. z o.o. [M.D.P.' Co., Ltd.] | 19 065 | 16 004 | - | 382 | 2 679 | 3 910 | (1 230) | 52 234 | 32 851 | 17 977 | 455 | - | 455 | 71 300 | 3 654 | - | - |
| 4 | "Projekt 3" Sp. z o.o. [Project 3' Co., Ltd.] | 51 | 50 | - | 1 | - | - | - | 3 | - | 2 | - | - | - | 53 | - | - | - |
| 5 | "Wygłędów" Sp. z o.o. [Wygłędów' Co., Ltd.] | 51 | 50 | - | 2 | (1) | (0) | (1) | 3 | - | 2 | 0 | - | 0 | 54 | - | - | - |
| 6 | "Princess Investment" Sp. z o.o. [Princess Investment' Co., Ltd.] | 988 | 1 600 | - | - | (612) | (554) | (58) | 2 385 | - | 2 385 | 177 | - | 177 | 3 373 | - | - | - |
| 7 | "Echo Investment Centrum Handlowe Radom" Sp.z o.o. [Echo Investment Radom Shopping Center' Co., Ltd.] | 34 595 | 14 102 | - | 13 647 | 6 846 | 6 898 | (52) | 51 866 | 46 137 | 3 656 | 230 | - | 230 | 86 461 | 5 932 | - | |
| 8 | "Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. [Echo Investment - Tarnów Shopping Center' Co., Ltd.] | 24 684 | 12 894 | - | 11 967 | (177) | (1 711) | 1 534 | 24 825 | 18 258 | 5 922 | 81 | - | 81 | 49 509 | 6 380 | - | |
| 9 | "Echo Investment - Centrum Handlowe Jelenia Góra" Sp.z o.o. [Echo Investment Jelenia Góra Shopping Center Co., Ltd.] | 28 818 | 11 057 | - | 16 443 | 1 318 | (345) | 1 663 | 17 982 | 12 292 | 5 081 | 634 | - | 634 | 46 800 | 6 102 | - | |
| 10 | "Echo Investment Centrum Handlowe Siemianowice" Sp.z o.o. [Echo Investment Siemianowice Shopping Center' Co., Ltd.] | 14 290 | 5 289 | - | 8 355 | 646 | (100) | 746 | 670 | - | 1 | 91 | - | 91 | 14 959 | - | - | - |
| 11 | "Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. [Echo Investment - | 16 856 | 8 524 | - | 7 557 | 775 | - | 775 | 8 387 | 5 662 | 2 489 | 39 | - | 39 | 25 243 | 2 647 | - | - |

| | | | | | | | | | | | | | | | | | | |
|------|---|-----------------------------------|-----------------|--|-----------------------|----------------------------------|-------------------------------|-------------------|---|-----------------------|------------------------|--|-----------------------|------------------------|-----------------------------|-----------------|---|--|
| 12 | Belchatów Shopping Center' Co., Ltd.] "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment – Piotrków Trybunalski Shopping Center' Co., Ltd.] | 31 279 | 11 420 | - | 13 431 | 6 427 | 6 091 | 337 | 46 237 | 41 303 | 3 405 | 183 | - | 183 | 77 516 | 5 381 | - | - |
| 13 | Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo – Business Center Łódź Co., Ltd.] | 11 327 | 2 504 | - | 3 865 | 4 958 | 5 275 | (317) | 29 788 | 23 280 | 5 308 | 198 | - | 198 | 41 115 | 2 796 | | |
| 14 | "Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. ['Echo Investment – Przemysł Shopping Center' Co., Ltd.] | 10 857 | 3 784 | - | 4 795 | 2 279 | (277) | 2 556 | 10 478 | 6 073 | 4 356 | 11 | - | 11 | 21 336 | 1 829 | - | - |
| 15 | "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment – Świętochłowice Shopping Center' Co., Ltd.] | 15 090 | 5 789 | - | 9 006 | 294 | (554) | 848 | 777 | - | 21 | 52 | - | 52 | 15 867 | - | - | - |
| 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) | | | | | | | | | | |
| 16 | „Szczecin – Projekt Echo – 32 Sp. z o.o.” Sp.k. [„Szczecin – Project Echo – 32 Co., Ltd.” Limited Company], formerly Echo Investment Centrum Handlowo – Rozrywkowe Szczecin Sp. z o.o. [Echo Investment Szczecin Shopping and Entertainment Center Co., Ltd.] | 35 865 | 36 635 | - | 411 | (1 181) | (3 683) | 2 502 | 189 095 | 173 916 | 13 907 | 424 | - | 424 | 224 959 | 44 | - | 34 000 |
| 17 | "Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment – Tczew Shopping Center' Co., Ltd.] | 12 400 | 3 583 | - | 7 459 | 1 358 | 766 | 592 | 492 | - | 1 | 37 | - | 37 | 12 891 | - | - | - |
| 18 | "Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment – Łódź Banking and Finance Center' Co., | 6 376 | 5 718 | (2 717) | 81 | 3 295 | 2 309 | 986 | 23 886 | 16 960 | 4 925 | 167 | - | 167 | 30 262 | 2 919 | | |

| | | | | | | | | | | | | | | | | | |
|----|--|--------|--------|---|--------|---------|---------|-------|--------|--------|-------|-----|---|-----|---------|-------|---|
| 19 | Ltd.] "Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment – Pabianice Shopping Center' Co., Ltd.] | 24 635 | 13 311 | - | 6 542 | 4 783 | 5 313 | (530) | 40 341 | 35 545 | 3 179 | 166 | - | 166 | 64 976 | 4 628 | - |
| 20 | "Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment – Piła Shopping Center' Co., Ltd.] | 11 375 | 4 442 | - | 5 430 | 1 503 | 1 123 | 380 | 661 | - | 1 | 145 | - | 145 | 12 036 | - | - |
| 21 | "Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment – Olkusz Shopping Center' Co., Ltd.] | 19 243 | 10 044 | - | 7 316 | 1 883 | 1 539 | 345 | 993 | - | 89 | 43 | - | 43 | 20 237 | - | - |
| 22 | "Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment – Rzeszów Shopping Center' Co., Ltd.] | 701 | 7 782 | - | - | (7 081) | (7 046) | (34) | 2 618 | - | 2 618 | 1 | - | 1 | 3 319 | 2 | - |
| 23 | "Projekt Echo -17" Sp. z o.o. ['Project Echo -17' Co., Ltd.] | 52 | 50 | - | 10 | (8) | (5) | (3) | - | - | - | 4 | - | 4 | 53 | - | - |
| 24 | "Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment – Zamość Shopping Center' Co., Ltd.] | 16 446 | 4 543 | - | 11 695 | 209 | (729) | 937 | 394 | - | 19 | 59 | - | 59 | 16 840 | - | - |
| 25 | "Echo Investment - Centrum Handlowo – Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment – Gliwice Shopping, Service and Entertainment Center' Co., Ltd.] | 2 233 | 3 436 | - | - | (1 203) | (1 220) | 17 | 81 | - | 1 | 1 | - | 1 | 2 314 | 4 | - |
| 26 | "Echo – Centrum Gdynia" Sp. z o.o. ['Echo – Gdynia Center' Co., Ltd.] | 2 112 | 9 270 | - | - | (7 158) | (7 087) | (71) | 0 | - | 0 | 20 | - | 20 | 2 112 | - | - |
| 27 | "Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment – Łomża Shopping Center' Co., Ltd.] | 6 742 | 6 781 | - | - | (39) | (40) | 1 | 313 | - | 313 | - | - | - | 7 055 | 12 | - |
| 28 | "Echo Investment - Centrum Handlowo – Rozrywkowe Kielce" Sp. z o.o. ['Echo Investment – Kielce Shopping and Entertainment Center' Co., Ltd.] | 36 022 | 32 132 | - | 3 182 | 708 | - | 708 | 1 911 | - | 51 | 242 | - | 242 | 37 933 | - | - |
| 29 | "Kieleckie Centrum Handlowo – Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping and Entertainment Center of Kielce' Co., Ltd.] | 31 587 | 11 544 | - | 18 770 | 1 274 | 704 | 570 | 86 826 | 52 633 | 5 234 | 483 | - | 483 | 118 413 | 9 659 | - |

| 30 | "Bioelektrownia Hydropol - 4" Sp. z o.o. ['Hydropol - 4 Bioelectricity Plant' Co., Ltd.] | (634) | 100 | - | 74 | (807) | - | (807) | 5 222 | - | 4 178 | 39 | - | 39 | 4 589 | 465 | - | - |
|------|--|-----------------------------------|------------------------|--|-----------------------|-------|-------------------------------|-------------------|---|-----------------------|------------------------|--|-----------------------|------------------------|-----------------------------|-----------------|---|--|
| 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 | due payments to initial capital (negative value) | supplementary capital | | profit (loss) carried forward | net profit (loss) | | long-term liabilities | short-term liabilities | | long-term receivables | short-term receivables | | | | |
| 31 | "Echo Acc" Sp. z o.o. ['Echo Acc' Co., Ltd.] | 949 | 50 | - | 568 | 332 | (0) | 332 | 434 | - | 134 | 379 | - | 379 | 1 383 | 1 621 | - | - |
| 32 | "Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.] | 7 921 | 6 000 | - | 956 | 965 | - | 965 | 99 761 | 82 066 | 17 455 | 276 | - | 276 | 107 682 | 7 924 | - | - |
| 33 | "Echo Centrum Ślchowice" Sp. z o.o. ['Echo Ślchowice Center' Co., Ltd.] | 2 775 | 2 500 | - | 222 | 53 | - | 53 | 73 | - | 7 | 1 | - | 1 | 2 848 | - | - | - |
| 34 | "Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.] | 2 033 | 2 000 | - | 22 | 10 | - | 10 | 6 005 | - | 6 005 | 57 | - | 57 | 8 037 | 84 | - | - |
| 35 | "Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Co., Ltd.] | 53 | 50 | - | 4 | (1) | - | (1) | 3 | - | 2 | - | - | - | 56 | - | - | - |
| 36 | "Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.] | 1 106 | 1 000 | - | 87 | 19 | - | 19 | 28 | - | 2 | 1 | - | 1 | 1 135 | - | - | - |
| 37 | "Hotel Investment Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Hotel Investment Limited Liability Company' Limited Company] | - | 1 | - | - | (1) | - | (1) | - | - | - | - | - | - | - | - | - | - |
| 38 | "Projekt Echo -32" Sp. z o.o. ['Project Echo -32' Co., Ltd.] | 392 | 50 | - | 4 | 338 | - | 338 | 1 | - | - | - | - | - | 393 | - | - | - |
| 39 | "Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Co., Ltd.] | 52 | 50 | - | 4 | (1) | - | (1) | 17 | - | 17 | 1 | - | 1 | 70 | - | - | - |
| 40 | "Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Co., Ltd.] | 53 | 50 | - | 4 | (1) | - | (1) | 3 | - | 2 | - | - | - | 56 | - | - | - |
| 41 | "Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością" Sp.K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Company] | (254) | 11 | - | - | (265) | - | (265) | 172 813 | 120 777 | 51 990 | 24 496 | - | 24 496 | 172 559 | 36 | - | - |
| 42 | "Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Co., Ltd.] | 53 | 50 | - | 4 | (1) | - | (1) | 3 | - | 2 | 0 | - | 0 | 56 | - | - | - |
| 43 | "EchoBau" Sp. z o.o. ['EchoBau' Co., Ltd.] | 51 | 50 | - | 3 | (1) | (1) | (1) | 3 | - | 2 | 0 | - | 0 | 54 | - | - | - |

| | | | | | | | | | | | | | | | | | | |
|---------------------------------------|---|--------|--------|---|--------|----------|----------|---------|---------|---------|--------|-------|---|-------|---------|-------|---|-------|
| 44 | "Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Co., Ltd.] | 53 | 50 | - | 4 | (1) | - | (1) | 3 | - | 2 | 0 | - | 0 | 56 | - | - | - |
| 45 | "Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.] | (163) | 13 000 | | 526 | (13 690) | (12 452) | (1 313) | 12 986 | - | 12 885 | 301 | - | 301 | 12 823 | 896 | - | - |
| 46 | "EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Co., Ltd.] | (190) | 50 | - | 1 113 | (1 354) | (628) | (726) | 4 371 | - | 3 162 | 821 | - | 821 | 4 181 | 3 510 | - | - |
| 47 | "Projekt S" Sp. z o.o. ['Project S' Co., Ltd.] | 29 | 50 | | 3 | (25) | (4) | (21) | 1 076 | 1 073 | 3 | 1 | - | 1 | 1 105 | - | | |
| 48 | "Wan 11" Sp. z o.o. ['Wan 11' Co., Ltd.] | 24 270 | 3 000 | | 21 245 | 25 | - | 25 | 133 035 | 129 509 | 3 526 | 1 520 | | 1 520 | 157 306 | 8 223 | | 6 000 |
| 49 | Wan - Invest Sp. z o.o. [Wan -Invest Co., Ltd.] | 698 | 760 | | - | (62) | (58) | (4) | - | - | - | 28 | | 28 | 698 | - | | |
| Shares in associated companies | | | | | | | | | | | | | | | | | | |
| 1 | "Projekt Echo -23" Sp. z o.o. ['Project Echo -23' Co., Ltd.] | 21 | 28 | | | (7) | (6) | (1) | - | | - | 0 | | 0 | 21 | - | | |
| 2 | W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.] | 25 559 | 25 537 | | 31 | (9) | - | (9) | - | - | - | 102 | - | 102 | 25 560 | 50 | - | - |
| 3 | "S.P.C." S.A. ['S.P.C.' Joint Stock Company] | 100 | 100 | - | - | - | - | - | - | - | - | - | - | - | 100 | - | - | - |

Note 4

| Change in the balance of assets on account of deferred income tax | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|--------------|------------------|
| 1. Balance of assets on account of deferred income tax at the beginning of the period, including: | | | |
| a) compared to the financial result | 15 479 | 5 904 | 5 661 |
| Tangible assets | - | - | - |
| Long-term investments | 7 197 | 1 688 | 1 688 |
| Inventory | 4 289 | 1 755 | 1 755 |
| Short-term receivables | 536 | 536 | 536 |
| Short-term investments | 978 | 7 | 7 |
| Short-term accruals | 645 | 774 | 774 |
| Reserves for liabilities | 419 | 133 | 133 |
| Long-term liabilities | - | 243 | - |
| Short-term liabilities | 1 417 | 768 | 768 |
| b) compared to equity capital | - | - | - |
| c) compared to goodwill or negative goodwill | - | - | - |
| | 15 479 | 5 904 | 5 661 |
| 2. Increases | | | |
| a) compared to the financial result of the period due to negative timing differences on balance sheet items: | 3 556 | 9 947 | 4 110 |
| Tangible assets | - | - | - |
| Long-term investments | 2 414 | 5 507 | 3 418 |
| Inventory | 740 | 2 533 | - |
| Short-term receivables | - | - | - |
| Short-term investments | - | 971 | 281 |
| Short-term accruals | 365 | - | - |
| Reserves for liabilities | - | 286 | - |
| Long-term liabilities | - | - | - |
| Short-term liabilities | 37 | 649 | 411 |
| 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 | - | - | - |
| | 3 556 | 9 947 | 4 110 |
| 3. Decreases | | | |
| a) compared to the financial result of the period due to negative timing differences on balance sheet items: | (1 370) | (372) | (727) |
| Tangible assets | - | - | - |
| Long-term investments | - | - | - |
| Inventory | - | - | (168) |
| Short-term receivables | - | - | - |
| Short-term investments | (951) | - | - |
| Short-term accruals | - | (129) | (426) |
| Reserves for liabilities | (419) | - | (133) |
| Long-term liabilities | - | (243) | - |
| 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) | - | - | - |
| | (1 370) | (372) | (727) |

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

| | | | |
|--|---------------|---------------|--------------|
| a) compared to the financial result | 17 665 | 15 480 | 9 044 |
| Tangible assets | - | - | - |
| Long-term investments | 9 610 | 7 197 | 5 108 |
| Inventory | 5 029 | 4 289 | 1 587 |
| Short-term receivables | 536 | 536 | 536 |
| Short-term investments | 27 | 978 | 287 |
| Short-term accruals | 1 010 | 645 | 348 |
| Reserves for liabilities | - | 419 | - |
| Long-term liabilities | - | - | - |
| Short-term liabilities | 1 454 | 1 417 | 1 178 |
| b) compared to equity capital | - | - | - |
| c) compared to goodwill or negative goodwill | - | - | - |
| | 17 665 | 15 479 | 9 044 |

Note 5A

| Inventory | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) materials | - | - | - |
| b) semi-finished products and work in process | 249 261 | 191 116 | 239 367 |
| c) finished products | 12 818 | 15 056 | 8 069 |
| d) goods | 5 283 | 6 974 | 9 027 |
| e) advances for deliveries | 124 | 414 | 379 |
| Assets total | 267 486 | 213 559 | 256 842 |

Note 5B

| Inventory | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|---------|------------------|
| Value of inventories recognized as cost in a given period | 37 181 | 171 549 | 66 658 |
| Amounts of write-offs of values of inventories disclosed as cost in a given period | 11 420 | 7 247 | 177 |
| Amounts of reversal of write-offs of values decreasing the value of inventories disclosed as income in a given period | 649 | 2 046 | 1 579 |

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 | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) from affiliated companies | | | |
| - for deliveries and services, payable within: | 61 263 | 235 433 | 107 007 |
| - up to 12 months | 61 263 | 235 433 | 107 007 |
| - over 12 months | 61 263 | 235 433 | 102 902 |
| - other | - | - | 4 105 |
| - claimed through the court | - | - | - |
| b) revaluation write-offs of receivables from affiliated companies | 17 300 | 16 150 | 16 150 |
| c) receivables from other companies | 21 323 | 10 906 | 5 130 |
| - for deliveries and services, payable within: | 2 462 | 4 672 | 950 |
| - up to 12 months | 1 364 | 4 622 | 941 |
| - over 12 months | 1 098 | 50 | 9 |
| - due to taxes, grants, customs, social and health insurance and other benefits | 12 804 | 6 009 | 3 896 |
| - other | 6 058 | 224 | 284 |
| - claimed through the court | - | - | - |
| d) revaluation write-offs of receivables other | 1 901 | 7 021 | 2 260 |
| Short-term receivables total | 82 586 | 246 339 | 112 137 |
| revaluation write-offs of receivables total | 19 202 | 23 171 | 18 410 |
| Gross short-term receivables total | 101 788 | 269 510 | 130 547 |

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

Note 6B

| Short-term receivables from associated companies | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) on account of deliveries and services, including: | 61 263 | 235 433 | 107 008 |
| - from subsidiaries | 61 263 | 233 923 | 100 840 |
| - from partially owned subsidiaries | - | 1 510 | 6 168 |
| - 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 | 61 263 | 235 433 | 107 008 |
| d) revaluation write-offs of receivables from affiliated companies | 17 300 | 16 150 | 16 150 |
| Gross short-term receivables from affiliated companies total | 78 563 | 251 583 | 123 158 |

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

Receivables from affiliated companies have not been written down as on June 30, 2006. However, a reserve for uncertain receivables was established in the amount of PLN 1,145 k.

Note 6C

| Change in the balance of revaluation write-offs of short-term receivables | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|---------------|------------------|
| Balance at the beginning of the period | 23 171 | 5 512 | 5 512 |
| a) increases (on account of) | 1 145 | 18 121 | 13 332 |
| - creating a write-off | 1 145 | 18 121 | 13 332 |
| | | | - |
| b) decreases (on account of) | (5 114) | (462) | (434) |
| - repayment | - | (60) | (396) |
| - released | (2 737) | (402) | (38) |
| | (2 377) | | |
| Balance of revaluation write-offs of short-term receivables at the end of the period | 19 202 | 23 171 | 18 410 |

Note 6D

| Gross short-term receivables (currency structure) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|----------------|------------------|
| a) in Polish currency | 101 788 | 269 510 | 130 547 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | - | - | - |
| Short-term receivables total | 101 788 | 269 510 | 130 547 |

Note 6E

| Receivables on account of deliveries and services (gross) - due period remaining up to the balance date | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) up to 1 month | 2 512 | 7 193 | 2 158 |
| b) over 1 month up to 3 months | 906 | 137 328 | 6 287 |
| c) over 3 months up to 6 months | 481 | 604 | 2 025 |
| d) over 6 months up to 1 year | 53 231 | 90 323 | 78 751 |
| e) over 1 year | 17 260 | 16 203 | 20 265 |
| f) aged receivables | 8 525 | 11 626 | 16 881 |
| Receivables on account of deliveries and services total (gross) | 82 915 | 263 277 | 126 367 |
| g) revaluation write-offs of receivables on account of deliveries and services | (19 190) | (23 171) | (18 310) |
| Receivables on account of deliveries and services total (net) | 63 725 | 240 106 | 108 057 |

Note 6F

| Aged receivables on account of deliveries and services (gross) - divided into receivables not paid during a period | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|-------------------------|---------------|-------------------------|
| a) up to 1 month | 1 503 | 1 957 | 2 540 |
| b) over 1 month up to 3 months | 1 070 | 929 | 1 379 |
| c) over 3 months up to 6 months | 903 | 382 | 10 858 |
| d) over 6 months up to 1 year | 185 | 6 542 | 67 |
| e) over 1 year | 4 864 | 1 816 | 2 038 |
| Aged receivables on account of deliveries and services total (gross) | 8 525 | 11 626 | 16 882 |
| f) revaluation write-offs of receivables on account of deliveries and services, aged | (1 889) | (7 021) | (2 160) |
| Aged receivables on account of deliveries and services total (net) | 6 636 | 4 605 | 14 722 |

Note 6G

| Disputable and aged receivables | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|-------------------------|---------------|-------------------------|
| Disputable receivables | 12 | - | - |
| - on account of deliveries of works and services | 12 | - | - |
| - including ones not covered by a revaluation write-off | - | - | - |
| | | - | - |
| Aged receivables | 8 513 | 11 626 | 16 881 |
| - on account of deliveries of works and services | 8 513 | 11 626 | 16 881 |
| - including ones not covered by a revaluation write-off | 6 636 | 4 605 | 14 722 |

Note 7A

| Short-term financial assets and cash | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) in subsidiaries | | | |
| - granted loans | 23 392 | 24 969 | 24 505 |
| - other short-term financial assets (according to type) | 1 648 | 2 567 | 2 394 |
| - interest from 3 to 12 months | 1 648 | 2 567 | 2 394 |
| | 25 040 | 27 536 | 26 899 |
| b) in partially owned subsidiaries | | | |
| - granted loans | - | 18 903 | 21 156 |
| - other short-term financial assets (according to type) | - | 42 | 556 |
| - interest from 3 to 12 months | - | 42 | 556 |
| | - | 18 945 | 21 712 |
| 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 | 340 | 8 | 19 |
| - other short-term financial assets (according to type) | 3 | - | 4 |
| - interest from 3 to 12 months | 3 | - | 4 |
| | 343 | 8 | 23 |
| g) cash and cash equivalents | | | |
| - cash on hand and on bank accounts | 173 271 | 72 125 | 92 218 |
| - other cash | - | - | - |
| - other cash assets | 30 | 107 | 74 |
| | 173 302 | 72 231 | 92 292 |
| Short-term financial assets total | 198 685 | 118 720 | 141 373 |

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

| Name of the other party | Amount | Interest rate | Due date |
|--|---------------|-------------------------------|-------------------|
| Athina Park Sp. z o.o. [Athina Park Co., Ltd.] | 16 000 | collateral loan rate + margin | December 31, 2006 |
| Malta Office Park Sp. z o.o. [Malta Office Park Co., Ltd.] | 4 870 | collateral loan rate + margin | December 31, 2006 |
| Est On Sp. z o.o. [Est On Co., Ltd.] | 2 450 | collateral loan rate + margin | December 31, 2006 |
| other | 555 | collateral loan rate + margin | December 31, 2006 |
| Total: | 23 875 | | |

Note 7B

| Securities, shares and other short-term | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|------|------------------|
|---|------------------|------|------------------|

| financial assets (foreign currency side) | | | |
|--|---|---|------------|
| 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) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|------|------------------|
| 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) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|---------------|------------------|
| a) in Polish currency | 25 383 | 46 489 | 48 634 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | - | - | - |
| Granted short-term loans total | 25 383 | 46 489 | 48 634 |

Note 7E

| Cash and cash equivalents (currency structure) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|---------------|------------------|
| a) in Polish currency | 8 493 | 1 211 | 18 877 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | 164 809 | 71 020 | 73 415 |
| - unit / currency EUR | 34 186 | 18 437 | 18 172 |
| - PLN k | 138 523 | 71 020 | 73 415 |
| - unit / currency USD | 8 236 | - | - |
| - PLN k | 26 273 | - | - |
| - unit / currency HUF | 957 | - | - |
| - PLN k | 14 | - | - |
| Cash and cash equivalents total | 173 302 | 72 231 | 92 292 |

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 | | | | | | | | |

* On May 30, 2006 the General Meeting of Shareholders of the Company decided to change the existing number of the Company's shares through dividing their nominal values in the proportion of 1:4 so that the current PLN 2 value of each share shall now be determined as PLN 0.50 (fifty grosz) per share. On July 11, 2006 the District Court in Kielce recorded the division of shares in the National Court Register (KRS).

Shareholders of Echo Investment S.A. holding more than 5% of share capital as on June 30, 2006

| Shareholder | Number of votes / shares | Percentage of share capital | Percentage of votes at the General Meeting of Shareholders |
|--|--------------------------|-----------------------------|--|
| Michał Sołowow (directly and indirectly) | 4 309 134 | 41,04% | 41,04% |
| Artur Kłoczko | 526 069 | 5,01% | 5,01% |
| OFE ING NN Polska* | 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 | 2 890 950 | 27,54% | 27,54% |
| 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

| Supplementary capital | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) on transfer of shares above their nominal value | 100 943 | 100 943 | 100 943 |
| b) established by force of law | 80 | 80 | 80 |
| c) established by force of articles / agreement above the value required by law (minimum) | 197 363 | 187 840 | 187 840 |
| d) from additional payments of shareholders / partners | - | - | - |
| e) other (according to type) | 22 | 22 | 22 |
| - costs of issue of stocks | (195) | (195) | (195) |
| Supplementary capital total | 298 213 | 288 690 | 288 690 |

Note 10

| Change in the balance of provision on account of deferred income tax | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|---------------|------------------|
| 1. Balance of reserve on account of deferred income tax at the beginning of the period, including: | | | |
| a) compared to the financial result | 8 381 | 9 836 | 9 836 |
| Tangible assets | 807 | 1 170 | 1 170 |
| Long-term investments | 4 397 | 5 981 | 5 981 |
| Inventory | 1 812 | 1 368 | 1 368 |
| Short-term receivables | 549 | 565 | 565 |
| Short-term investments | 516 | 661 | 661 |
| Short-term accruals | (269) | (77) | (77) |
| Short-term liabilities | (220) | (383) | (383) |
| Accruals | 789 | 551 | 551 |
| b) compared to equity capital | 5 675 | 5 675 | 5 675 |
| Tangible assets | 3 036 | 3 036 | 3 036 |
| Long-term investments | 2 639 | 2 639 | 2 639 |
| c) compared to goodwill or negative goodwill | - | - | - |
| | 14 056 | 15 511 | 15 511 |

| Change in the balance of provision on account of deferred income tax – ctd. | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|----------------|------------------|
| 2. Increases | | | |
| a) compared to the financial result of the period due to negative timing differences on balance sheet items: | 279 | 845 | 946 |
| Tangible assets | - | - | - |
| Long-term investments | 126 | - | - |
| Inventory | 75 | 443 | 762 |
| Short-term receivables | - | - | 54 |
| Short-term investments | - | - | - |
| Short-term accruals | 77 | - | - |
| Short-term liabilities | - | 163 | 130 |
| Accruals | - | 239 | - |
| 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) | - | - | - |
| | 279 | 845 | 946 |
| 3. Decreases | | | |
| a) compared to the financial result of the period due to negative timing differences on balance sheet items: | (722) | (2 300) | (2 122) |
| Tangible assets | (462) | (363) | (335) |
| Long-term investments | - | (1 583) | (1 603) |
| Inventory | - | - | - |
| Short-term receivables | (13) | (16) | - |
| Short-term investments | (176) | (145) | (86) |
| Short-term accruals | - | (193) | (98) |
| Short-term liabilities | (70) | - | - |
| 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) | - | - | - |
| | (722) | (2 300) | (2 122) |
| 4. Balance of reserve on account of deferred income tax at the end of the period total | | | |
| a) compared to the financial result | 7 939 | 8 382 | 8 661 |
| Tangible assets | 345 | 807 | 835 |
| Long-term investments | 4 523 | 4 397 | 4 378 |
| Inventory | 1 887 | 1 812 | 2 131 |
| Short-term receivables | 536 | 549 | 619 |
| Short-term investments | 340 | 516 | 575 |
| Short-term accruals | (192) | (269) | (175) |
| Short-term liabilities | (290) | (220) | (253) |
| Accruals | 789 | 789 | 551 |
| b) compared to equity capital | 5 675 | 5 675 | 5 675 |
| Tangible assets | 3 036 | 3 036 | 3 036 |
| Long-term investments | 2 197 | 2 197 | 2 639 |
| c) compared to goodwill or negative goodwill | - | - | - |
| | 13 614 | 14 056 | 14 336 |

Note 11A

| Long-term liabilities (exclusive of the reserve for income tax) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|---------------------|----------------|---------------------|
| a) to subsidiaries | | | |
| - loans and credits | 39 356 | 44 551 | 52 252 |
| - on account of issue of debt securities | 18 325 | 37 839 | 58 500 |
| | 57 681 | 82 390 | 110 752 |
| 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 | 13 000 | 40 000 | 40 000 |
| - on account of issue of debt securities | 229 313 | 109 938 | 89 138 |
| | 242 313 | 149 938 | 129 138 |
| Long-term liabilities total | 299 994 | 232 328 | 239 890 |

Note 11B

| Long-term liabilities (exclusive of provision for income tax) with due period remaining after the balance date | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|---------------------|----------------|---------------------|
| a) over 1 year up to 3 years | 13 000 | 40 000 | 40 104 |
| b) over 3 years up to 5 years | 186 994 | - | - |
| c) over 5 years | 100 000 | 109 938 | 199 786 |
| Long-term liabilities total | 299 994 | 149 938 | 239 890 |

Note 11C

| Long-term liabilities (exclusive of the reserve for income tax), currency structure | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|---------------------|----------------|---------------------|
| a) in Polish currency | 299 994 | 149 938 | 239 890 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | - | - | - |
| - unit / currency k/USD | - | - | - |
| - PLN k | - | - | - |
| Long-term liabilities total | 299 994 | 149 938 | 239 890 |

Note 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 | Protection |
|---|---------------------------------|---|----------|--|----------|-------------------------------|------------|--|
| | | PLN k | currency | PLN k | currency | | | |
| PeKaO S.A.* | Cracow | 40 000 | PLN | 13 000 | PLN | Wibor + margin | 2007-06-30 | power of attorney to a bank account |
| EI - Centrum Handlowe Tczew Sp. z o.o. [EI- Tczew Shopping Center Co., Ltd.] | Kielce | 1 198 | PLN | 1 198 | PLN | Wibor + margin | 2023-12-31 | none |
| EI - Centrum Handlowe Piła Sp. z o.o. [EI- Piła Shopping Center Co., Ltd.] | Kielce | 1 313 | PLN | 1 313 | PLN | Wibor + margin | 2023-12-31 | none |
| Kieleckie Centrum Handlowe – Rozrywkowe Echo Sp. z o.o. [Echo Shopping and Entertainment Center of Kielce Co., Ltd.] | Kielce | 6 700 | PLN | 6 700 | PLN | 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 | PLN | 3 231 | PLN | Wibor + margin | 2019-12-31 | none |
| EI - Centrum Handlowe Radom Sp. z o.o. [EI- Radom Shopping Center Co., Ltd.] | Kielce | 10 709 | PLN | 6 210 | PLN | Wibor + margin | 2019-12-31 | none |
| EI – Centrum Handlowe Pabianice Sp.z o.o. [EI – Pabianice Shopping Center Co., Ltd.] | Kielce | 13 720 | PLN | 13 720 | PLN | Wibor + margin | 2019-12-31 | none |
| Total | | 91 640 | - | 85 371 | - | | | |

* PeKaO S.A. - the annex as of June 29, 2006, valid as from July 1, 2006 extends the deadline for loan repayment – June 30, 2009, and increases the credit limit to PLN 60,000 k.

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 |
|--|------------------|----------------------------|--------------------|----------------------------|--------------------------|------------------|
| bonds (BRE Bank S.A.) | 150 000 | Wibor + margin | 2011-05-25 | none | - | none |
| bonds (BRE Bank S.A.) | 100 000 | Wibor + margin | 2013-05-25 | none | - | none |
| Total | 250 000 | | | | | |

Note 12A

| Short-term liabilities (exclusive of reserves) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|------------------|----------------|------------------|
| a) to subsidiaries | | | |
| - loans and credits, including: | 10 420 | 4 282 | 4 210 |
| - long-term payable | - | - | - |
| - on account of issue of debt securities | - | - | - |
| - on account of dividends | - | - | - |
| - other financial liabilities, including: | - | 302 | 445 |
| - booked interest from bonds | - | 235 | 445 |
| - on account of deliveries and services, payable: | 31 | 288 | 42 |
| - up to 12 months | 31 | 288 | 42 |
| - over 12 months | - | - | - |
| | 10 451 | 4 872 | 4 697 |
| b) to partially owned subsidiaries | | | |
| - on account of deliveries and services, payable: | - | - | - |
| - up to 12 months | - | - | - |
| | - | - | - |
| c) to associated companies | - | - | - |
| d) to the significant investor | - | - | - |
| e) to the dominant company | - | - | - |
| f) to other companies | | | |
| - loans and credits, including: | 13 810 | 35 348 | 59 121 |
| - long-term payable | - | - | - |
| - on account of issue of debt securities | - | 93 911 | 44 095 |
| - other financial liabilities, including: | 1 343 | 920 | 936 |
| - interest charged | 1 343 | 920 | 936 |
| - on account of deliveries and services, payable: | 39 287 | 49 855 | 31 838 |
| - up to 12 months | 30 806 | 41 294 | 22 296 |
| - over 12 months | 8 480 | 8 561 | 9 542 |
| - advances received for deliveries | 68 478 | 84 505 | 89 437 |
| - bill of exchange liabilities | - | - | - |
| - on account of taxes, customs duties, securities and other performances | 2 532 | 22 685 | - |
| - on account of salaries and wages | 1 | 1 | - |
| - other (according to titles) | 1 101 | 1 205 | 993 |
| - received hedging deposits | 889 | 919 | 666 |
| - insurance | 198 | 275 | 301 |
| - other | 14 | 11 | 26 |
| | 126 552 | 288 430 | 226 420 |
| g) special funds - company social benefits fund | 65 | 5 | 58 |
| Short-term liabilities total | 137 068 | 293 307 | 231 175 |

Note 12B

| Short-term liabilities (exclusive of reserves) (currency structure) | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|----------------|------------------|
| a) in Polish currency | 137 068 | 293 307 | 231 175 |
| b) in foreign currencies (according to currency, after conversion to zlotys) | - | - | - |
| - unit / currency k / USD | - | - | - |
| - PLN k | - | - | - |
| Short-term liabilities total | 137 068 | 293 307 | 231 175 |

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 | Protection | Other |
|--|---------------------------------|--|----------|--|----------|-------------------------------|------------|---|-------|
| | | PLN k | currency | PLN k | currency | | | | |
| PeKaO S.A. | Warsaw | 20 000 | PLN | 13 138 | PLN | Wibor + margin | 2007-06-30 | 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 | | PLN | Wibor + margin | 2006-12-31 | | |
| Bank BPH S.A. | Cracow | 20 000 | PLN | | PLN | Wibor + margin | 2007-04-27 | power of attorney to a bank account | |
| Bank Handlowy w Warszawie S.A. | Warsaw | 20 000 | PLN | 672 | PLN | Wibor + margin | 2007-03-08 | obligation to transfer a quarterly amount of PLN 13,000 k through the account, statement of submission to execution | |
| Echo Centrum Ślichowice Sp. z o.o. [Echo Ślichowice Center Co., Ltd.] | Kielce | 2 500 | PLN | 2 498 | PLN | Wibor + margin | 2006-12-31 | none | |
| Projekt Echo 30 Sp. z o.o. [Project Echo 30 Co., Ltd.] | Kielce | 50 | PLN | 49 | PLN | Wibor | 2006-12-31 | none | |
| Hotel Investment Sp. z o.o. [Hotel Investment Co., Ltd.] | Kielce | 1 000 | PLN | 993 | PLN | Wibor + margin | 2006-12-31 | none | |
| Projekt 3 Sp. z o.o. [Project 3 Co., Ltd.] | Kielce | 50 | PLN | 44 | PLN | Wibor | 2006-12-31 | | |
| Projekt Echo 32 Sp. z o.o. [Project Echo 32 Co., Ltd.] | Kielce | 50 | PLN | 45 | PLN | Wibor | 2006-12-31 | none | |
| Projekt Echo 34 Sp. z o.o. [Project Echo 34 Co., Ltd.] | Kielce | 50 | PLN | 48 | PLN | Wibor | 2006-12-31 | none | |
| Projekt Echo 37 Sp. z o.o. [Project Echo 37 Co., Ltd.] | Kielce | 50 | PLN | 49 | PLN | Wibor | 2006-12-31 | none | |
| Wyględów | Kielce | 50 | PLN | 46 | PLN | Wibor | 2006-12-31 | none | |
| Echo Bau Sp. z o.o. [Echo Bau Co., Ltd.] | Kielce | 50 | PLN | 48 | PLN | Wibor | 2006-12-31 | none | |
| Projekt Echo 39 Sp. z o.o. [Project Echo 39 | Kielce | 50 | PLN | - | PLN | Wibor | 2006-12-31 | none | |

| | | | | | | | | | |
|--|--------|---------------|-----|---------------|-----|----------------|------------|------|--|
| Co., Ltd.] | | | | | | | | | |
| EI - Centrum Handlowo - Rozrywkowe Gliwice Sp. z o.o. [EI Gliwice Shopping and Entertainment Center Co., Ltd.] | Kielce | 1 700 | PLN | 1 700 | PLN | Wibor + margin | 2006-12-31 | none | |
| EI - Centrum Handlowo - Rozrywkowe Kielce Sp. z o.o. [EI Kielce Shopping and Entertainment Center Co., Ltd.] | Kielce | 2 000 | PLN | 2 000 | PLN | Wibor + margin | 2006-12-31 | none | |
| EI - Centrum Handlowe Olkusz Sp. z o.o. [EI- Olkusz Shopping Center Co., Ltd.] | Kielce | 2 050 | PLN | 2 050 | PLN | Wibor + margin | 2006-12-31 | none | |
| Total | | 89 650 | | 23 380 | | | | | |

Note 12D

| Change in the balance of short-term reserves (according to titles) | 1st half of 2006 | 2005 | 1st half of 2005 |
|---|------------------|---------------|------------------|
| a) balance at the beginning of the period | | | |
| - reserves for penalties | 5 516 | - | - |
| - guarantee repairs | 2 024 | 700 | 700 |
| - court proceedings | 441 | 508 | 508 |
| - sureties for liabilities | 4 047 | 2 500 | 2 500 |
| - bonuses, holidays, audit | 3 394 | 4 035 | 4 035 |
| | 15 421 | 7 743 | 7 743 |
| b) increases (on account of) | | | |
| - reserves for penalties | 2 298 | - | - |
| - guarantee repairs | - | 2 524 | - |
| - establishment of reserves for penalties | - | 5 516 | 1 747 |
| - court proceedings | - | 150 | 150 |
| - sureties for liabilities | - | 1 547 | 1 547 |
| - bonuses, holidays, audit | 4 424 | 1 700 | - |
| | 6 722 | 11 437 | 3 444 |
| c) utilization (on account of) | | | |
| - bonuses, holidays, audit | 2 238 | 1 186 | 932 |
| - guarantee repairs | - | 1 200 | 700 |
| - court proceedings | - | 217 | 67 |
| | 2 238 | 2 603 | 1 699 |
| d) release (on account of) | | | |
| - guarantee repairs | 2 024 | - | - |
| - bonuses, holidays, audit | 265 | 1 155 | 1 334 |
| | 2 289 | 1 155 | 1 334 |
| e) balance at the end of the period | | | |
| - reserves for penalties | 7 814 | 5 516 | 1 747 |
| - guarantee repairs | - | 2 024 | - |
| - court proceedings | 441 | 441 | 591 |
| - sureties for liabilities | 4 047 | 4 047 | 4 047 |
| - bonuses, holidays, audit | 5 314 | 3 394 | 1 769 |
| | 17 616 | 15 421 | 8 154 |

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

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

The reserve for 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

| Conditional liabilities to affiliated companies (on account of) | 1st half of 2006 | 2005 | 1st half of 2005 |
|--|-------------------------|---------------|-------------------------|
| a) granted guarantees and sureties, including: | 457 644 | 17 020 | 76 491 |
| - to subsidiaries | 457 644 | 17 020 | 76 491 |
| - to partially owned subsidiaries | - | 7 720 | 67 190 |
| b) other | - | - | - |
| Conditional liabilities to affiliated companies total | 457 644 | 17 020 | 76 491 |

Note 14A

| Operating income (material structure - types of operations) | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| A. Sales of residential and commercial areas | 61 232 | 2 417 |
| - including: from affiliated companies | - | - |
| B. Investment contracting services | 8 501 | 19 571 |
| - including: from affiliated companies | 3 986 | 19 571 |
| from subsidiaries | 3 986 | 10 368 |
| from partially owned subsidiaries | - | 9 203 |
| C. Real estate turnover | - | 2 265 |
| - including: from affiliated companies | - | - |
| D. Lease services | 3 755 | 5 422 |
| - including: from affiliated companies | 117 | 125 |
| from subsidiaries | 115 | 124 |
| - from the dominant company | 2 | 1 |
| E. Legal, accounting and consulting services | 8 797 | 12 900 |
| - including: from affiliated companies | 8 155 | 12 844 |
| from subsidiaries | 8 155 | 12 695 |
| from partially owned subsidiaries | - | 149 |
| F. Other income | 1 922 | 1 247 |
| - including: from affiliated companies | 687 | 435 |
| from subsidiaries | 683 | 434 |
| from partially owned subsidiaries | - | - |
| from key personnel | 4 | 1 |
| Operating income total | 84 207 | 43 822 |
| - including: from affiliated companies | 12 945 | 32 975 |
| from subsidiaries | 12 939 | 23 621 |
| from partially owned subsidiaries | - | 9 352 |
| - from the dominant company | 2 | 1 |
| from key personnel | 4 | 1 |

Note 14B

| Operating income (territorial structure) | 1st half of 2006 | 1st half of 2005 |
|--|------------------|------------------|
| a) at home | 84 207 | 43 822 |
| - including: from affiliated companies | 12 945 | 32 975 |
| b) export | - | - |
| - including: from affiliated companies | - | - |
| Net income on sales of products total | 84 207 | 43 822 |
| - including: from affiliated companies | 12 945 | 32 975 |

Note 15

| Operating costs according to type | 1st half of 2006 | 1st half of 2005 |
|--|------------------|------------------|
| Costs according to type, total | | |
| a) depreciation | 1 593 | 1 201 |
| b) consumption of materials and energy | 35 697 | 3 107 |
| c) foreign services | 77 518 | 63 418 |
| d) taxes and duties | 1 534 | 1 531 |
| e) salaries and wages | 6 889 | 5 200 |
| f) social security and other benefits | 1 226 | 924 |
| g) other prime costs (on account of) | 2 188 | 4 392 |
| - activated financial costs | 1 268 | 3 833 |
| - business trips | 276 | 45 |
| - other | 645 | 514 |
| | 126 645 | 79 773 |
| Change in the balance of inventories, products and accruals | (61 948) | (43 851) |
| Cost of manufacture of products for the company' s own purposes (negative value) | - | (292) |
| Costs of sales (negative value) | (4 466) | (3 584) |
| Overheads (negative value) | (17 867) | (5 266) |
| Production cost of sold products | 42 364 | 26 780 |

Note 16A

| Other operating income | 1st half of 2006 | 1st half of 2005 |
|--------------------------------------|------------------|------------------|
| a) released reserves (on account of) | 1 322 | 396 |
| - receivables | 1 322 | 396 |
| b) other, including: | 4 225 | 1 678 |
| - contractual penalties | 344 | 58 |
| - other | 3 882 | 1 620 |
| Other operating income total | 5 547 | 2 074 |

Note 16B

| Other operating costs | 1st half of 2006 | 1st half of 2005 |
|---|------------------|------------------|
| a) established reserves (on account of) | 2 298 | 2 676 |
| - for expected costs | 2 298 | 2 676 |
| b) other, including: | 3 446 | 153 |
| - donations | 48 | 16 |
| - contractual penalties | - | 113 |
| - other | 3 398 | 24 |
| Other operating costs total | 5 743 | 2 829 |

Note 17A

| Financial income from dividends and shares in profits | 1st half of 2006 | 1st half of 2005 |
|--|------------------|------------------|
| a) from affiliated companies, including: | 39 660 | 12 700 |
| - from subsidiaries | 39 660 | 12 700 |
| b) from other companies | - | - |
| Financial income from dividends and shares in profits total | 39 660 | 12 700 |

Note 17B

| Financial income on account of interest | 1st half of 2006 | 1st half of 2005 |
|--|------------------|------------------|
| a) on account of granted loans | | |
| - from affiliated companies, including: | 2 272 | 3 951 |
| - from subsidiaries | 2 272 | 1 522 |
| - from partially owned subsidiaries | - | 2 429 |
| - from associated companies | - | - |
| - from the significant investor | - | - |
| - from the dominant company | - | - |
| - from other companies | - | 3 |
| | 2 272 | 3 954 |
| b) other interest | | |
| - from affiliated companies, including: | - | - |
| - from subsidiaries | - | - |
| - from partially owned subsidiaries | - | - |
| - from associated companies | - | - |
| - from the significant investor | - | - |
| - from the dominant company | - | - |
| - from other companies | 1 706 | 540 |
| | 1 706 | 540 |
| Financial income on account of interest total | 3 978 | 4 494 |

Note 17C

| Other financial income | 1st half of 2006 | 1st half of 2005 |
|-------------------------------------|------------------|------------------|
| a) foreign exchange gains | 4 903 | - |
| - realized | (14) | - |
| - unrealized | 4 917 | - |
| b) investment revaluation | 5 | 2 471 |
| c) other | - | - |
| Other financial income total | 4 908 | 2 471 |

Note 18A

| Financial costs on account of interest | 1st half of 2006 | 1st half of 2005 |
|---|------------------|------------------|
| a) from loans and credits | | |
| - to affiliated companies, including: | 2 102 | 2 995 |
| - to subsidiaries | 2 102 | 2 995 |
| - to partially owned subsidiaries | - | - |
| - to associated companies | - | - |
| - to the significant investor | - | - |
| - to the dominant company | - | - |
| - to other companies | 8 112 | 6 550 |
| | 10 214 | 9 545 |
| b) other interest | | |
| - to other companies | 1 | 24 |
| | 1 | 24 |
| c) activated financial costs | (1 192) | - |
| | (1 192) | - |
| Financial costs on account of interest total | 9 023 | 9 569 |

As on June 30, 2006, the activated amount of external financing costs was

1 268

PLN k

Note 18B

| Other financial costs | 1st half of 2006 | 1st half of 2005 |
|---------------------------------------|------------------|------------------|
| a) foreign exchange losses, including | - | 1 341 |
| - realized | - | - |
| - unrealized | - | 1 341 |
| b) investment revaluation | 8 315 | 20 577 |
| c) loss on disposal of investments | 3 | - |
| d) other, including: | 859 | 312 |
| - commission | 854 | 312 |
| - other | 5 | - |
| e) activated financial costs | (76) | - |
| Other financial costs total | 9 101 | 22 230 |

Note 19A

| Current income tax | 1st half of 2006 | 1st half of 2005 |
|---|------------------|------------------|
| 1. Gross profit (loss) | 44 856 | 10 095 |
| 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 | 70 | 62 |
| Interest gained from loans for the previous years | 1 913 | 2 552 |
| Income related to valuation of long-term contracts | (6 877) | (346) |
| Output interest on loans, not received | (1 186) | (2 101) |
| Output interest on deposits, not received | - | (2) |
| Dividends received | (39 660) | (12 700) |
| Released reserves for liabilities | (3 525) | (396) |
| Donations | 48 | 16 |
| Reserve for liabilities | 1 145 | 13 332 |
| Penalties for late payment | - | - |
| Budget interest | 1 | - |
| Unplanned depreciation | - | - |
| Other costs that are not costs of income | 6 525 | 3 588 |
| Booked costs related to valuation of long-term contracts and established reserves | - | 517 |
| Booked, but unpaid discount on debt bonds | 239 | 632 |
| Established reserves for accruals of costs concerning investments and overheads | - | - |
| Valuation of loans, investments and inventories | 19 082 | 16 705 |
| Output interest on credits that has not been paid | 1 525 | 1 332 |
| Unpaid interest from liabilities | 1 179 | 2 162 |
| Unrealized foreign exchange gains / losses | (4 917) | 1 360 |
| Activated financial costs settled as costs of income in the previous years | 864 | 2 870 |
| Depreciation covered by the investment tax credit | 127 | 127 |
| Perpetual usufruct fees, settled as costs of income in the previous years | - | - |
| Activated financial costs for developer projects | (1 200) | (2 850) |
| Valuation of fair value | 3 943 | - |
| Non-accounting tax depreciation | (140) | - |
| Provision for guarantee repairs | (2 204) | (700) |
| Discount on debt bonds booked under costs of the previous year but paid this year | (647) | (114) |
| Interest from credits booked under costs in the previous year but paid this year | (1 156) | (2 016) |
| Interest from liabilities booked under costs in the previous year but paid this year | (984) | - |
| Released reserves for costs | 1 920 | (2 242) |
| Deductible gifts | (32) | (16) |
| | (23 946) | 21 772 |
| 3. Income tax taxable base | 20 910 | 31 867 |
| 4. Income tax | 3 973 | 7 398 |
| 5. Increases, abandonments, exemptions, deductions and reductions of tax | (1 181) | - |

| | | |
|--|--------------|--------------|
| 6. Current income tax presented (disclosed) in the tax return of the period, including: | 2 792 | 7 398 |
| - disclosed in the profit and loss account | 2 792 | 7 398 |
| - 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 | 1st half of 2006 | 1st half of 2005 |
|---|-------------------------|-------------------------|
| Reduction (increase) due to occurrence and reversal of timing differences | (2 629) | (4 558) |
| Deferred income tax total | (2 629) | (4 558) |

Note 19C

| Total amount of deferred tax | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| - 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 2005, amounting to PLN 9,523 k was assigned to supplementary capital through a resolution as of May 30, 2006.

Note 21

| Corrections to changes in the balance of balance sheet items, disclosed under II.11 'Other adjustments' | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| Reclassification of investments in real property as inventories | - | - |
| Correction concerning the reserve from valuation of non-cash contribution | - | (4) |
| Adjustments total | - | (4) |

Note 22

| Cash disclosed in the cash flow statement | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| Balance at the beginning of the period, including | 72 231 | 13 304 |
| - cash on hand and on bank accounts | 72 125 | 13 245 |
| - other cash | - | - |
| - other cash assets | 107 | 59 |
| | | - |
| Balance at the end of the period | 173 302 | 92 292 |
| - cash on hand and on bank accounts | 173 271 | 92 218 |
| - other cash | - | - |
| - other cash assets | 30 | 74 |

* The Company included in the cash flow statement cash adjusted by foreign exchange gains/losses as of:

- 31.12.2005 72.125 + 4.811 = 76 936,

- 30.06.2006 173.271 - 4.917 = 168.354.

Additional explanations:**1. Risks**

The company can be exposed to a risk of change in short-term interest rates applied to variable rate debts and to changes in long-term interest rates in case of incurring new debts or refinancing of the current debt as long-term financing. In the first half of 2006, the Company did not apply any protective measures against interest rate risks.

Echo Investment S.A. can be exposed to credit risk related to the following key areas:

- credit credibility of clients with which transactions of sale of products are executed;
- credit credibility of financial institutions with which financing contracts are made;

The Company does not manage financial risks through financial instruments but applies a wide range of internal reporting and close cooperation between the Department of Studies and the Management Board when taking decisions that may affect financial risk.

The Company did not protect planned transactions or future liabilities that are certain of occurring.

2. Discontinued operations

No items related to discontinued operations occurred during the 1st half of the year 2006. The Management Board does not expect discontinuation of performed operations during the subsequent period.

3. 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 1st half of the year 2006 with affiliated companies were executed on the basis of the following contracts:

- Contract of general contracting of investment, made on December 21, 2004 with 'Wan 11' Sp. z o.o. as the investor and 'Wan' S.A. as the second General Contractor of the Investment. Under this contract, 'Wan 11' Sp. z o.o. contracted performance of finishing and adaptation works in the office building in Warsaw, Postępu Street, to General Contractors.
- Contract of general contracting of investment, made on December 30, 2005 with 'Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. k. [Echo -Grunwaldzki Arcade Limited Liability Company Limited Company] as the investor. Pursuant to the said contract, 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. ordered the General Contractor 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.

Managers and supervisors in Echo Investment S.A. capital Group did not receive any of the following during the 1st half of the year 2006: benefits after the employment period, other long-term benefits, employment termination benefits or payments on account of shares held. Managers of Echo Investment S.A. received a total of PLN 1,714 k of compensation on account of short-term employment benefits during the 1st half of the year 2006. Managers of Echo Investment S.A. received a total of PLN 24 k of remuneration for performance of their functions during the 1st half of the year 2006. Managers of other companies from Echo Investment S.A. Capital Group received a total of PLN 162 k of compensation on account of short-term employment benefits. Supervisors of other companies from Echo Investment S.A. Capital Group did not receive any compensation.

As on June 30, 2006 there were no credits, loans, guarantees or advance payments to managers or supervisors of the Capital Group Companies or to their spouses, relations and in-laws to the second degree, relations by adoption or other personal relations.

4. Significant events following the balance date:

- On July 21, 2006 Krajowy Depozyt Papierów Wartościowych SA (KDPW, the National Deposit of Securities Joint Stock Company) in Warsaw decided through a Resolution No. 373/06 that, because of change of the nominal value of Echo Investment SA's shares, the 2nd day of August 2006 shall be the date

of division of 10,460,000 shares of Echo Investment SA for a nominal value of PLN 2 each, code PLECHPS00019, into 41,840,000 shares of Echo Investment SA for a nominal value of PLN 0.50 each.

- On July 24, 2006 a conditional contract of real estate acquisition, i.e. of 6.84 hectares land plot situated in the 14th District of the Capital City of Budapest – Zuglo in Hungary, signed by Echo Investment S.A. with the Local Government of the 14th District of the Capital City of Budapest – Zuglo in Hungary, entered into force. Echo Investment SA intends to realize a modern multifunctional project on the purchased land. The cost of investment shall be about 150 million EUR. Echo Investment SA intends to complete the project within 5 years following the date of entry into force of the real estate acquisition contract.
- On August 21, 2006 a credit agreement has been made between Echo Investment SA with its registered seat in Kielce (the Borrower) and Polska Kasa Oszczędności Bank Polski SA with its registered seat in Warsaw (the Lender), in the form of a multi-purpose credit limit for a total amount of PLN 80 million. The funds obtained under the above mentioned agreement shall be allocated to financing the Borrower's current business operations. The credit agreement shall be in force from August 21, 2006 to August 20, 2009.
- On August 31, 2006 Echo Investment SA purchased 100% of the shares in share capital of Polimeni International Poznań Sp. z o.o., seated in Gdynia, value 50,000 PLN, giving 100 votes at the meeting of shareholders. Nominal value of one share is PLN 500. The Company intends to build a modern shopping and entertainment center on the property owned by Polimeni International Poznań Sp. z o.o., situated in Poznań.

Dated: September 25, 2006

Andrzej Majcher

Jarosław Grodzki

Piotr Gromniak

Artur Langner

President of the Management Board
of the Management Board

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

Member

Signature of the person in charge of keeping books of accounts

Tomasz Sułek

Chief Accountant

**Management Report on the operations
of Echo Investment S.A.
during the first half of the year 2006**

Kielce, September 25, 2006

Report on the operations of Echo Investment S.A. in the first half of 2006

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 mainly 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 financial report of Echo Investment S.A. for the first half of 2006

Balance sheet

Balance total at the end of the first half of 2006 amounted to **PLN 836.3 m**, showing an increase in value by **2,53%** in comparison with the balance as at the end of the same period in 2005.

Assets

The structure of assets at the end of June 2006 was the following:

- fixed assets constitute **34.4%** of all assets, where the dominant items include long-term investments – **76.4%** of fixed assets, and tangible assets – **17.4%** of total fixed assets.
- current assets constitute **65.6%** of all assets, including inventories – **48.7%** of total current assets, short-term receivables – **15.0%** of current assets, and short-term investments – **4.6%** of total current assets.

Liabilities

- share capital of Echo Investment S.A., as on June 30, 2006, 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 June 30, 2006 amounted to **PLN 367.9 m**, showing an increase by **14.2%** in comparison with the balance as at the end of June 2005.
- the structure of equity at the end of the 1st half of 2006 was the following:
 - initial capital: **5.7%**,
 - supplementary capital: **81.0%**,
- net book value per one share is **PLN 35.0**,
- liabilities and provisions for liabilities constituted **56 %** of balance total and amounted to **PLN 468.3 m**.

Profit and loss account

- net income on sales reached the level of **PLN 84.2 m** at the end of June 2006, which is an increase by **92.1%** in comparison with the equivalent period of the preceding year,
- profit from operating activity as at the end of the first half of 2006 amounted to **PLN 14.4 m** and was lower than the profit gained during the preceding financial year by **35%**.
- gross profit amounted to **PLN 44.8 m** and outgrew the balance of the first half of 2005 by **344,3%**,
- net profit amounted to **PLN 44.7 m**, which is an increase by **516%** in comparison with the year 2005,
- net profit per one share was **PLN 4.47**.

Cash flow statement

- the reporting period began with the cash balance of **PLN 76.9 m**,
- on operating activity, the Company recorded cash income in the amount of **PLN 69.1 m** in the first half of 2006, including the following most significant items:
 - change in inventories **PLN (-) 53.9 m**,
 - change in receivables **PLN (+) 163.7 m**,
 - change in short-term liabilities, except for loans and credits, **PLN (-) 47.0 m**,
- on investment activity, the Company recorded cash income in the amount of **PLN 74.5 m** during the first half of 2006, which was most significantly affected by:
 - sale of investments in immovable property and in intangible assets **PLN (+) 15.6 m**,
 - income from financial assets **PLN (+) 70.4 m**,
- on investment activity, the Company recorded cash flow in the amount of **PLN 163.3 m** at the end of June 2006, which was most significantly affected by:
 - issue of debt securities, increase in cash in the amount of **PLN (+) 99.6 m**,
 - repayment of loans and credits in the amount of **PLN (-) 59.8 m**,
 - redemption of debt securities **PLN (-) 95.0 m**,
- during the period from January 1 to June 30, 2006 the cash balance increased by **PLN 101.2 m**,
- cash at the end of June 2006 amounted to **PLN 168.4 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.
- risk of operations on foreign markets – related to the economic and political situation in the country where the Company intends to launch its operations. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- 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 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 lessees are assigned to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes foreign exchange risk.

- risk of the lessees' 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 lessees 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 lessees 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 1st half 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:

Polish market

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, Nomi, Multikino, Silver Screen ITI Neovision, RTV Euro AGD, Empik, Douglas, Saturn Planet, Supermarkety Drogerijne Rossman and other chain brands.

During the first half of 2006, the Company continued erection of an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. The anticipated

area for rent is about 48,200 square meters. Attractiveness of this investment has been confirmed by the tenants' interest. At the end of June 2006, the Company has let 96% of the area of the center. The anticipated opening date of the center falls at the beginning of the year 2007.

In June, a subsidiary named Echo Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością [Echo – Grunwaldzki Arcade Limited Liability Company] Limited Company acquired the perpetual usufruct right of immovable property and ownership right to buildings and a structure situated in Wrocław at M. Curie Skłodowskiej Street, with an area of 6,826 square meters. This is a land plot adjoining Pasaż Grunwaldzki and complementing the area owned by the Company. The plot will be dedicated to erection of a shopping, entertainment and office building, to become incorporated in Pasaż Grunwaldzki in the future.

During the 1st quarter of the year 2006 the Company has obtained a valid building permit for erection of the Pasaż Świętokrzyski (Świętokrzyski Arcade) shopping and entertainment center in Kielce (area of 13,200 square meters). In March 2006, a contract was signed with Polimex-Mostostal S.A. Warsaw for general contracting of this project. The contract value is PLN 31 million. E.Leclerc superstore will be opened in the anticipated center. Contracts have also been made with other tenants. As at the end of June, the Company let 99% of the area of the center. 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 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.

In May 2006, a preliminary contract of sale of shares in Polimeni International Poznań Sp. z o.o. [Limited Liability Company] seated in Gdynia was made between Echo Investment SA (the Buyer) and Polimeni International Two LLC, seated in Garden City New York, Polimeni International Funding LLC, seated in Garden City New York, and Mr. Karol Kalicki (jointly called the Sellers). Under the said contract, the Sellers and the Buyer hereby covenant to enter into a final contract of sale of 100% of shares in Polimeni International Poznań Sp. z o.o., seated in Gdynia, whereunder the shares shall be sold to the Buyer no later than until July 12, 2007. The sales price shall be about 45 million PLN and can be changed on the day of signing the final agreement. In June 2006, Annex 1 to the preliminary contract of sale of shares was signed, pursuant to which the deadline for entering into the final contract of sale was extended to August 31, 2007. On July 6, 2006, the final conditional contract of sale of shares in Polimeni International Poznań Sp. z o.o. [Limited Liability Company] seated in Gdynia was made between Echo Investment SA (the Buyer) and Polimeni International Two LLC Sp. z o.o., seated in Garden City New York, Polimeni International Funding LLC, seated in Garden City New York, and NOTISTA LTD., seated in Nicosia (previously Karol Kalicki) (jointly called the Sellers).

The purpose of the said contract was the acquisition by the Buyer of 100% of shares in Polimeni International Poznań Sp. z o.o., seated in Gdynia, from the Sellers, in the following quantities:

1. Polimeni International Two LLC – 91 shares,
2. Polimeni International Funding LLC – 1 share,
3. NOTISTA LTD – 8 shares.

The sales price shall be 44.9 million PLN and shall be adjusted by liabilities of Polimeni International Poznań Sp. z o.o. seated in Gdynia that existed as on the contract effective date.

A prerequisite for the entry into force of the conditional contract of sales of shares is the acquisition of ownership rights to immovable properties situated in Poznań, with an area of 47,419 sq. m, by Polimeni International Poznań Sp. z o.o. seated in Gdynia before August 31, 2007. This prerequisite is a condition precedent.

On July 26, 2006, an annex was made to the conditional contract of sale of shares as of July 6, 2006. Pursuant to the provisions of the said annex, financial conditions concerning settlement of liabilities and

receivables between the parties to the contract, affecting the ultimate sales price of the shares, shall be changed.

On August 31, 2006 Polimeni International Poznań Sp. z o.o., seated in Gdynia, acquired ownership title to the immovable property described above, thus meeting the condition for entry into force of the conditional contract of sale of shares as of July 6, 2006. In view of the above, on August 31, 2006 Echo Investment SA purchased 100% of the shares in share capital of Polimeni International Poznań Sp. z o.o., seated in Gdynia, value 50,000 PLN, giving 100 votes at the meeting of shareholders. Nominal value of one share is PLN 500.

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 and Cracow. 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 space is let to recognized companies, such as Nordea S.A., BRE Bank S.A., Bank PeKaO S.A., Bank Zachodni WBK S.A., Polkomtel 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 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. In June, a contract for erection of core and shell of a complex of office buildings was signed with Mitex S.A. The anticipated completion date of the investment shall be 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. 32,000 square meters). In June, a contract was made with Biuro Projektowe APA Wojciechowski Sp. z o.o. [APA Wojciechowski Designs Limited Liability Company] of Warsaw for execution of designing works related to the said complex of office buildings. 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 28,000 square meters). The investment is planned to commence during the 4th quarter of the year 2006. First stage of construction is expected to complete in the 1st quarter of the year 2008. 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.

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.

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.

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 Group's projects in the hospitality industry are executed in cooperation with international hotel chains: with the French chains of hotels Accor, chain of hotels Envergue, and with the Qubus group of Norway. Realized hotels operate in Warsaw, Cracow, Szczecin, Łódź, Poznań, Częstochowa, Zabrze, Gliwice.

During the first half of 2006, the company continued the process of realizing a four-star Qubus hotel in Cracow (195 rooms and 10,600 square meters of usable area) and of a three-star hotel for the same client commenced, in the very center of Kielce (90 rooms, 3,700 square meters of usable area). The company signed 25-year contracts of lease of both hotels with Qubus Hotel System. The anticipated completion dates of hotels are: June 2006 for the Cracow project and September 2006 for the Kielce project, respectively.

In February 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 Ejsmonda Street in Gdynia. 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. This tendency, considering Echo Investment S.A.'s experience gained during execution of hotels for international operators, provides good perspectives for growth in the segment of commercial property.

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.

During the first half of 2006, works were continued on execution of housing investments in Warsaw. The 2nd stage of the Inflancka Housing Estate was launched. 139 apartments are expected to be delivered to users during the 1st quarter of the year 2007. 2nd stage of investment at Zwycięzców Street (239 apartments) was also realized. The anticipated completion date of investment falls in the 1st quarter of 2008.

Realization of the 3rd stage of Inflancka Housing Estate has also begun (net area of 7,000 square meters). The anticipated completion date of the latter housing estate falls in the 1st half of 2008.

Construction works were also performed in Poznań. Stage III of the Naramowice Housing Estate (156 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 1st half of the year 2008. Preparation of realization of the 4th 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 2nd half 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 1,300 square meters (15 apartments) will be built at Kilińskiego Street. This building, which was designed by Oleksy&Polaczek office, will be put to use in the 2nd quarter of 2008. At the end of 2008, the Company is going to complete realization of a housing investment in the Wola Justowska district. This building, designed by The Blok office, will have an area of about 3,000 square meters. (42 apartments).

Projects of residential buildings are currently under preparation: in Warsaw at Kazimierzowska Street (net area of 5,600 square meters) and in Poznan at Wojskowa Street (net area is about 16,000 square meters). Anticipated completion date of these buildings falls at the end of 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.

In May 2006, Echo Investment SA made an agreement for acquisition of the right of perpetual usufruct to immovable property located in Cracow at Krasickiego Street, with an area exceeding 3,300 square meters. The Company intends to realize a residential and service facility in the purchased area.

In June 2006, the Company acquired immovable property in Poznań at Litewska Street and Grudzieniec Street, with an area exceeding 17,000 square meters. The Company intends to realize an estate of city-specific multi-family houses (the area for sale is about 7,000 square meters).

The high rate of sales, which is due to such factors as increased interest in modern apartments among foreign investors, was maintained in the 1st half of 2006.

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. 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. Capital Group's operations.

Romania

In March 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.

Hungary

In June 2006, as a result of completed tender procedure, Echo Investment SA (the Buyer) signed a conditional agreement of purchase of real property with the Local Government of the 14th District of the Capital City of Budapest – Buglo in Hungary (the Seller). The object of the agreement is the real property – land plot situated in the 14th District of Budapest – Zuglo with the area of 6.84 ha. Echo Investment S.A. intends to realize a modern multifunctional project on the purchased land. The condition of entry into force of this agreement is that the Local Government of the city of Budapest waives its first right of refusal. The value of the agreement was HUF 4.0 billion which, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 59.94 million. The investment was financed with the Company's own funds.

The Company's policy relies on diversification of geographic locations and sector-based diversification of its portfolio. The Company intends to focus its operations primarily on the segment of advanced, multifunctional commercial projects in the area of Central and Eastern Europe.

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. **72.68%** of all revenues from sales of products.

- investment contracting service

Echo Investment S.A. is the Chief Contractor of Investments for potential investors. For this reason, during the 1st half of 2006, Investment contracting services constituted **10.10%**.

- 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 at the end of June 2006 constituted **4.51%** of net income from sales.

- 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 constituted about **10.45%** of total net income from sales.

Structure of net income from sales (in PLN m) yielded by Echo Investment S.A. during the first half of 2006-2005:

| Specification | 01.01.2006 - 30.06.2006 | 01.01.2005 - 30.06.2005 |
|--|------------------------------------|------------------------------------|
| Sales of residential and commercial areas | 61,2 | 2,4 |
| Investment contracting service | 8,5 | 19,6 |
| Lease services | 3,8 | 5,4 |
| Legal, accounting and consulting services | 8,8 | 12,9 |
| Other income | 1,9 | 3,5 |
| Net income on sales of products total | 84,2 | 43,8 |

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 the first half of 2006 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 the 1st half of 2006, the turnover with three partners exceeded the 10% threshold of the value of the Capital Group's income:

Largest suppliers of Echo Investment S.A. in the 1st half of the year 2006:

| Other party | Value of turnover (in PLN m) | % of share in net income on sales |
|----------------------------|---|--|
| Strabag Sp. z o.o. | 22,3 | 26,48% |
| Hochtief Polska Sp. z o.o. | 13,9 | 16,54% |
| Mitex SA | 10,2 | 12,11% |

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.

In the 1st half of 2006, there were no turnover values exceeding the threshold 10% of net income from sales.

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 1st half of the year 2006.

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 shopping/entertainment centers

In March 2006, Echo Investment SA entered into an Agreement for General Contracting of the Pasaż Świętokrzyski Building in Kielce until October 2006 with Polimex-Mostostal SA. The value of this Agreement was about PLN 31 million.

In May 2006, a preliminary contract of sale of shares in Polimeni International Poznań Sp. z o.o. [Limited Liability Company] seated in Gdynia was made between Echo Investment SA (the Buyer) and Polimeni International Two LLC, seated in Garden City New York, Polimeni International Funding LLC, seated in Garden City New York, and Mr. Karol Kalicki (jointly called the Sellers). Under the said contract, the Sellers and the Buyer hereby covenant to enter into a final contract of sale of 100% of shares in Polimeni International Poznań Sp. z o.o., seated in Gdynia, whereunder the shares shall be sold to the Buyer no later than until July 12, 2007. The sales price shall be about 45 million PLN and can be changed on the day of signing the final agreement. In June 2006, Annex 1 to the preliminary contract of sale of shares was signed, pursuant to which the deadline for entering into the final contract of sale was extended to August 31, 2007.

On July 6, 2006, the final conditional contract of sale of shares in Polimeni International Poznań Sp. z o.o. [Limited Liability Company] seated in Gdynia was made between Echo Investment SA (the Buyer) and Polimeni International Two LLC Sp. z o.o., seated in Garden City New York, Polimeni International Funding LLC, seated in Garden City New York, and NOTISTA LTD., seated in Nicosia (previously Karol Kalicki) (jointly called the Sellers).

The purpose of the said contract is the acquisition by the Buyer of 100% of shares in Polimeni International Poznań Sp. z o.o., seated in Gdynia, from the Sellers, in the following quantities:

1. Polimeni International Two LLC – 91 shares,
2. Polimeni International Funding LLC – 1 share,
3. NOTISTA LTD – 8 shares.

The sales price shall be 44.9 million PLN and shall be adjusted by liabilities of Polimeni International Poznań Sp. z o.o. seated in Gdynia that existed as on the contract effective date.

A prerequisite for the entry into force of the conditional contract of sales of shares is the acquisition of ownership rights to immovable properties situated in Poznań, with an area of 47,419 sq. m, by Polimeni International Poznań Sp. z o.o. seated in Gdynia before August 31, 2007. This prerequisite is a condition precedent.

On July 26, 2006, an annex was made to the conditional contract of sale of shares as of July 6, 2006. Pursuant to the provisions of the said annex, financial conditions concerning settlement of liabilities and receivables between the parties to the contract, affecting the ultimate sales price of the shares, shall be changed.

On August 31, 2006 Polimeni International Poznań Sp. z o.o., seated in Gdynia, acquired ownership title to the immovable property described above, thus meeting the condition for entry into force of the conditional contract of sale of shares as of July 6, 2006.

In view of the above, on August 31, 2006 Echo Investment SA purchased 100% of the shares in share capital of Polimeni International Poznań Sp. z o.o., seated in Gdynia, value 50,000 PLN, giving 100 votes at the meeting of shareholders. Nominal value of one share is PLN 500.

On June 12, 2006, as a result of completed tender procedure, Echo Investment SA of Kielce (the Buyer) signed a conditional agreement of purchase of real property with the Local Government of the 14th District of the Capital City of Budapest – Buglo in Hungary (the Seller). The object of the agreement is the real property – land plot situated in the 14th District of Budapest – Zuglo with the area of 6.84 ha. Echo Investment S.A. intends to realize a modern multifunctional project on the purchased land. The condition of entry into force of this agreement is that the Local Government of the city of Budapest waives its first right of refusal. The value of the agreement is HUF 4,000,000,000 which, according to the average exchange rate of the National Bank of Poland, is an equivalent of PLN 59,940,000. This agreement has been considered significant on the basis of issuer's equity capital criteria.

Hotels and Offices

In June, Echo Investment SA signed a contract with Mitex SA for erection of core and shell of a complex of office buildings in Kielce at al. Solidarności Street until December 2006. The contract value was PLN 10.5 million.

Apartments

In May 2006, Echo Investment SA made an agreement for acquisition of the right of perpetual usufruct to immovable property located in Cracow at Krasickiego Street, area exceeding 3.3 thousand square meters, for a net price of 4.7 million PLN.

In June 2006, the Company acquired immovable property in Poznań at Litewska Street and Grudzieniec Street, area exceeding 17,000 square meters, for a net price of 4.7 million PLN. The Company intends to realize an estate of city-specific multi-family houses on the purchased land. (rentable area of about 7,000 square meters).

In June 2006, a contract was signed for erection of core and shell of a complex of residential buildings in Warsaw, Zwycięzców Street. The Contractor for the project is going to be Mostostal Warszawa S.A. of Warsaw. The contract value was PLN 17.4 million.

5.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the first half of the year 2006.

5.3. Insurance contracts

| Covered contract | Insurer | Insurance amount [PLN k] |
|---|--|-----------------------------|
| property insurance – office buildings | PTU SA, TU Compensa S.A | 28 418 |
| property insurance - equipment | TU Compensa S.A., PTU S.A., STU Ergo Hestia S.A. | 1806 |
| civil liability insurance | TU Compensa S.A., PTU S.A., AIG Polska TU S.A. | 15 232 |
| property insurance – residential premises | TU Compensa S.A., STU Ergo Hestia S.A. | 70 265 |
| insurance against construction and assembly risks | TUiR WARTA S.A., TU Allianz Polska, Generali S.A.. | 250 700 |
| TOTAL | | 366 421 |

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 12, 2006 Echo Investment SA was notified that on December 6, 2005 the District Court in Kielce registered an increase of initial capital of a subsidiary – Projekt Echo – 36 Sp. z o.o. 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.
- On February 23, 2006 a contract of sale was made of 100% of shares in the Projekt Gdynia-1 Sp. z o.o. subsidiary. The Seller are 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). No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the parties acquiring the assets.

- On 03.03.2006 the District Court in Bucharest registered a subsidiary named '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.
- On April 27, 2006 the District Court in Budapest registered a subsidiary: Echo Investment Hungary Ingatlanhasznosító Kft., seated in Budapest. The value of initial capital is HUF 3,000,000 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 43,812.00). The company is 100% owned by Echo Investment S.A.

On June 29, 2006, the District Court in Kielce, 10th Economic Department of the National Court Register, registered a subsidiary named "Szczecin - Projekt Echo 32 spółka z ograniczoną odpowiedzialnością" spółka komandytowa [„Szczecin – Project Echo 32 Limited Liability Company” Limited Company]. The company was formed through transformation of “Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin Sp. z o.o.” [‘Echo Investment – Szczecin Shopping and Entertainment Center’ Limited Liability Company], the latter being deleted from the Register.

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 first half of 2006.

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 the 1st half of 2006, the following contracts were made between Echo Investment S.A. and companies from Echo Investment S.A. Capital Group:

On March 28, 2006 the District Court in Wrocław, 4th Department of Land and Mortgage Registers made 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 assets, on which the mortgage was established, are situated in Wrocław, pl. Grunwaldzki, where the Pasaż Grunwaldzki shopping and entertainment center is being erected. The established mortgage security is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006. The book value of sold assets in the books of accounts of the assets on which mortgage was established is PLN 110,671,725.90. No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the party, for which the mortgage was established or members of this party's management bodies.

- On May 19, 20-6 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 99 shares in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. with its registered seat in Kielce, owned by Echo Investment SA. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made between Echo Investment SA and Eurohypo AG Bank of Eschborn (Germany) on March 10, 2006. The encumbered shares form 99% of share capital of Echo-Pasaż Grunwaldzki Sp. z o.o. and are treated as long-term capital investment by the issuer. Nominal value of one share is PLN 500. The established pledge is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006. The book value of the assets in the issuer's books of accounts of the assets on which pledge was established is PLN 51,250. No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the party, for which the pledge was established or members of this party's management bodies. This contract has been considered significant on the basis of the criteria of significant value for financial assets.
- On May 24, 20-6 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 1 shares in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. with its registered seat in Kielce, owned by Projekt Echo – 17 Sp. z o.o. The pledge was established on the shares on the basis of an agreement of registered pledge on shares, which was made between Echo Investment SA and Eurohypo AG Bank of Eschborn, Germany, on March 10, 2006. The encumbered shares form 1% of share capital of Echo-Pasaż Grunwaldzki Sp. z o.o. and are treated as long-term capital investment. Nominal value of one share is PLN 500. The established pledge is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.
- On May 25, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 99 contributions in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. k. with its registered seat in Kielce, owned by Echo Investment SA. The value of encumbered contributions is PLN 10,900. The established pledge on all rights and obligations is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.
- On June 14, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 1 contribution in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. k. with its registered seat in Kielce, owned by Projekt Echo - 17 Sp. z o.o. The value of the encumbered contribution is PLN 100. The established pledge on all rights and obligations is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.

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

During the first half of the year 2006, 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 June 2006 are presented in the table below:

| Name Bank | Types of liabilities | Credit currency | Credit amount according to contract [in PLN k] | Credit usage level [in PLN k] as on 30.06.2006 | Final repayment date |
|--------------------------------|----------------------------|-----------------|--|--|----------------------|
| Pekao S.A. O/Warszawa | Advance in current account | PLN | 20.000 | 13.138 | 30.06.2007 |
| Pekao S.A. O/Warszawa | Working capital facility | PLN | 40.000 | 13.000 | 30.06.2007 |
| Bank Handlowy w Warszawie S.A. | Advance in current account | PLN | 20.000 | 672 | 08.03.2007 |
| PKO BP SA | Advance in current account | PLN | 20.000 | 0 | 31.12.2006 |
| Bank BPH S.A. | Advance in current account | PLN | 20.000 | 0 | 27.04.2007 |

8.3. Loan agreements

8.3.1. Loans taken – short-term

| Entity | Loan amount [PLN k] | Final repayment date |
|--|---------------------|----------------------|
| Echo Investment – Centrum Handlowe Świętochłowice Sp. z o.o. | 2 498 | December 31, 2006 |
| Echo Investment – Centrum Handlowe Olkusz Sp. z o.o. | 2 050 | December 31, 2006 |
| Echo Investment – Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o. | 2 000 | December 31, 2006 |
| Echo Investment – Centrum Handlowo-Rozrywkowe Gliwice Sp. z o.o. | 1 700 | December 31, 2006 |
| Hotel Investment Sp. z o.o. | 993 | December 31, 2006 |
| Other | 329 | December 31, 2006 |

8.3.1. Loans taken – long-term

| Entity | Loan amount [PLN k] | Final repayment date |
|--|---------------------|----------------------|
| Echo Investment – Centrum Handlowe Pabianice Sp. z o.o. | 13 720 | December 31, 2019 |
| Kieleckie Centrum Handlowo-Rozrywkowe Echo Sp. z o.o. | 6 700 | December 31, 2013 |
| Echo Investment – Centrum Handlowe Radom Sp. z o.o. | 6 210 | December 31, 2019 |
| Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. | 3 231 | December 31, 2019 |
| Echo Investment – Centrum Handlowe Tczew Sp. z o.o. | 1 198 | December 31, 2023 |
| Echo Investment – Centrum Handlowe Piła Sp. z o.o. | 1 313 | December 31, 2023 |

8.3.2. Granted loans – short-term

| Entity | Outstanding loan amount [in PLN k] as on 30.06.2006 | Final repayment date |
|------------------------------|--|----------------------|
| Athina Park Sp. z o.o. | 16 000 | December 31, 2006 |
| Malta Office Park Sp. z o.o. | 4 870 | December 31, 2006 |
| Est On Sp z .o.o. | 2 450 | December 31, 2006 |
| Other | 555 | December 31, 2006 |

8.3.3. Granted loans – long-term

| Entity | Outstanding loan amount [in PLN k] as on 30.06.2006 | Final repayment date |
|---|--|----------------------|
| Echo - Centrum Biznesu Łódź Sp. z o.o. | 6 330 | June 28, 2012 |
| Centrum Bankowości i Finansów Łódź Sp. z o.o. | 3 321 | December 31, 2011 |
| Projekt S Sp. z o.o. | 911 | August 19, 2008 |
| other | 13 | 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.

In February 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.

Under a Bonds Issuance Program signed with BRE Bank S.A., seated in Warsaw, on May 23, 2006 the Company issued voucher bonds for a total value of PLN 100 million. The nominal value and issue price of a single bond is PLN 100 k. The bonds have been issued for a period of seven years, i.e. the bonds Redemption date shall be May 25, 2013. Interest is payable every six months, based on WIBOR 6M rate plus investors' margin. On the Redemption Date, the bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

The balance of these liabilities as at the end of the 1st half of 2006 is presented in the table below:

| Name 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 | 100.000 | 25.05.2013 |

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 8,466 k.

Echo Investment SA'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 on June 28, 2000. Its total value is PLN 740 k.

On March 10, 2006 the company granted a surety for liabilities of the subsidiary Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. on account of loan granted by EUROHYPO AG Bank. 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 June 20, 2006 the Company granted a contingent surety in favor of Eurohypo AG Bank (Germany) for liabilities of Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. [Echo – Grunwaldzki Arcade Limited Liability Company Limited Company]. The surety was granted to a maximum amount of EUR 13,000,000, which equals PLN 52,538,200 as on the date of surety. The surety shall possibly enter into force no earlier than as from June 30, 2007 and expire no later than on June 30, 2013 or September 30, 2013. Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. is a subsidiary of Echo Investment S.A.

| Surety in favor of | Value (PLN k) | Expiry date | Reference to |
|--|---------------|--|---|
| Urząd Miasta Łodzi [Municipal Office of Łódź] | 8.466 PLN | 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.) |
| Bank PeKaO SA | 740 PLN | until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA 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 SA Bank. |
| Bank Eurohypo AG | 100.000 EUR | 3 rd quarter of 2006 | collateral of credit granted |
| Bank Eurohypo AG | 13.000 EUR | year 2013 | collateral of credit granted |

8.6. Guarantee agreements

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 June 30, 2006 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 June 30, 2006 the value of the guarantee is PLN 4,043 k.

Bank guarantee as of September 7, 2005, granted by PKO BP SA Bank as a security of liabilities towards Spółdzielnia Spożywców MOKPOL. The guarantee shall remain valid until September 6, 2006. As on June 30, 2006 the value of the guarantee is PLN 3,995 k.

| Guarantor | Value (PLN k) | Expiry date | Reference to |
|-------------------|---------------|-------------|--|
| 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 | 4.043 | 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 Spożywców MOKPOL |

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 the 1st half of 2006.

10. Clarification of differences between financial results disclosed in the annual statement and previously published prognoses for the year 2006

Echo Investment S.A. did not publish any prognoses of financial results for the year 2006.

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 the 1st half of 2006, 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 1st half of 2006 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 2006 indicates the capital group's stable financial standing and the perspective of the nearest years is optimistic.

Profitability indicators of the Company's operations in the 1st half of 2006 are better in comparison to the previous year. 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 1st half of 2006-2005 are presented in the table below:

| Profitability indicators | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| Operating profit margin ratio <i>operating profit / net income on sales</i> | 17,1% | 50,7% |
| Net balance profit margin ratio <i>net profit / net income on sales</i> | 53,1% | 16,6% |
| Rate of return on assets (ROA) <i>net profit / assets total</i> | 5,3% | 0,9% |
| Rate of return on equity (ROE) <i>net profit / equity capital</i> | 12,1% | 2,3% |

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: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining to executed developer projects designed for sale. All activity indicators were significantly reduced.

Rotation of key items of assets and liabilities in the 1st half of 2006-2005 is presented in the table below:

| Activity indicators | 1st half of 2006 | 1st half of 2005 |
|--|-------------------------|-------------------------|
| Rotation of inventories in days <i>(average balance of inventories * 180 / net income on sales)</i> | 572 | 1055 |
| Rotation of short-term liabilities in days <i>(balance of short-term liabilities * 180 / net income on sales)</i> | 177 | 461 |
| Rotation of short-term liabilities on account of deliveries and services in days <i>(balance of short-term liabilities on account of deliveries and services * 180 / net income on sales)</i> | 84 | 131 |

Liquidity factors are maintained on safe levels. Current, quick and cash ratios are now higher than in the comparable period of 2005. 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 1st half of 2006-2005 are presented in the table below:

| Liquidity ratios | 1st half of 2006 | 1st half of 2005 |
|---|-------------------------|-------------------------|
| Current ratio <i>operating assets/ short-term liabilities</i> | 4,01 | 2,21 |
| Quick ratio <i>(current assets – inventories) / short-term liabilities</i> | 2,05 | 1,10 |
| Cash ratio <i>cash / short-term liabilities</i> | 1,26 | 0,40 |

Proper structure of financing makes it possible for the debt ratios to be maintained on similar levels in comparison to the comparable period of 2005. 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 1st half of 2006-2005 are presented in the table below:

| Debt indicators | 1st half of 2006 | 1st half of 2005 |
|---|-------------------------|-------------------------|
| Assets coverage ratio with equity capitals <i>equity capital / assets total</i> | 44,0% | 39,5% |
| Fixed assets coverage ratio with equity capital <i>equity capital / fixed assets</i> | 128,1% | 105,6% |
| Total debt ratio <i>liabilities total / assets total</i> | 52,3% | 57,8% |
| Equity debt ratio <i>liabilities total / equity capital</i> | 118,8% | 146,3% |

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 the 1st half of 2006

The sale of two centers in Legionowo and Kalisz and of office area in Szczecin had a significant impact on the financial result yielded in the 1st half of 2006. Another factor significantly affecting the financial result was the revaluation of fair value of owned real estate, which is carried out as at the end of each consecutive quarter of year. Still another factor affecting the gained result was the income earned from sales of housing projects and rental of commercial space.

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 and in the foreign markets, where the Company is going to perform its operations.

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. Perspectives for the development of economic activity of Echo Investment S.A. and the 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. is focused on the Polish market. In 2006, the Management Board of the Company intends to launch business operations on foreign markets, in Central and Eastern Europe. Certain efforts have been taken in order to extend the range of the Company's operations outside Poland.

Under its verification and portfolio improvement 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 1st half of the year 2006. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by other Capital Group companies.

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

There were no changes among members of the Management Board of the Company during the 1st half of 2006. As on the submission date of this report, the Management Board of Echo Investment SA is composed of the following members:

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

16.2. Supervisory Board

In the 1st half of 2006, the composition of the Supervisory Board of Echo Investment SA has changed. On May 30, 2006 the following persons resigned from their functions in the Supervisory Board of Echo Investment SA: Mr. Mariusz Gromek and Mr. Artur Kłoczko. On the same day, i.e. on May 30, 2006 the Ordinary General Meeting of Shareholders of Echo Investment SA appointed two new Members of the Supervisory Board. The present members of the Supervisory Board are as follows:

Wojciech Ciesielski, Chairman of the Supervisory Board,
Mariusz Waniółka, Deputy Chairman of the Supervisory Board,
Robert Oskard, Member of the Supervisory Board,
Karol Żbikowski, Member of the Supervisory Board,
Kamil Latos, Member of the Supervisory Board,
Tomasz Kalwat, 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. Powers of members of managing bodies

The powers 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 June 30, 2006 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 June 30, 2006, 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.

19.1 Remuneration paid to members of managing bodies

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 during the first half of 2006:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 500 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 444 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 418 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 352 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total compensation of PLN 162 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies,

19.2 Remuneration paid to members of supervisory bodies

Supervisors of Echo Investment SA received the following compensation from Echo Investment S.A. on account of their supervisory functions for the Company during the 1st half of 2006:

- Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 7 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniółka received compensation from Echo Investment S.A. in the total amount of PLN 5 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Robert Oskard received compensation from Echo Investment S.A. in the total amount of PLN 3 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Karol Żbikowski received compensation from Echo Investment S.A. in the total amount of PLN 3 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. as on June 30, 2006 is 10,500,000.

On May 30, 2006 the Ordinary General Meeting of Shareholders passed a resolution no. 19 on the split of shares through dividing their nominal values in the proportion of 1:4 so that the current PLN 2 nominal value of each share is now determined as PLN 0.50 (fifty grosz) per share. The number of shares after the split shall be 42,000,000.

Another resolution no. 20 was passed on introduction of series A shares, founder shares, to trade on the regulated market and dematerialization. As on the date of the Ordinary General Meeting of Shareholders, these shares were in the form of document.

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 30.06.2006 is illustrated in the table below:

| Supervising person | Status as on 30.06.2006 | Nominal value of one share | Nominal value total | Percentage of share capital |
|---|-------------------------|----------------------------|---------------------|-----------------------------|
| Wojciech Ciesielski , Chairman of the Supervisory Board, | 36.000 | PLN 2.00 | PLN 72,000 | 0,34% |
| Mariusz Waniółka , Deputy Chairman of the Supervisory Board, | did not hold any shares | – | – | – |
| Robert Oskard , Member of the Supervisory Board, | did not hold any shares | – | – | – |
| Karol Żbikowski , Member of the Supervisory Board. | did not hold any shares | – | – | – |
| Kamil Latos , Member of the Supervisory Board* | did not hold any shares | – | – | – |

| | | | | |
|---|-------------------------|---|---|---|
| Tomasz Kalwat , Member of the Supervisory Board* | did not hold any shares | - | - | - |
|---|-------------------------|---|---|---|

** member of the Supervisory Board of Echo Investment SA, appointed by the Ordinary General Meeting of Shareholders on May 30, 2006*

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 30.06.2006 is illustrated in the table below:

| Managing person | Status as on 30.06.2006 [pcs.] | Nominal value of one share | Nominal value total | Percentage of share capital |
|--|--------------------------------|----------------------------|---------------------|-----------------------------|
| Andrzej Majcher , President of the Management Board, | 2.520 | PLN 2.00 | PLN 5,040 | 0,02% |
| 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 30.06.2006, 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 30.06.2006:

| 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 NN Polska* | 1.040.000 | 9,90% | 1.040.000 | 9,90% |
| PZU Złota Jesień PTE* | 927.343 | 8,83% | 927.343 | 8,83% |
| Commercial Union PTE* | 806.504 | 7,68% | 806.504 | 7,68% |
| Artur Kłoczko | 526.069 | 5,01% | 526.069 | 5,01% |

*Balance according to the structure of portfolios of the OFEs (Open Pension Funds) 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 for review of the financial statement in the first half of 2006 equals PLN 41,400 and for review of the consolidated financial statement in the first half of 2006 – PLN 40,500. The same data for the equivalent period of the preceding year is: PLN 41,400 and PLN 40,500, respectively.

Other total contractual compensation due on account of other services may apply to:

- compensation for verifying correctness of transformation of consolidated subsidiaries' data into the IAS if such subsidiaries had previously been preparing their financial statements according to the Polish Accounting Standards, in the amount of PLN 1,900 for each company requiring such verification, but no more than PLN 45,000 per year. This compensation, paid in 2005, equaled PLN 45,000.
- costs of assignments borne by BDO Polska Sp. z o.o. with regard to the performance of the order, whose value according to the contract in force may not exceed PLN 21,000 per year. The compensation paid in 2005 for delegation costs equaled PLN 15,910.

Kielce, September 25, 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 semi-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 semi-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 semi-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, September 25, 2006

Signatures of the Management Board of Echo Investment S.A.

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

