

ANNUAL REPORT 2006

Individual financial statement of Echo Investment S.A.

Kielce, April 26, 2007

Letter to Shareholders, Partners and Clients

Dear Madam, Dear Sir,

The year 2006 was truly successful for Echo Investment SA. The Company's profit was a record-breaker as compared to the whole history of operations, equaling PLN 80.7 million, and PLN 278 million for the entire Capital Group. Echo Investment's strategy, based on the assumption of sustainable development of all sectors of our operations – apartments, offices, hotels, shopping and entertainment centers – yielded the desired results and enabled us to take advantage of economic prosperity.

In 2006, we continued investment projects launched earlier, we handed over a number of projects, we launched our next developments, and we obtained land so as to complement the development potential of all sectors of our operations. We have reinforced our position as a regional developer through investing in larger cities. We have also marked our presence in local markets through executing and preparing projects in several smaller towns. The most significant event during the last year, of historical importance for the Company, was the launching of international operations – we have prepared the largest of all our projects ever since, consisting in erection of a multifunctional building complex, in the capital city of Hungary. When the investment project is completed, this complex will function as a new center of one of the districts of Budapest.

In 2007 and later on, we are going to consequently put our strategic goals into practice through active development on local and regional markets. We highly emphasize our development in the international real estate market, focusing on Central and Eastern Europe countries.

The most important immediate task of the Management Board will be to properly prepare our organization to the goals that have been set so that to assure the desired profit and appreciation of assets for the Shareholders, Partners and Clients.

On behalf of the Management Board, I would like to thank all those who have contributed to strengthening the Company's position on the market. These outstanding results would have been very difficult to achieve without the passion, involvement and huge effort of the whole team.

Yours sincerely,

Jarosław Grodzki
President of the Management Board

POLISH FINANCIAL SUPERVISION AUTHORITY

Annual Report R 2006

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

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

For the present financial year 2006, covering the period from January 1, 2006 to December 31, 2006
including an IAS financial statement

currency of the report: PLN
April 30, 2007

dated

(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 – Statistical Company Number)	(WWW)	

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

The annual report consists of:

- ☐ Report by a certified auditor of financial statements of a review of annual financial statement
- ☒ Opinion and report by a certified auditor of financial statements on audit of the annual financial statement
- ☒ _Annual financial statement
- ☒ Introduction ☒ Statement of changes in equity
- ☒ 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	thousands PLN		thousand EUR	
	2006	2005	2006	2005
I. Net income from sales of products, goods and materials	259 237	228 476	66 487	56 789
II. Profit (loss) from operating activity	65 545	30 991	16 810	7 703
III. Gross profit (loss)	91 634	11 189	23 501	2 781
IV. Net profit (loss)	80 754	9 523	20 711	2 367
V. Net cash flows on operating activity	19 385	(38 885)	4 972	(10 864)
VI. Net cash flows on investment activity	45 911	140 071	11 775	34 815
VII. Net cash flows on financial activity	2 554	(37 447)	655	(9 308)
VIII. Net cash flows total	67 850	63 739	17 401	15 843
IX. Assets total	1 041 054	878 410	271 731	227 579
X. Liabilities and provisions for liabilities	614 456	554 875	160 382	143 757
XI. Long-term liabilities	252 049	232 328	65 789	60 192
XII. Short-term liabilities	344 478	293 308	89 914	75 990
XIII. Equity	404 050	323 296	105 463	83 760
XIV. Initial capital	21 000	21 000	5 481	5 219
XV. Number of shares (pcs.)	42 000 000	42 000 000	42 000 000	42 000 000
XVI. Profit (loss) per one ordinary share (in PLN/EUR)	1,92	0,91	0,49	0,21
XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR)	1,92	0,91	0,49	0,21
XVIII. Book value per one share (in PLN/EUR)	9,62	7,70	2,51	1,99
XIX. Diluted book value per one share (in PLN/EUR)	9,62	7,70	2,51	1,99
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 immovable 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, 2006 to December 31, 2006, as compared to the period from January 1, 2005 to December 31, 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 were members of the Management Board of Echo Investment S.A. as on December 31, 2006: 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. Both the financial statement and the comparable financial information contains combined data, because the structure of "Echo Investment" S.A. comprises Echo Investment S.A.'s representative office in Ukraine, the latter being an internal unit of organization that prepares its own independent financial statement. 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. Tangible assets

Fixed assets are interpreted as immovable 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 thousand 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 immovable 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 immovable 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 thousand, 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

Shares in other companies are valued according to acquisition prices, less 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. Inventories

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. Accounts Receivable

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 6-month period and each consecutive year according to the following criteria:

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

In 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 in 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 in 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 according to 'depreciated cost of liabilities component', in accordance with IAS 39.

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 amount 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 'Borrowing Costs'. 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.

The data contained in the financial statement for the period from January 1, 2006 to December 31, 2006 is comparable to the data contained in the statement for the period from January 1, 2005 to December 31, 2005.

Basic data converted to EURO:

Selected financial data	thousands PLN		thousands EUR	
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I. Net income from sales of products, goods and materials	259 237	228 476	66 487	56 789
II. Profit (loss) from operating activity	65 545	30 991	16 810	7 703
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VIII. Net cash flows total	67 850	63 739	17 401	15 843
IX Assets total	1 041 054	878 410	271 731	227 579
X. Liabilities and provisions for liabilities	614 456	554 875	160 382	143 757
XI. Long-term liabilities	252 049	232 328	65 789	60 192
XII. Short-term liabilities	344 478	293 308	89 914	75 990
XIII. Equity	404 050	323 296	105 463	83 760
XIV. Initial capital	21 000	21 000	5 481	5 219
XV. Number of shares (pcs.)	42 000 000	42 000 000	42 000 000	42 000 000
XVI. Profit (loss) per one ordinary share (in PLN/EUR)	1,92	0,91	0,49	0,21
XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR)	1,92	0,91	0,49	0,21
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XX. 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 December 31, 2006 1 EUR = PLN 3.8312, as on December 31, 2005 1 EUR = PLN 3.8598,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to December 31, 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 3.8991. For the period from January 1 to December 31, 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 4.0233.

Balance sheet (in thousands PLN)

balance as on	Note	2006	2005
Assets			
1. Fixed assets			
1.1. Intangible assets	1	89	58
1.2. Tangible assets	2	45 475	50 263
1.3. Long-term investments	3	376 976	233 829
1.3.1. Real estate		102 834	13 990
1.3.2. Long-term financial investments		274 141	219 839
1.4. Assets on account of deferred income tax	4	16 908	15 479
		439 447	299 629
2. Current assets			
2.1. Inventories	5	230 090	213 559
2.2. Short-term receivables	6	191 563	246 339
2.3. Short-term financial investments	7	47 768	46 489
2.3.1. In affiliated companies		47 258	46 481
2.3.2. In other companies		510	8
2.4. Cash and cash equivalents	7	131 909	72 231
2.5. Short-term accruals		277	163
		601 607	578 781
			-
Assets total		1 041 054	878 410
Liabilities			
1. Equity			
1.1. Initial capital	8	21 000	21 000
1.2. Supplementary capital	9	298 213	288 690
1.3. Profit (loss) brought forward		4 083	4 083
1.4. Net profit (loss)		80 754	9 523
		404 050	323 296
2. Reserves			
2.1.1. Reserve for deferred income tax	10	22 548	14 056
2.2.4. Reserves		17 929	15 421
		40 477	29 477
3. Liabilities			
3.1. Long-term liabilities	11	252 049	232 328
3.2. Short-term liabilities	12	344 478	293 308
3.2.1. To affiliated companies		38 487	4 872
3.2.2. To other companies		305 982	288 431
3.2.3. Special funds		9	5
		596 527	525 636
Liabilities total		1 041 054	878 410
Book value			
Book value		404 050	323 296
Number of shares		42 000 000	42 000 000
Book value per one share (in PLN)		9,62	7,70
Estimated number of shares		42 000 000	42 000 000
Diluted book value per one share (in PLN)		9,62	7,70

Off-balance items (in thousands PLN)

	note	2006	2005
1. Contingent receivables		-	-
2. Contingent liabilities	13		
2.1. To affiliated companies (on account of)		442 131	17 020
- granted guarantees and sureties		442 131	17 020
2.2. To other companies (on account of)		21 725	4 493
- granted guarantees and sureties		21 725	4 493
		463 856	21 513
3. Other (on account of)			
- purchase of land property in Radom		-	2000
- other agreements		-	775
- court proceedings against Echo Investment		737	771
		737	3 546
Total		464 593	25 059

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 thousand.

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 thousand.

3. Surety as of December 2006 for liabilities of the subsidiary Echo – Galaxy Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa (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 383,120 thousand as on December 31, 2006.

4. Surety as of June 20, 2006 for the liabilities of Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa (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 49,806 thousand as on December 31, 2006.

5. Bank guarantee as of August 24, 2004 to PeKaO Spółka Akcyjna Bank for an amount of PLN 3,831 thousand, 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 December 31, 2006 the value of the guarantee is PLN 17,894 thousand.

Statement of changes in equity (in thousands PLN)

	Initial capital	Supplementa ry capital	Profit (loss) carried forward	Profit (loss) of the current year	Equity total
Balance as on January 1, 2006	21 000	288 690	13 606	-	323 296
changes in applied accounting principles	-	-	-	-	-
corrections of basic errors	-	-	-	-	-
Balance as on January 1, 2006, 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	-	-	-	80 754	80 754
Changes total	-	9 523	(9 523)	80 754	80 754
Balance as on December 31, 2006	21 000	298 213	4 083	80 754	404 050
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

Profit and loss account (thousands PLN)

	note	2006	2005
Operating income	14	259 237	228 476
Operating costs	15	(195 419)	(177 966)
Gross profit (loss) on sales		63 818	50 510
Profit (loss) on sales of immovable property		3 890	29 873
Revaluation of non-financial assets		(12 273)	(22 682)
Costs of sales		(9 818)	(7 561)
Overheads		(30 915)	(15 231)
Other operating income / costs	16	50 842	(3 918)
Profit before tax and financial income/costs		65 545	30 991
Financial income	17	53 979	38 480
Financial costs	18	(27 890)	(58 282)
Gross profit		91 634	11 189
Income tax	19	(10 880)	(1 665)
a) current portion		(3 817)	(12 695)
b) deferred portion		(7 063)	11 030
Net Profit	20	80 754	9 523
Net profit (loss) (annualized)		80 754	9 523
Weighted average number of ordinary shares		42 000 000	42 000 000
Profit (loss) per one ordinary share (in PLN)		1,92	0,23
Weighted average diluted number of ordinary shares		42 000 000	42 000 000
Diluted profit (loss) per one ordinary share (in PLN)		1,92	0,23

Cash flow statement (thousands PLN)

	note	2006	2005
Cash flows on operating activity – indirect method			
I. Net profit (loss)		80 754	9 523
II. Corrections			
1. Shares in net (profit) loss of subsidiaries valuated according to ownership rights method		-	-
2. Depreciation		3 144	2 648
3. Foreign exchange gains/losses		8 171	4 812
4. Interest and shares in profits (dividends)		(23 038)	(1 593)
5. (Profit) loss on investment activity		(44 339)	(495)
6. Change in reserves		11 000	7 679
7. Change in inventories		(114 753)	294
8. Change in receivables		54 287	(118 707)
9. Change in short-term liabilities, except for loans and credits		38 414	67 846
10. Change in accruals		3 313	(11 192)
11. Other adjustments	21	2 433	-
		(61 369)	(48 408)
Net cash flows on operating activity		19 385	(38 885)
Cash flows on investment activity			
I. Income			
1. Sales of intangible assets and fixed assets		202	75
2. Sales of investments in immovable property and in intangible assets		70 257	69 151
3. From financial assets, including:		73 386	85 063
a) in affiliated companies		73 294	85 047
- sales of financial assets		-	-
- dividends and shares in profits		42 160	25 299
- repayment of granted loans		27 123	53 276
- interest		4 011	3 365
- other income from financial assets		-	3 107
b) in other companies		91	16
- sales of financial assets		91	-
- dividends and shares in profits		-	-
- repayment of granted loans		-	16
- interest		-	-
- other income from financial assets		-	-
4. Other income from investments		-	-
		143 846	154 288

Cash flow statement ctd. (thousands PLN)

	note	2006	2005
II. Expenditure			
1. Acquisition of intangible assets and fixed assets		4 692	6 379
2. Investments in immovable property and in intangible assets		9 630	132
3. On financial assets, including:		83 415	7 707
a) in affiliated companies		83 415	7 707
- acquisition of financial assets		38 715	7 707
- granted long-term loans		44 700	-
b) in other companies		-	-
- acquisition of financial assets		-	-
- granted loans		-	-
4. Other investment expenditure		197	-
		97 934	14 218
Net cash flows on investment activity		45 911	140 071
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		526	10 276
3. Issue of debenture bonds		373 223	157 242
4. Other financial income		-	-
		373 749	167 517
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. Repayments of loans and credits		83 051	71 258
5. Redemption of debenture bonds		265 000	110 000
6. On account of other financial liabilities		-	-
7. Payments of liabilities on account of financial lease contracts		-	-
8. Interest		23 145	23 706
9. Other financial expenses		-	-
		371 196	204 965
Net cash flows on financial activity		2 554	(37 447)
Net cash flows total		67 850	63 739
Difference in cash balances, including:		59 678	58 927
- change in cash balance on account of exchange rate gain/loss		(8 171)	(4 812)
Cash at the beginning of period		72 231	13 304
Cash at the end of period, including:	22	140 080	72 231
- with limited disposability		57 333	-

Additional explanatory notes

Note 1A

Intangible assets	2006	2005
a) costs of finished development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	77	46
- computer software	74	46
d) other intangible assets	12	12
e) advances for intangible assets	-	-
Intangible assets total	89	58

NOTE 1B

Change in the value of intangible assets (according to type groups) (thousands PLN)

	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)	397	393	-	-	-	397
- purchase	397	393				397
c) decreases (on account of)	-	-	-	-	-	-
- sale	-	-	-	-	-	-
d) gross value of intangible assets at the end of period	1 705	1 657	28	-	-	1 733
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	366	364	-	-	-	366
- sale	-	-	-	-	-	-
	366	364	-	-	-	366

Change in the value of intangible assets ctd. (according to type groups) (thousands PLN)

	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	1 628	1 583	15	-	-	1 644
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	77	74	12	-	-	89

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 December 31, 2006

Note 2A

Tangible assets (thousands PLN)	2006	2005
a) fixed assets, including:	45 433	50 262
- land (including the right to perpetual usufruct of land)	3 512	3 538
- buildings, premises and civil engineering structures	33 045	40 447
- technical equipment and machines	506	478
- means of transport	8 298	5 712
- other fixed assets	72	87
b) fixed assets under construction	41	-
c) advances for fixed assets under construction	-	-
Non-current assets total	45 474	50 262

NOTE 2B**Change in the value of fixed assets (according to type groups)
(thousands PLN)**

	- 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	-	139	473	4 099	62	4 773
- transfer from fixed assets under construction	-	-	-	-	-	-
	-	139	473	4 099	62	4 773
c) decreases (on account of)						
- sale	-	255	7	543	35	840
	-	255	7	543	35	840
						-
d) gross value of fixed assets at the end of period	3 678	44 342	3 411	11 978	2 071	65 480
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	26	773	445	1 409	67	2 720
- sale	-	-	7	439	25	471
	26	773	438	970	42	2 249

**Change in the value of fixed assets ctd. (according to type groups)
(thousands PLN)**

	- 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	166	4 783	2 905	3 681	1 998	13 534
h) write-offs due to permanent loss in value at the beginning of the period	-	-	-	-	-	-
- increase	-	-	-	-	-	-
- decrease	-	6 513	-	-	-	6 513
i) write-offs due to permanent loss in value at the end of the period	-	6 513	-	-	-	6 513
j) net value of fixed assets at the end of period	3 512	33 045	506	8 298	72	45 434

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

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

The amount of contractual liabilities incurred on account of acquisition of non-current assets is: 454 thousands
PLN

Note 3A

Change in real estate investments (in thousands PLN)	2006	2005
A) gross value of investments in immovable property at the beginning of period	14 302	48 773
a) increases (on account of)		
- purchase	8 618	110
- transfer from fixed assets	-	145
- transfer from inventories	98 223	292
- transfer from fixed assets under construction	-	23
	106 841	570
b) decreases (on account of)		
- sale	66 642	35 041
	66 642	35 041
B) gross value of investments in immovable property at the end of period	54 501	14 302
D) valuation to fair value at the beginning of period	(260)	5 091
a) increases	59 008	1 315
b) decreases (on account of)		
- sale	(4 124)	4 259
- valuation	(6 202)	2 407
	(10 326)	6 666
E) valuation to fair value at the end of period	48 422	(260)
F) depreciation	52	8
- decrease - sale	(23)	(11)
- increase - scheduled depreciation	59	55
G) depreciation at the end of the period	88	52
Net value of fixed assets at the end of period	102 835	13 990

Note 3B

Amounts disclosed in the profit and loss account (thousands PLN)	2006	2005
income from lease rent pertaining to investment immovable property	2 134	4 953
direct operating costs (including costs of repairs and maintenance) pertaining to the investment immovable property that yielded income from lease rent during a given period	621	1 271
direct operating costs (including costs of repairs and maintenance) pertaining to the investment immovable property that did not yield income from lease rent during a given period	-	-

Note 3C

Long-term financial assets (thousands PLN)	2006	2005
a) in subsidiaries		
- shares or stocks	223 786	190 151
- debt securities	-	-
- other securities (according to type)	-	-
- granted loans	26 890	10 446
- other long-term financial assets (according to type)	12 466	6 732
- advances for shares	12 466	6 732
	263 142	207 329
b) in partially owned subsidiaries		
- shares or stocks	349	1 500
- debt securities	-	-
- other securities (according to type)	-	-
- granted loans	-	-
- other long-term financial assets (according to type)	-	-
- advances for shares	-	-
	349	1 500
c) in associated companies		
- shares or stocks	10 650	10 993
	10 650	10 993
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies		
- granted loans	-	16
	-	16
Long-term financial assets total	274 141	219 838

Basic data of largest long-term loans (in thousands PLN)

Name of the other party	Amount	Interest rate	Due date
Athina Park Sp. z o.o	16 355	collateral loan rate + margin	31.12.2008
Echo - Centrum Biznesu Łódź Sp. z o.o.	6 276	collateral loan rate + margin	28.06.2012
Centrum Bankowości i Finansów Łódź Sp. z o.o.	3 397	collateral loan rate + margin	31.12.2011
Projekt S Sp. z o.o.	862	fixed 5% + adjustment according to USD exchange rate	19.08.2008
Total:	26 890		

Registered pledge was established on the shares of MDP Sp z o o in the value of PLN 16,019 thousand as a collateral of MDP SP z o. o.'s debt owed 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 thousand as a collateral of MDP SP z o. o.'s debt owed PeKaO S.A. bank. The maximum value of collateral is USD 6,773,000.

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 thousand, 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 thousand 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 thousand, as a collateral of credit granted to the 'Echo Investment - Centrum Handlowe Przemysł' Sp. z o.o. subsidiary by Bank Śląski S.A. in the amount of 2,850 thousand 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 thousand, 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 thousand USD.

Registered pledge was established on current and future shares of 'Echo - Galaxy Sp. z o.o.' Sp. K. ['Echo - Galaxy Co., Ltd.] Limited Partnership (formerly 'Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin' Sp. z o.o. ['Echo Investment - Szczecin Shopping and Entertainment Center Co., Ltd.]), amounting to PLN 35,882 thousand, as a collateral of credit granted to the subsidiary by Eurohypo Aktiengesellschaft Europäische Hypothekenbank der Deutsche Bank in the amount of 66,300 thousand EUR.

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

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

- Echo Investment - Centrum Handlowe Piotrków Trybunalski Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center Co., Ltd.] with a value of PLN 6,510 thousand
- Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. [Echo Investment - Pabianice Shopping Center Co., Ltd.] with a value of PLN 10,526 thousand
- Echo Investment - Centrum Handlowe Radom Sp. z o.o. [Echo Investment - Radom Shopping Center Co., Ltd.] with a value of PLN 11,730 thousand

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 thousand EUR.

Registered pledge was established on the shares of 'Athina Park' Sp. z o.o. ['Athina Park' Co., Ltd.], amounting to PLN 6,009 thousand, 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 thousand EUR.

Registered pledge was established on the shares of 'Wan - 11' Sp. z o.o. ['Wan-11' Co., Ltd.], amounting to PLN 1,500 thousand, 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 thousand 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 thousand, as a collateral of credit granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership] 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 Partnership] , amounting to PLN 11 thousand, as a collateral of credit granted to the 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Partnership] subsidiary by Eurohypo AG to the maximum amount of EUR 100 m

Note 3D

Change in long-term financial assets (according to type groups) (in thousand PLN)	2006	2005
a) balance at the beginning of the period, including:	219 838	247 178
- shares and stock	202 644	227 178
- granted long-term loans	10 462	10 500
- advances for acquisition of shares	6 732	9 500
- other long-term financial assets	-	-
b) increases (on account of)		
- acquisition of shares	33 132	6 835
- change of balance sheet qualification	19 276	-
- charging interest and foreign exchange gains / losses	2 085	795
- advances for acquisition of shares	12 466	-
- take-up of shares	-	-
- balance sheet valuation	-	197
- other	-	-
	66 960	7 827
c) decreases (on account of)		
- sale of shares	157	1 962
- change of balance sheet classification	-	-
- balance sheet valuation	835	29 405
- repayment of instalment	4 733	1 030
- settlement of advances for acquisition of shares	6 732	2 768
- balance sheet valuation of long-term loans	200	-
	12 657	35 165
d) balance at the end of the period, including:	274 141	219 838
- shares and stock	234 785	202 644
- granted long-term loans	26 890	10 462
- other long-term financial assets	12 466	6 732

Note 3E

Securities, shares and other long-term financial assets (currency structure) (in thousands PLN)	2006	2005
a) in Polish currency	183 410	202 644
b) in foreign currencies (according to currency, after conversion to zlotys)	51 375	-
- unit / currency thousand/HUF	3 239 301	
- thousands PLN	51 375	
Securities, shares and other long-term financial assets total	234 785	202 644

Note 3F

Securities, shares and other long-term financial assets (according to transferability) (in thousands PLN)	2006	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
- revaluation adjustments (for the period)	34	34
- gross value	4 810	4 810
- net (balance sheet) value	4 776	4 776
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value)	140 672	119 154
- shares:		
- revaluation adjustments (for the period)	19 797	18 962
- gross value	160 469	138 116
- net (balance sheet) value	140 672	119 154
	145 448	123 930
D. With limited transferability (balance sheet value)		
a) shares and stocks (balance sheet value):	89 337	78 714
- revaluation adjustments (for the period)	16 019	16 019
- gross value	105 356	94 733
- net (balance sheet) value	89 337	78 714
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	-
	89 337	78 714
Balance sheet net value total	234 785	202 644
Gross value total	270 635	237 659
Revaluation adjustments (for the period) total	35 850	35 015
Balance sheet value total	234 785	202 644

Note 3G

Granted long-term loans (currency structure) [thousands PLN]	2006	2005
a) in Polish currency	26 028	9 552
b) in foreign currencies (according to currency, after conversion to zlotys)	862	910
- unit / currency thousand/USD	297	279
- thousands PLN	862	910
Granted long-term loans total	26 890	10 462

Note 3H Shares in subsidiaries (in thousands PLN)

Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of relationship	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustments - initial balance	Revaluation adjustments - change	Revaluation adjustments - end balance	Balance sheet value of shares	Percentage of owned initial / share capital	Share in the total number of votes at the general meeting	Specification of other grounds for control
1	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	Szczecin	trade activity	subsidiary	full	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		255	255	65	100,00%	100,00%	none
3	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	Kielce	construction activity	subsidiary	full	1996-11-22	16 019	16 019		16 019	-	99,99%	99,99%	none
4	"Galeria Echo - Kielce" Sp. z o.o. ['Echo Arcade - Kielce' Co., Ltd.]	Kielce	developer activity	subsidiary	full	1997-04-25	51				51	99,00%	99,00%	none
5	"Wygłędów" Sp. z o.o. ['Wygłędów' Co., Ltd.]	Kielce	construction activity	subsidiary	full	1998-10-21	51	51	(51)	-	51	99,00%	99,00%	none
6	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	Kielce	developer activity	subsidiary	full	1999-10-26	2 663	1 595	141	1 736	927	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 services	subsidiary	full	1998-10-30	11 729				11 729	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 services	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 services	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 services	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 services	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	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 510				6 510	84,12%	84,12%	none

Investment – Piotrków Trybunalski Shopping Center' Co., Ltd.]											
13	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. [Echo Investment – Łódź Business Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 511	2 511	99,98%	99,98%	none
14	"Echo Investment - Centrum Handlowe Przemysław" Sp. z o.o. [Echo Investment – Przemysław Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-11-06	1 279	1 279	100,00%	100,00%	none

Note 3H Shares in subsidiaries ctd. (in thousands PLN)

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
15	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1999-02-23	2 321				2 321	99,99%	99,99%	none
16	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment - Tczew Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 514				1 514	99,99%	99,99%	none
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 services	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 services	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 services	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 Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	8 083				8 083	99,99%	99,99%	none
21	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	4 969	4 174	130	4 304	665	99,99%	99,99%	none
22	"Projekt Echo -17" Sp. z o.o. ['Project Echo -17' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 888				1 888	99,99%	99,99%	none

	['Echo Investment – Zamość Shopping Center' Co., Ltd.]		estate services	y										
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 services	subsidiary	full	1998-10-30	2 477	236	(159)	77	2 400	99,99%	99,99%	none
25	"Echo – Centrum Gdynia" Sp. z o.o. ['Echo – Gdynia Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	9 284	7 101	525	7 626	1 658	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 services	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 services	subsidiary	full	1998-10-30	8 369				8 369	99,99%	99,99%	none
28	"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

Note 3H Shares in subsidiaries ctd. (in thousands PLN)

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
29	"Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	6 009				6 009	99,99%	99,99%	none
30	"Echo Centrum Ślichowice" Sp. z o.o. ['Echo Ślichowice Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 508				2 508	99,99%	99,99%	none
31	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	2 007				2 007	99,99%	99,99%	none
32	"Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
3	"Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	1 008				1 008	99,99%	99,99%	none
34	"Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
35	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,99%	99,99%	none
36	"Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
37	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
38	"EchoBau" Sp. z o.o. ['EchoBau' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	52				52	100,00%	100,00%	none
39	"Projekt Echo -39" Sp. z o.o. ['Project Echo -39' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	1998-10-30	51				51	99,00%	99,00%	none
40	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening	Poznań	orcharding activity	subsidiary	ownership	2000-05-11	40 676	5 702		5 702	34 974	100,00%	100,00%	none

Enterprise' Co., Ltd.]				rights							
41	"EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Co., Ltd.]	Kielce	property management	subsidiary	full	1998-10-27	50	50	99,00%	99,00%	none
42	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2004-03-23	6 402	6 402	63,00%	63,00%	none
43	"Echo - Pasaż Grunwaldzki" Sp. z o.o. Sp.K. ['Echo - Grunwaldzki Arcade' Co., Ltd. Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2005-08-30	11	11	90,00%	90,00%	none
44	"Hotel Investment" Sp. z o.o. Sp.thousand. ['Hotel Investment' Co., Ltd. Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2005-09-27	12	12	90,00%	90,00%	none

Note 3H Shares in subsidiaries ctd. (in thousands PLN)

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
45	“Wan 11” Sp. z o.o. [‘Wan 11’ Co., Ltd.]	Warsaw	construction activity and real estate services	partially owned subsidiary	full	2004-03-08	1 500				1 500	50,00%	50,00%	none
46	“Projekt Echo -23” Sp. z o.o. [‘Project Echo -23’ Co., Ltd.]	Kielce	processing non-ferrous metals	associated company	ownership rights	1998-10-30	11				11	37,50%	37,50%	none
47	W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.]	Warsaw	construction activity and real estate services	associated company	ownership rights	2002-04-18	10 639				10 639	43,45%	43,45%	none
48	“SPC” S.A. [‘SPC’ Joint Stock Company]	Warsaw	managing other companies	associated company	ownership rights	1996-03-26	34	34		34	-	34,00%	34,00%	none
49	Wan - Invest Sp. z o.o. [Wan - Invest Co., Ltd.]	Warsaw	construction activity and real estate services	associated company	ownership rights		446	103	(6)	97	349	50,00%	50,00%	none
50	“Projekt Echo - 41” Sp. z o.o. [“Project Echo - 41” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
51	“Projekt Echo - 42” Sp. z o.o. [“Project Echo - 42” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
52	“Projekt Echo - 43” Sp. z o.o. [“Project Echo - 43” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
53	“Projekt Echo - 44” Sp. z o.o. [“Project Echo - 44” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none
54	“Projekt Echo - 45” Sp. z o.o. [“Project Echo - 45” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-04-21	51				51	99,00%	99,00%	none

55	„Echo – Galaxy Sp. z o.o.” Sp.thousand. [„Echo – Galaxy Co., Ltd.” Limited Partnership], 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 services	subsidiary	full	2006-06-29	35 882				35 882	99,99%	99,99%	none
56	„Echo Investment Hungary” Kft	Budapest	construction activity and real estate services	subsidiary	full	2006-04-24	47				47	100%	100%	none
57	“Echo – Centrum Poznań” Sp. z o.o. [“Echo – Poznań Center” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-08-31	32 722				32 722	100%	100 %	none
58	„Projekt 2 – Echo Hungary” Kft	Budapest	construction activity and real estate services	subsidiary	full	2006-11-07	54				54	100%	100%	none

Note 3H Shares in subsidiaries ctd. (in thousands PLN)

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
59	“Projekt Echo – 46” Sp. z o.o. [“Project Echo – 46” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	2				2	99,90%	99,90%	none
60	“Projekt Echo – 47” Sp. z o.o. [“Project Echo – 47” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	2				2	99,90%	99,90%	none
61	“Projekt Echo – 48” Sp. z o.o. [“Project Echo – 48” Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	2006-11-21	2				2	99,90%	99,90%	none
62	“Projekt Echo -41” Sp. z o.o. Sp.K. [“Project Echo -41” Co., Ltd., Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
63	“Projekt Echo -42” Sp. z o.o. Sp.K. [“Project Echo -42” Co., Ltd., Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none
64	“Projekt Echo -45” Sp. z o.o. Sp.K. [“Project Echo -45” Co., Ltd., Limited Partnership]	Kielce	construction activity and real estate services	subsidiary	full	2006-09-27	11				11	99,00%	99,00%	none

65	„Echo Investment Projekt 1” S.R.L.	Bucharest	construction activity and real estate services	subsidiar y	full	2006-02-27	4		4	100%	100%	none
Total							270 635	35 015	835	35 850	234 785	

Changes in the values of shares revaluation adjustments were disclosed in the result in 2006 under revaluation of investments in financial income / costs.

	thousand
The costs also included the amount of established revaluation write-off on account of loss of value equaling	1 051,00 PLN
The income included the amount of reversal of revaluation write-off on account of loss of value equaling	216,00 thousand PLN

Note 3I Shares in subsidiaries (in thousands PLN)

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]	10 402	2 519	-	5 095	2 788	-	2 788	5 009	243	920	404	-	404	15 411	7 651	-	-
2	"Piomot Auto" Sp. z o.o. [Piomot Auto' Co., Ltd.]	65	150	-	-	(85)	(76)	(9)	1 748	-	91	-	-	-	1 814	-	-	-
3	"M.D.P." Sp. z o.o. [M.D.P.' Co., Ltd.]	19 835	16 004	-	382	3 449	3 910	(461)	49 781	30 131	18 139	216	-	216	69 616	7 140	-	-
4	"Galeria Echo - Kielce" Sp. z o.o. [Echo Arcade – Kielce' Co., Ltd.]	51	50	-	1	-	-	(1)	1	-	1	-	-	-	64	-	-	-
5	"Wyględów" Sp. z o.o. [Wyględów' Co., Ltd.]	52	50	-	2	-	-	-	1	-	-	-	-	-	53	-	-	-
6	"Princess Investment" Sp. z o.o. [Princess Investment' Co., Ltd.]	927	1 600	-	-	(673)	(554)	(119)	2 457	-	2 457	181	-	181	3 384	1	-	-
7	"Echo Investment Centrum Handlowe Radom" Sp.z o.o. [Echo Investment Radom Shopping Center' Co., Ltd.]	39 810	14 102	-	13 647	12 061	6 898	5 163	48 081	42 311	3 188	90	-	90	87 890	12 045	-	-
8	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. [Echo Investment – Tarnów Shopping Center' Co., Ltd.]	28 123	12 894	-	11 967	3 262	(1 711)	4 973	20 808	15 211	4 948	381	-	381	48 931	13 178	-	-
9	"Echo Investment – Centrum Handlowe Jelenia Góra" Sp.z o.o. [Echo Investment Jelenia	31 428	11 057	-	16 443	3 928	(345)	4 273	14 793	9 527	4 542	129	-	129	46 222	12 256	-	-

	Góra Shopping Center Co., Ltd.]																	
10	"Echo Investment Centrum Handlowe Siemianowice" Sp. z o.o. [Echo Investment Siemianowice Shopping Center' Co., Ltd.]	14 518	5 289	-	8 355	875	(100)	975	730	-	-	73	-	73	15 249	-	-	-
11	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. [Echo Investment - Bełchatów Shopping Center' Co., Ltd.]	18 130	8 524	-	7 557	2 049	-	2 049	7 015	4 307	2 447	63	-	63	25 145	5 325	-	-
12	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. [Echo Investment - Piotrków Trybunalski Shopping Center' Co., Ltd.]	35 093	11 420	-	13 431	10 242	6 091	4 151	42 922	37 836	3 148	74	-	74	78 015	10 859	-	-

Note 3I Shares in subsidiaries ctd. (in thousands PLN)

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								
13	Echo - Centrum Biznesu Łódź Sp. z o.o. [Echo - Business Center Łódź Co., Ltd.]	13 529	2 504	-	3 865	7 160	5 275	1 885	26 930	20 605	5 206	147	-	147	40 460	5 499	-	-
14	"Echo Investment - Centrum Handlowe Przemysł" Sp. z o.o. [‘Echo Investment - Przemysł Shopping Center’ Co., Ltd.]	11 232	3 784	-	4 795	2 653	(277)	2 930	9 229	5 332	3 869	21	-	21	20 460	3 434	-	-

15	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Co., Ltd.]	15 227	5 789	-	9 006	432	(554)	986	750	-	-	77	-	77	15 977	-	-	-
16	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment - Tczew Shopping Center' Co., Ltd.]	12 645	3 583	-	7 459	1 603	766	837	445	-	8	114	-	114	13 090	-	-	-
17	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Co., Ltd.]	8 232	5 718	(2 717)	81	5 152	2 309	2 842	22 037	15 090	4 453	36	-	36	30 270	5 577	-	-
18	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Co., Ltd.]	28 200	13 311	-	6 542	8 348	5 313	3 035	37 464	32 561	2 893	80	-	80	65 665	9 372	-	-
19	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment - Piła Shopping Center' Co., Ltd.]	11 751	4 442	-	5 430	1 878	1 123	755	624	-	1	37	-	37	12 375	-	-	-
20	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Co., Ltd.]	19 642	10 044	-	7 316	2 282	1 539	743	950	-	161	8	-	8	20 592	-	-	-
21	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	650	7 782	-	-	(7 132)	(7 046)	(86)	2 657	-	2 657	2	-	2	3 307	2	-	-
22	"Projekt Echo -17" Sp. z o.o. ['Project Echo -17']	50	50	-	10	(10)	(5)	(5)	-	-	-	4	-	4	50	-	-	-

23	Co., Ltd.] "Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment – Zamość Shopping Center' Co., Ltd.]	16 769	4 543	-	11 695	531	(729)	1 260	470	-	-	62	-	62	17 238	-	-	-
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Note 3I Shares in subsidiaries ctd. (in thousands PLN)

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							
24	"Echo Investment - Centrum Handlowo – Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment – Gliwice Shopping, Service and Entertainment Center' Co., Ltd.]	2 400	3 436	-	-	(1 036)	(1 220)	184	1 027	-	1 012	54	-	54	3 427	4	-	-
25	"Echo – Centrum Gdynia" Sp. z o.o. ['Echo – Gdynia Center' Co., Ltd.]	1 658	9 270	-	-	(7 612)	(7 087)	(525)	1 994	-	1 994	23	-	23	3 652	(4)	-	-
26	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Co., Ltd.]	6 753	6 781	-	-	(29)	(40)	11	348	-	348	-	-	-	7 101	24	-	-
27	"Echo Investment - Centrum Handlowo – Rozrywkowe Kielce" Sp. z o.o. ['Echo Investment – Kielce Shopping and Entertainment Center' Co., Ltd.]	36 358	32 132	-	3 182	1 044	-	1 044	1 934	-	13	279	-	279	38 292	-	-	-
28	"Echo Acc" Sp. z o.o. ['Echo Acc' Co., Ltd.]	811	50	-	568	194	-	194	1 127	-	127	67	-	67	1 939	3 199	-	-

29	"Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.]	12 407	6 000	-	956	5 451	-	5 451	93 564	72 085	20 479	425	-	425	105 972	15 649	-	-
30	"Echo Centrum Ślichowice" Sp. z o.o. ['Echo Ślichowice Center' Co., Ltd.]	2 825	2 500		222	103		103	-	-	-	2	-	2	2 903	-	-	-
31	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.]	2 076	2 000	-	22	53	-	53	6 867	-	6 867	57	-	126	8 943	174	-	-
32	"Projekt Echo -30" Sp. z o.o. ['Project Echo -30' Co., Ltd.]	54	50	-	4	-	-	-	1	-	-	-	-	-	56	-	-	-
33	"Echo - Arena" Sp. z o.o. ['Echo - Arena' Co., Ltd.]	1 124	1 000	-	87	37	-	37	31	-	-	2	-	2	1 155	-	-	-
34	"Echo - Galaxy" Sp. z o.o. ['Echo - Galaxy' Co., Ltd.]	397	50	-	4	343	-	343	2	-	-	6	-	6	399	-	-	-
35	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Co., Ltd.]	52	50	-	4	(2)	-	(2)	1	-	1	1	-	1	53	-	-	-
36	"Projekt Echo -34" Sp. z o.o. ['Project Echo -34' Co., Ltd.]	54	50	-	4	-	-	-	2	-	-	-	-	-	55	-	-	-
37	"Projekt Echo -37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	54	50	-	4	-	-	-	1	-	-	0	-	0	56	-	-	-
38	"Echo Bau" Sp. z o.o. ['Echo Bau' Co., Ltd.]	52	50	-	3	(1)	(1)	-	1	-	-	-	-	-	54	-	-	-

Note 3I Shares in subsidiaries ctd. (in thousands PLN)

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							
39	“Projekt Echo -39” Sp. z o.o. [‘Project Echo -39’ Co., Ltd.]	52	50	-	4	(2)	-	(2)	2	-	-	0	-	0	54	-	-	-

40	"Zakłady Ogrodnicze Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.]	419	13 000		602	(13 183)	(12 452)	(731)	12 611	-	12 477	457	-	457	13 029	3 673	-	-
41	"EST-ON Property Management" Sp. z o. o. ['EST-ON Property Management' Co., Ltd.]	211	50	-	1 113	(952)	(628)	(324)	1 441	-	741	1 169	-	1 169	1 652	7 088	-	-
2	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	46	50	-	3	(7)	(4)	(4)	1 094	1 094	2	1	-	1	1 140	-	-	-
43	"Echo – Pasaż Grunwaldzki Spółka z ograniczona odpowiedzialnością" Sp.K. ["Echo – Grunwaldzki Arcade Limited Liability Company" Limited Partnership]	304	11	-	-	293	-	293	271 451	61 781	209 669	26 758	-	26 758	271 754	482	-	-
44	"Hotel Investment Spółka z ograniczona odpowiedzialnością" Sp.thousand. ['Hotel Investment Limited Liability Company' Limited Partnership]	10	11	-	-	(1)	-	(1)	30 432	-	30 432	5 427	-	5 427	30 443	-	-	-
45	"Wan 11" Sp. z o.o. ['Wan 11' Co., Ltd.]	20 377	3 000	-	16 244	1 133	-	1 133	130 344	125 898	4 446	64	-	64	150 723	17 110	-	8 500
46	Wan - Invest Sp. z o.o. [Wan -Invest Co., Ltd.]	701	760	-	-	(59)	(58)	(1)	-	-	-	24	-	24	700	20	-	-
47	"Projekt Echo -41" Sp. z o.o. ['Project Echo -41' Co., Ltd.]	48	50	-	-	-	-	(2)	-	-	-	-	-	-	48	-	-	-
48	"Projekt Echo -42" Sp. z o.o. ['Project Echo -42' Co., Ltd.]	48	48		-	-	-	(2)	-	-	-	-	-	-	48	-	-	-
49	"Projekt Echo -43" Sp. z o.o. ['Project Echo -43' Co., Ltd.]	48	50	-	-	-	-	(2)	-	-	-	-	-	-	48	-	-	-
50	"Projekt Echo -44" Sp. z o.o. ['Project Echo -44' Co., Ltd.]	48	50	-	-	-	-	(2)	-	-	-	-	-	-	48	-	-	-
51	"Projekt Echo -45" Sp. z o.o. ['Project Echo -45' Co., Ltd.]	48	50	-	-	-	-	(2)	-	-	-	-	-	-	48	-	-	-

Co., Ltd.]				
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Note 3I Shares in subsidiaries ctd. (in thousands PLN)

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				
							profit (loss) carried forward	net profit (loss)										
52	„Echo – Galaxy Sp. z o.o.” Sp.thousand. [„Echo – Galaxy Co., Ltd.” Limited Partnership], formerly Echo Investment Centrum Handlowo – Rozrywkowe Szczecin Sp. z o.o. [Echo Investment Szczecin Shopping and Entertainment Center Co., Ltd.]	373 253	36 635	-	410	336 207	228 360	107 847	177 796	160 087	17 710	2 125	-	2 125	551 049	54 077	-	34 000
53	"Echo Investment Hungary KFT	21	44	-	-	-	-	(23)	62	-	62	2	-	2	87	-	-	-
54	“Projekt Echo -41” Sp. z o.o. Sp.K. [‘Project Echo - 41’ Co., Ltd., Limited Partnership]	10	10	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-
55	“Projekt Echo -42” Sp. z o.o. Sp.K. [‘Project Echo - 42’ Co., Ltd., Limited Partnership]	10	10	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-
56	“Projekt Echo -45” Sp. z o.o. Sp.K. [‘Project Echo - 45’ Co., Ltd., Limited Partnership]	10	10	-	-	-	-	-	-	-	-	-	-	-	10	-	-	-
57	Echo – Centrum Poznań Sp. z o.o. [Echo – Poznań Center’ Co., Ltd.]	7	50	-	7	(50)	(22)	(28)	49 592		49 592	7 848	-	7 848	48 599	8	-	-
58	Projekt 2 - Echo Hungary KFT	24	46	-	11	(33)	-	(32)	5	-	5	6	-	6	29	-	-	-

59	"Projekt Echo -46" Sp. z o.o. ['Project Echo -46' Co., Ltd.]	-	-	-	-	-	-	-	50	-	50	-	-	-	50	-	-	-
60	"Projekt Echo -47" Sp. z o.o. ['Project Echo -47' Co., Ltd.]	-	-	-	-	-	-	-	50	-	50	-	-	-	50	-	-	-
61	"Projekt Echo -48" Sp. z o.o. ['Project Echo -48' Co., Ltd.]	-	-	-	-	-	-	-	50	-	50	-	-	-	50	-	-	-
62	"Echo Investment Project 1 S.R.L.	(79)	4	-	-	-	-	(83)	288	243	44	24	5	19	207	-	-	-
Shares in associated companies																		
1	"Projekt Echo -23" Sp. z o.o. ['Project Echo -23' Co., Ltd.]	21	28	-	-	(7)	(6)	(1)	-	-	-	-	-	-	21	-	-	-
2	W.A. Hotele Sp. z o.o. [W.A. Hotels Co., Ltd.]	25 573	25 537	-	31	5	-	5	7	-	7	98	-	98	25 580	154	-	-
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 (in thousands PLN)	2006	2005
1. Balance of assets on account of deferred income tax at the beginning of the period, including:		
a) applied to the financial result	15 479	5 904
Tangible assets	-	-
Long-term investments	7 197	1 688
Inventories	4 289	1 755
Short-term receivables	536	536
Short-term investments	978	7
Short-term accruals	645	774
Reserves for liabilities	419	133
Long-term liabilities	-	243
Short-term liabilities	1 417	768
b) applied to equity capital	-	-
c) compared to goodwill or negative goodwill	-	-
	15 479	5 904
2. Increases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	3 318	9 947
Tangible assets	1 139	-
Long-term investments	225	5 507
Inventories	-	2 533
Short-term receivables	-	-
Short-term investments	574	971
Short-term accruals	412	-
Reserves for liabilities	-	286
Long-term liabilities	-	-
Short-term liabilities	969	649
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	-	-
	3 318	9 947
3. Decreases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(1 889)	(372)
Tangible assets	-	-
Long-term investments	-	-
Inventories	(990)	-
Short-term receivables	-	-
Short-term investments	-	-
Short-term accruals	-	(129)
Reserves for liabilities	(419)	-
Long-term liabilities	(481)	(243)
Short-term liabilities	-	-

Change in the balance of assets on account of deferred income tax ctd. (in thousands PLN)	2006	2005
b) applied to the financial result of the period in relation to tax loss (on account of)	-	-
c) applied to equity capital due to negative timing differences (on account of)	-	-
d) applied to equity capital in relation to tax loss (on account of)	-	-
e) applied to goodwill or negative goodwill due to negative timing differences (on account of)	-	-
	(1 889)	(372)
4. Balance of assets on account of deferred income tax at the end of the period total, including:		
a) applied to the financial result	16 908	15 480
Tangible assets	1 139	-
Long-term investments	7 420	7 197
Inventories	3 299	4 289
Short-term receivables	536	536
Short-term investments	1 553	978
Short-term accruals	1 057	645
Reserves for liabilities	-	419
Long-term liabilities	(481)	-
Short-term liabilities	2 386	1 417
b) applied to equity capital	-	-
c) compared to goodwill or negative goodwill	-	-
	16 908	15 479

Note 5A

Inventories (in thousands PLN)	2006	2005
a) materials	-	-
b) semi-finished products and work in process	211 536	191 116
c) finished products	11 278	15 056
d) goods	5 477	6 974
e) advances for deliveries	1 799	414
Assets total	230 090	213 559

Note 5B

Inventories (in thousands PLN)	2006	2005
Value of inventories recognized as cost in a given period	185 976	171 549
Amounts of write-offs of values of inventories disclosed as cost in a given period	5 033	7 247
Amounts of reversal of write-offs of values decreasing the value of inventories disclosed as cost in a given period	3 365	2 046

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 immovable property in Zabrze, disclosed under semi-finished products and work in progress, is charged with mortgage security in the amount of PLN 3,700 thousand 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 (in thousands PLN)	2006	2005
a) from associated companies	158 615	235 433
- for deliveries and services, payable within:	158 615	235 433
- up to 12 months	156 380	235 433
- over 12 months	2 235	0
- other	-	-
- claimed through the court	-	-
b) revaluation write-offs of receivables affiliated	17 529	16 150
c) receivables from other companies	32 947	10 906
- for deliveries and services, payable within:	1 897	4 672
- up to 12 months	982	4 622
- over 12 months	915	50
- due to taxes, grants, customs, social and health insurance and other benefits	6 069	6 009
- other	24 982	224
- claimed through the court	-	-
d) revaluation write-offs of receivables other	1 975	7 021
Short-term receivables total	191 563	246 339
revaluation write-offs of receivables total	19 505	23 171
Gross short-term receivables total	211 067	269 510

The reserve for receivables from affiliated companies is a reserve for receivables in the amount of:

- PLN 1,245 thousand: aged
- PLN 16,284 thousand: not aged

Note 6B

Short-term receivables from affiliated companies [thousands PLN]	2006	2005
a) on account of deliveries and services, including:	158 615	235 433
- from subsidiaries	158 615	233 923
- from partially owned subsidiaries	-	1 510
- 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	158 615	235 433
d) revaluation write-offs of receivables from affiliated companies	17 529	16 150
Gross short-term receivables from affiliated companies total	176 144	251 583

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

No receivables from affiliated companies were written down as on December 31, 2006.

Note 6C

Change in the balance of revaluation write-offs of short-term receivables (in thousands PLN)	2006	2005
Balance at the beginning of period	23 171	5 512
a) increases (on account of)	1 469	18 121
- creating a write-off	1 469	18 121
b) decreases (on account of)	(5 135)	(462)
- repayment	-	(60)
- released	(5 116)	(402)
	(19)	
Balance of revaluation write-offs of short-term receivables at the end of the period	19 505	23 171

Note 6D

Gross short-term receivables (currency structure) [thousands PLN]	2006	2005
a) in the Polish currency	211 067	269 510
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Short-term receivables total	211 067	269 510

Note 6E

Receivables on account of deliveries and services (gross) - due period remaining up to the balance date (in thousands PLN)	2006	2005
a) up to 1 month	140 099	7 193
b) over 1 month up to 3 months	8 714	137 328
c) over 3 months up to 6 months	269	604
d) over 6 months up to 1 year	5 092	90 323
e) over 1 year	19 300	16 203
f) aged receivables	6 431	11 626
Receivables on account of deliveries and services total (gross)	179 904	263 277
g) revaluation write-offs of receivables on account of deliveries and services	(19 393)	(23 171)
Receivables on account of deliveries and services total (net)	160 511	240 106

Note 6F

Aged receivables on account of deliveries and services (gross) - divided into receivables not paid during the period (in thousands PLN)	2006	2005
a) up to 1 month	514	1 957
b) over 1 month up to 3 months	1 104	929
c) over 3 months up to 6 months	299	382
d) over 6 months up to 1 year	1 041	6 542
e) over 1 year	3 472	1 816
Aged receivables on account of deliveries and services total (gross)	6 430	11 626
f) revaluation write-offs of receivables on account of deliveries and services, aged	(1 934)	(7 021)
Aged receivables on account of deliveries and services total (net)	4 496	4 605

Note 6G

Disputed and aged receivables (in thousands PLN)	2006	2005
Disputable receivables	12	-
- on account of deliveries of works and services	12	-
- including ones not covered by a revaluation write-off	-	-
Aged receivables	6 418	11 626
- on account of deliveries of works and services	6 418	11 626
- including ones not covered by a revaluation write-off	4 496	4 605

Note 7A

Short-term financial assets and cash [thousands PLN]	2006	2005
a) in subsidiaries		
- granted loans	45 301	24 969
- other short-term financial assets (according to type)	1 957	2 567
- interest from 3 to 12 months	1 957	2 567
	47 258	27 536
b) in partially owned subsidiaries		
- granted loans	-	18 903
- other short-term financial assets (according to type)	-	42
- interest from 3 to 12 months	-	42
	-	18 945
c) in associated companies		
- shares or stocks	-	-
	-	-
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies		
- granted loans	506	8
- other short-term financial assets (according to type)	4	-
- interest from 3 to 12 months	4	-
	510	8
g) cash and cash equivalents		
- cash on hand and on bank accounts	131 879	72 125
- other monies	-	-
- other monetary assets	30	107
	131 909	72 231
Short-term financial assets total	179 677	118 720

Basic data of largest short-term loans (in thousands PLN)

Name of the other party	Amount	Interest rate	Due date
Echo - Centrum Poznań Sp. z o.o.	40 204	WIBOR 3M + margin	31.12.2007
Malta Office Park Sp. z o.o.	4 880	collateral loan rate + margin	31.12.2007
others	723	collateral loan rate + margin	-
Total:	45 807		

Note 7B

Granted short-term loans (currency structure)	2006	2005
a) in the Polish currency	47 768	46 489
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Granted short-term loans total	47 768	46 489

Note 7C

Cash and cash equivalents (currency structure) (in thousands PLN)	2006	2005
a) in the Polish currency	12 391	1 211
b) in foreign currencies (according to currency, after conversion to zlotys)	119 519	71 020
- unit / currency EUR	24 823	18 437
- thousands PLN	94 999	71 020
- unit / currency USD	8 442	-
- thousands PLN	24 507	-
- unit / currency HUF	792	-
- thousands PLN	12	-
Cash and other monetary assets total	131 909	72 231

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 (thousands PLN)	Method of capital coverage	Date of registration	Right to dividend as from
A	bearer shares	ordinary shares	none	160 000	80	non-cash contribution	1994-06-30	1995-01-01
B.	bearer shares	ordinary shares	none	3 840 000	1 920	cash	1994-06-30	1995-01-01
C.	bearer shares	ordinary shares	none	2 000 000	1 000	cash	1995-11-13	1995-01-01
D.	bearer shares	ordinary shares	none	6 000 000	3 000	cash	1997-02-18	1996-01-01
E.	bearer shares	ordinary shares	none	2 000 000	1 000	cash	1997-12-30	1997-01-01
F.	bearer shares	ordinary shares	none	28 000 000	14 000	cash	2002-11-26	2002-01-01
Number of shares total				42 000 000				
Initial capital total					21 000			

Nominal value of one share = PLN 0.50*

* 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 value in the proportion of 1: 4 so that the current value of each share being PLN 2 shall now be determined as PLN 0.50 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
December 31, 2006**

Shareholder	Number of votes / shares	Percentage of share capital	Percentage of votes at the General Meeting of Shareholders
Michał Sołowow (directly and indirectly)	17 236 536	41,04%	41,04%
OFE ING Nationale-NederlandenPolska*	3 669 661	8,74%	8,74%
Commercial Union PTE*	3 073 842	7,32%	7,32%
PZU Złota Jesień PTE*	2 790 915	6,65%	6,65%
BZ WBK AIB Management S.A.	2 119 363	5,05%	5,05%
Other Shareholders	13 109 652	31,21%	31,21%
Total	42 000 000	100,00%	100,00%

*Balance according to the structure of investment portfolios of the OFEs (Open Pension Funds) as on December 31, 2006

Note 9

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

Note 10

Change in the balance of reserve on account of deferred income tax (in thousands PLN)	2006	2005
1. Balance of reserve on account of deferred income tax at the beginning of the period, including:		
a) applied to the financial result	8 381	9 836
Tangible assets	807	1 170
Long-term investments	4 397	5 981
Inventories	1 812	1 368
Short-term receivables	549	565
Short-term investments	516	661
Short-term accruals	(269)	(77)
Short-term liabilities	(220)	(383)
Accruals	789	551
b) applied to equity	5 675	5 675
Tangible assets	3 036	3 036
Long-term investments	2 639	2 639
c) compared to goodwill or negative goodwill	-	-
	14 056	15 511
2. Increases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	9 722	845
Tangible assets	-	-
Long-term investments	9 720	-
Inventories	-	443
Short-term receivables	2	-
Short-term investments	-	-
Short-term accruals	-	-
Short-term liabilities	-	163
Accruals	-	239
b) applied to equity due to positive timing differences (on account of)	-	-
c) applied to goodwill or negative goodwill due to positive timing differences (on account of)	-	-
	9 722	845

Change in the balance of reserve on account of deferred income tax ctd. (in thousands PLN)	2006	2005
3. Decreases		
a) compared to the financial result of the period due to negative timing differences on balance sheet items:	(1 230)	(2 300)
Tangible assets	(490)	(363)
Long-term investments	-	(1 583)
Inventories	(461)	-
Short-term receivables	-	(16)
Short-term investments	(138)	(145)
Short-term accruals	(54)	(193)
Short-term liabilities	(88)	-
Accruals	-	-
b) applied to equity due to positive timing differences (on account of)	-	-
c) applied to goodwill or negative goodwill due to positive timing differences (on account of)	-	-
	(1 230)	(2 300)
4. Balance of reserve on account of deferred income tax at the end of the period total		
a) applied to the financial result	16 873	8 382
Tangible assets	317	807
Long-term investments	14 117	4 397
Inventories	1 351	1 812
Short-term receivables	551	549
Short-term investments	378	516
Short-term accruals	(323)	(269)
Short-term liabilities	(308)	(220)
Accruals	789	789
b) applied to equity	5 675	5 675
Tangible assets	3 036	3 036
Long-term investments	11 131	2 639
c) compared to goodwill or negative goodwill	-	-
	22 548	14 056

Note 11A

Long-term liabilities (exclusive of provision for income tax) (in thousands PLN)	2006	2005
a) to subsidiaries		
- loans and credits	6 088	44 551
- on account of issue of debt securities	-	37 839
	6 088	82 390
b) to partially owned subsidiaries	-	-
c) to associated companies	-	-
d) to the significant investor	-	-
e) to the dominant company	-	-
f) to other companies		
- loans and credits	-	40 000
- on account of issue of debt securities	245 961	109 938
	245 961	149 938
Long-term liabilities total	252 049	232 328

Note 11B

Long-term liabilities (exclusive of provision for income tax) with due period remaining after the balance date (in thousands PLN)	2006	2005
a) over 1 year up to 3 years	-	40 000
b) over 3 years up to 5 years	-	-
c) over 5 years	252 049	109 938
Long-term liabilities total	252 049	149 938

Note 11C

Long-term liabilities (exclusive of provision for income tax) (currency structure)	2006	2005
a) in Polish currency	252 049	149 938
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency thousand/USD	-	-
- thousands PLN	-	-
Long-term liabilities total	252 049	149 938

NOTA 11D**Long-term liabilities on account of loans and credits**

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Protection	Other
		thousands PLN	currency	thousands PLN	currency				
PeKaO S.A. [PeKaO Joint Stock Company]	Warsaw	60 000	PLN	-	PLN	Wibor + margin	2009-06-30	power of attorney to a bank account	
Kieleckie Centrum Handlowo – 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	
PKO BP SA [PKO BP Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2009-08-20	power of attorney to the account, blank bill of exchange, statement of submission to enforcement proceedings	
PKO BP SA [PKO BP Joint Stock Company]	Warsaw	40 000	PLN	-	PLN	Wibor + margin	2009-08-20	power of attorney to the account, blank bill of exchange, statement of submission to enforcement proceedings	
Fortis Bank Polska SA [Fortis Bank Poland Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2008-11-29	blank bill of exchange, statement of submission to enforcement proceedings	
ING Bank Śląski SA [Joint Stock Company]	Katowice	30 000	PLN	-	PLN	Wibor + margin	2008-09-05	statement of submission to enforcement proceedings	
Total		176 700		6 700					

NOTE 11E**Long-term liabilities on account of issued debt financial instruments (in thousands PLN)**

Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Quotation market	Other
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						

*Long-term financial liabilities are valued according to 'depreciated cost of liabilities component', in accordance with IAS 39.

Note 12A

Short-term liabilities (exclusive of reserves) (in thousands PLN)	2006	2005
a) to subsidiaries		
- loans and credits, including:	37 075	4 282
- long-term payable	-	-
- on account of issue of debt securities	-	-
- on account of dividends	-	-
- other financial liabilities, including:	-	302
- booked interest from bonds	-	235
- on account of deliveries and services, payable:	1 412	288
- up to 12 months	1 412	288
- over 12 months	-	-
	38 487	4 872
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:	14	35 348
- long-term payable	-	-
- on account of issue of debt securities	106 927	93 911
- other financial liabilities, including:	1 634	920
- interest charged	1 634	920
- on account of deliveries and services, payable:	82 952	49 855
- up to 12 months	74 042	41 294
- over 12 months	8 910	8 561
- advances received for deliveries	109 838	84 505
- bill of exchange liabilities	-	-
- on account of taxes, customs duties, securities and other performances	2 974	22 685
- on account of salaries and wages	1	1
- other (according to titles)	1 642	1 205
- received hedging deposits	1 503	919
- insurance	134	275
- other	4	11
	305 982	288 430
g) special funds - company social benefits fund	9	5
Short-term liabilities total	344 478	293 307

Note 12B

Short-term liabilities (exclusive of reserves) (currency structure) (in thousands PLN)	2006	2005
a) in Polish currency	344 478	293 307
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
- unit / currency thousand / USD	-	-

- thousands PLN

Short-term liabilities total

-

344 478

-

293 307

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
		thousands PLN	currency	thousands PLN	currency				
PeKaO S.A. [PeKaO Joint Stock Company]	Warsaw	20 000	PLN	-	PLN	Wibor + margin	2007-06-30	own blank bill of exchange, power of attorney to bank account, statement of submission to enforcement proceedings power of attorney to a bank account obligation to transfer a quarterly amount of PLN 13,000 thousand through the account, statement of submission to enforcement proceedings	
Bank BPH S.A. [Joint Stock Company]	Cracow	20 000	PLN	-	PLN	Wibor + margin	2007-04-27		
Bank Handlowy w Warszawie S.A. [Joint Stock Company]	Warsaw	20 000	PLN	14	PLN	Wibor + margin	2007-03-08		
Echo Centrum Ślichowice Sp. z o.o. [Echo Ślichowice Center Co., Ltd.]	Kielce	2 500	PLN	2 485	PLN	Wibor + margin	2007-01-17	none	
Projekt Echo 30 Sp. z o.o. [Project Echo 30 Co., Ltd.]	Kielce	50	PLN	46	PLN	Wibor	2007-01-17	none	
Projekt 3 Sp. z o.o. [Project 3 Co., Ltd.]	Kielce	50	PLN	44	PLN	Wibor	2007-01-17	none	
"Echo Investment - Centrum Handlowe Siemianowice Śląskie" Sp. z o.o. ['Echo Investment – Siemianowice Śląskie Shopping Center' Co., Ltd.]	Kielce	1 396	PLN	462	PLN	Wibor + margin	2007-01-17	none	
"Echo - Galaxy" Sp. z o.o. ['Echo – Galaxy' Co., Ltd.]	Kielce	50	PLN	45	PLN	Wibor	2007-01-17	none	

Short-term liabilities on account of loans and credits, ctd.

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
		thousands PLN	currency	thousands PLN	currency				
Projekt Echo 34 Sp. z o.o. [Project Echo 34 Co., Ltd.]	Kielce	50	PLN	45	PLN	Wibor	2007-01-17	none	
Projekt Echo 37 Sp. z o.o. [Project Echo 37 Co., Ltd.]	Kielce	50	PLN	46	PLN	Wibor	2007-01-17	none	
Wyględów Sp. z o.o. [Wyględów Co., Ltd.]	Kielce	50	PLN	43	PLN	Wibor	2007-01-17	none	
Echo Investment - Centrum Handlowe Radom Sp. z o.o. [Echo Investment – Radom Shopping Center Co., Ltd.]	Kielce	10 709	PLN	6 209	PLN	Wibor + margin	2007-01-17	none	
Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. [Echo Investment – Pabianice Shopping Center Co., Ltd.]	Kielce	13 720	PLN	13 720	PLN	Wibor + margin	2007-01-17	none	
Echo Investment - Centrum Handlowe Piotrków Tryb. Sp. z o.o. [Echo Investment – Piotrków Tryb. Shopping Center Co., Ltd.]	Kielce	18 000	PLN	3 231	PLN	Wibor + margin	2007-01-17	none	
Echo Investment - Centrum Handlowe Piła Sp. z o.o. [Echo Investment – Piła Shopping Center Co., Ltd.]	Kielce	1 313	PLN	150	PLN	Wibor + margin	2007-01-17	none	
Echo - Arena Sp. z o.o. [Echo - Arena Co., Ltd.]	Kielce	1 000	PLN	986	PLN		2007-01-17	none	
Echo Investment - Centrum Handlowo-Rozrywkowe Gliwice Sp. z o.o. [Echo Investment – Gliwice Shopping and Entertainment Center Co., Ltd.]	Kielce	1 700	PLN	1 700	PLN	Wibor + margin	2007-01-17	none	
Echo Bau Sp. z o.o. [Echo Bau Co., Ltd.]	Kielce	50	PLN	45	PLN	Wibor	2007-12-31	None	
Total		220 688		29 271					

NOTE 12D

Short-term liabilities on account of issued debt financial instruments (in thousands PLN)

Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Other
bonds (BRE S.A.)	50 000	Wibor + margin	2007-05-24	none		
bonds (Bank BPH S.A.)	30 000	Wibor + margin	2007-09-04	none		
bonds (Bank BPH S.A.)	30 000	Wibor + margin	2007-09-11	none		
Total	110 000					

Note 12E

Change in the balance of short-term reserves (according to titles) [thousands PLN]	2006	2005
a) balance at the beginning of the period		
- reserves for penalties	5 516	-
- guarantee repairs	2 024	700
- court proceedings	441	508
- sureties for liabilities	4 047	2 500
- bonuses, holidays, audit	3 394	4 035
	15 421	7 743
b) increases (on account of)		
- reserve for penalties	2 364	-
- guarantee repairs	-	2 524
- establishment of reserves for penalties	-	5 516
- court proceedings	-	150
- sureties for liabilities	-	1 547
- bonuses, holidays, audit	7 145	1 700
	9 509	11 437
c) utilization (on account of)		
- bonuses, holidays, audit	4 564	1 186
- guarantee repairs	-	1 200
- court proceedings	-	217
	4 564	2 603
d) release (on account of)		
- guarantee repairs	2024	-
- bonuses, holidays, audit	414	1 155
	2 438	1 155
e) balance at the end of the period		
- reserves for penalties	7 880	5 516
- guarantee repairs	-	2 024
- court proceedings	441	441
- sureties for liabilities	4 047	4 047
- bonuses, holidays, audit	5 561	3 394
	17 929	15 421

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

Contingent liabilities to affiliated companies (on account of) (in thousands PLN)	2006	2005
a) granted guarantees and sureties, including:	442 131	17 020
- to subsidiaries	442 131	17 020
- to partially owned subsidiaries	-	7 720
b) other	-	-
Contingent liabilities to affiliated companies total	442 131	17 020

Note 14A

Operating income (material structure - types of operations) (in thousands PLN)	2006	2005
A. Sales of residential and commercial areas	93 207	51 877
- including: from affiliated companies	-	-
B. Investment contracting services	128 987	140 163
- including: from affiliated companies	124 482	140 163
from subsidiaries	121 536	123 867
from partially owned subsidiaries	2 946	16 296
C. Real estate turnover	130	2 506
- including: from affiliated companies	-	-
D. Lease services	11 115	9 155
- including: from affiliated companies	302	248
from subsidiaries	299	246
- from the dominant company	3	2
E. Legal, accounting and consulting services	17 525	21 838
- including: from affiliated companies	16 907	21 608
from subsidiaries	16 907	21 411
from partially owned subsidiaries	-	197
F. Other income	8 274	2 938
- including: from affiliated companies	1 059	1 299
from subsidiaries	1 005	1 248
from partially owned subsidiaries	-	48
from key personnel	54	3
Operating income total	259 237	228 477
- including: from affiliated companies	142 749	163 318
from subsidiaries	139 746	146 772
from partially owned subsidiaries	2 946	16 541
- from the dominant company	3	2
from key personnel	54	3

Note 14B

Operating income (territorial structure) (in thousands PLN)	2006	2005
a) domestic	259 237	228 476
- including: from affiliated companies	142 749	163 318
b) export	-	-
- including: from affiliated companies	-	-
Net income on sales of products total	259 237	228 476
- including: from affiliated companies	142 749	163 318

Note 15

Operating costs according to type (in thousands PLN)	2006	2005
Costs according to type, total		
a) depreciation	3 144	2 649
b) consumption of materials and energy	65 553	26 443
c) foreign services	200 009	157 686
d) taxes and duties	2 818	3 146
e) salaries and wages	14 485	9 998
f) social security and other benefits	2 245	1 552
g) other prime costs (on account of)	2 673	7 386
- activated financial costs	789	6 120
- business trips	745	246
- other	1 139	1 020
	290 927	208 860
Change in the balance of inventories, products and accruals	(13 528)	(7 810)
Cost of manufacture of products for the company's own purposes (negative value)	(41 248)	(292)
Costs of sales (negative value)	(9 818)	(7 561)
Overheads (negative value)	(30 915)	(15 231)
Production cost of sold products	195 419	177 966

Note 16A

Other operating incomes (in thousands PLN)	2006	2005
a) released reserves (on account of)	1 115	402
- receivables	1 115	402
b) other, including:	69 722	5 742
- contractual penalties	7 139	3 571
- other	62 583	2 171
Other operating income total	70 836	6 144

Note 16B

Other operating costs (in thousands PLN)	2006	2005
a) established reserves (on account of)	2 364	8 500
- for expected costs	2 364	8 500
b) other, including:	17 630	1 562
- gifts	4 362	57
- contractual penalties	-	337
- other	13 268	1 168
Other operating costs total	19 994	10 062

Note 17A

Financial income from dividends and shares in profits (in thousands PLN)	2006	2005
a) from affiliated companies, including:	42 160	25 299
- from subsidiaries	42 160	25 299
b) from other companies	-	-
Financial income from dividends and shares in profits total	42 160	25 299

Note 17B

Financial income from interest (in thousands PLN)	2006	2005
a) on account of granted loans		
- from affiliated companies, including:	4 067	6 214
- from subsidiaries	4 067	2 862
- from partially owned subsidiaries	-	3 352
- from associated companies	-	-
- from the significant investor	-	-
- from the dominant company	-	-
- from other companies	-	4
	4 067	6 218
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	4 816	1 433
	4 816	1 433
Financial income on account of interest total	8 883	7 651

Note 17C

Other financial incomes (in thousands PLN)	2006	2005
a) foreign exchange gains	-	-
- realized	-	-
- unrealized	-	-
b) investment revaluation	2 522	5 528
c) other, including:	414	2
Other financial income total	2 936	5 530

Note 18A

Financial costs on account of interest (in thousands PLN)	2006	2005
a) from loans and credits		
- to affiliated companies, including:	3 308	9 183
- to subsidiaries	3 308	9 183
- to partially owned subsidiaries	-	-
- to associated companies	-	-
- to the significant investor	-	-
- to the dominant company	-	-
- to other companies	18 606	14 133
	21 913	23 317
b) other interest		
- to other companies	227	423
	227	423
c) activated financial costs	(2 206)	(6 033)
	(2 206)	(6 033)
Financial costs on account of interest total	19 934	17 707

As on December 31, 2006, the activated amount of external financing costs was PLN 2,335 thousand.

Note 18B

Other financial costs (in thousands PLN)	2006	2005
a) foreign exchange losses, including	5 120	4 796
- realized	1 761	(15)
- unrealized	3 360	4 812
b) investment revaluation	834	33 533
c) loss on disposal of investments	3	1 669
d) other, including:	2 127	665
- commission	2 122	665
- other	5	-
e) activated financial costs	(129)	(87)
	(129)	(87)
Other financial costs total	7 956	40 575

Note 19A

Current income tax (in thousands PLN)	2006	2005
1. Gross profit (loss)	91 634	11 189
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	2 014	3 365
Income related to valuation of long-term contracts	(6 877)	6 956
Output interest on loans, not received	(2 078)	(2 157)
Output interest on deposits, not received	(80)	(54)
Dividends received	(42 160)	(25 299)
Released reserves for liabilities	(13 442)	(402)
Donations	4 362	57
Reserve for liabilities	11 369	14 317
Penalties for delay	-	-
Budget interest	1	-
Unplanned depreciation	-	-
Other costs that are not costs of income	6 536	7 921
Booked costs related to valuation of long-term contracts and established reserves	-	-
Booked, but unpaid discount on debt bonds	929	1 128
Established reserves for accruals of costs concerning investments and overheads	-	-
Valuation of loans, investments and inventories	(19)	33 207
Output interest on credits that has not been paid	1 617	1 156
Unpaid interest from liabilities	2 123	3 589
Unrealized foreign exchange gains / losses	3 360	4 812
Activated financial costs settled as costs of income in the previous years	3 630	4 570
Depreciation covered by the investment tax credit	1 947	254
Perpetual usufruct fees, settled as costs of income in the previous years	-	-
Activated financial costs for developer projects	(2 159)	(2 824)

Current income tax ctd. (in thousands PLN)	2006	2005
Valuation of fair value	(42 686)	-
Non-accounting tax depreciation	(692)	-
Provision for guarantee repairs	(2 204)	1 504
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	(1 755)	(170)
Released reserves for costs	2 167	(678)
Profit / loss of limited partnership	4 731	-
Deductible gifts	(444)	(43)
	(71 542)	49 141
3. Income tax taxable base	20 092	60 330
4. Income tax	3 817	12 695
5. Increases, abandonments, exemptions, deductions and reductions of tax	-	-
6. Current income tax presented (disclosed) in the tax return of the period, including:	3 817	12 695
- disclosed in the profit and loss account	3 817	12 695
- 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 (in thousands PLN)	2006	2005
Reduction (increase) due to occurrence and reversal of timing differences	7 063	(11 030)
Deferred income tax total	7 063	(11 030)

Note 19C

Deferred income tax total (in thousands PLN)	2006	2005
- disclosed in equity	-	-
- 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 thousand was assigned to supplementary capital through a resolution as of May 30, 2006.

Note 21

Adjustments to changes in the balance of balance sheet items, disclosed under II.11 'Other adjustments' (in thousands PLN)	2006	2005
Reclassification of investments in immovable property as inventories	-	-
Correction concerning the reserve from valuation of non-cash contribution	-	-

Adjustments total

-

-

Note 22

Cash disclosed in the cash flow statement (in thousands PLN)	2006	2005
Balance at the beginning of the period, including	72 231	13 304
- cash on hand and on bank accounts	72 125	13 246
- other monies	-	-
- other monetary assets	107	59
Balance at the end of the period	131 909	72 231
- cash on hand and on bank accounts	131 879	72 125
- other monies	-	-
- other monetary assets	30	107

* The Company included in the cash flow statement cash adjusted by foreign exchange gains/losses as of December 31, 2006 $131\,879 + 8\,171 = 140\,050$.

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 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 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 immovable property on which the shopping centers are built, a significant part of transactions executed by Echo Investment are made with affiliated companies. The largest transactions during the year 2006 with affiliated companies were executed on the basis of the following contracts:

- Contract of general contracting of investment, made on December 30, 2005 with Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa [Echo -Grunwaldzki Arcade Limited Liability Company Limited Partnership] as the investor. Pursuant to this contract, Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa contracted performance of building works on the shopping center in Wrocław at Grunwaldzka Street to the General Contractor.

4. Significant events following the balance date:

- The Management Board of Echo Investment S.A. (the Issuer) hereby informs that on 29.01.2007 the Company received a decision from the District Court in Kielce, 10th Economic Department of the National Court Register, whereunder on 25.01.2007 a record was made of changes in the value and structure of initial capital of a subsidiary "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ("Echo Investment Piotrków Trybunalski Shopping Center" Limited Liability Company) with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment - Centrum Handlowe Piotrków Trybunalski” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the

Issuer: „Echo Investment – Centrum Handlowe Pabianice Sp. z o.o.” with its registered seat in Kielce, and „Echo Investment – Centrum Handlowe Radom Sp. z o.o.” with its registered seat in Kielce („the merged companies”).

Merger took place through transfer of all assets of each of the merged companies to the holding company, with an increase of the holding company’s initial capital through establishing new shares that were assigned to the merged companies’ present shareholders in exchange for their existing shares in the merged companies.

- The Management Board of Echo Investment S.A. (the Issuer) hereby informs that on February 26, 2007 the Issuer received a decision from the District Court in Kielce, 10th Economic Department of the National Court Register, whereunder on February 21, 2007 a record was made of changes in the value and structure of initial capital of a subsidiary “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. (“Echo Investment Świętochłowice Shopping Center” Limited Liability Company) with its registered seat in Kielce.

As on the date of registration, the subsidiary „Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o. („the holding company”) merged with the following subsidiaries of the

Issuer:

- “Echo Investment - Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment – Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Piła” Spółka z o.o. [‘Echo Investment – Piła Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Siemianowice Śląskie” Spółka z o.o. [‘Echo Investment – Siemianowice Śląskie Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Tczew” Spółka z o.o. [‘Echo Investment – Tczew Shopping Center’ Limited Liability Company], having its registered seat in Kielce,
- “Echo Investment - Centrum Handlowe Zamość” Spółka z o.o. [‘Echo Investment – Zamość Shopping Center’ Limited Liability Company], having its registered seat in Kielce,

(hereinafter called the merged companies).

Merger took place through transfer of all assets of the merged companies to the holding company, with an increase of the holding company’s initial capital through establishing new shares that were assigned to the merged companies’ present shareholders in exchange for their existing shares in the merged companies.

- The Management Board of Echo Investment S.A. (the Issuer) hereby informs that contracts of transfer of establishment were made on February 28, 2007 between the issuer’s subsidiaries: „Echo – Centrum Bankowości i Finansów” Sp. z o.o. [‘Echo Banking and Finance Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”), „Echo – Centrum Biznesu Łódź” Sp. z o.o. [‘Echo Łódź Business Center’ Limited Liability Company] with its registered seat in Kielce („the Seller”) and „Projekt Echo – 53” Sp. z o.o. [‘Project Echo – 53’ Limited Liability Company] with its registered seat in Kielce („the Buyer”).
- In execution of resolution no. 2 “on consenting to transfer of an organized part of Echo Investment SA’s enterprise through a non-cash contribution to an Echo Investment Capital Group company”, which was taken on March 5, 2007 by the Extraordinary General Meeting of Shareholders of Echo Investment SA, the Management Board of Echo Investment S.A. (the Issuer) hereby informs that on March 8, 2007 an agreement was made between Echo Investment SA with its registered seat in Kielce (the Seller) and the subsidiary “Projekt Echo – 54” Sp. z o.o. with its registered seat in Kielce (the Buyer) on transfer of an organized part of the company – an establishment preparing an individual balance sheet.

The object of the foregoing agreement is an organized part of company in the form of a Branch operating under company name “Echo Investment SA – Oddział Pasaż Świętokrzyski” [‘Echo

Investment Joint Stock Company – Świętokrzyski Arcade Branch'] (the "Branch"), forming an organized part of Echo Investment SA's enterprise within the meaning of Article 4a clause 4 of the Corporate Income Tax Act as of February 15 (Journal of Laws of 2000, No. 54 item 694), being an establishment preparing its individual balance sheet within the meaning of Article 6 clause 1 of the Tax on Goods and Services (VAT) Act as of March 11, 2004 (Journal of Laws No. 54 item 535), covering a group of tangible and intangible assets that are necessary and related to the operations carried out within the Branch.

These assets include, among other, ownership right to immovable property situated in Kielce at Massalskiego and Kredowa Streets, with an area of 50,716 sq. m, including ownership of a shopping center building erected thereon, usable area of 16,467 sq. m, with all rights and obligations pertaining thereto.

The value of contract is PLN 110,097,350 and the accounting value of the transferred establishment in the Issuer's books of accounts is PLN 96,452,018.78 (as on March 8, 2007).

The aforementioned organized part of enterprise form a non-cash contribution for coverage of newly established 2,201,947 shares in the initial capital of "Projekt Echo – 54" Sp. z o.o. with total value of PLN 110,097,350, where all these newly established shares shall be taken up by Echo Investment SA. Together with the existing shares, the aforementioned shares form 99.9% of the Company's initial capital, giving 2,202,946 votes at the meeting of shareholders.

The assets mentioned above used to be exploited before transfer in development and financial operations. "Projekt Echo – 54" Sp. z o.o. intends to continue their present manner of utilization.

- The Management Board of Echo Investment S.A. hereby informs that on March 26, 2007 Mr. Andrzej Majcher resigned from his function as a Member and President of the Management Board of the Company.

The Management Board of Echo Investment S.A. further informs that on March 27, 2007 a meeting of the Supervisory Board of Echo Investment S.A. was held and a resolution was passed on appointing President of the Management Board of the Company and assigning a member of the Supervisory Board to temporary performance of functions of Management Board member.

In the course of resolutions passed, the Supervisory board of the Company appointed Mr. Jarosław Grodzki, former Vice-President of the Management Board of the Company, President of the Management Board of the Company as from March 27, 2007.

Furthermore, the Supervisory Board of Echo Investment S.A. assigned Mr. Mariusz Waniolka, acting as Deputy Chairman of the Supervisory Board of the Company, to temporary exercise of functions of a Management Board member as a substitute for Mr. Andrzej Majcher, for a period not exceeding 3 months as from the date of resolution by the Supervisory Board.

- The Management Board of Echo Investment S.A. hereby informs that on April 5, 2007 the Company (the Buyer) entered into a contract of sale of immovable property and a preliminary contract of sale with SPEDIMEX Sp. z o.o. with its registered seat in Łódź (the Seller).

The object of the contract of sale is the immovable property situated in Łódź with two office and warehouse buildings erected thereon. The value of contract is PLN 30,000,000.

The object of preliminary contract of sale is the immovable property situated in Łódź with a fuel station and technical buildings erected thereon. The value of contract is PLN 13,300,000. A precondition to the making of the promised contract is that the Seller must disclose in the land and mortgage register the buildings and structures erected on the immovable property and submit a certificate of lack of arrears in tax payments valid as on the effective date of the final contract and a valid copy of the land and mortgage register. The Parties have agreed that the promised contract shall be executed when the aforementioned conditions are fulfilled, in any case no later than until December 31, 2007. The aforementioned conditions are conditions precedent.

Kielce, April 26, 2007

Signed by the Management Board of the Company

Jarosław Grodzki

Piotr Gromniak

Artur Langner

Mariusz Waniółka

President of the Management Board
Management Board acting

Member of the Management Board
Member of the Management Board

Member of the

Signature of the person in charge of keeping books of accounts

Tomasz Sulek

Chief Accountant

**Management Report on the operations
of Echo Investment S.A.
in 2006**

Kielce, April 26, 2007

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

Echo Investment S.A. (hereinafter the Company) has been operating in the immovable 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 immovable property, through obtaining administrative decisions, financing, supervision over execution, until handover of the completed facility. Echo Investment S.A. also provides general contracting services for foreign investors. Individual developer and investment projects are implemented by affiliated companies, which largely facilitates organization of implemented processes and guarantees transparency of the Group structure. These companies are mainly involved in leasing commercial areas (shopping and entertainment centers, offices), realization and sales of apartments, and property management services.

As on December 31, 2006 and as on December 31, 2005, the Company hired 157 and 119 employees, respectively.

1. Description of basic economic and financial values disclosed in the annual financial report of Echo Investment S.A. for the year 2006

Balance sheet

Balance total at the end of the year 2006 amounted to **PLN 1041.05 million**, showing an increase in value by 18.52% in comparison with the balance as at the end of 2005.

Assets

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

- fixed assets constitute 42,21% of all assets, where the dominant items include long-term investments – 85,78% of fixed assets, and tangible assets – 10,35% of total fixed assets.
- current assets constitute 57.79% of all assets, where inventories make up 38.25% of total current assets, short-term receivables – 31.84% of current assets, cash and monetary assets – 21.93% of total current assets, and short-term investments – 7.86% of total current assets.

Liabilities

- share capital of Echo Investment S.A., as on December 31, 2006, amounted to **PLN 21.00 million** and was divided into 42,000,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 0.50 each,
- equity as on December 31, 2006 amounted to **PLN 404.05 million**, showing an increase by 24,98% in comparison with the balance as at the end of December 2005.
- the structure of equity at the end of 2006 was the following:
 - initial capital: 5,20%,
 - supplementary capital: 73,81%,
- net book value per one share is PLN 9.62,
- liabilities and provisions for liabilities constituted 61.19% of balance total and amounted to **PLN 637.00 million**.

Profit and loss account

- net income from sales reached the level of **PLN 259.24 million** in 2006, which is an increase by 13.46% in comparison with the equivalent period of the preceding year,
- profit from operating activity as at the end of 2006 amounted to PLN 65.54 million and exceeded the profit gained during the preceding financial year by 111.5%.
- gross profit amounted to PLN 91.63 million and outgrew the balance of 2005 by 718.97%.
- net profit amounted to PLN 80.75 million, which is an increase by 748% in comparison with the year 2005,
- net profit per one share was PLN 1.92.

Cash flow statement

- the reporting period began with the cash balance of PLN 72.23 million,
- on operating activity, the Company recorded cash income in the amount of PLN 19.38 million in 2006, including the following most significant items:
 - change in inventories PLN (-) 114.75 million,
 - change in receivables PLN (+) 54.28 million,
 - change in the balance of (profit) loss on investment activity PLN (-) 44.34 million,
- on investment activity, the Company recorded cash expenditure in the amount of PLN 45.91 million in 2006, which was most significantly affected by:
 - sale of investments in immovable property and in intangible assets PLN (+) 70.46 million,
 - expenses on financial assets PLN (-) 83.42 million,
 - income from financial assets PLN (+) 73.39 million,
- in financial activity, the Company recorded income of cash in the amount of PLN 2.55 million in 2006,
- the following factors most significantly contributed to cash flows from financial activity:
 - issue of debt securities, increase in cash in the amount of PLN (+) 373.22 million,
 - repayment of loans and credits in the amount of PLN (-) 83.05 million.
 - redemption of debt securities PLN (-) 265.00 million
- during the period from January 1, 2006 to December 31, 2006 the cash balance increased by PLN 59.68 million,
- cash at the end of December 2006 amounted to PLN 131.91 million*.

* The Company included in the cash flow statement cash adjusted by foreign exchange gains/losses as of December 31, 2006 (131,879 thousand PLN + 8,171 thousand PLN = 140,050 thousand PLN)

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.:

- 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 Company 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. are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through diversification of interest on loans taken and securing instruments. Echo Investment S.A. focuses the operations in the financial market, whose range covers the finance of the entire capital group.
- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. contracts its execution to external companies. Execution of these facilities, timely completion, quality and possible increase in costs largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in contracting agreements.
- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk in the forthcoming years.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion.

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

3.1. Segments of operation

During the year 2006, Echo Investment S.A. realized projects started in the preceding years and became involved in new investment projects in the segments described below:

Segment of shopping centers and commercial and entertainment centers

The completed shopping centers operate in more than ten larger cities in Poland.

In 2006, the Company has obtained a valid building permit for erection of the Pasaż Świętokrzyski (Świętokrzyski Arcade) shopping and entertainment center in Kielce (net 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 was PLN 31 million. During the 4th quarter of the year, 100% of space was already let out and the center was put to use, including 8,500 sq. m occupied by E.Leclerc hypermarket.

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: 3,878 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.

Realization of erection of a shopping center in Lublin supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offer.

The Company's future activities 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. has completed buildings to let. The Company is executing new investment projects 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 Company's projects ensure stable income from long-term lease contracts due to location and appropriate standards.

Under a General Contracting Agreement made in 2006 with Ustra Sp. z o.o., Echo Investment S.A. as the Contractor agreed and covenanted to develop the office building complex. The Contractor shall receive a fee for execution of the aforementioned agreement of about PLN 65.7 million. In 2006, realization of the investment consisting in a complex of office buildings in Kielce at Al. Solidarności Street (net area of the buildings approx. 20,000 square meters). The project assumes realization of three six-storey buildings. The anticipated completion date of investment falls in the 2nd 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 immovable property situated in Warsaw at 21 Postępu Street (area ca. 30,000 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 3rd quarter of 2007 and completion date in the 4th quarter of 2009.

The Company intends to erect a new office building in Cracow, Lea Street. Leased area will be about 9,000 sq. m. The anticipated commencement date of investment falls in the 2nd half of 2007 and completion date in the 2nd half of 2008.

In December 2006, the Company succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdańsk, Jana z Kolna Street. The Company intends to develop office space on the above mentioned real estate.

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.

Segment of hotels

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

In 2006, the Company succeeded in realization of a four-star Qubus hotel in Cracow (195 rooms, 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 hotels were opened in July (Cracow) and in October (Kielce), respectively.

As regards the proposal received from Qubus Hotel System Sp. z o.o. of Wrocław, concerning purchase of the Kielce and Cracow hotels presently leased by that operator, Echo Investment SA decided to enter into relevant contracts of sale. In December 2006, the Company signed contracts of sale of immovable properties with hotel buildings erected thereon with Qubus Hotel System Sp. z o.o. The value of the sales contract regarding the hotel in Cracow, Nadwiślańska Street – Port Solny was PLN 47.94 million gross and the value of the Kielce hotel at Składowa Street was PLN 14.4 million gross.

The above mentioned hotels are not the first ones developed by the Company for Qubus Hotel System Sp. z o.o. Considering the fact that Qubus Hotel System Sp. z o.o. intends to continue the development of a hotel chain in Poland, the parties hereby express their intent to continue their cooperation in execution of similar projects.

In the future, the Company is going to build hotels in cooperation with international hotel operators.

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. realizes investments from luxury apartment complexes, through high- and medium-standard residential buildings, to single-family houses estates.

During 2006, the Company was progressing with execution of the Inflancka Housing Estate in Warsaw (2nd stage). 140 apartments shall be delivered during the 1st quarter of the year 2007.

Realization of the 3rd stage of Inflancka Housing Estate, designed by Are Sp. z o.o. design office of Warsaw, has also begun (area for sale is 7,000 square meters). The anticipated date of completion of the consecutive estate falls in the 1st quarter of 2008. (130 apartments).

2nd stage of the investment project at Zwycięzców Street was in progress. The expected date of completion of 240 apartments designed by Szaroszyk & Rycerski Architekci Sp z o.o. of Warsaw shall be in the 2nd quarter of 2008.

A project concerning residential buildings is currently under preparation: in Warsaw at Kazimierzowska Street (net area in excess of 5,000 square meters). The Company has already obtained the zoning decision. The anticipated commencement date for building the apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 2nd half of 2007 and completion date in the 1st half of 2009.

The process of preparing execution of an estate of city-like multi-family houses was launched on the immovable property situated in Poznań at Litewska Street and Grudzieniec Street (area of the immovable property exceeding 17,000 square meters). Anticipated completion date of this investment project falls in the 2nd half of 2009.

A housing project is being prepared in Poznań, Wojskowa Street. More than 250 apartments will be built in residential buildings designed by Studio Lisiak Sp. z o.o. of Poznań (net area of approx. 17,000 square meters). Anticipated date of delivery of these buildings falls in the 1st half of 2009.

A 6-storey building with an area of 1,500 square meters will be built in Cracow, Kilińskiego Street, (16 apartments). The launch of this investment is anticipated in the 2nd half of 2007. This building, which was designed by Oleksy&Polaczek office, will be put to use in the 1st quarter of 2009.

During the 1st half of the year 2009, the Company is also going to complete a housing investment at Korzeniowskiego Street, Cracow, Wola Justowska district. In the 4th quarter of 2006, the Company applied for the building permit. This building, designed by The Blok office, will have an area of about 3,000 sq. m. (40 apartments).

The Company initiated the process of designing a housing and commercial building to be erected in Cracow, Krasickiego Street (area for sale is about 5,000 square meters). A contract was made with Studio S – Biuro Architektoniczne Szymanowski of Cracow concerning performance of designing works on the above mentioned building. The completion of this investment is anticipated in the 2nd half of 2009.

In December 2006, Echo Investment SA became the owner of immovable property with an area of more than 10,000 sq. m, situated in Cracow, Tyniecka Street, for a net price of PLN 25.6 million. The Company intends to erect residential buildings on the above mentioned real estate. The Company has applied for a zoning decision. The launch of this investment is anticipated in the 1st half of 2008 and the completion for the 2nd half of 2009.

In 2006, the process of designing an estate of detached houses was carried out on the immovable property situated in Bilcza near Kielce (Bilcza II).

Preparatory works were also performed for the development of another housing estate on the immovable property situated in Dyminy near Kielce. Following completion of technical utilities, the Company intends to sell plots of land with designs of houses (area of about 250,000 square meters). The anticipated realization date of investment falls at the turn of 2007/2008.

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

Foreign market

The Company intends to limit the risk related to its activity, thus aiming at geographical diversification of its territories of operations and launching its new investments abroad. Investments on foreign markets will primarily focus on the segment of commercial projects in Central and Eastern Europe. Within the range of its foreign operations, the Company intends to collaborate with local partners.

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. Echo Investment SA holds 100% of shares in the initial capital of the aforementioned subsidiary.

Hungary

In 2006 Echo Investment SA acquired the right to immovable property situated in the 14th District of Budapest – Zuglo, with an area of 6.84 hectares. The value of the agreement was HUF 4.0 billion (equivalent of PLN 59.94 million). The design and preparation of the Budapest project has been launched. A modern, multifunctional MUNDO project will be erected on the Company's property, about 6.84 hectares in size, situated in Zuglo, 14th District of the city. The anticipated rentable area of this shopping, entertainment and office project shall be about 60,000 sq. m. Further plans include location of the Zuglo District Mayor's Office and an office park in the complex. In January 2007, the Company assigned all rights to the aforementioned immovable property to Echo Investment Hungary Ingatlanhasznosito Kft. with its registered seat in Budapest.

The anticipated commencement date of investment falls in the 1st half of 2008 and completion date in 2011.

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 immovable 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. 36,0% of all income from sales of products.

- investment contracting service

Echo Investment S.A. is the Chief Contractor of Investments for potential investors. In 2006, Echo Investment S.A. mainly earned revenues on this account. Investment contracting services constituted approx. 49,8%.

- real estate turnover:

The characteristics of Echo Investment S.A.'s operations somehow enforces owning certain immovable property resources, which are then allocated to specific projects. Income yielded in this area of the Company's operations constitutes about 0,04% of total income on sales.

- lease services:

Revenues from lease services are generated from lease of areas in shopping centers and office buildings. Revenues yielded on this account constituted approx. 4,3% of net income from sales in 2006.

- legal, accounting and consulting services:

This range of operations is related to providing legal, accounting and consulting services to companies. The income generated in this area constitutes about 3,2% of total net income on sales.

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

Specification	January 1, 2006 - December 31, 2006	January 1, 2005 - December 31, 2005
Sales of residential and commercial areas	93,2	51,9
Investment contracting service	129,0	140,2
Property trade	0,1	2,5
Lease services	11,1	9,2
Legal, accounting and consulting services	17,5	21,8
Other income	8,3	2,9
Net income on sales of products total	259,2	228,5

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.

Sales markets

All projects executed by Echo Investment S.A. in 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 projects. In 2006, turnovers with two partners exceeded the 10% threshold of the value of the Company's incomes.

Largest suppliers of Echo Investment S.A. in 2006:

Supplier	Value of turnover (in PLN m)	% of share in net income on sales
Strabag Sp. z o.o.	44,4	17,1%
Polimex – Mostostal SA	28,3	10,9%

Changes among clients

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

The share exceeding 10% of net income from sales in 2006 was the sale of general investment contracting services to a subsidiary in relation to realization of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław.

Largest clients of Echo Investment S.A. in 2006:

Receiving party	Value of turnover (in PLN m)	% of share in net income on sales
Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością Sp.K.	119,3	46,0%

5. Information about contracts significant for Echo Investment S.A.'s business operations, including contracts made between shareholders, known to Echo Investment S.A., and insurance, partnering or cooperation contracts made during the year 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 contract value is PLN 31 million.

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 immovable property with the Local Government of the 14th District of the Capital City of Budapest – Zuglo in Hungary (the Seller). The object of the agreement is the immovable 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 was that the Local Government of the city of Budapest waived its first right of refusal. The Municipal Government of the capital city of Budapest did waive 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. In January 2007, the Company assigned all rights to the aforementioned immovable property to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest.

In the course of performance of an agreement as of June 22, 2005 (current report no. 24/2005), obliging it to enter into a lease contract, on August 30, 2006 Echo Investment S.A. as the Landlord signed a contract of lease with Pergranso Sp. z o.o. as the Tenant. The subject-matter of the lease contract is a shopping area in the Pasaż Świętokrzyski Shopping Center in Kielce, Ślichowice Housing Estate, of 8,500 sq. m. The leased area will be designed for operating E.LECLERC food and nonfood merchandise superstore. The lease contract was made for a period of 30 years. The estimated value of contract for 30 years of lease is a Polish zloty equivalent of EUR 21.6 million, i.e. PLN 85,202,376 as on the contract effective date.

Hotels and Offices

In June 2006, 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.

In November 2006, the Company entered into a General Contracting Agreement with Ustra Sp. z o.o., whereunder Echo Investment S.A. as the Contractor agreed and covenanted to develop the office building complex as mentioned above. The Contractor shall receive a fee for execution of the

aforementioned agreement of about PLN 65.7 million. The anticipated completion date of investment falls in the 2nd half of 2007.

On December 18, 2006 Echo Investment S.A. of Kielce, as the "Seller", in the course of executing sales options under the agreements as of November 13, 2003 (current report no. 33/2003) entered into contracts of sales of immovable property with Qubus Hotel System Sp. z o.o. with its registered seat in Wrocław as the "Buyer". The object of sales is the right of perpetual usufruct of immovable property with ownership of a hotel building situated thereon, located in Cracow, Nadwiślańska Street – Port Solny, and ownership of immovable property with hotel building situated thereon, located in Kielce, Składowa Street.

The value of the contract of sale of perpetual usufruct of the immovable property in Cracow, with an 8-storey hotel with 195 rooms, a restaurant, conference and recreation complex and underground parking lot is PLN 47,938,146 (gross) and the value of the contract of sale of the immovable property in Kielce with a 4-storey hotel with 90 rooms, a restaurant and recreation areas is PLN 14,401,519 (gross). At the same time, with reference to the making of the contracts of sale, the Buyer and the Seller agreed to terminate the lease relationship (RB no. 33/2003) concerning the immovable properties in Cracow and in Kielce, with hotel buildings erected thereon.

Apartments

In January 2006, Echo Investment SA acquired ownership right to land plot situated in Cracow at Kilińskiego Street, for a price of PLN 1.6 million. The Company intends to erect a 6-storey residential building on the above mentioned real estate, with an area of about 1,500 sq. m.

In February 2006, the Company purchased land plots in Dyminy near Kielce for a price of about PLN 5 million. The Company intends to sell plots of land with designs of houses. Anticipated completion date falls in 2008.

In February 2006, Echo Investment SA acquired immovable property situated in Poznań at Wojskowa Street. The Company intends to build residential buildings on that property, with a net area of about 16,000 square meters). The completion of this investment is anticipated in the 1st half of 2009.

In May 2006, Echo Investment SA entered into 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 (rentable area of about 7,000 square meters).

In June 2006, the Company signed a contract 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.

In September 2006, the Company won a tender organized by the Communication Studies and Designing Office State-Owned Company for purchase of immovable property situated in Cracow at Bronowicka Street, area exceeding 2,000 square meters, for a price of 8 million PLN. The Company intends to develop a luxury apartment building on the above mentioned real estate.

In October 2006, the Company signed a final agreement of acquisition of land property situated in Warsaw at Kazimierzowska Street, area exceeding 2,000 square meters, for a price of 9.2 million PLN. The Company intends to erect residential buildings on the above mentioned area. The anticipated commencement date for building the apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 2nd half of 2007 and completion date in the 1st half of 2009.

In December 2006, Echo Investment SA became the owner of immovable property with an area of more than 10,000 sq. m, situated in Cracow, Tyniecka Street, for a net price of PLN 25.6 million. The Company intends to erect residential buildings on the above mentioned real estate. The Company has applied for a zoning decision. The launch of this investment is anticipated in the 1st half of 2008 and the completion for the 2nd half of 2009.

5.2. Contracts made between shareholders

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

5.3. Insurance contracts

Range of coverage	Underwriter	Insurance amount [thousands PLN]
property insurance - buildings and structures	TU Compensa S.A., STU Ergo Hestia S.A., PTU S.A.	41 431
property insurance – equipment	TU Compensa S.A., STU Ergo Hestia S.A.	2 131
civil liability insurance	STU Ergo Hestia S.A., AIG Polska TU S.A.	15 230
insurance against construction and assembly risks	TUiR WARTA S.A., TU Allianz Polska, Generali S.A..	250 700
TOTAL		309 492

5.4. Partnering or cooperation agreements

Echo Investment S.A. did not conclude any partnering or cooperation agreements during 2006.

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 immovable property situated in Gdynia and rights to the building project designed on the immovable 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 k). 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 newly registered 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 Partnership]. 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.

- On July 11, 2006 the District Court, 10th Economic Department in Kielce registered amendments to the Company Articles of Echo Investment S.A. Under resolution no. 19, passed on May 30, 2006 by the Ordinary General Meeting of Shareholders, on division of shares, the structure of the Company's share capital was changed. As a result of dividing the shares in proportion of 1:4, the nominal value of shares was reduced from 2 PLN to 0.50 PLN. At present, the value of share capital is PLN 21,000,000 and it is divided into:
 - 160,000 (one hundred and sixty k) series A ordinary bearer shares,
 - 3,840,000 (three million eight hundred and forty k) series B ordinary bearer shares,
 - 2,000,000 (two million) series C ordinary bearer shares,
 - 6,000,000 (six million) series D ordinary bearer shares,
 - 2,000,000 (two million) series E ordinary bearer shares,
 - 28,000,000 (twenty-eight million) series F ordinary bearer shares.
 All shares with nominal value of PLN 0.50. The total number of votes yielded by all shares is 42,000,000.
- The District Court in Kielce, 10th Economic Department of the National Court Register:
 - registered the following subsidiaries on August 4, 2006:
 1. “Projekt – Echo 41” Sp. z o.o. [‘Projekt – Echo 41’ Limited Liability Company], having its registered seat in Kielce.

2. "Projekt – Echo 42" Sp. z o.o. ['Project – Echo 42' Limited Liability Company], having its registered seat in Kielce.

3. "Projekt – Echo 45" Sp. z o.o. ['Project – Echo 45' Limited Liability Company], having its registered seat in Kielce.

- on August 17, 2006:

1. "Projekt – Echo 43" Sp. z o.o. ['Project – Echo 43' Limited Liability Company], having its registered seat in Kielce.

2. "Projekt – Echo 44" Sp. z o.o. ['Project – Echo 44' Limited Liability Company], having its registered seat in Kielce.

The share capital of each of these companies is PLN 50,000 and is divided into 100 (one hundred) shares for a nominal value of PLN 500 each. The total number of votes at the meeting of shareholders, according to shares, is 100.

As on the registration day, Echo Investment SA took up 99 shares in each of the newly established companies, entitling him to 99% of votes at the meeting of shareholders. The purchase price is PLN 49,500 for each 99 shares. The subsidiary Projekt Echo - 17 Sp. z o.o. holds 1 share in each of the aforementioned companies. Acquisition of shares was financed with the Company's own funds. The acquired shares constitute a long-term capital investment.

- The District Court in Kielce, 10th Economic Department of the National Court Register:
 - on November 21, 2006, registered a subsidiary „Projekt Echo – 45 Spółka z ograniczoną odpowiedzialnością” Sp. thousand. ['Project Echo – 45 Limited Liability Company' Limited Partnership] with its registered seat in Kielce,
 - on December 6, 2006, registered a subsidiary „Projekt Echo – 41 Spółka z ograniczoną odpowiedzialnością” Sp. thousand. ['Project Echo – 41 Limited Liability Company' Limited Partnership] with its registered seat in Kielce,
 - on December 11, 2006, registered a subsidiary „Projekt Echo – 42 Spółka z ograniczoną odpowiedzialnością” Sp. thousand. ['Project Echo – 42 Limited Liability Company' Limited Partnership] with its registered seat in Kielce,
- On August 31, 2006 Echo Investment SA purchased 100% of the shares in share capital of Polimeri 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. Acquisition price of the shares was PLN 39,109,952.59.
- On October 25, 2006 a sales contract was made between Echo Investment SA with its registered seat in Kielce (the Seller) and Energetyka Dwory Sp. z o.o. with its registered seat in Oświęcim (the Buyer), on the sales of shares of the issuer's subsidiary Bioelektrownia Hydropol – 4 Sp. z o.o. with its registered seat in Kielce.
The object of contract was a set of 200 shares in Bioelektrownia Hydropol – 4 Sp. z o.o. with its registered seat in Kielce, joint nominal value 100.000 PLN, representing 100% of the company's share capital and giving 200 votes at the meeting of shareholders. The sales price of the shares was PLN 200,000. The recorded value of the shares in the issuer's books of accounts is PLN 100,957.
- On November 7, 2006 a contract of purchase of shares was made between Echo Investment SA with its registered seat in Kielce (the Buyer) and Dr. Zsolt Istvan Osi, domiciled in Budapest (the Seller). The object of contract are the shares in Project 2 – Echo Hungary Kft. with its registered seat in Budapest, forming 100% of the share capital, with nominal value of HUF 3 million. The purchase price of the shares is HUF 3 million (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 44,148.00). The Issuer intends to use the acquired shares as long-term capital investment. The acquired shares were financed with the Issuer's own funds.
- On December 8, 2006 Echo Investment SA sold 8 shares in the subsidiary Kieleckie Centrum Handlowo-Rozrywkowe Echo Sp. z o.o. to Projekt 3 Sp. z o.o. The value of contract was PLN 12,100.

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

On account of securities, Echo Investment S.A. did not have and did not make any investments in shares of companies quoted on the stock exchange during the year 2006.

6.3. Investments in Poland and abroad – acquisition of immovable property

In 2006, the Company acquired immovable property for development of new significant investment projects at home and abroad.

In January 2006, Echo Investment SA acquired ownership right to land plot situated in Cracow at Kilińskiego Street, for a price of PLN 1.6 million. The Company intends to erect a 6-storey residential building on the above mentioned real estate, with an area of about 1,500 sq. m.

In February 2006, the Company purchased land plots in Dyminy near Kielce for a price of about PLN 5 million. The Company intends to sell plots of land with designs of houses. Anticipated completion date falls in 2008.

In February 2006, Echo Investment SA acquired immovable property situated in Poznań at Wojskowa Street. The Company intends to build residential buildings on that property, with a net area of about 16,000 square meters). The completion of this investment is anticipated in the 1st half of 2009.

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 (rentable area of about 7,000 square meters).

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 immovable property with the Local Government of the 14th District of the Capital City of Budapest – Zuglo in Hungary (the Seller). The object of the agreement is the immovable 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 Municipal Government of the capital city of Budapest did waive 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. In January 2007, the Company assigned all rights to the aforementioned immovable property to Echo Investment Hungary Ingatlanhasznosító Kft. with its registered seat in Budapest.

In September 2006, the Company won a tender organized by the Communication Studies and Designing Office State-Owned Company for purchase of immovable property situated in Cracow at Bronowicka Street, area exceeding 2,000 square meters, for a price of 8 million PLN. The Company intends to develop a luxury apartment building on the above mentioned real estate.

In October 2006, the Company signed a final agreement of acquisition of land property situated in Warsaw at Kazimierzowska Street, area exceeding 2,000 square meters, for a price of 9.2 million PLN. The Company intends to erect residential buildings on the above mentioned area. The anticipated commencement date for building the apartments designed by Mąka Sojka Architekci Sp. J. design office of Warsaw falls in the 2nd half of 2007 and completion date in the 1st half of 2009.

In December 2006, Echo Investment SA succeeded in an open tender for the sale of 99-year perpetual usufruct right to land situated in Gdańsk, Jana z Kolna Street. The Company intends to develop office space on the above mentioned real estate.

In December 2006, Echo Investment SA became the owner of immovable property with an area of more than 10,000 sq. m, situated in Cracow, Tyniecka Street, for a net price of PLN 25.6 million. The Company intends to erect residential buildings on the above mentioned real estate. The Company has applied for a zoning decision. The launch of this investment is anticipated in the 2nd half of 2007 and the completion for the 1st half of 2009.

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 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 immovable property on which the shopping centers have been built, a significant part of transactions executed by Echo Investment are made with affiliated companies.

In 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 Wroclaw, 4th Department of Land and Mortgage Registers made an entry in the land and mortgage register of mortgage security on immovable properties owned by a subsidiary Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. thousand. [Echo – Grunwaldzki Arcade Limited Liability Company, Ltd.] with its registered seat in Kielce. The assets, on which the mortgage was established, are situated in Wroclaw, 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, 2006 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 all rights and obligations (99 contributions) in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. thousand. 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 all rights and obligations (1 contribution) in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. thousand. 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.
- On October 11, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on all rights and obligations (99 contributions) in the issuer's subsidiary Echo - Galaxy Spółka z ograniczoną odpowiedzialnością Sp. thousand. with its registered seat in Kielce (formerly "Szczecin - Projekt Echo 32 Spółka z ograniczoną odpowiedzialnością" Sp. thousand. with its registered seat in Kielce), owned by Echo Investment SA. The value of encumbered contributions is PLN 36,634,500. 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 51 m, which the Issuer reported in the current report no. 34/2001. The highest amount of collateral is PLN 25.5 million.
- On October 11, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on all rights and obligations (1 contribution) in the issuer's subsidiary Echo - Galaxy Sp. z o.o. Sp. thousand. with its registered seat in Kielce (formerly "Szczecin - Projekt Echo 32 Spółka z ograniczoną odpowiedzialnością" Sp. thousand. with its registered seat in Kielce), owned by Echo - Galaxy Sp. z o.o. with its registered seat in Kielce (formerly "Projekt - Echo 32" Spółka z o.o. with its registered seat in Kielce). The value of encumbered contributions is PLN 500. 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 51 m, which the Issuer reported in the current report no. 34/2001. The highest amount of collateral is PLN 25.5 million.
- On October 11, 2006 the District Court in Cracow, 7th Department of Pledge Registry, registered a pledge in the Pledge Registry on 99 shares in the issuer's subsidiary Echo - Galaxy Sp. z o.o. with its registered seat in Kielce (formerly "Projekt - Echo 32" Spółka 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 07.07.2006. The encumbered shares form 99% of share capital of Echo - Galaxy Sp. z o.o. (formerly "Projekt - Echo 32" Spółka z o.o. with its registered seat in Kielce), in nominal value of PLN 49,500, giving 99 votes at the meeting of shareholders of the company and are treated as long-term capital investment by the issuer. 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 51 m, which the Issuer reported in the current report no. 34/2001, and repayment of debt on account of interest up to the amount of EUR 25.5 million. The book value of the pledged assets in the issuer's books of accounts is PLN 51,252. The registered pledge has been established on the said shares because of a change in the Borrower's legal status, the present company named Szczecin Projekt Echo32 Spółka z ograniczoną odpowiedzialnością spółka komandytowa [*Szczecin Project Echo-32 Limited Liability Company limited company*] (previously Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin Sp. z o.o. [*Echo Investment - Szczecin Shopping and Entertainment Center Co., Ltd.*]).

- On October 12, 2006 the District Court in Cracow, 7th Department of Pledge Registry, registered a pledge in the Pledge Registry on 1 share in the issuer's subsidiary Projekt Echo - 32 Sp. z o.o. with its registered seat in Kielce, owned by a subsidiary Projekt Echo - 17 Sp. z o.o. with its registered seat in Kielce. 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 July 7, 2006. The encumbered share forms 1% of share capital of Projekt Echo-32 Sp. z o.o., in nominal value of PLN 500, giving 1 vote at the meeting of shareholders. 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 51 m, which the Issuer reported in the current report no. 34/2001, and repayment of debt on account of interest up to the amount of EUR 25.5 million. The registered pledge has been established on the said share because of a change in the Borrower's legal status, the company named Szczecin Projekt Echo-32 Spółka z ograniczoną odpowiedzialnością spółka komandytowa [*Szczecin Project Echo-32 Limited Liability Company limited company*] (previously Echo Investment - Centrum Handlowo-Rozrywkowe Szczecin Sp. z o.o. [*Echo Investment - Szczecin Shopping and Entertainment Center Co., Ltd.*]).

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

During 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 the financial year 2006 are presented in the table below:

Name of bank	Types of liabilities	Credit currency	Credit amount according to contract [in thousands PLN]	Credit used amount as on December 31, 2006 [thousands PLN]	Final repayment date
PeKaO S.A.	Advance in current account	PLN	20.000	0	30.06.2007
PeKaO S.A.	Working capital facility	PLN	60.000	0	30.06.2009
Bank Handlowy w Warszawie S.A.	Advance in current account	PLN	20.000	14	09.03.2007
PKO BP SA	Advance in current account	PLN	20.000	0	20.08.2009
PKO BP SA	Working capital facility	PLN	40.000	0	20.08.2009
Bank BPH S.A.	Advance in current account	PLN	20.000	0	27.04.2007
Bank BPH S.A.	Working capital facility	PLN	30.000	0	30.05.2009
ING Bank Śląski	Advance in current account	PLN	30.000	0	05.09.2008
FORTIS Bank S.A.	Multi-purpose line of credit	PLN	20.000	0	29.11.2008

8.3. Loan agreements

8.3.1. Short-term loans taken out in 2006

Organization	Outstanding loan amount [in thousands PLN] as on December 31, 2006	Final repayment date
Echo – Centrum Ślichowice Sp. z o.o.	2 485	17.01.2007
Projekt Echo 30 Sp. z o.o.	46	17.01.2007
Echo Investment – Centrum Handlowe Siemianowice Śląskie Sp. z o.o.	462	17.01.2007
Echo Galaxy Sp. z o.o.	45	17.01.2007
Projekt Echo 34 Sp. z o.o.	45	17.01.2007
Projekt Echo 37 Sp. z o.o.	46	17.01.2007
Echo Investment – Centrum Handlowe Radom Sp. z o.o.	6 209	17.01.2007
Echo Investment – Centrum Handlowe Pabianice Sp. z o.o.	13 720	17.01.2007
Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o.	3 231	17.01.2007
Echo Investment – Centrum Handlowe Piła Sp. z o.o.	150	17.01.2007
Echo – Arena Sp. z o.o.	986	17.01.2007
Echo Investment – Centrum Handlowo- Rozrywkowe Gliwice Sp. z o.o.	1 700	17.01.2007
Echo Bau Sp. z o.o.	45	31.12.2007
Wyględów Sp. z o.o.	43	17.01.2007
Projekt Echo 3 Sp. z o.o.	44	17.01.2007

8.3.2. Short-term loans granted in 2006

Organization	Outstanding loan amount [in thousands PLN] as on December 31, 2006	Final repayment date
Echo – Centrum Poznań Sp. z o.o.	40 204	31.12.2007
Malta Office Park Sp. z o.o.	4 880	31.12.2007
Others	723	-

8.3.3. Long-term loans taken out in 2006

Organization	Outstanding loan amount [in thousands PLN] as on December 31, 2006	Final repayment date
Kieleckie Centrum Handlowo – Rozrywkowe Echo Sp. z o.o.	6 700	31.12.2013

8.3.4. Long-term loans granted in 2006

Organization	Outstanding loan amount [in thousands PLN] as on December 31, 2006	Final repayment date
Athina Park Sp. z o.o.	16 355	31.12.2008
Echo - Centrum Biznesu Łódź Sp. z o.o.	6 276	28.06.2012
Centrum Bankowości i Finansów Łódź Sp. z o.o.	3 397	31.12.2011
Projekt S Sp. z o.o.	862	19.08.2008

8.4. Debt instruments contracts

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain liabilities due to issued debt securities. The balance of these liabilities as at the end of the financial year 2006 is presented in the table below:

Name of bank	Type of instrument	Amount used [in thousands PLN]	Contract duration
BRE Bank S.A.	Bonds	150.000	25.05.2011
BRE Bank S.A.	Bonds	100.000	25.05.2013
BRE Bank S.A.	Bonds	50.000	24.05.2007
Bank BPH S.A.	Bonds	30.000	04.09.2007
Bank BPH S.A.	Bonds	30.000	11.09.2007

On February 27, 2006, Echo Investment SA signed an annex to the contract of performance of a Bonds Issuance Program as of April 3, 2003 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. Maturity 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 thousand. 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.

Under a Bonds Issuance Program signed on April 15, 2004 with BRE Bank S.A., seated in Warsaw, on November 24, 2006 the Company issued discount bonds for a total value of PLN 50 million. The number of issued bonds is 500, with nominal value of PLN 100 thousand each. Issue price of bonds is specified as the nominal price less the discount calculated on the basis of the WIBOR 6M rate plus margin. The bonds were issued for a period expiring on May 24, 2007. The bonds shall be redeemed for the nominal value of the bonds. The issued bonds are not secured.

Under a Bonds Issuance Program signed with BPH SA, seated in Cracow, on 04.12.2006 the Company issued zero-voucher bonds for a total value of PLN 30 million. The nominal price was 100 pts less discount.

Under a Bonds Issuance Program signed with BPH SA, seated in Cracow, on December 11, 2006 the Company issued zero-voucher bonds for a total value of PLN 30 million. The nominal price was 100 pts less discount.

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 thousand.

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 thousand.

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. thousand. [Echo – Grunwaldzki Arcade Limited Liability Company Limited Partnership]. 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. thousand. is a subsidiary of Echo Investment S.A.

On December 29, 2006 Echo Investment SA signed a surety agreement for subsidiary's (Echo-Galaxy Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered seat in Kielce) debt was made on account of loan granted by EUROHYPO AG Bank, with its registered seat in Eschborn, Germany. The guarantee was granted to the amount not exceeding EUR 100 m, which equals PLN 383,120,000 as on the day of granting the guarantee. The surety shall remain in force until lawful registration of mortgage on the immovable property and recording registered pledges to the register of pledges.

Surety in favor of	Value (thousands PLN)	Expiry date	Reference to
Urząd Miasta Łodzi [Municipal Office of Łódź]	PLN 8,466	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	PLN 740	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	EUR 13,000	year 2013	collateral of credit granted
Bank Eurohypo AG	EUR 100,000	until the date of lawful registration of mortgage security on the immovable property and recording registered pledges to the registry of pledges	Surety for the liabilities of Echo – Galaxy Sp. z o.o. Sp.thousand. as a collateral of a loan granted by Eurohypo AG Bank.

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 in force until January 15, 2007. As on December 31, 2005 the value of the guarantee is PLN 17,894 thousand.

Bank guarantee as of August 24, 2004 granted by Bank PeKaO S.A. for an amount of EUR 1,000 thousand 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 December 31, 2006 the value of the guarantee is PLN 3,831 thousand.

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 5, 2007. As on December 31, 2006 the value of the guarantee is PLN 3,995 thousand. The Company has established a reserve for liabilities.

Bank guarantee as of August 2, 2006, granted by EUROHYPO AG of Germany as a collateral of payment of remuneration for construction works in favor of Strabag Sp. z o.o. As on December 31, 2006, the value of the guarantee is PLN 27.102 million. Guarantee expiry date: April 30, 2007.

Guarantor	Value (thousands PLN)	Expiry date	Reference to
Bank BZ WBK S.A.	17.894	15.01.2007	Securing payment for execution of construction of an underground passage and other items of reconstruction of the road system of Grunwaldzki Square in Wrocław
PeKaO S.A. Kielce	3.831	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	05.09.2007	Security of liabilities towards Spółdzielnia Spożywców MOKPOL
EUROHYPO AG	27.102	30.04.2007	Security of payment of remuneration for construction works to Strabag Sp. z o.o.

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 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 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 in 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 Company's stable financial standing and the perspective of the nearest years is optimistic with regard to the improvement in the immovable property market in Poland, in Central and Eastern Europe.

Profitability indicators of the Company's operations in 2006 are significantly better in comparison to the previous year. Highest appreciation is shown in the net profit return ratio, which proves increasing efficiency of the basic range of operations.

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

Profitability indicators during the years 2006-2005 are presented in the table below:

Profitability indicators	2006	2005
Operating profit margin ratio <i>operating profit / net income on sales</i>	25,3%	13,6%
Net balance profit margin ratio <i>net profit / net income on sales</i>	31,2%	4,2%
Rate of return on assets (ROA) <i>net profit / assets total</i>	7,8%	1,1%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	20,0%	2,9%

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, which the Company classifies as: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining to executed developer projects designed for sale. Short-term liabilities rotation cycle became longer and the inventories rotation cycle and the cycle of short-term receivables became shorter.

Rotation of key items of assets and liabilities during the years 2006-2005 is presented in the table below:

Activity indicators	2006	2005
Rotation of inventories in days <i>(Average balance of inventories * 365 / net income on sales)</i>	324	341
Rotation of short-term liabilities in days <i>(Balance of short-term liabilities * 365 / net income on sales)</i>	270	394
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 * 365 / net income on sales)</i>	119	80

Liquidity factors are maintained on safe levels. Current and cash ratios are now higher than in 2005. Quick liquidity ratio dropped as compared to the level as of the preceding period. This was primarily affected by the management's policy related to financing of executed investments. Echo Investment S.A.'s credibility in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the Company. High balance of cash also fosters improvement of liquidity ratios.

Liquidity ratios of Echo Investment S.A. during the years 2006-2005 are presented in the table below:

Liquidity ratios	2006	2005
Current ratio <i>operating assets/ short-term liabilities</i>	1,75	1,97
Quick ratio <i>(current assets – inventories) / short-term liabilities</i>	1,08	1,25
Cash ratio <i>cash / short-term liabilities</i>	0,38	0,25

Proper structure of financing makes it possible for the debt ratios to be lower than those 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 years 2006-2005 are presented in the table below:

Debt indicators	2006	2005
------------------------	-------------	-------------

Assets coverage ratio with equity capitals <i>equity capital / assets total</i>	38,8%	36,8%
Fixed assets coverage ratio with equity capital <i>equity capital / fixed assets</i>	91,9%	107,9%
Total debt ratio <i>liabilities total / assets total</i>	57,3%	59,8%
Equity debt ratio <i>liabilities total / equity capital</i>	147,6%	162,6%

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. is fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, the Company intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The Management Board of Echo Investment SA 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 2006

The financial result achieved was largely influenced by revaluation of the Pasaż Świętokrzyski shopping center project in Kielce, which was opened during the period, and transactions of sale of two Qubus hotels in Cracow and Kielce and of two centers in Legionowo and Kalisz. 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. On foreign markets, the Company intends to realize investments within the basic scope of its operations, focusing mainly on commercial space projects.

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 immovable 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 immovable property sector,
- Poland's accession to the European structures

Negative factors:

- unclear legal status of numerous immovable 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 immovable 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 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.

The Management Board of Echo Investment S.A. envisages further dynamic growth of the entire organization. Such growth will be based on good perspectives for the real estate market in Poland and in other countries of Central and Eastern Europe. The Company's future activities will focus on expanding the portfolio of commercial areas for lease. Furthermore, Echo Investment S.A. intends to increase the sales of residential projects. Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The Company is planning for further cooperation with the present hotel chain operators, for whom the Company has completed hotel projects. The current activity of Echo Investment S.A. is focused on the Polish market and is soon going to focus on the Hungarian market as well. 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 expansion of existing commercial projects (shopping centers) and 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.

No significant changes in the basic rules of management took place during the year 2006. Development of the organization enforces improvement of management procedures applied at Echo Investment S.A.

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

As at the end of the year 2006, the Management Board of the Company was 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.

On March 26, 2007 Mr. Andrzej Majcher resigned from his function as a Member and President of the Management Board of the Company. Mr. Andrzej Majcher is going to apply for a post of Supervisory Board member.

On March 27, 2007 a meeting of the Supervisory Board of Echo Investment S.A. was held and a resolution was passed on appointing President of the Management Board of the Company and assigning a member of the Supervisory Board to temporary performance of functions of Management Board member.

In the course of resolutions passed, the Supervisory board of the Company appointed Mr. Jarosław Grodzki, former Vice-President of the Management Board of the Company, President of the Management Board of the Company as from March 27, 2007.

Furthermore, the Supervisory Board of Echo Investment S.A. assigned Mr. Mariusz Waniółka, acting as Deputy Chairman of the Supervisory Board of the Company, to temporary exercise of functions of a

Management Board member as a substitute for Mr. Andrzej Majcher, for a period not exceeding 3 months as from the date of resolution by the Supervisory Board.

As on the submission date of this periodical report, the Management Board of the Company is composed of the following members:

Jarosław Grodzki, President of the Management Board

Piotr Gromniak, Member of the Management Board

Artur Langner, Member of the Management Board.

Mariusz Waniolka, Member of the Management Board (Deputy Chairman of the Supervisory Board, temporarily delegated to act as Member of the Management Board under resolution of the Supervisory Board as of March 27, 2007).

16.2. Supervisory Board

The composition of the Supervisory Board changed in 2006. As on the submission date of this annual report, the Supervisory Board of Echo Investment S.A. is composed of the following members:

Wojciech Ciesielski, Chairman of the Supervisory Board,

Mariusz Waniolka, Deputy Chairman of the Supervisory Board,

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.

On May 30, 2006 two Members of the Supervisory Board, i.e. Mr. Artur Kłoczko and Mr. Mariusz Gromek, resigned from their functions as Members of the Supervisory Board of Echo Investment S.A. Such decision was due to the fact that the said members' other professional obligations had prevented them from fully efficient performance of the supervising function at Echo Investment S.A.

On May 30, 2006 the Ordinary General Meeting of Shareholders appointed Mr. Tomasz Kalwat and Mr. Kamil Latos as Members of the Supervisory Board of Echo Investment S.A.

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 December 31, 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 December 31, 2006, no agreements exist between Echo Investment SA 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:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 1,050 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 788 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 756 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 684 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 324 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

On May 30, 2006 the Ordinary General Meeting of Shareholders of the Company passed resolution no. 18 on determining the rules of compensation for members of the Supervisory Board. Under the said resolution, in consideration of their participation in the works of the Board, Supervisory Board Members shall be entitled to a monthly compensation in the following amounts:

- 1) Chairman of the Supervisory Board: PLN 7,000 (read: seven k) gross,
- 2) Deputy Chairman of the Supervisory Board: PLN 5,000 (read: five k) gross,
- 3) Member of the Supervisory Board: PLN 3,000 (read: three k) gross.

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 year 2006:

- Wojciech Ciesielski received compensation from Echo Investment S.A. in the total amount of PLN 49 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Mariusz Waniolka received compensation from Echo Investment S.A. in the total amount of PLN 35 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 21 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 21 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Tomasz Kalwat received compensation from Echo Investment S.A. in the total amount of PLN 21 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,
- Kamil Latos received compensation from Echo Investment S.A. in the total amount of PLN 21 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 supervision over the wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) did not receive compensation for performance of their functions in the bodies of the 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

Split of shares

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 (concerning 10,500,000 shares) should now be determined as PLN 0.50 (fifty grosz) per share (concerning 42,000,000 shares).

On July 11, 2006, the District Court in Kielce, 10th Economic Department of the National Court Register, recorded the division of shares in proportion of 1:4 without a change in the value of the Company's share capital.

Following registration of the division of shares, the share capital of Echo Investment S.A. equals PLN 21,000,000 and is divided into:

- 160,000 (one hundred and sixty k) series A ordinary bearer shares,
- 3,840,000 (three million eight hundred and forty k) series B ordinary bearer shares,
- 2,000,000 (two million) series C ordinary bearer shares,
- 6,000,000 (six million) series D ordinary bearer shares,
- 2,000,000 (two million) series E ordinary bearer shares,
- 28,000,000 (twenty-eight million) series F ordinary bearer shares.

All shares with nominal value of PLN 0.50.

On August 2, 2006, KDPW SA (the National Deposit of Securities Joint Stock Company) under the resolution no. 373/06 as of July 21, 2006, replaced Echo Investment SA's shares in the deposit of securities. The deposited 10,460,000 shares with nominal value of PLN 2 each were divided into 41,840,000 shares with nominal value of PLN 0.50 each.

Dematerialization and introduction to trade of series A shares

On May 30, 2006 the Ordinary General Meeting of Shareholders of the Company passed resolution no. 20 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.

Pursuant to Resolution no. 273/2006 of the Management of Giełda Papierów Wartościowych w Warszawie S.A. (hereinafter the 'GPW' – Warsaw Stock Exchange Joint Stock Company) as of August 2, 2006, the Management of GPW SA hereby states that, pursuant to paragraph 19 clauses 1 and 2 of the Stock Exchange Regulations, 160,000 series A ordinary bearer shares of Echo Investment SA, for a nominal value of PLN 0.50 each, were accepted for trade.

On August 4, 2006 the KDPW (National Deposit of Securities Joint Stock Company) registered 160,000 series A ordinary bearer shares in the registry, with nominal value of PLN 0.50 each.

On August 7, 2006 the Management Board of the KDPW S.A. (National Deposit of Securities Joint Stock Company) adopted a resolution no. 416/06, pursuant to which on August 10, 2006 160,000 shares were assimilated with the 41,840,000 shares available for trade.

Following listing the series A shares, the total number of listed shares is 42,000,000.

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

Ownership of shares of Echo Investment S.A. by supervising persons as on December 31, 2006 is illustrated in the table below:

	Status as on December 31, 2006	Nominal value of one share	Nominal value total	Percentage of share capital
Wojciech Ciesielski , Chairman of the Supervisory Board,	144.000	PLN 0.50	PLN 72,000	0,34%
Mariusz Waniolka , 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	-	-	-

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 December 31, 2006 is illustrated in the table below:

	Status as on December 31, 2006 [pcs.]	Nominal value of one share	Nominal value total	Percentage of share capital
Andrzej Majcher , President of the Management Board,	10.080	PLN 0.50	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	-	-	-

On February 3, 2006 the issuer was notified that on February 3, 2006 a Member of the Management Board of Echo Investment S.A. entered a transaction of transfer of 195,000 shares (48,750 – number of shares after splitting) of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 160 each. The transaction was made as a block non-session transaction.

21. Shareholders of Echo Investment S.A. that, as on December 31, 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 December 31, 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)	17.236.536	41,04%	17.236.536	41,04%
OFE ING Nationale – Nederlanden Polska*	3 669 661	8,74%	3 669 661	8,74%
Commercial Union OFE*	3 073 842	7,32%	3 073 842	7,32%
OFE PZU Złota Jesień*	2 790 915	6,65%	2 790 915	6,65%
BZ WBK AIB Asset Management SA	2 119 363	5,05%	2 119 363	5,05%

* balance as on December 31, 2006

On February 3, 2006 the issuer was notified that, following an entry in the securities account resulting from acquisition of shares of Echo Investment S.A. as of February 3, 2006, Mr. Michał Sołowow owns directly and indirectly 4,159,134 shares of the issuer, which is a 39,61% stake in the initial capital, giving him 4,159,134 votes at the General Meeting of Shareholders, which constitute 39.61% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A. Before February 3, 2006 the number of shares of Echo Investment S.A. held by Mr. Michał Sołowow equaled 3,964,134, forming 37.75% of share in the initial capital and entitling to 3,964,134 votes at the General Meeting of Shareholders. The share in the total number of votes was 37,75%.

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

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

On August 18, 2006 Echo Investment SA was informed that, following an entry made on August 17, 2006 on the securities account pursuant to sale of Echo Investment SA's shares, Mr. Artur Kłoczko holds 235,536 of the issuer's shares, equivalent to 0.56% of the share capital and offering 235,536 votes at the General Meeting of Shareholders, i.e. 0.56% of the total number of votes at the General Meeting of Shareholders of Echo Investment SA.

Before August 17, 2006 Mr. Artur Kloczko owned 2,104,276 shares of Echo Investment S.A., constituting a 5.01% stake in the initial capital and giving him 2,104,276 votes at the General Meeting of Shareholders. The share in the total number of votes was 5.01%.

On December 4, 2006 Echo Investment SA received a notice whereunder BZ WBK AIB Asset Management SA of Poznań informs that as a result of acquisitions of Echo Investment SA's shares as accounted on November 30, 2006 BZ WBK AIB Asset Management SA's customers whose accounts are covered by the management agreement have become owners of shares giving more than 5% of the total number of votes at the Issuer's general meeting of shareholders.

Before increase of the foregoing share, customers of BZ WBK AIB Asset Management SA held 2,099,612 shares of Echo Investment SA on their accounts covered by the management agreement, forming 4.9991% of the Issuer's share capital. These shares gave 2,099,612 votes, forming 4.9991% of the total number of votes at the Issuer's general meeting of shareholders.

On November 30, 2006 there were 2,119,363 shares of Echo Investment SA on BZ WBK AIB Asset Management SA customers' securities accounts, forming 5.05% of the Issuer's share capital. These shares gave 2,119,363 votes, forming 5.05% of the total number of votes at the Issuer's general meeting of shareholders.

Furthermore, BZ WBK AIB Asset Management SA informs that BZ WBK AIB TFI SA of Poznań, pursuant to Article 46 clause 1 item 1 of the Act as of May 27, 2004 on investment funds (Journal of Laws No. 146 item 1546, as amended), contracted management of investment funds' portfolios from BZ WBK Asset Management SA. Considering the above, this information also accounts for Echo Investment SA's shares held by BZ WBK AIB TFI SA.

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. On January 6, 2007 BDO Polska Sp. z o.o. changed its name into BDO Numerica Sp. z o.o.

The compensation under the contract for review and audit of the financial statement in 2006 equals PLN 113,400 and for review of the consolidated financial statement in 2006 – PLN 72,000. The same data for the equivalent period of the preceding year is: PLN 144,900 and PLN 103,500, 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 2006, equaled PLN 45,000.
- costs of assignments borne by BDO Numerica 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 2006 for delegation costs equaled PLN 20,817.

Kielce, April 26, 2007

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

Jarosław Grodzki
President of the Management Board
Management Board

Piotr Gromniak
Member of the Management Board
acting Member of the Management Board

Artur Langner

Mariusz Waniółka
Member of the

STATEMENT OF THE MANAGEMENT BOARD

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

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

Kielce, April 26, 2007

Jarosław Grodzki
President of the Management Board
Management Board

Piotr Gromniak
Member of the Management Board
acting Member of the Management Board

Artur Langner

Mariusz Waniółka
Member of the

STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Echo Investment S.A. has applied the principles of corporate governance as advised by the Warsaw Stock Exchange Joint Stock Company. Statement of compliance with corporate governance principles was signed by the General Meeting of Shareholders of Echo Investment SA on June 14, 2005. On May 30, 2006 the Ordinary General Meeting of Shareholders of Echo Investment S.A. passed the Regulations of the General Meeting of Shareholders through resolution no. 2, thus applying the principle no. 18.

The wording of the said Statement is available on the Company's website www.echo.com.pl.

Statement of Echo Investment SA's compliance with corporate governance principles, according to the provisions of Stock Exchange Regulations, shall be published by the Company until July 1, 2007.

Kielce, April 26, 2007

Jarosław Grodzki
President of the Management Board
Management Board

Piotr Gromniak
Member of the Management Board
acting Member of the Management Board

Artur Langner

Mariusz Waniółka
Member of the

