

Echo Investment S.A. Capital Group

Mid-year condensed consolidated financial statement
as on and for a period of twelve months expiring on December 31, 2005



Kielce, March 1, 2006

1. Condensed consolidated balance sheet, in thousands PLN

	balance as on 2005.12.31 end of quarter	balance as on 2004.12.31 end of quarter
Assets		
1. Fixed assets		
1.1. Intangible assets	86	66
1.2. Goodwill of subsidiaries	-	(571)
1.3. Non-current assets	243 139	214 148
1.4. Long-term receivables	-	-
1.5. Investment immovable property	1 402 437	1 306 300
1.6. Long-term financial assets	17 398	21 086
1.7. Assets on account of deferred income tax	29 604	20 838
	1 692 664	1 561 867
2. Current assets		
2.1. Inventories	170 756	218 524
2.2. Receivables on account of taxes	29 540	16 240
2.3. Receivables on account of deliveries and services, other receivables	13 497	13 784
2.4. Short-term financial investments	8 230	3 849
2.5. Accruals	883	1 455
2.6. Cash and cash equivalents	256 227	73 610
	479 133	327 462
Assets total	2 171 797	1 889 329
Liabilities		
1. Equity capital		
1.1. Equity capital allocated to shareholders of the dominant company	916 042	722 119
1.1.1. Initial capital	21 000	21 000
1.1.2. Reserve capital	353 771	319 084
1.1.3. Profit (loss) carried forward	347 918	355 636
1.1.4. Profit (loss) of the accounting year	193 353	26 399
1.2. Minority capitals	18 143	1 531
	934 185	723 650
2. Reserves		
2.1. Provision on account of deferred income tax	140 846	112 887
2.2. Other reserves	30 992	41 661
	171 838	154 548
3. Long-term liabilities		
3.1. Financial liabilities	690 429	689 906
3.2. Other liabilities	29 255	56 887
	719 684	746 793
4. Short-term liabilities		
4.1. Financial liabilities	161 316	177 763
4.2. Tax liabilities	22 403	4 232
4.3. Liabilities on account of deliveries and services	57 367	40 252
4.4. Other liabilities	105 004	42 091
	346 090	264 338

Liabilities total	2 171 797	1 889 329
	balance as on 2005.12.31	balance as on 2004.12.31
	end of quarter	end of quarter
Book value	916 042	722 119
Number of shares	10 500 000	10 500 000
Book value per one share (in PLN)	87,24	68,77
Diluted number of shares	10 500 000	10 500 000
Diluted book value per one share (in PLN)	87,24	68,77
Off-balance items in thousands PLN	balance as on 2005.12.31	balance as on 2004.12.31
	end of quarter	end of quarter
1. Off-balance receivables		
2. Off-balance liabilities	39 399	21 665

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

	4th quarter the period from 2005.10.01 to 2005.12.31	4 quarters the period from 2005.01.01 to 2005.12.31	4th quarter the period from 2004.10.01 to 2004.12.31	4 quarters the period from 2004.01.01 to 2004.12.31
Operating income	59 763	258 784	86 411	332 114
Operating costs	(18 644)	(97 750)	(28 688)	(149 983)
Gross profit (loss) on sales	41 119	161 034	57 723	182 131
Profit (loss) on sales of real property	(2 235)	63 672	-	-
Revaluation of real property	20 133	111 093	(81 084)	(138 428)
Costs of sales	(2 054)	(8 459)	(3 334)	(8 008)
Overheads	(9 403)	(28 423)	(12 284)	(30 968)
Other operating income and costs	(17 799)	(7 115)	(13 774)	(28 828)
Profit before tax and financial income/costs	29 761	291 802	(52 753)	(24 101)
Financial income	(1 826)	8 149	1 794	8 227
Financial costs	5 425	(42 953)	(13 804)	(52 417)
Foreign exchange gains/losses	10 843	16 058	50 968	103 557
Revaluation of goodwill of subsidiaries	(2)	(6 375)	-	(910)
Shares in profits of associated companies	-	(7)	338	(2)
Gross profit (loss)	44 201	266 674	(13 457)	34 354
Income tax	(11 855)	(56 705)	4 042	(7 951)
Net profit (loss)	32 346	209 969	(9 415)	26 403
1. Profit (loss) allocated to minority shareholders	16 594	16 616	503	4
2. Profit (loss) allocated to shareholders of the dominant company	15 752	193 353	(9 918)	26 399
Net profit (loss) (annualized)		193 353		26 399
Weighted average number of ordinary shares		10 500 000		10 500 000
Profit (loss) per one ordinary share (in PLN)		18,41		2,51
Weighted average diluted number of ordinary shares		10 500 000		10 500 000
Diluted profit (loss) per one ordinary share (in PLN)		18,41		2,51

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

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the accounting year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
For four quarters (current year), period from January 1, 2005 to December 31, 2005							
Balance at the beginning of the period	21 000	319 084	382 035	-	722 119	1 531	723 650
Changes in applied accounting principles (policy)	-	-	570	-	570	-	570
Corrections of basic errors					-		-
Balance at the beginning of the period, after reconciliation	21 000	319 084	382 605	-	722 689	1 531	724 220
Distribution of profit/loss carried forward	-	34 687	(34 687)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(4)	(4)
Net profit (loss) of the current period	-	-	-	193 353	193 353	16 616	209 969
Balance at the end of the period	21 000	353 771	347 918	193 353	916 042	18 143	934 185
For four quarters (previous year), period from January 1, 2004 to December 31, 2004							
Balance at the beginning of the period	21 000	294 469	24 548	-	340 017	177	340 194
Changes in applied accounting principles (policy)	-	-	355 636	-	355 636	-	355 636
Corrections of basic errors	-	-	67	-	67	-	67
Balance at the beginning of the period, after reconciliation to comparable data	21 000	294 469	380 251	-	695 720	177	695 897
Distribution of profit/loss carried forward	-	24 615	(24 615)	-	-	-	-
Changes in minority shares	-	-	-	-	-	1 350	1 350
Net profit (loss) in the period	-	-	-	26 399	26 399	4	26 403
Balance at the end of the period	21 000	319 084	355 636	26 399	722 119	1 531	723 650

4. Condensed consolidated cash flow account, in thousands PLN

	4 quarters the period from 2005.01.01 to 2005.12.31	4 quarters the period from 2004.01.01 to 2004.12.31
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	209 969	26 403
II. Adjustments total		
1. Share of associated companies in net (profit) loss	7	2
2. Depreciation of fixed assets	4 768	11 022
3. Revaluation of goodwill	6 375	912
4. Foreign exchange gains/losses	(15 864)	(157 605)
5. Interest and shares in profits (dividends)	34 606	41 852
6. (Profit) loss on investment activity	(128 307)	144 492
7. Change in reserves	7 017	36 048
8. Change in inventories	(15 722)	(63 144)
9. Change in receivables	21 225	4 676
10. Change in short-term liabilities, except for loans and credits	46 692	42 016
11. Change in accruals	4 310	(1 196)
12. Other adjustments	(4)	(120)
	(34 897)	58 955
III. Net cash flows from operating activity (I+/-II)	175 072	85 358
B. Cash flows on investment activity		
I. Income		
1. Sales of intangible assets and fixed assets	183 251	2 055
2. Sales of investments in real property and in intangible assets	69 151	-
3. From financial assets	122 939	19 494
4. Other income from investments	234	-
	375 575	21 549
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(8 488)	(83 544)
2. Investments in real property and in intangible assets	(193 127)	(87 539)
3. On financial assets	(23 415)	(45)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditure	-	-
	(225 030)	(171 128)
III. Net cash flows on investment activity (I-II)	150 545	(149 579)
C. Cash flows on financial activity		
I. Income		
1. Net income from issue of shares and other capital instruments and additional payments to capital	-	-
2. Loans and credits	112 593	201 310
3. Issue of debenture bonds	155 960	310 600
4. Other financial income	-	118
	268 553	512 028

II. Expenditure

1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	(242 543)	(131 750)
5. Redemption of debenture bonds	(110 000)	(229 200)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	(487)	(487)
8. Interest	(54 471)	(61 135)
9. Other financial expenses	(11)	-
	(407 512)	(422 572)
III. Net cash flows on financial activity (I-II)	(138 959)	89 456

D. Net cash flows total (A.III+/-B.III+/-C.III)	186 658	25 235
E. Difference in cash balances, including:	176 347	25 235
- change in cash balance on account of exchange rate gain/loss	(10 311)	-
F. Cash at the beginning of period	80 040	48 375
G. Cash at the end of period (F+/-D), including:	256 387	73 610
- with limited disposability	-	8 974

5. Additional information to condensed consolidated report**5.1 Basic information**

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

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

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

The presented statement refers to the twelve months' period expiring on December 31, 2005, with comparative data referring to the twelve months' period expiring on December 31, 2004. The statement is expressed in thousands Polish zlotys.

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

5.2 Principles applied during preparation of the quarterly report

The consolidated statement of Echo Investment S.A. for the four quarters of the year 2005 has been prepared in accordance with the International Financial Reporting Standards, approved by the European Commission. Guidelines included in the IFRS no. 1 and IAS no. 34 have been applied in preparation of the statement. The rules of valuating assets and liabilities and determining the financial result were applied as on the balance day.

The management of the dominant company used its best knowledge in applying standards, interpretation, methods and principles of valuating the particular items of the condensed consolidated financial statement for four quarters of the year 2005. Preparation of financial statements in accordance with the IFRS required making certain estimations and assumptions by the Management Board of the Company, which are reflected in these statements. Actual results may differ from these estimations. The presented financial data has not been verified by an auditor.

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

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

In certain justified cases, individual principles of calculating revaluation write-offs can be applied.

The receivables also include discount on short-term and long-term debenture bonds to be settled in the following accounting period, calculated and not matured interest on deposits valued as amounts due.
- Short-term investments are valued according to acquisition prices, accounting for write-offs due to permanent loss in value. Cash and cash equivalents include assets in the form of domestic monies, foreign currency and financial instruments, as well as other financial assets, particularly interest on loans granted if it falls due within 3 months from the report date. The same definition of cash applies to the cash flow statement.
- The following items are created on account of deferred tax: assets on account of deferred income tax and provision for income tax. These items are valued according to their justified estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.
- 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.
- Share capital and reserve capital is valued in its nominal value.
- 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.
- Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will result in the necessity of expensing funds that form economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of executed investment projects, costs of bonuses, cash equivalents for unused holiday benefits and audit costs that have not been incurred but which fall on the current period, as well as for expected losses to be yielded in future periods.
- Liabilities are disclosed in the balance sheet as payable amounts. Liabilities include in particular not matured interest on bank loans, booked according to the accruals method. The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced.
- Accrued income and costs are disclosed in their nominal value.
- Foreign currencies are valued as on the balance day, applying average exchange rates of the National Bank of Poland applicable as on the balance day.

- Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the calculation method.
 - a) The costs of production of products sold include yielded costs pertaining to the revenues in a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
 - b) With regard to long-term construction contracts, financial result is affected by estimated income, considering progress of investment execution as on the balance day, pursuant to the principles under IAS No. 11 'Construction Contracts'. Progress of investment execution is determined as the share of costs borne as on the balance day in total estimated investment costs. W takim samym procencie w stosunku do ogółu szacowanych przychodów ustalane są przychody w bieżącym okresie. Own costs of sales of production consisting in execution of building contracts is disclosed according to the progress of investment execution.
 - c) Sales are valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
 - profitability level according to the sales contract, or average (calculated) profitability level assumed by the company;
 - percentage of such items as, for instance, sold area of land, sold shares, etc. (according to average prices) Own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.
 - d) The following factors also affect the financial result:
 - in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
 - yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
 - profits and losses on sale of securities,
 - all financial income receivable by the company,
 - yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts). The structure of expenditure in the company is calculated as overheads, advances, loans granted, expenses on fixed assets, financial investments, intangible assets and non-activated inventories and expenses reduced by revenues from advances on activated projects. The amount of activated financial costs corresponding to the latter item is calculated proportionally. Rozdziela się ją na poszczególne projekty zapasów według struktury wydatków pomniejszonych o zaliczki.
 - realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.
- Cash flow statement is prepared according to indirect method.

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

The comparable financial statements of the Capital Group have been converted in accordance with IFRS no. 1. Valuation of real property in fair value according to IAS no. 40 had the most significant impact on the comparable statements. The Capital Group valued its real property mainly on the basis of available valuations prepared by independent experts (mostly for purposes of crediting banks). As a result of valuation of real property, equity capital of the Capital Group as at the end of the year 2004 increased by PLN 347,349 k. In view of changing market conditions (changes in discount rates), real property can be valued again, which will affect the future financial results of the Capital Group.

Data for the year 2004:

- Financial result

according to PAS	34,686 thousand PLN
according to IAS	26,399 thousand PLN
difference	(8 287) thousand PLN, where:

(114 688) - Difference from valuation of real property (in fair value)

106 871	- Withdrawal of valuation of a derivative integrated in lease contracts
(1 192)	- Valuation of foreign currency liabilities
(1 282)	- Valuation of bonds
1 956	- Deferred income tax on the above mentioned items
48	- Deferred income tax on depreciation of premises in the Bemowo district
➤ Profit/loss carried forward:	
according to PAS	0 thousand PLN
according to IAS	355,636 thousand PLN
difference	355,636 thousand PLN, z czego:
497 072	- Difference from valuation of real property (in fair value)
(53 610)	- Withdrawal of valuation of a derivative integrated in lease contracts
(657)	- Valuation of foreign currency liabilities
(84 133)	- Deferred income tax on the above mentioned items
(3 036)	- Deferred income tax on investment tax credits for premises in the Bemowo district
➤ Equity capital allocated to shareholders of the dominant company:	
according to PAS	374,770 thousand PLN
according to IAS	722,119 thousand PLN
difference	347,349 thousand PLN, where:
355 636	- Profit/loss carried forward
(8 287)	- Net result in the financial year
➤ Investment in real estate	
according to PAS	975,926 thousand PLN
according to IAS	1,306,300 thousand PLN
difference	330,374 thousand PLN - Difference from valuation of real property (in fair value)
➤ Other long-term investments	
according to PAS	5,174 thousand PLN
according to IAS	0 thousand PLN
difference	(5 174) tys. PLN - Withdrawal of valuation of a derivative integrated in lease contracts
➤ Assets from deferred income tax	
according to PAS	20 594 tys PLN
according to IAS	20,838 thousand PLN
difference	244 thousand PLN - Occurrence of timing differences in income tax
➤ Provision for income tax	
according to PAS	27,126 thousand PLN
according to IAS	112,887 thousand PLN
difference	85,761 thousand PLN - Occurrence of timing differences in income tax
➤ Long-term financial liabilities	
according to PAS	745,212 thousand PLN
according to IAS	689,906 thousand PLN
difference	(55 306) thousand PLN, where:
1 848	- Valuation of foreign currency liabilities
(1 282)	- Wycena obligacji
(58 436)	- Withdrawal of valuation of a derivative integrated in lease contracts

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

Echo Investment S.A., which is the owner of Group companies, plays the major part in the structure of the Capital Group through supervising, partnering in execution and providing funds for execution of current developer projects. The group companies have been established or acquired for the purpose of performing certain investment tasks. They do not engage in any type of business activity other than one involved in the realization process of a specific project, followed by provisions of lease services of already completed property components or other services. The Echo Investment S.A. Capital Group consists of 51 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- „Athina Park” Spółka z o.o. [‘Athina Park’ Limited Liability Company], having its registered seat in Kielce

- „Bioelektrownia Hydropol – 4” Spółka z o.o. [‘Bioelektrownia Hydropol – 4’ Limited Liability Company], having its registered seat in Kielce
- „Centrum Handlowe PHS” Spółka Akcyjna [‘PHS Shopping Center’ Joint Stock Company], having its registered seat in Szczecin
- „Echo Bau” Spółka z o.o. [‘Echo Bau’ Limited Liability Company], having its registered seat in Kielce
- „Echo – Centrum Bankowości i Finansów Łódź” Spółka z o.o. [‘Echo – Banking and Finance Center Łódź’ Limited Liability Company], having its registered seat in Kielce
- „Echo – Centrum Biznesu Łódź” Spółka z o.o. [‘Echo – Business Center Łódź’ Limited Liability Company], having its registered seat in Kielce
- „Echo – Pasaż Grunwaldzki” Spółka z o.o. [‘Echo – Grunwaldzki Arcade’ Limited Liability Company], having its registered seat in Kielce
- „Echo – Pasaż Grunwaldzki Sp. z o.o.” Spółka komandytowa [‘Echo – Grunwaldzki Arcade Limited Liability Company’ Limited Company], having its registered seat in Kielce
- „Echo ACC” Spółka z o.o. [‘Echo ACC’ Limited Liability Company], having its registered seat in Kielce
- „Echo Centrum Ślichowice” Spółka z o.o. [‘Echo Ślichowice Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Gdynia” Spółka z o.o. [‘Echo Investment – Gdynia Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Bełchatów” Spółka z o.o. [‘Echo Investment – Bełchatów Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Jelenia Góra” Spółka z o.o. [‘Echo Investment – Jelenia Góra Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Łomża” Spółka z o.o. [‘Echo Investment – Łomża Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment – Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Pabianice” Spółka z o.o. [‘Echo Investment – Pabianice Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Piła” Spółka z o.o. [‘Echo Investment – Piła Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Piotrków Trybunalski” Spółka z o.o. [‘Echo Investment – Piotrków Trybunalski Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Przemyśl” Spółka z o.o. [‘Echo Investment – Przemyśl Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Radom” Spółka z o.o. [‘Echo Investment – Radom Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Rzeszów” Spółka z o.o. [‘Echo Investment – Rzeszów Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Siemianowice Śląskie” Spółka z o.o. [‘Echo Investment – Siemianowice Śląskie Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Świętochłowice” Spółka z o.o. [‘Echo Investment – Świętochłowice Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Tarnów” Spółka z o.o. [‘Echo Investment – Tarnów Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Tczew” Spółka z o.o. [‘Echo Investment – Tczew Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowe Zamość” Spółka z o.o. [‘Echo Investment – Zamość Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowo-Usługowo-Rozrywkowe Gliwice” Spółka z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowo-Rozrywkowe Kielce” Spółka z o.o. [‘Echo Investment – Kielce Shopping and Entertainment Center’ Limited Liability Company], having its registered seat in Kielce
- „Echo Investment – Centrum Handlowo-Rozrywkowe Szczecin” Spółka z o.o. [‘Echo Investment – Szczecin Shopping and Entertainment Center’ Limited Liability Company], having its registered seat in Kielce
- „Est On Property Management” Spółka z o.o. [‘Est On Property Management’ Limited Liability Company], having its registered seat in Kielce
- „Hotel Investment” Spółka z o.o. [‘Hotel Investment’ Limited Liability Company], having its registered seat in Kielce
- „Hotel Investment Sp. z o.o.” Spółka komandytowa [‘Hotel Investment Ltd.’ Limited Company], having its registered seat in Kielce
- „Kieleckie Centrum Handlowo-Rozrywkowe Echo” Spółka z o.o. [‘Echo Shopping and Entertainment Center of Kielce’ Limited Liability Company], having its registered seat in Kielce
- „Malta Office Park” Spółka z o.o. [‘Malta Office Park’ Limited Liability Company], having its registered seat in Kielce
- „MDP” Spółka z o.o. [‘MDP’ Limited Liability Company], having its registered seat in Kielce
- „Piomot Auto” Spółka z o.o. [‘Piomot Auto’ Limited Liability Company], having its registered seat in Kielce
- „Princess Boryszewska” Spółka z o.o. [‘Princess Boryszewska’ Limited Liability Company], having its registered seat in Kielce
- „Princess Investment” Spółka z o.o. [‘Princess Investment’ Limited Liability Company], having its registered seat in Kielce

- „Project 3” Spółka z o.o. [‘Project 3’ Limited Liability Company], having its registered seat in Warsaw
- „Projekt - Echo 17” Spółka z o.o. [‘Project - Echo 17’ Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 30” Spółka z o.o. [‘Project - Echo 30’ Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 32” Spółka z o.o. [‘Project - Echo 32’ Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 34” Spółka z o.o. [‘Project - Echo 34’ Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 37” Spółka z o.o. [‘Project - Echo 37’ Limited Liability Company], having its registered seat in Kielce
- „Projekt - Echo 39” Spółka z o.o. [‘Project - Echo 39’ Limited Liability Company], having its registered seat in Kielce
- „Projekt Gdynia - 1” Spółka z o.o. [‘Project Gdynia - 1’ Limited Liability Company], having its registered seat in Kielce
- „Projekt Naramowice” Spółka z o.o. [‘Project Naramowice’ Limited Liability Company], having its registered seat in Kielce
- „Projekt S” Spółka z o.o. [‘Project S’ Limited Liability Company], having its registered seat in Kielce
- „WAN 11” Spółka z o.o. [‘WAN 11’ Limited Liability Company], having its registered seat in Warsaw
- „Wyględów” Spółka z o.o. [‘Wyględów’ Limited Liability Company], having its registered seat in Kielce
- „Zakłady Ogrodnicze Naramowice” Spółka z o.o. [‘Naramowice Horticultural Plant’ Limited Liability Company], having its registered seat in Poznań

Companies valued according to ownership rights method:

- „SPC” Spółka Akcyjna [‘SPC’ Joint Stock Company], having its registered seat in Warsaw
- „W.A. Hotele” Spółka z o.o. [‘W.A. Hotels’ Limited Liability Company], having its registered seat in Warsaw
- „WAN Invest” Spółka z o.o. [‘WAN Invest’ Limited Liability Company], having its registered seat in Warsaw
- „Zakłady Ogrodnicze Naramowice” Spółka z o.o. [‘Naramowice Horticultural Plant’ Limited Liability Company], having its registered seat in Poznań

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

- ‘WAN 11’ Sp. z o.o. [Co., Ltd.] - 50% of basic capital and 50% of voting rights at the general meeting.
- ‘Projekt S’ Sp. z o.o. [Co., Ltd.] - 56% of basic capital and 56% of voting rights at the general meeting.

Capital relationships within the Capital Group concern the following:

- a) „Piomot - Auto” Sp. z o.o., which holds 15.88% of base capital of „Echo - Centrum Piotrków Trybunalski” Sp. z o.o.;
- b) „Zakłady Ogrodnicze Naramowice” Sp. z o.o., which holds 99.8% of base capital of „Projekt Naramowice” Sp. z o.o.;
- c) „Echo Investment - Centrum Handlowo-Rozrywkowe Kielce” Sp. z o.o., which holds:
 - 99.99% of base capital of „Kieleckie Centrum Handlowo-Rozrywkowe Echo” Sp. z o.o.;
 - 100% of base capital of „Princess Boryszewska” Sp. z o.o.
- e) „Projekt - Echo 37” Sp. z o.o., which holds 0.001% of base capital of „Echo Investment - Centrum Handlowe Świętochłowice” Sp. z o.o.;
- f) „Echo - Pasaż Grunwaldzki” Sp. z o.o., which holds 1% share in „Echo - Pasaż Grunwaldzki Sp. z o.o.” Limited Company;
- g) „Hotel Investment” Sp. z o.o., which holds 1% share in „Hotel Investment Sp. z o.o.” Limited Company;
- h) „Projekt - Echo 17” Sp. z o.o., which holds the following respective shares in base capitals of the following companies:
 - 1.00% of capital of „Wyględów” Sp. z o.o.;
 - 1.00% of capital of „Projekt - Echo 37” Sp. z o.o.;
 - 1.00% of capital of „Projekt - Echo 39” Sp. z o.o.;
 - 1.00% of capital of „Project 3” Sp. z o.o.;
 - 1.00% of capital of „Echo ACC” Sp. z o.o.;
 - 1.00% of capital of „Projekt - Echo 30” Sp. z o.o.;
 - 1.00% of capital of „Projekt - Echo 32” Sp. z o.o.;
 - 1.00% of capital of „Echo - Pasaż Grunwaldzki” Sp. z o.o.;
 - 1.00% of capital of „Projekt - Echo 34” Sp. z o.o.;
 - 1.00% of capital of „Est On Property Management” Sp. z o.o.;
 - 0.05% of capital of „Hotel Investment” Sp. z o.o.;
 - 0.03% of capital of „Malta Office Park” Sp. z o.o.;
 - 0.02% of capital of „Echo Centrum Ślichowice” Sp. z o.o.;
 - 0.02% of capital of „Projekt - Centrum Biznesu Łódź” Sp. z o.o.;
 - 0.02% of capital of „Projekt Naramowice” Sp. z o.o.;
 - 0.01% of capital of „Echo Investment - Centrum Handlowe Tczew” Sp. z o.o.;
 - 0.01% of capital of „Echo Investment - Centrum Handlowe Piła” Sp. z o.o.;
 - 0.01% of capital of „Echo Investment - Centrum Handlowe Zamość” Sp. z o.o.;
 - 0.01% of capital of „Echo Investment - Centrum Handlowo - Rozrywkowe Gliwice” Sp. z o.o.;
 - 0.01% of capital of „Projekt Gdynia - 1” Sp. z o.o.;
 - 0.009% of capital of „Echo Investment - Centrum Handlowe Siemianowice Śląskie” Sp. z o.o.;
 - 0.008% of capital of „Athina Park” Sp. z o.o.;
 - 0.007% of capital of „Echo Investment - Centrum Handlowe Łomża” Sp. z o.o.;
 - 0.006% of capital of „Echo Investment - Centrum Handlowe Bełchatów” Sp. z o.o.;

- 0,006% of capital of „Echo Investment – Centrum Handlowe Rzeszów” Sp. z o.o.;
- 0,005% of capital of „Echo Investment – Centrum Handlowe Olkusz” Sp. z o.o.;
- 0,005% of capital of „Echo Investment – Centrum Gdynia” Sp. z o.o.;
- 0,004% of capital of „Echo Investment – Centrum Handlowe Pabianice” Sp. z o.o.;
- 0,004% of capital of „Echo Investment – Centrum Handlowe Radom” Sp. z o.o.;
- 0,004% of capital of „MDP” Sp. z o.o.;
- 0,004% of capital of „Echo Investment – Centrum Handlowe Tarnów” Sp. z o.o.;
- 0,002% of capital of „Echo Investment – Centrum Handlowo – Rozrywkowe Kielce” Sp. z o.o.;
- 0,001% of capital of „Echo Investment – Centrum Handlowo – Rozrywkowe Szczecin” Sp. z o.o.

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

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

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

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

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

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

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

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

Such events did not occur.

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

Such events did not occur.

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

Existing conditional liabilities did not change and new liabilities did not occur during the 4th quarter of the year 2005 from the end of the last financial year.

5.11 Description of the issuer's significant achievements or failures

During the 4th quarter of the year 2005, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below:

Segment of shopping centers and commercial and entertainment centers

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

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

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

One of the company's key projects in 2005 is realization of an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. In May, a contract was signed with Strabag Sp. z o.o. for complex execution of the core and shell of this project. Commercialization of the project also progressed. The anticipated area for rent is about 47,000 square meters. Attractiveness of this investment has been confirmed by the tenants' interest. The company leased 70% of the center's area (at the end of 2005), signing long-term contracts with a high number of tenants.

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

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

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

Segment of office areas

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

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

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

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

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

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

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

In 2005, Echo Investment S.A. acquired real property situated at 21 Postępu Street in Warsaw, designed for erection of an office building complex. The anticipated commencement date of investment realization falls at the beginning of the year 2007.

As erection of a new head office for the Echo Investment S.A. Group companies is planned, in 2005 the Company obtained a decision on development conditions concerning realization of the prepared project of construction of an office building complex in Kielce. The intended construction commencement date falls in April 2006 (net area of the buildings equals about 20,000 square meters).

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

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

The good perspectives are noticeable in the Warsaw market and in regional markets, such as Łódź, Poznań, Cracow, Wrocław, which is due to high interest of international corporations in moving certain parts of their operations to Poland – so-called Business Offshoring Process). Echo Investment S.A. collaborates with Philips International, which is the key tenant in the Company's office building named Orion, situated in Łódź. Philips International has chosen Łódź for the head office of its Central European branches' financial and accounting service.

Segment of hotels

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

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

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

Housing segment

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

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

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

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

Foreign market

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

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

The achieved financial results was significantly affected by the completed transaction of sale of seven shopping centers in Plock, Olkusz, Piła, Siemianowice – Bytków, Świętochłowice, Tczew, Zamość, with 'Echo' shopping center buildings. The net value of the transaction was PLN 250,648 thousand (read: two hundred and fifty million six hundred and forty-eight thousand zlotys). The total recorded value of sold assets, according to the consolidated financial report published after the 4th quarter of the year 2004, equaled PLN 147,444 k (valuated according to IFRS – PLN 187,429 thousand (read: (one hundred and eighty-seven million four hundred and twenty-nine thousand zlotys). The buyer is Meinl European Land Ltd., a fund investing in commercial property. The sale of the seven shopping centers indicates professional functioning of our buildings, their advantages and development potential.

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

Revaluation of real property owned by the Capital Group, which was performed during the 3rd quarter of 2005 by an expert, had a significant impact on the financial result.

5.13 Selected financial data

	PLN k		EUR k	
	4 quarters accrued - the period from 2005.01.01 to 2005.12.31	4 quarters accrued - the period from 2004.01.01 to 2004.12.31	4 quarters accrued - the period from 2005.01.01 to 2005.12.31	4 quarters accrued - the period from 2004.01.01 to 2004.12.31
I. Operating income	258 784	332 114	64 321	73 506
II. Profit before tax and financial income/costs	291 802	(24 101)	72 528	(5 334)
III. Gross profit (loss)	266 674	34 354	66 282	7 603
IV. Net profit (loss)	193 353	26 399	48 058	5 843
V. Net cash flows on operating activity	175 072	85 358	43 515	18 892
VI. Net cash flows on investment activity	150 545	(149 579)	37 418	(33 106)
VII. Net cash flows on financial activity	(138 959)	89 456	(34 539)	19 799
VIII. Net cash flows total	186 658	25 235	46 394	5 585
IX. Assets total	2 171 797	1 889 329	562 671	463 184
X. Equity capital	916 042	722 119	237 329	177 033
XI. Long-term liabilities	719 684	746 793	186 456	183 082
XII. Short-term liabilities	346 090	264 338	89 665	64 805
XIII. Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
XIV. Profit (loss) per one ordinary share (in PLN/EUR)	18,41	2,51	4,58	0,56
XV. Diluted profit (loss) per one ordinary share (in PLN/EUR)	18,41	2,51	4,58	0,56
XVI. Book value per one share (in PLN/EUR)	87,24	68,77	22,60	16,86
XVII. Diluted book value per one share (in PLN/EUR)	87,24	68,77	22,60	16,86

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

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on March 1, 2005:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Solowow (directly and indirectly)	4 159 134	39,61%	4 159 134	39,61%
OFE ING Nationale – Nederlanden Polska*	1 040 000	9,90%	1 040 000	9,90%
Artur Kloczko	676 069	6,44%	676 069	6,44%
OFE PZU Złota Jesień PTE*	927 343	8,83%	927 343	8,83%
Commercial Union PTE*	806 504	7,68%	806 504	7,68%

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

On February 3, 2006 the issuer was notified that, following an entry in the securities account resulting from acquisition of shares of Echo Investment S.A. as of February 3, 2006, Mr. Michał Solowow 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.

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

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

Managers	balance as on 14.11. 2005	balance as on 01. 03. 2006
Andrzej Majcher – President of the Management Board	197 520 shares	2 520 shares
Jarosław Grodzki – Vice-President of the Management Board	he did not hold any shares	he did not hold any shares
Piotr Gromniak – Member of the Management Board	he did not hold any shares	he did not hold any shares
Artur Langner – Member of the Management Board	he did not hold any shares	he did not hold any shares
Supervisors		
Wojciech Ciesielski – Chairman of the Supervisory Board	36 000 shares	36 000 shares
Mariusz Waniolka – Deputy Chairman of the Supervisory Board	he did not hold any shares	he did not hold any shares
Mariusz Gromek – Member of the Supervisory Board	he did not hold any shares	he did not hold any shares
Artur Kloczko – Member of the Supervisory Board	676 069 shares	676 069 shares
Robert Oskard – Member of the Supervisory Board	he did not hold any shares	he did not hold any shares
Karol Żbikowski – Member of the Supervisory Board	he did not hold any shares	he did not hold any shares

On February 3, 2006 the issuer was notified that on February 2, 2006 a Member of the Management Board of Echo Investment S.A. entered a transaction of transfer of 195,000 shares of Echo Investment S.A. at the Stock Exchange for a unit price of PLN 160 each. The transaction was made as a block non-session transaction.

5.16 Information about court proceeding

During the period from January 1, 2005 to December 31, 2005, no proceedings were instigated before a court or a public administration authority concerning liabilities or receivables of Echo Investment S.A. Capital Group or its subsidiaries, whose joint value constitutes at least 10% of equity capitals of Echo Investment S.A. Capital Group.

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

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

5.18 Information about transactions with affiliated companies

During the period from January 1, 2005 to December 31, 2005, neither Echo Investment S.A. nor its subsidiaries entered into any transaction with affiliated companies that would be considered extraordinary or differing from market conditions and whose value would exceed the PLN equivalent of EUR 500,000.

5.19 Information about granted guarantees

During the period from January 1, 2005 to December 31, 2005 Echo Investment SA Capital Group did not grant any loan or credit collaterals or any guarantees whose total value would equal at least 10% of equity capitals of Echo Investment S.A. Capital Group.

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

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

6. Mid-year individual financial statement, in thousands PLN, as on and for a period of twelve months expiring on December 31, 2005

	balance as on 2005.12.31 end of quarter	balance as on 2004.12.31 end of quarter
Assets		
1. Fixed assets		
1.1. Intangible assets	58	65
1.2. Non-current assets	50 263	46 593
1.3. Long-term receivables	-	-
1.4. Investment immovable property	13 990	53 686
1.5. Long-term financial assets	219 495	247 177
1.6. Assets on account of deferred income tax	14 415	5 904
	298 221	353 425
2. Current assets		
2.1. Inventories	213 560	214 146
2.2. Receivables on account of taxes	365	9 341
2.3. Receivables on account of deliveries and services, other receivables	240 328	112 985
2.4. Short-term financial investments, including:	46 936	95 997
2.4.1. Loans granted to affiliated companies	43 872	92 089
2.5. Accruals	218	-
2.6. Cash and cash equivalents	72 231	13 304
	573 638	445 773
Assets total	871 859	799 198
Liabilities		
1. Equity capital		
1.1. Initial capital	21 000	21 000
1.2. Reserve capital	288 690	281 147
1.3. Profit (loss) carried forward	4 083	8 204
1.4. Profit (loss) of the accounting year	8 829	3 422
	322 602	313 773
2. Reserves		
2.1. Provision on account of deferred income tax	13 680	15 511
2.2. Other reserves	15 683	7 743
	29 363	23 254
3. Long-term liabilities		
3.1. Financial liabilities, including	232 328	232 263
3.1.1. To associated companies	82 613	122 082
3.2. Other liabilities	-	-
	232 328	232 263
4. Short-term liabilities		
4.1. Financial liabilities, including	134 764	144 372
4.1.1. To associated companies	4 295	4 616

4.2. Tax liabilities	17 107	389
4.3. Liabilities on account of deliveries and services	49 979	33 661
4.4. Other liabilities	85 716	51 486
	287 566	229 908

Liabilities total	871 859	799 198
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Book value	322 602	313 773
Number of shares	10 500 000	10 500 000
Book value per one share (in PLN)	30,72	29,88
Diluted number of shares	10 500 000	10 500 000
Diluted book value per one share (in PLN)	30,72	29,88

Off-balance items in thousands PLN	balance as on 2005.12.31 end of quarter	balance as on 2004.12.31 end of quarter
Off-balance receivables		
Off-balance liabilities	37 373	36 698

	4 th quarter the period from 2005.10.01 to 2005.12.31	4 quarters the period from 2005.01.01 to 2005.12.31	4 th quarter the period from 2004.10.01 to 2004.12.31	4 quarters the period from 2004.01.01 to 2004.12.31
Operating income	133 983	233 371	74 019	235 350
Operating costs	(117 210)	(179 085)	(58 703)	(182 055)
Gross profit (loss) on sales	16 773	54 286	15 316	53 295
Profit (loss) on sales of real property	20	29 873	(121)	36
Revaluation of real property	1 724	(46)	(3 030)	(5 460)
Costs of sales	(1 969)	(7 561)	(2 161)	(6 842)
Overheads	(6 140)	(14 832)	(2 568)	(11 921)
Other operating income and costs	(14 549)	(30 859)	(3 289)	(10 071)
Profit before tax and financial income/costs	(4 141)	30 861	4 147	19 037
Financial income	15 912	38 480	3 774	13 271
Financial costs	(10 372)	(53 328)	(9 604)	(28 334)
Foreign exchange gains/losses	(1 201)	(4 796)	(2)	248
Gross profit (loss)	198	11 217	(1 685)	4 222
Income tax	706	(2 388)	148	(800)
Net profit (loss)	904	8 829	(1 537)	3 422
Net profit (loss) (annualized)		8 829		3 422
Weighted average number of ordinary shares		10 500 000		10 500 000
Profit (loss) per one ordinary share (in PLN)		0,84		0,33
Weighted average diluted number of ordinary shares		10 500 000		10 500 000
Diluted profit (loss) per one ordinary share (in PLN)		0,84		0,33

	Share capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the accounting year	Equity capital total
For 4 quarters (current year), period from 2005.01.01 to 2005.12.31					
Balance at the beginning of the period	21 000	281 147	11 626		313 773
Changes in applied accounting principles (policy)					-
Corrections of basic errors					-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	281 147	11 626	-	313 773
Distribution of profit/loss carried forward		7 543	(7 543)		-
Net profit (loss) of the current period				8 829	8 829
Balance at the end of the period	21 000	288 690	4 083	8 829	322 602
For 4 quarters (previous year), period from 2004.01.01 to 2004.12.31					
Balance at the beginning of the period	21 000	270 355	10 792		302 147
Changes in applied accounting principles (policy)			8 204		8 204
Corrections of basic errors					-
Balance at the beginning of the period, after reconciliation to comparable data	21 000	270 355	18 996	-	310 351
Distribution of profit/loss carried forward		10 792	(10 792)		-
Net profit (loss) of the current period				3 422	3 422
Balance at the end of the period	21 000	281 147	8 204	3 422	313 773

	4 quarters the period from 2005.01.01 to 2005.12.31	4 quarters the period from 2004.01.01 to 2004.12.31
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	8 829	3 422
II. Adjustments total		
1. Depreciation of fixed assets	2 649	2 715
2. Foreign exchange gains/losses	4 812	-
3. Interest and shares in profits (dividends)	(7 863)	14 549
4. (Profit) loss on investment activity	(1 188)	3 677
5. Change in reserves	6 446	4 263
6. Change in inventories	294	(71 949)
7. Change in receivables	(118 760)	421
8. Change in short-term liabilities, except for loans and credits	67 046	(28 948)
9. Change in accruals	(5 970)	3 237
10. Other adjustments	(4)	40 073
	(52 538)	-31 962
III. Net cash flows from operating activity (I+/-II)	(43 709)	(28 540)

B. Cash flows on investment activity

I. Income		
1. Sales of intangible assets and fixed assets	12	1 146
2. Sales of investments in real property and in intangible assets	69 151	-

3. From financial assets	83 659	109 967
4. Other income from investments	234	-
	153 056	111 113
II. Expenditure		
1. Acquisition of intangible assets and fixed assets	(6 382)	(2 363)
2. Investments in real property and in intangible assets	(349)	-
3. On financial assets	(2 922)	(125 435)
4. Dividends and other shares in profits paid to minority	-	-
5. Other investment expenditure	-	-
	(9 653)	(127 798)
III. Net cash flows on investment activity (I-II)	143 403	(16 685)
C. Cash flows on financial activity		
I. Income		
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credits	1 635	15 544
3. Issue of debenture bonds	155 960	308 970
4. Other financial income	-	-
	157 595	324 514
II. Expenditure		
1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	-	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	(59 844)	(16 505)
5. Redemption of debenture bonds	(110 000)	(229 200)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	-	-
8. Interest	(23 706)	(23 702)
9. Other financial expenses	-	-
	(193 550)	(269 407)
III. Net cash flows on financial activity (I-II)	(35 955)	55 107
D. Net cash flows total (A.III+/-B.III+/-C.III)	63 739	9 882
E. Difference in cash balances, including:	58 927	9 882
- change in cash balance on account of exchange rate gain/loss	(4 812)	-
F. Cash at the beginning of period	13 304	3 422
G. Cash at the end of period (F+/-D), including:	72 231	13 304
- with limited disposability	-	(8 974)

Representatives of the company

Person in charge of keeping books of accounts:

President of the Management Board
Accountant

Member of the Management Board

Chief

Andrzej Majcher

Artur Langner

Tomasz Sulek

