

„ECHO INVESTMENT” S.A.  
CAPITAL GROUP

CONSOLIDATED  
FINANCIAL STATEMENT  
FOR THE 1ST HALF OF THE YEAR 2005

## Introduction

1. The basic range of activity of the dominant company registered under the company name 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, 10<sup>th</sup> Economic Department of the National Court Register – according to Polish Classification of Activity – covers services related to real property – PKD code 70, industry according to the regulated market – construction industry. Duration of the company - unlimited.
2. Echo Investment S.A. prepares a consolidated financial statement. The dominant company of Echo Investment S.A., which prepares the consolidated financial statement, is Magellan Pro – Equity Fund I S.A. (address: 25-528 Kielce, ul. Zagnańska 27). Ownership rights method applies to Echo shares. Consolidated statements of Magellan Pro – Equity Fund I S.A. are prepared at the end of each respective financial year and published in Monitor Polski B.
3. The statement presents consolidated financial data for the period from January 1 to June 30, 2005, as compared to the period from January 1 to June 30, 2004. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. The following persons are members of the Management Board of Echo Investment S.A.: Andrzej Majcher, President of the Management Board, Jarosław Grodzki, Vice-President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Mariusz Waniolka, deputy chairman, and members: Robert Oskard, Karol Żbikowski, Mariusz Gromek and Artur Kłoczko.
5. Neither the financial statement nor comparable financial data contains combined data, as there are no internal organizational units preparing individual financial statements within the structure of 'Echo Investment' S.A. Capital Group. 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. The depreciation schedule applies rates determined in the regulation of the Minister of Finance as of January 17, 1997 on depreciation of fixed assets and intangible assets (Journal of Laws No. 6 item 35, as amended) and in the Act as of February 15, 1992 on corporate income tax (Journal of Laws of 1993, No. 106, item 482, as amended). The most significant item of intangible assets is computer software.

### **2. Fixed assets**

Fixed assets are interpreted as real property owned by the company (not leased and not intended for trade), machines and items of equipment, means of transport and other complete and usable items with an estimated life longer than one year. The following are particularly classified as fixed assets: furniture, fixed and mobile telephones, items of electronic equipment, regardless of their prices.

Fixed assets are valued and disclosed in the statement according to acquisition prices or production cost, reduced by depreciation and write-offs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account, except for a situation where it is possible to prove that such costs resulted in an increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

Fixed assets are booked on summary accounts according to Fixed Assets Classification groups. Detailed records of fixed assets are also kept. Fixed assets are depreciated according to declining balance method and equally through tax rates. Fixed assets with acquisition prices lower than PLN 3.5 k are depreciated once in their full value under the date of purchase. For fixed assets that have permanently lost their economic usability, extraordinary depreciation write-offs are made in other operating costs. Fixed assets include, among other items, the right to perpetual usufruct of land, which is depreciated equally during 95 years. Ownership rights of land are not depreciated.

The company has verified the value of available fixed assets. The values of fixed assets disclosed in the statement do not differ from their assumed costs.

### **3. Fixed assets under construction**

This item includes costs that are directly related to an investment not yet completed. These include expenses incurred on acquisition of land property, expenditure on execution of buildings (mainly foreign services) and activated financial costs. After obtaining an occupancy permit, the completed real estates are reclassified as fixed assets or investments in real property, depending on their designed use. Fixed assets under construction are valued according to acquisition prices or production costs.

### **4. Investment immovable property**

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company. Investment real property is initially disclosed according to acquisition price / production cost.

After initial disclosure as on the first balance day, investment real property is disclosed according to its fair value. Fair value is revaluated at least once every six months. Profits or losses resulting from change in fair value of investment real property is disclosed in the profit and loss account in the period of their occurrence.

Fair value is determined by the company individually, with the investment method, using simple capitalization method as a result of net operating income (NOI) of the project and yield rate. Yield rate is verified by independent property experts at least once a year.

Residential and garage property with values below PLN 1,000 k, due to minor difference between such valuation and valuation according to fair value, are valued according to production costs corrected by write-offs due to permanent loss in value.

## **5. Shares and stock**

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

## **6. Inventories**

The following are disclosed under inventories: semi-finished products and work in process, finished products, goods and advances on deliveries (mainly of land). Due to unique quality of operations, purchased land or right to perpetual usufruct of land is classified as work in process if the land is designed for development, or as goods if the land is designed for sale. Finished products include housing and service premises sold through final contracts.

Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'. Then, inventories are valued according to lower of the following two values: acquisition price / production costs, determined according to the above mentioned methodology and achievable net value. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

## **7. Receivables**

Receivables are disclosed in the balance sheet as amounts due, with due caution. Receivables are valued accounting for probability of their payment through a revaluation write-off. Revaluation write-offs for receivables are made at the end of each consecutive 6-month period and each consecutive year according to the following criteria:

- for receivables 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 justified individual cases, individual principles of calculating revaluation write-offs can be applied.

Receivables include output, but not aged interest from deposits, valued as amounts due.

## **8. Short-term investments**

Short-term investments, except for cash and financial instruments, are valued according to acquisition price or market value, whichever is lower. Short-term investments, except for cash and financial instruments, for which active market does not exist, are valued according to acquisition prices, accounting for write-offs due to permanent loss of value. The results of increases or decreases in the value of short-term investments valued according to market prices (values) are classified as financial income or costs, respectively.

Cash on bank accounts and on hand, short-term investments maintained up to their due dates and other financial assets (interest from granted loans if they fall due within 3 months from the statement date) are valued in nominal values.

Cash in foreign currencies is valued at least on each reporting date according to the buy rate of the bank employed by the Company. Foreign exchange gains / losses pertaining to cash in foreign currencies and operations of sale of foreign currencies are classified as financial costs or income, respectively. The same definition of cash applies to the cash flow statement.

## **9. Loans granted**

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

**10. Deferred income tax**

The following items are created on account of deferred tax: assets on account of deferred income tax and provision for income tax. These items are valued according to their justified estimated value. The provision is calculated with the tax rate to be valid in the following accounting period. Assets on account of deferred income tax on account of tax loss are established if settlement of such loss in the following years is certain of occurring.

**11. Equity capitals**

Share capital and reserve capital is valued in its nominal value. The differences between fair value of received payment and nominal value of shares are disclosed in reserve capital from sale of shares above their nominal value. The costs of shares issue, which are borne at the point of establishment of a joint stock company or increase in initial capital reduce the company's reserve capital to the amount of surplus of issue value over nominal value of shares, while their remaining part is classified under financial costs.

The amount of the company social benefits fund is established on the basis of the Act on Company Social Benefits Fund (Journal of Laws of 1994, no. 43, item 163, as amended) and disclosed in the balance sheet in its nominal value, in the about brought forward.

**12. Reserves**

Reserves are established if the Company is under an existing obligation resulting from past events, it is probable that fulfillment of this obligation will result in the necessity of expensing funds that form economic benefits and it is possible to reliably estimate the value of such obligation. Reserves are particularly established for costs of executed investment projects, costs of bonuses, cash equivalents for holidays not used by employees and audit costs that have not been incurred but which fall on the current period. Reserves for costs of bonuses are established pursuant to resolutions of the management board. Other reserves are established on the basis of resolutions of the management board or decisions of the chief accountant / deputy chief accountant.

According to the adopted principle, reserves for leave payments are not established. Such potential reserves would have no significant impact on the presented financial statement. At the point of occurrence they would be booked on a cash basis.

**13. Liabilities**

Liabilities are disclosed in the balance sheet as payable amounts. Liabilities include in particular not aged interest from bank loans, booked according to the accruals method. Liabilities also include discount on short-term and long-term debt securities to be settled in the following accounting period, with a minus mark. The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced. Credits in foreign currencies are valued at least on each balance day according to the selling rate of the bank employed by the Company.

**14. Methods of determining the financial result**

Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, 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 of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.
- b) The cost of sold services and products is valued on the basis of production costs, using one of the following two methods, depending on the types of projects:
  - profitability level according to the sales contract, or average (calculated) profitability level assumed by the company;

- percentage share of such items as: sold area of land, sold shares, etc. (according to average prices) Own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.

c) The following items are also classified as costs and income:

- in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
- yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
- profits and losses on sale of securities,
- all financial income receivable by the company,
- yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).
- realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.

#### 15. Cash flow statement

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

8. The data contained in the financial statement for the period from January 1 to June 30, 2005 is comparable to the data contained in the statement for the period from January 1 to June 30, 2004. The comparable financial statements have been converted according to the IFRS no. 1. See the description of results of changes in applied accounting principles below.

Key changes in comparable statements are presented in the tables below (in thousands PLN):

	BO 2004 PAS	BO 2004 IAS	Difference
<b>ASSETS</b>			
Fixed assets	1 087 173	1 536 756	449 583
Non-current assets	961 394	146 700	(814 694)
Real property	-	1 311 766	1 311 766
Other long-term investments	57 800	-	(57 800)
Assets on account of deferred income tax	6 634	16 945	10 311
<b>ASSETS TOTAL</b>	<b>1 362 561</b>	<b>1 812 144</b>	<b>449 583</b>

#### LIABILITIES

Equity capital	340 017	695 653	355 636
Profit (loss) carried forward	24 548	380 184	355 636
Liabilities	1 018 944	1 112 891	93 947

Provision on account of deferred income tax	7 595	105 075	97 480
Long-term financial liabilities	694 825	691 292	(3 533)
LIABILITIES TOTAL	1 362 561	1 812 144	449 583

	1st half of 2004 PAS	1st half of 2004 IAS	Difference
<b>ASSETS</b>			
Fixed assets	1 158 304	1 628 957	470 653
Non-current assets	1 050 928	171 638	(879 290)
Investment immovable property	1	1 380 974	1 380 973
Other long-term investments	36 249	-	(36 249)
Assets on account of deferred income tax	11 235	16 454	5 219
<b>ASSETS TOTAL</b>	<b>1 449 616</b>	<b>1 920 269</b>	<b>470 653</b>

**LIABILITIES**

Equity capital	355 405	738 056	382 651
Profit (loss) carried forward	(10 333)	345 302	355 635
Net profit (loss)	15 396	42 412	27 016
Liabilities	1 094 211	1 182 213	88 002
Provision on account of deferred income tax	10 659	109 355	98 696
Long-term financial liabilities	806 806	798 029	(8 777)
Reserves	43 419	41 502	(1 917)
<b>LIABILITIES TOTAL</b>	<b>1 449 616</b>	<b>1 920 269</b>	<b>470 653</b>

	2004 PAS	2004 IAS	Difference
<b>ASSETS</b>			
Fixed assets	1 180 808	1 561 623	380 815
Non-current assets	158 884	214 148	55 264
Real property	975 925	1 306 300	330 375
Other long-term investments	5 175	-	(5 175)
Assets on account of deferred income tax	20 243	20 594	351
<b>ASSETS TOTAL</b>	<b>1 508 270</b>	<b>1 889 085</b>	<b>380 815</b>

**LIABILITIES**

Equity capital	376 301	724 688	348 387
Profit (loss) carried forward	-	355 636	355 636
Net profit (loss)	34 686	27 437	(7 249)
Liabilities	1 131 969	1 164 397	32 428
Provision on account of deferred income tax	27 126	112 887	85 761
Long-term financial liabilities	745 212	688 624	(56 588)
Reserves	38 247	41 502	3 255
<b>LIABILITIES TOTAL</b>	<b>1 508 270</b>	<b>1 889 085</b>	<b>380 815</b>

The following changes have been introduced in the comparable statements:

- real property for lease has been reclassified from non-current assets to investments in real property and valued in fair value instead of net depreciated value, which on the other side affected the



equity capital. The company valued its real property mainly on the basis on available historical evaluations by independent experts (mostly for purposes of crediting banks).

- the reserve for deferred tax due to tax deductions for apartments for lease, which on the other side affected the equity capital.
- foreign currency liabilities on account of long-term investment loans were valued according to the selling rate of Pekao S.A. (bank employed by the majority of the Capital Group companies)

Reconciliation of equity capitals and net profits is presented in the tables below (in thousands PLN):

	BO 2004 PAS	BO 2004 IAS	Difference
<b>Profit/loss carried forward:</b>			
Profit brought forward	24 548	24 548	-
Difference from valuation of real property (in fair value)	-	497 072	497 072
Withdrawal of valuation of a derivative	-	(53 610)	(53 610)
Valuation of foreign currency liabilities	-	(657)	(657)
Deferred income tax on the above mentioned items	-	(84 133)	(84 133)
Deferred income tax on the investment relief	-	(3 036)	(3 036)
<b>Total</b>	<b>24 548</b>	<b>380 184</b>	<b>355 636</b>

	1st half of 2004 PAS	1st half of 2004 IAS	Difference
<b>Profit/loss carried forward:</b>			
Profit brought forward	(10 333)	(10 333)	-
Difference from valuation of real property (in fair value)	-	497 071	497 071
Withdrawal of valuation of a derivative	-	(53 610)	(53 610)
Valuation of foreign currency liabilities	-	(657)	(657)
Deferred income tax on the above mentioned items	-	(84 133)	(84 133)
Deferred income tax on the investment relief	-	(3 036)	(3 036)
<b>Total</b>	<b>(10 333)</b>	<b>345 302</b>	<b>355 635</b>
<b>Net profit:</b>			
Costs of sold products (corrected by depreciation)	(84 504)	(73 662)	10 842
Revaluation of real property	-	(6 231)	(6 231)

Withdrawal of reserves related to real property	(1 918)	-	1 918
Foreign exchange gains/losses	(2 274)	24 520	26 794
Income tax	(5 765)	(12 072)	(6 307)
<b>Net profit</b>	<b>15 404</b>	<b>42 420</b>	<b>27 016</b>

	2004 PAS	2004 IAS	Difference
<b>Profit/loss carried forward:</b>			
Profit brought forward	-	-	-
Difference from valuation of real property (in fair value)	-	497 072	497 072
Withdrawal of valuation of a derivative	-	(53 610)	(53 610)
Valuation of foreign currency liabilities	-	(657)	(657)
Deferred income tax on the above mentioned items	-	(84 133)	(84 133)
Deferred income tax on the investment relief	-	(3 036)	(3 036)
<b>Total</b>	<b>-</b>	<b>355 636</b>	<b>355 636</b>
<b>Net profit:</b>			
Costs of sold products (corrected by depreciation)	(172 147)	(149 983)	22 164
Revaluation of real property	-	(138 429)	(138 429)
Withdrawal of reserves related to real property	(1 576)	-	1 576
Withdrawal of valuation of a derivative	(106 871)	-	106 871
Foreign exchange gains/losses	104 748	103 557	(1 191)
Income tax	(9 955)	(8 195)	1 760
<b>Net profit</b>	<b>34 686</b>	<b>27 437</b>	<b>(7 249)</b>

## 9. Basic data converted to EURO:

SELECTED FINANCIAL DATA	Half of 2005, PLN k	Half of 2005, EUR k	Half of 2004, PLN k	Half of 2004, EUR k
Net income on sales	112 227	27 503	161 143	34 060
Profit before tax and financial income/costs	151 351	37 091	51 909	10 972
Gross profit (loss)	121 751	29 837	54 492	11 518
Net profit (loss)	96 538	23 658	42 420	8 966
Net cash flows on operating activity	64 420	15 787	50 899	10 758
Net cash flows on investment activity	196 322	48 112	(110 378)	(23 330)

Net cash flows on financial activity	(72 239)	(17 703)	74 636	15 776
Net cash flows total	188 503	46 196	15 157	3 204
Assets total	1 957 566	484 534	1 920 269	422 762
Long-term liabilities	819 134	202 751	964 648	212 375
Short-term liabilities	316 638	78 374	217 565	47 899
Equity capital	821 794	203 409	738 056	162 489
Initial capital	21 000	5 198	21 000	4 623
Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
Profit (loss) per one ordinary share (in PLN/EUR)	7,77	1,90	5,32	1,13
Book value per one share (in PLN/EUR)	78,27	19,37	70,29	15,48

The conversion was made as follows:

- Assets and liabilities items in the balance sheet were converted according to the average exchange rate valid as on the balance day, i.e. as on June 30, 2005 1 EUR = PLN 4.0401, as on June 30, 2004 1 EUR = PLN 4.5422,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to June 30, 2005 were converted according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 4.0805. For the period from January 1 to June 30, 2004, the conversion was made according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 4.7311.

**BALANCE SHEET**

	Note	1st half / 2005	2004	1st half / 2004
<b>ASSETS</b>				
<b>1. Fixed assets</b>		<b>1 501 927</b>	<b>1 561 623</b>	<b>1 628 957</b>
1.1. Intangible assets	1	41	66	43
1.2 Goodwill of subsidiaries	2	-	(571)	(3 423)
<b>1.3 Non-current assets</b>	<b>3</b>	<b>265 504</b>	<b>214 148</b>	<b>171 638</b>
1.3.1. Fixed assets		63 826	61 668	46 723
1.3.2. Fixed assets under construction		201 678	152 480	124 915
<b>1.4. Long-term receivables</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>1.5. Investment immovable property</b>	<b>5</b>	<b>1 201 278</b>	<b>1 306 300</b>	<b>1 380 974</b>
<b>1.6. Long-term financial investments</b>	<b>6</b>	<b>20 643</b>	<b>21 086</b>	<b>63 271</b>
<b>1.7. Assets on account of deferred income tax</b>	<b>7</b>	<b>14 461</b>	<b>20 594</b>	<b>16 454</b>
<b>2. Current assets</b>		<b>455 639</b>	<b>327 462</b>	<b>291 312</b>
<b>2.1. Inventories</b>	<b>8</b>	<b>173 196</b>	<b>218 524</b>	<b>170 806</b>
<b>2.2. Short-term receivables</b>	<b>9</b>	<b>17 955</b>	<b>30 024</b>	<b>45 213</b>
2.2.1. Receivables on account of deliveries and services		6 033	13 322	16 253
2.2.2. Receivables on account of taxes		11 503	16 240	28 742
2.2.3. Other receivables		419	462	218
<b>2.3. Short-term financial investments</b>	<b>10</b>	<b>1 536</b>	<b>1 455</b>	<b>6 774</b>
<b>2.4. Short-term accruals</b>	<b>11</b>	<b>3 877</b>	<b>3 849</b>	<b>4 987</b>
<b>2.5. Cash and cash equivalents</b>	<b>12</b>	<b>259 075</b>	<b>73 610</b>	<b>63 532</b>
<b>ASSETS TOTAL</b>		<b>1 957 566</b>	<b>1 889 085</b>	<b>1 920 269</b>
<b>LIABILITIES</b>				
<b>1. Equity capital</b>		<b>821 794</b>	<b>724 688</b>	<b>738 056</b>
<b>1.1. Equity capital allocated to shareholders of the dominant company</b>		<b>820 244</b>	<b>723 157</b>	<b>737 996</b>
1.1.1. Initial capital	13	21 000	21 000	21 000
1.1.2. Reserve capital	14	353 771	319 084	329 282
1.1.3. Profit/loss carried forward		348 957	355 636	345 302
1.1.4. Net profit (loss) of the financial year		96 516	27 437	42 412
<b>1.2. Minority capitals</b>	<b>15</b>	<b>1 550</b>	<b>1 531</b>	<b>60</b>
<b>2. Liabilities</b>		<b>1 135 772</b>	<b>1 164 397</b>	<b>1 182 213</b>
<b>2.1. Long-term liabilities</b>	<b>16</b>	<b>819 134</b>	<b>858 557</b>	<b>964 648</b>
2.1.1. Financial liabilities		681 365	688 624	798 029
2.1.2. Other liabilities		32 165	57 046	57 264
1.1.3. Provision on account of deferred income tax		105 604	112 887	109 355
<b>2.2. Short-term liabilities</b>	<b>17</b>	<b>316 638</b>	<b>305 840</b>	<b>217 565</b>
2.2.1. Financial liabilities		141 622	177 763	112 139
2.2.2. Liabilities on account of deliveries and services		42 559	40 252	39 811
2.2.3. Liabilities on account of taxes		9 120	4 232	15 119
2.2.4. Other liabilities		103 026	42 091	20 912
2.2.5. Reserves		20 311	41 502	29 584
<b>LIABILITIES TOTAL</b>		<b>1 957 566</b>	<b>1 889 085</b>	<b>1 920 269</b>
Book value		821 793,60	724 688,00	738 056,00
Number of shares (thousands pcs.)		10 500	10 500	10 500
Book value per one share	18	78,27	69,02	70,29
Diluted number of shares				
Diluted book value per one share				

## NON-BALANCE ITEMS

	Note	1st half / 2005	2004	1st half / 2004
1. Conditional receivables				
1.1. From associated companies, on account of:		-	-	-
a) received guarantees and securities				
1.2 From other companies, on account of:		-	-	-
a) received guarantees and securities				
<b>Conditional receivables total</b>		-	-	-
2. Conditional liabilities		25 367	21 665	24 404
2.1 To associated companies, on account of:		8 561	8 656	11 156
a) granted guarantees and securities		8 561	8 656	11 156
2.2 To other companies, on account of:		16 806	13 009	13 248
a) granted guarantees and securities		13 304	9 273	10 346
b) court proceedings		700	926	
c) purchase of land property in Radom		2 000	2 000	2 000
d) agreement with NOMI S.A. as of June 1, 2001		802	810	902
<b>Conditional liabilities total</b>		<b>25 367</b>	<b>21 665</b>	<b>24 404</b>

## GUARANTEES AND SURETIES GRANTED BY ECHO INVESTMENT S.A.

Absolute surety towards the Municipal Office of Łódź for execution of liabilities of 'MDP' Sp. z o.o. concerning payment of annual fees for perpetual usufruct of land – total value due in the next 90 years is PLN 8,561 k.

Guarantee on account of failure to execute or improper execution of construction works as of May 31, 2004 to Qubus Hotel System Sp. z o.o., granted by T.U. Allianz Polska S.A. The guarantee expires on May 31, 2006.

Bank guarantee of timely delivery of the subject of lease by 'WAN 11'As on June 30, 2005 the value of the guarantee is PLN 8,080 k. Sp. z o.o. to Polkomtel S.A. towards Bank Przemysłowo Handlowy PBK S.A. for an amount of EUR 2,000 k. The guarantee shall expire on January 1, 2006.

Bank guarantee of good and timely performance of contract as of June 29, 2001 to BPH S.A., 1st Branch in Kielce, with reference to the Contract for Construction Works signed with 'Dipservice' and concerning a building in Warsaw, Wiśniowa Street, for an amount of PLN 534 k. The guarantee shall expire after signing the Post-Guarantee Acceptance Protocol of the Building.

Bank guarantee as of August 24, 2004 to Bank Polska Kasa Spółka Akcyjna for an amount of PLN 4,040 k, with reference to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities on account of possible contractual indemnity.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	1st half / 2005	1st half / 2004
Operating income	19	112 227	161 143
Operating costs	20	(38 195)	(73 662)
<b>Gross profit (loss) on sales</b>		<b>74 032</b>	<b>87 481</b>
Profit (loss) on sales of real property	21	65 907	-
Revaluation of real property		16 988	(6 231)
Costs of sales		(4 073)	(3 401)
Overheads		(14 403)	(12 832)
Other operating income and costs	22	12 900	(13 108)
<b>Profit before tax and financial income/costs</b>		<b>151 351</b>	<b>51 909</b>
Financial income	23	3 636	2 028
Financial costs	24	(23 166)	(22 239)
Foreign exchange gains/losses	25	(6 990)	24 520
Revaluation of goodwill of subsidiaries		(3 073)	(909)
Shares in profits of associated companies		(7)	(817)
<b>Gross profit (loss)</b>		<b>121 751</b>	<b>54 492</b>
Income tax	26	(25 213)	(12 072)
- current part		(26 363)	(7 296)
- deferred part		1 150	(4 776)
<b>Net profit (loss), including:</b>	<b>27</b>	<b>96 538</b>	<b>42 420</b>
Profit (loss) allocated to shareholders of the dominant company		96 516	42 412
Gross minority profit (loss)		22	8

Profit (loss) allocated to shareholders of the dominant company (annualized)		81 541,00	55 890,00
Weighted average number of ordinary shares (in thousands pcs.)		10 500	10 500
Profit (loss) per one ordinary share (in PLN)	28	7,77	5,32

# STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the current year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
--	-----------------	-----------------	-------------------------------	-----------------------------------	--	-------------------	----------------------

For the period from 01.01.05 to 30.06.05

Balance at the beginning of the period	21 000	319 084	383 073	-	723 157	1 531	724 688
Changes in applied accounting principles (policy)	-	-	571	-	571	-	571
Balance at the beginning of the period, after reconciliation to comparable data	21 000	319 084	383 644	-	723 728	1 531	725 259
Distribution of profit/loss carried forward	-	34 687	(34 687)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(3)	(3)
Net profit (loss) of the current period	-	-	-	96 516	96 516	22	96 538
Balance at the end of the period	21 000	353 771	348 957	96 516	820 244	1 550	821 794

For the period from 01.01.04 to 30.06.04

Balance at the beginning of the period	21 000	294 469	24 548	-	340 017	177	340 194
Changes in applied accounting principles (policy)	-	-	355 635	-	355 635	-	355 635
Balance at the beginning of the period, after reconciliation to comparable data	21 000	294 469	380 183	-	695 652	177	695 829
Distribution of profit/loss carried forward	-	34 881	(34 881)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(125)	(125)
Revaluation	-	(68)	-	-	(68)	-	(68)
Net profit (loss) of the current period	-	-	-	42 412	42 412	8	42 420
Balance at the end of the period	21 000	329 282	345 302	42 412	737 996	60	738 056

For the period from 01.01.04 to 31.12.04

Balance at the beginning of the period	21 000	294 469	24 548	-	340 017	177	340 194
Corrections of basic errors	-	-	68	-	68	-	68
Changes in applied accounting principles (policy)	-	-	355 635	-	355 635	-	355 635
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) of the current period	-	-	-	27 437	27 437	4	27 441
Balance at the end of the period	21 000	319 084	355 636	27 437	723 157	1 531	724 688

## CONSOLIDATED CASH FLOW STATEMENT

		1st half / 2005	1st half / 2004
<b>A. Cash flows on operating activity – indirect method</b>			
I. Net profit (loss)		96 538	42 420
II.		(32 118)	8 479
1. Share of associated companies in net (profit) loss		7	817
2. Depreciation of fixed assets		3 330	1 871
3. Revaluation of goodwill		3 073	911
4. Foreign exchange gains/losses		4 923	(30 953)
5. Interest and shares in profits (dividends)		17 376	20 857
6. (Profit) loss on investment activity		(63 916)	3 128
7. Change in reserves		(17 985)	17 746
8. Change in inventories		(44 434)	(1 860)
9. Change in receivables		22 182	17 334
10. Change in short-term liabilities, except for loans and credits		45 442	(11 090)
11. Change in accruals		(2 112)	(10 282)
12. Other adjustments	29	(4)	-
III.		64 420	50 899
<b>B. Cash flows on investment activity</b>			
I. Income		254 730	16 351
1. Sales of intangible assets and fixed assets		33	637
2. Sales of investments in real property and in intangible assets		251 436	-
3. From financial assets		3 261	15 714
4. Other income from investments		-	-
II.		(58 408)	(126 729)
1. Acquisition of intangible assets and fixed assets		(4 336)	(126 729)
2. Investments in real property and in intangible assets		(53 749)	-
3. On financial assets		-	-
4. Dividends and other shares in profits paid to minority		-	-
5. Other investment expenditure		(323)	-
III.		196 322	(110 378)
<b>C. Cash flows on financial activity</b>			
I. Income		192 411	424 817
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital		-	-
2. Loans and credits		134 131	236 788
3. Issue of debt securities		58 280	188 029
4. Other financial income		-	-
II.		(264 650)	(350 181)
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		(175 850)	(152 973)
5. Redemption of debenture bonds		(60 000)	(168 800)
6. On account of other financial liabilities		-	-
7. Payments of liabilities on account of financial lease contracts		(243)	(243)
8. Interest		(28 557)	(28 165)
9. Other financial expenses		-	-
III.		(72 239)	74 636
D. Net cash flows total (A.III+/-B.III+/-C.III)		188 503	15 157
E. Difference in cash balances, including:		185 465	15 157
- change in cash balance on account of exchange rate gain/loss		(3 038)	-
F. Cash at the beginning of period		73 610	48 375
G. Cash at the end of period (F+/-D), including:	30	259 075	63 532
- with limited disposability		-	-

## EXPLANATORY NOTES

## EXPLANATORY NOTES TO THE BALANCE SHEET

## Note 1A

INTANGIBLE ASSETS	1st half / 2005	2004	1st half / 2004
a) costs of finished development works	-	-	-
b) goodwill	-	-	-
c) acquired concessions, patents, licences and similar assets, including:	29	54	39
- computer software	29	54	39
d) other intangible assets	12	12	4
e) advances for intangible assets	-	-	-
Intangible assets total	41	66	43

## NOTE 1B

CHANGES IN THE VALUE OF INTANGIBLE ASSETS (ACCORDING TO TYPE GROUPS)	a) costs of finished development works	b) goodwill	c) acquired concessions, patents, licences and similar assets, including:		d) other intangible assets	e) advances for intangible assets	Intangible assets total
				- acquired computer software			
a) gross value of intangible assets at the beginning of period			1 145	1 103	28		1 173
- total value of companies			1 145	1 103	28		1 173
- consolidation adjustments							
b) increases (on account of)			55	55			55
- purchase			55	55			55
- transfer from investment activity							
- transfer from inventories							
- consolidation adjustments							
- change in composition of the capital group							
d) decreases (on account of)			1	1			1
- rebooking under developer activity							
- sale			1	1			1
- change in composition of the capital group							
d) gross value of intangible assets at the end of period			1 199	1 157	28		1 227
e) accumulated amortization at the beginning of the period			1 091	1 049	16		1 107
f) amortization for the period (on account of)			79	79			79
- planned			81	81			81
- sale			(2)	(2)			(2)
- change in composition of the capital group							
g) accumulated amortization (depreciation) at the end of the period			1 170	1 128	16		1 186
h) write-offs due to permanent loss in value at the beginning of the period							
- increases							
- decreases							
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			29	29	12		41



## Note 2A

GOODWILL OF SUBSIDIARIES	1st half / 2005	2004	1st half / 2004
a) goodwill - subsidiaries	-	-	-
b) goodwill - partially owned subsidiaries	-	-	-
c) goodwill - associated companies	-	-	-
a) negative goodwill - subsidiaries	-	(571)	(3 423)
b) negative goodwill - partially owned subsidiaries	-	-	-
c) negative goodwill - associated companies	-	-	-
Goodwill of subsidiaries total	-	(571)	(3 423)

## Note 2B

CHANGE IN GOODWILL - SUBSIDIARIES	1st half / 2005	2004	1st half / 2004
a) gross goodwill at the beginning of period	6 017	5 636	5 636
b) increases (on account of)	3 073	379	379
- purchase of shares in PHS S.A.	-	352	352
- purchase of shares of WAN 11 Sp. z o.o.	-	1	1
- purchase of shares of Projekt S Sp. z o.o.	3 073	-	-
- increase of capital of Bioelektrownia Hydropol - 4 Sp. z o.o.	-	1	1
- increase of capital of Malta Office Park Sp. z o.o.	-	6	6
- increase of capital of Echo Centrum Ślichowice Sp. z o.o.	-	6	6
- increase of capital of Athina Park Sp. z o.o.	-	7	7
- increase of capital of Hotel Investment Sp. z o.o.	-	6	6
d) decreases (on account of)	-	-	-
d) gross goodwill at the end of period	9 090	6 015	6 015
e) write-off of goodwill from consolidation at the beginning of period	6 017	5 105	5 105
f) write-off of goodwill from consolidation for the period (on account of)	3 073	910	910
- PHS S.A.	-	510	510
- WAN 11 Sp. z o.o.	-	1	1
- Princess Boryszewska Sp z o.o.	-	184	184
- Princess Investment Sp z o.o.	-	189	189
- Bioelektrownia Hydropol - 4 Sp. z o.o.	-	1	1
- Malta Office Park Sp. z o.o.	-	6	6
- Echo Centrum Ślichowice Sp. z o.o.	-	6	6
- Athina Park Sp. z o.o.	-	7	7
- Hotel Investment Sp. z o.o.	-	6	6
- Projekt S Sp. z o.o.	3 073	-	-
e) adjustment of write-off of goodwill from consolidation for previous years	-	-	-
g) write-off of goodwill from consolidation at the end of period	9 090	6 015	6 015
h) net goodwill at the end of period	-	-	-

## Note 2C

CHANGE IN GOODWILL - ASSOCIATED COMPANIES	1st half / 2005	2004	1st half / 2004
a) gross goodwill at the beginning of period	67	67	1 693
b) gross goodwill at the end of period	67	67	1 693
c) write-off of goodwill from consolidation at the beginning of period	67	67	1 693
d) write-off of goodwill from consolidation at the end of period	67	67	1 693
e) net goodwill at the end of period	-	-	-

## Note 2D

CHANGE IN NEGATIVE GOODWILL - SUBSIDIARIES	1st half / 2005	2004	1st half / 2004
a) gross negative goodwill at the beginning of period	571	3 423	3 423
b) increases (on account of)	-	-	-
d) decreases (on account of)	571	2 852	-
- change of IAS principles	571	-	-
- investment revaluation	-	2 852	-
d) gross negative goodwill at the end of period	-	571	3 423
e) write-off of negative goodwill at the beginning of period	-	-	-
f) write-off of negative goodwill for the period (on account of)	-	-	-
g) write-off of negative goodwill at the end of period	-	-	-
h) net negative goodwill at the end of period	-	571	3 423

Negative goodwill occurred as a result of valuation as on the date of takeover of 'Zakłady Ogrodnicze Naramowice' Sp. z o.o. Valuation of the Company accounted for valuation of land owned by the Company in Poznań on the basis of the appraisal study performed on March 25, 2004.

## Note 3A

NON-CURRENT ASSETS	1st half / 2005	2004	1st half / 2004
a) fixed assets, including:	63 826	61 668	46 723
- land (including the right to perpetual usufruct of land)	11 631	12 059	5 554
- buildings, premises and civil engineering structures	41 063	41 342	38 038
- technical equipment and machines	2 166	2 359	666
- means of transport	8 873	5 859	2 400
- other fixed assets	93	49	65
b) fixed assets under construction	201 678	152 480	124 915
Non-current assets total	265 504	214 148	171 638

The right of perpetual usufruct of land in Warsaw at Zeusa, Hery Streets, which is disclosed among fixed assets, is charged with ordinary mortgage in the amount of USD 3.66 m, established for Bank Amerykański w Polsce S.A. as a credit collateral. A motion was filed for deletion of this mortgage. The credit was already repaid as on June 30, 2005.

favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral

**Note 3B**

CHANGES IN FIXED ASSETS (ACCORDING TO TYPE GROUPS)	- own land	- buildings and structures	- technical equipment and machines	- means of transport	#NAZWA?	fixed assets total
a) gross value of fixed assets at the beginning of period	13 888	47 595	4 543	8 007	1 893	75 926
- gross value of fixed assets at the beginning of period - total of companies	13 713	48 958	4 543	8 007	1 893	77 114
- consolidation adjustments	175	-1 363				-1 188
b) increases (on account of)		639	180	3 715	60	4 594
- purchase		639	180	3 715	60	4 594
- transfer from investment activity						
- transfer from inventories						
- transfer from non-balance records						
- consolidation adjustments						
- change in composition of the Capital Group						
c) decreases (on account of)	400	145	30		12	587
- sale			30		12	42
- transfer to investment activity		145				145
- non-cash contribution						
- liquidation						
- transfer to developer activity						
- other	400					400
- consolidation adjustments						
- change in composition of the Capital Group						
d) gross value of fixed assets at the end of period	13 488	48 089	4 693	11 722	1 941	79 933
e) accumulated amortization (depreciation) at the beginning of the period	1 763	6 297	2 183	2 148	1 844	14 235
- accumulated depreciation at the beginning of the period - total of companies	1 763	6 297	2 183	2 148	1 844	14 235
- consolidation adjustments						
f) depreciation for the period (on account of)	94	729	344	701	4	1 872
- planned depreciation	94	729	374	701	16	1 914
- non-cash contribution						
- sale			(30)		(12)	(42)
- liquidation						
- other						
- consolidation adjustment						
- change in composition of the Capital Group						
g) accumulated amortization (depreciation) at the end of the period	1 857	7 026	2 527	2 849	1 848	16 107
h) write-offs due to permanent loss in value at the beginning of the period						
- increases						
- reductions						
i) write-offs due to permanent loss in value at the end of the period						
j) net value of fixed assets at the end of period	11 631	41 063	2 166	8 873	93	63 826

## Note 3C

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) owned	265 503	214 148	171 638
b) used under a lease contract, rental agreement or another similar agreement	-	-	-
Balance fixed assets total	265 503	214 148	171 638

## Note 5A

CHANGE IN REAL PROPERTY (ACCORDING TO TYPE GROUPS)	1st half / 2005	2004	1st half / 2004
a) balance at the beginning of the period	1 306 300	1 311 766	1 311 766
b) increases (on account of)	84 328	123 479	69 208
- purchase	24	-	-
- transfer from fixed assets under construction	66 012	64 201	64 202
- transfer from fixed assets	173	-	-
- transfer from inventories	265	3 715	-
- revaluation of real property	17 854	-	5 006
- consolidation adjustments	-	55 563	-
d) decreases (on account of)	189 350	128 945	-
- sale	187 955	-	-
- revaluation of real property	1 395	128 945	-
d) balance at the end of the period	1 201 278	1 306 300	1 380 974

favor of BPH PBK S.A., as a bank credit collateral

k, established in favor of BPH PBK S.A., as a bank credit collateral

in favor of BPH PBK S.A., as a bank credit collateral

EUR 72,600 k, established in favor of BPH PBK S.A., as a bank credit collateral

42,750, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral

Land property in Bełchatów, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 6,451 k, in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral and PLN 23,326 k

Land property in Łódź, disclosed under investment immovable property, is charged with mortgage security up to the value of USD 14,970 k, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral and PLN 61,976 k

Land property in Łódź, disclosed under investment immovable property, is charged with mortgage security up to the value of USD 7,506 k, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral and USD 31,000 k k, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral

k, established in favor of the State Treasury as a security of repayment of debt on account of a leasing contract

in favor of ING Bank Śląski S.A., with its head office in Katowice, as a bank credit collateral

k, established in favor of ING Bank Śląski S.A., as a bank credit collateral

favor of Reinhyp - BRE S.A., with its head office in Warsaw, as a bank credit collateral

favor of Kredyt Bank S.A., with its head office in Warsaw, as a bank credit collateral

favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral

in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral

in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral

## Note 5B

AMOUNTS DISCLOSED IN THE PROFIT AND LOSS ACCOUNT	1st half / 2005	2004	1st half / 2004
a) income from lease rent pertaining to investment real property	89 397	220 091	111 677
b) direct operating costs (including costs of repairs and maintenance) pertaining to the investment real property that yielded income from lease rent during a given period	36 226	89 893	49 968
b) direct operating costs (including costs of repairs and maintenance) pertaining to the investment real property that did not yield income from lease rent during a given period	-	-	-

## Note 6A

LONG-TERM FINANCIAL ASSETS	1st half / 2005	2004	1st half / 2004
a) in subsidiaries	9 500	9 500	52 557
- shares or stocks	-	-	43 057
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	-	-
- other long-term financial assets (according to type)	9 500	9 500	9 500
b) in partially owned subsidiaries	-	-	-
- shares or stocks	-	-	-
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	-	-
- other long-term financial assets (according to type)	-	-	-
c) in associated companies	10 650	10 650	10 675
- shares or stocks	10 650	10 650	10 675
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	-	-
- other long-term financial assets (according to type)	-	-	-
d) in the significant investor	-	-	-
- shares or stocks	-	-	-
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	-	-
- other long-term financial assets (according to type)	-	-	-
e) in the dominant company	-	-	-
- shares or stocks	-	-	-
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	-	-	-
- other long-term financial assets (according to type)	-	-	-
f) in other companies	493	936	39
- shares or stocks	-	-	-
- debt securities	-	-	-
- other securities (according to type)	-	-	-
- granted loans	484	936	39
- other long-term financial assets (according to type)	9	-	-
- advances	9	-	-
Long-term financial assets total	20 643	21 086	63 271

## Note 6B

CHANGE IN LONG-TERM FINANCIAL ASSETS (ACCORDING TO TYPE GROUPS)	1st half / 2005	2004	1st half / 2004
a) balance at the beginning of the period	21 086	60 796	72 614
b) increases (on account of)	9	10 421	10 498
- acquisition of shares	-	9	1 010
- change of balance sheet qualification of shares	-	-	-
- advances for acquisition of shares	-	9 500	9 488
- granting of loans	-	912	-
- charging interest and foreign exchange gains / losses	9	-	-
- shares revaluation	-	-	-
- other	-	-	-
d) decreases (on account of)	452	50 131	19 841
- sale of shares	-	-	7 317
- shares revaluation	-	34	-
- losses of associated companies	-	-	-
- change of balance sheet qualification of shares	-	43 962	12 413
- repayment of loans	452	6 123	111
- balance valuation of loans	-	-	-
- change of balance sheet qualification of loans	-	-	-
- other	-	12	-
d) balance at the end of the period	20 643	21 086	63 271

Note 6C

SHARES IN SUBSIDIARIES

Item	a	b	c	d	e	f	g	h	i	j	k	l
	Name (company name) of the company, specifying the legal status	Siedziba	Przedmiot przedsiębiorstwa	Charakter powiązania kapitałowego jednostki	Zastosowana metoda konsolidacji	Data objęcia kontroli	Wartość akcji/udziałów wg ceny nabycia	Korekty aktualizujące wartość (razem)	Wartość bilansowa akcji/udziałów	Percentage of owned initial capital	Share in the total number of votes at the general meeting	Specification of other grounds for control than ones specified under j) or k)
1	"Athina Park" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	6 009	-	6 009	100,00%	100,00%	brak
2	"Bioelektrownia Hydropol - 4" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	101	-	101	100,00%	100,00%	brak
3	"Echo - Centrum Gdynia" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	9 284	-	9 284	100,00%	100,00%	brak
4	"Echo ACC" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
5	"Echo Bau" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	53	-	53	100,00%	100,00%	brak
6	"Echo Centrum Ślichowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	2 508	-	2 508	100,00%	100,00%	brak
7	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o. o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	3 008	-	3 008	100,00%	100,00%	brak
8	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	2 511	-	2 511	100,00%	100,00%	brak
9	"Echo Investment - Centrum Handlowe Belchatów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	2 084	-	2 084	100,00%	100,00%	brak
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	5 401	-	5 401	100,00%	100,00%	brak
11	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	6 134	-	6 134	100,00%	100,00%	brak
12	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	8 084	-	8 084	100,00%	100,00%	brak
13	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	10 526	-	10 526	100,00%	100,00%	brak
14	"Echo Investment - Centrum Handlowe Pila" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	350	-	350	100,00%	100,00%	brak
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o. o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	6 510	-	6 510	100,00%	100,00%	brak
16	"Echo Investment - Centrum Handlowe Przemysław" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	6.11.1998	1 279	-	1 279	100,00%	100,00%	brak
17	"Echo Investment - Centrum Handlowe Radom" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	11 729	-	11 729	100,00%	100,00%	brak
18	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	4 969	4 174	795	100,00%	100,00%	brak
19	"Echo Investment - Centrum Handlowe Siemianowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	10.11.1998	4 214	-	4 214	100,00%	100,00%	brak
20	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	23.02.1999	2 321	-	2 321	100,00%	100,00%	brak
21	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	9.11.1998	13 329	-	13 329	100,00%	100,00%	brak
22	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	1 515	-	1 515	100,00%	100,00%	brak
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	1 889	-	1 889	100,00%	100,00%	brak
24	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	8 369	-	8 369	100,00%	100,00%	brak
25	"Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	35 882	-	35 882	100,00%	100,00%	brak
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	2 478	236	2 242	100,00%	100,00%	brak
27	"Echo Pasaz Grunwaldzki" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
28	"Est-on Property Management" Sp. z o. o.	Kielce	zarządzanie nieruchomościami	spółka zależna	pełna	27.10.1998	51	-	51	100,00%	100,00%	brak
29	"Hotel Investment" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	1 008	-	1 008	100,00%	100,00%	brak
30	"Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o. o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	11 545	-	11 545	100,00%	100,00%	brak
31	"M.D.P." Sp. z o.o.	Kielce	dział.budowlana	spółka zależna	pełna	22.11.1996	16 020	16 020	-	100,00%	100,00%	brak
32	"Malta Office Park" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	2 008	-	2 008	100,00%	100,00%	brak
33	"PHS Szczecin" S.A.	Szczecin	działalność handlowa	spółka zależna	pełna	01.06.1999	4 776	-	4 776	100,00%	100,00%	brak
34	"Piomot Auto" Sp. z o.o.	Kielce	motoryzacja	spółka zależna	pełna	11.03.1997	320	-	320	100,00%	100,00%	brak
35	"Princess Boryszewska" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	26.10.1999	1 962	1 667	295	100,00%	100,00%	brak
36	"Princess Investment" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	26.10.1999	2 663	1 545	1 118	100,00%	100,00%	brak
37	"Project 3" Sp. z o.o.	Kielce	dział.developerska	spółka zależna	pełna	25.04.1997	52	-	52	100,00%	100,00%	brak
38	"Projekt Echo - 17" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
39	"Projekt Echo - 23" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	sp. stowarzyszona	praw własności	30.10.1998	11	-	11	37,50%	37,50%	brak
40	"Projekt Echo - 30" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
41	"Projekt Echo - 32" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
42	"Projekt Echo - 34" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
43	"Projekt Echo - 36" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	27.10.1998	52	-	52	100,00%	100,00%	brak
44	"Projekt Echo - 37" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
45	"Projekt Echo - 39" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	30.10.1998	52	-	52	100,00%	100,00%	brak
46	"Projekt Naramowice" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	15.05.2001	3 542	-	3 542	100,00%	100,00%	brak
47	"Projekt S" Sp. z o.o.	Kielce	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	23.04.2003	3 101	-	3 101	56,00%	56,00%	brak
48	"SPC" S.A	Warszawa	zarządzanie innymi podmiotami	sp. stowarzyszona	praw własności	26.03.1996	34	34	-	34,00%	34,00%	brak
49	"W.A. Hotele" Sp. z o.o.	Warszawa	dział.budowlana i obsługa nieruch.	sp. stowarzyszona	praw własności	18.04.2002	10 639	-	10 639	43,45%	43,45%	brak
50	"WAN 11" Sp. z o.o.	Warszawa	dział.budowlana i obsługa nieruch.	spółka zależna	pełna	08.03.2004	1 500	-	1 500	50,00%	50,00%	brak
51	"WAN Invest" Sp. z o.o.	Warszawa	dział.budowlana i obsługa nieruch.	sp. stowarzyszona	praw własności	18.04.2002	447	-	447	50,00%	50,00%	brak
52	"Wyględów" Sp. z o.o.	Kielce	dział.budowlana	spółka zależna	pełna	21.10.1998	51	51	-	100,00%	100,00%	brak
53	"Zakład Ogrodniczy Naramowice" Sp. z o.o.	Poznań	dział sadownicza	spółka zależna	pełna	11.05.2000	40 673	-	40 673	100,00%	100,00%	brak
SUMA:							251 408	23 727	227 681			

## NOTE 6D

SHARES IN SUBSIDIARIES																		
Item	a  company name	m  company's equity, including:							n  liabilities and reserves for liabilities of the company, including:			o  receivables of the company, including:			p  total assets of the company	r  income on sales	s  value of shares unpaid by the issuer	t  received or due dividends from the company for the last financial year
		initial capital	due payments to initial capital (negative value)	supplementary capital	other equity, including:			- long-term liabilities	- short-term liabilities	- long-term liabilities	- short-term liabilities							
						profit (loss) carried forward	net profit (loss)											
1	"Athina Park" Sp. z o.o.	(1 506)	6 000	-	-	(7 506)	(8 461)	955	102 637	3 527	99 068	300	-	300	100 963	5 352	-	-
2	"Bioelektrownia Hydropol - 4" Sp. z o.o.	173	100	-	1	72	-	72	4 752	-	4 752	17	-	17	4 926	211	-	-
3	"Echo - Centrum Gdynia" Sp. z o.o.	9 277	9 270	-	-	7	-	7	1 821	-	1 821	12	-	12	11 098	10	-	-
4	"Echo ACC" Sp. z o.o.	246	50	-	1	195	-	195	362	-	162	307	-	307	608	788	-	-
5	"Echo Bau" Sp. z o.o.	52	50	-	2	-	(1)	1	1	-	-	-	-	-	53	-	-	-
6	"Echo Centrum Slichowice" Sp. z o.o.	2 663	2 500	-	87	76	-	76	38	-	-	-	-	-	2 701	-	-	-
7	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o. o.	4 383	5 718	(2 717)	-	1 382	(2 501)	3 883	25 356	19 091	4 525	43	-	43	28 166	2 658	2 717	-
8	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o.	9 131	2 504	-	3 865	2 762	(850)	3 612	30 708	25 031	4 544	128	-	128	38 321	2 787	-	-
9	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o.	24 147	8 524	-	4 998	10 625	7 830	2 795	10 570	7 853	2 517	28	-	28	36 562	2 846	-	-
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp.z o.o.	47 008	11 057	-	8 146	27 805	21 208	6 597	22 191	15 943	5 779	48	-	48	74 136	6 145	-	1 000
11	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o.	6 805	6 781	-	-	24	-	24	677	-	677	6	-	6	7 482	8	-	-
12	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o.	18 380	10 044	-	228	8 108	6 416	1 692	593	-	477	4	-	4	19 842	1 270	-	800
13	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o.	37 843	13 311	-	1 985	22 547	20 212	2 335	42 573	37 860	3 173	93	-	93	83 954	4 753	-	1 500
14	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o.	10 955	4 442	-	189	6 324	4 769	1 555	72	-	42	156	-	156	11 677	919	-	400
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o. o.	46 322	11 420	-	4 706	30 196	26 293	3 903	49 112	43 928	3 327	58	-	58	100 324	5 482	-	-
16	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o.	8 483	3 784	-	2 806	1 893	898	995	14 807	10 048	4 733	13	-	13	23 543	2 249	-	-
17	"Echo Investment - Centrum Handlowe Radom" Sp.z o.o.	49 897	14 102	-	5 099	30 696	28 162	2 534	55 136	48 970	3 991	41	-	41	110 469	6 134	-	1 500
18	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o.	795	7 782	-	-	(6 987)	-	(6 987)	2 635	-	2 635	-	-	-	3 430	8	-	-
19	"Echo Investment - Centrum Handlowe Siemianowice" Sp.z o.o.	15 419	5 289	-	1 819	8 311	4 191	4 120	4 105	-	4 105	167	-	167	20 311	1 048	-	1 250
20	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o.	17 109	5 789	-	2 609	8 711	4 419	4 292	3 292	-	3 278	321	-	321	21 317	1 484	-	1 000
21	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o.	51 333	12 894	-	5 872	32 567	29 600	2 967	28 796	22 518	5 719	68	-	68	87 561	6 511	-	1 500
22	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o.	11 759	3 583	-	246	7 930	5 057	2 873	44	-	4	137	-	137	12 588	832	-	250
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o.	18 187	4 543	-	2 839	10 805	4 244	6 561	2 735	-	2 735	202	-	202	21 838	1 136	-	-
24	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o.	34 719	32 132	-	1 880	707	-	707	2 793	-	1 010	257	-	257	37 512	-	-	-
25	"Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o.	188 425	36 635	-	4 699	147 091	131 649	15 442	207 317	179 522	16 741	725	-	725	423 043	25 555	-	3 000
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o.	2 222	3 436	-	-	(1 214)	(1 324)	110	56	-	1	1 195	-	1 195	2 278	172	-	-
27	"Echo Pasaz Grunwaldzki" Sp. z o.o.	52	50	-	2	-	-	-	2	-	1	-	-	-	54	-	-	-
28	"Est-on Property Management" Sp. z o. o.	1 213	50	-	1 113	50	-	50	3 309	-	2 827	1 189	-	1 189	4 522	6 750	-	-
29	"Hotel Investment" Sp. z o.o.	1 066	1 000	-	36	30	-	30	15	-	-	-	-	-	1 081	-	-	-
30	"Kieleckie Centrum Handlowo - Rozrywkowe" Sp. z o. o.	55 516	11 544	-	8 682	35 290	24 931	10 359	98 928	61 956	6 793	869	-	869	159 173	9 677	-	-
31	"M.D.P." Sp. z o.o.	-4 051	16 004	-	382	(20 437)	(31 635)	11 198	53 465	34 285	17 839	1 447	-	1 447	45 288	3 464	-	-
32	"Malta Office Park" Sp. z o.o.	2 038	2 000	-	3	35	-	35	5 319	-	5 319	102	-	102	7 357	172	-	-
33	"PHS Szczecin" S.A.	17 779	2 519	-	5 563	9 697	8 838	859	5 746	974	933	897	-	897	25 484	4 322	-	500
34	"Piomot Auto" Sp. z o.o.	77	150	-	-	(73)	(71)	(2)	1 737	-	79	-	-	-	1 814	-	-	-
35	"Princess Boryszewska" Sp. z o.o.	295	900	-	-	(605)	(573)	(32)	21	-	21	9	-	9	316	72	-	-
36	"Princess Investment" Sp. z o.o.	1 113	1 600	-	-	(487)	(413)	(74)	2 080	-	2 080	52	-	52	3 194	24	-	-
37	"Projekt 3" Sp. z o.o.	51	50	-	1	-	-	-	1	-	-	-	-	-	52	-	-	-
38	"Projekt Echo - 17" Sp. z o.o.	57	50	-	10	(3)	(2)	(1)	1	-	1	2	-	2	58	-	-	-
39	"Projekt Echo - 23" Sp. z o.o.	23	28	-	-	(5)	(5)	-	-	-	-	-	-	-	23	-	-	-
40	"Projekt Echo - 30" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
41	"Projekt Echo - 32" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
42	"Projekt Echo - 34" Sp. z o.o.	54	50	-	4	-	-	-	1	-	-	-	-	-	55	-	-	-
43	"Projekt Echo - 36" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
44	"Projekt Echo - 37" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
45	"Projekt Echo - 39" Sp. z o.o.	54	50	-	3	1	-	1	1	-	-	-	-	-	55	-	-	-
46	"Projekt Naramowice" Sp. z o.o.	43 112	2 838	-	324	39 950	-	721	15 989	-	3 014	870	-	870	59 101	1 378	-	-
47	"Projekt S" Sp. z o.o.	53	50	-	3	-	-	-	1 033	1 033	-	-	-	-	1 086	-	-	-
48	"SPC" S.A.	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available	no data available
49	"W.A. Hotele" Sp. z o.o.	25 522	25 537	-	17	(32)	-	(32)	40	-	40	8	-	8	25 562	25	-	-
50	"WAN II" Sp. z o.o.	3 051	3 000	-	7	44	(1)	45	94 486	60 434	34 053	4 174	-	4 174	97 538	12	-	-
51	"WAN Invest" Sp. z o.o.	688	760	-	-	(72)	(59)	(13)	21	-	21	33	-	33	709	-	-	-
52	"Wyględów" Sp. z o.o.	52	50	-	2	-	-	-	1	-	-	-	-	-	53	-	-	-
53	"Zakład Ogrodniczy Naramowice" Sp. z o.o.	789	12 997	-	524	(12 732)	(11 382)	(1 427)	12 333	-	12 209	316	-	316	13 122	597	-	-

## Note 6E

The Capital Group does not hold any shares in other companies

## Note 6F

SECURITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	20 159	20 150	63 232
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Securities, shares and other long-term financial assets total	20 159	20 150	63 232

## Note 6G

SECURITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE) (ACCORDING TO TRANSFERABILITY)	1st half / 2005	2004	1st half / 2004
A. With unlimited transferability, quoted on stock exchanges (balance sheet value)	-	-	-
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	-	-	-
B. With unlimited transferability, quoted on markets other than stock exchanges (balance sheet value)	-	-	-
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	-	-	-
C. With unlimited transferability, not quoted on regulated market (balance sheet value)	10 650	10 639	10 673
a) shares (balance sheet value):	10 650	10 639	10 673
- revaluation adjustments (for the period)	-	(34)	-
- value at the beginning of the period	10 650	10 673	10 673
- value according to acquisition prices	10 650	10 673	10 673
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value)	-	-	-
D. With limited transferability (balance sheet value)	9 500	9 511	52 558
a) shares and stocks (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	9 500	9 511	52 558
c1 shares	-	11	43 058
- revaluation adjustments (for the period)	-	-	(906)
- value at the beginning of the period	-	11	43 964
- value according to acquisition prices	-	-	40 673
c2 advances for shares	9 500	9 500	9 500
- revaluation adjustments (for the period)	-	-	9 165
- value at the beginning of the period	9 500	9 500	335
- value according to acquisition prices	-	-	-
Value according to acquisition prices total	10 650	10 673	10 673
Value at the beginning of the period total	10 650	20 173	11 008
Revaluation adjustments (for the period) total	-	(34)	9 165
Balance sheet value total	20 150	20 150	63 231

## Note 6H

GRANTED LONG-TERM LOANS (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	484	936	39
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Granted long-term loans total	484	936	39

## Note 6I

OTHER LONG-TERM INVESTMENTS (ACCORDING TO TYPE)	1st half / 2005	2004	1st half / 2004
- lease contracts securing foreign exchange risk	-	-	-
- options for interest rate	-	-	-
Other long-term investments total	-	-	-

## Note 7

CHANGE IN ASSETS ON ACCOUNT OF DEFERRED INCOME TAX	1st half / 2005	2004	1st half / 2004
<b>1. Balance of assets on account of deferred income tax at the beginning of the period, including:</b>	20 594	16 948	16 948
<b>a) compared to the financial result</b>	20 610	16 961	16 961
- non-current assets	2 740	2 458	2 458
- long-term investments	1 320	239	239
- inventories	1 754	648	648
- short-term investments	6	578	578
- short-term receivables	546	609	609
- short-term accruals	4 342	2 119	2 119
- reserves	2 896	-	-
- long-term liabilities	193	10 227	10 227
- short-term liabilities	6 779	16	16
- tax loss	34	67	67
<b>b) compared to equity capital</b>	21	24	24
<b>c) compared to goodwill or negative goodwill</b>	(37)	(37)	(37)
<b>2. Increases</b>	7 390	15 044	5 307
<b>a) compared to the financial result of the period due to negative timing differences (on account of)</b>	7 142	15 044	5 307
<b>i. occurrence of timing differences</b>	7 142	15 044	5 307
- non-current assets	2 201	-	40
- long-term accruals	3 494	1 081	2 316
- inventories	-	1 106	29
- short-term investments	566	5	99
- short-term receivables	1	-	2 561
- short-term accruals	137	2 637	23
- reserves	38	2 896	-
- long-term liabilities	76	254	161
- short-term liabilities	629	7 065	78
<b>b) compared to the financial result of the period in relation to tax loss</b>	248	-	-
<b>c) compared to equity capital due to negative timing differences</b>	-	-	-
<b>d) compared to equity capital in relation to tax loss</b>	-	-	-
<b>e) compared to goodwill or negative goodwill due to negative timing differences</b>	-	-	-
<b>3. Reductions</b>	13 523	11 398	5 801
<b>a) compared to the financial result of the period due to negative timing differences (on account of)</b>	13 490	11 362	5 801
<b>i. occurrence of timing differences</b>	13 490	11 362	5 801
- non-current assets	2 330	(282)	354
- long-term accruals	-	-	-
- inventories	168	-	-
- short-term investments	5	577	9
- short-term receivables	-	63	7
- short-term accruals	2 283	414	44
- reserves	2 602	-	-
- long-term liabilities	25	10 288	5 145
- short-term liabilities	6 077	302	242
<b>b) compared to the financial result of the period in relation to tax loss</b>	33	33	-
<b>c) compared to equity capital due to negative timing differences</b>	-	3	-
<b>d) compared to equity capital in relation to tax loss</b>	-	-	-
<b>e) compared to goodwill or negative goodwill due to negative timing differences</b>	-	-	-
<b>4. Balance of assets on account of deferred income tax at the end of the period total, including:</b>	<b>14 461</b>	<b>20 594</b>	<b>16 454</b>
<b>a) compared to the financial result</b>	14 477	20 610	16 467
- non-current assets	2 611	2 740	2 144
- long-term accruals	4 814	1 320	2 555
- inventories	1 586	1 754	677
- short-term investments	567	6	668
- short-term receivables	547	546	3 163
- short-term accruals	2 196	4 342	2 098
- reserves	332	2 896	-
- long-term liabilities	244	193	5 243
- short-term liabilities	1 331	6 779	(148)
- tax loss	249	34	67
<b>b) compared to equity capital</b>	21	21	24
<b>c) compared to goodwill or negative goodwill</b>	(37)	(37)	(37)



## Note 8A

INVENTORIES	1st half / 2005	2004	1st half / 2004
a) materials	189	181	-
b) semi-finished products and work in process	154 752	198 774	107 968
c) finished products	8 738	10 075	27 696
d) goods	9 028	8 790	15 093
e) advances for deliveries	489	704	20 049
Assets total	173 196	218 524	170 806

The real property in Zabrze, disclosed under semi-finished products and work in progress, is charged with mortgage security in the amount of PLN 3,700 k in favor of the Municipal Commune of Zabrze as a security of payment of any possible claims that could occur due to payment of contractual indemnity in case the Company fails to execute the investment in due time.

Inventories are valued not higher than obtainable net value. Write-off of the value of inventories was reversed due to sale of an inventory or due to an increase in net sales price. Amounts of write-offs of the values of inventories disclosed in the period as costs are included in the profit and loss account under the item of revaluation of non-financial assets. Amounts of reversed write-offs of values decreasing the value of inventories disclosed in a period as income are presented in the profit and loss account under the item of other income. This value is obtained from information from the active market.

## Note 8B

INVENTORIES - IMPACT ON THE FINANCIAL RESULT	1st half / 2005	2004	1st half / 2004
a) value of inventories recognized as cost in a given period	68 036	61 423	27 270
b) amounts of write-offs of the values of inventories in a given period	177	9 238	7 408
c) amounts of reversed write-offs of the values decreasing the value of inventories in a given	1 579	3 995	3 685

## Note 9A

SHORT-TERM RECEIVABLES	1st half / 2005	2004	1st half / 2004
a) from associated companies	-	-	-
b) receivables from other companies	17 955	30 024	45 213
- for deliveries and services, payable within:	6 033	13 322	16 253
- within 12 months	6 024	13 272	15 637
- over 12 months	9	50	616
- due to taxes, grants, customs, social and health insurance and other benefits	11 503	16 240	28 742
- other	413	458	218
- claimed through the court	6	4	-
Short-term receivables total	17 955	30 024	45 213
c) revaluation write-offs of receivables	6 590	7 454	9 428
Gross short-term receivables total	24 545	37 478	54 641

## Note 9C

CHANGE IN THE BALANCE OF REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	1st half / 2005	2004	1st half / 2004
Balance at the beginning of the period	7 464	10 336	10 336
a) increases (on account of)	611	4 340	3 486
- creating a write-off	611	4 340	3 486
b) decrease (on account of)	1 485	7 223	4 394
- repayment	1 485	7 179	4 384
- discontinuance of enforcement proceedings	-	44	10
Balance of revaluation write-offs of short-term receivables at the end of the period	6 590	7 453	9 428

## Note 9D

GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	24 545	37 478	54 640
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Short-term receivables total	24 545	37 478	54 640

## Note 9E

RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DUE PERIOD REMAINING UP TO THE BALANCE DATE	1st half / 2005	2004	1st half / 2004
a) up to 1 month	1 199	431	3 311
b) over 1 month up to 3 months	2 047	649	1 416
c) over 3 months up to 6 months	737	117	2 157
d) over 6 months up to 1 year	600	5 053	2 762
e) over 1 year	100	1 261	676
f) aged receivables	7 940	13 265	14 892
Receivables on account of deliveries and services total (gross)	12 623	20 776	25 214
g) revaluation write-offs of receivables on account of deliveries and services	(6 590)	(7 454)	(8 961)
Receivables on account of deliveries and services total (net)	6 033	13 322	16 253

## Note 9F

AGED RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DIVIDED INTO RECEIVABLES NOT PAID DURING A PERIOD	1st half / 2005	2004	1st half / 2004
a) up to 1 month	1 768	2 704	5 033
b) over 1 month up to 3 months	686	3 024	2 522
c) over 3 months up to 6 months	3 591	1 633	1 336
d) over 6 months up to 1 year	669	1 713	1 808
e) over 1 year	1 226	4 191	4 193
Aged receivables on account of deliveries and services total (gross)	7 940	13 265	14 892
f) revaluation write-offs of receivables on account of deliveries and services, aged	(6 590)	(7 455)	(9 143)
Aged receivables on account of deliveries and services total (net)	1 350	5 810	5 749

## Note 9G

DISPUTABLE AND AGED RECEIVABLES	1st half / 2005	2004	1st half / 2004
Disputable receivables	-	-	-
a) other	-	-	-
Aged receivables	7 939	13 265	14 892
a) on account of deliveries of works and services	7 939	13 265	14 892
- including ones not covered by a revaluation write-off and not disclosed under 'Receivables claimed through the court'	1 350	5 810	5 749

## Note 10A

SHORT-TERM FINANCIAL INVESTMENTS	1st half / 2005	2004	1st half / 2004
a) in subsidiaries	-	-	6 171
- granted loans	-	-	5 817
- other short-term financial assets and investments (according to type)	-	-	354
b) in partially owned subsidiaries	-	-	-
c) in associated companies	342	349	346
- shares or stocks	342	349	346
d) in the significant investor	-	-	-
e) in the dominant company	-	-	-
f) in other companies	1 194	1 106	257
- granted loans	1 105	1 076	-
- other short-term financial assets and investments (according to type)	89	30	257
Short-term financial investments total	1 536	1 455	6 774

## Note 10B

SECURITIES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	430	379	957
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Securities, shares and other short-term financial assets total	430	379	957

## Note 10C

SECURITIES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE) (ACCORDING TO TRANSFERABILITY)	1st half / 2005	2004	1st half / 2004
A. With unlimited transferability, quoted on stock exchanges (balance sheet value)	89	30	611
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	89	30	611
c1. interest on loans	89	30	611
- fair value	-	-	-
- market value	-	-	-
- value according to acquisition prices	89	30	611
B. With unlimited transferability, quoted on markets other than stock exchanges (balance sheet value)	-	-	-
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	-	-	-
C. With unlimited transferability, not quoted on regulated market (balance sheet value)	341	349	346
a) shares (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	341	349	346
c1. shares	341	349	346
- fair value	-	-	-
- market value	341	349	346
- value according to acquisition prices	341	349	346
D. With limited transferability (balance sheet value)	-	-	-
a) shares and stocks (balance sheet value):	-	-	-
b) bonds (balance sheet value):	-	-	-
c) other - according to type groups (balance sheet value):	-	-	-
Value according to acquisition prices total	430	379	957
Value at the beginning of the period total	379	379	379
Revaluation adjustments (for the period) total	-	-	-
Balance sheet value total	430	379	957

## Note 10D

GRANTED SHORT-TERM LOANS (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	1 105	1 076	5 817
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Granted short-term loans total	1 105	1 076	5 817

## Note 11

SHORT-TERM ACCRUALS	1st half / 2005	2004	1st half / 2004
a) accrued costs, including	3 877	3 849	4 970
- property tax	3 615	-	3 627
- perpetual usufruct	5	-	161
- energy	164	334	71
- insurance	93	387	51
- costs of sales	-	-	75
- other	-	3 128	985
b) other accruals, including:	-	-	17
- settlement of lease rent costs	-	-	17

**Note 13A**

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

**Note 13B**

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING MORE THAN 5% OF SHARE CAPITAL AS ON JUNE 30, 2005			
Shareholders	Number of votes / shares	% of share capital	otes at the General Meeting of Shareh
Michał Sołowow (indirectly and directly)	3 964 134	37,75%	37,75%
Otwarty Fundusz Emerytalny ING NN	1 040 000	9,90%	9,90%
Artur Kloczko	766 069	7,30%	7,30%
OFE PZU Złota Jesień PTE	544 125	5,18%	5,18%
Commercial Union PTE	542 340	5,17%	5,17%
Other shareholders	3 643 332	34,70%	34,70%

**Note 13C**

OWN STOCKS (SHARES)				
Number	Value in acquisition prices	Balance sheet value0	Purpose of acquisition	Designation
-	-	-	-	-
-	-	-	-	-

**Note 13D**

ISSUER'S SHARES HELD BY SUBSIDIARIES			
Name (company name) of company, registered office address	Number	Value as acquisition price	Balance sheet value
-	-	-	-
-	-	-	-

## Note 12A

CASH AND CASH EQUIVALENTS	1st half / 2005	2004	1st half / 2004
a) cash in hand and on bank accounts	259 074	73 551	63 532
b) other cash	-	-	-
c) other cash assets	1	59	-
Cash and cash equivalents total	259 075	73 610	63 532

## Note 12B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	1st half / 2005	2004	1st half / 2004
a) in Polish currency	100 029	64 636	63 532
b) in foreign currencies (according to currency, after conversion to zlotys)	159 045	8 974	-
b1. in USD k	-	-	-
b1. converted into PLN k	-	-	-
b2. in EUR k	39 365	2 200	-
b2. converted into PLN k	159 045	8 974	-
Cash and cash equivalents total	259 074	73 610	63 532

## Note 13A

INITIAL CAPITAL (STRUCTURE)								
Series / issue	Class of shares	Class of shares privilege	Type of restriction of the right to shares	Number of shares	Value of series/issue according to nominal value	Method of capital coverage		Right to dividend as from
A	bearer shares	ordinary shares	none	40 000			-06 -	- -
B	bearer shares	ordinary shares	none	960 000		cash	-06 -	- -
C	bearer shares	ordinary shares	none	500 000		cash	-11 -	- -
D	bearer shares	ordinary shares	none	1 500 000		cash	-02 -	- -
E	bearer shares	ordinary shares	none	500 000	1 000	non-cash contribution	1995-01-01	1995-01-01
F	bearer shares	ordinary shares	none	7 000 000	14 000	cash	2002-11-26	- -01
Number of shares total				10 500 000				
Initial capital total								
Nominal value of one share = PLN 2.00					21 000			2002-01

## Note 13B

SHAREHOLDERS OF ECHO INVESTMENT S.A. HOLDING OVER 5% OF SHARE CAPITAL AS ON JUNE 30, 2005			
Shareholders	Number of votes / shares	% of share capital	% votes at the General Meeting of Shareholders
Michał Solowow (directly and indirectly)	3 964 134	37,75%	37,75%
Otwarty Fundusz Emerytalny ING NN	1 040 000	9,90%	9,90%
Artur Kłoczko	766 069	7,30%	7,30%
OFF PZU Złota Jesień PTE	544 125	5,18%	5,18%
Commercial Union PTE	542 340	5,17%	5,17%
Other shareholders	3 643 332	34,70%	34,70%

## Note 13C

OWN SHARES				
Number	Value according to acquisition prices	Balance sheet value	Purpose of acquisition	Designation
-	-	-	-	-
-	-	-	-	-

## Note 13D

ISSUER'S SHARES HELD BY SUBSIDIARIES			
Name (company name) of the company, registered office address	Number	Value according to acquisition prices	Balance sheet value
-	-	-	-
-	-	-	-

## Note 14

SUPPLEMENTARY CAPITAL	1st half / 2005	2004	1st half / 2004
a) on transfer of shares above their nominal value	100 943	100 943	100 943
b) established by force of law	80	80	80
c) established by force of articles / agreement above the value required by law	248 177	213 490	223 756
d) from additional payments of shareholders / partners	-	-	-
e) costs of issue of shares	(196)	(196)	(196)
f) other (according to type)	22	22	22
g) reserve (on account of real property revaluation)	4 745	4 745	4 677
Supplementary capital total	353 771	319 084	329 282

## Note 15

<b>CHANGE IN THE BALANCE OF MINORITY CAPITALS</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
Balance at the beginning of the period	1 530	177	177
a) increases (on account of)	23	1 530	59
- Projekt S Sp. z o.o.	-	27	26
- WAN 11 Sp. z o.o.	23	1 503	33
b) decrease (on account of)	3	176	176
- redemption of shares of minority shareholders in PHS S.A.	-	176	176
- purchase of shares in Projekt S Sp. z o.o.	3	-	-
Balance of minority capitals at the end of the period	<b>1 550</b>	<b>1 531</b>	<b>60</b>

## Note 16A

<b>LONG-TERM LIABILITIES</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
a) to subsidiaries	-	-	-
b) to partially owned subsidiaries	-	-	-
c) to associated companies	-	-	-
d) to the significant investor	-	-	-
e) to the dominant company	-	-	-
f) to other companies	713 371	745 511	855 154
- loans and credits	591 253	578 500	677 590
- on account of issue of debt securities	89 138	108 899	118 978
- other financial liabilities, including:	974	1 225	1 461
- from valuation of financial instruments	-	8	-
- financial lease contracts	974	1 217	1 461
- other (according to type)	32 006	56 887	57 125
- advances for future deliveries	28 331	53 165	53 349
- liabilities on account of perpetual usufruct of land	3 675	3 722	3 776
Long-term liabilities total	<b>713 371</b>	<b>745 511</b>	<b>855 154</b>

## Note 16B

<b>LONG-TERM LIABILITIES - DUE PERIOD REMAINING FROM THE BALANCE DATE</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
a) over 1 year up to 3 years	98 501	122 545	229 901
b) over 3 years up to 5 years	79 285	95 379	110 643
c) over 5 years	535 585	527 587	514 610
Long-term liabilities total	<b>713 371</b>	<b>745 511</b>	<b>855 154</b>

## Note 16C

<b>LONG-TERM LIABILITIES (CURRENCY STRUCTURE)</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
a) in Polish currency	162 118	167 011	176 632
b) in foreign currencies (according to currency, after conversion to zlotys)	551 253	578 500	678 522
b1. in USD k	16 093	15 638	17 146
b1. converted into PLN k	53 849	47 355	64 366
b2. in EUR k	122 386	129 906	134 814
b2. converted into PLN k	497 404	531 145	614 156
Long-term liabilities total	<b>713 371</b>	<b>745 511</b>	<b>855 154</b>

## NOTE 16D

LONG-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of the company, specifying the legal status	Registered office address	Loan / credit amount under the contract		Due credit / loan amount remaining		Interest arrangements	Due date	Securities	Other
		PLN k	currency	PLN k	currency				
PEKAO S.A.	Warsaw	80 000		40 000		Wibor + margin	2007-07-30	- power of attorney to bank account	
PEKAO S.A.	Warsaw	36 769	9 101 k EUR	19 745	4 862 k EUR	EURIBOR + margin	2010-08-31	- mortgage security on real property in the amount of 11 831 k EUR, - transfer of receivables from lease contracts, - transfer of receivables due from guarantees or sureties, - transfer of receivables due from execution contracts, - transfer of receivables due from insurance policies, - statement of "Echo Investment" S.A. on voluntary submission to execution, - registration pledge on the shares of "Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o., - power of attorney to bank account	
PEKAO S.A.	Warsaw	20 047	4 962 k EUR	9 888	2 435 k EUR	EURIBOR + margin	2010-04-30	- mortgage security on real property in the amount of 6 451 k EUR, - transfer of receivables from lease contracts, - transfer of receivables due from guarantees or sureties, - transfer of receivables due from execution contracts, - transfer of receivables due from insurance policies, - statement of "Echo Investment" S.A. on voluntary submission to execution, - registration pledge on the shares of "Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o., - power of attorney to bank account	
Eurohypo AG	Frankfurt	43 633	10 800 tys.EUR	26 549	6 538 k EUR	EURIBOR + margin	2010-07-15	- mortgage security on real property in the amount of 15 540 k EUR, - transfer of receivables from lease contracts and management contract, - transfer of receivables due from guarantees or sureties, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o., - transfer of receivables due from bank account agreement	
ING Bank Śląski SA	Katowice	19 623	4 857 tys.EUR	11 764	2 897 k EUR	EURIBOR + margin	2010-12-31	- mortgage security on real estate in the amounts of 5 076 k EUR, - transfer of receivables from lease contracts and management contract, - transfer of receivables due from guarantees or sureties, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o., - surety of "Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o., - transfer of receivables due from bank account agreement	
PEKAO S.A.	Warsaw	41 673	4 600 k EUR 6 900 k USD	33 686	3 883 k EUR 5 334 k USD	EURIBOR + margin LIBOR + margin	2011-04-30	- mortgage security on real property in the amount of 14 970 k USD, - transfer of receivables from lease contracts, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "M.D.P." Sp. z o.o., - statement of "Echo Investment" S.A. i "M.D.P." Sp. z o.o. on voluntary submission to execution, - power of attorney to bank accounts of "Echo Investment" S.A. and "M.D.P." Sp. z o.o.	
Eurohypo AG	Frankfurt	206 045	51 000 tys.EUR	189 522	46 669 k EUR	EURIBOR + margin	2018-03-31	- mortgage security on real property in the amount of 66 300 k EUR, - transfer of receivables from lease contracts and management contract, - transfer of receivables due from guarantees or sureties, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o., - transfer of receivables due from bank account agreement, - transfer of receivables due from CAP transactions, - transfer of receivables due from VAT return claims of "Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o., - transfer of receivables due from parcel lease agreement, - zobowiązanie "Echo Investment" S.A. with statement of submission to execution	

LONG-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of the company, specifying the legal status	Registered office address	Loan / credit amount under the contract		Due credit / loan amount remaining		Interest arrangements	Due date	Securities	Other
		PLN k	currency	PLN k	currency				
Rheinhyp - BRE S.A.	Warsaw	25 096	7 500 tys.USD	19 541	5 818 tys.USD	LIBOR + margin	2012-06-28	- mortgage security on real property in the amount of 11 250 k USD, - transfer of receivables due from lease contracts, - transfer of receivables due from guarantees, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "Echo - Centrum Biznesu Łódź" Sp. z o.o., - power of attorney to bank accounts of "Echo - Centrum Biznesu Łódź" Sp. z o.o., - statement of "Echo - Centrum Biznesu Łódź" Sp. z o.o. on submission to execution, - podprzaskowanie pożyczek udzielonych przez "Echo Investment" S.A., - statement of "Echo Investment" S.A. o niezbywaniu nieruchomości bez zgody Kredytodawcy	
PEKAO S.A.	Warsaw	23 600	5 714 tys.USD	17 046	5 075 tys.USD	LIBOR + margin	2011-12-31	- mortgage security on real property in the amount of 7.506 k USD, - transfer of receivables due from insurance policies, - registration pledge on the shares of "Echo - Centrum Bankowości I Finansów Łódź" Sp. z o.o., - power of attorney to bank accounts of "Echo - Centrum Bankowości I Finansów Łódź" Sp. z o.o., - statement of "Echo - Centrum Bankowości I Finansów Łódź" Sp. z o.o. on submission to execution,	
BPH PBK S.A.	Kraków	146 656	36 300 k EUR	137 853	33 946 k EUR	EURIBOR + margin	2019-01-23	- mortgage security on real estate up to an amount of 72.600 k EUR, - registration pledge on the shares of "Echo Investment - Centrum Handlowe Radom" Sp. z o.o., - registration pledge on the shares of "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o., - registration pledge on the shares of "Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. - transfer of receivables from lease contracts, - transfer of receivables from insurance contracts of financed real properties, - registration pledge on the receivable on account of bank account agreements	
Kredyt Bank S.A.	Warsaw	72 722	18 000 k EUR	58 900	14 504 k EUR	EURIBOR + margin	2013-10-31	- mortgage security on real property in the amount of 27 000 k EUR, - transfer of receivables due from lease contracts, - transfer of receivables due from guarantees, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - registration pledge on the shares of "Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o., - power of attorney to bank accounts of "Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o.	
Eurohypo AG	Frankfurt	83 353	13 840 k EUR 8 200 k USD	3 527	1 050 k USD		2014-09-30	- mortgage security on real property in the amount of 30 600 k EUR, - transfer of receivables due from lease contracts, - transfer of receivables due from guarantees, - transfer of receivables due from insurance policies, - transfer of receivables due from execution contracts, - transfer of receivables due from hedging agreements, - transfer of receivables from statements of income from lease and deposits, - registration pledge on the shares of "Athina Park" Sp. z o.o.	
Eurohypo AG	Frankfurt	82 216	20 350 k EUR	60 434	14 881 k EUR		2016-01-29	- mortgage security on real property in the amount of 48 000 k EUR, - transfer of receivables due from lease contracts, - registration pledge on the shares of "WAN 11" Sp. z o.o., - subordination of the borrower's liabilities towards partners to the borrower's liabilities towards the bank on account of loan granted	
<b>Total</b>		<b>881 432</b>		<b>628 455</b>					

\* The value of credits due consists of amounts of credit due within one year: 37 202 k PLN (short-term liabilities) and over one year (long-term liability) 591 253 k PLN.

#### NOTE 16E

LONG-TERM LIABILITIES ON ACCOUNT OF ISSUED FINANCIAL INSTRUMENTS							
Debt financial instruments according to type	Nominal value	Interest arrangements	Redemption date	Guarantees / securities	Additional rights	Quotation market	Other
Bonds (BRE S.A.)	91 500	WIBOR + margin	2011-05-25				
<b>Total</b>	<b>91 500</b>						

LONG-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of the company, specifying the legal status	Registered office address	Loan / credit amount under the contract		Due credit / loan amount remaining		Interest arrangements	Due date	Securities	Other
		PLN k	currency	PLN k	currency				



## Note 16F

CHANGE IN THE BALANCE OF LONG-TERM RESERVE FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (ACCORDING TO TITLES)	1st half / 2005	2004	1st half / 2004
a) balance at the beginning of the period	159	139	139
b) increases	-	23	-
c) utilization	-	3	-
d) release	-	-	-
e) balance at the end of the period	159	159	139

## Note 16H

CHANGE IN THE BALANCE OF RESERVE ON ACCOUNT OF DEFERRED INCOME TAX	1st half / 2005	2004	1st half / 2004
1. Balance of reserve on account of deferred income tax at the beginning of the period, including:	112 887	105 073	105 073
a) compared to the financial result	112 887	105 073	105 073
- non-current assets	4 630	4 225	4 225
- long-term investments	88 403	101 134	101 134
- long-term accruals	53	-	-
- inventories	1 369	1 690	1 690
- short-term receivables	1 065	850	850
- short-term investments	883	338	338
- short-term accruals	13	(468)	(468)
- long-term liabilities	-	-	-
- short-term liabilities	15 919	(2)	(2)
- accruals	552	(2 694)	(2 694)
b) compared to equity capital	-	-	-
c) compared to goodwill or negative goodwill	-	-	-
2. Increases	6 128	31 494	5 691
a) compared to the financial result of the period on account of positive timing differences (on account of)	6 128	21 624	5 691
i. occurrence of timing differences	6 128	21 624	5 691
- non-current assets	348	453	267
- long-term investments	-	-	1 291
- long-term accruals	-	65	-
- inventories	762	-	-
- short-term receivables	133	454	53
- short-term investments	4 173	558	283
- short-term accruals	22	496	630
- long-term liabilities	531	-	-
- short-term liabilities	159	16 303	-
- accruals	-	3 295	3 167
b) compared to equity capital due to positive timing differences	-	9 870	-
c) compared to goodwill or negative goodwill due to positive timing differences	-	-	-
3. Reductions	13 411	23 680	1 409
a) compared to the financial result of the period due to positive timing differences (on account of)	13 411	23 012	1 409
i. reversal of timing differences (utilization of reserve for deferred income tax)	13 411	23 012	1 409
- non-current assets	9 352	48	52
- long-term investments	1 603	21 933	-
- long-term accruals	-	12	1
- inventories	-	321	594
- short-term receivables	196	239	108
- short-term investments	85	13	301
- short-term accruals	98	15	15
- long-term liabilities	467	-	-
- short-term liabilities	1 610	382	288
- accruals	-	49	50
b) compared to equity capital due to positive timing differences	-	668	-
c) compared to goodwill or negative goodwill due to positive timing differences	-	-	-
4. Balance of reserve on account of deferred income tax at the end of the period total	105 604	112 887	109 355
a) compared to the financial result	105 604	103 685	109 355
- non-current assets	(4 374)	4 630	4 440
- long-term investments	86 800	79 201	102 425
- long-term accruals	53	53	(1)
- inventories	2 131	1 369	1 096
- short-term receivables	1 002	1 065	795
- short-term investments	4 971	883	320
- short-term accruals	(63)	13	147
- long-term liabilities	64	-	-
- short-term liabilities	14 468	15 919	(290)
- accruals	552	552	423
b) compared to equity capital	-	9 202	-
c) compared to goodwill or negative goodwill	-	-	-

## Note 17A

<b>SHORT-TERM LIABILITIES</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
a) to subsidiaries	-	-	-
b) to partially owned subsidiaries	-	-	-
c) to associated companies	-	-	-
d) to the significant investor	-	-	-
e) to the dominant company	-	-	-
f) to other companies	295 923	264 056	187 836
- loans and credits, including:	96 323	151 226	101 743
- long-term payable	37 202	43 942	51 983
- on account of issue of debt securities	43 877	24 512	9 895
- other financial liabilities, including:	1 422	2 025	501
- leasing	487	494	495
- interest	935	1 531	6
- on account of deliveries and services, payable:	42 559	40 252	39 811
- within 12 months	33 017	30 695	30 254
- over 12 months	9 542	9 557	9 557
- advances received for deliveries	95 431	35 192	15 794
- on account of taxes, customs duties, securities and other performances	9 120	4 232	15 119
- on account of salaries and wages	-	48	-
- other (according to titles)	7 191	6 569	4 973
- received hedging deposits	666	551	553
- deposits	5 639	5 988	4 373
- other	886	30	47
g) special funds (according to titles)	404	282	145
- company social benefits fund	404	282	145
Short-term liabilities total	296 327	264 338	187 981

## Note 17B

<b>SHORT-TERM LIABILITIES (CURRENCY STRUCTURE)</b>	<b>1st half / 2005</b>	<b>2004</b>	<b>1st half / 2004</b>
a) in Polish currency	259 125	220 394	138 588
b) in foreign currencies (according to currency, after conversion to zlotys)	37 202	43 944	49 393
b1. in USD k	1 183	1 183	1 183
b1. converted into PLN k	3 959	3 538	4 433
b2. in EUR k	8 228	9 906	9 898
b2. converted into PLN k	33 243	40 406	44 960
Short-term liabilities total	296 327	264 338	187 981

## NOTE 17C

SHORT-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of the company	Registered office address	Amount of loan / credit according to contract		Due amount of loan / credit remaining		Interest arrangements	Due date	Collaterals	Other
		PLN k	currency	PLN k	currency				
Pekao S.A.	Warsaw	20 000	PLN	19 103	PLN	WIBOR + margin	2006-06-30	- own blank bill of exchange, - power of attorney to bank account, - statement of submission to execution	
Pekao S.A.	Warsaw	80 000	PLN	40 000	PLN	WIBOR + margin	2006-06-30	- mortgage on real properties of companies from EI group that have been granted investment facilities by Pekao SA, - transfers from insurance policies of buildings belonging to these companies, - registration pledges on shares in subsidiaries; - transfer of receivables due from lease contracts	
PKO BP S.A.	Warsaw	20 000	PLN	-	PLN	WIBOR + margin	2005-12-31	- power of attorney to bank account, - blank bill of exchange, - statement of submission to execution	
BPH PBK S.A.	Kraków	20 000	PLN	-	PLN	WIBOR + margin	2006-04-28	- power of attorney to bank account	
Bank Handlowy w Warszawie S.A.	Warsaw	25 000	PLN	19	PLN	WIBOR + margin	2006-01-27	- own blank bill of exchange with bill of exchange agreement - obligation to transfer an appropriate quarterly amount through the account	
Total		165 000		59 122					

## NOTE 17D

SHORT-TERM LIABILITIES ON ACCOUNT OF ISSUED DEBT FINANCIAL INSTRUMENTS						
Debt financial instruments according to type	Nominal value	Interest arrangements	Redemption date	Guarantees / securities	Additional rights	Other
Commercial bills of exchange (BPH PBK S.A.)	20 000	WIBOR + margin	2006-02-26			
bonds (Bank BPH S.A.)	25 000	Wibor + margin	2005-01-19	-	-	
<b>Total</b>	<b>45 000</b>					

## Note 17E

CHANGE IN THE BALANCE OF SHORT-TERM RESERVE FOR RETIREMENT BENEFITS AND SIMILAR BENEFITS (ACCORDING TO TITLES)	1st half / 2005	2004	1st half / 2004
a) balance at the beginning of the period	5	26	26
b) increases	-	1	-
c) utilization	-	22	-
d) release	-	-	-
e) balance at the end of the period	5	5	26

## Note 17F

CHANGE IN THE BALANCE OF OTHER SHORT-TERM RESERVES (ACCORDING TO TITLES)	1st half / 2005	2004	1st half / 2004
a) balance at the beginning of the period	41 497	12 818	12 818
b) increases (on account of)	5 969	30 247	16 820
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	200	7 322	1 379
- reserve for foreseen penalties and losses	1 747	3 950	3 950
- reserve for foreseen costs of guarantee repairs, renovations and related damages	-	9 267	1 500
- reserve for foreseen payments on account of granted sureties	1 547	2 500	2 500
- reserve for foreseen costs and losses resulting from transfer of assets	92	6 100	4 975
- reserve for costs of perpetual usufruct	1 512	-	1 845
- reserve for court proceedings	871	1 108	671
c) utilization (on account of)	5 881	1 568	-
- incurred overheads	5 814	1 568	-
- incurred costs resulting from court proceedings	67	-	-
d) release (on account of)	21 279	-	80
- reserve for foreseen overheads	5 396	-	-
- reserve for foreseen penalties and losses	4 098	-	-
- reserve for foreseen costs of guarantee repairs, renovations and related damages	10 926	-	-
- reserve for foreseen costs and losses resulting from transfer of assets	259	-	-
- reserve for court proceedings	600	-	80
e) balance at the end of the period	20 306	41 497	29 558

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 sureties covers the reserve for sureties made for Princess Investment Sp. z o.o. and Princess Boryszewska Sp. z o.o.

The reserve for overheads covers the reserve for unpaid bonuses for the first half of this year and possibly the previous year, for costs of audit of the statement and costs of unused holiday benefits.

## Note 18

BOOK VALUE PER ONE SHARE	1st half / 2005	2004	1st half / 2004
Book value (in PLN k)	821 794	724 688	738 056
Number of shares (thousands pcs.)	10 500	10 500	10 500
Book value per one share (in PLN)	78	69	70
Diluted book value per one share (in PLN)			

## EXPLANATORY NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## Note 19A

NET INCOME FROM SALES (MATERIAL STRUCTURE - TYPES OF ACTIVITY)	1st half / 2005	1st half / 2004
- sales of residential and commercial areas	3 795	21 896
including:	-	-
- investment contracting service	70	24 194
including:	-	-
- real estate turnover	2 438	109
including:	-	-
- lease services	100 104	113 625
including:	-	-
- legal, accounting, managing and consulting services	688	171
including:	-	-
- other income	5 132	1 148
including:	-	-
Net income on sales total	112 227	161 143
including:	-	-

## Note 19B

NET INCOME FROM SALES (TERRITORIAL STRUCTURE)	1st half / 2005	1st half / 2004
a) at home	112 227	161 143
including:	-	-
b) export	-	-
including:	-	-
Net income on sales total	112 227	161 143
including:	-	-

## Note 20

COSTS ACCORDING TO TYPE	1st half / 2005	1st half / 2004
a) depreciation	(2 095)	(1 807)
b) consumption of materials and energy	(12 166)	(15 751)
c) foreign services	(63 686)	(42 933)
d) taxes and duties	(6 962)	(8 244)
e) salaries and wages	(8 609)	(5 112)
f) social security and other benefits	(1 722)	(1 237)
g) other costs in kind (on account of)	(5 062)	(3 154)
- activated financial costs	(3 833)	(2 036)
- business trips	(45)	(62)
- other	(1 184)	(1 056)
Costs according to type, total	(100 302)	(78 238)
Change in the balance of inventories, products and accruals	(43 367)	11 657
Cost of manufacture of products for the company's own purposes (negative value)	(292)	-
Value of goods sold	28	-
Costs of sales (negative value)	(4 073)	(3 401)
Overheads (negative value)	(14 403)	(12 832)
Production cost of sold products	(38 195)	(73 662)

## Note 21

PROFIT (LOSS) ON SALES OF INVESTMENTS	1st half / 2005	1st half / 2004
Income on sales	212 414	-
- of real estate	212 414	-
Costs of sales	(146 507)	-
- of real estate	(146 507)	-
	65 907	-

## Note 22A

OTHER OPERATING INCOME	1st half / 2005	1st half / 2004
a) revaluation of non-financial assets	1 889	4 426
b) released reserves	24 517	-
c) subsidies	-	-
d) extraordinary profits	-	7
e) other, including:	2 431	1 833
- contractual penalties	685	904
- other	1 746	929
Other operating income total	28 837	6 266

## Note 22B

OTHER OPERATING COSTS	1st half / 2005	1st half / 2004
a) revaluation of non-financial assets	(14 780)	(10 951)
b) established reserves	(555)	(6 071)
c) extraordinary losses	-	(6)
d) other, including:	(602)	(2 346)
- gifts	(23)	(448)
- contractual penalties	(242)	(58)
- write-down of bad receivables	(133)	-
- other	(204)	(1 840)
Other operating costs total	(15 937)	(19 374)

## Note 23B

FINANCIAL INCOME ON ACCOUNT OF INTEREST	1st half / 2005	1st half / 2004
a) on account of interest from granted loans	76	592
- from associated companies, including:	-	576
- from subsidiaries	-	576
- from other companies	76	16
b) on account of other interest	3 462	1 349
- from associated companies, including:	-	-
- from other companies	3 462	1 349
Financial income on account of interest total	3 538	1 941

## Note 23C

OTHER FINANCIAL INCOME	1st half / 2005	1st half / 2004
a) profit on sale of investments	-	82
b) investment revaluation	95	-
c) other, including:	3	5
- other	3	5
Other financial income total	98	87

## Note 24A

FINANCIAL INCOME ON ACCOUNT OF INTEREST	1st half / 2005	1st half / 2004
a) from loans and credits	(19 764)	(19 836)
- to associated companies, including:	-	-
- to other companies	(19 764)	(19 836)
b) other interest	(197)	(17)
- to associated companies, including:	-	-
- to other companies	(197)	(17)
Financial costs on account of interest total	(19 961)	(19 853)

During the 1st half of the year 2005, the activated amount of external financing costs was PLN 3,833 k.

The yield rate applied to determination of the amount of external financing costs that can be activated equals 6.27%.

## Note 24B

OTHER FINANCIAL COSTS	1st half / 2005	1st half / 2004
a) loss on disposal of investments	-	(1)
b) investment revaluation	-	(40)
c) other, including:	(3 205)	(2 346)
- commission	(3 202)	(1 538)
- other	(3)	(808)
Other financial costs total	(3 205)	(2 386)

## Note 25

FOREIGN EXCHANGE GAINS (LOSSES)	1st half / 2005	1st half / 2004
a) foreign exchange gains	14 925	28 217
- realized	5 167	156
- unrealized	9 758	28 061
b) foreign exchange losses	(21 915)	(3 697)
- realized	(2 710)	(2 482)
- unrealized	(19 205)	(1 215)
Foreign exchange gains/losses total	(6 990)	24 520

## Note 26A

CURRENT INCOME TAX	1st half / 2005	1st half / 2004
1. Gross profit (loss) (consolidated)	121 759	54 492
2. Consolidation adjustments	(27 380)	1 949
3. Differences between gross profit (loss) and income tax taxable base (according to titles)	(7 401)	(25 805)
- Future revenues considered tax gains in the current year	985	(491)
- Interest gained from receivables for the previous years	62	-
- Interest gained from loans for the previous years	2 552	2 899
- Income related to valuation of long-term contracts	(346)	(8 615)
- Output interest on loans, not received	(4 498)	(3 113)
- Other output interest, not received	14	(10)
- Released reserves for liabilities	(1 879)	(4 270)
- Reserve for liabilities	11 921	3 307
- Booked, but unpaid discount on debt bonds	632	171
- Output interest on loans and credits that has not been paid	1 367	792
- Unpaid interest from liabilities	1 962	1 542
- Unrealized foreign exchange losses	9 269	(26 847)
- Activated financial costs settled as costs of income in the previous years	3 506	3 250
- Depreciation that does not constitute cost of income	(10 118)	(10 683)
- Perpetual usufruct fees, settled as costs of income in the previous years	(47)	-
- Booked costs related to valuation of long-term contracts	517	4 773
- Established reserves for accruals of costs concerning investments and overheads	9 376	10 323
- Settlement of costs borne in the preceding periods	160	2 949
- Activated financial costs for developer projects	(2 850)	(91)
- Discount on debt bonds booked under costs of the previous year but paid this year	(114)	(2 633)
- Interest from loans and credits booked under costs in the previous year but paid this year	(1 404)	(56)
- Interest from liabilities booked under costs in the previous year but paid this year	-	(1 178)
- Released reserves for costs	(22 330)	-
- Dividends received	(12 700)	(1 583)
- Gifts	27	447
- Deductible gifts	(16)	(11)
- Penalties for late payment	3	2
- Budget interest and penalties	2	16
- Unplanned depreciation	-	10
- Other costs that are not costs of income	3 718	4 210
- Tax losses of subsidiaries	2 844	-
- Other	(16)	(915)
4. Income tax taxable base	86 978	30 636
5. Income tax under 19% rate	26 403	7 395
6. Increases, abandonments, exemptions, deductions and reductions of tax	(40)	(99)
7. Current income tax presented (disclosed) in the tax return of the period, including:	26 363	7 296
- disclosed in the profit and loss account	26 363	7 296
- concerning items that have reduced or increased equity capital	-	-
- concerning items that have reduced or increased goodwill or negative goodwill	-	-

## Note 26B

DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT	1st half / 2005	1st half / 2004
- reduction (increase) due to occurrence and reversal of timing differences	(1 150)	4 776
- reduction (increase) due to change in tax rates	-	-
- reduction (increase) due to tax loss, tax relief or timing difference of the preceding period, not disclosed previously	-	-
- reduction (increase) due to write-off of assets due to deferred income tax or lack of possibility of consuming the reserve for deferred income tax	-	-
- other components of deferred tax (according to titles)	-	-
Deferred income tax total	(1 150)	4 776

## Note 27

Net profit (loss)	1st half / 2005	1st half / 2004
a) net profit (loss) of the dominant company	7 255	4 414
b) net profit (loss) of subsidiaries	67 725	39 847
c) net profit (loss) of partially owned subsidiaries	-	-
d) net profit (loss) of associated companies	-	-
e) consolidation adjustments	21 536	(1 849)
Net profit (loss)	96 516	42 412

The net profit yielded by 'Echo Investment S.A.' in the year 2004, amounting to PLN 7,543,423.38 was assigned to supplementary capital through a resolution no. 3 of the Ordinary General Meeting of Shareholders of June 14, 2005.

## Note 28

Profit per 1 share	1st half / 2005	1st half / 2004
Net profit (loss) for 12 months (in PLN k)	81 541	55 890
Weighted average number of ordinary shares (in thousands pcs.)	10 500	10 500
Profit (loss) per one ordinary share (in PLN)	7,77	5,32

## EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW ACCOUNT

## Note 29

ADJUSTMENTS OF CHANGES IN THE BALANCE OF BALANCE ITEMS DISCLOSED UNDER A.II.10 'OTHER ADJUSTMENTS'	1st half / 2005	1st half / 2004
Correction concerning the reserve from valuation of non-cash contribution	(4)	-
Adjustments total	(4)	-

## Note 30

CASH DISCLOSED IN THE CASH FLOW STATEMENT	1st half / 2005	1st half / 2004
Balance at the beginning of the period, including	73 609	47 728
- cash on hand and on bank accounts	73 609	47 720
- other cash	-	-
- other cash assets	-	8
Balance at the end of the period	259 075	34 354
- cash on hand and on bank accounts	259 074	34 344
- other cash	-	-
- other cash assets	1	10

Echo Investment' S.A. qualifies as operating activity income gained and costs incurred in relation to running developer activity, i.e. provision of a wide range of services related to the real property market.

Investment activity covers payment for acquired and sold components of fixed assets, i.e. non-current assets, intangible assets, financial deposits, granting and repayment of loans, including advantages gained from deposits and granted loans.

Financial activity refers to obtaining own and foreign capital engaged in the form of short- and long-term credits and cash loans, their return and service (interest paid).



## **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 2005, 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 1<sup>st</sup> half of the year 2005. The Management Board does not expect discontinuation of performed operations during the subsequent period.

### **3. Affiliated companies**

As a result of the strategy applied by 'Echo Investment' S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers are built, a significant part of transactions executed by Echo Investment are made with affiliated companies. The largest transactions during the 1<sup>st</sup> half of the year 2005 with affiliated companies were executed on the basis of the following contracts:

- Contract of general contracting of investment, made on December 21, 2004 with Wan 11 Sp. z o.o. as the investor and Wan S.A. as the second General Contractor of the Investment. Under this contract, Wan 11 Sp. z o.o. contracted performance of finishing and adaptation works in the office building in Warsaw, Postępu Street, to General Contractors.
- Contract of general contracting of investment, made on July 25, 2003 with Athina Park Sp. z o.o. as the investor. Under this contract, Athina Park Sp. z o.o. contracted performance of construction works in 4 office buildings with parking lots in Warsaw, Wybrzeże Gdynskie Street, to a General Contractor.

Managers and supervisors in Echo Investment S.A. capital Group did not receive any of the following during the 1<sup>st</sup> half of the year 2005: benefits after the employment period, other long-term benefits, employment termination benefits or payments on account of shares held. Managers of Echo Investment S.A. received a total of PLN 1,492 k of compensation on account of short-term employment benefits during the 1<sup>st</sup> half of the year 2005. Supervisors of Echo Investment S.A. did not receive any compensation. Managers of other companies from Echo Investment S.A. Capital Group received a total of PLN 160 k of compensation on account of short-term employment benefits.

Supervisors of other companies from Echo Investment S.A. Capital Group did not receive any compensation.

As on June 30, 2005 there were no credits, loans, guarantees or advance payments to managers or supervisors of the Capital Group Companies or to their spouses, relations and in-laws to the second degree, relations by adoption or other personal relations.

#### 4. Significant events following the balance date:

- On July 15, 2005 Echo Investment S.A. signed a contract with Modzelewski & Rodek Sp. z o.o., having its head office in Warsaw, for performance of works related to execution of a construction facility – residential and service complex in Warsaw, Inflancka Street – Stage B. The compensation for Modzelewski & Rodek Sp. z o.o. for execution of the subject of the contract is a lump sum of PLN 27,200 k (twenty-seven million two hundred thousand zlotys) net. The date of completion of execution of the subject matter of the contract was set on December 15, 2006. In case of failure to execute or improper execution of the contract, Echo Investment shall charge contractual indemnity. Should the value of the damage exceed the value of contractual indemnity, Echo Investment S.A. may claim additional compensation. The parties are obliged to pay the contractual indemnity amounting to 10% of the contract value if any of the parties terminates the contract by default of this party.
- On July 26, 2005 Echo Investment S.A. signed a contract of sale of shares with Echo Investment – Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o., having its head office in Kielce. Under this contract, Echo Investment s.A. sold 1800 shares to the above mentioned company, nominal value of PLN 500 each, representing 100% of initial capital and giving 100% of the total number of votes at the general meeting of shareholders of 'Princess Borysewska Sp. z o.o., with its head office in Kielce (100% subsidiary of Echo Investment S.A.). The parties agreed that the sales price of shares is PLN 296,000. The recorded value of sold assets in books of accounts is PLN 295,000.

Date: September 1, 2005

Management Board of Echo Investment S.A.

Andrzej Majcher

Jarosław Grodzki

Piotr Gromniak

Artur Langner

President of the Management Board

Vice-President of the Management Board  
of the Management Board

Member

Member of the Management Board

Person in charge of keeping books of accounts

Tomasz Sulek

Chief Accountant

**Independent chartered accountant's report  
on audit of the consolidated financial statement  
covering the period from January 1, 2005 to June 30, 2005**

For the Supervisory Board of **Echo Investment S.A.**

We have audited the enclosed consolidated financial statement of **Echo Investment S.A. capital group** seated in Kielce, 27 Zagnańska Street. The said statement consists of the following sections:

- introduction to the consolidated financial statement;
- consolidated balance sheet prepared as on June 30, 2005, where the balance amount of assets and liabilities is 1,957,567 thousand zlotys;
- consolidated profit and loss account for the period from January 1, 2005 to June 30, 2005, showing net profit amounting to 96,538 thousand zlotys;
- consolidated statement of changes in equity capital, showing an increase in equity capital by an amount of 97,106 thousand zlotys;
- consolidated cash flow statement, showing net cash increase during the period from January 1, 2005 to June 30, 2005 by an amount of 188,503 thousand zlotys;
- additional information and explanations.

The Management Board of the dominant company is responsible for preparation of this consolidated statement.

Our task was to audit this statement.

We have carried out the audit pursuant to the provisions of the Accounting Act and to chartered accountants' code of practice, issued by the National Board of Chartered Accountants. The standards oblige us to plan and execute the audit so that to achieve reasonable certainty that the financial statement does not contain any material errors.

We have carried out the audit mainly through analysing the financial statement data, examination of consolidation documents and use of information obtained from the management and from persons responsible for the company's financial and accounting issues.

The scope and method of auditing the consolidated financial statement differs greatly from studies providing grounds for an opinion expressed on reliability, correctness and clarity of an annual consolidated financial statement and we are thus not capable of issuing such an opinion about the enclosed statement.

Our audit did not indicate the need to introduce any material changes in the enclosed financial statement so that it correctly, reliably and clearly presents the property and financial situation of the company as on June 30, 2005 and its financial result for the period from January 1, 2005 to June 30, 2005, in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as regulations of the European Commission and, in fields not regulated by those provisions, in accordance with principles set forth in the Accounting Act (Journal of Laws of 2002, No. 76, item 694, as amended) and secondary provisions issued thereto, as well as in conformity with the requirements set forth in the regulation of the Board of Ministers as of August 11, 2004 on specific requirements applicable to issue prospectus and outline prospectus (Journal of Laws No. 186 item 1921, as amended), and the regulation of the Board of Ministers as of March 21, 2005, on current and periodical information submitted by issuers of securities (Journal of Laws No. 49, item 463).

Katowice, September 2, 2005

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**40-059 Katowice**

**Expert auditor**  
Barbara Kubas  
Chartered Accountant  
ID 6452/447

**Acting on behalf of BDO Polska Sp. z o.o.**  
dr André Helin  
State Authorized  
Public Accountant  
Chartered Accountant 90004/502  
President of BDO Polska Sp. z  
o.o.