

ANNUAL REPORT 2005

Consolidated financial statement of Echo Investment S.A. Capital Group

Kielce, May 12, 2006



Letter to Shareholders, Partners and Clients

Dear Sirs,

I am pleased to inform that the year 2005 was an outstanding success for Echo Investment S.A.

Many factors contributed to gaining the best profit in our history of PLN 9.5 million (194 million for the Capital Group). One of the most important of these factors was an evident upswing in the market, following Poland's accession to the European Union. Our market has become extremely attractive for Western investors, which showed in increased demand for office space and apartments, particularly high-standard ones. The market of commercial area was also very interesting to investors, which can be illustrated by the transaction of sale of seven 'Echo' shopping centers to Meinl European Land, an international investment group. The transaction had a significant impact on the financial result achieved by the Group.

To meet the boom, we have been executing our investments in all sectors of our operations during last year. We have participated in implementation of development projects, simultaneously increasing the number of investments for lease. We have prepared subsequent projects with total area of approximately 300 thousand square meters.

The perspectives for further development of the Company are very optimistic. We intend to continue our active participation in the Polish real property market. With new knowledge and experience, we have decided to expand the Company's operations abroad. Our experts are studying the markets of Central and Eastern European countries, where we intend to commence investment and development activity, particularly in the sector of commercial projects.

I am convinced that the financial results achieved in 2005 have met the expectations of our Shareholders, Partners and Clients. This huge success would not have been possible without the involvement and outstanding effort of the entire team. We owe our long-term development, increased potential and results to our people. Therefore, on behalf of the entire Management Board I would like to thank all those who directly contribute to achievement of such outstanding results by Echo Investment Capital Group companies.

I would like to assure our Shareholders, Partners and clients that we are going to continue strengthening the Group's position in the real property market, guaranteeing profits and increasing value of assets.

Yours sincerely,

Andrzej Majcher
President of the Management Board

SECURITIES AND EXCHANGE COMMISSION

Consolidated annual report SA-RS 2005

(according to Article 86 clause 2 of the Regulation of the Board of Ministers as of 19.10.2005 (Journal of Laws No. 209, item 1744))

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

For the current financial year 2005, covering the period from January 1, 2005 to December 31, 2005
containing an IAS consolidated financial statement

currency of the report: PLN

May

12, 2006

(submission date)

"Echo Investment" Spółka Akcyjna [Joint Stock Company]			
(full name of issuer)			
"Echo Investment" S.A.	building sector		
(contracted name of issuer) (sector according to Warsaw Stock Exchange classification)			
25-528	Kielce	Zagnańska 27	
(postcode)	(town/city)	(Street)	(number)
(0-41) 36 31 700	(0-41) 36 31 707	office@kielce.echo.com.pl.	
(phone)	(fax)	(e-mail)	
657 023 09 12	290463755	www.echo.com.pl	
(NIP [Tax Identification Number])		(REGON [Statistical Company Number]) (WWW)	

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

The consolidated annual report contains:

- ☐ Report by a certified auditor of financial statements of a review of annual financial statement
- ☒ Opinion and report by a certified auditor of financial statements of an audit of annual financial statement (paragraph 62 clause 6 item 2 of the above mentioned regulation)
- ☒ Consolidated annual financial statement
- ☒ Getting Started ☒ Statement of changes in consolidated equity capital
- ☒ Consolidated balance sheet
- ☒ Consolidated profit and loss account ☐ Consolidated cash flow statement
- ☒ Additional information and explanations
- ☒ Management report (report on the issuer's activities)
- ☒ Statement of the Management Board on reliability of preparation of the consolidated financial statement
- ☒ Statement of the Management Board on entity certified to audit financial statements

Selected financial data	PLN k		EUR k EUR	
	2005	2004	2005	2004
I. Net income from the sale of products, goods and materials	257 939	332 114	64 111	73 506
II. Profit (loss) from operating activity	291 992	(24 101)	72 575	(5 334)
III. Gross profit (loss)	266 806	34 354	66 315	7 603
IV. Net profit (loss)	194 414	26 399	48 322	5 843
V. Net cash flows on operating activity	230 563	85 358	57 307	18 892
VI. Net cash flows on investment activity	97 050	(149 579)	24 122	(33 106)
VII. Net cash flows on financial activity	(148 269)	89 456	(36 853)	19 799
VIII. Net cash flows total	179 344	25 235	44 576	5 585
IX. Assets total	2 149 700	1 889 329	556 946	463 184
X. Liabilities and provisions for liabilities	1 214 452	1 165 679	314 641	285 775
XI. Long-term liabilities	714 265	746 793	185 052	183 082
XII. Short-term liabilities	343 418	264 338	88 973	64 805
XIII. Equity capital allocated to shareholders of the dominant company	917 103	722 119	237 604	177 033
XIV. Initial capital	21 000	21 000	5 440	5 148
XV. Number of shares (pcs.)	10 500 000	10 500 000	10 500 000	10 500 000
XVI. Profit (loss) per one ordinary share (in PLN/EUR)	18,52	2,51	4,6	0,56
XVII. Diluted profit (loss) per one ordinary share (in PLN/EUR)	18,52	2,51	4,6	0,56
XVIII. Book value per one share (in PLN/EUR)	87,34	68,77	22,63	16,86
XIX. Diluted book value per one share (in PLN/EUR)	87,34	68,77	22,63	16,86
XX. Declared or paid dividend per one share (in PLN/EUR)	-	-	-	-



Recitals

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, 10th Economic Department of the National Court Register – according to Polish Classification of Activity – covers services related to real property – PKD code 70, industry according to the regulated market – construction industry. Duration of the company - unlimited.
2. Echo Investment S.A. prepares a consolidated financial statement. The dominant company of Echo Investment S.A., which prepares the consolidated financial statement, is Magellan Pro – Equity Fund I S.A. (address: 25-528 Kielce, ul. Zagnańska 27). Ownership rights method applies to Echo shares. Consolidated statements of Magellan Pro – Equity Fund I S.A. are prepared at the end of each respective financial year and published in Monitor Polski B.
3. The statement presents consolidated financial data for the period from January 1 to December 31, 2005, as compared to the period from January 1 to December 31, 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 Waniółka, deputy chairman, and members: Robert Oskard, Karol Żbikowski, Mariusz Gromek and Artur Kłoczko.
5. Neither the consolidated 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. Tax rates are applied in the depreciation scheme. The most significant item of intangible assets is computer software.

2. Non-current assets

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

Fixed assets are valued and disclosed in the statement according to acquisition prices or production cost, reduced by depreciation and write-offs due to permanent loss in value. The costs pertaining to a fixed asset, which were borne after putting such asset in operation, refer to the profit and loss account,



except for a situation where it is possible to prove that such costs resulted in an increase in expected future economic advantages on account of possessing the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

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

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

3. Fixed assets under construction

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

4. Investment immovable property

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company. 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 three months. Profits or losses resulting from change in fair value of investment real property is disclosed in the profit and loss account in the period of their occurrence.

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

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

Differences from investment real property are accounted for in the profit and loss account under the item of real property revaluation.

5. Shares and stocks


Shares and stocks in other capital companies are valued according to acquisition prices, reduced by write-offs due to permanent loss in value. Shares in personal companies are valued in fair value, according to IAS 39.

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

6. Inventories

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

Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs. Inventories related to long-term construction contracts are valued according to the guidelines of



IAS No. 11 'Construction Contracts'. Inventories are valued not higher than obtainable net value at sale. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

7. 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 overdue by more than one year – for full value of receivables,
- for receivables overdue by more than six months but not longer than one year – 50% of the value of receivables.

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

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

8. Short-term investments

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

9. Cash

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

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

10. Loans granted

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

11. Deferred income tax


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

12. Equity capitals

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

13. Reserves

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



board. Other reserves are established on the basis of resolutions of the management board or decisions of the chief accountant / deputy chief accountant.

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

14. Liabilities

Liabilities are disclosed in the balance sheet as payable amounts.

Financial liabilities include in particular loans, credits, debt securities, not matured interest in bank loans, booked according to the accruals method, as well as discount on short-term and long-term debt securities to be settled in the following accounting period, with a minus mark. Foreign currency loans are valued according to the selling rate of the bank employed by the Company.

Long-term financial liabilities are valued with the 'depreciated cost of liabilities component' method, according to IAS 39. The risk and the possibility of early repayment of long-term liabilities is taken into consideration in the course of valuation. Particularly if the liability value calculated with the 'depreciated cost of liabilities component' method is lower than the value of liability subject to early repayment, then a reserve is established to cover the difference.

The item of advances for deliveries covers both invoiced advances (including advances on housing premises) and ones that have not been invoiced.

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

15. Methods of determining the financial result

Financial result is determined on the basis of the profit and loss account, applying the accruals concept, matching principle, yield and precautionary principle, upon reducing gross profit by input income tax, write-offs on account of provision for transitional difference on account of income tax and other charges on the financial result. Financial result is determined using the 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) In particular, own cost of sold premises and land is settled in proportion to sold shares in land. In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.

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

- in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,
- yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,
- profit and loss from sales of securities and valuation of the company's assets and liabilities (including differences in receivables revaluation write-offs),
- all financial income receivable by the company,
- yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23. The company activates the part of financial costs that is directly related to acquisition and production of assets disclosed as inventories and

investments in progress. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).

- realized extraordinary profits and yielded extraordinary losses, covering only items not occurring in the course of normal economic activity.

16. Cash flow statement

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

8. The data contained in the financial statement for the period from January 1 to December 31, 2005 is comparable to the data contained in the statement for the period from January 1 to December 31, 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 PSR	BO 2004 MSR	Difference
ASSETS			
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
ASSETS TOTAL	1 362 561	1 812 144	449 583

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

	2004 PAS	2004 IAS	Difference
ASSETS			
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
ASSETS TOTAL	1 508 270	1 889 329	381 059

LIABILITIES			
Equity capital	376 301	724 688	348 387

Profit (loss) carried forward	-	355 636	355 636
Net profit (loss)	34 686	26 399	(8 287)
Liabilities	1 131 969	1 165 679	33 710
Provision on account of deferred income tax	27 126	112 887	85 761
Long-term financial liabilities	745 212	689 906	(55 306)
Reserves	38 247	41 502	3 255
LIABILITIES TOTAL	1 508 270	1 889 329	381 059

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

	BO 2004 PSR	BO 2004 MSR	Difference
Profit/loss carried forward:			
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)
Total	24 548	380 184	355 636

	2004 PAS	2004 IAS	Difference
Profit/loss carried forward:			
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)
Total	-	355 636	355 636

	2004 PAS	2004 IAS	Difference
Net profit:			
Costs of sold products (corrected by depreciation)	(172 147)	(149 983)	22 164
Costs of maintenance, renovation and improvement of real property	-	(7 996)	(7 996)
Revaluation of real property	-	(130 433)	(130 433)
Withdrawal of reserves related to real property	(1 576)	-	1 576
Withdrawal of valuation of a derivative	(106 871)	-	106 871
Valuation of long-term financial liabilities	-	(1 282)	(1 282)
Foreign exchange gains/losses	104 748	103 557	(1 191)
Income tax	(9 955)	(7 951)	2 004
Net profit	34 686	26 399	(8 287)

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)
- long-term liabilities on account of debt securities are valued according to 'depreciated cost of liabilities component', in accordance with IAS 9.

9. Basic data converted to EURO:

SELECTED FINANCIAL DATA	2005, PLN k	2005, EUR k	2004, PLN k	2004, EUR k
Operating income	257 939	64 111	332 114	73 506
Profit before tax and financial income/costs	291 992	72 575	(24 101)	(5 334)
Gross profit (loss)	266 806	66 315	34 354	7 603
Net profit (loss)	194 414	48 322	26 399	5 843
Net cash flows on operating activity	230 563	57 307	85 358	18 892
Net cash flows on investment activity	97 050	24 122	(149 579)	(33 106)
Net cash flows on financial activity	(148 269)	(36 853)	89 456	19 799
Net cash flows total	179 344	44 576	25 235	5 585
Assets total	2 149 700	556 946	1 889 329	463 184
Equity capital allocated to shareholders of the dominant company	917 103	237 604	722 119	177 033

Long-term liabilities	714 265	185 052	746 793	183 082
Short-term liabilities	343 418	88 973	264 338	64 805
Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
Profit (loss) per one ordinary share (in PLN/EUR)	18,52	4,60	2,51	0,56
Book value per one share (in PLN/EUR)	87,34	22,63	68,77	16,86

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 31.12.2005 1 EUR = PLN 4.0401, as on 31.12.2004 1 EUR = PLN 4.0790,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to 31.12.2005 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 4.0233. For the period from January 1 to 31.12.2004, 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 4.5182.

BALANCE SHEET

	Note	2005	2004
ASSETS			
1. Fixed assets		1 678 924	1 561 867
1.1. Intangible assets	1	85	66
1.2. Goodwill of subsidiaries	2	-	(571)
1.3. Non-current assets	3	245 081	214 148
1.3.1. Fixed assets		65 763	61 668
1.3.2. Fixed assets under construction		179 318	152 480
1.4. Long-term receivables	4	-	-
1.5. Investment immovable property	5	1 400 398	1 306 300
1.6. Long-term financial investments	6	17 747	21 086
1.7. Assets on account of deferred income tax	7	15 613	20 838
2. Current assets		470 776	327 462
2.1. Inventories	8	170 595	218 524
2.2. Receivables on account of taxes	9	35 184	16 240

2.2. Short-term receivables	9	13 794	13 784
2.3. Short-term financial investments	10	7 889	1 455
2.4. Short-term accruals	11	831	3 849
2.5. Cash and cash equivalents	12	242 483	73 610
ASSETS TOTAL		2 149 700	1 889 329

LIABILITIES


1. Equity capital		935 248	723 650
1.1. Equity capital allocated to shareholders of the dominant company		917 103	722 119
1.1.1. Initial capital	13	21 000	21 000
1.1.2. Reserve capital	14	353 771	319 084
1.1.3. Profit/loss carried forward		347 918	355 636
1.1.4. Net profit (loss) of the accounting year		194 414	26 399
1.2. Minority capitals	15	18 145	1 531
2. Reserves		156 769	154 548
2.1. Provision on account of deferred income tax	16	125 972	112 887
2.2. Other reserves	17	30 797	41 661
3. Long-term liabilities		714 265	746 793
3.1. Financial liabilities	18	685 010	689 906
3.2. Other liabilities	19	29 255	56 887
4. Short-term liabilities		343 418	264 338
4.1. Financial liabilities	20	152 992	177 763
4.2. Liabilities on account of deliveries and services	21	57 499	40 252
4.3. Liabilities on account of taxes	21	27 878	4 232
4.4. Other liabilities	21	105 049	42 091
LIABILITIES TOTAL		2 149 700	1 889 329

Book value		917 103	722 119
Number of shares (thousands pcs.)		10 500	10 500
Book value per one share		87,34	68,77

OFF-BALANCE ITEMS

	Note	2005	2004
1. Conditional receivables			
2. Contingent liabilities		24 809	21 665
2.1 To associated companies, on account of:		8 561	8 656
a) granted guarantees and securities		8 561	8 656
2.2 To other companies, on account of:		16 249	13 009
a) granted guarantees and securities		12 747	9 273
b) court proceedings		700	926
c) purchase of land property in Radom		2 000	2 000
d) agreement as of June 1, 2001		802	810
Contingent liabilities total		24 809	21 665

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. As on 31.12.2005 the value of the guarantee is PLN 633 k.

Bank guarantee of timely delivery of the subject of lease by 'WAN 11' 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. As on 31.12.2005 the value of the guarantee is PLN 7,720 k.

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 3,860 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	2005	2004
Operating income	22	257 939	332 114
Operating costs	23	(108 098)	(157 979)
Gross profit (loss) on sales		149 841	174 135
Profit (loss) on sales of real property	24	63 672	-
Revaluation of real property		101 347	(130 433)
Costs of sales		(8 459)	(8 008)
Overheads		(28 847)	(30 968)
Other operating income and costs	25	14 438	(28 827)
Profit before tax and financial income/costs		291 992	(24 101)
Financial income	26	8 169	8 227
Financial costs	27	(43 038)	(52 417)
Foreign exchange gains/losses	28	16 058	103 557
Revaluation of goodwill of subsidiaries		(6 375)	(910)
Shares in profits of associated companies		-	(2)
Gross profit (loss)		266 806	34 354
Income tax	29	(55 774)	(7 951)
- <i>current part</i>		(37 467)	(12 986)
- <i>deferred part</i>		(18 307)	5 035
Net profit (loss), including:	30	211 032	26 403

Profit (loss) allocated to shareholders of the dominant company		194 414	26 399
Gross minority profit (loss)		16 618	4

Profit (loss) allocated to shareholders of the dominant company (annualized)		194 414,00	26 399,00
Weighted average number of ordinary shares (in thousands pcs.)		10 500	10 500
Profit (loss) per one ordinary share (in PLN)		18,52	2,51

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the accounting year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
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For the period from January 1, 2005 to December 31, 2005

Balance at the beginning of the period	21 000	319 084	382 035	-	722 119	1 531	723 650
Changes in applied accounting principles (policy)	-	-	570	-	570	-	570
Balance at the beginning of the period, after reconciliation to comparable data	21 000	319 084	382 605	-	722 689	1 531	724 220
Distribution of profit/loss carried forward	-	34 687	(34 687)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(4)	(4)
Net profit (loss) of the current period	-	-	-	194 414	194 414	16 618	211 032
Balance at the end of the period	21 000	353 771	347 918	194 414	917 103	18 145	935 248

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	-	-	-	26 399	26 399	4	26 403
Balance at the end of the period	21 000	319 084	355 636	26 399	722 119	1 531	723 650

CONSOLIDATED CASH FLOW STATEMENT

	Nota	2005	2004
A. Cash flows on operating activity – indirect method			
I. Net profit (loss)		211 032	26 403
II. Adjustments total		19 531	58 955
1. Share of associated companies in net (profit) loss		-	2
2. Depreciation of fixed assets		4 787	11 022
3. Revaluation of goodwill		6 375	912
4. Foreign exchange gains/losses		(15 864)	(157 605)

5. Interest and shares in profits (dividends)		41 723	41 852
6. (Profit) loss on investment activity		(135 098)	144 492
7. Change in reserves		8 550	36 048
8. Change in inventories		42 350	(63 144)
9. Change in receivables		21 201	4 676
10. Change in short-term liabilities, except for loans and credits		46 760	42 016
11. Change in accruals		(1 263)	(1 196)
12. Other adjustments	31	10	(120)
III. Net cash flows from operating activity (I+/-II)		230 563	85 358
B. Cash flows on investment activity			
I. Income		376 942	21 549
1. Sales of intangible assets and tangible assets		569	2 055
2. Sales of investments in real property and in intangible assets		251 896	-
3. From financial assets		124 477	19 494
4. Other income from investments		-	-
II. Expenditure		(279 892)	(171 128)
1. Acquisition of intangible assets and fixed assets		(66 363)	(83 544)
2. Investments in real property and in intangible assets		(185 329)	(87 539)
3. On financial assets		(28 200)	(45)
4. Other investment expenditure		-	-
III. Net cash flows on investment activity (I-II)		97 050	(149 579)
C. Cash flows on financial activity			
I. Income		271 163	512 028
1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital		-	-
2. Loans and credits		113 921	201 310
3. Issue of debenture bonds		157 242	310 600
4. Other financial income		-	118
II. Expenditure		(419 432)	(422 572)
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		(253 958)	(131 750)
5. Redemption of debenture bonds		(110 000)	(229 200)
6. On account of other financial liabilities		-	-
7. Payments of liabilities on account of financial lease contracts		(487)	(487)
8. Interest		(54 976)	(61 135)
9. Other financial expenses		(11)	-
III. Net cash flows on financial activity (I-II)		(148 269)	89 456
D. Net cash flows total (A.III+/-B.III+/-C.III)		179 344	25 235
E. Difference in cash balances, including:		168 873	25 235
- change in cash balance on account of exchange rate gain/loss		(10 471)	-
F. Cash at the beginning of period		73 610	48 375
G. Cash at the end of period (F+/-D), including:	32	242 483	73 610
- with limited disposability		-	

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

NOTE 1A

INTANGIBLE ASSETS	2005	2004
a) costs of finished development works	-	-
b) goodwill	-	-
c) acquired concessions, patents, licences and similar assets, including:	73	54
- computer software	73	54
d) other intangible assets	12	12
e) advances for intangible assets	-	-
Intangible assets total	85	66

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	1 102	28		1 173
- total value of companies			1 145	1 102	28		1 173
b) increases (on account of)			201	201			201
- purchase			201	201			201
c) decreases (on account of)			1	1			1
- sale			1	1			1
d) gross value of intangible assets at the end of period			1 345	1 302	28		1 373
e) accumulated amortization at the beginning of the period			1 091	1 048	15		1 106
f) amortization for the period (on account of)			181	181	1		182
- planned			182	182	1		183
- sale			(1)	(1)			(1)
g) accumulated amortization (depreciation) at the end of the period			1 272	1 229	16		1 288
h) write-offs due to permanent loss in value at the beginning of the period							
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			73	73	12		85

Note 1C

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	2005	2004
a) owned	85	66
b) used under a lease contract, rental agreement or another similar agreement, including lease agreement, including:	-	-
-	-	-
Intangible assets total	85	66

Note 2A

GOODWILL OF SUBSIDIARIES	2005	2004
a) goodwill - subsidiaries	-	-
b) goodwill - partially owned subsidiaries	-	-
c) goodwill - associated companies	-	-
a) negative goodwill - subsidiaries	-	(571)
b) negative goodwill - partially owned subsidiaries	-	-
c) negative goodwill - associated companies	-	-
Goodwill of subsidiaries total	-	(571)

Note 2B

CHANGE IN GOODWILL - SUBSIDIARIES	2005	2004
a) gross goodwill at the beginning of period	6 017	5 636
b) increases (on account of)	6 373	379
- purchase of shares in PHS S.A.	-	352
- purchase of shares of WAN 11 Sp. z o.o.	-	1
- purchase of shares of Projekt S Sp. z o.o.	6 373	-
- increase of capital of Bioelektrownia Hydropol - 4 Sp. z o.o.	-	1
- increase of capital of Malta Office Park Sp. z o.o.	-	6
- increase of capital of Echo Centrum Ślichowice Sp. z o.o.	-	6
- increase of capital of Athina Park Sp. z o.o.	-	7
- increase of capital of Hotel Investment Sp. z o.o.	-	6
c) decreases (on account of)	-	-
d) gross goodwill at the end of period	12 390	6 015
e) write-off of goodwill from consolidation at the beginning of period	6 017	5 105
f) write-off of goodwill from consolidation for the period (on account of)	6 373	910
- PHS S.A.	-	510
- WAN 11 Sp. z o.o.	-	1
- Princess Boryszewska Sp z o.o.	-	184
- Princess Investment Sp z o.o.	-	189
- Bioelektrownia Hydropol - 4 Sp. z o.o.	-	1
- Malta Office Park Sp. z o.o.	-	6
- Echo Centrum Ślichowice Sp. z o.o.	-	6
- Athina Park Sp. z o.o.	-	7
- Hotel Investment Sp. z o.o.	-	6
- Projekt S Sp. z o.o.	6 373	-
e) adjustment of write-off of goodwill from consolidation for previous years	-	-
g) write-off of goodwill from consolidation at the end of period	12 390	6 015
h) net goodwill at the end of period	-	-

CHANGE IN GOODWILL - PARTIALLY OWNED COMPANIES	2005	2004
a) gross goodwill at the beginning of period	-	-
b) increases (on account of)	-	-
c) decreases (on account of)	-	-
d) gross goodwill at the end of period	-	-
e) write-off of goodwill from consolidation at the beginning of period	-	-
f) write-off of goodwill from consolidation for the period (on account of)	-	-
g) write-off of goodwill from consolidation at the end of period	-	-
h) net goodwill at the end of period	-	-

Note 2C

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

Note 2D

CHANGE IN NEGATIVE GOODWILL - SUBSIDIARIES	2005	2004
a) gross negative goodwill at the beginning of period	571	3 423
b) increases (on account of)	-	-
c) 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
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

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. According to the newly introduced IFRS 3 item 81, this value was projected to profit/loss carried forward.

Note 3A

NON-CURRENT ASSETS	2005	2004
a) fixed assets, including:	65 763	61 668
- land (including the right to perpetual usufruct of land)	7 777	12 059
- buildings, premises and civil engineering structures	44 376	41 342
- technical equipment and machines	4 367	2 359
- means of transport	9 152	5 859
- other fixed assets	91	49
b) fixed assets under construction	179 318	152 480
Non-current assets total	245 081	214 148

Land property in Warsaw, disclosed under fixed assets under construction, is charged with land mortgage up to the value of EUR 48,000 k, established in 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	- other fixed assets	fixed assets total
a) gross value of fixed assets at the beginning of period	13 888	47 596	4 544	8 008	1 895	75 931
- gross value of fixed assets at the beginning of period - total of companies	13 713	48 959	4 544	8 008	1 895	77 119
- consolidation adjustments	175	(1 363)				(1 188)
b) increases (on account of)	82	4 369	2 855	4 836	193	12 335
- purchase	82	2 128	494	4 836	193	7 733
- transfer from investment activity		2 241	2 361			4 602
c) decreases (on account of)	4 613	2 796	46	417	12	7 884
- sale	306		46	417	12	781
- transfer to investment activity	3 907	145				4 052
- winding-up		2 809				2 809
- other	400					400
- consolidation adjustments		(158)				(158)
d) gross value of fixed assets at the end of period	9 357	49 169	7 353	12 427	2 076	80 382
e) accumulated amortization (depreciation) at the beginning of the period	1 762	6 297	2 183	2 148	1 846	14 236
- accumulated depreciation at the beginning of the period - total of companies	1 762	6 297	2 183	2 148	1 846	14 236
f) amortization for the period (on account of)	(182)	(1 504)	803	1 127	139	383
- planned depreciation	58	1 022	849	1 516	151	3 596
- sale	(240)		(46)	(389)	(12)	(687)
- winding-up		(2 526)				(2 526)
g) accumulated amortization (depreciation) at the end of the period	1 580	4 793	2 986	3 275	1 985	14 619
h) write-offs due to permanent loss in value at the beginning of the period						



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	7 777	44 376	4 367	9 152	91	65 763

Note 3C

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)	2005	2004
a) owned	245 080	214 148
b) used under a lease contract, rental agreement or another similar agreement	-	-
Balance fixed assets total	245 080	214 148

Note 5A

CHANGE IN REAL PROPERTY (ACCORDING TO TYPE GROUPS)	2005	2004
a) balance at the beginning of the period	1 306 300	1 311 766
b) increases (on account of)	306 705	123 479
- purchase	250	-
- transfer from fixed assets under construction	178 221	64 201
- transfer from fixed assets	2 731	-
- transfer from inventories	292	3 715
- revaluation of real property	125 211	-
- consolidation adjustments	-	55 563
c) decreases (on account of)	212 607	128 945
- sale	188 246	-
- revaluation of real property	23 925	128 945
- transfer to fixed assets under construction	-	-
- transfer to inventories	436	-
d) balance at the end of the period	1 400 398	1 306 300

Land property in Radom, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,720 k, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Piotrków Trybunalski, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,440 k, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Pabianice, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 2,100 k, established in favor of BPH PBK S.A., as a bank credit collateral.

Land properties in Radom, Piotrków Trybunalski and Pabianice, disclosed under long-term investments, are charged with mortgage security up to the value of EUR 72,600 k, established in favor of BPH PBK S.A., as a bank credit collateral.

Land property in Jelenia Góra, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 11,831 k, and PLN 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, and PLN 23,326 k in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral

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

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

Land property in Szczecin, disclosed under investment immovable property, is charged with ordinary real estate mortgage up to the value of EUR 30,000 k, established in favor of Pekao S.A., with its head office in Warsaw, as a bank credit collateral

Land property in Szczecin, disclosed under investment immovable property, is charged with ordinary real estate mortgage up to the value of EUR 3,165 k, established in favor of the State Treasury as a security of repayment of debt on account of a leasing contract

Land property in Przemyśl, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 3,420 k, established in favor of ING Bank Śląski S.A., with its head office in Katowice, as a bank credit collateral

Land property in Szczecin, disclosed under investment immovable property, is charged with ordinary real estate mortgage up to the value of EUR 1,656 k, established in favor of ING Bank Śląski S.A., as a bank credit collateral

Land property in Łódź, disclosed under investment immovable property, is charged with mortgage security up to the value of USD 11,250 k, established in favor of Reinhyp - BRE S.A., with its head office in Warsaw, as a bank credit collateral

Land property in Kielce, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 27,000 k, established in favor of Kredyt Bank S.A., with its head office in Warsaw, as a bank credit collateral

Land property in Tarnów, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 15,540 k, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Szczecin, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 66,300 k, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Warsaw, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 48,000 k, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

Land property in Warsaw, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 30,600 k, established 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	2005	2004
a) income from lease rent pertaining to investment real property	170 515	220 091
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	63 869	89 893
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	2005	2004
a) in subsidiaries	6 737	9 500
- shares or stocks	5	-
- other long-term financial assets (according to type)	6 732	9 500
- advances for acquisition of shares	6 732	9 500
b) in partially owned subsidiaries	344	-
- shares or stocks	344	-
c) in associated companies	10 650	10 650
- shares or stocks	10 650	10 650
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies	16	936
- granted loans	16	936
- other long-term financial assets (according to type)	-	-
- advances	-	-
Long-term financial assets total	17 747	21 086

Note 6B

CHANGE IN LONG-TERM FINANCIAL ASSETS (ACCORDING TO TYPE GROUPS)	2005	2004
a) balance at the beginning of the period	21 086	60 796
b) increases (on account of)	352	10 421
- acquisition of shares	-	9
- advances for acquisition of shares	-	9 500
- granting of loans	-	912
- charging interest and foreign exchange gains / losses	3	-
- shares revaluation	5	-
- change of balance sheet qualification of shares	344	-
c) decreases (on account of)	3 691	50 131
- shares revaluation	-	34
- change of balance sheet qualification of shares	-	43 962
- repayment of loans	923	6 123
- return of advances	2 768	-
- other	-	12
d) balance at the end of the period	17 747	21 086

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	Registered office address	Subject of the company	Type of capital relationship of the company	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustment (total)	Balance sheet value of shares	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. ['Athina Park' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	6 009	-	6 009	100,00%	100,00%	none
2	"Bioelektrownia Hydropol - 4" Sp. z o.o. ['Hydropol - 4 Bioelectricity Plant' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	101	-	101	100,00%	100,00%	none
3	"Echo - Centrum Gdynia" Sp. z o.o. ['Echo - Gdynia Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	9 284	7 101	2 183	100,00%	100,00%	none
4	"Echo ACC" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
5	"Echo Bau" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	53	-	53	100,00%	100,00%	none
6	"Echo Centrum Ślchowice" Sp. z o.o. ['Echo Ślchowice Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 508	-	2 508	100,00%	100,00%	none
7	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	3 008	-	3 008	100,00%	100,00%	none
8	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. ['Echo Investment - Łódź Business Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 511	-	2 511	100,00%	100,00%	none
9	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment - Bełchatów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 084	-	2 084	100,00%	100,00%	none
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o. ['Echo Investment Jelenia Góra Shopping Center Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	5 401	-	5 401	100,00%	100,00%	none
11	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	6 134	-	6 134	100,00%	100,00%	none
12	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	8 084	-	8 084	100,00%	100,00%	none
13	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	10 526	-	10 526	100,00%	100,00%	none

14	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment - Piła Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	350	-	350	100,00%	100,00%	none
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o. o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	6 510	-	6 510	100,00%	100,00%	none
16	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	6.11.1998	1 279	-	1 279	100,00%	100,00%	none
17	"Echo Investment - Centrum Handlowe Radom" Sp.z o.o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	11 729	-	11 729	100,00%	100,00%	none
18	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	4 969	4 174	795	100,00%	100,00%	none
19	"Echo Investment Centrum Handlowe Siemianowice" Sp.z o.o. ['Echo Investment Siemianowice Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	10.11.1998	4 214	-	4 214	100,00%	100,00%	none

	a	b	c	d	e	f	g	h	i	j	k	l
Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of capital relationship of the company	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustments (total)	Balance sheet value of shares	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)
20	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	23.02.1999	2 321	-	2 321	100,00%	100,00%	none
21	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	9.11.1998	13 329	-	13 329	100,00%	100,00%	none
22	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment - Tczew Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	1 515	-	1 515	100,00%	100,00%	none
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment - Zamość Shopping Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	1 889	-	1 889	100,00%	100,00%	none
24	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	8 369	-	8 369	100,00%	100,00%	none
25	"Echo Investment - Centrum Handlowo - Rozrywkowe Szczecin" Sp. z o.o.	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	35 882	-	35 882	100,00%	100,00%	none
26	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 478	236	2 242	100,00%	100,00%	none
27	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
28	"Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.K. ['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Company]	Kielce	construction activity and real estate services	subsidiary	full	19.10.2005	1	-	1	100,00%	100,00%	none
29	"Est-On Property Management" Sp. z o.o. ['Est-On Property Management' Co., Ltd.]	Kielce	property management	subsidiary	full	27.10.1998	51	-	51	100,00%	100,00%	none
30	"Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	1 008	-	1 008	100,00%	100,00%	none
31	"Hotel Investment Spółka z Ograniczoną Odpowiedzialnością" Sp.k. ['Hotel Investment Limited Liability Company' Limited Company]	Kielce	construction activity and real estate services	subsidiary	full	31.10.2005	1	-	1	100,00%	100,00%	none
32	"Kieleckie Centrum Handlowo -	Kielce	construction activity and real estate	subsidiary	full	30.10.1998	11 545	-	11 545	100,00%	100,00%	none

	Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping and Entertainment Center of Kielce' Co., Ltd.]		services									
33	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	Kielce	construction activity	subsidiary	full	22.11.1996	16 020	16 020	-	100,00%	100,00%	none
34	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	2 008	-	2 008	100,00%	100,00%	none
35	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	Szczecin	trade activity	subsidiary	full	01.06.1999	4 776	-	4 776	100,00%	100,00%	none
36	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Co., Ltd.]	Kielce	automotive	subsidiary	full	11.03.1997	320	-	320	100,00%	100,00%	none
37	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Co., Ltd.]	Kielce	developer activity	subsidiary	full	26.10.1999	1 962	1 667	295	100,00%	100,00%	none
38	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	Kielce	developer activity	subsidiary	full	26.10.1999	2 663	1 595	1 068	100,00%	100,00%	none
39	"Projekt 3" Sp. z o.o. ['Project 3' Co., Ltd.]	Kielce	developer activity	subsidiary	full	25.04.1997	52	-	52	100,00%	100,00%	none
40	"Projekt Echo 17" Sp. z o.o. ['Project Echo -17' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
41	"Projekt Echo 23" Sp. z o.o. ['Project Echo -23' Co., Ltd.]	Kielce	construction activity and real estate services	associated company	ownership rights	30.10.1998	11	-	11	37,50%	37,50%	none
42	"Projekt Echo 30" Sp. z o.o. ['Project Echo -30' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
43	"Projekt Echo 32" Sp. z o.o. ['Project Echo -32' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none

	a	b	c	d	e	f	g	h	i	j	k	l
Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of capital relationship of the company	Applied method of consolidation	Date of seizing control	Value of shares according to acquisition price	Revaluation adjustment (total)	Balance sheet value of shares	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)
44	"Projekt Echo 34" Sp. z o.o. ['Project Echo -34' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
45	"Projekt Echo 37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
46	"Projekt Echo 39" Sp. z o.o. ['Project Echo -39' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	52	-	52	100,00%	100,00%	none
47	"Projekt Gdynia - 1" Sp. z o.o. ['Project Gdynia - 1' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	27.10.1998	4 052	-	4 052	100,00%	100,00%	none
48	"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	15.05.2001	3 542	-	3 542	100,00%	100,00%	none
49	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	23.04.2003	6 402	-	6 402	63,00%	63,00%	none
50	"SPC" S.A. ['SPC' Joint Stock Company]	Warsaw	managing other companies	associated company	ownership rights	26.03.1996	34	34	-	34,00%	34,00%	none

51	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Co., Ltd.]	Warsaw	construction activity and real estate services	associated company	ownership rights	18.04.2002	10 639	-	10 639	43,45%	43,45%	none
52	"WAN 11" Sp. z o.o. ['WAN 11' Co., Ltd.]	Warsaw	construction activity and real estate services	co-subsiary	full	08.03.2004	1 500	-	1 500	50,00%	50,00%	none
53	"WAN - Invest" Sp. z o.o. ['WAN - Invest' Co., Ltd.]	Warsaw	construction activity and real estate services	co-subsiary	ownership rights	18.04.2002	447	-	447	50,00%	50,00%	none
54	"Wyględów" Sp. z o.o. ['Wyględów' Co., Ltd.]	Kielce	construction activity	subsidiary	full	21.10.1998	51	51	-	100,00%	100,00%	none
55	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.]	Poznań	orcharding activity	subsidiary	full	11.05.2000	40 673	5 702	34 971	100,00%	100,00%	none

NOTE 6D

SHARES IN SUBSIDIARIES

Item	a	m.						n			o			p	r	s	t
	company name	equity of the company, including:						liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares unpaid by the issuer	received or due dividends from the company for the last financial year
		other equity capital, including:															
			initial capital	due payments to initial capital (negative value)	supplementary capital		Profit (loss) carried forward	net profit (loss)		long-term liabilities	short-term liabilities		long-term receivables				

1	"Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.]	15 509	6 000		-	9 509	(8 460)	17 969	104 387	5 434	98 953	361	-	361	119 896	12 092	-	-
2	"Bioelektrownia Hydropol - 4" Sp. z o.o. ['Hydropol - 4 Bioelectricity Plant' Co., Ltd.]	174	100		1	73	-	73	4 390	-	4 390	108	-	108	4 563	522	-	-
3	"Echo - Centrum Gdynia" Sp. z o.o. ['Echo - Gdynia Center' Co., Ltd.]	2 183	9 270		-	(7 087)	-	(7 087)	1 845	-	1 845	25	-	25	4 027	26	-	-
4	"Echo ACC" Sp. z o.o. ['Echo ACC' Co., Ltd.]	618	50		1	567	-	567	355	1	354	396	-	396	972	2 346	-	-
5	"Echo Bau" Sp. z o.o. ['Echo Bau' Co., Ltd.]	52	50		2	-	(1)	1	2	1	1	-	-	-	54	-	-	-
6	"Echo Centrum Ślischowice" Sp. z o.o. ['Echo Ślischowice Center' Co., Ltd.]	2 722	2 500		87	135	-	135	57	53	4	1	-	1	2 779	-	-	-
7	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Co., Ltd.]	4 986	3 000		-	1 986	(2 501)	4 487	23 905	19 770	4 135	72	-	72	28 891	5 337	-	-
8	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. ['Echo Investment - Łódź Business Center' Co., Ltd.]	7 971	2 504		3 865	1 602	(850)	2 452	29 319	24 081	5 238	209	-	209	37 290	5 501	-	-
9	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment - Bełchatów Shopping Center' Co., Ltd.]	24 198	8 524		4 498	11 176	7 830	3 346	10 984	8 386	2 598	72	-	72	35 182	5 508	-	-
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o. ['Echo Investment Jelenia Góra Shopping Center Co., Ltd.]	53 453	11 057		8 146	34 250	21 208	13 042	25 269	19 604	5 665	147	-	147	78 722	11 935	-	-
11	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Co., Ltd.]	6 741	6 781		-	(40)	-	(40)	612	-	612	8	-	8	7 353	20	-	-
12	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Co., Ltd.]	18 899	10 044		228	8 627	6 415	2 212	916	164	752	17	-	17	19 814	1 270	-	-
13	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment -	38 454	13 311		985	24 158	20 211	3 947	42 887	40 138	2 749	92	-	92	81 341	9 298	-	-

	Pabianice Shopping Center' Co., Ltd.]																	
Item	a	m.							n			o			p	r	s	t
	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares unpaid by the issuer	received or due dividends from the company for the last financial year
			initial capital	due payments to initial capital (negative value)	supplemen- tary capital	other equity capital, including:				long-term liabilities	short-term liabilities		- long- term receivables	- short-term receivables				
						Profit (loss) carried forward	net profit (loss)											
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Co., Ltd.]	52 900	11 420		4 706	36 774	26 293	10 481	50 885	47 784	3 101	180	-	180	103 784	10 684	-	-
16	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center' Co., Ltd.]	11 911	3 784		2 806	5 321	898	4 423	14 144	9 813	4 331	80	-	80	26 055	4 339	-	-
17	"Echo Investment Centrum Handlowe Radom" Sp.z o.o. ['Echo Investment Radom Shopping Center' Co., Ltd.]	60 413	14 102		4 099	42 212	28 162	14 050	57 595	53 636	3 959	150	-	150	118 008	11 957	-	-
18	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	736	7 782		-	(7 046)	-	(7 046)	2 674	-	2 674	1	-	1	3 410	20	-	-
19	"Echo Investment Centrum Handlowe Siemianowice" Sp.z o.o. ['Echo Investment Siemianowice Shopping Center' Co., Ltd.]	13 543	5 289		319	7 935	4 560	3 375	6 313	-	6 313	35	-	35	19 856	1 047	-	-
20	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Co., Ltd.]	14 242	5 789		109	8 344	5 267	3 077	6 840	-	6 840	6	-	6	21 082	1 483	-	-
21	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów	52 906	12 894		5 872	34 140	29 600	4 540	32 396	26 490	5 906	473	-	473	85 302	12 620	-	-

	Shopping Center' Co., Ltd.]																	
22	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. [‘Echo Investment – Tczew Shopping Center’ Co., Ltd.]	11 808	3 583		246	7 979	5 057	2 922	489	46	442	27	-	27	12 297	799	-	-
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. [‘Echo Investment – Zamość Shopping Center’ Co., Ltd.]	15 509	4 543		239	10 727	4 244	6 483	5 767	-	5 767	18	-	18	21 276	1 135	-	-
24	"Echo Investment - Centrum Handlowo – Rozrywkowe Kielce" Sp. z o.o. [‘Echo Investment – Kielce Shopping and Entertainment Center’ Co., Ltd.]	35 314	32 132		1 880	1 302	-	1 302	1 828	324	1 504	213	-	213	37 142	-	-	-
25	"Echo Investment - Centrum Handlowo – Rozrywkowe Szczecin" Sp. z o.o. [‘Echo Investment – Szczecin Shopping and Entertainment Center’ Co., Ltd.]	215 240	36 635		2 699	175 906	131 649	44 257	225 450	203 934	21 516	1 033	-	1 033	440 690	50 894	-	-
26	"Echo Investment - Centrum Handlowo –Usługowo - Rozrywkowe Gliwice" Sp. z o.o. [‘Echo Investment – Gliwice Shopping, Service and Entertainment Center’ Co., Ltd.]	2 216	3 436		-	(1 220)	(1 324)	104	123	62	61	637	-	637	2 339	155	-	-
27	"Echo – Pasaż Grunwaldzki" Sp. z o.o. [‘Echo – Grunwaldzki Arcade’ Co., Ltd.]	54	50		2	2	-	2	251	1	250	-	-	-	305	-	-	-
Item	a	m						n				o			p	r	s	t
	company name	equity of the company, including:						liabilities and provisions for liabilities of the company, including:				receivables of the company, including:			total assets of the company	income on sales	value of shares unpaid by the issuer	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 capital, including:			long-term liabilities	short-term liabilities		- long-term receivables	- short-term receivables						
						Profit (loss) carried forward	net profit (loss)											
28	"Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.K.	1	1		-	-	-	-	135 443	-	135 443	24 417	-	24 417				

	['Echo - Grunwaldzki Arcade Limited Liability Company' Limited Company]																	
29	"Est-On Property Management" Sp. z o. o. ['Est-On Property Management' Co., Ltd.]	535	50		1 113	(628)	-	(628)	4 498	163	4 335	1 538	-	1 538	5 033	10 853	-	-
30	"Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.]	1 087	1 000		36	51	-	51	26	21	5	1	-	1	1 113	-	-	-
31	"Hotel Investment Spółka z Ograniczoną Odpowiedzialnością" Sp.k. ['Hotel Investment Limited Liability Company' Limited Company]	-	1		-	(1)	-	(1)	-	-	-	-	-	-	-	-	-	-
32	"Kieleckie Centrum Handlowo - Rozrywkowe" Sp. z o.o. ['Shopping and Entertainment Center of Kielce' Co., Ltd.]	71 699	11 544		8 682	51 473	24 930	26 543	95 791	89 539	6 251	1 409	-	1 409	167 490	19 421	-	-
33	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	(10 550)	16 004		382	(26 936)	(31 635)	4 699	51 290	33 006	18 284	202	-	202	40 740	7 044	-	-
34	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.]	2 022	2 000		3	19	-	19	5 587	-	5 587	35	-	35	7 610	266	-	-
35	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	16 038	2 519		4 063	9 456	8 838	618	7 790	2 706	5 084	841	-	841	23 829	8 049	-	-
36	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Co., Ltd.]	74	150		-	(76)	(71)	(5)	81	-	81	-	-	-	156	-	-	-
37	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Co., Ltd.]	292	900		-	(608)	(573)	(35)	1	-	1	2	-	2	293	77	-	-
38	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	1 046	1 600		-	(554)	(413)	(141)	2 211	-	2 211	74	-	74	3 257	36	-	-
39	"Projekt 3" Sp. z o.o. ['Project 3' Co., Ltd.]	51	50		1	-	-	-	2	1	1	-	-	-	53	-	-	-
40	"Projekt Echo 17" Sp. z o.o. ['Project Echo -17' Co., Ltd.]	55	50		10	(5)	(2)	(3)	1	-	1	3	-	3	56	-	-	-
41	"Projekt Echo 23" Sp. z o.o. ['Project Echo -23' Co., Ltd.]	22	28		-	(6)	(5)	(1)	-	-	-	-	-	-	22	-	-	-
42	"Projekt Echo 30" Sp. z o.o. ['Project Echo -30' Co., Ltd.]	54	50		3	1	-	1	2	1	1	-	-	-	56	-	-	-
43	"Projekt Echo 32" Sp. z o.o. ['Project Echo -32' Co., Ltd.]	54	50		3	1	-	1	2	1	1	-	-	-	56	-	-	-

44	"Projekt Echo 34" Sp. z o.o. ['Project Echo -34' Co., Ltd.]	54	50		4	-	-	-	2	1	1	-	-	-	56	-	-	-
Item	a	m							n			o			p	r	s	t
	company name	equity of the company, including:							liabilities and provisions for liabilities of the company, including:			receivables of the company, including:			total assets of the company	income on sales	value of shares unpaid by the issuer	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 capital, including:			long-term liabilities	short-term liabilities		- long-term receivables	- short-term receivables						
						Profit (loss) carried forward	net profit (loss)											
45	"Projekt Echo 37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	54	50		3	1	-	1	2	1	1	-	-	-				
46	"Projekt Echo 39" Sp. z o.o. ['Project Echo -39' Co., Ltd.]	54	50		3	1	-	1	2	1	1	-	-	-	56	-	-	-
47	"Projekt Gdynia - 1" Sp. z o.o. ['Project Gdynia - 1' Co., Ltd.]	4 006	4 050		3	(47)	-	(47)	6	-	6	7	-	7	4 012	-	-	-
48	"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Co., Ltd.]	37 778	2 838		39 553	(4 613)	-	(4 613)	19 374	8 103	11 270	974	-	974	57 152	1 455	-	-
49	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	50	50		3	(3)	-	(3)	1 056	1 054	2	2	-	2	1 106	-	-	-
50	"SPC" S.A. ['SPC' Joint Stock Company]	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available	data not available
51	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Co., Ltd.]	25 568	25 537		18	13	-	13	6	-	6	110	-	110	25 574	166	-	-
52	"WAN 11" Sp. z o.o. ['WAN 11' Co., Ltd.]	36 245	3 000		7	33 238	(1)	33 239	116 230	92 532	23 698	5 473	-	5 473	152 475	4 665	-	-
53	"WAN - Invest" Sp. z o.o. ['WAN -Invest' Co., Ltd.]	702	760		-	(58)	(59)	1	2	-	2	31	-	31	703	25	-	-
54	"Wyględów" Sp. z o.o. ['Wyględów' Co., Ltd.]	52	50		2	-	-	-	2	1	1	-	-	-	54	-	-	-
55	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.]	1 147	12 997		602	(12 452)	(11 382)	(1 070)	12 253	-	12 253	503	-	503	13 400	3 136	-	-



Note 6E

SECURITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	17 731	20 150
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Securities, shares and other long-term financial assets total	17 731	20 150

Note 6F

SECURITIES (ACCORDING TO TRANSFERABILITY)	2005	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)	10 988	10 639
a) shares (balance sheet value):	10 988	10 639
- revaluation adjustments (for the period)	-	(34)
- value at the beginning of the period	10 988	10 673
- value according to acquisition prices	11 121	10 673
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value)	-	-
D. With limited transferability (balance sheet value)	11	11
a) shares and stocks (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	11	11
c1 shares	11	11
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	11	11
- value according to acquisition prices	-	-
Value according to acquisition prices total	11 121	10 673
Value at the beginning of the period total	10 999	10 684
Revaluation adjustments (for the period) total	-	(34)
Balance sheet value total	10 999	10 650

Note 6G

GRANTED LONG-TERM LOANS (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	13	936
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Granted long-term loans total	13	936

Note 6H

OTHER LONG-TERM INVESTMENTS AND FINANCIAL ASSETS (ACCORDING TO TYPE)	2005	2004
- advances for shares	6 732	-
Other long-term investments total	6 732	-

Note 7

CHANGE IN ASSETS ON ACCOUNT OF DEFERRED INCOME TAX	2005	2004
1. Balance of assets on account of deferred income tax at the beginning of the period, including:	20 838	16 948
a) compared to the financial result	20 838	16 945
- non-current assets	2 740	2 458
- long-term investments	1 320	239
- inventories	1 754	648
- short-term receivables	546	609
- short-term investments	6	578
- accruals	4 342	2 119
- reserves	2 896	-
- long-term liabilities	437	10 227
- short-term liabilities	6 764	-
- tax loss	33	67
b) compared to equity capital	-	3
c) compared to goodwill or negative goodwill	-	-
2. Increases	10 889	15 288
a) compared to the financial result of the period due to negative timing differences (on account of)	10 500	15 288
i. occurrence of timing differences	10 500	15 288
- non-current assets	-	-
- long-term investments	169	1 081
- inventories	2 967	1 106
- short-term receivables	40	-
- short-term investments	2 022	5
- short-term accruals	1 147	2 637
- reserves	2 368	2 896
- long-term liabilities	887	498
- short-term liabilities	900	7 065
b) compared to the financial result of the period in relation to tax loss	389	-
c) compared to equity capital due to negative timing differences	-	-
d) compared to equity capital in relation to tax loss	-	-
e) compared to goodwill or negative goodwill due to negative timing differences	-	-
3. Decreases	16 114	11 398

a) compared to the financial result of the period due to negative timing differences (on account of)	16 081	11 362
i. occurrence of timing differences	16 081	11 362
- non-current assets	2 740	(282)
- long-term investments	-	-
- inventories	-	-
- short-term receivables	6	63
- short-term investments	9	577
- short-term accruals	2 536	414
- reserves	4 351	-
- long-term liabilities	1 143	10 288
- short-term liabilities	5 296	302
b) compared to the financial result of the period in relation to tax loss	33	33
c) compared to equity capital due to negative timing differences	-	3
d) compared to equity capital in relation to tax loss	-	-
e) compared to goodwill or negative goodwill due to negative timing differences	-	-
4. Balance of assets on account of deferred income tax at the end of the period total, including:	15 613	20 838
a) compared to the financial result	15 613	20 838
- non-current assets	-	2 740
- long-term investments	1 489	1 320
- inventories	4 721	1 754
- short-term receivables	580	546
- short-term investments	2 019	6
- short-term accruals	2 953	4 342
- reserves	913	2 896
- long-term liabilities	181	437
- short-term liabilities	2 368	6 763
- tax loss	389	34
b) compared to equity capital	-	-
c) compared to goodwill or negative goodwill	-	-

Note 8A

INVENTORIES	2005	2004
a) materials	312	181
b) semi-finished products and work in process	146 874	198 774
c) finished products	15 936	10 075
d) goods	7 058	8 790
e) advances for deliveries	415	704
Assets total	170 595	218 524

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. This value is obtained from information from the active market. Reversal of write-off of inventory value takes place as a result of sale of inventory or increase in net sales price. The amounts of write-offs disclosed as cost in a given period and amounts of reversals of write-offs of values decreasing the value of inventories disclosed in the period as costs are disclosed in the profit and loss account under other operating income / costs.

Note 8B

INVENTORIES - IMPACT ON THE FINANCIAL RESULT	2005	2004
a) value of inventories recognized as cost in a given period	172 885	61 423
b) amounts of write-offs of the values of inventories in a given period	9 545	9 238
c) amounts of reversed write-offs of the values decreasing the value of inventories in a given period	2 846	3 995

Note 9A

SHORT-TERM RECEIVABLES	2005	2004
a) from associated companies	-	-
b) receivables from other companies	13 794	13 784
- for deliveries and services, payable within:	13 473	13 322
- within 12 months	8 851	13 272
- over 12 months	4 622	50
- other	321	462
Short-term receivables total	13 794	13 784
c) revaluation write-offs of receivables	11 320	7 454
Gross short-term receivables total	25 114	21 238

Note 9B

CHANGE IN THE BALANCE OF REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	2005	2004
Balance at the beginning of the period	7 453	10 336
a) increases (on account of)	6 394	4 340
- creating a write-off	6 394	4 340
b) decreases (on account of)	2 527	7 223
- repayment	1 529	7 179
- cancellation of reserve	665	-
- discontinuance of enforcement proceedings	333	44
Balance of revaluation write-offs of short-term receivables at the end of the period	11 320	7 453

Note 9C

GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	25 114	21 238
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Short-term receivables total	25 114	21 238

Note 9D

RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DUE PERIOD REMAINING UP TO THE BALANCE DATE	2005	2004
a) up to 1 month	10 226	431
b) over 1 month up to 3 months	769	649
c) over 3 months up to 6 months	91	117
d) over 6 months up to 1 year	3 553	5 053
e) over 1 year	58	1 261
f) aged receivables	10 096	13 265
Receivables on account of deliveries and services total (gross)	24 793	20 776
g) revaluation write-offs of receivables on account of deliveries and services	(11 320)	(7 454)
Receivables on account of deliveries and services total (net)	13 473	13 322

Note 9E

AGED RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DIVIDED INTO RECEIVABLES NOT PAID DURING A PERIOD	2005	2004
a) up to 1 month	2 645	2 704
b) over 1 month up to 3 months	1 221	3 024
c) over 3 months up to 6 months	706	1 633
d) over 6 months up to 1 year	1 020	1 713
e) over 1 year	4 504	4 191
Aged receivables on account of deliveries and services total (gross)	10 096	13 265
f) revaluation write-offs of receivables on account of deliveries and services, aged	(6 277)	(7 455)
Aged receivables on account of deliveries and services total (net)	3 819	5 810

Note 9F

TAX RECEIVABLES ACCORDING TO TITLES	2005	2004
- income tax	1 961	3 172
- VAT	33 223	13 068
Receivables on account of taxes total	35 184	16 240

Note 10A

SHORT-TERM FINANCIAL INVESTMENTS	2005	2004
a) in subsidiaries	-	-
b) in partially owned subsidiaries	-	-
c) in associated companies	-	349
- shares or stocks	-	349
d) in the significant investor	-	-
e) in the dominant company	-	-
f) in other companies	7 889	1 106
- loans granted (including interest on loans)	7 889	1 106
Short-term financial investments total	7 889	1 455

Note 10B

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

Note 10C

SECURITIES (ACCORDING TO TRANSFERABILITY)	2005	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):	-	-
c1) interest	-	-
- fair value	-	-
- market value	-	-
- value according to acquisition prices	-	-
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)	-	379
a) shares (balance sheet value):	-	-
b) bonds (balance sheet value):	-	-
c) other - according to type groups (balance sheet value):	-	379
c1) shares and interest	-	379
- fair value	-	-
- market value	-	379
- value according to acquisition prices	-	379
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	-	379
Value at the beginning of the period total	-	379
Revaluation adjustments (for the period) total	-	-
Balance sheet value total	-	379

Note 10D

GRANTED SHORT-TERM LOANS (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	7 889	1 106
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-
Granted short-term loans total	7 889	1 106

Note 11

ACCRUALS	2005	2004
a) accrued costs, including	831	3 849
- perpetual usufruct	13	-
- energy	-	334
- insurance	226	387
- costs of sales	365	-
- other	227	3 128
Total accruals	831	3 849

Note 12A

CASH AND CASH EQUIVALENTS	2005	2004
a) cash in hand and on bank accounts	242 476	73 551
b) other cash	2	-
c) other cash assets	5	59
Cash and cash equivalents total	242 483	73 610

Note 12B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	91 901	64 636
b) in foreign currencies (according to currency, after conversion to zlotys)	150 582	8 974
b1. in USD k	-	-
b1. converted into PLN k	-	-
b2. in EUR k	39 050	2 200
b2. converted into PLN k	150 582	8 974
Cash and cash equivalents total	242 483	73 610

Note 13A

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

Note 13B**SHAREHOLDERS OF ECHO INVESTMENT S.A. OWNING MORE THAN 5% OF SHARE CAPITAL AS ON DECEMBER 31, 2005**

Shareholders	Number of votes / shares	Percentage of share capital	Percentage of votes General Meeting of Shareholders
Michał Sołowow - directly	146 392	1,39%	1,39%
Michał Sołowow - indirectly through:	3 817 742	36,36%	36,36%
- Magellan Pro-Equity Fund I S.A.	2 608 242	24,84%	24,84%
- Columbus Pro-Equity Fund II Sp. z o.o.	927 000	8,83%	8,83%
- Amundsen Pro-Equity Fund III Sp. z o.o.	282 500	2,69%	2,69%
Otwarty Fundusz Emerytalny ING NN	1 040 000	9,90%	9,90%
OFE PZU Złota Jesień PTE	927 343	8,83%	8,83%
Commercial Union PTE	806 504	7,68%	7,68%
Artur Kłoczko	676 069	6,44%	6,44%
Other Shareholders	3 085 950	29,39%	29,39%

Note 13C**OWN SHARES (STOCKS)**

Quantity	Value according to acquisition prices	Balance sheet value	Purpose of acquisition	Range of application
-	-	-	-	-
-	-	-	-	-

Note 13D**ISSUER'S SHARES OWNED BY SUBSIDIARIES**

Name (company name) of company, registered office address	Quantity	Value according to acquisition price	Balance sheet value
-	-	-	-
-	-	-	-

Note 14**SUPPLEMENTARY CAPITAL**

	2005	2004
a) on transfer of shares above their nominal value	100 943	100 943
b) established by force of law	80	80
c) established by force of articles / agreement above the value required by law	252 921	218 234
d) from additional payments of shareholders / partners	-	-
e) costs of issue of shares	(195)	(195)
f) other	22	22
g) reserve (on account of real property revaluation)	-	-
Supplementary capital total	353 771	319 084

Note 15

CHANGE IN THE BALANCE OF MINORITY CAPITALS	2005	2004
Balance at the beginning of the period	1 531	177
a) increases (on account of)	16 619	1 530
- net result of Projekt S Sp. z o.o.	-	27
- net result of WAN 11 Sp. z o.o.	16 619	1 503
b) decreases (on account of)	5	176
- redemption of shares of minority shareholders in PHS S.A.	-	176
- net result and purchase of shares of Projekt S Sp. z o.o.	5	-
Balance of minority capitals at the end of the period	18 145	1 531

Note 16

CHANGE IN THE BALANCE OF RESERVE ON ACCOUNT OF DEFERRED INCOME TAX	2005	2004
1. Balance of reserve on account of deferred income tax at the beginning of the period, including:	112 887	105 073
a) compared to the financial result	112 887	105 073
- non-current assets	4 630	4 225
- long-term receivables	-	-
- investment immovable property	82 422	95 153
- long-term investments	5 981	5 981
- inventories	1 368	1 690
- short-term receivables	1 065	850
- short-term investments	884	338
- accruals	66	(468)
- long-term liabilities	7 924	-
- short-term liabilities	8 547	(2 696)
2. Increases	35 035	31 494
a) compared to the financial result of the period on account of positive timing differences (on account of)	35 035	21 624
- non-current assets	5 947	453
- long-term receivables	1 391	-
- investment immovable property	15 260	-
- long-term investments	-	-
- inventories	444	-
- short-term receivables	913	454
- short-term investments	3 077	558
- accruals	2 193	561
- long-term liabilities	5 643	7 924
- short-term liabilities	167	11 674
b) compared to equity capital due to positive timing differences	-	9 870
- investment immovable property	-	9 870
c) compared to goodwill or negative goodwill due to positive timing differences	-	-
3. Decreases	21 950	23 680
a) compared to the financial result of the period due to positive timing differences (on account of)	21 950	23 012
- non-current assets	3 399	48

- long-term receivables	66	-
- investment immovable property	4 065	21 933
- long-term investments	1 583	-
- inventories	-	321
- short-term receivables	299	239
- short-term investments	961	13
- accruals	1 739	27
- long-term liabilities	905	-
- short-term liabilities	8 933	431
b) compared to equity capital due to positive timing differences	-	668
- investment immovable property	-	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	125 972	112 887
a) compared to the financial result	125 972	103 685
- non-current assets	7 178	4 630
- long-term receivables	1 325	-
- investment immovable property	93 617	73 220
- long-term investments	4 398	5 981
- inventories	1 812	1 369
- short-term receivables	1 679	1 065
- short-term investments	3 000	883
- accruals	520	66
- long-term liabilities	12 662	7 924
- short-term liabilities	(219)	8 547
b) compared to equity capital	-	9 202
- investment immovable property	-	9 202
c) compared to goodwill or negative goodwill	-	-

Note 17

CHANGE IN THE BALANCE OF OTHER SHORT-TERM RESERVES (ACCORDING TO TITLES)	2005	2004
a) balance at the beginning of the period	41 661	12 983
b) increases (on account of)	4 455	30 271
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	1 435	7 346
- reserve for foreseen penalties and losses	1 399	3 950
- reserve for foreseen costs of guarantee repairs, renovations and related damages	-	9 267
- reserve for foreseen payments on account of granted sureties	1 547	2 500
- reserve for foreseen costs and losses resulting from transfer of assets	-	6 100
- reserve for court proceedings	74	1 108
c) utilization (on account of)	8 612	1 593
- incurred overheads	5 975	1 593
- incurred penalties and losses	800	-
- incurred costs of guarantee repairs, renovations and related damages	1 620	-
- incurred costs resulting from court proceedings	217	-
d) release (on account of)	6 707	-
- reserve for foreseen costs of guarantee repairs, renovations and related damages	5 976	-
- reserve for foreseen costs and losses resulting from transfer of assets	731	-
e) balance at the end of the period	30 797	41 661
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	11 415	15 955
- reserve for foreseen penalties and losses	6 373	5 774
- reserve for foreseen costs of guarantee repairs, renovations and related damages	2 024	9 620
- reserve for foreseen payments on account of granted sureties	4 047	2 500
- reserve for foreseen costs and losses resulting from transfer of assets	5 938	6 669
- reserve for costs of perpetual usufruct	-	-
- reserve for court proceedings	1 000	1 143

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 includes a reserve for sureties provided to Princess Investment Sp. z o.o. and Princess Boryszewska Sp. z o.o. Echo Investment SA covenanted to incur the first payment for perpetual usufruct of land purchased by these companies if the municipality of Warsaw demands this payment from these companies.

The reserve for 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, etc.

Note 18A

LONG-TERM FINANCIAL LIABILITIES	2005	2004
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	685 010	689 906
- loans and credits (including interest)	574 342	578 500
- on account of issue of debt securities	109 938	110 181
- other financial liabilities, including:	730	1 225
- on account of financial lease	730	1 217
- from valuation of financial instruments	-	8
Long-term financial liabilities total	685 010	689 906

Note 18B

LONG-TERM FINANCIAL LIABILITIES - DUE PERIOD REMAINING FROM THE BALANCE DATE	2005	2004
a) over 1 year up to 3 years	112 339	122 545
b) over 3 years up to 5 years	77 389	95 379
c) over 5 years	495 282	471 982
Long-term financial liabilities total	685 010	689 906

Nota 18C

LONG-TERM FINANCIAL LIABILITIES (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	150 668	111 406
b) in foreign currencies (according to currency, after conversion to zlotys)	534 342	578 500
b1. in USD k	15 419	15 638
b1. converted into PLN k	50 329	47 355
b2. in EUR k	125 392	129 906
b2. converted into PLN k	484 013	531 145
Long-term financial liabilities total	685 010	689 906

NOTA 18D

LONG-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency	PLN k	currency				
PEKAO S.A.	Warsaw	80 000		40 000		Wibor + margin	2007-06-30	- power of attorney to a bank account	
PEKAO S.A.	Warsaw	35 130	9,101 thousand EUR	16 951	4,392 thousand EUR	EURIBOR + margin	2010-08-31	- mortgage security on real property for an amount of 11,831 thousand EUR, transfer of receivables due from lease contracts, transfer of receivables due from guarantees or sureties, transfer of receivables due to execution contracts, transfer of receivables due from insurance policies, statement of 'Echo Investment' S.A. on voluntary submission to execution, registered pledge on shares of 'Echo Investment - Centrum Handlowe Jelenia Góra' Sp. z o.o., power of attorney to a bank account	
PEKAO S.A.	Warsaw	19 154	4,962 thousand EUR	8 427	2,183 thousand EUR	EURIBOR + margin	2010-04-30	- mortgage security on real property for an amount of 6,451 thousand EUR, transfer of receivables due from lease contracts, transfer of receivables due from guarantees or sureties, transfer of receivables due to execution contracts, transfer of receivables due from insurance policies, statement of 'Echo Investment' S.A. on voluntary submission to execution, registered pledge on shares of 'Echo Investment - Centrum Handlowe Bełchatów' Sp. z o.o., power of attorney to a bank account	
Eurohypo AG	Frankfurt	41 688	10,800 k EUR	23 454	6,076 thousand EUR	EURIBOR + margin	2010-07-15	- mortgage security on real property for an amount of 15,540 thousand EUR, transfer of receivables due 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, registered pledge on shares of 'Echo Investment - Centrum Handlowe Tarnów' Sp. z o.o., transfer of receivables due from bank account agreement	

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency	PLN k	currency				
ING Bank Śląski SA	Katowice	18 748	4,857 k EUR	10 362	2,684 thousand EUR	EURIBOR + margin	2010-12-31	- mortgage security on real property for an amount of 5,076 thousand EUR, transfer of receivables due 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, registered pledge on shares of 'Echo Investment - Centrum Handlowe Przemysł' 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	40 278	4,600 thousand EUR 6 900 tys. USD	31 345	3,764 thousand EUR 5 152 tys. USD	EURIBOR + marża LIBOR + marża	2011-04-30	- mortgage security on real property for an amount of 14,970 thousand EUR, transfer of receivables due from lease contracts, transfer of receivables due from insurance policies, transfer of receivables due to execution contracts, registered pledge on shares of 'M.D.P.' Sp. z o.o., statement of 'Echo Investment' S.A. and '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	196 860	51,000 k EUR	175 365	45,431 thousand EUR	EURIBOR + margin	2018-03-31	- mortgage security on real property for an amount of 66,300 thousand EUR, transfer of receivables due 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, registered pledge on shares of 'Echo Investment - Centrum Handlowe 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 Handlowe-Rozrywkowe Szczecin' Sp. z o.o., transfer of receivables due from lease contract of parcel, covenant of 'Echo Investment' S.A. with statement of submission to execution	

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit e contract		Amount of loan / credit ng due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency	PLN k	currency				
Rheinhyp - BRE S.A.	Warsaw	24 480	7,500 k USD	18 058	5,533 k USD	LIBOR + margin	2012-06-28	- mortgage security on real property for an amount of 11,250 thousand 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,- registered 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 voluntary submission to execution,- subordination of loans granted by 'Echo Investment' S.A.: - declaration of 'Echo Investment' S.A. of not disposing the real property without the Lender's consent	
PEKAO S.A.	Warsaw	23 600	5,714 k USD	15 888	4,868 k USD	LIBOR + margin	2011-12-31	- mortgage security on real property for an amount of 7,506 thousand USD, transfer of receivables due from insurance policies, registered 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.	Cracow	140 118	36,300 thousand EUR	127 660	33,073 thousand EUR	EURIBOR + margin	2019-01-23	- mortgage security on real property up to the amount of 72,600 thousand EUR, registered pledge on the shares of 'Echo Investment - Centrum Handlowe Radom' Sp. z o.o., registered pledge on the shares of 'Echo Investment - Centrum Handlowe Piotrków Trybunalski' Sp. z o.o., registered pledge on the shares of 'Echo Investment - Centrum Handlowe Pabianice' Sp. z o.o., transfer of receivables due from lease contracts, transfer of receivables from contracts of insurance of financed real estate, registered pledge on the receivable due from bank account agreements	
Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit e contract		Amount of loan / credit ng due		Interest rate arrangements	Due date	Collaterals	Other

		PLN k	currency	PLN k	currency				
Kredyt Bank S.A.	Warsaw	69 480	18,000 thousand EUR	54 117	14,020 thousand EUR	EURIBOR + margin	2013-10-31	- mortgage security on real property for an amount of 27,000 thousand 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, registered pledge on 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	80 187	13,840 thousand EUR 8 200 tys. USD	3 427	1,050 thousand USD		2014-09-30	- mortgage security on real property for an amount of 30,600 thousand 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 contracts, transfer of receivables from income statements from lease and deposits, registered pledge on shares of 'Athina Park' Sp. z o.o.	
Eurohypo AG	Frankfurt	78 551	22,075 thousand EUR	85 208	22,075 thousand EUR		2016-01-29	- mortgage security on real property for an amount of 48,000 thousand 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 granted loan	
Total		848 273		610 262					

* The value of due loans consists of amounts of loan due within one year: PLN 35,920 k (short-term liabilities) and over one year (long-term liability) PLN 574,342 k.

NOTE 18E

LONG-TERM LIABILITIES ON ACCOUNT OF ISSUED DEBT FINANCIAL INSTRUMENTS

Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Quotation market	Other
Bonds (BRE S.A.)	111 500	WIBOR + margin	2011-05-25				
Total	111 500						

Note 19

OTHER LONG-TERM LIABILITIES	2005	2004
a) advances received	27 636	53 165
b) deposits received	1 619	-
c) accrued income	-	-
d) as repayment of perpetual usufruct	-	3 722
Other long-term liabilities total	29 255	56 887

Note 20A

SHORT-TERM FINANCIAL LIABILITIES	2005	2004
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	152 992	177 763
- loans and credits, including:	57 525	151 226
- long-term payable	35 920	43 942
- on account of interest on loans and credits	1 069	1 531
- on account of issue of debt securities	93 911	24 512
- other financial liabilities, including:	487	494
- leasing	487	494
Short-term liabilities total	152 992	177 763

Note 20B

SHORT-TERM FINANCIAL LIABILITIES (CURRENCY STRUCTURE)	2005	2004
a) in Polish currency	116 991	133 819
b) in foreign currencies (according to currency, after conversion to zlotys)	36 001	43 944
b1. USD k	1 183	1 183
b1. converted into PLN k	3 861	3 538
b2. EUR k	8 326	9 906
b2. converted into PLN k	32 140	40 406
Short-term liabilities total	152 992	177 763

NOTE 20C

SHORT-TERM LIABILITIES ON ACCOUNT OF LOANS AND CREDITS									
Name (company name) of company	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Collaterals	Other
		PLN k	currency	PLN k	currency				
Pekao S.A.	Warsaw	20 000	PLN	13 717	PLN	WIBOR + margin	2006-06-30	own blank bill of exchange, power of attorney to bank account, statement of submission to execution	
PKO BP S.A.	Warsaw	20 000	PLN	7 760	PLN	WIBOR + margin	2005-12-31	power of attorney to the account, blank bill of exchange, statement of submission to execution	
BPH S.A.	Cracow	20 000	PLN	-	PLN	WIBOR + margin	2006-04-28	- power of attorney to a bank account	
Bank Handlowy w Warszawie S.A.	Warsaw	25 000	PLN	128	PLN	WIBOR + margin	2006-01-27	own blank bill of exchange with blank bill of exchange agreement, obligation to transfer a specific quarterly amount through the account	
Total		85 000		21 605					

NOTE 20D

SHORT-TERM LIABILITIES ON ACCOUNT OF ISSUED DEBT FINANCIAL INSTRUMENTS						
Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redemption date	Guarantees / securities	Additional privileges	Other
Commercial bills of exchange (BPH S.A.)	20 000	Wibor + margin	2006-02-26	-		
	30 000	Wibor + margin	2006-01-12			
bonds (BRE S.A.)	20 000	Wibor + margin	2006-05-31	-	-	
	25 000	Wibor + margin	2006-02-08			
Total	95 000					

Note 21A

OTHER SHORT-TERM LIABILITIES	2005	2004
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	190 426	86 575
- on account of deliveries and services, payable:	57 499	40 252
- within 12 months	48 938	30 695
- over 12 months	8 561	9 557
- on account of taxes, customs duties, securities and other performances	27 878	4 232
- other (according to titles)	105 049	42 091
- advances received for deliveries	92 739	35 192
- deposits	5 757	5 988
- accrued income	2 186	
- received hedging deposits	-	551
- on account of salaries and wages	46	48
- right of perpetual usufruct	3 625	
- insurance	275	
- company social benefits fund	291	282
- other	130	30
Short-term liabilities total	190 426	86 575

EXPLANATORY NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Note 22A

NET INCOME FROM SALES (MATERIAL STRUCTURE - TYPES OF ACTIVITY)	2005	2004
a) from associated companies	-	
b) from other companies, on account of:	257 939	332 114
- lease of areas shopping centers and commercial and entertainment centers	152 571	193 029
- sale and lease of residential and commercial areas	56 592	60 081
- realization and lease of areas in office and hotel facilities	38 813	54 969
- real property trade	2 546	2 885
- legal, accounting, managing and consulting services	1 656	-
- other income	5 761	21 150
Net income on sales total	257 939	332 114

Note 22B

NET INCOME FROM SALES (TERRITORIAL STRUCTURE)	2005	2004
a) at home	257 939	332 114
- including: from associated companies	-	-
b) export	-	-
- including: from associated companies	-	-
Net income on sales total	257 939	332 114
- including: from associated companies	-	-

Note 23A

COSTS ACCORDING TO TYPE	2005	2004
a) depreciation	(3 773)	(3 269)
b) consumption of materials and energy	(52 465)	(90 645)
c) foreign services	(55 738)	(134 811)
d) taxes and duties	(16 903)	(18 131)
e) salaries and wages	(17 693)	(13 434)
f) social security and other benefits	(3 100)	(2 527)
g) other costs by type	(8 480)	(3 945)
h) value of sold goods and materials	(304)	(262)
Costs according to type, total	(158 456)	(267 024)
Change in the balance of inventories, products and accruals	(12 760)	(58 604)
Cost of manufacture of products for the company's own purposes (negative value)	(292)	(11 465)
Costs of sales (negative value)	(8 459)	(8 008)
Overheads (negative value)	(28 847)	(30 968)
Production cost of sold products	(108 098)	(157 979)

Note 23B

OPERATING INCOME (MATERIAL STRUCTURE - TYPES OF OPERATIONS)	2005	2004
a) from associated companies	-	
b) from other companies, concerning income on:	(108 098)	(157 979)
- lease of areas shopping centers and commercial and entertainment centers	(44 693)	(66 344)
- sale and lease of residential and commercial areas	(36 925)	(52 981)
- realization and lease of areas in office and hotel facilities	(19 176)	(30 787)
- real property trade	(342)	(3 484)
- legal, accounting, managing and consulting services	(299)	-
- other	(6 367)	(4 383)
Operating costs total	(108 098)	(157 979)

Note 24

PROFIT (LOSS) ON SALES OF INVESTMENTS	2005	2004
Income on sales	251 943	-
- of real estate	251 943	-
Costs of sales	(188 271)	-
- of real estate	(188 271)	-
Net profit (loss) on sales of investments	63 672	-

Note 25A

OTHER OPERATING INCOME	2005	2004
a) income from sale of non-financial tangible assets	494	688
b) revaluation of non-financial assets	5 969	8 356
b) release of reserve	24 867	513
d) contractual penalties	4 678	2 043
e) other, including:	940	1 193
- subsidies	259	258
- extraordinary profit	-	9
- indemnities and penalties	83	-
- other	598	926
Other operating income total	36 948	12 793

Note 25B

OTHER OPERATING COSTS	2005	2004
a) costs of sales of non-financial tangible assets	(1 829)	
b) revaluation of non-financial assets	(9 478)	(1 378)
b) established reserves	(8 925)	(23 737)
d) contractual penalties	(339)	(316)
e) donations	(66)	(605)
f) other, including:	(1 873)	(2 617)
- write-down of bad receivables	(314)	(175)
- extraordinary loss	(22)	(15)
- contractual penalties other than costs of income	(22)	-
- costs of court proceedings	(57)	-
- other	(1 458)	(2 427)
Other operating costs total	(22 510)	(28 653)

Note 26

FINANCIAL INCOME	2005	2004
a) from associated companies	-	-
b) from other companies	8 169	8 227
- income from interest on loans	218	142
- income from other interest	6 377	4 516
- profit on sale of investments	141	218
- income from revaluation of financial assets	1 428	3 224
- other financial income	5	127
Financial income total	8 169	8 227

Note 27

FINANCIAL INCOME ON ACCOUNT OF INTEREST	2005	2004
a) from associated companies	-	
b) from other companies	(43 038)	(52 417)
- costs of other interest	(38 288)	(43 074)
- financial commissions	(667)	(3 203)
- loss on sale of investments	(3)	(3 075)
- costs of revaluation of financial assets	(66)	(1 686)
- other financial costs	(4 014)	(1 379)
Financial costs total	(43 038)	(52 417)

In 2005, the activated amount of external financing costs was PLN 6,033 k.

Note 28

FOREIGN EXCHANGE GAINS (LOSSES)	2005	2004
a) foreign exchange gains	16 058	106 804
- realized	4 342	1 755
- unrealized	11 716	105 049
b) foreign exchange losses	-	(3 247)
- realized	-	(2 053)
- unrealized	-	(1 194)
Foreign exchange gains/losses total	16 058	103 557

Note 29A

CURRENT INCOME TAX	2005	2004
1. Gross profit (loss) (consolidated)	266 807	34 354
2. Consolidation adjustments	(12 555)	3 065
3. Differences between gross profit (loss) and income tax taxable base (according to titles)	(56 885)	31 913
- Estimated income	6 569	(19 731)
- Tax / accounting differences in incomes (utilities, lease rents)	1 228	(1 156)
- Interest gained from loans for the previous years	3 403	3 227
- Output interest on loans, not received	(6 138)	(7 938)
- Other interest gained from loans for the previous years	62	-
- Other output interest, not received	(413)	(63)
- Release of receivables revaluation write-offs	(2 777)	(8 395)
- Release of reserve	(27 289)	-
- Contractual penalty charges	(529)	-
- Dividends received	(25 299)	(1 603)
- Tax / accounting differences in depreciation	(13 899)	(19 194)
- Output interest on loans and credits that has not been paid	2 357	3 403
- Interest from loans and credits booked under costs in the previous year but paid this year	(2 436)	(3 304)
- Other output interest that has not been paid	4 731	4 028
- Other interest booked under costs in the previous year but paid this year	(291)	(1 176)
- Budget interest and penalties	5	1 050
- Establishment of receivables revaluation write-offs	15 809	4 586
- Contractual penalties other than costs of income	47	5
- Gifts	16	525
- Receivables written off as costs	155	-
- Established reserves	9 077	24 523
- Costs of representation and limited advertising	815	-
- Costs of interest under 'thin capitalization'	-	-
- Costs of perpetual usufruct of real property	418	-
- Estimated costs	110	-
- Unrealized foreign exchange differences	(11 050)	(106 190)
- Valuation of financial instruments	32 601	-
- Valuation of investments	(57 708)	150 144
- Estimated costs	160	-
- Activated financial costs	1 745	1 528
- Costs of income	8 161	5 875

- Tax losses of consolidated companies	3 439	1 894
- Other	36	(125)
4. Income tax taxable base	197 367	69 332
5. Income tax under 19% rate	37 500	13 173
6. Increases, abandonments, exemptions, deductions and reductions of tax	(33)	(187)
7. Current income tax presented (disclosed) in the tax return of the period, including:	37 467	12 986
- disclosed in the profit and loss account	37 467	12 986
- concerning items that have reduced or increased equity capital	-	
- concerning items that have reduced or increased goodwill or negative goodwill	-	

Note 29B

DEFERRED INCOME TAX DISCLOSED IN THE PROFIT AND LOSS ACCOUNT	2005	2004
- reduction (increase) due to occurrence and reversal of timing differences	18 307	(5 035)
- reduction (increase) due to change in tax rates	-	-
Deferred income tax total	18 307	(5 035)

Note 30

Net profit (loss)	2005	2004
a) net profit (loss) of the dominant company	9 523	4 414
b) net profit (loss) of subsidiaries	189 162	39 847
c) net profit (loss) of partially owned subsidiaries	-	-
d) net profit (loss) of associated companies	-	-
e) consolidation adjustments	12 347	(17 858)
Net profit (loss)	211 032	26 403

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.

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW ACCOUNT

Note 31

ADJUSTMENTS OF CHANGES IN THE BALANCE OF BALANCE ITEMS DISCLOSED UNDER A.II.10 'OTHER ADJUSTMENTS'	2005	2004
Conversion of inventories into fixed assets	10	-
Adjustments total	10	-

Note 32

CASH DISCLOSED IN THE CASH FLOW STATEMENT	2005	2004
Balance at the beginning of the period, including	73 610	48 375
- cash on hand and on bank accounts	73 600	48 367
- other cash	-	-
- other cash assets	10	8
Balance at the end of the period	242 483	73 610
- cash on hand and on bank accounts	242 478	73 600
- other cash	-	-
- other cash assets	5	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).

Types of segments of activity, specifying products (services) and goods under each disclosed field segment or composition of each disclosed geographical segments, indicating the basic classification (division of segments according to fields or geographical location) and the supplementary classification.

The basic classification is the division into geographical segments.

Two geographical segments have been distinguished in the Capital Group:


- domestic sales,
- export sales.

The supplementary classification is the division into field segments.

One field segment been distinguished in the Capital Group:

developer activity, whereunder the Capital Group provides lease services of commercial, service and residential areas, general contracting of investments services, and sales of real property,

Accounting principles (policy) applied to segment-related reporting, particularly referring to: method of distinguishing segments, allocation and valuation of income, costs and determination of financial result, method of allocation to segments and valuation of assets and liabilities, methods of determining transfer prices.



Field segments have been described as distinguishable fields of an economic entity, where goods are distributed, services are provided, or a group of related goods or services is delivered, subject to risk and described by a rate of return from investment expenditure different from ones typical of other field segments.

Accounting principles

The accounting principles of a segment are the principles applied to preparation and presentation of the Group's consolidated financial statement, as well as the accounting principles applicable directly to segments-related reporting.

Income from a segment

Income from a segment means the income yielded from sales to outside clients or from transactions with other segments within the Group, which are disclosed in the Group's profit and loss account and can be directly allocated to the given segment, along with the respective part of the Group's income, which can be allocated to this segment on the basis of reasonable premises. The following are not classified as income from segment:


- a) extraordinary profits,
- b) income from interest or dividends, including interest gained from advances paid or loans granted to other segments, unless the operations of the given segment are primarily focused on financial issues,
- c) profits from sales of investments or profits resulting from debt expiry, unless the operations of the segment are mainly focused on financial issues.

Income from the segment includes the Capital Group's shares in profits or losses of associated companies, joint ventures or other consolidated financial investments, using the ownership rights method, provided that the above items are contained in consolidated or general income of an economic entity.

Costs of segment

Costs of segment mean the costs composed of costs of sales to outside clients or costs of transactions realized with other segments within the Group, which result from the given segment's operating activity and can be directly allocated to the given segment, along with the respective part of the Group, which can be allocated to this segment on the basis of reasonable premises. The following are not classified as costs of segment:

- a) extraordinary losses,
- b) interest, including interest on advances or loans obtained from other segments, unless the operations of the given segment are primarily focused on financial issues,
- c) losses from sales of investments or losses incurred from debt expiry, unless the operations of the segment are mainly focused on financial issues,
- d) economic entity's share in losses of associated companies, joint ventures or other financial investments consolidated with the ownership rights method,
- e) income tax charges, or
- f) overheads and other costs occurring on Group level, applicable to the Group as a whole. However, certain costs occurring on Group level are yielded for the segment. Such costs can be classified as costs of segment if they apply to the segment's operating activity and can be directly allocated or assigned to the segment on the basis of reasonable premises.



Result of segment

The result of segment is the difference between the income from segment and costs of segment. The result of segment is determined before adjustments for minority shares.

Assets of segment

Assets of segment are current assets used by the segment in its operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises income from interest or dividends, the segment's assets shall comprise relevant receivables, loans, investments or other assets resulting in occurrence of income.

Liabilities of segment

Liabilities of segment are current liabilities occurring as a result of the segment's operating activity that can be directly allocated to the given segment or assigned to that segment on the basis of reasonable premises.

If the result of segment comprises costs of interest, the segment's liabilities shall comprise relevant liabilities incurring interest.

BASIC CLASSIFICATION ACCORDING TO FIELD SEGMENTS

As the Capital Group has focused on the segment of domestic developer activities, from which the Group has achieved 100% of its income, this segment's income and costs statement is the same as the profit and loss account, while this segment's assets and liabilities statement (including investment expenditure) is the same as the balance sheet of the Capital Group.

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 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 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 Gdyńskie Street, to a General Contractor.
- Contract of general contracting of investment, made on December 30, 2005 with 'Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. k. [Echo -Grunwaldzki Arcade Limited Liability Company Limited Company] as the investor. Pursuant to the said contract, 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. ordered the General Contractor to realize the entire investment of a modern shopping, service and entertainment center with a parking lot on a real property situated in Wrocław between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street.

Managers and supervisors in Echo Investment S.A. Capital Group did not receive any of the following during the 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 2,638 k of compensation on account of short-term employment benefits during 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 322 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 December 31, 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 February 23, Echo Centrum Gdynia Sp. z o.o., Echo Projekt - 17 Sp. z o.o. and Echo Investment S.A. sold 100% in the 'Projekt Gdynia - 1' Sp. z o.o. subsidiary to P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź, for the amount of PLN 4 million.
- On March 3, 2006 the District Court in Bucharest registered a company named 'Echo Investment Projekt 1' S.R.L., seated in Bucharest. The value of the company's initial capital is RON 4,000 (an equivalent of PLN 4,344 according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event), divided into 400 shares with nominal value of RON 10 each. Echo Investment S.A. is the owner of all shares. The registered subsidiary is going to carry out developer operations in the territory of Romania.
- On March 10, 2006 the subsidiaries 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. [Echo - Grunwaldzki Arcade Company Limited], having its registered seat in Kielce (the 'Borrower') and Echo - Pasaż Grunwaldzki Sp. z o.o. [Echo - Grunwaldzki Arcade Limited Liability Company], having its registered seat in Kielce (the 'General Partner') signed a loan agreement with Eurohypo AG Bank seated in Eschborn (Germany) (the 'Lender') of a value not exceeding the amount of EUR 100 million. The loan will be designed for financing or refinancing the costs of construction of the Pasaż Grunwaldzki [Grunwaldzki Arcade] Shopping and Entertainment Center, situated in Wrocław at Grunwaldzki Square, and for financing current operations of the Borrower.
- On April 28, 2006 the District Court in Wrocław, 4th Department of Land and Mortgage Registers made an entry in the land and mortgage register of mortgage security on real properties owned by a subsidiary 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. [Echo - Grunwaldzki Arcade Limited Liability Company, Ltd.] with its registered seat in Kielce. The assets, on which the mortgage was established, are situated in Wrocław, pl. Grunwaldzki, where the Pasaż Grunwaldzki shopping and entertainment center is being erected. The established mortgage security is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m.



Date: 08.05.2006

Management Board of Echo Investment S.A.

Andrzej Majcher

Jarosław Grodzki

Piotr Gromniak

Artur Langner

President of the Management Board
Member of the Management Board

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

Person in charge of keeping books of accounts

Tomasz Sulek

Chief Accountant




Management Report on the operations of Echo Investment S.A. Capital Group in 2005

Kielce, May 8, 2006

Report on the operations of Echo Investment S.A. Capital Group in 2005

Echo Investment S.A. Capital Group has been operating in the real property market since 1996. The dominant entity in the Capital Group is Echo Investment S.A., quoted on the Warsaw Stock Exchange. Echo Investment S.A. organizes the entire investment process for a given project, starting from



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

1. Structure of Echo Investment S.A. Capital Group

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

The Echo Investment S.A. Capital Group consists of 51 subsidiaries that are fully consolidated and 4 companies valuated according to ownership rights method.

Fully consolidated companies:

- “Athina Park” Spółka z o.o. [‘Athina Park’ Limited Liability Company], having its registered seat in Kielce
- “Bioelektrownia Hydropol - 4” Spółka z o.o. [‘Hydropol – 4 Bioelectric Power Plant’ Limited Liability Company], having its registered seat in Kielce
- “Centrum Handlowe PHS” Spółka Akcyjna [‘PHS Shopping Center’ Joint Stock Company], having its registered seat in Szczecin
- “Echo Bau” Spółka z o.o. [‘Echo Bau’ Limited Liability Company], having its registered seat in Kielce
- “Echo – Centrum Bankowości i Finansów Łódź” Spółka z o.o. [‘Echo Łódź Banking and Finance Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo – Centrum Biznesu Łódź” Spółka z o.o. [‘Echo Łódź Business Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo – Pasaż Grunwaldzki” Spółka z o.o. [‘Echo – Grunwaldzki Arcade’ Limited Liability Company], having its registered seat in Kielce
- “Echo – Pasaż Grunwaldzki Sp. z o.o.” Spółka komandytowa [‘Echo – Grunwaldzki Arcade Limited Liability Company’ Limited Company], having its registered seat in Kielce
- “Echo ACC” Spółka z o.o. [‘Echo ACC’ Limited Liability Company], having its registered seat in Kielce
- “Echo Centrum Ślichowice” Spółka z o.o. [‘Echo Ślichowice Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Gdynia” Spółka z o.o. [‘Echo Investment – Gdynia Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Bełchatów” Spółka z o.o. [‘Echo Investment – Bełchatów Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Jelenia Góra” Spółka z o.o. [‘Echo Investment – Jelenia Góra Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Łomża” Spółka z o.o. [‘Echo Investment – Łomża Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Olkusz” Spółka z o.o. [‘Echo Investment – Olkusz Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Pabianice” Spółka z o.o. [‘Echo Investment – Pabianice Shopping Center’ Limited Liability Company], having its registered seat in Kielce
- “Echo Investment - Centrum Handlowe Piła” Spółka z o.o. [‘Echo Investment – Piła Shopping Center’ Limited Liability Company], having its registered seat in Kielce

- "Echo Investment - Centrum Handlowe Piotrków Trybunalski" Spółka z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Przemyśl" Spółka z o.o. ['Echo Investment - Przemyśl Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Radom" Spółka z o.o. ['Echo Investment - Radom Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Rzeszów" Spółka z o.o. ['Echo Investment - Rzeszów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Siemianowice Śląskie" Spółka z o.o. ['Echo Investment - Siemianowice Śląskie Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Świętochłowice" Spółka z o.o. ['Echo Investment - Świętochłowice Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Tarnów" Spółka z o.o. ['Echo Investment - Tarnów Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Tczew" Spółka z o.o. ['Echo Investment - Tczew Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Zamość" Spółka z o.o. ['Echo Investment - Zamość Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowo-Usługowo-Rozrywkowe Gliwice" Spółka z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Kielce" Spółka z o.o. ['Echo Investment - Kielce Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Echo Investment - Centrum Handlowe Szczecin" Spółka z o.o. ['Echo Investment - Szczecin Shopping Center' Limited Liability Company], having its registered seat in Kielce
- "Est On Property Management" Spółka z o.o. ['Est On Property Management' Limited Liability Company], having its registered seat in Kielce
- "Hotel Investment" Spółka z o.o. ['Hotel Investment' Limited Liability Company], having its registered seat in Kielce
- "Hotel Investment Sp. z o.o." Spółka komandytowa ['Hotel Investment Limited Liability Company' Limited Company], having its registered seat in Kielce
- "Kieleckie Centrum Handlowo-Rozrywkowe Echo" Spółka z o.o. ['Echo Shopping and Entertainment Center of Kielce' Limited Liability Company], having its registered seat in Kielce
- "Malta Office Park" Spółka z o.o. ['Malta Office Park' Limited Liability Company], having its registered seat in Kielce
- "MDP" Spółka z o.o. ['MDP' Limited Liability Company], having its registered seat in Kielce
- "Piomot Auto" Spółka z o.o. ['Piomot Auto' Limited Liability Company], having its registered seat in Kielce
- "Princess Boryszewska" Spółka z o.o. ['Princess Boryszewska' Limited Liability Company], having its registered seat in Kielce
- "Princess Investment" Spółka z o.o. ['Princess Investment' Limited Liability Company], having its registered seat in Kielce
- "Project 3" Spółka z o.o. ['Project 3' Limited Liability Company], having its registered seat in Warsaw
- "Projekt - Echo 17" Spółka z o.o. ['Project - Echo 17' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 30" Spółka z o.o. ['Project - Echo 30' Limited Liability Company], having its registered seat in Kielce
- "Projekt - Echo 32" Spółka z o.o. ['Project - Echo 32' Limited Liability Company], having its registered seat in Kielce

- "Projekt – Echo 34" Spółka z o.o. ['Project – Echo 34' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 37" Spółka z o.o. ['Project – Echo 37' Limited Liability Company], having its registered seat in Kielce
- "Projekt – Echo 39" Spółka z o.o. ['Project – Echo 39' Limited Liability Company], having its registered seat in Kielce
- "Projekt Gdynia - 1" Spółka z o.o. ['Project Gdynia – 1' Limited Liability Company], having its registered seat in Kielce
- "Projekt Naramowice" Spółka z o.o. ['Project Naramowice' Limited Liability Company], having its registered seat in Kielce
- "Projekt S" Spółka z o.o. ['Project S' Limited Liability Company], having its registered seat in Kielce
- "WAN 11" Spółka z o.o. ['WAN 11' Limited Liability Company], having its registered seat in Warsaw
- "Wyględów" Spółka z o.o. ['Wyględów' Limited Liability Company], having its registered seat in Kielce
- "Zakłady Ogrodnicze Naramowice" Spółka z o.o. ['Naramowice Gardening Enterprise' Limited Liability Company], having its registered seat in Kielce

Companies valued according to ownership rights method:

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

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

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

Capital relationships within the Capital Group concern the following:

- a) "Piomot – Auto" Sp. z o.o., holding 15.88% of basic capital of "Echo – Centrum Piotrków Trybunalski" Sp. z o.o.;
- b) "Zakłady Ogrodnicze Naramowice" Sp. z o.o., holding 99,8% of basic capital of "Projekt Naramowice" Sp. z o.o.;
- c) "Echo Investment - Centrum Handlowo – Rozrywkowe Kielce" Sp. z o.o., holding:
 - 99.99% of basic capital of "Kieleckie Centrum Handlowo – Rozrywkowe Echo Sp. z o.o.",
 - 100% of basic capital of "Princess Boryszewska" Sp. z o.o.
- d) "Echo Investment – Centrum Gdynia" Sp. z o.o., holding 98,77% of basic capital of "Projekt Gdynia - 1" Sp. z o.o.;
- e) "Projekt – Echo 37" Sp. z o.o., holding 0,001% of basic capital of "Echo Investment – Centrum Handlowe Świętochłowice" Sp. z o.o.;
- f) "Echo – Pasaż Grunwaldzki" Sp. z o.o., holding 1% of share of "Echo – Pasaż Grunwaldzki" Sp. z o.o.;
- g) "Hotel Investment" Sp. z o.o., holding 1% of share of "Hotel Investment Sp. z o.o." Limited Company;
- h) "Projekt – Echo 17" Sp. z o.o., holding the following respective shares of basic capital of:
 - 1.00% of capital of "Wyględów" Sp. z o.o.,
 - 1.00% of capital of "Projekt – Echo 37" Sp. z o.o.,

- 1.00% of capital of "Projekt – Echo 39" Sp. z o.o.,
- 1.00% of capital of "Project 3" Sp. z o.o.,
- 1.00% of capital of "Echo ACC" Sp. z o.o.,
- 1.00% of capital of "Projekt – Echo 30" Sp. z o.o.,
- 1.00% of capital of "Projekt – Echo 32" Sp. z o.o.,
- 1.00% of capital of "Echo – Pasaż Grunwaldzki" Sp. z o.o.,
- 1.00% of capital of "Projekt – Echo 34" Sp. z o.o.,
- 1.00% of capital of "Est On Property Management" Sp. z o.o.,
- 0,05% of capital of "Hotel Investment" Sp. z o.o.,
- 0,03% of capital of "Malta Office Park" Sp. z o.o.,
- 0,02% of capital of "Echo Centrum Ślichowice" Sp. z o.o.,
- 0,02% of capital of "Echo – Centrum Biznesu Łódź" Sp. z o.o.,
- 0,02% of capital of "Projekt Naramowice" Sp. z o.o.,
- 0,01% of capital of "Echo Investment – Centrum Handlowe Tczew" Sp. z o.o.,
- 0,01% of capital of "Echo Investment – Centrum Handlowe Piła" Sp. z o.o.,
- 0,01% of capital of "Echo Investment – Centrum Handlowe Zamość" Sp. z o.o.,
- 0,01% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Gliwice" Sp. z o.o.,
- 0,01% of capital of "Projekt Gdynia – 1" Sp. z o.o.,
- 0,009% of capital of "Echo Investment – Centrum Handlowe Siemianowice Śląskie" Sp. z o.o.,
- 0,008% of capital of "Athina Park" Sp. z o.o.,
- 0,007% of capital of "Echo Investment – Centrum Handlowe Łomża" Sp. z o.o.,
- 0,006% of capital of "Echo Investment – Centrum Handlowe Bełchatów" Sp. z o.o.,
- 0,006% of capital of "Echo Investment – Centrum Handlowe Rzeszów" Sp. z o.o.,
- 0,005% of capital of "Echo Investment – Centrum Handlowe Olkusz" Sp. z o.o.,
- 0,005% of capital of "Echo Investment – Centrum Gdynia" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Pabianice" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Radom" Sp. z o.o.,
- 0,004% of capital of "MDP" Sp. z o.o.,
- 0,004% of capital of "Echo Investment – Centrum Handlowe Tarnów" Sp. z o.o.,
- 0,002% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Kielce" Sp. z o.o.,
- 0,001% of capital of "Echo Investment – Centrum Handlowo-Rozrywkowe Szczecin" Sp. z o.o.

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

2. Description of basic economic and financial values disclosed in the annual financial report of Echo Investment S.A. Capital Group for the year 2005

Consolidated balance sheet

Balance total of the Capital Group at the end of the year 2005 amounted to **PLN 2,150 m**, showing an increase in value by 13.78% in comparison with the balance as at the end of 2004.

Assets

The structure of assets at the end of 2005 was the following:

- fixed assets constitute 78,1% of all assets, where the dominant items include investment real property – 83,4% of fixed assets, and tangible assets – 14,6% of total fixed assets.

- current assets constitute 21,9% of all assets, including inventories – 36,2 % of total current assets, short-term receivables – 10,4% of current assets, and cash – 51,5% of total current assets.

Liabilities

- share capital of Echo Investment S.A., the dominant company, as on 31.12.2005, amounted to PLN 21.0 m and was divided into 10,500,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 2.0 each,
- consolidated equity capital as on December 31, 2005 amounted to **PLN 917.1 m**, showing an increase by 27,0% in comparison with the balance as at the end of December 2004.
- consolidated net book value per one share is PLN 87.34,
- liabilities constituted 49,2% of balance total and amounted to **PLN 1,057.7 m**.

Consolidated profit and loss account

- consolidated net income from sales reached the level of PLN 257.9 m in 2005,
- consolidated profit before tax and financial income / costs at the end of 2005 amounted to PLN 291.9 m in comparison to the loss of PLN (24.1) m in 2004,
- consolidated gross profit amounted to PLN 266.8 m and outgrew the balance of 2004 more than six times,
- consolidated net profit amounted to PLN 194.4 m, in comparison with PLN 26.4 m in 2004,
- consolidated net profit per one share was PLN 18.52.

Consolidated cash flow statement

- the reporting period began with the cash balance of PLN 73.6 m,
- in operating activity, the capital group recorded income of cash in the amount of PLN 230.6 m in 2005,
- in investment activity, the capital group recorded income of cash in the amount of PLN 97.1 m in 2005,
 - in financial activity, the Company recorded expenditure of cash in the amount of PLN 148.3 m in 2005,
 - during the period from January 1, 2005 to December 31, 2005 the cash balance increased by PLN 168.9 m,
- cash at the end of December 2005 amounted to PLN 242.5 m.*

3. Description of major risk factors and threats, specifying the extent to which the issuer's Capital Group is exposed to them

The following should be classified among major risk factors and threats for the operations of Echo Investment S.A. and the Capital Group:

- competition risk – the real estate market in Poland has become very attractive for foreign investors in the recent years due to achievable rates of return. The advantages of foreign companies include their capital resources, which constitute competitive advantage over domestic developer companies. The advantage of Echo Investment S.A. is its extensive experience in execution of developer projects in various market segments and its recognized position in the real estate market in Poland. Dynamic growth of the Capital Group in the recent years and its portfolio of assets indicate that Echo Investment S.A. is capable of efficient functioning in the conditions of market competition.
- interest rate risk – the operations of Echo Investment S.A. and its subsidiaries are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through diversification of interest on loans taken and securing instruments. Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.

- foreign exchange risk – this refers to loans taken in foreign currencies (most commonly in Euro) within the Capital Group. Contracts with lessees are expressed in the currency of the loan taken for their refinancing. Thus obtained payments from lessees are assigned to repayment of the above mentioned loans. Such combination of financing with sources of income minimizes or eliminates foreign exchange risk.
- risk of the lessees' financial condition – most of the revenues are yielded within the range of operations performed by the capital group from lease of commercial and office areas.

The key aspect is selection of lessees with stable economic and financial condition. In shopping centers, tenants include chain operators (Tesco, Carrefour, Ahold, Nomi, brand clothing shops, multiscreen cinemas, etc.). Cooperation with lessees enables undertaking such activities that would continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Philips, Nordea, Polkomtel S.A., BRE Bank S.A., Deutsche Leasing i inne.

- risk related to external contractors – when acting as an investor in a given project, Echo Investment S.A. or its subsidiary contracts its execution to external companies. Execution of these facilities, timely completion, quality and possible increase in costs largely depend on these companies. This factor is eliminated to a significant extent through various types of protective measures included in contracting agreements.
- fiscal and legal risk related to the unstable taxation and legal system, lack of certain ownership-related regulations. Accession to European structures and adoption of procedures applied by the EU should significantly foster reduction or elimination of this risk in the forthcoming years.
- risk of administrative procedures – as Echo Investment S.A. is involved in the process of executing individual projects from the beginning, its operations depend on administrative procedures. Time-consuming procedures of administrative authorities determine commencement of implementation of the Company's planned investments, which may result in delays in their completion.

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

4.1. Segments of operation


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

Segment of shopping centers and commercial and entertainment centers

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

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

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



In March 2005 Echo Investment S.A. and its subsidiaries sold seven 'Echo' shopping centers situated in Olkusz, Piła, Płock, Siemianowice Śląskie, Świętochłowice, Tczew and Zamość. The buyer was a company from the Meinel European Land Ltd. group, one of the funds investing in commercial property. The sale of seven shopping centers indicates their high advantages and professional operation. The Management Board of Echo Investment S.A. intends to use the funds so obtained for the future and current investments.

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

Realization of erection of shopping centers in Łomża and Kielce supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the company's offer. In mid-2005, long-term contracts of lease of commercial areas were signed with major tenants. In the Shopping Center in Łomża, which is currently under preparation, the REAL superstore will be opened, with an approximate area of 8,500 square meters. In the Kielce Shopping Center, E.LECLERC outlet will be opened, with an area of 13,200 square meters.

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

Income from lease of areas in shopping centers during the year 2005 amounted to PLN 152.5 m, which constituted 59,1 % of total income.

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

Segment of office areas


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

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

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

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

During the 4th quarter of 2005, adaptation of the office building at 3 Postępu Street in Warsaw was completed. The entire area of the building, including a two-storey car park, was leased to a single



tenant – Polkomtel S.A. (net area of the building: about 400 square meters). The lease contract was made for a period of 10 years.

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

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

In 2005 Echo Investment S.A. acquired a real property situated at 21 Postępu Street in Warsaw, designed for erection of an office buildings complex. The anticipated commencement date of investment realization is April 2007.

With respect to the anticipated realization of the prepared project of construction of a complex of office buildings in Kielce at Al. Solidarności, Spółka uzyskała w 2005 roku decyzję o warunkach zabudowy. The anticipated construction commencement date is March 2006. (net area of the buildings is about 20,000 square meters).

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

Income from lease of areas in the segment of office and hotel areas during the year 2005 amounted to PLN 38.8 m, which constituted 15,1 % of total income.


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

The good perspectives are noticeable in the Warsaw market and in regional markets, such as Łódź, Poznań, Cracow, Wrocław, which is due to high interest of international corporations in moving certain parts of their operations to Poland.

Echo Investment S.A. collaborates with Philips International, which is the key tenant in the Company’s office building named Orion, situated in Łódź. Philips International has chosen Łódź for the head office of its Central European branches’ financial and accounting service.

Segment of hotels

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



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

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

Income from lease of areas in the segment of office and hotel areas during the year 2005 amounted to PLN 38.8 m, which constituted 15,1 % of total income.

Housing segment

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

In 2005, works were continued on the execution of residential investments in Warsaw (2nd stage of the Inflancka Housing Estate) and in Poznań (2nd stage of the Małe Naramowice Housing Estate). Execution of two apartment buildings was completed: Mondrian House in Warsaw and Cztery Pory Roku [The Four Seasons] in Cracow. Both these projects have been put to use. Realization of Dom Pod Pegazem [Pegasus House] in Cracow, a residential building with underground parking lot, was also completed and 69 apartments were commissioned to use. Designing works on the 2nd stage of investment in Zwycięzców Street in Warsaw were resumed and preparation to the subsequent stage of the Małe Naramowice Housing Estate in Poznań began.

In 2005 Echo Investment S.A. acquired a real property situated at Kazimierzowska Street in Warsaw, designed for erection of a residential buildings complex.

Income from sale and lease of flats and apartments in 2005 amounted to PLN 56.6 m, which constituted 21,9 % of total income.

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

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

Foreign market

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

4.2. Structure of revenues

Echo Investment S.A. Capital group yields revenues from lease of its commercial areas, sales of apartments, realization of buildings and provision of real property management services. The structure of yielded revenues is as follows:

- lease of areas shopping centers and commercial and entertainment centers

Revenues from lease services are generated from lease of areas in shopping centers and shopping/entertainment centers. Consolidated revenues yielded on this account constituted 59.1% of net income from sales in 2005.

- sales of residential and commercial areas

The main source of income in this segment is the sale of apartments and, to a lesser extent, sale of commercial areas (shopping areas, offices and other premises situated within multifunctional housing projects). Revenues yielded on this account constituted approx. 21,9% of all consolidated income from sales of products.

- realization and lease of areas in office and hotel facilities

Revenues from lease services are generated from lease of areas in office and hotel buildings owned by individual subsidiaries. Consolidated revenues yielded on this account and on account of realization of investments constituted approx. 15,0% of net income from sales in 2005.

- real estate turnover:

The characteristics of Echo Investment S.A. Capital Group's operations somehow enforces owning certain real property resources, which are then allocated to specific projects. Income yielded in this area of the capital group's operations constitutes about 0,98% of total income on sales.

- legal, accounting and consulting services:

This range of operations is related to providing legal, accounting and consulting services to subsidiaries. The income generated in this area constitutes about 0,62% of total net income on sales.

Structure of net income from sales (in PLN m) yielded by Echo Investment S.A. Capital Group during the years 2005-2004:

Specification	01.01.2005 - 31.12.2005	01.01.2004 - 31.12.2004
Lease of areas shopping centers and commercial and entertainment centers	152,5	193,0
Sale and lease of residential areas	56,6	60,0
Realization and lease of areas in office and hotel facilities	38,8	54,9
Real estate turnover	2,5	2,8
Legal, accounting and consulting services	1,6	-
Other income	5,7	21,1
Net income on sales of products total	257,9	332,1

5. Information about changes in the sales market, divided into domestic and foreign, and changes in sources of supply of materials for production, specifying dependency on one or several clients or suppliers and if the share of a single client or supplier reaches at least 10% of income from sales total - specifying the name of such supplier or client, his share in sales or purchases and his formal relationships with Echo Investment S.A. Capital Group.

Sales markets

All projects executed by Echo Investment S.A. Capital Group in 2005 were located in the Polish market only. The companies forming the Capital Group realized their investments in the markets of the following cities: Warsaw, Cracow, Poznań, Kielce and Wrocław.

Changes in sources of supply

With regard to purchase of services provided by Echo Investment S.A. Capital Group companies, the dominant share measured as the proportion between purchases and income from sales total is held by companies partnering Echo Investment S.A. Capital Group in the range of execution of specific developer projects. In 2005, the turnover with three partners exceeded the 10% threshold of the value of the Capital Group's income:

Largest suppliers of Echo Investment S.A. Capital Group in 2005:

Other party	Value of turnover (in PLN m)	% of share in net income on sales
Strabag Sp. z o.o.	34,4	13,8%
Modzelewski & Rodek Sp. z o.o.	28,9	11,0%
Hochtief Sp z o.o.	21,4	8,1%

Changes among clients

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

In 2005, a share exceeding 10% of consolidated net income from sales was gained by a transaction of sale of seven shopping centers with Projekt Echo – 35 Sp. z o.o. from Meinl European Land Ltd. group.

Largest clients of Echo Investment S.A. Capital Group in 2005:

Client	Value of turnover (in PLN m)	% of share in net income on sales
Projekt Echo – 35 Sp. z o.o.*	251,2	95,6%
Carrefour Polska Sp. z o.o.	23,1	8,8%
Nomi S.A.	19,2	7,3%
Geant Polska Sp. z o.o.	13,1	5,0%
Ahold Polska Sp. z o.o.	12,6	4,8%

** Note that the value of sales of the shopping centers to Projekt Echo 35 Sp. z o.o. was disclosed in the statement under profits on sales of real property and not under operating income.*

6. Information about contracts significant for Echo Investment S.A. Capital Group's business operations, including contracts made between shareholders, known to Echo Investment S.A. Capital Group companies and insurance, partnering or cooperation contracts made during the year 2005.

6.1. Contracts significant for the economic activity of Echo Investment SA Capital Group

The unique quality of the operations of Echo Investment S.A. Capital Group assumes execution of investments through subsidiaries. Echo Investment S.A. individually executes housing projects and provides general contractor services to subsidiaries and external investors. The Capital Group companies operate under the commercial law and have been established for the purpose of realization and carrying out operations under a given project.



Shopping centers and commercial and entertainment centers

On January 17, 2005 the subsidiary – Echo – Pasaż Grunwaldzki Sp. z o.o. signed a preliminary contract with ‘M-Investments’ Sp. z o.o. (ITI group company) for lease of area for an 11-salon cinema in the ‘Pasaż Grunwaldzki’ shopping and entertainment center in Wrocław. The preliminary contract of lease was made for a period of 10 years. The parties also declared an intention to sign a contract for the next 5 years.

On March 31, 2005 Echo Investment S.A. and its subsidiaries sold seven ‘Echo’ shopping centers situated in Olkusz, Piła, Płock, Siemianowice Śląskie, Świętochłowice, Tczew and Zamość to Meinl European Land Ltd (a fund investing in commercial real property). The net value of the transaction was PLN 250,648,000. In addition, further contracts were signed containing provisions, pursuant to which Est-On Property management Sp. z o.o. (a subsidiary of Echo Investment S.A.) is going to provide services related to managing these shopping centers.

On May 5, 2005 a contract was signed with Strabag Sp. z o.o. for complex shell construction of the Pasaż Grunwaldzki shopping and entertainment center in Wrocław (total area exceeding 130,000 square meters). The net value of the contract was PLN 98,000,000.

On June 22, 2005 a contract was signed with Pergranso Sp. z o.o. for lease of commercial space in the Shopping Center that is being prepared for execution in Kielce in the Ślichowice estate. Under this contract, an E.LECLERC superstore will be opened in the designed center (ca. 8,500 square meters). The contract of lease foresees a term of 30 years.

On June 22, 2005 the subsidiary Echo Investment – Centrum Handlowe Łomża Sp. z o.o. and “Real Sp. z o.o. i Spółka” limited company signed an agreement concerning use of commercial area in the shopping center in Łomża under construction. The area of shop to be used by REAL superstore is anticipated as ca. 8,500 square meters. At the same time, Echo Investment – Centrum Handlowe Łomża Sp. z o.o. signed a contract with real,- Sp. z o.o. and Company limited company for erection of a superstore within erection of the Shopping Center in Łomża and delivery of the said superstore for use and yield of benefits to real,- for a period of 15 years. Compensation for realization of the subject-matter of contract shall be the Polish zloty equivalent of EUR 11,322 thousand net.

On December 30, 2005 a contract of sale of real property with expenditure was signed with Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k. subsidiary, having its head office in Kielce. The real property is situated in Wrocław, between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street. An investment consisting in realization of a modern shopping, service and entertainment center with a parking lot was commenced on the above mentioned real property. The subsidiary is going to continue its current use of acquired real property. The real property could be sold under the condition that the Commune of Wrocław does not exercise its first right of refusal. The Commune of Wrocław did not exercise its right. The value of contract was PLN 103,646,500.

Hotels and Offices

On November 2, 2005 the subsidiary WAN-11 Sp. z o.o., with regard to execution of a contract of lease of an office facility in Warsaw, delivered the office area for use to the tenant – Polkomtel S.A. (20,400 square meters) in the office building acquired by WAN-11 Sp. z o.o., with an above-ground and underground parking lot, located at Postępu Street in Warsaw. Polkomtel S.A. is the tenant of the entire area in the building that has been put into use. The contract was made for a period of 10 years.

Apartments

On July 15, 2005 a contract was signed 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 date of completion of execution of the subject matter of the contract was set on December 15, 2006. 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 net.

6.2. Contracts made between shareholders

Echo Investment S.A. does not know about any contracts made between shareholders during the year 2005.

6.3. Insurance contracts

Coverage	Insurer	Insurance amount [PLN k]
property insurance – office buildings	TU Allianz Polska S.A., TU Compensa S.A., PTU S.A., Generali TU S.A.	286 474
property insurance – commercial buildings	PTU S.A., TU Allianz Polska S.A.	573 549
property insurance – residential premises	TU Compensa S.A., STU Ergo Hestia S.A.	67 617
property insurance – other	TU Compensa S.A., TUiR Cigna S.A., PTU S.A., STU Ergo Hestia S.A.	7 421
civil liability insurance	TU Compensa S.A., Generali TU S.A., PTU S.A., STU Ergo Hestia S.A., TU Tryg S.A., PZU S.A., AIG Polska TU S.A.	47 470
insurance against construction and assembly risks	TUiR WARTA S.A., TU Allianz Polska, Generali TU S.A.	250 700
insurance against loss of profit	TU Allianz Polska S.A., PTU S.A., Generali TU S.A.	104 943
TOTAL		1 338 174


6.4. Partnering or cooperation agreements

Apart from the contract made with Qubus Hotel System Sp. z o.o., Echo Investment S.A. Capital Group did not conclude any other collaboration or cooperation agreements.

7. Information about changes in organizational or capital relationships of Echo Investment S.A. with other companies, indicating its key domestic and foreign investments (securities, financial instruments and real estate), including capital investments made outside its capital group, and a description of methods of their financing.

7.1. Changes in organizational or capital relationships of Echo Investment S.A.

- On January 13, 2005 the Company received a decision of the District Court for the Capital City of Warsaw in Warsaw, 19th Economic Department of the National Court Register, as of December 29, 2004, on registration of initial capital increase in 'WAN 11' Sp. z o.o., seated in Warsaw (subsidiary owned by Echo Investment S.A. in 50%). Initial capital was increased as a result of taking up by current shareholders, i.e. Echo Investment S.A. and WAN S.A., of a total of 59,000 shares with nominal value of PLN 50 each, which yielded a sum of PLN 2,950,000. The shares that were taken up were paid up in cash. Following registration of the increase, initial capital of 'WAN 11' Sp. z o.o. equals PLN 3,000,000 and is divided into 60,000 shares with nominal value of PLN 50 each, which gives 100% of the initial capital of 'WAN 11' Sp. z o.o. and 100% of the total number of votes at the general meeting of shareholders of the company. Echo Investment S.A. directly owns 30,000 of shares with nominal value of PLN 50 each and total value of PLN 1,500,000, constituting 50% of initial capital of 'WAN 11' Sp. z o.o. and giving 50% of the total number of votes at the general meeting of shareholders of the company.
- On July 28, 2005 the Company received a contract signed on July 26, 2005 - contract of sale of shares between Echo Investment S.A. and 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 Boryszewska Sp. z o.o., with its head office in Kielce (100% subsidiary of Echo Investment S.A.). Echo Investment - Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o. with its registered seat in Kielce is an indirect or direct subsidiary controlled in 100% by Echo Investment S.A. The parties agreed on the sales price of shares equaling PLN 296,000. The recorded value of sold assets in books of accounts is PLN 295,000. There are certain relationships between Echo Investment S.A. and its managing staff and the Company acquiring the assets, i.e. Echo Investment - Centrum Handlowo-Rozrywkowe Kielce Sp. z o.o., consisting in the same person acting as president of the management board in both companies and two management board members of Echo Investment S.A. act as proxies in the company acquiring the assets.
- On August 30, 2005 Echo Investment S.A. and Echo - Pasaż Grunwaldzki Sp. z o.o., seated in Kielce, established a subsidiary under the name of Echo - Pasaż Grunwaldzki Sp. z o.o. sp.k. Shares in this newly established company are held respectively by: Echo Investment S.A.: 90%, Echo - Pasaż Grunwaldzki" Sp. z o.o.: 10%.
- On September 29, 2005 Echo Investment S.A. established a subsidiary under the name of Hotel Investment Sp. z o.o. sp.k. Shares in this newly established company are held respectively by: Echo Investment S.A.: 99%, Hotel Investment Sp. z o.o.: 1%.
- On November 9, 2005 the District Court in Kielce, 10th Economic Department of the National Economic Register registered the sale of 1 share of Echo Investment - Centrum Handlowe Pabianice Sp. z o.o. with nominal value of PLN 500 each. The share was transferred under the sale agreement made by Echo Investment S.A. (the Seller) and Projekt Echo - 17 Sp. z o.o. subsidiary (the Buyer).
- On November 30, 2005 the District Court in Kielce, 10th Economic Department of the National Economic Register registered the sale of one share of Echo Investment - Centrum Handlowe Świętochłowice Sp. z o.o. The share was transferred under the sale agreement made by Echo Investment S.A. (the Seller) and Projekt - Echo 37 Sp. z o.o. subsidiary (the Buyer). The nominal value of the share is PLN 50 each and the price of the sold share equals PLN 160.
- On December 6, 2005 the District Court in Kielce registered an increase of capital in Projekt Echo - 36 Sp. z o.o. subsidiary by an amount of PLN 4,000,000. Together with capital increase, company name of Projekt Echo - 36 Sp. z o.o. was changed into Projekt Gdynia - 1 Sp. z o.o.



Following registration of the increase, the initial capital of Projekt Gdynia-1 Sp. z o.o. amounts to PLN 4,050,000 and is divided into 8100 shares with nominal value of PLN 500 each. The total number of votes according to shares is 8100. Capital was raised through non-cash contribution made by a subsidiary Echo Centrum Gdynia Sp. z o.o. to Projekt Gdynia - 1 Sp. z o.o. in the form of the right of perpetual usufruct of real property situated in Gdynia and rights to the building project designed on the real property in question. The book value of contributed assets in the books of accounts is PLN 11,097,649.74 and the value of assets, according to which the contribution was made, is PLN 4,000,000.00. Following registration of the capital raise, the shareholders' structure for Projekt Gdynia - 1 Sp. z o.o. is as follows:

- Echo - Centrum Gdynia Sp. z o.o. holds 8000 shares,
- Echo Investment S.A. holds 99 shares,
- Projekt Echo - 17 Sp. z o.o. holds 1 share.

This contract has been considered significant on the basis of the criteria of significant value for financial assets.

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

On account of securities, Echo Investment S.A. Capital Group companies did not make any investments in shares of companies quoted on the stock exchange during the year 2005.

8. Description of transactions with affiliated companies if the individual or total value of several transactions made by a given affiliated company during a period of 12 months is a Polish zloty equivalent of the amount of EUR 500,000.

8.1. Transactions with companies from Echo Investment S.A. Capital Group

As a result of the strategy applied by the dominant company - Echo Investment S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers have been built, a significant part of transactions executed by Echo Investment are made with affiliated companies.

In 2005, the following contracts were made between Echo Investment S.A. and companies from Echo Investment S.A. Capital Group:

- On July 20, 2005 the company was informed that the District Court for Warsaw, Mokotów, 7th Land and Mortgage Registers Department, upon request of 50% subsidiary of Echo Investment S.A. - WAN 11 Sp. z o.o., with its registered seat in Warsaw, made an entry to the land and

mortgage register on July 8, 2005 of a contractual joint mortgage security on real property seated in Warsaw at Postępu Street, under perpetual usufruct of WAN 11 Sp. z o.o., on which an office building is situated with an area of approx. 20 thousand square meters, with an underground and above-ground parking lot. The mortgage security was established in favor of Eurohypo AG Bank, seated in Eschborn, Germany, as a security of the bank's liability under a loan agreement signed by WAN 11 Sp. z o.o. with the above mentioned bank. The mortgage was established up to a maximum amount of EUR 48 m.

- On December 30, 2005 Echo Investment S.A. in Kielce, as the Seller, signed a contract of sale of real property with expenditure with Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k. subsidiary, having its head office in Kielce, as the Buyer. The value of contract was PLN 103,646,500. (read: one hundred and three million six hundred and forty-six thousand five hundred zlotys), while the value of transferred assets in books of record equaled PLN 99,423,500 (read: ninety-nine million four hundred and twenty-three thousand five hundred zlotys). Considering the equity capital criteria, these assets have been deemed significant. The real property could be sold under the condition that the Commune of Wrocław does not exercise its first right of refusal. The Commune of Wrocław did not exercise its right. Also on December 30, 2005 Echo – Pasaż Grunwaldzki Sp. z o.o. (the Assignor) entered into an agreement of transfer of rights and obligations under contracts made previously by the Assignor with Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k. (the Assignee).
- On December 30, 2005 Echo Investment S.A. seated in Kielce signed an agreement for general contracting of investment with Echo – Pasaż Grunwaldzki Sp. z o.o. sp.k., having its registered office in Kielce. Pursuant to the said contract, Echo Investment S.A. covenants to realize the entire investment of a modern shopping, service and entertainment center

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

During the year 2005, no transactions occurred between Echo Investment S.A. and its managers or supervisors with individual or total value during a period of 12 months would make a Polish zloty equivalent of the amount of EUR 500,000.

9. Information about credits taken and contracts of loan, specifying their due dates, and surety / guarantee contracts.

9.1. Credit agreements of the dominant company.

Echo Investment S.A.'s liabilities on account of credits taken as at the end of the financial year 2005 are presented in the table below:

Name of Bank	Types of liabilities	Credit currency	Credit amount according to contract [in PLN k]	Credit usage level [in PLN k] as on December 31, 2005	Final repayment date
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Pekao S.A. O/Warszawa	Advance in current account	PLN	20.000	13.717	30.06.2006
Pekao S.A. O/Warszawa	Working capital facility	PLN	40.000	40.000	30.06.2007
Bank Handlowy w Warszawie S.A.	Advance in current account	PLN	20.000	128	27.01.2006
PKO BP SA	Advance in current account	PLN	20.000	7.760	31.12.2006
Bank BPH S.A.	Advance in current account	PLN	20.000	-	28.04.2006

9.2. Credit agreements of subsidiaries

Company raising the loan	Name of Bank	Types of liabilities	Credit currency	Credit amount according to contract [k]	Credit usage level [in PLN k] as on 31.12.2005	Final repayment date
Echo Investment – Centrum Handlowe Jelenia Góra Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	9 101	4 392	2010-08-31
Echo Investment – Centrum Handlowe Bełchatów Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	4 962	2 183	2010-04-30
Echo Investment – Centrum Handlowe Tarnów Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	10 800	6 076	2010-07-15
Echo Investment – Centrum Handlowe Przemyśl Sp. z o.o.	ING Bank Śląski S.A.	Long-term credit	EUR	4 857	2 684	2010-12-31
MDP Sp. z o.o.	Pekao S.A.	Long-term credit	EUR USD	4 600 6 900	3 764 5 152	2011-04-30
Echo Investment – Centrum Handlowo-Rozrywkowe Szczecin Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	51 000	45 431	2018-03-31
Echo – Centrum Biznesu Łódź Sp. z o.o.	Rheinhyp - BRE S.A.	Long-term credit	USD	7 500	5 533	2012-06-28
Echo Investment – Centrum Bankowości i Finansów Łódź Sp. z o.o.	Pekao S.A.	Long-term credit	USD	5 714	4 868	2011-12-31
Echo Investment – Centrum Handlowe Radom Sp. z o.o. Echo Investment – Centrum Handlowe Piotrków Trybunalski Sp. z o.o. Echo Investment – Centrum Handlowe Pabianice Sp. z o.o.	Bank BPH S.A.	Long-term credit	EUR	36 300	33 072	2019-01-23

Kieleckie Centrum Handlowo-Rozrywkowe Sp. z o.o.	Kredyt Bank S.A.	Long-term credit	EUR	18 000	14 020	2013-10-31
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9.3. Loan agreements

9.3.1. Loans taken

Echo Investment S.A. did not take out any loans in 2005.

9.3.2. Loans granted

Echo Investment S.A.'s receivables on account of loans granted as at the end of the financial year 2005 are presented in the table below:

Entity	Outstanding loan amount [PLN k]	Final repayment date
PPH Witan	6.731	31.12.2006
Empik Sp. z o.o.	1.007	22.11.2006
Others	41	-

9.4. Debt instruments contracts

Pursuant to contracts made as regards the Bonds Issue Program with BRE Bank in 2004 and BPH S.A. Bank in 2003, Echo Investment S.A. has certain liabilities due to issued debt securities. The balance of these liabilities as at the end of the financial year 2005 is presented in the table below:

Name of Bank	Type of instrument	Amount used [in PLN k]	Contract duration
BRE Bank S.A.	bonds	150.000	25.05.2011
BRE Bank S.A.	bonds	25.000	08.02.2006
BRE Bank S.A.	bonds	20.000	31.05.2005
Bank BPH S.A.	bonds	30.000	12.01.2005
Bank BPH S.A.	bonds	20.000	26.02.2006

9.5. Suretyship agreements

Absolute surety of Echo Investment S.A. towards the Municipal Office of Łódź for execution of liabilities of 'MDP' Sp. z o.o. (subsidiary owned by 'Echo Investment' S.A. in 100%) concerning payment of annual fees for perpetual usufruct of land – total value due in the next 90 years is PLN 8,561 k.

Surety in favor of	Value (PLN k)	Expiry date	Concerning
Municipal Office of Łódź	8.561	year 2095	payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Co., Ltd.] (100% subsidiary of Echo Investment S.A.)

9.6. Guarantee agreements

Bank guarantee of timely delivery of the subject of lease by 'WAN 11' Sp. z o.o. to the Tenant, granted by BRE Bank S.A. for an amount of EUR 2,000 k. The guarantee shall expire on 02.03.2006. As on 31.12.2005 the value of the guarantee is PLN 7,720 k.

Bank guarantee as of September 23, 2005, granted by BZ WBK S.A. Bank by way of securing payment for execution of construction of an underground passage and other items of the road system of Grunwaldzki Square in Wrocław. The guarantee shall remain valid until November 30, 2006. As on 31.12.2005 the value of the guarantee is PLN 15,860 k.

Bank guarantee as of August 24, 2004 granted by Bank PeKaO S.A. for an amount of EUR 1,000 k with reference to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities on account of possible contractual indemnity. As on 31.12.2005 the value of the guarantee is PLN 3,860 k.

Bank guarantee as of September 7, 2005, granted by PKO BP SA Bank as a security of liabilities towards Spółdzielnia Spożyców MOKPOL. The guarantee shall remain valid until September 6, 2006. As on 31.12.2005 the value of the guarantee is PLN 3,995 k.

Bank guarantee in the amount of USD 194 k granted by T.U. Allianz Polska S.A. for securing due execution of contract as proper removal of faults and defects at the execution of a hotel in Gliwice for Qubus Hotel. The guarantee has been given until May 1, 2006. As on 31.12.2005 the value of the guarantee is PLN 633 k.

Guarantor	Value (PLN k)	Expiry date	Concerning
BRE Bank S.A.	7.690	02.03.2006	Securing timely delivery of the object of lease by Wan-11 Sp. z o.o. [Wan-11 Co., Ltd.]
Bank BZ WBK S.A.	15.860	30.11.2006	Securing payment for execution of construction of an underground passage and other items of reconstruction of the road system of Grunwaldzki Square in Wrocław
PeKaO S.A. Kielce	3.845	31.01.2007	Security related to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities and possible contractual penalties
PKO BP S.A.	3.995	06.09.2006	Security of liabilities towards Spółdzielnia Spożyców MOKPOL
T.U. Allianz Polska S.A.	618	01.05.2006	Securing due execution of contract as proper removal of faults and defects at the execution of a hotel in Gliwice for Qubus Hotel

10. In case of issue of securities during the reporting period – description of the use of revenues from the issue by Echo Investment S.A.

The dominant company - Echo Investment S.A. did not issue any securities (shares) in 2005.

11. Clarification of differences between financial results disclosed in the annual statement and previously published prognoses for the year 2005

Neither Echo Investment S.A. Capital Group nor the dominant company - Echo Investment S.A. published any prognoses of financial results for the year 2005.

12. Evaluation of management of financial resources of Echo Investment S.A. Capital Group, with special consideration of the capacity of paying off the incurred debts

Management of financial resources of Echo Investment S.A. Capital Group in 2005, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The capital group's operations during the studied period generated a positive result on all levels of the profit and loss account. During the recent years, Echo Investment S.A. Capital Group has been increasingly emphasizing the increase of portfolio of commercial surfaces, which according to the Management Board should ensure stable revenues and cash flows and Echo Investment S.A. Capital Group's independency on cyclical phases in the economy and construction industry.

According to the Management Board, Echo Investment S.A. Capital Group's property and financial condition at the end of June 2005 indicates the capital group's stable financial standing and the perspective of the nearest years is optimistic with regard to the improvement in the real property market following Poland's accession to the European Union.

Profitability indicators of the Capital Group's operations in 2005 are significantly better in comparison to the previous year. Highest appreciation is shown in the operating profitability ratio, which proves increasing efficiency of the basic range of operations. Increased net profit yielded an improvement in the net profit margin ratio. Other very positive factors include the indicators of profitability of balance sheet items – assets (ROA) and equity (ROE).

Profitability indicators during the years 2005-2004 are presented in the table below:

Profitability ratios	2005	2004
Operating profit margin ratio <i>operating profit / net income on sales</i>	113,2%	-7,3%
Net balance profit margin ratio <i>net profit / net income on sales</i>	75,4%	7,9%
Rate of return on assets (ROA) <i>net profit / assets total</i>	9,0%	1,4%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	21,2%	3,7%

The rotation of key items of assets and liabilities in Echo Investment S.A. Capital Group is due to the unique qualities of performed operations. It is related to the relatively long cycle of execution of the specific investment projects and the value and volume increase of the 'portfolio' of executed investments. This directly fosters an increase in the value of inventories, covering the following items in the capital group: acquired ownership rights and rights of perpetual usufruct of land and all building expenses and costs pertaining to executed developer projects designed for sale. The inventories rotation cycle changed slightly and the rotation periods of short-term receivables on account of deliveries and services and of short-term receivables became longer.

Rotation of key items of assets and liabilities during the years 2005-2004 is presented in the table below:

Activity indicators	2005	2004
Rotation of inventories in days <i>(average balance of inventories * 365 / net income on sales)</i>	241	240
Rotation of short-term liabilities in days <i>(average balance of short-term liabilities * 365 / net income on sales)</i>	69	33
Rotation of short-term liabilities on account of deliveries and services in days <i>(average balance of short-term liabilities on account of deliveries and services * 365 / net income on sales)</i>	81	44

Liquidity factors are maintained on safe levels. Quick and cash ratios are now higher than in 2004. Current liquidity ratio may be considered very close to comparable periods. This was primarily

affected by the management's policy related to financing of executed investments. Echo Investment S.A. Capital Group's reliability in the financial market keeps increasing, which is confirmed by the diversified structure of banks financing the operations of the entire group. The cash balance, which increased in comparison with the year 2004, also fostered improvement of relevant ratios.

Liquidity ratios of Echo Investment S.A. Capital Group during the years 2005-2004 are presented in the table below:

Liquidity ratios	2005	2004
Current ratio <i>current assets/ short-term liabilities</i>	1,37	1,24
Quick ratio <i>(current assets – inventories) / short-term liabilities</i>	0,87	0,41
Cash ratio <i>cash / short-term liabilities</i>	0,71	0,28

Proper structure of financing enabled improvement of debt ratios in comparison with the year 2004. The changes are particularly visible for general debt ratios and equity debt ratio. The values of presented ratios are safe for performed operations and confirm Echo Investment S.A. Capital Group's credibility in the financial market.

Assets coverage and debt ratios of Echo Investment S.A. Capital Group during the years 2005-2004 are presented in the table below:

Debt indicators	2005	2004
Assets coverage ratio with equity capitals <i>equity capital / assets total</i>	42,7%	38,2%
Fixed assets coverage ratio with equity capital <i>equity capital / fixed assets</i>	54,6%	46,2%
Total debt ratio <i>liabilities total / assets total</i>	49,2%	53,5%
Equity debt ratio <i>liabilities total / equity capital</i>	115,3%	140,0%


13. Evaluation of the possibility of realization of investment plans, including capital investments, as compared to the volume of available resources, accounting for possible changes in the structure of financing of these operations

Under the Capital Group, Echo Investment S.A. and its subsidiaries are fully capable of financing the currently executed investment projects. While executing projects in all areas of activity, Echo Investment S.A. Capital Group intends to finance these projects using funds from equity capitals, bank loans, issue of debt securities. The dominant company focuses its efforts on achieving a situation when programs of issue of debt securities are guaranteed and their aging period is longer than one year.

At the same time, the Capital Group intends to execute a number of projects through subsidiaries. This refers in particular to projects designed for lease, i.e. shopping and commercial / entertainment centers and offices, obtaining financing (special purpose facilities) directly for these companies.

14. Assessment of extraordinary factors and events affecting the financial results yielded in 2005

During the year 2005, the achieved financial result was significantly affected by the completed transaction of sale of seven Echo shopping centers in Płock, Olkusz, Piła, Siemianowice Śląskie, Świętochłowice, Tczew, Zamość. The net value of the transaction was PLN 250,648 k (read: two hundred and fifty million six hundred and forty-eight thousand zlotys). Total record value of sold assets was PLN 147,444,000 (read: one hundred and forty-seven million four hundred and forty-four thousand zlotys). The intermediary buyer is Meinel European Land Ltd., a fund investing in



commercial property. According to the Management Board of Echo Investment S.A., the decision about selling the selected shopping centers will favorably affect further development of the capital group.

Apart from the above mentioned transaction, another factor affecting the result achieved in 2005 was the basic range of business activity of Echo Investment S.A. Capital Group and revaluation of possessed real property in accordance with IAS 40.

The following factors are going to influence the achieved results in the upcoming periods: regular income from lease contracts, progress of execution, lease and sale of currently built commercial and housing investments. Other important aspects shall include the situation in the financial market and general economic trends in Poland.

Further factors and events that may affect future results include realization of the Company's plans concerning operations abroad. In foreign markets, the Company intends to realize investments within the basic scope of its operations, focusing mainly on office area projects and shopping/entertainment centers.

15. Description of external and internal factors significant for the development of Echo Investment S.A. Capital Group Description of development perspectives of the Capital Group's economic activity.

15.1. Description of external and internal factors significant for the development of Echo Investment S.A.

Key **external** factors affecting the development of the Capital Group include:

Positive factors:

- maintained investment activity of Polish and foreign business entities and resulting demand for services provided by Capital Group companies,
- shortage of residential areas,
- decreasing cost of mortgages, encouraging consumers to take out such loans,
- Polish and foreign financial institutions' willingness to engage in financing investments in the real estate market,
- increased interest of foreign investment funds in the Polish real property markets, resulting from their encouragement by high yield rates,
- improved availability of capital sources, resulting from market entry of a number of institutions interested in investing in the real property sector,
- Poland's accession to the European structures

Negative factors:

- unclear legal status of numerous real properties, which is due to such issues as reprivatization or lack of precise spatial development plans in many towns and communes,
- time-consuming court and administrative proceedings related to legal status regulation and acquisition of rights to real property,
- restriction of regulations concerning construction of large-size facilities in Poland,
- uncertainty about key assumptions of the fiscal and monetary policies in Poland.

Key internal factors significant for the development of Echo Investment S.A. Capital Group include:

Positive factors:

- clear and precise development strategy,

- stable structure of shareholders of the dominant company – Echo Investment S.A., with clear and consistent owners' policy towards the company,
- well-defined product group,
- recognized position of the capital group in the developer market and high reliability, acknowledged by Echo Investment S.A.'s presence in the Stock Exchange and obtained Developer's Certificate,
- good cooperation with stable partners,
- organizational structure accounting for the existence of profit centers, which are responsible for the specific segments of activity of Echo Investment S.A. Capital Group:

Negative factors:

- unique quality of the operations, involving high level of dependency on complicated and time-consuming legal procedures,
- high demand for current assets, particularly related to the high number of executed projects.

15.2. Perspektywy rozwoju działalności gospodarczej Echo Investment S.A. 14.2 Development perspectives for economic activities of Echo Investment S.A. and Capital Group.

The Management Board of Echo Investment S.A. envisages further dynamic growth of the entire organization. It will be based on good perspectives for the real estate market in Poland. The operations of Capital Group companies will focus on increasing the portfolio of commercial areas for lease (shopping and entertainment centers and offices). Furthermore, Echo Investment S.A. intends to maintain the sale of residential projects on the current level. Realization of hotels strongly depends on the situation in the tourist industry and on hotel chains' willingness to undertake new investments. The current activity of Echo Investment S.A. focuses on the Polish market, but the Management Board does not exclude opening the business operations to foreign markets in the future. Under its portfolio building policy, the Company does not foreclose the sale of certain existing projects to obtain funds for financing its current and future investments.

16. Changes in the basic principles of managing the issuer's enterprise and its Capital Group.


No significant changes in the basic rules of management took place during the year 2005. The development of the organization enforces improving management procedures applied both by Echo Investment S.A. and by other Capital Group companies. Within the scope of reducing operating risk, the Accounting Department was separated from the structures of Echo Investment S.A. and moved to Echo ACC Sp. z o.o., which has been dealing with fiscal and accounting service of the entire Echo Investment S.A. capital group since the 1st half of 2005.

17. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during last financial years. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

17.1. Management Board

On June 14, 2005 the Supervisory Board of Echo Investment SA, acting in accordance with Article 14 clause 1 of the Company Articles, appointed the following persons as members of the Management Board of the Company for the next 3-year term of office:

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



Compared to the Management Board of the previous term, Mr. Artur Langner is a new member.

17.2. Supervisory Board

The composition of the Supervisory Board did not change in 2005. As on the submission date of this annual report, the Supervisory Board of Echo Investment S.A. is composed of the following members:

Wojciech Ciesielski, Chairman of the Supervisory Board,
Mariusz Waniolka, Deputy Chairman of the Supervisory Board,
Mariusz Gromek, Member of the Supervisory Board,
Artur Kłoczko, Member of the Supervisory Board,
Robert Oskard, Member of the Supervisory Board,
Karol Żbikowski, Member of the Supervisory Board.

17.3. Rules of appointing and dismissing managing and supervising persons. Authorizations of managing persons, specifically including the right to take decisions on issue or redemption of shares.

17.3.1. Rules of appointing and dismissing members of managing bodies

These rules, as applied by the company, are regulated by the Polish Code of Commercial Partnerships and Companies, and Company Articles of Echo Investment S.A.>

The Management Board as a whole and the individual members thereof shall be appointed and suspended by the Supervisory Board, who shall elect the President of the Management Board and the Vice-President of the Management Board.

The term of office of the first Management Board shall last two years and the terms of office of the subsequent Management Boards shall last three years, where management board members shall be appointed for a common term of office, which shall not preclude the right to early dismissal of each of the Management Board members. The terms of office of the Management Board members shall elapse on the day of a General Meeting of Shareholders that is held for the purpose of approving of a financial statement for the final year of the term of the Management Board. The Supervisory Board may dismiss the Management Board or its individual members before expiry of their terms of office, including specifically upon written request of shareholders representing at least 1/3 of the share capital or if the Ordinary General Meeting of Shareholders passes a resolution on refusal to grant a vote of acceptance to the Management Board on account of performance of its duties during the completed financial year.

17.3.2. Authorizations of members of managing bodies

Authorizations of managing bodies members are regulated by the Company Articles of Echo Investment SA. The Management Board members shall represent the Company in front of authorities, offices and third parties, during proceedings in court, state authorities and offices. Statements shall be made in the name of the Company by two members of the Management Board acting jointly, or by one Management Board member acting jointly with the Procurator. Incurring liabilities by persons authorized to make statements in the name of the Company for amounts exceeding 20% of the Company's ownership capitals shall require prior written consent of the Supervisory Board. The Management Board shall handle all current issues of the Company in the range not reserved by the provisions of the Code of Commercial Partnerships and Companies or of the Company Articles for the General Meeting of Shareholders or the Supervisory Board.

Decisions regarding issue and redemption of shares are regulated by the provisions of the Polish Code of Commercial Partnerships and Companies.

18. Value of all outstanding loans granted by the issuer to members of managing and supervisory bodies and their relatives (separately), and of guarantees and sureties granted to these persons (separately).

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As on December 31, 2005 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

19. Agreements made between the issuer and members of managing bodies, stipulating compensation in case of their resignation or dismissal from their positions without an important reason, or if their removal or dismissal results from the issuer's merger through takeover

As on December 31, 2005, no agreements exist between the issuer and members of managing bodies that would stipulate compensation.

20. Value of remuneration, rewards and benefits, including ones resulting from motivation or bonus programs based on bonds with preemptive rights, convertible bonds, subscription warrants, paid, due or potentially due, separately for each member of the issuer's managing and supervisory bodies, as well as values of remuneration and rewards received for performance of functions in the bodies of subsidiaries.

The persons supervising Echo Investment S.A. did not receive any compensation from Echo Investment S.A. in 2005 nor on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies.

Managers of Echo Investment S.A. received the following compensation from Echo Investment S.A. and on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies in 2005:

- Andrzej Majcher received compensation from Echo Investment S.A. in the total amount of PLN 999 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Jarosław Grodzki received compensation from Echo Investment S.A. in the total amount of PLN 713 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Piotr Gromniak received compensation from Echo Investment S.A. in the total amount of PLN 626 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;
- Artur Langner received compensation from Echo Investment S.A. in the total amount of PLN 300 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies;

Other persons involved in management of wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) received a total compensation of PLN 322 thousand for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies,

Other persons involved in supervision over the wholly and partially owned subsidiaries and affiliated companies of Echo Investment S.A. (apart from the persons enumerated above) did not

receive compensation for performance of their functions in the bodies of the wholly and partially owned subsidiaries and affiliated companies.

21. Total number and nominal value of all shares of the issuer and shares in the issuer's Capital Group companies held by managing and supervising persons

The total number of shares of Echo Investment S.A. is 10,500,000.

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

Ownership of shares of Echo Investment S.A. by supervising persons as on 31.12.2005 is illustrated in the table below:

Supervising person	Balance as on 31.12.2005	Nominal value of one share	Nominal value total	Percentage of share capital
Wojciech Ciesielski , Chairman of the Supervisory Board,	36.000	PLN 2.00	PLN 72,000	0,34%
Mariusz Waniolka , Deputy Chairman of the Supervisory Board,	did not hold any shares	-	-	-
Mariusz Gromek , Member of the Supervisory Board,	did not hold any shares	-	-	-
Artur Kłoczko , Member of the Supervisory Board,	676.069	PLN 2.00	PLN 1,352,138	6,43%
Robert Oskard , Member of the Supervisory Board,	did not hold any shares	-	-	-
Karol Żbikowski , Member of the Supervisory Board.	did not hold any shares	-	-	-

21.2. Ownership of shares of Echo Investment S.A. by managing persons

Ownership of shares of Echo Investment S.A. by managing persons as on 31.12.2005 is illustrated in the table below:

Managing person	Balance as on 31.12.2005 [pcs.]	Nominal value of one share	Nominal value total	Percentage of share capital
Andrzej Majcher , President of the Management Board,	197.520	PLN 2.00	PLN 395,040	1.88%
Jarosław Grodzki , Vice-President of the Management Board	did not hold any shares	-	-	-
Piotr Gromniak , Member of the Management Board	did not hold any shares	-	-	-
Artur Langner , Member of the Management Board.	did not hold any shares	-	-	-

22. Shareholders of Echo Investment S.A. that, as on 31.12.2005, have at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on 31.12.2005:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	3.964.134	37,75%	3.964.134	37,75%
OFE ING Nationale – Nederlanden Polska*	1.040.000	9,90%	1.040.000	9,90%
Artur Kłoczko	676.069	6,43%	676.069	6,43%
Commercial Union PTE*	806.504	7,68%	806.504	7,68%
PZU Złota Jesień PTE*	927.343	8,83%	927.343	8,83%

* balance as on December 31, 2005

23. Information about contracts known to the issuer, made during the last financial year, as a result of which changes may occur in the future in the proportions of shares held by existing shareholders.

None of such contracts are known to the Management Board of Echo Investment S.A.

24. Owners of any securities giving special controlling privileges toward the issuer, including a description of such privileges

Securities issued by Echo Investment S.A. do not give any special controlling privileges toward the issuer.

25. Information about a system of control of matching shares programs


No matching share program is functioning in the company.

26. Restrictions concerning transfer of ownership right of the issuer's securities, and restrictions regarding execution of the voting rights assigned to the issuer's shares

There are no restrictions as regards transfer of ownership of securities or execution of the voting rights from shares.

27. Information concerning contract with certified auditor of financial statements for audit or review of a financial statement or consolidated financial statement

On August 2, 2005 Echo Investment S.A. concluded a contract with BDO Polska Sp. z o.o. (authorized to audit financial statements) on auditing and verifying individual and consolidated financial statements. The contract was made for a term of 2 years, with an option of prolongation for a third year.



The compensation under the contract of audit of the financial statement in 2005 equals PLN 144,900 and of audit of the consolidated financial statement in 2005 – PLN 103,500. The same data for the equivalent period of the preceding year is: PLN 110,000 and PLN 50,000, respectively.

Other total contractual compensation due on account of other services may apply to costs of assignment borne by BDO Polska Sp. z o.o. with regard to the performance of the contract, whose value may not exceed PLN 21,000 according to the binding contract of 2005. The compensation paid in 2004 for delegation costs equaled PLN 5,682.

Kielce, 08.05.2006

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

_____ Andrzej Majcher President of the Management Board	_____ Jarosław Grodzki Vice-President of the Management Board	_____ Piotr Gromniak Member of the Management Board	_____ Artur Langner Member of the Management Board
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STATEMENT OF THE MANAGEMENT BOARD

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

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



Kielce, May 8, 2006

Andrzej Majcher
President of the Management Board
Management Board

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

Piotr Gromniak

Artur Langner
Member of the

DECLARATION ON APPLICATION OF CORPORATE GOVERNANCE RULES

The Company Echo Investment S.A. has implemented the corporate governance rules recommended by the Warsaw Stock Exchange. The declaration regarding application of corporate governance rules was approved by the General Shareholders' Meeting of Echo Investment SA on 14 June 2005. The contents of the Declaration is available on the Company's web site www.echo.com.pl.

Updated declaration regarding the Echo Investment SA's application of the corporate governance rules shall be published by the Company on 01 June 2006.

Kielce, 08 May 2006

Andrzej Majcher
President

Jarosław Grodzki
Vice President

Piotr Gromniak
Member of the Board

Artur Langner
Member of the Board

ЗАЯВЛЕНИЕ О СОБЛЮДЕНИИ ПРИНЦИПОВ КОРПОРАТИВНОГО УПРАВЛЕНИЯ

Компания «Echo Investment S.A.» обязалась соблюдать принципы корпоративного управления, рекомендуемые АО Биржа ценных бумаг в Варшаве. Заявление о соблюдении принципов корпоративного управления одобрено Общим собранием «Echo Investment S.A.» 14 июня 2005 года. Содержание Заявления доступно на интернет-сайте компании по адресу www.echo.com.pl.

Актуализированное заявление о соблюдении «Echo Investment S.A.» принципов корпоративного управления будет опубликовано компанией до 1 июля 2006 года.

Кельце, 8 мая 2006 г.

Анджей Майхер
Председатель Правления

Ярослав Гродзки
зам. председателя Правления

Пётр Громняк
член Правления

Артур Лангнер
член Правления