

SEMI-ANNUAL REPORT 2006

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

Kielce, September 29, 2006

SECURITIES AND EXCHANGE COMMISSION

Consolidated semi-annual report SA-PS 2006

(according to Article 86 clause 2 of the Regulation of the Council of Ministers as of October 19, 2005
- Journal of Laws No. 209, item 1744)

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

For the 1st half of 2006, covering the period from January 1, 2006 to June 30, 2006
containing an IAS consolidated financial statement
currency of the report: PLN

29.09.2006
(submission date)

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

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

This consolidated semi-annual report contains:

- ☒ Report by a certified auditor of financial statements on review of semi-annual financial statement
- ☐ Opinion and report by a certified auditor of financial statements on audit of semi-annual financial statement
- ☒ Consolidated semiannual financial statement
 - ☒ Introduction ☒ 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	
	1 st half of 2006	1 st half of 2005	1 st half of 2006	1 st half of 2005
I. Net income from sales of products, goods and materials	184 362	112 227	47 270	27 503
II. Profit (loss) from operating activity	169 139	151 351	43 367	37 091
III. Gross profit (loss)	127 126	121 751	32 595	29 837
IV. Net profit (loss)	102 184	96 516	26 200	23 653
V. Net cash flows on operating activity	(4 933)	64 420	(1 265)	15 787
VI. Net cash flows on investment activity	(10 177)	196 322	(2 609)	48 112
VII. Net cash flows on financial activity	106 258	(72 239)	27 244	(17 703)
VIII. Net cash flows total	91 148	188 503	23 370	46 196
IX Assets total	2 392 222	1 957 810	591 636	484 594
X. Long-term liabilities	992 190	710 979	245 385	175 981
XI. Short-term liabilities	194 803	300 002	48 178	74 256
XII. Equity capital allocated to shareholders of the dominant company	1 019 287	819 205	252 087	202 768
XIII. Initial capital	21 000	21 000	5 194	5 198
XIV. Number of shares (pcs.)	10 500 000	10 500 000	10 500 000	10 500 000
XV. Profit (loss) per one ordinary share (in PLN/EUR)	19,06	7,77	4,89	1,90
XVI. Diluted profit (loss) per one ordinary share (in PLN/EUR)	19,06	7,77	4,89	1,90
XVII. Book value per one share (in PLN/EUR)	97,07	78,02	24,01	19,31
XVIII. Diluted book value per one share (in PLN/EUR)	97,07	78,02	24,01	19,31
XIX. Declared or paid dividend per one share (in PLN/EUR)	-	-	-	-

Introduction

1. The basic range of activity of the dominant company registered under the company name of 'Echo Investment' Spółka Akcyjna [Joint Stock Company], having its head office in Kielce, Poland (address: 25-528 Kielce, ul. Zagnańska 27), recorded in the National Court Register under number 0000007025, District Court in Kielce, 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 30.06.2006, as compared to the period from January 1 to June 30, 2004. The reporting currency is the Polish zloty. The statement is prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards.
4. The following persons are members of the Management Board of Echo Investment S.A.: Andrzej Majcher, President of the Management Board, Jarosław Grodzki, Vice-President of the Management Board, Piotr Gromniak, Member of the Management Board and Artur Langner, Member of the Management Board. The following persons are members of the Supervisory Board: Wojciech Ciesielski, chairman, Mariusz Waniółka, deputy chairman, and members: Robert Oskard, Karol Żbikowski, Tomasz Kalwat and Kamil Latos.
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. Tangible assets

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

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

advantages on account of possessing the given fixed asset. In such case, the yielded costs increase the initial value of the fixed asset.

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

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

3. Fixed assets under construction

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

4. Investment immovable property

Investment immovable property includes leased real estates with land directly related to such real estates, owned by the company, and immovable property maintained for the purpose of achieving an increase in value.

Immovable property for investment purposes is valued in fair values. Fair value is revaluated at least once every three months. Profits or losses resulting from change in fair value of investment real property is disclosed in the profit and loss account in the period of their occurrence under the item of revaluation of immovable property.

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

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

5. Shares and stock

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

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

6. Inventory

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

Inventories of non-current assets are valued according to values equivalent to the acquisition price of land property and costs of production of development activity products increased by activated financial costs. Inventories related to long-term construction contracts are valued according to the guidelines of IAS No. 11 'Construction Contracts'. Inventories are valued not higher than obtainable net value at sale. Advances on deliveries are valued according to cash expenditure and according to received VAT invoices documenting granting an advance.

7. Receivables

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

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

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

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

8. Short-term investments

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

9. Cash

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

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

10. Loans granted

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

11. Deferred income tax

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

12. Equity capitals

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

13. Reserves

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

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

14. Liabilities

Liabilities are disclosed in the balance sheet as payable amounts.

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

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

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

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

15. Methods of determining the financial result

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

a) The costs of production of products sold include yielded costs pertaining to the revenues of a given accounting year and costs not yet borne, booked according to the principle of matching revenues and costs.

b) The cost of sold services and products is valued on the basis of production costs, using one of the following two methods, depending on the types of projects:

- return ratio according to the sales contract, or average (calculated) return ratio assumed by the company;

- percentage share of such items as: sold area of land, sold shares, etc. (according to average prices) In particular, own cost of sold premises and land is settled in proportion to sold shares in land.

In certain justified cases it is acceptable to use the method of precise identification of actual costs of sold assets.

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

- in the range of other sales of products and services – income invoiced and due to the company and the relevant costs,

- yielded costs of sales and overheads and costs not yet borne, booked according to the principle of matching revenues and costs,

- profit and loss from sales of securities and valuation of the company's assets and liabilities (including differences in receivables revaluation write-offs),

- all financial income receivable by the company,

- yielded and booked financial costs pertaining to the current period, except for costs activated according to an alternative solution presented in IAS 23 'Borrowing Costs'. The following amount of costs is activated: interest, discount and commission reduced by income yielded from temporary deposition of funds (i.e. amounts of interest on bank deposits, except for deposits resulting from holds of accounts, L/C contracts).

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

16. Cash flow statement

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

8. The data contained in the financial statement for the period from January 1 to June 30, 2006 is comparable to the data contained in the statement for the period from January 1 to June 30, 2005. Comparable financial statements have been converted in accordance with IFRS no. 1. Due to valuation of long-term liabilities on account of debt securities according to 'depreciated cost of liabilities component', in accordance with IAS 9, the following items have been changed in the comparable report for the 1st half of 2005:

	Past	Present
- Assets on account of deferred income tax	14.461	14.705
- Profit/loss carried forward	348.957	347.918
- Long-term financial liabilities	681.365	682.648

Furthermore, due to changed presentation of the report in the balance sheet for the 1st half of 2005:

- the long-term reserves for pensions, worth PLN 159 thousand, have been presented under the item of Reserves (previously: other long-term liabilities);
- accrued costs, amounting to PLN 3,675 thousand, have been presented under the item of Other short-term liabilities (previously: other long-term liabilities).

9. Basic data converted to EURO:

SELECTED FINANCIAL DATA	1 st Half of 2005, PLN k	1 st Half of 2005, EUR k	1 st Half of 2005, PLN k	1 st Half of 2005, EUR k
Net income on sales	184 362	47 270	112 227	27 503
Profit before tax and financial income/costs	169 139	43 367	151 351	37 091
Gross profit (loss)	127 126	32 595	121 751	29 837
Net profit (loss)	102 184	26 200	96 516	23 653
Net cash flows on operating activity	(4 933)	(1 265)	64 420	15 787
Net cash flows on investment activity	(10 177)	(2 609)	196 322	48 112
Net cash flows on financial activity	106 258	27 244	(72 239)	(17 703)
Net cash flows total	91 148	23 370	188 503	46 196
Assets total	2 392 222	591 636	1 957 810	484 594
Long-term liabilities	992 190	245 385	710 979	175 981
Short-term liabilities	194 803	48 178	300 002	74 256
Equity	1 019 287	252 087	819 205	202 768
Initial capital	21 000	5 194	21 000	5 198
Number of shares	10 500 000	10 500 000	10 500 000	10 500 000
Profit (loss) per one ordinary share (in PLN/EUR)	19,06	4,89	7,77	1,90
Book value per one share (in PLN/EUR)	97,07	24,01	78,02	19,31

The conversion was made as follows:

- Assets and liabilities items in the balance sheet were converted according to the average exchange rate valid as on the balance day, i.e. as on June 30, 2006 1 EUR = PLN 4.0434, as on June 30, 2005 1 EUR = PLN 4.0401,
- the specific items of the profit and loss account and the cash flow statement for the period from January 1 to June 30, 2006 were converted according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 3.9002. For the period from January 1 to June 30, 2005, the conversion was made according to an exchange rate that is an arithmetic average of average exchange rates announced by the National Bank of Poland, valid as on the last day of each expiring month; 1 EUR = PLN 4.805.

BALANCE SHEET

	Note	1st half of 2006	2005	1st half of 2005
ASSETS				
1. Fixed assets				
1.1. Intangible assets	1	124	85	41
1.2. Goodwill of subsidiaries	2	-	-	-
1.3. Tangible assets	3	305 154	245 081	265 504
1.4. Long-term receivables	4	-	-	-
1.5. Investment immovable property	5	1 481 387	1 400 398	1 201 278
1.6. Long-term financial investments	6	22 649	17 747	20 643
1.7. Assets on account of deferred income tax	7	16 984	15 613	14 705
		1 826 298	1 678 924	1 502 171
2. Current assets				
2.1. Inventory	8	163 791	170 595	173 196
2.2. Receivables on account of taxes	9	40 452	35 184	11 503
2.3. Short-term receivables	9	12 980	13 794	6 452
2.4. Short-term financial investments	10	842	7 889	1 536
2.5. Short-term accruals	11	4 575	831	3 877
2.6. Cash and cash equivalents	12	343 284	242 483	259 075
		565 924	470 776	455 639
ASSETS TOTAL		2 392 222	2 149 700	1 957 810
LIABILITIES				
1. Equity				
1.1. Equity capital allocated to shareholders of the dominant company		1 019 287	917 103	819 205
1.1.1. Initial capital	13	21 000	21 000	21 000
1.1.2. Supplementary capital	14	534 636	353 771	353 771
1.1.3. Profit/loss carried forward		361 467	347 918	347 918
1.1.4. Net profit (loss) of the accounting year		102 184	194 414	96 516
1.2. Minority capitals	15	12 150	18 145	1 550
		1 031 437	935 248	820 755
2. Reserves				
2.1. Reserve for deferred income tax	16	141 162	125 972	105 604
2.2. Other reserves	17	32 630	30 797	20 470
		173 792	156 769	126 074
3. Long-term liabilities				
3.1. Financial liabilities	18	958 834	685 010	682 648
3.2. Other liabilities	19	33 356	29 255	28 331
		992 190	714 265	710 979
4. Short-term liabilities				
4.1. Financial liabilities	20	52 881	152 992	141 622
4.2. Liabilities on account of deliveries and services	21	49 597	57 499	42 559
4.3. Liabilities on account of taxes	21	13 322	27 878	9 120
4.4. Other liabilities	21	79 003	105 049	106 701
		194 803	343 418	300 002
LIABILITIES TOTAL		2 392 222	2 149 700	1 957 810

Book value	1 019 287,00	917 103,00	819 205,00
Number of shares (thousands pcs.)	10 500	10 500	10 500
Book value per one share	97,07	87,34	78,02

OFF-BALANCE ITEMS

	Note	1st half of 2006	2005	1st half of 2005
1. Contingent liabilities				
1.1 To affiliated companies, on account of:				
a) granted guarantees and securities		8 466	8 561	8 561
		8 466	8 561	8 561
1.2 To other companies, on account of:				
a) granted guarantees and securities		4 043	12 747	13 304
b) court proceedings		737	771	700
c) purchase of land property in Radom		-	-	2 000
d) other agreements		802	802	802
		5 582	14 320	16 806
Contingent liabilities total		14 048	22 880	25 367

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 89 years is PLN 8,466 k.

Bank guarantee as of August 24, 2004 to Bank Polska Kasa Spółka Akcyjna for an amount of EUR 1,000 k, with reference to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities on account of possible contractual indemnity. As on June 30, 2006 the value of the guarantee is PLN 4,043 k.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	1st half of 2006	1st half of 2005
Operating income	22	184 362	112 227
Operating costs	23	(83 256)	(38 195)
Gross profit (loss) on sales		101 106	74 032
Profit (loss) on sales of real property	24	9 931	65 907
Revaluation of real property		98 196	16 988
Costs of sales		(4 433)	(4 073)
Overheads		(25 304)	(14 403)
Other operating income and costs	25	(10 357)	12 900
Profit before tax and financial income/costs		169 139	151 351
Financial income	26	13 889	3 636
Financial costs	27	(37 985)	(23 166)
Foreign exchange gains/losses	28	(17 906)	(6 990)
Revaluation of goodwill of subsidiaries		(4)	(3 073)
Shares in profits of associated companies		(7)	(7)
Gross profit (loss)		127 126	121 751
Income tax	29	(24 937)	(25 213)
- current part		(11 118)	(26 363)
- deferred part		(13 819)	1 150
Net profit (loss), including:	30	102 189	96 538
Profit (loss) allocated to shareholders of the dominant company		102 184	96 516
Gross minority profit (loss)		5	22
Profit (loss) allocated to shareholders of the dominant company (annualized)		200 082,00	81 541,00
Weighted average number of ordinary shares (in thousands pcs.)		10 500	10 500
Profit (loss) per one ordinary share (in PLN)		19,06	7,77

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Initial capital	Reserve capital	Profit (loss) carried forward	Profit (loss) of the current accounting year	Equity capital allocated to shareholders of the dominant company	Minority capitals	Equity capital total
For the period from 01.01.2006 to 30.06.2006							
Balance at the beginning of the period	21 000	353 771	542 332	-	917 103	18 145	935 248
Changes in applied accounting principles	-	-	-	-	-	-	-
Adjusted balance	21 000	353 771	542 332	-	917 103	18 145	935 248
Distribution of profit/loss carried forward	-	180 865	(180 865)	-	-	-	-
Changes in minority shares	-	-	-	-	-	(6 000)	(6 000)
Net profit (loss) of the current period	-	-	-	102 184	102 184	5	102 189
Balance at the end of the period	21 000	534 636	361 467	102 184	1 019 287	12 150	1 031 437
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	-	-	570	-	570	-	570
Adjusted balance	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 January 1, 2005 to 30.06.2005							
Balance at the beginning of the period	21 000	319 084	382 035	-	722 119	1 531	723 650
Changes in applied accounting principles	-	-	570	-	570	-	570
Adjusted balance	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	-	-	-	-	-	(3)	(3)
Net profit (loss) of the current period	-	-	-	96 516	96 516	22	96 538
Balance at the end of the period	21 000	353 771	347 918	96 516	819 205	1 550	820 755

CONSOLIDATED CASH FLOW STATEMENT

	1st half of 2006	1st half of 2005
A. Cash flows on operating activity – indirect method		
I. Net profit (loss)	102 189	96 538
II. Adjustments total		
1. Share of associated companies in net (profit) loss	7	7
2. Depreciation of fixed assets	2 763	3 330
3. Revaluation of goodwill	5	3 073
4. Foreign exchange gains/losses	18 663	4 923
5. Interest and shares in profits (dividends)	18 906	17 376
6. (Profit) loss on investment activity	(95 098)	(63 916)
7. Change in reserves	17 504	(17 985)
8. Change in inventories	(47 386)	(44 434)
9. Change in receivables	(2 291)	22 182
	(5 045)	45 442
10. Change in short-term liabilities, except for loans and credits		
11. Change in accruals	(15 150)	(2 112)
12. Other adjustments	-	(4)
	(107 122)	(32 118)
III. Net cash flows from operating activity (I+/-II)	(4 933)	64 420
B. Cash flows on investment activity		
I. Income		
	225	33
1. Sales of intangible assets and fixed assets		
2. Sales of investments in real property and in intangible assets	25 653	251 436
3. From financial assets	44 765	3 261
4 . Other income from investments	-	
	70 643	254 730
II. Expenditure		
	(12 007)	(4 336)
1. Acquisition of intangible assets and fixed assets		
2. Investments in real property and in intangible assets	(43 742)	(53 749)
3. On financial assets	(24 677)	-
4. Other investment expenditure	(394)	(323)
	(80 820)	(58 408)
III. Net cash flows on investment activity (I-II)	(10 177)	196 322

C. Cash flows on financial activity**I. Income**

1. Net income from issue of stocks (issue of shares) and other capital instruments, additional payments to capital	-	-
2. Loans and credits	218 019	134 131
3. Issue of debenture bonds	57 454	58 280
4. Other financial income	-	-
	275 473	192 411

II. Expenditure

1. Acquisition of own shares (stocks)	-	-
2. Dividends and other payments to owners	(6 000)	-
3. Expenses on account of profit distribution, other than payments to owners	-	-
4. Payments of loans and credits	(83 957)	(175 850)
5. Redemption of debenture bonds	(50 800)	(60 000)
6. On account of other financial liabilities	-	-
7. Payments of liabilities on account of financial lease contracts	(243)	(243)
8. Interest	(28 215)	(28 557)
9. Other financial expenses	-	-
	(169 215)	(264 650)

III. Net cash flows on financial activity (I-II)

	106 258	(72 239)
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D. Net cash flows total (A.III+/-B.III+/-C.III)	91 148	188 503
E. Difference in cash balances, including:	100 877	185 465
- change in cash balance on account of exchange rate gain/loss	9 729	(3 038)
F. Cash at the beginning of period	247 189	73 610
G. Cash at the end of period (F+/-D), including:	338 337	262 113
- with limited disposability	68 629	

EXPLANATORY NOTES

EXPLANATORY NOTES TO THE BALANCE SHEET

Note 1A

INTANGIBLE ASSETS	1st half of 2006	2005	1st half of 2005
a) costs of finished development works	-		
b) goodwill	-		
c) acquired concessions, patents, licences and similar assets, including:	105	73	29
d) other intangible assets	19	12	12
e) advances for intangible assets	-		
Intangible assets total	124	85	41

Note 1B

CHANGES IN THE VALUE OF INTANGIBLE ASSETS (ACCORDING TO TYPE GROUPS)			
	Obtained concessions, patents, licences and similar assets	Other intangible assets	Intangible assets total
a) gross value of intangible assets at the beginning of period	1 346	28	1 374
b) increases (on account of)			
- purchase	331	7	338
	1 677	35	1 712
c) gross value of intangible assets at the end of period			
d) accumulated amortization at the beginning of the period	1 272	15	1 287
e) depreciation for the period (on account of)			
- planned	300	1	301
f) accumulated amortization (depreciation) at the end of the period	1 572	16	1 588
	105	19	124
g) net value of intangible assets at the end of period			

Note 1C

INTANGIBLE ASSETS (OWNERSHIP STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) owned	124	85	41
b) used under a lease contract, rental agreement or another similar agreement, including lease agreement, including:	-	-	-
Intangible assets total	124	85	41

Note 2A

CHANGE IN GOODWILL - SUBSIDIARIES	1st half of 2006	2005	1st half of 2005
a) gross goodwill at the beginning of period	12 391	6 017	6 017
b) increases (on account of)	-	6 373	3 073
- purchase of shares of Projekt S Sp. z o.o.	-	6 373	3 073
c) decreases (on account of)	-	-	-
d) gross goodwill at the end of period	12 391	12 390	9 090
e) write-off of goodwill from consolidation at the beginning of period	12 391	6 017	6 017
f) write-off of goodwill from consolidation for the period (on account of)	-	6 373	3 073
- Projekt S Sp. z o.o.	-	6 373	3 073
e) adjustment of write-off of goodwill from consolidation for previous years	-	-	-
g) write-off of goodwill from consolidation at the end of period	12 391	12 390	9 090
h) net goodwill at the end of period	-	-	-

Note 2B

CHANGE IN GOODWILL - ASSOCIATED COMPANIES	1st half of 2006	2005	1st half of 2005
a) gross goodwill at the beginning of period	67	67	67
b) gross goodwill at the end of period	67	67	67
c) write-off of goodwill from consolidation at the beginning of period	67	67	67
d) write-off of goodwill from consolidation at the end of period	67	67	67
e) net goodwill at the end of period	-	-	-

Note 2C

CHANGE IN NEGATIVE GOODWILL - SUBSIDIARIES	1st half of 2006	2005	1st half of 2005
a) gross negative goodwill at the beginning of period	-	571	571
b) increases (on account of)	-	-	-
c) decreases (on account of)	-	571	571
- change of IAS principles	-	571	571
d) gross negative goodwill at the end of period	-	-	-
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	-	-	-

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	1st half of 2006	2005	1st half of 2005
a) fixed assets:			
- land (including the right to perpetual usufruct of land)	7 723	7 777	11 631
- buildings, premises and civil engineering structures	43 908	44 376	41 063
- technical equipment and machines	4 216	4 367	2 166
- means of transport	8 979	9 152	8 873
- other fixed assets	90	91	93
	64 916	65 763	63 826
b) fixed assets under construction	240 238	179 318	201 678
Non-current assets total	305 154	245 081	265 504

Land property in Wrocław, disclosed under fixed assets under construction, is charged with land mortgage up to the value of EUR 100,000 k, established in favor of Eurohypo A.G., with its head office in Eschborn, as a bank credit collateral.

NOTE 3B

CHANGES IN THE VALUE OF INTANGIBLE ASSETS (ACCORDING TO TYPE GROUPS)

	Own land	Buildings and structures	Technical equipment and machines	Means of transport	Other	Fixed assets total
a) gross value of fixed assets at the beginning of period	9 357	49 169	7 354	12 427	2 076	80 383
b) increases on account of:						
- purchase		198	314	834	42	1 388
c) decreases on account of:						
- sale		-146	-4	-193	-20	-363
- consolidation adjustments		-6				-6
d) gross value of fixed assets at the end of period	9 357	49 215	7 664	13 068	2 098	81 402
d) accumulated amortization at the beginning of the period	1 580	4 794	2 986	3 274	1 985	14 619
e) depreciation for the period (on account of)						
- planned	54	513	466	947	43	2 023
- sales adjustments			-4	-132	-20	-156
f) accumulated amortization (depreciation) at the end of the period	1 634	5 307	3 448	4 089	2 008	16 486
g) net value of fixed assets at the end of period	7 723	43 908	4 216	8 979	90	64 916

Note 3C

FIXED ASSETS IN THE BALANCE SHEET (OWNERSHIP STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) owned	305 154	245 081	265 504
b) used under a lease contract, rental agreement or another similar agreement	-		
Balance fixed assets total	305 154	245 081	265 504

Note 5A

CHANGE IN REAL PROPERTY (ACCORDING TO TYPE GROUPS)	1st half of 2006	2005	1st half of 2005
a) balance at the beginning of the period	1 400 398	1 306 300	1 306 300
b) increases (on account of)			
- purchase	188	250	24
- transfer from fixed assets under construction	-	178 221	66 012
- transfer from fixed assets	-	2 731	173
- transfer from inventories	-	292	265
- revaluation of real property	111 222	125 211	17 854
	111 410	306 705	84 328
c) decreases (on account of)			
- sale	16 045	188 246	187 955
- revaluation of real property	13 196	23 925	1 395
- transfer to inventories	1 180	436	-
	30 421	212 607	189 350
d) balance at the end of the period	1 481 387	1 400 398	1 201 278

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 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.

Land property in Wrocław, disclosed under investment immovable property, is charged with mortgage security up to the value of EUR 100,000 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	1st half of 2006	2005	1st half of 2005
a) income from lease rent pertaining to investment real property	94 365	170 515	89 397
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	35 427	63 869	36 226
b) direct operating costs (including costs of repairs and maintenance) pertaining to the investment real property that did not yield income from lease rent during a given period	-	-	-

Note 6A

LONG-TERM FINANCIAL ASSETS	1st half of 2006	2005	1st half of 2005
a) in subsidiaries			
- shares or stocks	-	5	
- advances for acquisition of shares	9 248	6 732	9 500
	9 248	6 737	9 500
b) in partially owned subsidiaries			
- shares or stocks	344	344	-
	344	344	-
c) in associated companies			
- shares or stocks	10 656	10 650	10 650
	10 656	10 650	10 650
d) in other companies			
- granted loans	2 401	16	484
- advances	-	-	9
	2 401	16	493
Long-term financial assets total	22 649	17 747	20 643

Note 6B

CHANGE IN LONG-TERM FINANCIAL ASSETS (ACCORDING TO PRIME GROUPS)	1st half of 2006	2005	1st half of 2005
a) balance at the beginning of the period	17 747	21 086	21 086
b) increases (on account of)			
- advances for acquisition of shares	9 248	-	-
- granting of loans	2 371	-	-
- charging interest and foreign exchange gains / losses	628	3	9
- shares revaluation	-	5	-
- balance valuation of loans	5	-	-
- change of balance sheet qualification of shares	-	344	-
	12 252	352	9
c) decreases (on account of)			
- shares revaluation	9	-	-
- repayment of loans	461	923	452
- return of advances	6 742	2 768	-
- other	138	-	-
	7 350	3 691	452
d) balance at the end of the period	22 649	17 747	20 643

Note 6C

SHARES IN SUBSIDIARIES

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 on adjustments (total)	Balance sheet value of shares	Percentage of owned initial capital	Share in the number of votes at the general meeting	Specification of other grounds for control
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	7 172	2 112	100,00%	100,00%	none
4	"Echo ACC" Sp. z o.o. ['Echo ACC' Co., Ltd.]	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. ['Echo Bau' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	53	1	52	100,00%	100,00%	none
6	"Echo Centrum Ślchowiec" Sp. z o.o. ['Echo Ślchowiec 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
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 number of votes at the general meeting	Specification of other grounds for control
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Co., Ltd.]	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. ['Echo Investment - Radom Shopping Center' Co., Ltd.]	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	4 268	701	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

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. ['Echo Investment - Kielce Shopping and Entertainment Center' Co., Ltd.]	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 - 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	244	2 234	100,00%	100,00%	none
26	"Echo Investment Hungary" Ingatlanhasznosító Kft.	Budapest	construction activity and real estate services	subsidiary	full	30.05.2006	47	-	47	100,00%	100,00%	none
27	"Echo Investment Projekt 1" SRL	Bucharest	construction activity and real estate services	subsidiary	full	03.03.2006	4	-	4	100,00%	100,00%	none

Item	Name (company name) of the company, specifying the legal status	Registered office address	Subject of the company	Type of 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 number of votes at the general meeting	Specification of other grounds for control
28	"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
29	"Echo - Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.K. ['Echo	Kielce	construction activity and real estate services	subsidiary	full	19.10.2005	1	-	1	100,00%	100,00%	none

	- Grunwaldzki Arcade Limited Liability Company' Limited Company] "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												
31	"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
32	"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
33	"Kieleckie Centrum Handlowo - Rozrywkowe Echo" Sp. z o.o. ['Echo Shopping and Entertainment Center of Kielce' Co., Ltd.]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	11 545	-	11 545	100,00%	100,00%	none
34	"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
35	"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
36	"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
37	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Co., Ltd.]	Kielce	automotive	subsidiary	full	11.03.1997	320	250	70	100,00%	100,00%	none
38	"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
39	"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
40	"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
41	"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
42	"Projekt Echo 23" Sp. z o.o. ['Project Echo -23' Co., Ltd.]	Kielce	construction activity and real estate services	associated	ownership rights	30.10.1998	11	-	11	37,50%	37,50%	none

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 number of votes at the general meeting	Specification of other grounds for control
43	"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
44	"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
45	"Szczecin - Projekt Echo - 32 Spółka z ograniczoną odpowiedzialnością" Sp.k. ['Szczecin - Echo Project - 32 Limited Liability Company' Limited Company]	Kielce	construction activity and real estate services	subsidiary	full	30.10.1998	35 883	-	35 883	100,00%	100,00%	none
46	"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
47	"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
48	"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
49	"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
50	"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
51	"SPC" S.A. ['SPC' Joint Stock Company]	Warsaw	management of companies	associated	ownership rights	26.03.1996	34	34	-	34,00%	34,00%	none
52	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Co., Ltd.]	Warsaw	construction activity and real estate services	stowarzyszona	ownership rights	18.04.2002	10 639	-	10 639	43,45%	43,45%	none
53	"WAN 11" Sp. z o.o. ['WAN 11' Co., Ltd.]	Warsaw	construction activity and real estate services	partially owned company	full	08.03.2004	1 500	-	1 500	50,00%	50,00%	none
54	"WAN - Invest" Sp. z o.o. ['WAN -Invest' Co., Ltd.]	Warsaw	construction activity and real estate services	partially owned company	ownership rights	18.04.2002	447	103	344	50,00%	50,00%	none
55	"Wyględów" Sp. z o.o.	Kielce	construction	subsidiary	full	21.10.1998	51	51	-	100,00%	100,00%	none

56	['Wyględów' Co., Ltd.]		activity									
	"Zakład Ogrodniczy											
	Naramowice" Sp. z o.o.	Poznań	orcharding	subsidiary	full	11.05.2000	40 673	13 543	27 130	100,00%	100,00%	none
	['Naramowice Gardening		activity									
	Enterprise' Co., Ltd.]											
TOTAL:							254 711	44 999	209 712			

NOTE 6D

SHARES IN SUBSIDIARIES

Item	company name	equity of the company, including:					liabilities and reserves, including:			receivables of the company, including:			total assets of the company	income on sales	dividends from the company for the last financial year
			initial capital	disclosed reserve	profit/loss carried forward	net profit (loss)		long-term	short-term		long-term	short-term			
1	"Athina Park" Sp. z o.o. ['Athina Park' Co., Ltd.]	21 790	6 000	956	8 553	6 281	103 018	85 427	17 591	280	-	280	124 808	7 924	-
2	"Bioelektrownia Hydropol - 4" Sp. z o.o. ['Hydropol - 4 Bioelectricity Plant' Co., Ltd.]	-634	100	74	-	(808)	5 222	-	5 222	39	-	39	4 589	465	-
3	"Echo - Centrum Gdynia" Sp. z o.o. ['Echo - Gdynia Center' Co., Ltd.]	2 112	9 270	-	(7 087)	(71)	-	-	-	20	-	20	2 112	(4)	-
4	"Echo ACC" Sp. z o.o. ['Echo ACC' Co., Ltd.]	949	50	568	-	331	434	-	434	379	-	379	1 383	1 621	-
5	"Echo Bau" Sp. z o.o. ['Echo Bau' Co., Ltd.]	51	50	3	(1)	(1)	3	1	2	-	-	-	54	-	-
6	"Echo Centrum Ślchowice" Sp. z o.o. ['Echo Ślchowice Center' Co., Ltd.]	2 775	2 500	222	-	53	73	66	7	1	-	1	2 848	-	-
7	"Echo Investment - Centrum Bankowości i Finansów Łódź" Sp. z o.o. ['Echo Investment - Łódź Banking and Finance Center' Co., Ltd.]	6 395	3 000	81	1 905	1 409	23 901	20 304	3 597	177	-	177	30 296	2 919	-
8	"Echo Investment - Centrum Biznesu Łódź" Sp. z o.o. ['Echo Investment - Łódź Business Center' Co., Ltd.]	9 752	2 504	3 865	1 601	1 782	29 795	24 082	5 713	206	-	206	39 547	2 796	-
9	"Echo Investment - Centrum Handlowe Bełchatów" Sp. z o.o. ['Echo Investment - Bełchatów Shopping Center' Co., Ltd.]	26 658	8 524	7 557	8 117	2 460	10 711	7 988	2 724	64	-	64	37 369	2 647	-
10	"Echo Investment - Centrum Handlowe Jelenia Góra" Sp. z o.o. ['Echo Investment - Jelenia Góra Shopping Center' Co., Ltd.]	59 871	11 057	16 443	25 953	6 418	25 267	19 602	5 665	636	-	636	85 138	6 103	-
11	"Echo Investment - Centrum Handlowe Łomża" Sp. z o.o. ['Echo Investment - Łomża Shopping Center' Co., Ltd.]	6 742	6 781	-	(40)	1	313	-	313	-	-	-	7 055	12	-

12	"Echo Investment - Centrum Handlowe Olkusz" Sp. z o.o. ['Echo Investment - Olkusz Shopping Center' Co., Ltd.]	19 243	10 044	7 316	1 539	344	973	116	858	23	-	23	20 217	-	-
13	"Echo Investment - Centrum Handlowe Pabianice" Sp. z o.o. ['Echo Investment - Pabianice Shopping Center' Co., Ltd.]	42 957	13 311	6 542	18 602	4 502	44 639	41 778	2 861	166	-	166	87 595	4 628	-
14	"Echo Investment - Centrum Handlowe Piła" Sp. z o.o. ['Echo Investment - Piła Shopping Center' Co., Ltd.]	11 375	4 442	5 430	1 123	380	549	44	505	33	-	33	11 924	-	-

Item	company name	equity of the company, including:					liabilities and reserves, including:			receivables of the company, including:			total assets of the company	income on sales	dividends from the company for the last financial year
			initial capital	disclosed reserve	profit/loss carried forward	net profit (loss)		long-term	short-term		long-term	short-term			
15	"Echo Investment - Centrum Handlowe Piotrków Trybunalski" Sp. z o.o. ['Echo Investment - Piotrków Trybunalski Shopping Center' Co., Ltd.]	57 642	11 420	13 431	28 048	4 743	52 421	49 142	3 280	183	-	183	110 064	5 381	-
16	"Echo Investment - Centrum Handlowe Przemyśl" Sp. z o.o. ['Echo Investment - Przemyśl Shopping Center' Co., Ltd.]	15 874	3 784	4 795	3 333	3 962	11 655	7 311	4 344	11	-	11	27 529	1 829	-
17	"Echo Investment - Centrum Handlowe Radom" Sp. z o.o. ['Echo Investment - Radom Shopping Center' Co., Ltd.]	65 439	14 102	13 647	32 664	5 026	59 109	55 302	3 807	238	-	238	124 548	5 932	-
18	"Echo Investment - Centrum Handlowe Rzeszów" Sp. z o.o. ['Echo Investment - Rzeszów Shopping Center' Co., Ltd.]	701	7 782	-	(7 046)	(35)	2 618	-	2 618	1	-	1	3 319	2	-
19	"Echo Investment - Centrum Handlowe Siemianowice" Sp. z o.o. ['Echo Investment - Siemianowice Shopping Center' Co., Ltd.]	14 290	5 289	8 355	(100)	746	650	1	649	72	-	72	14 940	-	-

20	"Echo Investment - Centrum Handlowe Świętochłowice" Sp. z o.o. ['Echo Investment - Świętochłowice Shopping Center' Co., Ltd.]	15 090	5 789	9 006	(554)	849	771	-	771	46	-	46	15 861	-	-
21	"Echo Investment - Centrum Handlowe Tarnów" Sp. z o.o. ['Echo Investment - Tarnów Shopping Center' Co., Ltd.]	62 329	12 894	11 967	28 045	9 423	33 658	27 088	6 569	83	-	83	95 987	6 380	-
22	"Echo Investment - Centrum Handlowe Tczew" Sp. z o.o. ['Echo Investment - Tczew Shopping Center' Co., Ltd.]	12 400	3 583	7 459	766	592	492	52	439	37	-	37	12 891	-	-
23	"Echo Investment - Centrum Handlowe Zamość" Sp. z o.o. ['Echo Investment - Zamość Shopping Center' Co., Ltd.]	16 446	4 543	11 695	(729)	937	394	-	394	59	-	59	16 840	-	-
24	"Echo Investment - Centrum Handlowo - Rozrywkowe Kielce" Sp. z o.o. ['Echo Investment - Kielce Shopping and Entertainment Center' Co., Ltd.]	36 022	32 132	3 182	-	708	1 911	360	1 551	242	-	242	37 933	-	-
25	"Echo Investment - Centrum Handlowo - Usługowo - Rozrywkowe Gliwice" Sp. z o.o. ['Echo Investment - Gliwice Shopping, Service and Entertainment Center' Co., Ltd.]	2 233	3 436	-	(1 220)	17	81	81	1	1	-	1	2 314	4	-

item	company name	equity of the company, including:					liabilities and reserves, including:			receivables of the company, including:			total assets of the company	income on sales	dividends from the company for the last financial year
			initial capital	disclosed reserve	profit/loss carried forward	net profit (loss)		long-term	short-term		long-term	short-term			
26	"Echo Investment Hungary" Ingatlanhasznosító Kft.	41	43	-	-	(2)	-	-	-	-	-	-	41	-	-
27	"Echo Investment Projekt 1" SRL	-48	5	-	-	(53)	258	247	11	8	-	8	210	-	-
28	"Echo - Pasaż Grunwaldzki" Sp. z o.o. ['Echo - Grunwaldzki Arcade' Co., Ltd.]	52	50	4	-	(2)	17	-	17	1	-	1	70	-	-

29	"Echo – Pasaż Grunwaldzki Spółka z Ograniczoną Odpowiedzialnością" Sp.K. ['Echo – Grunwaldzki Arcade Limited Liability Company' Limited Company]	-254	11	-	-	(265)	172 813	122 801	50 012	24 496	-	24 496	172 559	36	-
30	"Est-On Property Management" Sp. z o. o. ['Est-On Property Management' Co., Ltd.]	-190	50	1 113	(628)	(725)	4 371	244	4 127	821	-	821	4 181	3 511	-
31	"Hotel Investment" Sp. z o.o. ['Hotel Investment' Co., Ltd.]	1 106	1 000	87	-	19	28	26	2	1	-	1	1 135	-	-
32	"Hotel Investment Spółka z Ograniczoną Odpowiedzialnością" Sp.k. ['Hotel Investment Limited Liability Company' Limited Company]	0	1	-	(1)	-	-	-	-	-	-	-	-	-	-
33	"Kieleckie Centrum Handlowo – Rozrywkowe" Sp. z o.o. ['Shopping and Entertainment Center of Kielce' Co., Ltd.]	79 578	11 544	18 770	41 386	7 878	98 073	91 303	6 769	473	-	473	177 651	9 659	-
34	"M.D.P." Sp. z o.o. ['M.D.P.' Co., Ltd.]	-11 039	16 004	382	(26 936)	(489)	51 952	34 153	17 798	172	-	172	40 912	3 654	-
35	"Malta Office Park" Sp. z o.o. ['Malta Office Park' Co., Ltd.]	2 033	2 000	22	-	11	6 005	-	6 005	59	-	59	8 037	84	-
36	"PHS Szczecin" S.A. ['PHS Szczecin' Joint Stock Company]	18 294	2 519	4 063	9 457	2 255	7 492	2 765	4 727	936	-	936	25 786	3 805	-
37	"Piomot Auto" Sp. z o.o. ['Piomot Auto' Co., Ltd.]	70	150	-	(76)	(4)	86	-	86	-	-	-	156	-	-
38	"Princess Boryszewska" Sp. z o.o. ['Princess Boryszewska' Co., Ltd.]	285	900	-	(608)	(7)	1	-	1	-	-	-	287	-	-
39	"Princess Investment" Sp. z o.o. ['Princess Investment' Co., Ltd.]	988	1 600	-	(554)	(58)	2 385	-	2 385	177	-	177	3 373	1	-
40	"Projekt 3" Sp. z o.o. ['Project 3' Co., Ltd.]	51	50	1	-	-	3	1	2	-	-	-	53	-	-
41	"Projekt Echo 17" Sp. z o.o. ['Project Echo -17' Co., Ltd.]	53	50	10	(5)	(2)	-	-	-	4	-	4	53	-	-
42	"Projekt Echo 23" Sp. z o.o. ['Project Echo -23' Co., Ltd.]	22	28	-	(5)	(1)	-	-	-	-	-	-	22	-	-
43	"Projekt Echo 30" Sp. z o.o. ['Project Echo -30' Co., Ltd.]	53	50	4	-	(1)	3	1	2	-	-	-	56	-	-

Item	company name	equity of the company, including:					liabilities and reserves, including:			receivables of the company, including:			total assets of the company	income on sales	dividends from the company for the last financial year
			initial capital	disclosed reserve	wynik z lat ubieglych	net profit (loss)		long-term	short-term		long-term	short-term			
44	"Projekt Echo 32" Sp. z o.o. ['Project Echo -32' Co., Ltd.]	392	50	4	-	338	1	1	-	-	-	-	393	-	-
45	"Szczecin - Projekt Echo - 32 Spółka z ograniczona odpowiedzialnością" Sp.k. ['Szczecin - Echo Project - 32 Limited Liability Company' Limited Company]	221 501	36 635	411	144 194	40 261	240 914	220 323	20 591	1 007	-	1 007	462 415	26 842	34 000
46	"Projekt Echo 34" Sp. z o.o. ['Project Echo -34' Co., Ltd.]	53	50	4	-	(1)	3	1	2	-	-	-	56	-	-
47	"Projekt Echo 37" Sp. z o.o. ['Project Echo -37' Co., Ltd.]	53	50	4	-	(1)	3	1	2	-	-	-	56	-	-
48	"Projekt Echo 39" Sp. z o.o. ['Project Echo -39' Co., Ltd.]	53	50	4	-	(1)	3	1	2	-	-	-	56	-	-
49	"Projekt Naramowice" Sp. z o.o. ['Project Naramowice' Co., Ltd.]	30835	2838	34941	0	-6944	8159	5625	2534	229	0	229	38994	12605	0
50	"Projekt S" Sp. z o.o. ['Project S' Co., Ltd.]	29	50	3	(4)	(20)	1 076	1 073	3	1	-	1	1 105	-	-
51	"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
52	"W.A. Hotele" Sp. z o.o. ['W.A. Hotels' Co., Ltd.]	25568	25537	18	0	13	6	0	6	110	0	110	25574	166	0
53	"WAN 11" Sp. z o.o. ['WAN 11' Co., Ltd.]	24 271	3 000	21 245	-	26	133 036	129 509	3 526	1 520	-	1 520	157 306	8 223	6 000
54	"WAN - Invest" Sp. z o.o. ['WAN -Invest' Co., Ltd.]	702	760	956	(59)	(955)	2	-	2	31	-	31	703	25	-
55	"Wyględów" Sp. z o.o. ['Wyględów' Co., Ltd.]	51	50	2	-	(1)	3	1	2	-	-	-	54	-	-
56	"Zakład Ogrodniczy Naramowice" Sp. z o.o. ['Naramowice Gardening Enterprise' Co., Ltd.]	-286	12 997	602	(12 452)	(1 433)	13 136	-	13 136	328	-	328	12 849	896	-

Note 6E

SECURITIES AND OTHER LONG-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	20 248	17 731	20 159
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Securities, shares and other long-term financial assets total	20 248	17 731	20 159

Note 6F

SECURITIES (ACCORDING TO TRANSFERABILITY)	1st half of 2006	2005	1st half of 2005
1. With unlimited transferability, not quoted on regulated market (balance sheet value)			
a) shares (balance sheet value):	11 000	10 988	10 650
- revaluation adjustments (for the period)	-		
- value at the beginning of the period	11 000	10 988	10 650
- value according to acquisition prices	11 121	11 121	10 650
	11 000	10 988	10 650
2. With limited transferability (balance sheet value)			
a) shares in companies	-	11	-
- revaluation adjustments (for the period)	-		
- value at the beginning of the period	-	11	
- value according to acquisition prices	-		
	-	11	-
Value according to acquisition prices total	11 121	11 121	10 650
Value at the beginning of the period total	11 000	10 999	10 650
Revaluation adjustments (for the period) total	-	-	-
Balance sheet value total	11 000	10 999	10 650

Note 6H

GRANTED LONG-TERM LOANS (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	2 385	13	484
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Granted long-term loans total	2 385	13	484

Note 6I

OTHER LONG-TERM INVESTMENTS AND FINANCIAL ASSETS (ACCORDING TO TYPE)	1st half of 2006	2005	1st half of 2005
- advances for shares	9 248	6 732	9 500
Other long-term investments total	9 248	6 732	9 500

Note 7

CHANGE IN ASSETS ON ACCOUNT OF DEFERRED INCOME TAX	1st half of 2006	2005	1st half of 2005
1. Balance of assets on account of deferred income tax at the beginning of the period, including:	15 613	20 838	20 838
a) compared to the financial result			
- non-current assets	-	2 740	2 740
- long-term investments	1 489	1 320	1 320
- inventories	4 721	1 754	1 754
- short-term receivables	580	546	546
- short-term investments	2 019	6	6
- accruals	2 953	4 342	4 342
- reserves	913	2 896	2 896
- long-term liabilities	181	437	437
- short-term liabilities	2 368	6 764	6 764
- tax loss	389	33	33
	15 613	20 838	20 838
2. Increases			
a) compared to the financial result of the period due to negative timing differences (on account of)			
- non-current assets	-	-	2 201
- long-term investments	857	169	3 494
- inventories	764	2 967	-
- short-term receivables	-	40	566
- short-term investments	62	2 022	1
- short-term accruals	365	1 147	137
- reserves	215	2 368	38
- long-term liabilities	1 330	887	76
- short-term liabilities	52	900	629
b) compared to the financial result of the period in relation to tax loss			
- occurrence of timing differences	849	389	248
	4 494	10 889	7 390
3. Decreases			
a) compared to the financial result of the period due to negative timing differences (on account of)			
- non-current assets	-	2 740	2 330
- long-term investments	91	-	-
- inventories	-	-	168
- short-term receivables	1	6	5
- short-term investments	1 992	9	-
- short-term accruals	237	2 536	2 283
- reserves	476	4 351	2 602
- long-term liabilities	11	1 143	25
- short-term liabilities	315	5 296	6 077
b) compared to the financial result of the period in relation to tax loss			
- resolution of timing differences	-	33	33
	3 123	16 114	13 523

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

a) compared to the financial result

- non-current assets	-	-	2 611
- long-term investments	2 255	1 489	4 814
- inventories	5 485	4 721	1 586
- short-term receivables	579	580	1 107
- short-term investments	89	2 019	7
- short-term accruals	3 081	2 953	2 196
- reserves	652	913	332
- long-term liabilities	1 500	181	488
- short-term liabilities	2 105	2 368	1 316
- tax loss	1 238	389	248
	16 984	15 613	14 705

Note 8A

INVENTORIES	1st half of 2006	2005	1st half of 2005
a) materials	326	312	189
b) semi-finished products and work in process	144 199	146 874	154 752
c) finished products	13 698	15 936	8 738
d) goods	5 284	7 058	9 028
e) advances for deliveries	284	415	489
Assets total	163 791	170 595	173 196

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	1st half of 2006	2005	1st half of 2005
a) value of inventories recognized as cost in a given period	44 873	172 885	68 036
b) amounts of write-offs of the values of inventories in a given period	11 597	9 545	177
c) amounts of reversed write-offs of the values decreasing the value of inventories in a given period	599	2 846	1 579

Note 9A

SHORT-TERM RECEIVABLES	1st half of 2006	2005	1st half of 2005
a) from associated companies	-	-	-
b) receivables from other companies			
- for deliveries and services, payable within:			
- up to 12 months	5 729	8 851	6 024
- over 12 months	1 098	4 622	9
- other	6 153	321	419
Short-term receivables total	12 980	13 794	6 452
c) revaluation write-offs of receivables	5 780	11 320	6 590
Gross short-term receivables total	18 760	25 114	13 042

Note 9B

CHANGE IN THE BALANCE OF REVALUATION WRITE-OFFS OF SHORT-TERM RECEIVABLES	1st half of 2006	2005	1st half of 2005
Balance at the beginning of the period	11 320	7 453	7 453
a) increases (on account of)			
- creating a write-off	1 640	6 394	622
	1 640	6 394	622
b) decreases (on account of)			
- repayment	960	1 529	1 485
- cancellation of reserve	6 220	665	-
- discontinuance of enforcement proceedings	-	333	-
	7 180	2 527	1 485
Balance of revaluation write-offs of short-term receivables at the end of the period	5 780	11 320	6 590

Note 9C

GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	18 760	25 114	13 042
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Short-term receivables total	18 760	25 114	13 042

Note 9D

RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DUE PERIOD REMAINING UP TO THE BALANCE DATE	1st half of 2006	2005	1st half of 2005
a) up to 1 month	1 678	10 226	1 199
b) over 1 month up to 3 months	204	769	2 047
c) over 3 months up to 6 months	38	91	737
d) over 6 months up to 1 year	354	3 553	600
e) over 1 year	1 265	58	100
f) aged receivables	9 068	10 096	7 940
Receivables on account of deliveries and services total (gross)	12 607	24 793	12 623
g) revaluation write-offs of receivables on account of deliveries and services	(5 780)	(11 320)	(6 590)
Receivables on account of deliveries and services total (net)	6 827	13 473	6 033

Note 9E

AGED RECEIVABLES ON ACCOUNT OF DELIVERIES AND SERVICES (GROSS) - DIVIDED INTO RECEIVABLES NOT PAID DURING A PERIOD	1st half of 2006	2005	1st half of 2005
a) up to 1 month	3 550	2 645	1 768
b) over 1 month up to 3 months	872	1 221	686
c) over 3 months up to 6 months	433	706	3 591
d) over 6 months up to 1 year	302	1 020	669
e) over 1 year	3 911	4 504	1 226
Aged receivables on account of deliveries and services total (gross)	9 068	10 096	7 940
f) revaluation write-offs of receivables on account of deliveries and services, aged	(2 778)	(6 277)	(6 590)
Aged receivables on account of deliveries and services total (net)	6 290	3 819	1 350

Note 9F

TAX RECEIVABLES ACCORDING TO TITLES	1st half of 2006	2005	1st half of 2005
- income tax	900	1 961	-
- VAT	38 982	33 223	11 503
- other	570	-	-
Receivables on account of taxes total	40 452	35 184	11 503

Note 10A

SHORT-TERM FINANCIAL INVESTMENTS	1st half of 2006	2005	1st half of 2005
a) in associated companies			
- shares or stocks	-	-	342
	-	-	342
b) in other companies			
- loans granted (including interest on loans)	842	7 889	1 194
	842	7 889	1 194
Short-term financial investments total	842	7 889	1 536

Note 10B

SECURITIES AND OTHER SHORT-TERM FINANCIAL ASSETS (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	-	-	342
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Securities, shares and other short-term financial assets total	-	-	342

Note 10C

SECURITIES (ACCORDING TO TRANSFERABILITY)	1st half of 2006	2005	1st half of 2005
1. With unlimited transferability, not quoted on regulated market (balance sheet value)			
a) shares in companies	-	-	342
- fair value	-	-	-
- market value	-	-	342
- value according to acquisition prices	-	-	448
	-	-	342
Value according to acquisition prices total	-	-	448
Value at the beginning of the period total	-	-	342
Revaluation adjustments (for the period) total	-	-	-
Balance sheet value total	-	-	342

Note 10D

GRANTED SHORT-TERM LOANS (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	826	7 889	1 105
b) in foreign currencies (according to currency, after conversion to zlotys)	-	-	-
Granted short-term loans total	826	7 889	1 105

Note 11

ACCRUALS	1st half of 2006	2005	1st half of 2005
- property tax	3 806	-	3 615
- perpetual usufruct	13	13	5
- energy	33	-	164
- insurance	34	226	93
- costs of sales	-	365	-
- other	689	227	-
Total accruals	4 575	831	3 877

Note 12A

CASH AND CASH EQUIVALENTS	1st half of 2006	2005	1st half of 2005
a) cash in hand and on bank accounts	343 282	242 476	259 074
b) other cash	2	2	-
c) other cash assets	-	5	1
Cash and cash equivalents total	343 284	242 483	259 075

Note 12B

CASH AND CASH EQUIVALENTS (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	170 977	91 901	100 030
b) in foreign currencies (according to currency, after conversion to zlotys)			
b1. USD k	8 235	-	-
b1. converted into PLN k	26 270	-	-
b2. EUR k	36 035	39 050	39 365
b2. converted into PLN k	146 037	150 582	159 045
	172 307	150 582	159 045
Cash and cash equivalents total	343 284	242 483	259 075

Note 13A

INITIAL CAPITAL (STRUCTURE)

Series of shares	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 JUNE 30, 2006

Shareholders	Number of votes / shares	Percentage of share capital	Percentage of votes at the General Meeting of Shareholders
Michał Solowow - directly	296 392	2,82%	2,82%
Michał Solowow - indirectly through:	4 012 742	38,22%	38,22%
- 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%
- Barco Capital Investment Ltd.	195 000	1,86%	1,86%
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	526 069	5,01%	5,01%
Other Shareholders	2 890 950	27,53%	27,53%

Note 14

SUPPLEMENTARY CAPITAL	1st half of 2006	2005	1st half of 2005
a) on transfer of shares above their nominal value	100 943	100 943	100 943
b) established by force of law	80	80	80
c) established by force of articles above the value required by law	433 786	252 921	252 921
d) from additional payments of shareholders / partners	-	-	-
e) costs of issue of shares	(195)	(195)	(195)
f) other	22	22	22
g) reserve	-	-	-
Supplementary capital total	534 636	353 771	353 771

Note 15

CHANGE IN THE BALANCE OF MINORITY CAPITALS	1st half of 2006	2005	1st half of 2005
Balance at the beginning of the period	18 145	1 531	1 531
a) increases (on account of)			
- net result of WAN 11 Sp. z o.o.	13	16 619	22
	13	16 619	22
b) decreases (on account of)			
- payments of dividend	6 000	-	-
- net result and purchase of shares of Projekt S Sp. z o.o.	8	5	3
	6 008	5	3
Balance of minority capitals at the end of the period	12 150	18 145	1 550

Note 16

CHANGE IN THE BALANCE OF RESERVE ON ACCOUNT OF DEFERRED INCOME TAX	1st half of 2006	2005	1st half of 2005
1. Balance of reserve on account of deferred income tax at the beginning of the period:			
a) compared to the financial result:			
- non-current assets	7 178	4 630	4 630
- long-term receivables	1 325	-	-
- investment immovable property	93 617	82 422	82 422
- long-term investments	4 398	5 981	5 981
- inventories	1 812	1 368	1 368
- short-term receivables	1 679	1 065	1 065
- short-term investments	3 000	884	884
- accruals	520	66	66
- reserves	-	-	-
- long-term liabilities	12 662	7 924	7 924
- short-term liabilities	(219)	8 547	8 547
	125 972	112 887	112 887

2. Increases

a) compared to the financial result:

- non-current assets	2 655	5 947	348
- long-term receivables	-	1 391	
- investment immovable property	23 096	15 260	
- long-term investments	3 288	-	
- inventories	75	444	762
- short-term receivables	28	913	133
- short-term investments	360	3 077	4 173
- accruals	10	2 193	22
- reserves	65	-	
- long-term liabilities	2 692	5 643	531
- short-term liabilities	4	167	159
	32 273	35 035	6 128

3. Decreases

a) compared to the financial result:

- non-current assets	1 063	3 399	9 352
- long-term receivables	1 038	66	
- investment immovable property	7 402	4 065	
- long-term investments	-	1 583	1 603
- inventories	-	-	
- short-term receivables	412	299	196
- short-term investments	981	961	85
- accruals	-	1 739	98
- reserves	-	-	
- long-term liabilities	6 116	905	467
- short-term liabilities	71	8 933	1 610
	17 083	21 950	13 411

4. Balance of reserve on account of deferred income tax at the end of the period total

a) compared to the financial result:

- non-current assets	8 770	7 178	(4 374)
- long-term receivables	287	1 325	-
- investment immovable property	109 311	93 617	82 422
- long-term investments	7 686	4 398	4 378
- inventories	1 887	1 812	2 130
- short-term receivables	1 295	1 679	1 002
- short-term investments	2 379	3 000	4 972
- accruals	530	520	(10)
- reserves	65	-	-
- long-term liabilities	9 238	12 662	7 988
- short-term liabilities	(286)	(219)	7 096
	141 162	125 972	105 604

Note 17

CHANGE IN THE BALANCE OF OTHER SHORT-TERM RESERVES (ACCORDING TO TITLES)	1st half of 2006	2005	1st half of 2005
a) balance at the beginning of the period	30 797	41 661	41 661
b) increases (on account of)			
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	6 258	1 435	200
- reserve for foreseen penalties and losses	3 316	1 399	1 747
- rezerwa na przewidywane koszty napraw gwarancyjnych, remontów itp.	-	-	1 512
- reserve for foreseen payments on account of granted sureties	-	1 547	1 547
- reserve for foreseen costs and losses resulting from transfer of assets	-	-	92
- reserve for court proceedings	-	74	871
	9 574	4 455	5 969
c) utilization (on account of)			
- incurred overheads	4 442	5 975	5 814
- incurred penalties and losses	765	800	-
- incurred costs of guarantee repairs, renovations, etc.	-	1 620	-
- incurred costs resulting from court proceedings	-	217	67
	5 207	8 612	5 881
d) release (on account of)			
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	-	-	5 396
- reserve for foreseen penalties and losses	-	-	4 098
- reserve for foreseen costs of guarantee repairs, renovations, etc.	2 024	5 976	10 926
- reserve for foreseen costs and losses resulting from transfer of assets	76	731	259
- reserve for court proceedings	434	-	600
	2 534	6 707	21 279
e) balance at the end of the period			
- reserve for foreseen overheads (audit, holidays, bonuses, etc.)	13 231	11 415	4 945
- reserve for foreseen penalties and losses	8 924	6 373	3 423
- reserve for foreseen costs of guarantee repairs, renovations, etc.	-	2 024	206
- reserve for foreseen payments on account of granted sureties	4 047	4 047	4 047
- reserve for foreseen costs and losses resulting from transfer of assets	5 862	5 938	6 502
- reserve for court proceedings	566	1 000	1 347
	32 630	30 797	20 470

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

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

The reserve for sureties covers the reserve for sureties made for Princess Investment Sp. z o.o. and Princess Boryszewska Sp. z o.o. 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	1st half of 2006	2005	1st half of 2005
a) to non-affiliated companies			
- loans and credits (including interest)	729 034	574 342	591 253
- on account of issue of debt securities	229 313	109 938	90 421
- on account of financial lease	487	730	974
Long-term financial liabilities total	958 834	685 010	682 648

Note 18B

LONG-TERM FINANCIAL LIABILITIES - DUE PERIOD REMAINING FROM THE BALANCE DATE	1st half of 2006	2005	1st half of 2005
a) over 1 year up to 3 years	166 618	112 339	99 784
b) over 3 years up to 5 years	188 286	77 389	79 285
c) over 5 years	603 930	495 282	503 579
Long-term financial liabilities total	958 834	685 010	682 648

Nota 18C

LONG-TERM FINANCIAL LIABILITIES (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	242 800	150 668	131 395
b) in foreign currencies (according to currency, after conversion to zlotys)			
b1. in USD k	21 872	15 419	16 093
b1. converted into PLN k	73 386	50 329	53 849
b2. in EUR k	157 874	125 392	122 386
b2. converted into PLN k	642 648	484 013	497 404
	716 034	534 342	551 253
Long-term financial liabilities total	958 834	685 010	682 648

NOTE 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
		PLN k	currency	PLN k	currency			
PEKAO S.A.	Warsaw	40 000		13 000		Wibor + margin	2009-06-30	- power of attorney to a bank account
PEKAO S.A.	Warsaw	36 799	9,101 thousand EUR	16 117	3,999 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	20 064	4,962 thousand EUR	7 709	1,931 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	Eschborn	43 669	10,800 k EUR	22 517	5,510 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 remaining due		Interest rate arrangements	Due date	Protection
		PLN k	currency	PLN k	currency			
ING Bank Śląski SA	Katowice	19 639	4,857 k EUR	7 118	1,745 thousand EUR	EURIBOR + margin	2010-12-31	- mortgage security on real property for an amount of 3,420 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 Przemyśl' Sp. z o.o., surety of 'Echo Investment - Centrum Handlowe Świętochłowice' Sp. z o.o., transfer of receivables due from bank account agreement
PEKAO S.A.	Warsaw	41 121	4,600 thousand EUR 6 900 thousand USD.	32 639	3,687 thousand EUR 5 046 thousand USD.	EURIBOR + margin LIBOR + margin	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	Eschborn	206 213	51,000 thousand EUR	180 870	44,194 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 'Szczecin - Projekt Echo - 32 Sp. z o.o.' Limited Company, transfer of receivables due from bank account agreement, transfer of receivables due from CAP transactions, transfer of receivables due from VAT return claims of 'Szczecin - Projekt Echo - 32 Sp. z o.o.' Limited Company, 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 under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Protection
		PLN k	currency	PLN k	currency			
Rheinhyp - BRE S.A.	Warsaw	24 480	7,500 k USD	18 011	5,248 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, registration pledge on shares of 'Echo - Centrum Biznesu Łódź' Sp. z o.o., power of attorney to bank accounts of 'Echo - Centrum Biznesu Łódź' Sp. z o.o., statement of 'Echo - Centrum Biznesu Łódź' Sp. z o.o. on submission to execution, subordination of loans granted by 'Echo Investment' S.A., declaration of 'Echo Investment' S.A. of not disposing of the real property without the Lender's consent
PEKAO S.A.	Warsaw	23 600	5,714 k USD	15 647	4,659 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	146 775	36,300 thousand EUR	130 484	32,177 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 under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Protection
		PLN k	currency	PLN k	currency			
Kredyt Bank S.A.	Warsaw	72 781	18,000 thousand EUR	55 577	13,528 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	Eschborn	82 725	13,840 thousand EUR 8 200 tys. USD.	80 942	13,668 thousand EUR 8 102 thousand USD.	EURIBOR + margin LIBOR + margin	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	Eschborn	404 340	100,000 thousand EUR	63 778	15,689 thousand EUR	EURIBOR + margin	2022-09-30	- mortgage security on real property for an amount of 100,000 thousand EUR, registered pledge on the shares of 'Echo Pasaż Grunwaldzki' Sp. z o.o., registered pledge on receivables of shareholders on account of their shares in 'Echo Pasaż Grunwaldzki Sp. z o.o.' Limited Company, transfer of receivables on account of contracts, statement on submission to execution, declaration of Echo Investment S.A. to cover the costs of further realizations in an amount exceeding the credit amount

Name (company name) of the company, specifying the legal status	Registered office address	Amount of loan / credit under the contract		Amount of loan / credit remaining due		Interest rate arrangements	Due date	Protection
		PLN k	currency	PLN k	currency			
Eurohypo AG	Eschborn	95 020	23,500 thousand EUR	121 866	22,979 thousand EUR	EURIBOR + margin	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		1 257 227		766 275				

* The value of due loans consists of amounts of loan due within one year: PLN 37,241 k (short-term liabilities) and over one year (long-term liability) PLN 729,034 k.

NOTE 18E

LONG-TERM LIABILITIES ON ACCOUNT OF ISSUED DEBT FINANCIAL INSTRUMENTS						
Debt financial instruments according to type	Nominal value	Interest rate arrangements	Redempti on date	Guarantees / securities	Additional privileges	Quotation market
Bonds (BRE S.A.)	150 000	WIBOR + margin	2011-05-25	-	-	-
Bonds (BRE S.A.)	81 500	WIBOR + margin	2013-05-25	-	-	-
Total	231 500					

Note 19

OTHER LONG-TERM LIABILITIES	1st half of 2006	2005	1st half of 2005
a) advances received	26 965	27 636	28 331
b) deposits received	6 391	1 619	-
c) accrued income	-	-	-
d) as repayment of perpetual usufruct	-	-	-
Other long-term liabilities total	33 356	29 255	28 331

Note 20A

SHORT-TERM FINANCIAL LIABILITIES	1st half of 2006	2005	1st half of 2005
a) to non-affiliated companies:			
- loans and credits, including:	51 051	57 525	96 323
- <i>long-term payable</i>	37 241	35 920	37 202
- on account of interest on loans and credits	1 343	1 069	935
- on account of issue of debt securities	-	93 911	43 877
- on account of financial lease	487	487	487
Short-term liabilities total	52 881	152 992	141 622

Note 20B

SHORT-TERM FINANCIAL LIABILITIES (CURRENCY STRUCTURE)	1st half of 2006	2005	1st half of 2005
a) in Polish currency	15 640	116 991	104 420
b) in foreign currencies (according to currency, after conversion to zlotys)			
b1. in USD k	1 183	1 183	1 183
b1. converted into PLN k	3 788	3 861	3 959
b2. in EUR k	8 233	8 326	8 228
b2. converted into PLN k	33 453	32 140	33 243
	37 241	36 001	37 202
Short-term liabilities total	52 881	152 992	141 622

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	Protection
		PLN k	currency	PLN k	currency			
Pekao S.A.	Warsaw	20 000	PLN	13 138	PLN	WIBOR + margin	2007-06-30	own blank bill of exchange, power of attorney to bank account, statement of submission to execution
PKO BP S.A.	Warsaw	20 000	PLN	-	PLN	WIBOR + margin	2006-12-31	power of attorney to the account, blank bill of exchange, statement of submission to execution
BPH PBK S.A.	Cracow	20 000	PLN	-	PLN	WIBOR + margin	2007-04-27	- power of attorney to a bank account
Bank Handlowy w Warszawie S.A.	Warsaw	20 000	PLN	672	PLN	WIBOR + margin	2007-03-08	- declaration to transfer a specific amount through the account
Total		80 000		13 810				

Note 21A

OTHER SHORT-TERM LIABILITIES	1st half of 2006	2005	1st half of 2005
a) to other companies			
- on account of deliveries and services, payable:			
- up to 12 months	41 116	48 938	33 017
- over 12 months	8 481	8 561	9 542
	49 597	57 499	42 559
- on account of taxes, customs duties, securities and other performances	13 322	27 878	9 120
- other (according to titles)			
- advances received for deliveries	70 665	92 739	95 431
- deposits	1 253	5 757	5 639
- accrued income	1 617	2 186	-
- received hedging deposits	889	-	666
- on account of salaries and wages	84	46	-
- right of perpetual usufruct	3 575	3 625	3 675
- insurance	198	275	-
- company social benefits fund	416	291	404
- other	306	130	886
	79 003	105 049	106 701
Short-term liabilities total	141 922	190 426	158 380

EXPLANATORY NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Note 22A

NET INCOME FROM SALES (MATERIAL STRUCTURE - TYPES OF ACTIVITY)	1st half of 2006	1st half of 2005
b) from non-affiliated companies, on account of:		
- lease of areas shopping centers and commercial and entertainment centers	73 195	82 241
- sale and lease of residential and commercial areas	75 259	5 384
- realization and lease of areas in office and hotel facilities	28 091	16 542
- property trade	3 100	2 150
- legal, accounting, managing and consulting services	830	300
- other income	3 887	5 610
Net income on sales total	184 362	112 227

Note 22B

NET INCOME FROM SALES (TERRITORIAL STRUCTURE)	1st half of 2006	1st half of 2005
a) at home	184 362	112 227
b) export	-	-
Net income on sales total	184 362	112 227

Note 23A

COSTS ACCORDING TO TYPE	1st half of 2006	1st half of 2005
a) depreciation	(2 244)	(2 095)
b) consumption of materials and energy	(48 455)	(12 166)
c) foreign services	(91 929)	(63 686)
d) taxes and duties	(10 158)	(6 962)
e) salaries and wages	(10 819)	(8 609)
f) social security and other benefits	(2 195)	(1 722)
g) other costs by type	(2 731)	(5 062)
h) value of sold goods and materials	(17)	(28)
Costs according to type, total	(168 548)	(100 330)
Change in the balance of inventories, products and accruals	(55 555)	(43 367)
Cost of manufacture of products for the company's own purposes	-	(292)
Costs of sales	(4 433)	(4 073)
Overheads	(25 304)	(14 403)
Production cost of sold products	(83 256)	(38 195)

Note 23B

OPERATING INCOME (MATERIAL STRUCTURE - TYPES OF OPERATIONS)	1st half of 2006	1st half of 2005
a) from non-affiliated companies, concerning income on:		
- lease of areas shopping centers and commercial and entertainment centers	(21 882)	(22 773)
- sale and lease of residential and commercial areas	(43 603)	(5 199)
- realization and lease of areas in office and hotel facilities	(13 286)	(7 147)
- real property trade	-	(175)
- legal, accounting, managing and consulting services	(201)	(145)
- other	(4 284)	(2 756)
Operating costs total	(83 256)	(38 195)

Note 24

PROFIT (LOSS) ON SALES OF INVESTMENTS	1st half of 2006	1st half of 2005
Income from sales of immovable property	25 716	212 414
Costs of sales of immovable property	(15 785)	(146 507)
Net profit (loss) on sales of investments	9 931	65 907

Note 25A

OTHER OPERATING INCOME	1st half of 2006	1st half of 2005
a) income from sale of non-financial tangible assets	21	-
b) revaluation of non-financial assets	2 809	1 889
b) release of reserve	2 039	24 517
d) contractual penalties	447	685
e) extraordinary profits	15	-
f) other	4 084	1 746
Other operating income total	9 415	28 837

Note 25B

OTHER OPERATING COSTS	1st half of 2006	1st half of 2005
a) costs of sales of non-financial tangible assets	-	-
b) revaluation of non-financial assets	(12 071)	(14 780)
b) established reserves	(1 044)	(555)
d) contractual penalties	(46)	-
e) donations	(7)	(23)
f) write-down of bad receivables	(292)	(133)
g) extraordinary losses	(9)	-
h) contractual penalties other than costs of income	(384)	(242)
i) other	(5 919)	(204)
Other operating costs total	(19 772)	(15 937)

Note 26

FINANCIAL INCOME	1st half of 2006	1st half of 2005
a) from non-affiliated companies		
- income from interest on loans	332	76
- income from other interest	4 600	3 462
- profit on sale of investments	122	-
- income from revaluation of financial assets	8 835	95
- other financial income	-	3
Financial income total	13 889	3 636

Note 27

FINANCIAL COSTS	1st half of 2006	1st half of 2005
a) from non-affiliated companies		
- koszty z tyt. odsetek	(23 075)	(19 961)
- financial commissions	(401)	(3 202)
- loss on sale of investments	(272)	
- costs of revaluation of financial assets	(12 909)	
- other financial costs	(1 328)	(3)
Financial costs total	(37 985)	(23 166)

During the 1st half of the year 2006, the activated amount of external financing costs was PLN 1,136 k.

Note 28

FOREIGN EXCHANGE GAINS (LOSSES)	1st half of 2006	1st half of 2005
- realized foreign exchange gains	372	2 457
- unrealized foreign exchange losses	(18 278)	(9 447)
Foreign exchange gains/losses total	(17 906)	(6 990)

Note 29A

CURRENT INCOME TAX	1st half of 2006	1st half of 2005
1. Gross profit (loss) (consolidated)	127 126	121 751
2. Consolidation adjustments	31 796	(27 372)
3. Differences between gross profit (loss) and income tax taxable base (according to titles)		
- Estimated income	(6 538)	639
- Tax / accounting differences in incomes (utilities, lease rents)	(47)	-
- Interest gained from loans for the previous years	2 692	2 552
- Output interest on loans, not received	(1 765)	(4 498)
- Other interest gained from loans for the previous years	70	76
- Other output interest, not received	(252)	-
- Release of receivables revaluation write-offs	(4 490)	(1 879)
- Release of reserve	(2 471)	(22 330)
- Contractual penalty charges	-	-
- Dividends received	(40 000)	(12 700)
- Tax / accounting differences in depreciation	(6 398)	(10 118)
- Output interest on loans and credits that has not been paid	1 595	1 367
- Interest from loans and credits booked under costs in the previous year but paid this year	(2 396)	(1 404)
- Other output interest that has not been paid	1 418	2 594
	(1 631)	(114)
- Other interest booked under costs in the previous year but paid this year	8	5
- Budget interest and penalties	1 272	11 921
- Establishment of receivables revaluation write-offs	330	-
- Contractual penalties other than costs of income	21	11
- Gifts	50	-
- Receivables written off as costs	1 445	9 376
- Established reserves	-	-
- Costs of representation and limited advertising	-	-
- Costs of interest under 'thin capitalization'	82	(47)
- Costs of perpetual usufruct of real property	18 280	9 269
- Unrealized foreign exchange differences	24 944	-
- Valuation of financial instruments	(98 412)	-
- Valuation of investments	17	677
- Estimated costs	(336)	656
- Activated financial costs	5 891	3 718
- Costs of income	12 442	2 844
- Tax losses of consolidated companies	96	(16)
- Other	(100 360)	(7 401)
4. Income tax taxable base	(41 798)	79 577
5. Income tax under 19% rate	11 127	26 403
6. Increases, abandonments, exemptions, deductions and reductions of tax	(9)	(40)
7. Current income tax presented (disclosed) in the tax return of the period, including:	11 118	26 363
- disclosed in the profit and loss account	11 118	26 363
- 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	1st half of 2006	1st half of 2005
- reduction (increase) due to occurrence and reversal of timing differences	13 819	(1 150)
- reduction (increase) due to change in tax rates	-	-
Deferred income tax total	13 819	(1 150)

Note 30

Net profit (loss)	1st half of 2006	1st half of 2005
a) net profit (loss) of the dominant company	44 693	7 255
b) net profit (loss) of subsidiaries	90 832	67 725
c) net profit (loss) of partially owned subsidiaries	-	-
d) net profit (loss) of associated companies	-	-
e) consolidation adjustments	(33 336)	21 558
Net profit (loss)	102 189	96 538

The net profit yielded by 'Echo Investment S.A.' in the year 2005, amounting to PLN 9,523 thousand was assigned to supplementary capital through a resolution no. 3 of the Ordinary General Meeting of Shareholders of May 30, 2006.

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'	1st half of 2006	1st half of 2005
Correction concerning the reserve from valuation of non-cash contribution	-	(4)
Adjustments total	-	(4)

Note 32

CASH DISCLOSED IN THE CASH FLOW STATEMENT	1st half of 2006	1st half of 2005
Balance at the beginning of the period, including		
- cash on hand and on bank accounts	247 189	73 609
- other cash	-	-
- other cash assets	-	1
	247 189	73 610
Balance at the end of the period		
- cash on hand and on bank accounts	338 261	262 112
- other cash	-	-
- other cash assets	76	1
	338 337	262 113

'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 the first half of 2006, the Company did not apply any protective measures against interest rate risks.

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

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

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

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

2. Discontinued operations

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

3. Affiliated companies

As a result of the strategy applied by 'Echo Investment' S.A., involving execution of each shopping center by a separate subsidiary, and as a result of contribution by 'Echo Investment' S.A. to target companies of real property on which the shopping centers are built, a significant part of transactions executed by Echo Investment are made with affiliated companies. The largest transactions during the 1st half of the year 2006 with affiliated companies were executed on the basis of the following contracts:

- Contract of general contracting of investment, made on December 21, 2004 with 'Wan 11' Sp. z o.o. as the investor and 'Wan' S.A. as the second General Contractor of the Investment. Under this contract, 'Wan 11' Sp. z o.o. contracted performance of finishing and adaptation works in the office building in Warsaw, Postępu Street, to General Contractors.
- Contract of general contracting of investment, made on December 30, 2005 with 'Echo -Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością' Sp. k. [Echo -Grunwaldzki Arcade Limited Liability Company Limited Company] as the investor. Pursuant to the said contract, 'Echo - Pasaż Grunwaldzki Spółka z o.o.' Sp. k. ordered the General Contractor to realize the entire investment of a modern shopping, service and entertainment center with a parking lot on a real property situated in Wrocław between Marii Curie-Skłodowskiej Street, Grunwaldzki Square, Piastowska Street and Grunwaldzka Street.

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

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

4. Significant events following the balance date:

- On July 21, 2006 Krajowy Depozyt Papierów Wartościowych SA (KDPW, the National Deposit of Securities Joint Stock Company) in Warsaw decided through a Resolution No. 373/06 that, because of change of the nominal value of Echo Investment SA's shares, the 2nd day of August 2006 shall be the date of division of 10,460,000 shares of Echo Investment SA for a nominal value of PLN 2 each, code PLECHPS00019, into 41,840,000 shares of Echo Investment SA for a nominal value of PLN 0.50 each.
- On July 24, 2006 a conditional contract of real estate acquisition, i.e. of 6.84 hectares land plot situated in the 14th District of the Capital City of Budapest – Zuglo in Hungary, signed by Echo Investment S.A. with the Local Government of the 14th District of the Capital City of Budapest – Zuglo in Hungary, entered into force. Echo Investment SA intends to realize a modern multifunctional project on the purchased land. The cost of investment shall be about 150 million EUR. Echo Investment SA intends to complete the project within 5 years following the date of entry into force of the real estate acquisition contract.
- On August 21, 2006 a credit agreement has been made between Echo Investment SA with its registered seat in Kielce (the Borrower) and Polska Kasa Oszczędności Bank Polski SA with its registered seat in Warsaw (the Lender), in the form of a multi-purpose credit limit for a total amount of PLN 80 million. The funds obtained under the above mentioned agreement shall be allocated to financing the Borrower's current business operations. The credit agreement shall be in force from August 21, 2006 to August 20, 2009.
- On August 31, 2006 Echo Investment SA purchased 100% of the shares in share capital of Polimeni International Poznań Sp. z o.o., seated in Gdynia, value 50,000 PLN, giving 100 votes at the meeting of shareholders. Nominal value of one share is PLN 500. The Company intends to build a modern shopping and entertainment center on the property owned by Polimeni International Poznań Sp. z o.o., situated in Poznań.

Dated: September 25, 2006

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 Sułek

Chief Accountant

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

Kielce, September 25, 2006

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

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 52 subsidiaries that are fully consolidated and 4 companies valued according to ownership rights method.

Fully consolidated companies:

- “Athina Park” Spółka z o.o. [‘Athina Park’ Limited Liability Company], having its registered seat in Kielce
- “Bioelektrownia Hydropol - 4” Spółka z o.o. [‘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 Hangary” Ingatlanhasznosító Kft., having its registered seat in Budapest
- „Echo Investment Projekt 1” S.R.L., having its registered seat in Bucharest
- “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 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
- “Szczecin – Projekt – Echo 32 Sp. z o.o.” Spółka komandytowa [‘Szczecin – Project – Echo 32 Limited Liability Company’ Limited Company], having its registered seat in Kielce
- “WAN 11” Spółka z o.o. [‘WAN 11’ Limited Liability Company], having its registered seat in Warsaw
- “Wygledów” Spółka z o.o. [‘Wygledów’ 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:

- “Projekt – Echo 23” Spółka z o.o. [‘Project – Echo 23’ Limited Liability Company], having its registered seat in Kielce
- “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

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:

- ‘Projekt S’ Sp. z o.o. [Co., Ltd.] – 63% of basic capital and 63% of voting rights at the general meeting.

- ‘WAN 11’ Sp. z o.o. [Co., Ltd.] – 50% of basic capital and 50% 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) “Projekt – Echo 37” Sp. z o.o., holding 0,001% of basic capital of “Echo Investment – Centrum Handlowe Świętochłowice” Sp. z o.o.;
- e) “Echo – Pasaż Grunwaldzki” Sp. z o.o., holding 1% of share of “Echo – Pasaż Grunwaldzki Sp. z o.o.” Spółka komandytowa;
- f) “Hotel Investment” Sp. z o.o., holding 1% of share of “Hotel Investment Sp. z o.o.” Limited Company;
- g) “Projekt – Echo 32” Sp. z o.o., holding 0,001% of share of “Szczecin – Projekt Echo 32 Sp. z o.o.” Limited Company with its registered seat in Kielce
- 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.,
 - 0,009% 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.,

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

On August 4, 2006 the District Court in Kielce registered the following companies:

1. "Projekt – Echo 41" Sp. z o.o. ['Project – Echo 41' Limited Liability Company], having its registered seat in Kielce.
2. "Projekt – Echo 42" Sp. z o.o. ['Project – Echo 42' Limited Liability Company], having its registered seat in Kielce.
3. "Projekt – Echo 45" Sp. z o.o. ['Project – Echo 45' Limited Liability Company], having its registered seat in Kielce.

On August 17, 2006 the District Court in Kielce registered the following companies:

1. "Projekt – Echo 43" Sp. z o.o. ['Project – Echo 43' Limited Liability Company], having its registered seat in Kielce.
2. "Projekt – Echo 44" Sp. z o.o. ['Project – Echo 44' Limited Liability Company], having its registered seat in Kielce.

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

2. Description of basic economic and financial values disclosed in the financial report of Echo Investment S.A. Capital Group for the first half of 2006

Consolidated balance sheet

Balance total of the Capital Group at the end of the 1st half of 2006 amounted to **PLN 2,392 m**, showing an increase in value by 22.19% in comparison with the balance as at the end of the first half of 2005.

Assets

The structure of assets at the end of 1st half of the year 2006 was the following:

- fixed assets constitute 76,34% of all assets, where the dominant items include investment real property – 81,1% of fixed assets, and tangible assets – 16,7% of total fixed assets.
- current assets constitute 23,66% of all assets, including inventories – 28,9 % of total current assets, receivables – 9,4% of current assets, and cash – 60,7% of total current assets.

Liabilities

- share capital of Echo Investment S.A., the dominant company, as on June 30, 2006, amounted to PLN 21.0 m and was divided into 10,500,000 ordinary bearer shares series A, B, C, D, E and F, with nominal value of PLN 2.0 each,
- consolidated equity capital as on June 30, 2006 amounted to **PLN 1,019.3 m**, showing an increase by **24,4%** in comparison with the balance as at the end of June 2005.
- consolidated net book value per one share is PLN 97.07,
- liabilities constituted 49,6% of balance total and amounted to **PLN 1,187.0 m**.

Consolidated profit and loss account

- consolidated net income from sales reached the level of PLN 184.4 m in the first half of 2006,
- consolidated profit before tax and financial income / costs at the end of June 2006 amounted to PLN 169.1 m, which is an increase in comparison to the profit of the 1st half of 2005 by 11.75%,
- consolidated gross profit amounted to PLN 127.1 m and outgrew the balance of the first half of 2005 by 4,4%,
- consolidated net profit amounted to PLN 102.2 m, in comparison with PLN 96.5 m in 2005,
- consolidated net profit per one share for the last 12 months was PLN 19.06.

Consolidated cash flow statement

- the reporting period began with the cash balance of PLN 247.2 m,
- on operating activity, the Capital Group recorded expenditure of cash in the amount of PLN 4.9 m in the 1st half of 2006,
- on investment activity, the Capital Group recorded expenditure of cash in the amount of PLN 10.2 m as at the end of June 2006,
- on financial activity, the Company recorded income of cash in the amount of PLN 106.2 m,
- during the period from January 1, 2006 to June 30, 2006, cash balance increased by PLN 100.8 m, including PLN 9.7 m on account of exchange rate variations,
- cash at the end of June 2006 amounted to PLN 338.3 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.
- risk of operations on foreign markets – related to the economic and political situation in the country where the Company intends to launch its operations. The Company's policy relies on diversification of geographic locations (Central and Eastern Europe) and sector-based diversification of its portfolio.
- interest rate risk – the operations of Echo Investment S.A. and its subsidiaries are based on external financing (during the execution phase of a building) and refinancing (during the period of project exploitation). The risk related to changes in interest rates is limited through hedging instruments. Echo Investment S.A. as the dominant company focuses the operations in the financial market, whose range covers the finance of the entire capital group.
- foreign exchange risk – this refers to loans taken in foreign currencies (most commonly in Euro) within the Capital Group. Contracts with tenants are expressed in the currency of the loan taken for their refinancing. Thus obtained payments from tenants 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 tenants' 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 tenants with stable economic and financial condition. In shopping centers, tenants include chain operators (Tesco, Carrefour, Ahold, brand clothing shops, multiscreen cinemas, etc.). Cooperation with tenants enables undertaking such activities that would continuously improve the attractiveness of leased areas and emphasize the prestige of a given building, thus attracting new clients. The following companies can be mentioned among clients in office buildings: Philips, Nordea, Polkomtel S.A., BRE Bank S.A., Deutsche Leasing and others.

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

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 1st half of the year 2006, Echo Investment S.A. and Capital Group companies realized projects initiated in the previous years and became involved in new investments in the segments described below:

Polish market

Segment of shopping centers and commercial and entertainment centers

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

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

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

During the first half of 2006, the Company continued erection of an advanced shopping, entertainment and service center called Pasaż Grunwaldzki [Grunwaldzki Arcade], located in Wrocław. The anticipated area for rent is about 48,200 square meters. Attractiveness of this investment has been confirmed by the tenants' interest. At the end of June 2006, the Company has let 96% of the area of the center. The anticipated opening date of the center falls at the beginning of the year 2007.

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

During the 1st quarter of the year 2006 the Company has obtained a valid building permit for erection of the Pasaż Świętokrzyski (Świętokrzyski Arcade) shopping and entertainment center in Kielce (area of 13,200 square meters). In March 2006, a contract was signed with Polimex-Mostostal S.A. Warsaw for general contracting of this project. The contract value is PLN 31 million. E.Leclerc superstore will be opened in the anticipated center. Contracts have also been made with other tenants. As at the end of June, the Company let 99% of the area of the center. Completion of the investment is anticipated in the 4th quarter of 2006.

During the 1st quarter of the year 2006 the Company entered into a contract of sale of two centers: in Legionowo, Zegrzyńska Street, and in Kalisz, Wojska Polskiego Street. Total size of sold area of the centers: 4,004 square meters. The above areas had the following tenants: Jeronimo Martins Dystrybucja Sp. z o.o., and NOMI S.A. The Company intends to apply the funds gained from the sale to currently realized and future investments.

Realization of erection of shopping centers in Łomża and Lublin supplements the portfolio of commercial areas with simultaneous improvement of quality and advancement of the Company's offer. In 2005, long-term contracts of lease of commercial areas were signed with major tenants. In the Shopping Center in Łomża, which is currently under preparation, the REAL superstore will be opened, with an approximate area of 8,500 square meters. The Company is expecting completion of administrative procedures.

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

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

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

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

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

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

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

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

Income from lease of areas in shopping centers during the first half of 2006 amounted to PLN 73.2 m, which constituted 39,7 % 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 and Cracow. The Group is executing new investments and acquiring projects already functioning in the market. Its offer covers office buildings of various standards, including top class.

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

Office space is let to recognized companies, such as Nordea S.A., BRE Bank S.A., Bank PeKaO S.A., Bank Zachodni WBK S.A., Polkomtel S.A., Deutsche Leasing, Impel S.A., Colgate-Palmolive, Philips, Porr Polska, Modzelewski & Rodek, Roche Diagnostic Polska, and others.

During the first half of the year 2006, realization of the investment consisting in a complex of office buildings in Kielce at Al. Solidarności Street (net area of the buildings approx. 20,000 square meters). The project assumes realization of three six-storey buildings. In June, a contract for erection of core and shell of a complex of office buildings was signed with Mitex S.A. The anticipated completion date of the investment shall be the 3rd quarter of 2007.

The process of designing and preparing realization of a set of office buildings with multi-storey underground parking lot was also carried out on a real property situated in Warsaw at 21 Postępu Street (area ca. 32,000 square meters). In June, a contract was made with Biuro Projektowe APA Wojciechowski Sp. z o.o. [APA Wojciechowski Designs Limited Liability Company] of Warsaw for execution of designing works related to the said complex of office buildings. The anticipated commencement date of investment falls in the 1st quarter of 2007 and completion date in the 3rd quarter of 2008.

The process of preparing and realization of the 'Malta Office Park' office complex in Poznań was also carried out (usable area exceeding 28,000 square meters). The investment is planned to commence during the 4th quarter of the year 2006. First stage of construction is expected to complete in the 1st quarter of the year 2008. The anticipated realization date of investment falls in the 1st quarter of 2009.

During the 1st half of the year, the Company sold its right of perpetual usufruct of land with a four-storey building with an area of 1,154 square meters, situated in Szczecin at 3 Maja Street. Key tenants of the building are ING Bank Śląski S.A. and Provident Polska S.A.

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

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

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

Segment of hotels

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

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

In February 2006 subsidiaries entered into a contract of sale of shares in subsidiary Projekt Gdynia – 1 Sp. z o.o. The buyer was P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź, which, under the signed contract, also acquired ownership rights to project documentation and building permit for a hotel on the real property situated at Ejsmonda Street in Gdynia. The Company intends to use the gained funds for realization of current and future investments.

During the last few months, economic trends in the hospitality market have been improving. This tendency, considering Echo Investment S.A.'s experience gained during execution of hotels for international operators, provides good perspectives for growth in the segment of commercial property.

Income from lease of areas in the segment of office and hotel areas during the first half of 2006 amounted to PLN 28.1 m, which constituted 15,2 % 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.

During the first half of 2006, works were continued on execution of housing investments in Warsaw. The 2nd stage of the Inflancka Housing Estate was launched. 139 mieszkań oddane zostać mają do użytkowania

w I kwartale 2007r. 2nd stage of investment at Zwycięzców Street (239 apartments) was also realized. The anticipated completion date of investment falls in the 1st quarter of 2008.

Realization of the 3rd stage of Inflancka Housing Estate has also begun (net area of 6,500 square meters). The anticipated completion date of the latter housing estate falls in the 3rd quarter of 2008.

Construction works were also performed in Poznań. Stage III of the Naramowice Housing Estate (156 apartments) was realized. Anticipated completion date of the Poznań investment falls in the 1st half of

the year 2008. Preparation of realization of the 4th stage of Małe Naramowice Housing Estate in Poznań has also begun (net area of 14,000 square meters). The completion of these investments is anticipated in the 2nd quarter of 2008.

The Company is preparing realization of two luxury apartment towers in Cracow with total area of 4,300 square meters. A 4-storey building with an area of 1,300 square meters (15 apartments) will be built at Kilińskiego Street. This building, which was designed by Oleksy&Polaczek office, will be put to use in the 2nd quarter of 2008. At the end of 2008, the Company is going to complete realization of a housing investment in the Wola Justowska district. This building, designed by The Blok office, will have an area of about 3,000 square meters. (42 apartments).

Projects of residential buildings are currently under preparation: in Warsaw at Kazimierzowska Street (net area of 5,600 square meters) and in Poznan at Wojskowa Street (net area is about 16,000 square meters). Anticipated completion date of these buildings falls at the end of 2008.

During the 1st quarter of the year, the Company bought an area in Dyminy near Kielce, to be sold as parcels, with estate houses designs. Preparations to a similar investment have begun in Bilcza near Kielce ('Bilcza II'). The anticipated completion date of realization of both investments falls on the turn of 2007 and 2008. Net area of the parcels equals 300,000 square meters.

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

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

Income from sale and lease of flats and apartments in the first half of 2006 amounted to PLN 75.3 m, which constituted 40,8 % 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 the 1st half of 2006.

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

Foreign market

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

Romania

In March 2006 the District Court in Bucharest registered the issuer's security named 'Echo Investment Projekt 1' S.R.L., seated in Bucharest. This company is going to carry out developer operations in the territory of Romania.

Hungary

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

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

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 at the end of the 1st half of 2006 constituted 39,7% of net income from sales.

- 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. 40,8% 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 at the end of June 2006 constituted approx. 15,2% 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 1,7 % 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 0,5% 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 first half of 2006-2005:

Specification	01.01.2006 - 30.06.2006	01.01.2005 - 30.06.2005
Lease of areas shopping centers and commercial and entertainment centers	73 195	82 241
Sale and lease of residential areas	75 259	5 384

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.

Realization and lease of areas in office and hotel facilities	28 091	16 542
Property trade	3 100	2 150
Legal, accounting and consulting services	830	300
Other income	3 887	5 610
Net income on sales of products total	184 362	112 227

Sales markets

All projects executed by Echo Investment S.A. Capital Group in the 1st half of 2006 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 the 1st half of 2006, the turnover with one partner exceeded the 10% threshold of the value of the Capital Group's income:

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

Supplier	Value of turnover (in PLN m)	% of share in net income on sales
Strabag Sp. z o.o.	22,3	12,1%
Hochtief Polska Sp. z o.o.	13,9	7,5%
Mitex S.A.	10,2	5,5%

Changes among clients

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

In the 1st half of 2006, trade with no client exceeded 10% of consolidated net income from sales.

Largest clients of Echo Investment S.A. Capital Group in the 1st half of 2006:

Client	Value of turnover (in PLN m)	% of share in net income on sales
Carrefour Polska Sp. z o.o.	14,4	7,8%
Nomi S.A.	13,5	7,3%
Polkomtel S.A.	8,0	4,3%

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 1st half of the year 2006.

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 shopping/entertainment centers

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

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

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

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

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

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

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

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

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

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

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

Hotels and Offices

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

Apartments

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

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

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

6.2. Contracts made between shareholders

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

6.3. Insurance contracts

Covered contract	Insurer	Insurance amount [PLN k]
property insurance – office buildings	PTU S.A. , Generali TU S.A.	280 174
property insurance – commercial buildings	PTU S.A., TU Allianz Polska S.A.	571 649
property insurance - equipment	TU Compensa S.A., STU Ergo Hestia S.A., PTU S.A., Generali TU S.A., TU Allianz Polska S.A.	7 836
civil liability insurance	TU Compensa S.A., Generali TU S.A., PTU S.A., STU Ergo Hestia S.A., AIG Polska TU S.A., PZU S.A.	46 672
property insurance – residential premises	TU Compensa S.A., STU Ergo Hestia S.A.	78 265
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		1 340 239

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 12, 2006 Echo Investment SA was notified that on December 6, 2005 the District Court in Kielce registered an increase of initial capital of a subsidiary – Projekt Echo – 36 Sp. z o.o. by an amount of PLN 4,000,000. Together with capital increase, company name of Projekt Echo – 36 Sp. z o.o. was changed into Projekt Gdynia - 1 Sp. z o.o. Following registration of the increase, the initial capital of Projekt Gdynia-1 Sp. z o.o. amounts to PLN 4,050,000 and is divided into 8100 shares with nominal value of PLN 500 each. The total number of votes according to shares is 8100. Capital was raised through non-cash contribution made by a subsidiary Echo Centrum Gdynia Sp. z o.o. to Projekt Gdynia – 1 Sp. z o.o. in the form of the right of perpetual usufruct of real property situated in Gdynia and rights to the building project designed on the real property in question. The book value of contributed assets in the books of accounts is PLN 11,097,649.74 and the value of assets, according to which the contribution was made, is PLN 4,000,000.00. Following registration of the capital raise, the shareholders' structure for Projekt Gdynia – 1 Sp. z o.o. is as follows: - Echo Centrum Gdynia Sp. z o.o. holds 8000 shares, - Echo Investment S.A. holds 99 shares, - Projekt Echo – 17 Sp. z o.o. holds 1 share.

- On February 23, 2006 a contract of sale was made of 100% of shares in the Projekt Gdynia-1 Sp. z o.o. subsidiary. The Seller are subsidiaries: Echo Centrum Gdynia Sp. z o.o., Echo Projekt - 17 Sp. z o.o. and Echo Investment S.A. and the buyer is P.H.REDA Sp.J. D.Guzek i R.Guzek with its registered seat in Łódź. The subject of the contract of sale is the 100% of shares of the issuer's subsidiary, Projekt Gdynia-1 Sp. z o.o. The price of sale of the shares equaled PLN 4,000,000 (read: four million) and the book value of the assets in the issuer's and the subsidiaries' books of accounts, as on December 31, 2006, totaled PLN 4,052,000 (read: four million and fifty-two thousand). No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the parties acquiring the assets.
- On 03.03.2006 the District Court in Bucharest registered a subsidiary named 'Echo Investment Projekt 1' S.R.L., seated in Bucharest. The value of the initial capital is RON 4,000 (an equivalent of PLN 4,344 according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event), divided into 400 shares with nominal value of RON 10 each. Shares shall carry one vote each. Echo Investment S.A. is the owner of all shares. The registered subsidiary is going to carry out developer operations in the territory of Romania.
- On April 27, 2006 the District Court in Budapest registered a subsidiary: Echo Investment Hungary Ingatlanhasznosító Kft., seated in Budapest. The value of initial capital is HUF 3,000,000 (according to the average exchange rate of the National Bank of Poland as on the date of occurrence of the event, the said amount is an equivalent of PLN 43,812.00). The company is 100% owned by Echo Investment S.A.

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

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 first half of the year 2006.

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

- On March 28, 2006 the District Court in Wroclaw, 4th Department of Land and Mortgage Registers made an entry in the land and mortgage register of mortgage security on real properties owned by a subsidiary Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. [Echo – Grunwaldzki Arcade Limited Liability Company, Ltd.] with its registered seat in Kielce. The assets, on which the mortgage was established, are situated in Wroclaw, pl. Grunwaldzki, where the Pasaż Grunwaldzki shopping and entertainment center is being erected. The established mortgage security is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006. The book value of sold assets in the books of accounts of the assets on which mortgage was established is PLN 110,671,725.90. No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the party, for which the mortgage was established or members of this party's management bodies.
- On May 19, 20-6 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 99 shares in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. with its registered seat in Kielce, owned by Echo Investment SA. The pledge on the shares has been established on the basis of an agreement of registered pledge on shares, made between Echo Investment SA and Eurohypo AG Bank of Eschborn (Germany) on March 10, 2006. The encumbered shares form 99% of share capital of Echo-Pasaż Grunwaldzki Sp. z o.o. and are treated as long-term capital investment by the issuer. Nominal value of one share is PLN 500. The established pledge is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006. The book value of the assets in the issuer's books of accounts of the assets on which pledge was established is PLN 51,250. No relationships occur between the issuer or members of the issuer's management and supervisory bodies and the party, for which the pledge was established or members of this party's management bodies. This contract has been considered significant on the basis of the criteria of significant value for financial assets.
 - On May 24, 20-6 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 1 shares in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. with its registered seat in Kielce, owned by Projekt Echo – 17 Sp. z o.o. The pledge was established on the shares on the basis of an agreement of registered pledge on shares, which was made between Echo Investment SA and Eurohypo AG Bank of Eschborn, Germany, on March 10, 2006. The encumbered shares form 1% of share capital of Echo-Pasaż Grunwaldzki Sp. z o.o. and are treated as long-term capital investment. Nominal value of one share is PLN 500. The established pledge is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.
 - On May 25, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 99 contributions in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. k. with its registered seat in Kielce, owned by Echo Investment SA. The value of encumbered contributions is PLN 10,900. The established pledge on all rights and obligations is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.
 - On June 14, 2006 the District Court in Cracow, 7th Department of Pledge Registry, recorded a pledge in the Pledge Registry on 1 contribution in the issuer's subsidiary Echo-Pasaż Grunwaldzki Sp. z o.o. Sp. k. with its registered seat in Kielce, owned by Projekt Echo - 17 Sp. z o.o. The value of the encumbered contribution is PLN 100. The established pledge on all rights and obligations is a collateral for Bank Eurohypo AG, seated in Eschborn, Germany, concerning

repayment of liability under a loan agreement, not exceeding the amount of EUR 100 m, which the Company reported on March 10, 2006.

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

During the first half of the year 2006, no transactions occurred between Echo Investment S.A. and its managers or supervisors with individual or total value during a period of 12 months would make a Polish zloty equivalent of the amount of EUR 500,000.

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 1st half of 2006 are presented in the table below:

Name Bank	Types of liabilities	Credit currency	Credit amount according to contract [in PLN k]	Credit usage level [in PLN k] as on 30.06.2006	Final repayment date
Pekao S.A. O/Warszawa	Advance in current account	PLN	20 000	13 138	30.06.2007
Pekao S.A. O/Warszawa	Working capital facility	PLN	40 000	13 000	30.06.2007
Bank Handlowy w Warszawie S.A.	Advance in current account	PLN	20 000	672	08.03.2006
PKO BP SA	Advance in current account	PLN	20 000	0	31.12.2006
Bank BPH S.A.	Advance in current account	PLN	20 000	0	28.04.2007

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 30.06.2006	Final repayment date
Echo Investment - Centrum Handlowe Jelenia Góra Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	9 101	3 999	2010-08-31
Echo Investment - Centrum Handlowe Bełchatów Sp. z o.o.	Pekao S.A.	Long-term credit	EUR	4 962	1 931	2010-04-30

Echo Investment - Centrum Handlowe Tarnów Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	10 800	5 510	2010-07-15
Echo Investment - Centrum Handlowe Przemysł Sp. z o.o.	ING Bank Śląski S.A.	Long-term credit	EUR	4 857	1 745	2010-12-31
MDP Sp. z o.o.	Pekao S.A.	Long-term credit	EUR USD	4 600 6 900	3 687 5 046	2011-04-30
Echo Investment - Centrum Handlowo- Rozrywkowe Szczecin Sp. z o.o.	Eurohypo AG	Long-term credit	EUR	51 000	44 194	2018-03-31
Echo - Centrum Biznesu Łódź Sp. z o.o.	Rheinhyp - BRE S.A.	Long-term credit	USD.	7 500	5 248	2012-06-28
Echo Investment - Centrum Bankowości i Finansów Łódź Sp. z o.o.	Pekao S.A.	Long-term credit	USD.	5 714	4 659	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	32 177	2019-01-23
Athina Park Sp. z o.o. [Athina Park Co., Ltd.]	Eurohypo AG	Long-term credit	EUR USD.	13 840 8 200	13 668 8 102	2014-09-30
Echo - Pasaż Grunwaldzki Sp. z o.o. Sp.k.	Eurohypo AG	Long-term credit	EUR	100 000	15 689	2022-09-30
WAN 11 Sp. z o.o. [WAN 11 Co., Ltd.]	Eurohypo AG	Long-term credit	EUR	32 100	29 979	2016-01-29
Kieleckie Centrum Handlowo- Rozrywkowe Sp. z o.o.	Kredyt Bank S.A.	Long-term credit	EUR	18 000	13 528	2013-10-31

9.3. Loan agreements

9.3.1. Loans taken

Grupa Kapitałowa Echo Investment S.A. w I połowie 2006 roku nie zaciągała pożyczek.

9.3.2. Loans granted

Echo Investment S.A.'s receivables on account of loans granted as at the end of the 1st half of 2006 are presented in the table below:

Entity	Outstanding loan amount [PLN k]	Final repayment date
PPH Witan	2.230	7.11.2007
Empik Sp. z o.o.	465	22.11.2006
PPH Witan	340	31.12.2006
Others	30	-

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.

In February 2006, Echo Investment SA signed an annex to the contract of performance of a Bonds Issuance Program as of April 3, 2003 (RB 10/2003) with Bank BPH S.A., seated in Cracow. The annex to the Contract of Bonds Issuance Program stipulates repeated issues of coupon bonds by the Company. The company shall allocate the funds obtained from issues to financing its basic current activity. Under the signed annex, Bank BPH S.A. shall organize and provide complex service of issue of coupon bonds by Echo Investment S.A. on the non-public market. The maximum total nominal value of all bonds shall not exceed PLN 60 million. The bonds will be straight debt, issued as bearer securities. The aging period has been established as no less than 365 days and no more than 10 years. Interest shall be charged according to the interest rate. Terms and conditions of issue shall be set out a few days prior to issue, during the term of the Program Contract. The signed annex to the contract shall extend the term of the contract until May 30, 2009.

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

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

Name Bank	Type of instrument	Amount used [in PLN k]	Contract duration
BRE Bank S.A.	notes	150.000	25.05.2011
BRE Bank S.A.	notes	100.000	25.05.2013

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 8,466 k.

Echo Investment SA's surety for the liability of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Co., Ltd.] as a collateral of a loan granted by PeKaO S.A. Bank on June 28, 2000. Łączna wartość wynosi 739,9 tys. zł

On March 10, 2006 the company granted a surety for liabilities of the subsidiary Echo - Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp.k. on account of loan granted by EUROHYPO AG Bank. The guarantee was granted to the amount not exceeding EUR 100 m, which equals PLN 389,050,000 as on the day of granting the guarantee. The guarantee shall remain in force until lawful registration of mortgage security on the real property and recording registration pledges to the register of pledges, which are required in accordance with the provisions of executed loan agreement. Echo – Pasaż Grunwaldzki Spółka z ograniczoną odpowiedzialnością Sp. k. is a subsidiary of Echo Investment S.A.

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

Surety in favor of	Value (PLN k)	Expiry date	Reference to
Urząd Miasta Łodzi [Municipal Office of Łódź]	PLN 8,466	year 2095	payment of fees for perpetual usufruct of land by MDP Sp. z o.o. [MDP Co., Ltd.] (100% subsidiary of Echo Investment S.A.)
Bank PeKaO SA	PLN 740	until the day of contract of transfer from the rights of bank performance guarantee in favor of PeKaO SA Bank.	Surety for the liabilities of Echo Investment – Centrum Bełchatów Sp. z o.o. [Echo Investment – Bełchatów Center Co., Ltd.] as a collateral of a loan granted by PeKaO SA Bank.
Bank Eurohypo AG	EUR 100,000	3 rd quarter of 2006	collateral of credit granted
Bank Eurohypo AG	EUR 13,000	year 2013	collateral of credit granted

9.6. Guarantee agreements

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

Bank guarantee as of August 24, 2004 granted by Bank PeKaO S.A. for an amount of EUR 1,000 k with reference to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities on account of possible contractual indemnity. As on June 30, 2006 the value of the guarantee is PLN 4,043 k.

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

Guarantor	Value (PLN k)	Expiry date	Reference to
Bank BZ WBK S.A.	15.860	30.11.2006	Securing payment for execution of construction of an underground passage and other items of reconstruction of the road system of Grunwaldzki Square in Wrocław
PeKaO S.A. Kielce	4.043	31.01.2007	Security related to a contract of purchase of land in Wrocław from the commune of Wrocław for liabilities and possible contractual penalties
PKO BP S.A.	3.995	06.09.2006	Security of liabilities towards Spółdzielnia Spożywców MOKPOL

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 the 1st half of 2006.

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

Neither Echo Investment S.A. Capital Group nor the dominant company - Echo Investment S.A. published any prognoses of financial results for the year 2006.

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 the 1st half of 2006, in relation to the investment process in progress of erection of commercial facilities and apartments was mainly focused on obtaining sources of financing for realized projects, bridge financing (until the point of obtaining financing by subsidiaries) and maintaining safe liquidity ratios and assumed financing structure.

The Capital Group's operations during the 1st half of 2006 generated a positive result on all levels of the profit and loss account. During the recent years, Echo Investment S.A. 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 the 1st half of 2006 indicates the Capital Group's stable financial standing and the perspective of the nearest years is optimistic.

Profitability indicators of the Capital Group's operations in the 1st half of 2006 are slightly lower than those of the same period in the previous year. Return ratios of balance sheet items – assets (ROA) and equity (ROE) are similar.

Profitability indicators during the 1st half of 2006-2005 are presented in the table below:

Profitability indicators	1st half of 2006	1st half of 2005
Operating profit margin ratio <i>operating profit / net income on sales</i>	91,7%	134,9%
Net balance profit margin ratio <i>net profit / net income on sales</i>	55,4%	86,0%
Rate of return on assets (ROA) <i>net profit / assets total</i>	4,3%	4,9%
Rate of return on equity (ROE) <i>net profit / equity capital</i>	10,0%	11,8%

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 and liabilities rotation cycles became shorter and the rotation periods of short-term receivables on account of deliveries became longer.

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

Activity indicators	1st half of 2006	1st half of 2005
Rotation of inventories in days <i>(average balance of inventories * 180 / net income on sales)</i>	160	278
Rotation of short-term liabilities in days <i>(balance of short-term liabilities * 180 / net income on sales)</i>	52	29
Rotation of short-term liabilities on account of deliveries and services in days <i>(balance of short-term liabilities on account of deliveries and services * 180 / net income on sales)</i>	48	68

Liquidity factors are maintained on safe levels. All ratios are now higher than in the comparable period of 2005. This was primarily affected by the management's policy related to financing of executed investments. Echo Investment S.A. 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. High balance of cash also fosters improvement of liquidity ratios.

Liquidity ratios of Echo Investment S.A. Capital Group during the 1st half of 2006-2005 are presented in the table below:

Liquidity ratios	1st half of 2006	1st half of 2005
Current ratio <i>operating assets/ short-term liabilities</i>	2,91	1,52
Quick ratio <i>(current assets – inventories) / short-term liabilities</i>	2,06	0,94
Cash ratio <i>cash / short-term liabilities</i>	1,76	0,86

Proper structure of financing makes it possible for the debt ratios to be maintained on similar levels in comparison to the comparable period of 2005. The values of presented factors are safe for the operations and confirm Echo Investment S.A. Capital Group's credibility on the financial market.

Assets coverage and debt ratios of Echo Investment S.A. Capital Group during the 1st half of 2006-2005 are presented in the table below:

Debt indicators	1st half of 2006	1st half of 2005
Assets coverage ratio with equity capitals <i>equity capital / assets total</i>	42,6%	41,8%
Fixed assets coverage ratio with equity capital <i>equity capital / fixed assets</i>	55,8%	54,5%
Total debt ratio <i>liabilities total / assets total</i>	49,6%	51,6%
Equity debt ratio <i>liabilities total / equity capital</i>	116,5%	123,4%

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 the 1st half of 2006

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

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

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

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. Perspectives for the development of economic activity of Echo Investment S.A. and the Capital Group.

The Management Board of Echo Investment S.A. envisages further dynamic growth of the 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. Capital Group is focused on the Polish market. In 2006, the Management Board of the Company intends to launch business operations on foreign markets, in Central and Eastern Europe. Certain efforts have been taken in order to extend the range of the Company's operations outside Poland.

Under its verification and portfolio improvement policy, the Company does not foreclose the sale of certain existing projects to obtain funds for financing its current and future investments.

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

17. Changes in the composition of managing and supervisory bodies of Echo Investment S.A. during the first half of 2006. 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

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

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

17.2. Supervisory Board

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

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

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. Powers of members of managing bodies

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

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

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).

As on June 30, 2006 there are no outstanding loans, guarantees or sureties granted by the issuer to managing or supervisory bodies members or to relatives of these persons.

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 June 30, 2006, 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.

20.1 Remuneration paid to members of managing bodies

Managers of Echo Investment S.A. received the following compensation from Echo Investment S.A. and on account of their functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies during the first half of 2006:

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

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

20.2 Remuneration paid to members of supervisory bodies

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

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

- Kamil Latos received compensation from Echo Investment S.A. in the total amount of PLN 3 thousand. He did not receive compensation for his functions held in the bodies of wholly and partially owned subsidiaries and affiliated companies,

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. as on June 30, 2006 is 10,500,000.

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

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

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 30.06.2006 is illustrated in the table below:

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

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

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 30.06.2006 is illustrated in the table below:

Managing person	Status as on 30.06.2006 [pcs.]	Nominal value of one share	Nominal value total	Percentage of share capital
Andrzej Majcher , President of the Management Board,	2.520	PLN 2.00	PLN 5,040	0.02%
Jarosław Grodzki , Vice-President of the	did not hold any	–	–	–

Management Board	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 30.06.2006, have at least 5% of the total number of votes at the general meeting of shareholders, directly or indirectly through subsidiaries.

The following shareholders, directly or indirectly through subsidiaries, had at least 5% of the total number of votes at the general meeting of Echo Investment S.A. as on 30.06.2006:

Shareholder	Number of shares (pcs.)	% of initial capital of Echo Investment S.A.	Number of votes at the General Meeting of Shareholders of Echo Investment S.A.	% of the total number of votes at the General Meeting of Shareholders of Echo Investment S.A.
Michał Sołowow (directly and indirectly)	4.309.134	41,04%	4.309.134	41,04%
OFE ING NN Polska*	1.040.000	9,90%	1.040.000	9,90%
PZU Złota Jesień PTE*	927.343	8,83%	927.343	8,83%
Commercial Union PTE*	806.504	7,68%	806.504	7,68%
Artur Kłoczko	526.069	5,01%	526.069	5,01%

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

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 for review of the financial statement in the first half of 2006 equals PLN 41,400 and for review of the consolidated financial statement in the first half of 2006 – PLN 40,500. The same data for the equivalent period of the preceding year is: PLN 41,400 and PLN 40,500, respectively.

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

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

Kielce, September 25, 2006

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

Andrzej Majcher

President of the Management Board

Jarosław Grodzki

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

Piotr Gromniak

Member of the Management Board

Artur Langner

Member of the Management Board

STATEMENT OF THE MANAGEMENT BOARD

The Management Board of Echo Investment S.A. hereby declares that, according to its best knowledge, the semi-annual 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 semi-annual management report contains a true presentation of the development, achievement and standing of the issuer's Capital Group, including a description of basic risks and threats.

The Management Board of Echo Investment SA further declares that BDO Polska Sp. z o.o., which audited the semiannual 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, September 25, 2006

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