

13 maja 2005

Periodic Report

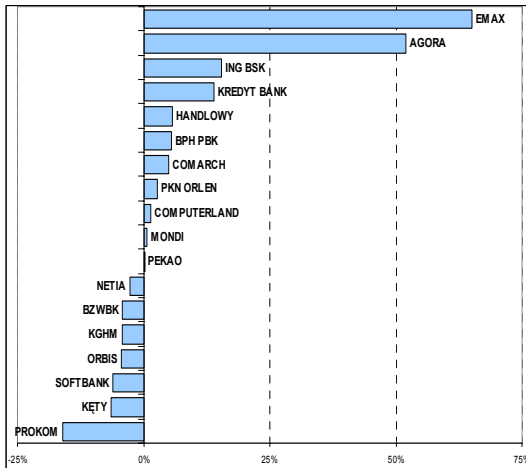

Equities Market

WIG	25 939
Average P/E 2005	14.7
Average P/E 2006	14.3
Average daily trading (3M)	PLN 621 mn

Forecasts of Quarterly Results

I Quarter 2005

Dynamic of EPS of selected companies* From the firms



*calculated for: IIQ'04-IQ'05 / IQ'04-IVQ'04

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Telecommunications. Netia's 10% growth in sales revenues, in relation to 1Q 2004, is due to the low base. At the beginning of 2004, the company noted significantly lower (13%) revenues from preselection (TPSA's share in the F2M and ILD markets was more than 10 percentage points higher than at present), interconnection (change in the method of settlements with EI-Net) and data transmission (wholesale services, broadband access to the Internet).

Media. We expect a substantial improvement in results, relative to the analogous period of the previous year. In the case of Agora, with respect to revenues, this will be the result of advertising market growth as well as launching new book projects. The improvement in operating results will be due to the high leverage that characterises the media sector.

Metals. Considering prices of copper and the PLN/USD exchange rate, we expect KGHM revenues to remain at PLN 1.55 bn (i.e., similar to the analogous period of the previous year). Meanwhile, the management board granted employees a 10% raise, which should be reflected in higher manufacturing costs in relation to last year, and a decline in EBIT.

IT. The first quarter of the year should bring a decided improvement in results for Emax (due to contract with Poczta Polska), similar results as last year for Computerland and Comarch, as well as weak results for Prokom. Softbank's results should improve on the level of operating profit, but according to our estimates net profit will fall.

Financial Sector (*)


 Banks		BPH				Reduce			
		Analyst: Andrzej Powierża	P/E 2004 P/E 2005	17.1 15.4	P/BV 2004 P/BV 2005	2.3 2.2	Current price Target price	PLN 473 PLN 457	
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	340	305	11.5%	1405	1278	9.9%	1535	1405	9.3%
Net interest margin	2.5%	2.6%		2.5%	2.5%		2.5%	2.5%	
PBA	690	631	9.4%	2887	2842	1.6%	3070	2887	6.3%
Profit before reserves	302	267	13.2%	1354	1293	4.7%	1457	1354	7.6%
Gross profit	243	183	32.5%	1061	980	8.2%	1119	1061	5.5%
Net profit	195	152	28.3%	879	792	11.0%	932	879	6.0%

(Non-consolidated results)

IAS lowers bottom line

According to bank representatives, who lament the fact that IAS lowers the bottom line of banks significantly increasing lending activity, it could be concluded that BPH's results in 1Q 2005, prepared for the first time according to IAS, may be an unpleasant surprise for the market. President Wancer did say that the gross result would be higher than last year's, but the accounting standard he used to come to this conclusion is not known. The bank did not manage to convince the auditor to book costs of granting new loans over time and a significant decline in revenues from loan commissions should be expected. Therefore, the PLN 195 mn net profit we forecast may be a bit too high, even though it would be a disappointment to investors expecting the PLN 1 bn net profit the president suggested for this year.

The reaction of investors to the slowdown in lending activity (in 1Q the bank granted PLN 850 mn of mortgage loans and credits against PLN 814 mn one year earlier) could well be similar (i.e., negative). Increasing competition in the sector will inexorably affect the most dynamic banks, which owe the improvement in results and high valuations to their more aggressive approach to the market.

 Banks		BZ WBK				Reduce			
		Analyst: Andrzej Powierża	P/E 2004 P/E 2005	14,9 14,0	P/BV 2004 P/BV 2005	2.2 2.1	Current price Target price	PLN 91.0 PLN 96.1	
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	221	220	0.5%	907	870	4.2%	922	907	1.6%
Net interest margin	3.2%	3.6%		3.1%	3.4%		2.9%	3.1%	
PBA	428	463	-7.7%	1 752	1 762	-0.6%	1 813	1 752	3.5%
Profit before reserves	168	187	-10.4%	685	698	-1.9%	778	685	13.7%
Gross profit	146	155	-5.6%	599	570	5.0%	684	599	14.2%
Net profit	110	129	-14.5%	475	444	6.8%	544	475	14.5%

(Consolidated date)

Go slower, get further

It appears that 1Q was a successful quarter for BZ WBK. Steadily growing recurrent income partly compensated for the lack of a dividend from Grupa CU (last year PLN 52.8 mn, this year's PLN 44 mn dividend will be booked in 2Q), which together with lower general expenses (we forecast a 7% decline in comparison with 1Q 2004) and lower net reserves should translate into a 6% lower gross profit than last year. If the bank is able to report our PLN 110 mn net profit forecast, it could provide the basis (including the CU dividend) for meeting our PLN 475 mn year-end forecast, which would be higher than last year's result bolstered by extraordinary events (other than the unusually large dividend, the PLN 55 mn gross profit on the sale of CardPoint). This would show that, despite the lack of spectacular successes in sales (in recent years the bank has lost its leading position on the market of mortgage loans and credit cards) BZ WBK is able to achieve a decent return on equity (we expect 15% in 2005).

(*) All results and forecasts for banks are according to Polish Accounting Standards, with the exception of forecasts for 1Q 2005, prepared according to International Accounting Standards, but in a form compatible with PAS (e.g., loan commissions are shown as commission income and not interest income). In forecasts of non-consolidated results, for comparative purposes, valuations of subordinated entities by the equity method were maintained.


Banks

 Analyst:
Andrzej Powierża

Handlowy

Reduce

 P/E 2004 21.0 P/BV 2004 1.4
 P/E 2005 18.3 P/BV 2005 1.7

Current price **PLN 66.9**
Target price **PLN 60.0**

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	220	194	13.4%	840	899	-6.6%	759	840	-9.6%
Net interest margin	2.6%	2.3%		2.5%	2.7%		2.2%	2.5%	
PBA	457	502	-9.0%	1973	1918	2.8%	2020	1973	2.4%
Profit before reserves	105	118	-10.9%	650	558	16.4%	665	650	2.3%
Gross profit	93	103	-9.8%	527	477	10.6%	541	527	2.5%
Net profit	102	78	31.8%	479	416	14.9%	489	479	2.2%

(Non-consolidated results)

Corporate unknown

We expect an improvement in the bottom line due to better results of the brokerage house and other subsidiary companies as well as no goodwill write-off. We do believe that in the longer-term writing off a portion of goodwill will be necessary, but we expect the bank, in benefiting from the continually improving results on the retail side, to acknowledge that such a need has not yet arisen. Unfortunately, it is results on the corporate side mainly influencing the bank's results. Handlowy will probably continue to reduce balance sheet exposure (volume of loans and deposits) and push to increase non-interest income. Due to the low level of lending activity (as well as instituting an effective tax rate method in the settlement of some retail products) the manner of booking commission income connected with loans will have little effect. Due to Citibank's share price dropping more than the zloty weakened, the valuation of options should not weigh negatively on quarterly costs.


Banks

 Analyst:
Andrzej Powierża

ING BSK

Suspended

 P/E 2004 15.2 P/BV 2004 1.8
 P/E 2005 13.1 P/BV 2005 1.7

Current price **PLN 427**
Target price **PLN 486**

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	202	197	2.5%	822	822	0.0%	875	822	6.6%
Net interest margin	2.3%	2.7%		2.3%	2.6%		2.3%	2.3%	
PBA	403	377	6.8%	1640	1584	3.6%	1695	1640	3.4%
Profit before reserves	150	136	9.8%	605	586	3.1%	632	605	4.6%
Gross profit	115	58	97.3%	435	353	23.2%	485	435	11.4%
Net profit	109	53	107.5%	423	366	15.5%	470	423	11.1%

(Non-consolidated results)

Quarter of truth

The very good 4Q 2004 results, being due to slightly lower costs and the good result of subordinated entities, but mainly low reserves, were very well received by the market, but some investors remained cautious and tied the good results with the bank's offer of shares, sold by the strategic investor. Therefore, the 1Q result is very important, which in our opinion will confirm that the previous quarter was no accident and ING BSK may well be looking at a lasting improvement in profitability. We optimistically forecast an increase in income, which even despite costs 7% higher than in 1Q 2004 should translate into a higher result before reserves. If reserves are decidedly lower (we forecast net reserves of PLN 35 mn against PLN 71 mn the previous year and PLN 2 mn in 4Q), pre-tax profit could almost double, and with the good results of the brokerage office net profit could more than double.


Banks

 Analyst:
 Andrzej Powierża

Kredyt Bank

Reduce

 P/E 2004 10.9 P/BV 2004 1.6
 P/E 2005 11.0 P/BV 2005 1.4

Current price PLN 8.35
Target price PLN 8.60

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	139	168	-17.3%	662	635	4.3%	683	662	3.2%
Net interest margin	2.6%	2.8%		3.0%	2.8%		2.9%	3.0%	
PBA	324	312	3.9%	1381	1321	4.5%	1466	1381	6.2%
Profit before reserves	71	48	47.4%	331	322	2.9%	375	331	13.3%
Gross profit	51	24	112.6%	217	194	11.8%	252	217	16.2%
Net profit	46	20	129.0%	206	185	11.0%	238	206	15.8%

(Consolidated results)
Will revenues increase?

The departure of Fedele Di Maggio from the bank's management board is proof that the restructuring of the bank has basically been completed. Costs have been cut and the structure of the bank reorganised. According to the new president, Ronnie Richardson, the time has now come to increase sales. This will be much more difficult to achieve, but nonetheless we believe that this year's results could be well received by investors. With a high cost/ income ratio, the small increase in income and small decline in costs will translate into a huge growth in profit before reserves. We see no reason for net reserves to be significantly higher than last year, which with keeping the effective tax rate below the statutory rate (the effect of not showing tax assets in the balance sheet) should allow the bank to report a profit of PLN 46 mn. This would set the groundwork for exceeding PLN 200 mn at the end of the year and therefore meeting a goal the bank has been talking about for several years.


Banks

 Analyst:
 Andrzej Powierża

Pekao

Reduce

 P/E 2004 16.3 P/BV 2004 2.8
 P/E 2005 15.9 P/BV 2005 2.7

Current price PLN 131.5
Target price PLN 126.3

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	537	551	-2.6%	2 185	2 260	-3.3%	2 213	2 185	5.0%
Net interest margin	3.6%	3.5%		3.6%	3.7%		3.5%	3.6%	5.0%
PBA	1 014	1 023	-0.8%	4 231	4 135	2.3%	4 447	4 231	5.0%
Profit before reserves	443	463	-4.5%	1 909	1 863	2.5%	2 014	1 909	5.0%
Gross profit	370	366	1.0%	1 624	1 513	7.3%	1 761	1 624	5.0%
Net profit	301	296	1.5%	1 376	1 343	2.4%	1 490	1 376	5.0%

(Consolidated results)
Stable profit

We see no reason for the bank's 1Q result to differ dramatically from last year's stable quarterly results, which on the gross level (excluding 4Q) oscillated around PLN 365-366 mn. Assuming stable income and costs as well as costs of credit risk dipping slightly, we forecast a small growth in gross profit. With net commission incomes falling as a result of introducing new accounting principles, this would be a good result, showing that the bank's restructuring is beginning to pay off. A significant influx of funds to investment funds would also help the bank, although due to the observed shift in the popularity of bond funds income from initial fees has not grown proportionally to the growth in obtained assets. Luckily, income from co-participation in the management fee is playing an increasingly larger role.

As the bank is not planning operations optimising tax encumbrances for this year, we forecast an effective tax rate slightly higher than the statutory rate, which means net profit should be minimally higher than one year ago.


Banks

 Analyst:
 Andrzej Powierża

PKO BP

Hold

P/E 2004	16.7	P/BV 2004	3.1	Current price	PLN 25.30
P/E 2005	15.7	P/BV 2005	2.9		

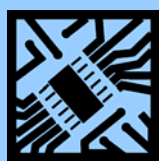
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Net interest income	N/A	922	N/A	3 709	3 632	2.1%	3 774	3 709	1.8%
Net interest margin	N/A	4.2%	N/A	4.1%	4.2%		3.9%	4.1%	
PBA	N/A	1 487	N/A	6 049	5 593	8.1%	6 223	6 049	2.9%
Profit before reserves	N/A	567	N/A	2 345	1 977	18.6%	2 494	2 345	6.4%
Gross profit	N/A	512	N/A	2 081	1 854	12.2%	2 097	2 081	0.8%
Net profit	N/A	413	N/A	1 689	1 511	11.8%	1 708	1 689	1.1%

(Consolidated results)
The great unknown

The lack of comparable data, not only prepared according to International Accounting Standards but to Polish Accounting Standards as well, not only rules out comparisons, but also considerably hinders the preparation of forecasts of quarterly results. The initial forecast of basic items is presented in the table above. It appears that results will be good. Competitors stress the bank's strong position on the market of mortgage loans, and the new offer of consumer loans (SSK) should also contribute to increasing sales. Therefore, even regulatory changes, lowering commission income shown, should not pose a threat. The lack of comparable data will also help the bank; in the report, we will immediately look at historic data according to IAS, and the 1Q 2005 result will certainly be better in relation to it. In relation to 4Q, we expect a better result on financial operations (it was lowered in the previous quarter due to the various ways of classifying the profit and losses on securities and hedging them on derivatives).

General expenses and credit risk will be closely watched items. We expect costs to be lower than in 4Q and higher than in 3Q, and net reserves of PLN 55 mn, which is 1/4 of our forecast of full-year costs of credit risk.

Information Technology



IT

Comarch

 Analyst:
Witold Samborski

P/E 2005	15.2	EV/EBITDA 2005	10.0	Current price	PLN 53.6
P/E 2006	12.7	EV/EBITDA 2006	8.9	Target price	none

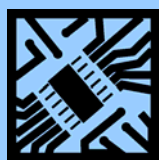
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	70.0	66.4	5%	342.9	330.0	4%	284.1	342.9	-17%
EBITDA	7.7	7.0	10%	37.7	26.1	44%	42.2	37.7	12%
margin	11.0%	10.5%		11.0%	7.9%		11.0%	11.0%	
EBIT	5.0	4.7	5%	26.7	18.2	47%	31.2	26.7	17%
Gross profit	5.0	4.5	12%	26.9	15.0	79%	32.3	26.9	20%
Net profit	4.0	3.8	6%	24.1	16.1	50%	29.0	24.1	20%

Consolidated data, excluding share in results of Interia, NetBrokers and Cracovia, excluding goodwill write-offs

Export growth slackens

We expect a slight improvement in sales and a somewhat greater improvement in profits in 1Q in comparison with 1Q 2004. The growth in Comarch's exports was probably slower in the first quarter than in previous quarters, as shown by the company's order portfolio from the end of the year, in which the share of domestic orders increased relative to foreign orders (in comparison with the portfolio from the previous year).

We expect Comarch to note an improvement in profits for the entire year, mainly due to an increase in sales of high-margin products for small and medium-size firms. In our opinion, the company's announcement of slowing growth and focusing on profits raise doubts about the plans to build a development-production centre in Dresden.



IT

Computerland Hold

 Analyst:
Witold Samborski

P/E 2005	24.3	EV/EBITDA 2005	9.0	Current price	PLN 101
P/E 2006	14.1	EV/EBITDA 2006	7.2	Target price	PLN 113

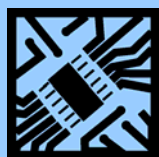
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	160.0	151.0	6%	784.5	739.8	6%	932.5	784.5	19%
EBITDA	15.5	14.7	5%	76.0	74.7	2%	90.3	76.0	19%
margin	9.7%	10.5%		9.7%	10.1%		9.7%	9.7%	
EBIT	9.3	8.5	9%	51.0	49.7	3%	65.3	51.0	28%
Gross profit	5.4	6.0	-11%	35.2	26.0	35%	60.5	35.2	72%
Net profit	4.3	4.0	7%	28.5	18.1	57%	49.0	28.5	72%

Consolidated data, excluding goodwill write-offs

Good 1Q, like last year

We expect Computerland's 1Q results to be just as good as results were one year ago. Our expectations of small 1Q revenue growth is based on the company's order portfolio at the beginning of the year, which was smaller than in 1Q 2004. As with the entire year, we expect substantial 1Q revenues from the National Bank of Poland, the company's most important client for the last several years.

From what we can tell at this point, reporting based on IAS (beginning with the 1Q report) will have a decidedly negative influence on Computerland's results: 2005 operating profit will be encumbered with the costs of the options programme for the management board (PLN 4.5 mn annually) and of writing down a portion of goodwill, estimated by the company at PLN 2.5-3.0 mn. However, the buy-back and redemption of a portion of convertible bonds, conducted in 2004, will have a positive influence on the net result (financial costs will decline PLN 5 mn).


IT

Emax

 Analyst:
Witold Samborski

 P/E 2005 11.9 EV/EBITDA 2005 9.7
 P/E 2006 11.5 EV/EBITDA 2006 9.9

Current price **PLN 99**
Target price **none**

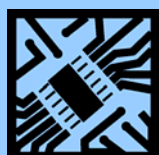
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	60.0	44.0	36%	287.1	326.7	-12%	1394	287.1	386%
EBITDA	3.0	-1.0		37.3	34.0	10%	37.9	37.3	2%
margin	5.0%	-2.2%		13.0%	10.4%		2.7%	13.0%	
EBIT	1.5	-2.7		31.3	25.6	22%	31.9	31.3	2%
Gross profit	2.3	-2.3		34.4	21.8	58%	36.2	34.4	5%
Net profit	1.8	-2.8		28.2	15.4	83%	29.3	28.2	4%

Consolidated data, excluding goodwill write-offs

Post office sends more revenues

The contract concluded in 2004 with Poczta Polska is the main source of the improvement, expected by us, in Emax's 1Q results. The second major factor is stability of the zloty in the first quarter, which means a zero result on the valuation of financial instruments embedded in long-term contracts. Due to shifting the realisation of the first stage of work for the post office to 2005, we expect an improvement in margins in 1Q, which is traditionally a very weak quarter for Emax.

Emax's results in 2005 will also be better than the officially published results for 2004 due to the elimination, beginning in 2005, of writing off goodwill of subordinated entities (results for 2004 shown above already include the adjustment consisting in eliminating goodwill write-offs).


IT

Prokom

Accumulate

 Analyst:
Witold Samborski

 P/E 2005 12.5 EV/EBITDA 2005 9.0
 P/E 2006 10.8 EV/EBITDA 2006 7.7

Current price **PLN 105**
Target price **PLN 195**

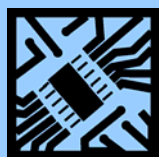
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	180.0	182.0	-1%	1260.0	774.5	63%	1394.0	1260.0	11%
EBITDA	24.9	37.6	-34%	174.0	90.0	93%	191.9	174.0	10%
margin	13.8%	20.7%		13.8%	11.6%		13.8%	13.8%	
EBIT	18.7	31.5	-41%	149.0	60.1	148%	166.9	149.0	12%
Gross profit	17.5	24.3	-28%	144.5	45.8	216%	166.4	144.5	15%
Net profit	14.0	19.7	-29%	117.1	34.8	236%	134.8	117.1	15%

Non-consolidated data

Weak first quarter

We do not expect a fundamental improvement in Prokom's situation in 1Q. In our opinion, the protracted signing of contracts with Poczta Polska, the lack of progress with offset (PLN 100 mn were included in our forecast of sales for 2005) and the continuing high level of costs translated into non-consolidated results worsening.

Our expectations regarding the entire year are decidedly optimistic in relation to Prokom. However, these expectations are based on the fading assumption about the realisation of a portion of the Tetra project this year and on the assumption that revenues from PZU will increase, which also could be a bit of wishful thinking. These forecasts do not include Prokom's recently announced plans of substantial cost cutting (the company estimates them at PLN 80 mn annually, of which PLN 40 mn annually appears to us to be an amount quite easy to achieve).


IT

 Analyst:
Witold Samborski

Softbank

Accumulate

P/E 2005	11.3	EV/EBITDA 2005	8.2	Current price	PLN 23.6
P/E 2006	8.6	EV/EBITDA 2006	5.6	Target price	PLN 36.5

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	90.0	74.8	20%	530.0	488.0	9%	550.0	530.0	4%
EBITDA	3.6	3.0	21%	52.5	57.2	-8%	62.4	52.5	19%
margin	4.0%	4.0%		9.9%	11.7%		11.3%	9.9%	
EBIT	1.1	0.1		42.5	46.4	-8%	52.4	42.5	23%
Gross profit	1.4	5.2	-74%	43.6	31.7	38%	57.5	43.6	32%
Net profit	1.1	4.8	-77%	43.6	37.3	17%	57.5	43.6	32%


Consolidated data, excluding goodwill write-offs

Operating result up in 1Q

We expect a significant growth in Softbank's consolidated sales in 1Q, mainly as a result of the realisation of major contracts with PKO BP. For the same reason, we expect the company to maintain the average margin on the level noted last year, despite the fact that our full-year forecast includes a decline in the margin. However, we also expect a lower balance of financial revenues and financial costs in the first quarter (the company incurred debt with the purchase of Comp Rzeszów).

Our forecast does not include either the results of the proposed issue of shares for financing acquisitions, or the contributions of possibly acquired companies to Softbank's results. The forecast also does not include Softbank's participation in the profits of Comp Rzeszów, which could begin to influence Softbank's consolidated profits following the planned increase in the company's stake in Comp to more than 20%.

Telecommunications

				Netia			Accumulate		
		Telecoms		P/E 2005	12.8	EV/EBITDA 2004	3.9	Current price	PLN 3.9
		Analyst: Michał Marczak		P/E 2005	15.7	EV/EBITDA 2005	3.8	Target price	PLN 4.5
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	233.5	212.0	10.2%	965.3	897.2	7.6%	994.2	965.3	3.0%
EBITDA	81.3	75.8	7.2%	353.2	324.9	8.7%	357.9	353.2	1.3%
margin	34.8%	35.8%	-2.7%	36.6%	36.2%	1.0%	36.0%	36.6%	-1.6%
EBIT	23.3	23.6	-1.3%	122.8	85.8	43.1%	135.7	122.8	10.6%
Gross profit	26.8	32.5	-17.7%	133.3	113.7	17.3%	148.3	133.3	11.3%
Net profit	26.8	32.3	-17.1%	133.3	159.2	-16.2%	108.3	133.3	-18.8%

No surprises

The 10% growth in sales revenues in relation to 1Q 2004 is due to the low base. At the beginning of 2004, the company generated significantly lower (13%) revenues from preselection (TPSA's shares in the F2M and ILD markets were more than 10% higher than at present), interconnection (change in the methodology of settlements with EI-Net) and data transmission (wholesale services, broadband access to the Internet). In our forecast, we assumed a 1.5% decline in revenues from direct voice services, due to the decline in calling charges, which the larger number of subscribers will partly amortise. We believe these assumptions are optimistic. In the short-term, we see no threats to the level of the company's EBITDA margin, which should stay at 35%. We will be looking at the number of subscribers in quarterly results. The fourth quarter showed that the company has ceased gaining new business clients.

Media

		Agora					Hold		
		P/E 2005	29.5	EV/EBITDA 2005	12.2	Current price	PLN 60.0		
		P/E 2006	21.3	EV/EBITDA 2006	9.9	Target price	PLN 52.0		
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	298.3	210.2	41.9%	1 097.8	1 009.3	8.8%	1 195.8	1 097.8	8.9%
EBITDA	62.1	25.5	143.2%	259.7	140.5	84.8%	312.5	259.7	20.3%
margin	20.8%	12.1%	71.3%	23.7%	13.9%	69.9%	26.1%	23.7%	10.5%
EBIT	35.5	-3.3		153.8	17.3	787.3%	191.3	153.8	24.4%
Gross profit	31.7	-8.0		142.6	-5.0		197.4	142.6	38.4%
Net profit	25.1	-9.3		115.6	2.1		160.0	115.6	38.4%

Market assist

We expect a decided improvement in results, relative to the company's performance in 1Q 2004. In regard to revenues, this is due to both the growth in the advertising market and to launching new book projects. The improvement in operating results is due to high leverage that characterises the media sector. We expect the highest dynamic of revenue growth from AMS, which is a beneficiary of the more than 30% growth in the advertising market. In the case of the group's main asset, Gazeta Wyborcza, we expect a 7% growth in revenues from advertising. The PLN 55 mn increase in revenues results from book publishing. It should also be kept in mind that the company buys paper for printing the newspaper in prices denominated in EUR, which is also exerting a favourable influence on the EBITDA margin. In our opinion this margin will increase from 12% the previous year to 20%

Metals

		Metals		Kęty			Reduce		
		Analyst: Michał Marczak		P/E 2005	10.9	EV/EBITDA 2005	6.7	Current price	PLN 107.5
				P/E 2006	11.1	EV/EBITDA 2006	6.5	Target price	PLN 111.0
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	165.4	177.9	-7.0%	815.0	729.0	11.8%	921.0	815.0	13.0%
EBITDA	27.1	36.6	-26.0%	164.0	153.1	7.1%	165.9	164.0	1.2%
margin	16.4%	20.6%	-20.4%	20.1%	21.0%	-4.2%	18.0%	20.1%	-10.5%
EBIT	20.5	27.5	-25.5%	119.0	114.0	4.4%	116.9	119.0	-1.8%
Gross profit	21.5	28.2	-24.0%	113.0	108.0	4.6%	110.6	113.0	-2.1%
Net profit	18.0	23.9	-24.8%	91.0	92.0	-1.1%	89.1	91.0	-2.1%


Inline with forecast

Considering the fact that the company has already published the forecast of results for 1Q, the publication of the report should not bring any surprises. The group noted a 7-8% drop in revenues, largely due to a decline in product prices (influence of zloty strengthening). Prices of aluminium higher than those original forecast by the management board and the 6% customs duty on imports of metal from outside the EU are factors pushing up operating costs in relation to last year. Therefore, an operating result of PLN 17 mn should be expected, which would be 10% lower than in the analogous period of the previous year.

		Metals		KGHM			Reduce		
		Analyst: Michał Marczak		P/E 2005	6.6	EV/EBITDA 2005	5.0	Current price	PLN 29.9
				P/E 2006	17.7	EV/EBITDA 2006	8.3	Target price	PLN 27.3
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	1 546.0	1 519.1	1.8%	5 641.0	6 158.0	-8.4%	5 223.0	5 641.0	-7.4%
EBITDA	481.3	502.6	-4.2%	1 002.0	1 652.3	-39.4%	617.0	1 002.0	-38.4%
margin	31.1%	33.1%	-5.9%	17.8%	26.8%	-33.8%	11.8%	17.8%	-33.5%
EBIT	420.1	431.3	-2.6%	727.0	1 371.0	-47.0%	305.0	727.0	-58.0%
Gross profit	490.1	551.5	-11.1%	1 065.0	1 447.0	-26.4%	396.0	1 065.0	-62.8%
Net profit	401.8	461.0	-12.8%	905.0	1 159.0	-21.9%	337.0	905.0	-62.8%


No revelations

The average price of copper (spot) in 1Q was 3 175 USD/t, which is 2.6% higher than in 4Q 2004. In the analogous period, the zloty strengthened 6.1% (3.07) relative to the USD (quarterly average). Therefore, the effect of changes in macroeconomic factors is negative for the company (-3.6%) in relation to results for the last quarter of last year. With this in mind, we expect the company's revenues to remain on a level of PLN 1.55 bn (i.e., similar to the amount noted in the analogous period of last year). Meanwhile, the management board gave employees a 10% raise, which should be reflected in higher manufacturing costs (in relation to last year) and a decline in EBIT. We assumed that the result on financial activity will total PLN 70 mn, to which interest from Dialog as well as profits on (currency) hedging will contribute.

 Others Analyst: Michał Marczak		Orbis					Hold		
		P/E 2005	19.9	EV/EBITDA 2005	7.9	Current price	PLN 23.7		
		P/E 2006	20.8	EV/EBITDA 2006	8.0	Target price	- PLN		
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	170.7	174.8	-2.3%	959.0	954.6	0.5%	1 014.9	959.0	5.8%
EBITDA	12.3	14.9	-17.4%	165.8	171.8	-3.5%	170.9	165.8	3.0%
margin	7.2%	8.5%	-15.4%	17.3%	18.0%	-3.9%	16.8%	17.3%	-2.6%
EBIT	-13.3	-7.9	67.7%	62.2	69.7	-10.7%	60.6	62.2	-2.7%
Gross profit	-10.4	-8.3	26.1%	74.2	69.9	6.1%	71.7	74.2	-3.3%
Net profit	-9.6	-7.2	34.3%	54.8	56.0	-2.0%	52.6	54.8	-4.1%

Seasonally weak quarter

Orbis' quarterly results will probably not enchant investors due to sector seasonality and low sales of hotel services in 1Q and 4Q of the year as well as to the loss on the EBIT level, a consequence of high operating leverage. Moreover, zloty strengthening in relation to the EUR (some, mainly large hotels, still list prices in EUR) will exert a negative influence on company results. The average EUR/PLN exchange rate in 1Q was 4.03, in relation to 4.24 in 4Q 2004 and 4.78 in 1Q 2004. We estimate the dynamic of growth in the number of sold roomnights in Orbis hotels at 2% and 7% in Hekon hotels. Simultaneously, we expect a 13% drop in the average room price, which as mentioned above is not only due to a strong zloty but to stronger competition as well.

 Others Analyst: Hanna Kędziora		PKN Orlen					Hold		
		P/E 2005		EV/EBITDA 2005		Current price	46.5 PLN		
		P/E 2006		EV/EBITDA 2006		Target price			
(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	6 044	6 325	-4%		30 565				
EBITDA	870	817	7%		3 969				
margin	14.4%	12.9%	11%		13.0%				
EBIT	567	505	12%		2 750				
Gross profit	583	517	13%		3 016				
Net profit	454	397	14%		2 396				

Forecasts under review

Profit growth despite possible downturn in revenues

In 1Q 2005 the margin on processing Brent oil fell from USD 4.2 to USD 3.8 per barrel. During the same period, the Ural/Brent differential increased from USD 2.9 to USD 5.1 per barrel, which with the surplus pushed the margin down. Therefore, changes on the oil market were positive for PKN Orlen.

However, zloty strengthening (from 3.8 to 3.1 PLN/USD) had a negative influence on the concern's results.

According to information obtained from Orlen, the concern noted a sharp increase in oil processing; additional yields were sold mainly on the wholesale level and exports were up somewhat. Unfortunately, the concern continues to note a decline in retail market shares (in the area of several %), and competition on the German market is intensifying (we expect losses in this segment of activity).

In summary, we believe a 12-14% dynamic of growth can be expected on the operating and net profit levels. We would consider a net profit of approximately PLN 450 mn to be very respectable.


Others

 Analyst:
 Michał Marczak

Mondi

Hold

 P/E 2005 16.8 EV/EBITDA 2005 6.1
 P/E 2006 12.6 EV/EBITDA 2006 5.5

Current price **PLN 48.0**
Target price **PLN 51.0**

(PLN mn)	IQ2005	IQ2004	dynamic	2005	2004	dynamic	2006	2005	dynamic
Revenues	310.9	335.4	-7.3%	1 284.4	1 306.5	-1.7%	1 384.4	1 284.4	7.8%
EBITDA	77.7	89.1	-12.8%	393.4	511.3	-23.1%	445.8	393.4	13.3%
margin	25.0%	26.6%	-5.9%	30.6%	39.1%	-21.7%	32.2%	30.6%	5.1%
EBIT	50.4	56.1	-10.1%	282.9	391.8	-27.8%	339.8	282.9	20.1%
Gross profit	51.4	51.0	0.9%	174.5	377.9	-53.8%	231.9	174.5	32.9%
Net profit	41.2	39.2	5.0%	143.1	310.1	-53.9%	190.2	143.1	32.9%

Paper prices dip

In 1Q 2005, paper prices expressed in EUR oscillated around the average price noted in 4Q 2004. Taking the zloty into account, prices were an average of 5% lower than in the last three months of 2004. These values in relation to 1Q 2005 were respectively +6% in EUR and -11% in PLN. As prices of paper have a significant impact on the operating result, we expect the EBITDA margin to fall to 25% from 27% the previous year. The company should also feel the effects of increased costs of purchasing wood. In our forecast, we assumed a 10% increase in the price of this raw material. In our forecast of gross profit, we do not include profits on hedging. According to recent statements of the company's president, it could be concluded that, with current zloty exchange rates, the company is limiting hedging.

Publication Dates of Reports

Company	IQ 2005 non-consolidated	IQ 2005 consolidated	2004 Annual consolidated
AGORA			15.04.05
AMICA	04.05.05	13.05.05	
BPH		12.05.05	
ING BSK	12.05.05	12.05.05	17.02.05
BUDIMEX		13.05.05	30.08.05
BZWBK	12.05.05	12.05.05	11.03.05
COMARCH	16.05.05	16.05.05	03.06.05
COMPUTERLAND		16.05.05	10.06.05
ECHO	16.05.05	16.05.05	15.06.05
EKODROB	04.08.05		30.09.05
ELBUDOWA	05.05.05	13.05.05	
EMAX		12.05.05	29.04.05
FARMACOL	16.05.05	16.05.05	31.08.05
FORTE	16.05.05	16.05.05	30.04.05
GETIN	13.05.05	28.04.05	31.03.05
GROCLIN	12.05.05	12.05.05	11.05.05
HANDLOWY	16.05.05	16.05.05	31.05.05
HOOP	16.05.05	16.05.05	31.08.05
HYDROTOR	04.05.05	16.05.05	10.06.05
INDYKPOL	13.05.05	13.05.05	
JELFA	19.04.05		
JUTRZENKA	05.05.05		29.04.05
KĘTY		12.05.05	18.04.05
KGHM	05.05.05	16.05.05	19.04.05
KREDYT BANK			
KROSNO	05.05.05	12.05.05	26.04.05
MIESZKO	05.05.05		31.03.05
MILLENNIUM		05.05.05	17.02.05
NETIA	11.05.05	11.05.05	01.03.05
ORBIS	13.05.05	13.05.05	29.04.05
PEKAO		12.05.05	14.03.05
PKOBP		16.05.05	12.08.05
PGF	16.05.05	16.05.05	10.08.05
PKNORLEN	16.05.05	16.05.05	20.04.05
POLIMEXMS	16.05.05	16.05.05	08.06.05
PROKOM		16.05.05	09.05.05
RAFAKO			15.04.05
RELPOL	12.05.05	12.05.05	24.05.05
REMAK	05.05.05		04.03.05
SOFTBANK	13.05.05	13.05.05	20.04.05
ŚWIECIE	29.04.05	29.04.05	
TELEKOMUNIKACJA	28.04.05	13.05.05	31.03.05
TORFARM	05.05.05		18.04.05
WAWEL	05.05.05		15.04.05

Source: Parkiet

Current recommendations of BRE Bank Securities S.A.

Banks, Other Financial Institutions (Andrzej Powierża)			
BPH PBK	Reduce	457.00	2005-03-22
BZWBK	Reduce	96.10	2005-03-22
GETIN	Hold	3.82	2005-02-16
HANDLOWY	Reduce	60.00	2005-03-22
ING BSK	Suspended	486.10	2005-03-22
KREDYT BANK	Reduce	8.60	2005-03-22
MILLENNIUM	Reduce	2.62	2005-03-22
PEKAO	Reduce	126.30	2005-03-22
PKO BP	Hold	25.80	2005-03-22
Telecommunications, Media, Raw Materials (Michał Marczak)			
AGORA	Hold	52.00	2004-08-10
KĘTY	Reduce	111.00	2005-04-07
KGHM	Reduce	27.30	2005-03-03
NETIA	Accumulate	4.50	2005-04-25
ORBIS*			
ŚWIECIE	Hold	51.00	2005-04-07
TELEKOMUNIKACJA	Hold	19.50	2005-02-08
Chemicals, Pharmaceuticals, Household Appliances(Hanna Kędzióra)			
AMICA	Hold	37.30	2004-12-14
FARMACOL	Buy	34.50	2005-03-24
JELFA	Buy	70.00	2005-02-25
PGF	Reduce	50.40	2005-03-24
PKNORLEN	Hold	41.10	2005-02-09
TORFARM	Accumulate	46.00	2005-03-24
IT, Construction (Witold Samborski)			
BUDIMEX*			
COMARCH*			
COMPUTERLAND	Hold	113.00	2004-12-17
ECHO INVESTMENT*			
ELEKTROBUDOWA	Accumulate	36.70	2005-02-08
EMAX*			
POLIMEX	Hold	33.30	2005-01-20
PROKOM	Accumulate	181.00	2004-10-22
SOFTBANK	Accumulate	36.50	2005-04-04
Spożywcze (Dorota Puchlew)			
EKODROB	Sell	2.60	2004-11-08
HOOP	Accumulate	14.50	2005-03-18
INDYKPOL	Hold	77.00	2004-11-17
JUTRZENKA	Accumulate	48.00	2004-12-17
MIESZKO	Hold	3.50	2004-12-17
WAWEL	Accumulate	120.00	2005-03-22
Others			
FORTE (H.K.)	Buy	13.80	2005-03-18
GROCLIN (A.P.)*			
HYDROTOR (D.P.)	Buy	26.00	2004-11-17
KROSNO (H.K.)	Accumulate	145.00	2004-09-22
RAFAKO (M.M.)*			
RELPOL (A.P.)*			
REMAK (P.S.)	Hold	12.85	2004-09-16

* under review

Changes in recommendations within the last month

Company	Recommendations	Target price	Date issued
KĘTY	Reduce	111.00	2005-04-07
NETIA	Accumulate	4.50	2005-04-25
SOFTBANK	Accumulate	36.50	2005-04-04
ŚWIECIE	Hold	51.00	2005-04-07

Recommendation Statistics

Statistics	All					Issuers for which BRE Bank Securities S.A. has rendered services				
	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
number	1	9	12	9	4	0	2	4	2	0
percent	2.9%	25.7%	34.3%	25.7%	11.4%	0.0%	25.0%	50.0%	25.0%	0.0%

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List of abbreviations and ratios contained in the report.

EV – net debt + market value (EV – economic value)

EBIT – Earnings Before Interest and Taxes

EBITDA – EBIT + Depreciation and Amortisation

PBA – Profit on Banking Activity

P/CE – price to earnings with amortisation

MC/S – market capitalisation to sales

EBIT/EV – operating profit to economic value

P/E – (Price/Earnings) – price divided by annual net profit per share

ROE – (Return on Equity) – annual net profit divided by average equity

P/BV – (Price/Book Value) – price divided by book value per share

Net debt – credits + debt papers + interest bearing loans – cash and cash equivalents

EBITDA margin – EBITDA/Sales

Recommendations of BRE Bank Securities S.A.

A recommendation is valid for a period of 6-9 months, unless a subsequent recommendation is issued within this period. Expected returns from individual recommendations are as follows:

BUY – we expect that the rate of return from an investment will be at least 15%

ACCUMULATE – we expect that the rate of return from an investment will range from 5% to 15%

HOLD – we expect that the rate of return from an investment will range from –5% to +5%

REDUCE – we expect that the rate of return from an investment will range from –5% to –15%

SELL – we expect that an investment will bear a loss greater than 15%

Recommendations are updated at least once every nine months.

The present report expresses the knowledge as well as opinions of the authors on day the report was prepared.

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Strong and weak points of valuation methods used in recommendations:

DCF – acknowledged as the most methodologically correct method of valuation; it consists in discounting financial flows generated by a company; its weak point is the significant susceptibility to a change of forecast assumptions in the model.

Multiple – based on a comparison of valuation multipliers of companies from a given sector; simple in construction, reflects the current state of the market better than DCF; weak points include substantial variability (fluctuations together with market indices) as well as difficulty in the selection of the group of comparable companies.