

27 July 2005

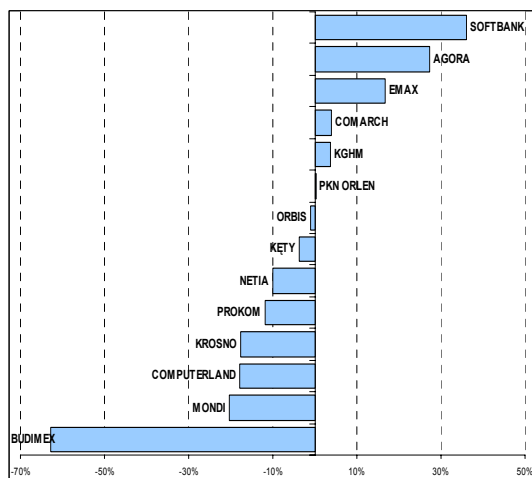
Periodic Report



Equities Market

WIG	29 664
Average P/E 2005	15.8
Average P/E 2006	15.9
Average daily trading (3M)	PLN 536 mn

EPS dynamics of selected companies*



*calculated for: 3Q'04-2Q'05 / 2Q'04-1Q'05

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Forecasts of Quarterly Results

2 Quarter 2005

Pharmaceutical Distribution

The second quarter of 2005 could be just as good for pharmaceutical distributors as the first quarter of the year, due to aggressive price promotions from pharmacies and excellent sales in June.

Construction

The recovery in construction noted by the Central Statistical Office in 2Q (9% growth) should be reflected in Budimex noting better sales than one year ago. The large contracts signed by Polimex in recent quarters will not be visible in results until the second half of the year.

Foodstuffs

Hoop should improve profits in the second quarter, despite less than desirable weather in June, due to announced cost cutting measures.

IT

We expect Softbank to report good results in the second quarter of 2005, the effect of progress on the Central Register of Vehicles and Drivers (CEPiK) as well as growing orders from PKO BP. In the case of Comarch, we continue to believe the statements of the management board about concentrating on profits this year, at the expense of further expansion. In our opinion, Emax will present slightly weaker sales and higher profits. Computerland and Prokom will report lower results in annual terms.

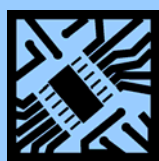
Media

The second quarter is significantly better for companies from the media sector than the first three months of the year. In connection with the growth in the advertising market and the influence of book publishing, we expect Agora's consolidated revenues to grow by 18.6% (i.e., PLN 49 mn). The largest contributor to the growth is encyclopaedia sales, the revenues from which in 2Q we estimate at PLN 32 mn. Therefore, encyclopaedias account for 65% of the forecasted growth.

Metals

Taking into consideration the substantially higher prices of copper on the London Metals Exchange in the first half of the year (3 193USD/t) than we assumed in our forecast (2 950 USD/t, full-year 2 700 USD/t), we are forced to adjust this year's forecast of company results. The scenario assumed by us, of a decline in copper prices in 2Q, has not been met. As a result, we are raising the annual average price of copper to 3 150 USD/t. With our assumption of the copper production unit cost of 7 471 PLN/t, the annual net result will be PLN 1.9 bn.

Information Technology



IT

Analyst:
Andrzej Lis

Comarch

Under review

P/E 2005	16.0	EV/EBITDA 2005	10.0	Current price	PLN 57.6
P/E 2006	13.3	EV/EBITDA 2006	8.4	Target price	none

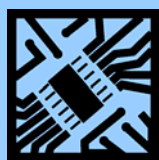
(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	72.0	68.1	6%	146.0	135.8	8%	342.9	330.0	4%
EBITDA	6.5	5.6	15%	10.1	13.0	-23%	37.7	26.1	44%
margin	9.0%	8.2%		6.9%	9.6%		11.0%	7.9%	
EBIT	3.7	3.1	20%	4.5	8.0	-44%	26.7	18.0	48%
Gross profit	3.2	1.8	78%	4.1	6.2	-34%	26.9	15.0	79%
Net profit	2.6	1.4	85%	3.1	6.0	-49%	24.1	16.1	50%

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

Profits expected to improve

In our opinion, the second quarter of 2005 will be better for Comarch, both in terms of sales and profits, in comparison to 2Q2004. The confirmation of this fact is order portfolio, which on April 30 was by 20% higher than the previous year's. We expect a 6% y/y growth in sales, with the domestic sales growing faster than exports. On the operating level, we forecast slightly higher growth (+20% in relation to adjusted data for 2Q04), as we expect the management board to begin its planned cost restructuring, improving the company's profitability. Moreover, lower financial costs in relation to 2004 will have a positive impact on the net result.

Results for the second quarter will have a large significance for our full-year forecast (and its possible adjustment). It will become clear at that time, whether Comarch's plan of slower growth and focusing on profits (which the first quarter refuted) has been met.



IT

Analyst:
Andrzej Lis

Computerland

Hold

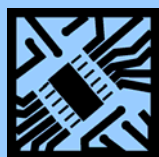
P/E 2005	22.7	EV/EBITDA 2005	8.3	Current price	PLN 105.0
P/E 2006	13.9	EV/EBITDA 2006	6.9	Target price	PLN 113.0

(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	160.0	204.1	-22%	312.8	354.9	-12%	837	742.2	13%
EBITDA	14.4	18.5	-22%	27.0	32.5	-17%	79.4	75	6%
margin	9.0%	9.1%		8.6%	9.1%		9.5%	10.1%	
EBIT	8.2	11.5	-29%	16.1	20.1	-20%	54.4	50.0	9%
Gross profit	4.5	6.2	-27%	9.6	11.8	-19%	39.7	26.4	50%
Net profit	3.6	4.5	-19%	6.5	8.3	-22%	32.2	18.4	75%

Consolidated data, excluding goodwill write-offs

Weaker quarter in annual terms

In accordance with announcements of the management board, we estimate that Computerland's results in 2005 will be weaker than the company's very good 2Q2004 results, in which the company concluded a contract for the delivery of several dozen million zlotys of hardware and software to a financial institution, but at the same time better than results for 1Q2005. Several changes in relation to 2004 will be evident on the level of the company's financial activity. In accordance with International Accounting Standards, the result for 2Q2005 will be encumbered with the costs of the options program (c.a. - PLN 0.9 mn). However, the earlier redemption of convertible bonds in 4Q2004 will exert a positive influence (financial costs lower by c.a. PLN 1 mn). In summary, the above factors will have a positive, although limited impact, on the net result. Therefore, the decline in net profit should be smaller than on level of operating profit (-19% in relation to 2Q2004).


IT

Analyst:
Andrzej Lis

Emax

Under review

P/E 2005
P/E 2006

15.7 EV/EBITDA 2005
14.8 EV/EBITDA 2006

8.8
8.3

Current price
Target price
PLN 102.5
none

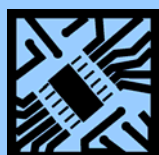
(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	82.0	89.4	-8%	151.1	133.3	13%	287	326.7	-12%
EBITDA	8.2	8.3	-1%	10.9	9.7	13%	37.3	33.8	10%
margin	10.0%	9.3%		7.2%	7.2%		13.0%	10.3%	
EBIT	6.2	5.7	10%	6.9	3.1	124%	31.3	27.8	13%
Gross profit	7.0	4.9	44%	7.5	3.0	147%	34.4	22.0	56%
Net profit	5.6	4.8	18%	6.2	2.1	194%	28.2	15.1	87%

Consolidated data, excluding goodwill write-offs

Cross-bar high in 2Q2004

The very good 2Q2004 set the bar quite high for this year's second quarter results. As a consequence, we expect a small decline (-8% y/y) on the level of sales. However, yet from the operating level, the company should note an improvement comparing to the previous year (+10% y/y). The lower price of the zloty against the dollar in 2Q 2005 relative to 1Q2005 should additionally have a positive impact on net profit, due to which the company could note a small positive result on the valuation of financial instruments inherent in the company's long-term contracts denominated in USD.

Bright prospects in many areas of the company's activity (among others, the power sector) indicate a significant improvement in full-year results. Following the publication of results for the second quarter, we will update our forecast for 2005, particularly on the level of sales.


IT

Analyst:
Andrzej Lis

Prokom

Under review

P/E 2005
P/E 2006

EV/EBITDA 2005
EV/EBITDA 2006

Current price
Target price
PLN 111.5

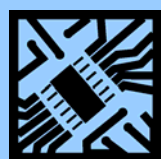
(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	150.0	183.7	-18%	261.9	365.7	-28%		775.6	
EBITDA	15.0	12.3	22%	34.4	50.0	-31%		84.5	
margin	10.0%	6.7%	0%	13.1%	13.7%	0%		11.6%	
EBIT	5.0	7.3	-31%	14.4	38.8	-63%		59.5	
Gross profit	-1.0	3.2		2.1	27.5	-93%		45.7	
Net profit	-1.0	1.1		0.9	20.8	-96%		34.6	

Unconsolidated data

Improvement in results not until 2H

Despite the expected improvement in Prokom's results in 2005, it will not be visible until the second half of the year. In our opinion, the second quarter will be weaker on all levels than 2Q2004 (apart from the EBITDA result, due to the forecasted higher gross margin on sales than one year earlier), and the dynamics of the decline will grow along with moving down the income statement (among others, the influence of significant costs of employment as well as the high negative balance on financial activity).

We are currently updating the forecast for Prokom. After the disappointing results in the recent quarters, we are lowering our forecasts for 2005 and 2006. We currently expect only slightly better results in 2005 in relation to 2004, despite the delays associated with the offset contracts as well as the PZU's announcement of resigning from Exceed system installation. The savings planned by the management board will additionally improve the company's profitability.


IT

Analyst:
Andrzej Lis

Softbank

Accumulate

P/E 2005	16.2	EV/EBITDA 2005	12.0	Current price	PLN 33.8
P/E 2006	12.3	EV/EBITDA 2006	10.0	Target price	PLN 36.5

(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	101.0	87.7	15%	197.6	165.0	20%	530	490.7	8%
EBITDA	9.0	7.8	15%	15.8	10.1	56%	52.5	57.2	-8%
margin	8.9%	8.9%		8.0%	6.1%		9.9%	11.7%	
EBIT	6.5	3.1	112%	11.5	0.7	1510%	42.5	45.8	-7%
Gross profit	6.8	-3.9		12.6	0.6	2028%	43.6	30.4	44%
Net profit	6.8	-3.2		11.7	1.6	629%	43.6	36.2	20%

Consolidated data, excluding goodwill write-offs

Another good quarter for the company

The very good results for the last two quarters have raised our expectations regarding the future results of Softbank. We expect a 15% growth in sales y/y in 2Q05 and a more than twofold growth in operating profit. The engines driving growth are progress in the realization of work on building the Central Register of Vehicles and Drivers and the increasing orders from the company's major client – PKO BP. The comparability of quarters is largely distorted by the restructuring reserve (PLN 6.5 mn), encumbering 2Q2004 results. Moreover, we expect a zero result on financial instruments inherent in long-term contracts (the company hedges itself against a change in the exchange rate using derivatives), which should exert a positive impact on the net result.

Our current forecast does not include the effects of issuing shares, or the influence of acquired firms (Koma, Incenti, Gladstone) on Softbank's results. We also do not take into account Softbank's participation in the profits of Comp Rzeszów, in which the company plans to increase its stake from the current 17.5% to 20% in order to consolidate its results.

Telecommunications



Telecoms

Analyst:
Michał Marczak

Netia

Under review

P/E 2005	18.3	EV/EBITDA 2005	4.5	Current price	PLN 4.37
P/E 2006	22.1	EV/EBITDA 2006	5.0	Target price	PLN 4.50


(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	219.3	222.3	-1.3%	435.7	434.2	0.3%	903.8	897.2	0.7%
EBITDA	84.9	83.9	1.2%	170.4	159.8	6.7%	357.8	324.9	10.1%
margin	38.7%	37.8%	2.5%	39.1%	36.8%	6.3%	39.6%	36.2%	9.3%
EBIT	23.7	28.4	-16.5%	48.5	51.9	-6.7%	113.8	85.8	32.6%
Gross profit	26.3	32.3	-18.7%	54.1	64.9	-16.5%	126.1	113.7	10.9%
Net profit	21.3	31.9	-33.3%	44.4	64.3	-30.9%	103.4	159.2	-35.0%

Without acquisitions – revenue erosion

We expect Netia's 2Q results to be determined by the erosion of revenues in traditional voice services (-1% y/y), the stabilisation in revenues from indirect services (preselection), as well as by the growth in sales in the areas of data transmission and line leasing. Together with the increasing penetration of mobile telephony, we expect a successive decline in the number of direct subscribers (-0.5 thous), and we do not expect the company to "boast" of obtaining major corporate clients (growth in this area). In 2Q2005 Netia began rendering services connected with preselection in local calls. In this period, we expect their appearance to offset the influence of losing revenues from DLD and ILD, which has been observed for two quarters, and not influence increasing revenues.

We also expect the company to maintain the EBITDA margin on a level of almost 39%. We do not see additional costs that could result its decrease in the near future. The company no longer taking goodwill write-offs from consolidation, will have an influence on the net result in relation to last year (PLN 5 mn).

Media

				Media			Agora		Accumulate	
		Analyst:		P/E 2005			20.2		EV/EBITDA 2005	
		Michał Marczak		P/E 2006			19.5		EV/EBITDA 2006	
							11.6		Current price	
							10.9		Target price	
									PLN 68.1	
									PLN 74.0	
(PLN mn)	2Q2005	1Q2004	change	1H2005	1H2004	change	2005	2004	change	
Revenues	314.1	264.8	18.6%	604.6	475.0	27.3%	1 183.1	1 001.1	18.2%	
EBITDA	87.9	60.3	45.9%	163.8	89.1	83.8%	317.7	220.0	44.4%	
margin	28.0%	22.8%	23.0%	27.1%	18.8%	44.4%	26.9%	22.0%	22.2%	
EBIT	64.3	28.7	123.7%	116.3	25.4	357.9%	223.8	95.7	133.8%	
Gross profit	66.4	22.6	193.4%	119.5	14.7	713.5%	233.5	78.3	198.3%	
Net profit	53.5	21.1	153.8%	96.5	11.8	719.2%	190.9	66.3	187.8%	

Very good quarter

The second quarter is significantly better for companies from the media sector than the first three months of the year. In connection with the growth in the advertising market and the influence of book publishing, we expect Agora's consolidated revenues to grow by 18.6% (i.e., PLN 49 mn). The largest contributor to the growth is encyclopaedia sales, the revenues from which in 2Q we estimate at PLN 32 mn. Therefore, encyclopaedias account for 65% of the forecast growth. The encyclopaedia series ended in May, so beginning in 3Q the dynamics of group revenue growth will decline considerably. In the case of Gazeta Wyborcza, we expect advertising income to increase by 6%, in comparison with the 11% growth (BRE Bank Securities forecast) in advertising expenditures in total dailies. Agora will continue to lose market share during the next 2-3 quarters, mainly to Fakt. Magazines are a segment that should note lower revenues (PLN -5 mn), due to resigning from two unprofitable titles. It is important to point out that in 2Q2004 the segment generated PLN 6.4 mn EBITDA loss (entry of Avanti on the market, unprofitable titles). In 2Q2005 we expect an EBITDA result of PLN 1 mn. AMS should note the largest increase in the EBITDA result. The dynamic market growth (c.a. 15%), with high fixed operating costs, should increase EBITDA by PLN 5.1 mn.

It is also important to keep in mind that, as opposed to last year, the company is not writing off goodwill (PLN 3.4 mn quarterly).

Construction



Construction

Analyst:
Witold Samborski

Budimex

Under review

P/E 2005 37.9 EV/EBITDA 2005 13.7 **Current price** **PLN 43.1**
P/E 2006 26.2 EV/EBITDA 2006 10.6 **Target price**

(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	525.0	479.5	9%	928.6	791.2	17%	2700.0	2156.0	25%
EBITDA	16.8	17.1	-2%	23.1	21.7	6%	73.0	26.5	175%
margin	3.2%	3.6%		2.5%	2.7%		2.7%	1.2%	
EBIT	10.6	11.0	-3%	11.5	9.1	26%	49.0	2.0	
Gross profit	8.3	11.0	-24%	9.2	9.1	1%	49.0	0.0	
Net profit	5.0	9.0	-44%	5.2	4.3	19%	29.0	1.0	

Adjusted data: influence of valuation of instruments used for hedging against foreign currency risk transferred to operating result

Results under influence of low margins in road construction

We expect Budimex to generate smaller profits than in 2Q2004, despite a growth in sales. The forecast of sales growth is based on positive data concerning growth of the entire Polish construction sector in the second quarter (according to data of the Central Statistical Office, the sector grew approximately by c.a. 9% in relation to 2Q2004). An even stronger argument for a growth in Budimex's sales in 2Q is the size of its order portfolio, by 30% larger at the beginning of the year than one year earlier. The more modest expectations regarding profits result from the opinion of the company itself, that it will maintain pressure on margins, particularly in road construction. Budimex does not expect this situation to change in the nearest future because, according to the company, with domestic demand being so much lower than the supply of construction services, price competition remains very dogged. The company's planned review of contract profitability following 1H can also have a negative influence on margins. Finally, information from other construction companies indicates that Budimex concluded contracts with low margins, which is then reflected in prices of services expected by the company from potential subcontractors.

Our forecast for 2Q is in line with the full-year forecast. Profits lower than those we expect, could induce us to review the full-year forecast.



Construction

Analyst:
Witold Samborski

Polimex-MS

Buy

P/E 2005 14.1 EV/EBITDA 2005 6.6 **Current price** **PLN 40.0**
P/E 2006 11.8 EV/EBITDA 2006 6.0 **Target price** **PLN 43.8**

(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	400.0	n/a		779.3	n/a		1805.9	1706.2	6%
EBITDA	21.1	n/a		45.5	n/a		99.7	104.8	-5%
margin	5.3%	n/a		5.8%	n/a		5.5%	6.1%	
EBIT	12.9	n/a		29.7	n/a		67.4	72.6	-7%
Gross profit	11.4	n/a		24.9	n/a		59.7	64.1	-7%
Net profit	8.2	n/a		17.0	n/a		41.9	45.7	-8%


Data for 2004 consolidated pro forma (as if the merger of Polimex and Mostostal occurred before 2004). Ratios calculated for 14.72 mn shares (i.e., excluding 0.5 mn own shares)

Second quarter similar to the first

We estimate the results of Polimex-Mostostal Siedlce for 2Q could be similar to those achieved in the first quarter of 2005. Unfortunately, due to a lack of pro forma consolidated data for 2Q, we cannot use the corresponding period of the previous year for comparison.

We expect slightly higher sales and somewhat lower profits than in the first quarter of the year. Statements of the management board have indicated that the majority of this year's profits would be earned in the second half of the year. Our forecast is in line with these statements.

Metals

		Metals		Kęty			Reduce		
		Analyst: Michał Marczak		P/E 2005	12.8	EV/EBITDA 2005	7.9	Current price	PLN 126.0
				P/E 2006	13.0	EV/EBITDA 2006	7.3	Target price	PLN 111.0
(PLN mn)	1Q2005	1Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	168.5	188.7	-10.7%	334.7	366.6	-8.7%	749.8	728.7	2.9%
EBITDA	34.5	41.5	-16.8%	62.6	78.1	-19.9%	153.0	151.9	0.7%
margin	20.5%	22.0%	-6.9%	18.7%	21.3%	-12.3%	20.1%	20.8%	-3.5%
EBIT	26.0	32.3	-19.6%	45.6	59.9	-23.9%	119.0	114.2	4.2%
Gross profit	27.3	30.6	-10.9%	47.9	58.8	-18.6%	113.0	107.6	5.0%
Net profit	23.5	26.6	-11.7%	40.9	50.5	-19.1%	91.0	92.4	-1.5%

No surprises

The company has already announced the initial forecast of results for 2Q. Therefore, the quarterly report should be no surprise for investors. Sales revenues in 2Q2005 were similar to those noted in 1Q and by 11% lower than one year earlier (seasonality of sales). Imports continue to exert pressure on the segment of extruded products, where (moreover, the effect of a high base) revenues fell approximately by 10% in relation to one year ago. Due to the depreciation of zloty against euro, the company was in a position to raise prices of products, which translated into an improvement on the EBITDA margin in relation to the first quarter. Nevertheless, with an 11% drop in revenues in relation to 1Q2004, the company's EBITDA is by 17% lower than at the same time last year. These data for 1H are by 8.7% and 20% respectively, lower than last year.

		Metals		KGHM			Reduce		
		Analyst: Michał Marczak		P/E 2005	3.9	EV/EBITDA 2005	2.5	Current price	PLN 37.2
				P/E 2006	11.4	EV/EBITDA 2006	7.2	Target price	- PLN*
(PLN mn)	1Q2005	1Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	2 029.6	1 701.4	19.3%	3 701.0	3 263.4	13.4%	7 457.4	6 158.0	21.1%
EBITDA	671.7	551.4	21.8%	1 239.3	1 100.5	12.6%	2 423.0	1 643.9	47.4%
margin	33.1%	32.4%	2.1%	33.5%	33.7%	-0.7%	32.5%	26.7%	21.7%
EBIT	601.2	481.8	24.8%	1 098.2	959.6	14.4%	2 131.3	1 371.0	55.5%
Gross profit	625.4	621.0	0.7%	1 179.4	1 082.7	8.9%	2 075.6	1 446.8	43.5%
Net profit	549.8	496.8	10.7%	1 072.9	908.7	18.1%	1 895.9	1 398.1	35.6%

* under review

Raising the forecast

The average spot price of copper in 2Q amounted to 3 213USD/t, which was by 1.2% higher than in 1Q. In terms of the USD/PLN exchange rate, the zloty price of copper was by 8% higher than in the first three months of the year. In the first quarter of the year the company sold 128 thous tons of copper in relation to an average of 133 thous tons for the previous nine quarters. The difference results from a shifting a large transaction to the second quarter of this year. This means that the forecasted volume of sales in 2Q will be approximately by 12 thous tons higher than the mentioned average. On the side of costs, we expect the company to report another record (7310 PLN/t). The growth in costs is due to both factors outside the control of the company, such as the growth in procurement prices of scrap copper, and factors including the growth in costs of employee wages and bonuses and preparatory mining work. In the second quarter the PLN weakened in relation to the USD and the price of copper continued to grow. Theoretically, in both cases, the concern should report a loss on hedging.

Considering the significantly higher prices of copper on the LME in the first half of this year (3 193 USD/t) than we assumed in our forecast (2 950 USD/t, full-year 2 700USD/t), we are forced to adjust this year's forecast of company results. Our forecast of a decline in copper prices in 2Q did not materialize. As a result, we are raising our forecast of the annual average price of copper to 3 150 USD/t. With our forecast of the unit cost of copper production at the level of 7 471 PLN/t, the annual net result amounts to PLN 1.9 bn. We will issue a report on forecasts, the situation on the copper market and the recommendation following publication of quarterly results.

Chemicals



Chemistry

Analyst:
Sławomir Sklinda

PKN Orlen

Buy

P/E 2005	11.2*	EV/EBITDA 2005	6.3*	Current price	PLN 53.6
P/E 2006	12.7*	EV/EBITDA 2006	7.3*	Target price	- PLN*

(PLN mn)	2Q2005F	2Q2004	change	1H2005F	1H2004	change	2005F*	2004	change
Revenues	7 864	7 406	6.2%	14 670	13 747	6.7%	29 363	30 565	-3.9%
EBITDA	1 178	1 050	12.2%	2 266	1 879	20.6%	3 713	3 984	-6.8%
EBIT	893	737	21.2%	1 702	1 266	34.5%	2 503	2 750	-9.0%
margin	11.4%	10.0%	14.2%	11.6%	9.2%	26.0%	8.5%	9.0%	-5.3%
Gross profit	927	833	11.3%	1 715	1 328	29.1%	2 606	3 016	-13.6%
Net profit	724	668	8.4%	1 357	1 037	30.8%	2 056	2 396	-14.2%

* forecast under review

Significant influence of one-off events

One-off and seasonal events will play a significant role in results for the second quarter. In regard to costs, there will certainly be a seasonal growth in expenditures on remuneration, connected with bonuses and awards paid in June. Moreover, according to the company, the downtime connected with expanding the petrochemical installations will result in a PLN 100 mn loss of operating profit. Factors that will exert a positive influence on the results include:

1. Dividend from Polkomtel of PLN 83.3 mn (gross).
2. Sale of holdings in Naftoport for PLN 67.7 mn (we estimate the book value of the sold holdings at PLN 33 mn).
3. Sale of subsidiary companies to unconsolidated entities for a total amount of PLN 4.2 mn.
4. Consolidation of Unipetrol (for June) - We expect Unipetrol's profit to be similar to one noted in 1Q, mainly due to the downturn for petrochemical products as well as the renovation downtime in Ceska Rafinerska. We estimate the share in the net result of Unipetrol, after excluding the share of minority shareholders, at c.a. PLN 30 mn. However, it is still not known by which method Unipetrol will be consolidated.
5. Negative goodwill (taken fully into profit and loss statement of the previous quarter), resulting from the audit conducted in Unipetrol. Although this is only a booking entry, it could significantly increase the net result. However, this item cannot be estimated and therefore is not included in our forecast.



Chemistry

Analyst:
Sławomir Sklinda

Lotos Group

P/E 2005		EV/EBITDA 2005	Current price	PLN 31.3
P/E 2006		EV/EBITDA 2006	Target price	

(PLN mn)	2Q2005F	2Q2004	change	1H2005F	1H2004	change	2005F*	2004	change
Revenues	1 333	n/a	-10.3%	2 819	n/a	n/a	10 716	n/a	n/a
EBITDA	210	n/a	45.0%	354	n/a	n/a	608	n/a	n/a
EBIT	147	n/a	74.1%	231	n/a	n/a	459	n/a	n/a
margin	11.0%	n/a	74.1%	8.2%	n/a	n/a	4.3%	n/a	n/a
Gross profit	142	n/a	68.2%	226	n/a	n/a	462	n/a	n/a
Net profit	108	n/a	105.1%	161	n/a	n/a	373	n/a	n/a

* forecast according to Polish Accounting Standards not including Petrobaltic, Rafineria Gilmar, Rafineria Jaslo and Rafineria Czechowice

2Q better than 1Q

The key event determining results of the Lotos Group for the second quarter is the refinery's downtime, resulting from the need to expand production capacity from the current 4.5 mn tons annually to 6.0 mn tons (according to the Company, current production capacity will be used at the level of 5.6 mn tons annually). The shutdown in production lasted five weeks (from the beginning of April), and we estimate total petroleum processing in the second quarter at 800 thous tons. Moreover, a portion of the costs of the issue, amounting to PLN 15 mn, will lower the result.

The negative effects of the shutdown will largely be offset by three events with a one-off character:

1. The accumulated share in Petrobaltic's profit for two quarters (more precisely, 5 months), which Lotos will not include in the consolidated result until the second quarter. We estimate the influence of Petrobaltic on the net result at approximately PLN 35 mn, after including the share of minority shareholders.
2. The sale of holdings in Naftoport. The value of the transaction was not given, but considering the fact that PKN received PLN 67.7 mn for 24 shares, we estimate that Lotos could obtain approximately PLN 33 mn for a stake of 13 shares. We estimate the book value of the shares at PLN 18 mn.
3. A tax refund for the first quarter, which on the consolidated level amounted to more than PLN 30 mn with a gross profit of PLN 84 mn.

Pharmaceutical Manufacturers and Distributors



Biotechnology

Analyst:
Krzysztof Radojewski

Bioton

P/E 2005 50.2 EV/EBITDA 2005 28.5 **Current price** **PLN 7.6**
P/E 2006 34.1 EV/EBITDA 2006 20.0 **Target price**

(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	27.6	-	-	51.9	-	-	151.9	129.3	17.5%
EBITDA	4.5	-	-	6.6	-	-	47.0	33.1	42%
margin	18%	-	-	13.5%	-	-	30.9%	25.6%	
EBIT	1.6	-	-	1.3	-	-	32.1	19.7	63%
Gross profit	2.6	-	-	3.8	-	-	33.2	11.1	200%
Net profit	2.3	-	-	3.4	-	-	26.9	8.4	222%


Insulin sales higher than in 1Q2005

A substantial portion of Bioton's sales originate from the sale of antibiotics and insulin. Sales of the former group of products is subject to seasonality, and therefore a significant portion of the result is realised at the end of the year. We have adopted the following assumptions concerning 2Q:

- Sales of insulin at the level of PLN 11.4 mn (PLN 7.73 mn in 1Q2005), which mainly results from Bioton's increasing share in the Polish market of insulin (c.a. 17% in June 2005),
- Sales of antibiotics at the level of PLN 15 mn (PLN 14.5 mn in 1Q2005) – the improvement results from introducing a new antibiotic on the market and the overall improvement in this segment of the pharmaceutical market in 1H2005,
- Sales of goods and services totalling PLN 1.15 mn.

Due to the lack of data concerning 2Q2004 as well as 1Q2005 being incomparable (the result of the change in refund limits), other estimates could be subjected to a significant error.

Foodstuffs Sector

		Foodstuffs		Hoop			Accumulate		
		Analyst: Witold Samborski		P/E 2005 P/E 2006	25.8 16.9	EV/EBITDA 2005 EV/EBITDA 2006	5.3 4.4	Current price Target price	PLN 11.1 PLN 14.5
(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	150.0	143.6	4%	242.8	244.9	-1%	528.9	501.1	6%
EBITDA	15.0	10.5	42%	23.7	18.8	26%	51.7	32.1	61%
margin	10.0%	7.3%		9.8%	7.7%		9.8%	6.4%	
EBIT	6.5	1.6	295%	5.5	1.1	400%	16.3	-1.2	
Gross profit	4.1	1.5	175%	0.7	-4.9		6.9	-14.1	
Net profit	3.6	0.9	304%	0.1	-3.3		5.6	-10.3	


Higher profits through cost cutting

Second quarter results should show the effects of the company's cost cutting measures. Therefore, with our assumption of unimpressive sales in 2Q (up only by 4% in relation to the weak 2Q2004), we expect a substantial improvement in Hoop's profits.

With the cool weather in June and Easter falling in March of this year and not April, we are not particularly optimistic in regard to Hoop's domestic sales in the second quarter. According to information obtained from the company during the second quarter, sales in Russia look good.

The restriction of operating costs is primarily announced by Hoop, lower marketing costs in Russia.

Other Sectors


		Others		Krosno			Under review		
		Analyst: Andrzej Lis		P/E 2005 P/E 2006	EV/EBITDA 2005 EV/EBITDA 2006		Current price Target price	PLN 10.3	
(PLN mn)	2Q2005	2Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	93.0	98.5	-6%	182.1	197.0	-8%		397.3	
EBITDA	11.2	12.6	-12%	20.5	24.3	-15%		52.6	
margin	12.0%	12.8%		11.3%	12.3%			13.2%	
EBIT	7.0	9.4	-26%	12.1	18.0	-32%		40.2	
Gross profit	3.8	7.2	-47%	7.3	13.6	-47%		24.7	
Net profit	3.1	5.9	-48%	6.0	11.2	-47%		18.5	

Consolidated data

High base in 2Q2004

We expect a worse quarter in annual terms, both on the level of sales and profits. The high base in 2004 (the effect of entering the EU as well as a weaker zloty that improves profitability of export sales, accounting for more than 60% of total sales) will have impact on this fact. On the other hand, in our opinion, the company will note an improvement in relation to 1Q2005, the worst quarter in terms of sales since 3Q2003. We forecast a 6% y/y decline in sales, but on the operating and net levels, a stronger zloty than in 2Q2004, restructuring costs and costs of interest on loans will additionally encumber results.

We are currently reviewing our forecast for Krosno. The zloty exchange rate (a strong PLN relative to the USD and EUR is unfavourable for export profitability) as well as the increasing price of natural gas, which accounts for a considerable part of Krosno's costs, will exert a significant influence on future results. On the other hand, the ongoing expansion of production capacity within the Group (the steelworks in Tarnów) as well as restructuring (the steelworks in Krosno), will have positive repercussions for future results.

		Others		Mondi			Hold		
		Analyst: Michał Marczak		P/E 2005 P/E 2006	16.7 16.9	EV/EBITDA 2005 EV/EBITDA 2006	6.7 9.4	Current price Target price	PLN 47.9 PLN 51
(PLN mn)	1Q2005	1Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	322.7	334.4	-3.5%	648.6	669.7	-3.2%	1 284.4	1 306.5	-1.7%
EBITDA	65.0	117.6	-44.7%	133.7	206.9	-35.4%	393.4	511.3	-23.1%
margin	20.1%	35.2%	-42.7%	20.6%	30.9%	-33.3%	30.6%	39.1%	-21.7%
EBIT	38.9	86.5	-55.1%	81.4	149.7	-45.6%	282.9	391.8	-27.8%
Gross profit	47.4	131.4	-64.0%	101.6	189.2	-46.3%	174.5	377.9	-53.8%
Net profit	45.4	110.0	-58.7%	96.9	159.1	-39.1%	143.1	310.1	-53.9%

Decline in paper prices will lower the results

In the second quarter, the average prices of corrugated cardboard paper manufacture (kraftliner, testliner, fluting) were similar to the averages from the first three months of the year. Including the PLN/EUR exchange rate, the deviation amounts to only -1%. In connection with the above, we expect revenues for the second quarter to be similar to the result achieved in the first quarter. Due to the substantial oversupply of paper on the European market, the company could have difficulties with placing the higher volume on the market. In our opinion, the company could report a somewhat lower EBITDA margin in comparison with the beginning of the year, due to the higher prices of wood. According to data of the Polish Chamber of the Wood Industry (PIGPD), at the end of March 2005 the price of round sawmill wood grew by 8.8% in relation to the end of 2004. In 1Q, the company's production was based on higher priced raw materials, which is reflected in the lower EBIT margin (decline to 32.5% from 37.4% in 4Q004). Nevertheless, in our forecasts, we assume that c.a. 1/3 of production in 1Q2005 was still based on inventories of less expensive wood from 2004, which should cause the result in 2Q (taking this factor into account) to be c.a. by PLN 2.5 mn lower. The result on financial activity, including hedging and derivative instruments, is the portion of the company's results difficult to estimate. The company hedges itself against the exchange rate risk, and generates revenues from leasing activity. In our forecast, we assume that in connection with the 1% depreciation of the EUR (at the end of the quarter) in relation to the PLN, the company will show a positive result of PLN 10.5 mn.


Others

Analyst:
Michał Marczak

Orbis

Under review

P/E 2005	18.9	EV/EBITDA 2005	7.4	Current price	PLN 24.8
P/E 2006	16.1	EV/EBITDA 2006	7.3	Target price	

(PLN mn)	2Q2005	1Q2004	change	1H2005	1H2004	change	2005	2004	change
Revenues	284.3	269.1	5.7%	472.3	443.8	6.4%	1 010.0	954.6	5.8%
EBITDA	64.4	64.1	0.3%	73.1	79.0	-7.6%	182.8	171.8	6.4%
margin	22.6%	23.8%	-5.0%	15.5%	17.8%	-13.1%	18.1%	18.0%	0.6%
EBIT	38.6	41.7	-7.3%	38.6	33.8	14.3%	74.9	69.7	7.5%
Gross profit	40.3	44.3	-8.9%	21.0	36.0	-41.6%	77.6	69.9	11.1%
Net profit	33.2	33.6	-1.1%	13.6	26.5	-48.7%	60.5	56.0	8.1%

Competition and a strong zloty will lower margins

Due to the seasonal growth in demand for hotel services, the second quarter is a substantially better period than the first three months of the year, when the company reported a loss on the EBIT level. Summarising the first half of the year, it can be stated that strong competition is the main reason for the lack of improvement in the company's results. In our opinion, the decline in room prices, with the number of sold roomnights growing slowly, will result Orbis' revenues from hotel activity remaining on the level noted in 2Q2004 (i.e., PLN 194 mn). This means an improvement in relation to the negative dynamics from 1Q (-4.3%), which will mainly be effect of PLN weakening in relation to the euro (influence on average daily room rate). Our forecast of a 5.7% growth in consolidated revenues, results from growing sales of tourist and transport services (broadening the group with subsequent customer service points).

Publication Dates of Reports for 2005

Company	2Q 2005 unconsolidated	2Q 2005 consolidated	1H 2005 consolidated
AGORA	04.08.05	04.08.05	29.09.05
AMICA	04.08.05	12.08.05	28.10.05
BPH PBK		28.07.05	30.09.05
ING BSK	11.08.05	11.08.05	30.09.05
BUDIMEX		12.08.05	30.09.05
BZWBK	03.08.05	03.08.05	03.08.05
COMARCH	16.08.05	16.08.05	30.09.05
COMPUTERLAND		16.08.05	30.09.05
ECHO INVESTMENT	16.08.05	16.08.05	31.10.05
EKODROB	04.11.05		30.12.05
ELEKTROBUDOWA	04.08.05	12.08.05	10.10.05
EMAX		10.08.05	30.09.05
FARMACOL	16.08.05	16.08.05	31.10.05
FORTE	16.08.05	16.08.05	30.09.05
GETIN	12.08.05	14.11.05	30.09.05
GROCLIN	11.08.05	11.08.05	22.09.05
HANDLOWY	12.08.05	12.08.05	31.10.05
HOOP	12.08.05	12.08.05	28.10.05
HYDROTOR	04.08.05	16.08.05	31.10.05
INDYKPOL	12.08.05	12.08.05	28.10.05
JELFA	04.08.05		29.04.05
JUTRZENKA	04.08.05		30.09.05
KĘTY		09.08.05	20.09.05
KGHM	04.08.05	16.08.05	31.10.05
KREDYT BANK		12.08.05	
KROSNO	03.08.05	12.08.05	28.10.05
MIESZKO	04.08.05		30.09.05
MILLENNIUM		18.07.05	01.09.05
MONDI		29.07.05	21.09.05
NETIA	10.08.05	10.08.05	10.08.05
ORBIS	12.08.05	12.08.05	30.09.05
PEKAO		05.08.05	13.09.05
PKO BP		16.08.05	30.09.05
PGF	16.08.05	16.08.05	30.09.05
PKNORLEN	16.08.05	16.08.05	29.09.05
POLIMEX	16.08.05	16.08.05	31.10.05
PROKOM		11.08.05	29.09.05
RELPOL	16.08.05	16.08.05	27.10.05
REMAK	04.08.05		30.09.05
SOFTBANK	08.08.05	08.08.05	19.09.05
TELEKOMUNIKACJA POLSKA	27.07.05	27.07.05	30.08.05
TORFARM	03.08.05		29.09.05
WAWEL	04.08.05		30.09.05

Source: Parkiet

Current recommendations of BRE Bank Securities S.A.

Company	Recommendation	Target price	Date issued
BPH PBK	Suspended		
BZWBK	Suspended		
GETIN	Suspended		
HANDLOWY	Suspended		
ING BSK	Suspended		
KREDYT BANK	Suspended		
MILLENNIUM	Suspended		
PEKAO	Suspended		
PKO BP	Suspended		
AGORA	Accumulate	74.00	2005-06-20
AMICA	Hold	37.30	2004-12-14
BUDIMEX	Under review		
COMARCH	Under review		
COMPUTERLAND	Hold	113.00	2004-12-17
ECHO INVESTMENT	Under review		
ELEKTROBUDOWA	Buy	35.00	2005-07-12
EMAX	Under review		
FARMACOL	Buy	34.50	2005-03-24
FORTE	Buy	13.80	2005-03-18
HOOP	Accumulate	14.50	2005-03-18
INDYKPOL	Suspended		
JELFA	Buy	70.00	2005-02-25
JUTRZENKA	Accumulate		2004-12-17
KĘTY	Reduce	111.00	2005-04-07
KGHM	Reduce		2005-03-03
KROSNO	Under review		
MONDI	Hold	51.00	2005-04-07
NETIA	Under review	4.50	
ORBIS	Under review		
PGF	Hold	50.40	2005-05-16
PKNORLEN	Buy		2005-05-18
POLIMEX	Buy	43.80	2005-06-30
PROKOM	Under review		
SOFTBANK	Accumulate	36.50	2005-04-04
TELEKOMUNIKACJA POLSKA	Hold	19.50	2005-02-08
TORFARM	Accumulate	46.00	2005-03-24
WAWEL	Accumulate	120.00	2005-03-22

**Changes in recommendations within the last month**

Company	Recommendations	Target price	Date issued
ELEKTROBUDOWA	Buy	35.00	2005-07-12
POLIMEX	Buy	43.80	2005-06-30

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	0	2	5	6	6	0	1	2	1	1
percentage	0.0%	10.5%	26.3%	31.6%	31.6%	0.0%	20.0%	40.0%	20.0%	20.0%

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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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In connection with the above, BRE Bank Securities S.A. does not consider the Forecasts of Quarterly Results to be a recommendation as understood in the Order of the Council of Ministers, dated 21 April 2004, in regard to information comprising recommendations concerning financial instruments or their issuers.

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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.