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Forecasts of Quarterly Results

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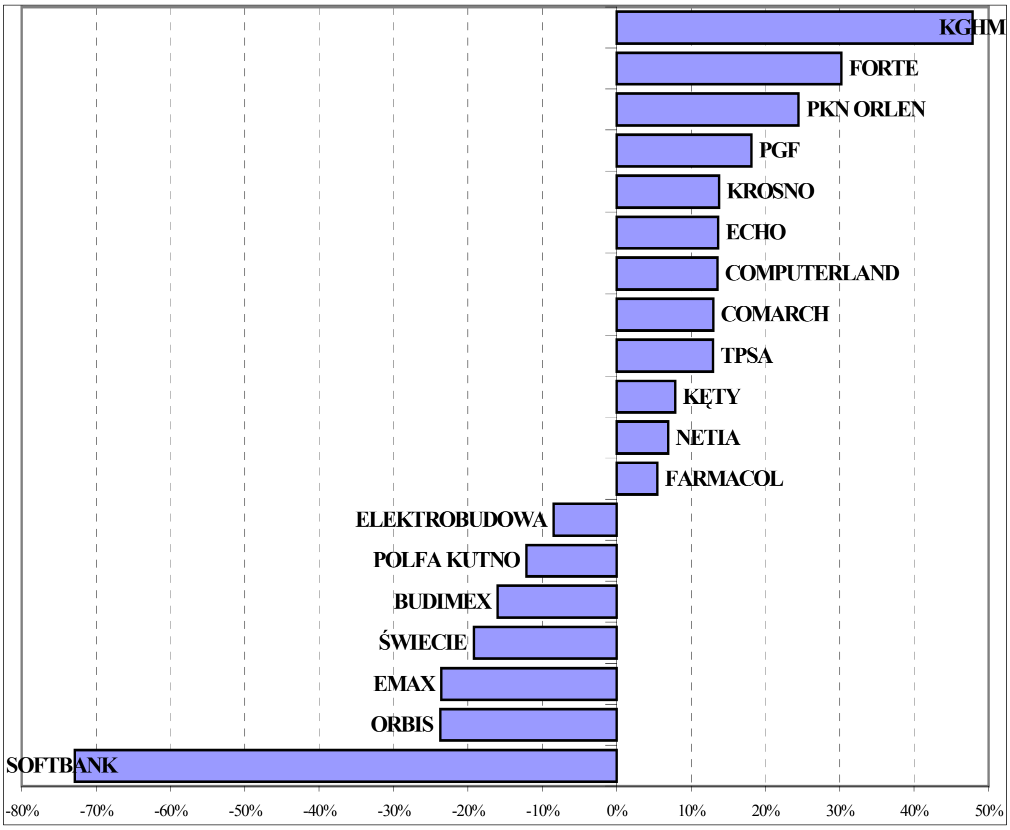
Prospective dynamics of EPS for selected stock exchange-listed companies (3Q 03-2Q 04 / 2Q 03-1Q 04)



We expect Comarch, Computerland and Echo to report better results in 2Q than one year ago. The results of Prokom will be strongly affected by the drop in Ster-Projekt's share price. No improvement is expected in Budimex's results. Hoop will report poor results mainly due to the very unfavourable cool weather noted in May and June.

High prices of metals will favour companies from the sector, both manufacturers and distributors. Low prices of paper and growing costs of wood will be evident in Świecie's results.

PKN Orlen's net result should be among the highest in the concern's history due to high refining margins in 2Q 2004.

We expect telecoms to report better results: Netia, due to acquisitions and TPSA due to last year's result being lowered through the creation of revaluation write-offs of assets.

Books attached to Gazeta Wyborcza will increase Agora's dynamics of consolidated revenues growth, while the newspaper's growing promotional costs will lower the EBITDA margin.

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FORECASTS OF QUARTERLY RESULTS

PHARMACEUTICALS

According to the latest estimates, the value of sales on the pharmaceutical market in 2Q 2004 was 6-7% higher than that noted last year. This growth has accelerated since May of this year. The weak 1Q 2004 was due to changes introduced on refund lists at the end of the previous year. The influence of these changes was no longer reflected in 2Q sales. In annual terms, growth on a level of 8-10% appears more likely than following 1Q.

We estimate that a relatively good 2Q will translate into a growth in the results of pharmaceutical distributors (i.e., PGF and Farmacol). We expect particularly high dynamics in the case of PGF, where in the analogous period of 2003 the result was lowered by write-offs of debts owed by Oficyna Tom, which declared bankruptcy at that time. Considering our expectations for 2Q results, we see no reason to adjust year-end forecasts for PGF and Farmacol.

However, we expect quarterly results of pharmaceutical manufacturers to be weaker than one year ago. Jelfa is noting a decline in revenues, which is connected with the lack of new products that could stimulate sales. One such product should be added to the company's portfolio in 3Q. However, this quarter will additionally be encumbered with the planned costs of hiring additional medical and pharmaceutical representatives, in connection with which no improvement should be expected in Jelfa's results in 3Q as well. We will prepare new forecasts for company results in the near future, which will be lower than current forecasts.

Forecasts for Polfa Kutno could also require downward adjustments. In connection with ownership changes, the company is not employing the strategy adopted in mid-2003. Revenues for 2Q will be higher than in 2Q 2003, which is connected with the fact that Ceclor, purchased the previous year, was sold during the entire period. Nevertheless, additional costs, particularly costs of legal services (due to the company's customs-revenue proceedings), could result in the company noting a lower net profit than one year ago.

In the case of both manufacturers, the issue of results has a limited influence on their share prices. Both companies are looking at changes in the shareholder structure and this is the main reason for their listings remaining at current levels. The results of pharmaceutical distributors could have a positive influence on listings of the companies.

PGF (Accumulate, 2004 P/E – 14.4)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	890.4	819.4	8.7%	3 947.3	3 568.7	10.6%
Operating profit	16.8	10.8	55.7%	73.4	73.4	0.0%
Gross profit (loss)	13.7	8.9	52.9%	63.7	64.7	-1.6%
Net profit (loss)	10.2	2.5	301.6%	50.0	36.8	35.8%

Farmacol (Accumulate, 2004 P/E – 13.3)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	658.8	621.5	6.0%	3 209.1	2 717.8	18.1%
Operating profit	11.7	10.4	12.7%	69.9	58.6	19.2%
Gross profit (loss)	12.7	12.1	5.6%	71.3	60.8	17.2%
Net profit (loss)	10.3	7.9	30.1%	53.2	39.1	36.0%

Polfa Kutno (Accumulate, valuation – PLN 301, 2004 P/E – 15.5)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	72.9	63.7	14.4%	280.0	245.1	14.2%
Operating profit	10.7	16.4	-34.6%	52.0	47.7	9.0%
Gross profit (loss)	9.1	15.5	-41.3%	49.0	41.9	16.9%
Net profit (loss)	7.4	11.2	-34.0%	39.7	30.5	30.0%

Jelfa (Hold, 2004 P/E – 43.0)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	57.2	62.1	-7.9%	271.0	253.6	6.8%
Operating profit	2.0	8.7	-76.6%	14.6	30.2	-51.7%
Gross profit (loss)	1.6	8.7	-81.1%	12.8	29.5	-56.5%
Net profit (loss)	1.3	5.3	-75.1%	10.4	21.7	-52.0%

MEDIA

Agora (Reduce, valuation – PLN 42, 2004 P/E – 100)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	256.0	227.6	12.5%	882.7	853.5	3.4%
Operating profit	25.0	23.0	8.6%	19.7	17.3	13.6%
Gross profit (loss)	22.9	18.9	20.9%	4.9	-5.0	-198.5%
Net profit (loss)	18.6	13.0	42.9%	1.4	2.1	-33.9%

Consolidated data

We expect Agora to report a 12% growth in sales revenues in 2Q. The fact that the company has begun publishing books (5 titles in 1Q) has a significant influence on the high dynamics of sales (in relation to our year-end forecast). According to our estimates, this will increase the company's quarterly revenues approximately by PLN 14 mn, and EBIT by PLN 2.2 mn (15% operating margin). The above activity is not included in the annual forecast presented above (forecasts will be reviewed following quarterly results). Eliminating book publishing, we expect a 5.6% dynamics of consolidated revenues growth. Magazines and the radio segment should note the highest growth in sales (+10% and +10%, respectively). In regard to AMS, we expect dynamics of 7%. According to our estimates, Gazeta Wyborcza will note a 4.5% dynamics of revenues growth, of which 2.5% in the segment of revenues from advertisements (drop in Gazeta Wyborcza's market share). In connection with the increase in the sold print run, the company will achieve a higher dynamics of revenues from the distribution of the newspaper.

In regard to operating costs (excluding books), we expect an increase of 6.4% (higher expenditures for promoting the daily newspaper, higher printing costs), which as a result would lower the EBITDA margin from 24% one year ago to 21.5%.

TELECOMMUNICATIONS

TPSA (Hold, valuation – PLN 16.5, 2004 P/E – 11.3)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	4 652.6	4 571.0	1.8%	18 600.0	18 288.0	1.7%
Operating profit	990.3	817.0	21.2%	3 718.0	3 029.0	22.7%
Gross profit (loss)	643.6	341.0	88.7%	2 515.0	1 478.0	70.2%
Net profit	482.7	314.0	53.7%	1 831.0	960.0	90.7%

Consolidated data

In 2Q 2004, we expect TPSA to increase sales revenues to PLN 4 653 mn (i.e., 1.8% more than in the analogous period of the previous year). As in pervious quarters, the main engine driving the growth in sales will be mobile telephony services, although in this segment we see the risk of increasing competition by the activity of PTC (Heyah). In our forecasts, we assume that Centertel will generate revenues of PLN 1.34 bn (i.e., 22% higher than one year ago). In the case of traditional voice services, with a growth in telecom traffic in the long distance and local segments (plans with free minutes) and decline in the effective price per minute, we expect company revenues to fall 10.6%.

In regard to the operating margin, we expect 2Q results to be better than one year ago, among others, in connection with the fact that in 2Q 2003 TPSA took a PLN 272 mn revaluation write-off on the value of assets (among others, a partial reserve for holdings in Wirtualna Polska), which significantly lowered the EBITDA result.

Netia (Accumulate, valuation – PLN 4.5, 2004 P/E – 64.0)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	216.1	176.7	22.3%	772.7	704.5	9.7%
Operating profit	17.3	-25.1		35.5	-840.1	-104.2%
Gross profit (loss)	20.1	-17.4		35.2	-728.8	-104.8%
Net profit (loss)	20.1	-17.3		25.7	-729.1	-103.5%

Consolidated data

In 2Q, we expect Netia's revenues to increase more than 22% in relation to 2Q 2003. This will largely be due to including El Net in consolidation. We estimate a 6.2% organic growth in revenues (pre-selection, wholesale services, data transmission). Due to the effects of synergy resulting from group expansion, we expect a sustainable increase in the EBITDA margin to at least 30%. In 2Q, we estimate an EBITDA margin of 32% (PLN 69 mn), which means a 4 pp (PLN 76 mn) decline in relation to 1Q. Our assumption of higher operating costs (+ PLN 10 mn) is based on extraordinary costs of restructuring El-Net and merging the two companies. Despite our assumption that 2Q EBITDA will be lower than in 1Q, Netia will be able to boast a high dynamics of EBITDA growth in relation to the previous year (+36%, +PLN 19 mn).

INFORMATION TECHNOLOGY

Comarch (Accumulate, valuation – PLN 65, 2004 P/E – 19.6)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	60.0	52.2	15%	297.1	256.6	16%
Operating profit	2.0	0.5	300%	22.7	15.4	47%
Gross profit (loss)	1.5	-1.2		22.0	12.6	75%
Net profit (loss)	1.0	-0.8		19.7	11.0	79%

Consolidated data excluding Interia and Net Brokers

Comarch

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	60.0	52.2	15%	297.1	256.6	16%
Operating profit	2.0	0.5	300%	22.7	15.4	47%
Gross profit (loss)	1.5	-1.2		22.0	12.6	75%
Net profit (loss)	0.0	-1.5		18.2	9.3	96%

Consolidated data

We do not expect Comarch to improve results as significantly as in 1Q. President Filipiak's statement that the Comarch group will achieve a more than 30% growth in sales in 1H means that in 2Q alone sales could grow only slightly (even with sales such as those noted in 2003, the conditions given by the company would be met). The growth in sales could result, among others, from the very large portfolio of export orders that Comarch had at the beginning of the year.

The fact that CDN is fully consolidated (60% one year ago) should have a positive influence on consolidated results in 2Q. CDN noted an increased demand for its products prior to Poland's entry into the European Union.

We expect Interia to report excellent results in 2Q. The market of Internet advertising has grown rapidly, and Interia's own revenues from advertising could grow even faster, due to the caution of advertisers to place ads on bankrupting portal Wirtualna Polska.

The influence of the Cracovia sports club's results is the big unknown in estimating the consolidated results of Comarch.

ComputerLand (Reduce, valuation - none, 2004 P/E – 73.8)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	125.0	119.9	4%	550.0	522.3	5%
Operating profit	6.0	4.5	33%	24.6	27.3	-10%
Gross profit (loss)	3.0	1.6	88%	16.6	19.0	-13%
Net profit (loss)	2.4	0.5	380%	10.5	12.1	-13%

Unconsolidated data

We expect sales somewhat higher than one year ago and substantially higher profits in 2Q than in 2Q 2003. The large portfolio of orders at the beginning of the quarter leads us to believe that the level of sales will be better than one year ago. In the case of Computerland, the expiration of the company's largest contracts with banks is offset by higher sales to NBP.

In the course of 2Q, Computerland announced only two new major contracts with an unnamed financial institution for a total amount of PLN 49 mn. The contracts are scheduled to be completed in 12 months, beginning at the end of April, and therefore we do not expect these contracts had an influence on 2Q results. However, they could keep Computerland's order portfolio from worsening at the end of June.

Emax (Hold, valuation – PLN 109, 2004 P/E – 17.3)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	35.0	35.1	0%	257.0	223.0	15%
Operating profit	1.5	3.8	-61%	28.0	24.8	13%
Gross profit (loss)	0.5	1.5	-67%	23.9	17.3	39%
Net profit (loss)	-0.5	1.1		18.5	10.5	76%

Consolidated data

Company statements following 1Q results do not allow us to expect particularly good results in 2Q. These statements mentioned strong seasonality in Emax's results in 2004 and 1H 2004 results probably being worse than 1H 2003 results.

With sales similar to last year's, according to our estimates, in 2Q alone Emax would note an operating profit approximately PLN 2.5 mn lower than one year ago (an oversimplification assuming unchanged gross margins). Therefore, the net result would also be worse than one year ago.

Prokom (Hold, valuation – PLN 172, 2004 P/E – 14.9)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	200.0	211.7	-6%	1135.0	872.3	30%
Operating profit	20.0	32.3	-38%	163.4	95.9	70%
Gross profit (loss)	-7.0	56.2		189.7	118.0	61%
Net profit (loss)	-12.0	37.9		153.7	107.3	43%

Unconsolidated data excluding reserves of PLN 105 mn for Prokom Internet in 2003

According to our estimates, in terms of results, the second quarter was not a good one for Prokom. Delays in the realisation of large projects (PZU, Poczta Polska) probably resulted not only in stagnate sales, but also a drop in the operating margin. In addition, Prokom bore an approximate PLN 19 mn loss on the decline in the share price of Ster-Projekt stock.

Should Prokom's results turn out to be as bad as we think, we will seriously consider lowering this year's forecast of company results. The more so as any decisions concerning the offset projects, included in our forecast (although with little weight corresponding to the likelihood of their occurring), appear increasingly less likely this year. The Medical Services Register project appeared closer to government approval than the other two projects. It is now clear that, in regard to the MSR project, no decision will be made before the parliament passes the new law on health care.

Softbank (Hold, valuation – PLN 19, 2004 P/E – 33.9)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	50.0	46.0	9%	482.0	345.0	40%
Operating profit	-5.0	-3.4		18.1	13.0	39%
Gross profit (loss)	-7.0	-0.8		11.2	12.2	-8%
Net profit (loss)	-7.0	-1.1		11.2	4.1	173%

Consolidated data

At the end of June, Softbank made a preliminary evaluation that, in terms of results, 2Q 2004 will not be that good, but should be typical for 2Q results. The fairly low level of sales will be due to delays in launching the PZU project, and the lack of larger projects connected with the Central Register of Vehicles and Drivers, but not covered by the main contract due to budget limitations of the government and the current lack of a recovery in demand for IT from cooperative banks. We also assume that operating profit was not under the influence of extraordinary events in 1Q, which improved last year's 2Q result significantly (PLN 4 mn of receivables recovered from Ementor). We also assume that the influence of revaluating derivatives embedded in long-term contracts will be zero in 2Q (we do not have the tools to estimate this influence).

CONSTRUCTION

Budimex (Accumulate, valuation - none, 2004 P/E – 112.7)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	610.0	576.3	6%	2200.0	2146.9	2%
Operating profit	4.7	13.0	-64%	25.0	-15.3	
Gross profit (loss)	4.7	14.3	-67%	25.0	-10.5	
Net profit (loss)	2.0	11.5	-83%	10.0	-38.3	

Consolidated data excluding profit from the sale of the office building

We forecast a slight growth in Budimex's sales in 2Q 2004, an average gross margin of 7%, a decline in margins in 2Q and 3Q in relation to the first quarter of 2004 (in accordance with statements of the management board), administrative and selling costs of PLN 30 mn and a negative balance of other operating revenues and other operating costs of PLN 8 mn (due to creating reserves for overdue receivables).

The Central Statistical Office has not released data concerning construction-assembly production in June. It can be seen from data for the first 5 months of the year that a small (several percentage points) growth in construction output occurred in 2Q.

Echo (Suspended, valuation - none, 2004 P/E – 22.9)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	90.0	85.0	24%	320.0	312.2	2%
Operating profit	22.5	19.4	16%	80.0	77.8	3%
Gross profit (loss)	15.0	13.6	10%	50.0	43.2	16%
Net profit (loss)	11.7	7.8	50%	39.0	28.4	37%

Consolidated data

Echo benefited from the large demand for apartments prior to 1 May 2004, selling almost all of them. In comparison with 2Q 2003, revenues from leasing commercial space increased. Costs of debt servicing also grew, as debt increased after the shopping centre in Szczecin opened.

Elektrobudowa (Accumulate, valuation – PLN 32, 2004 P/E – 20.4)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	55.0	48.3	14%	260.0	228.8	14%
Operating profit	1.3	2.2	-44%	8.6	8.0	8%
Gross profit (loss)	1.0	1.7	-44%	7.3	5.0	46%
Net profit (loss)	0.7	1.1	-39%	5.2	3.1	68%

Unconsolidated data

We forecast Elektrobudowa's sales will increase in 2Q, in relation to 2Q 2003, at a similar rate we expect for the entire year. Remaining assumptions are identical to those in our model for the entire year. Although the results forecast by us are lower than in the respective quarter of 2003, should these forecasts be realised, results for 1H would be better than last year's.

OTHER COMPANIES

Forte (Buy, valuation – PLN 16, 2004 P/E – 14.6)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	98.9	70.5	40.3%	477.5	348.4	37.1%
Operating profit	4.8	-0.7	-	29.7	25.3	17.4%
Gross profit (loss)	5.3	-1.6	-	27.9	19.4	44.1%
Net profit (loss)	4.3	-1.5	-	22.7	12.6	80.6%

The second quarter of the year is seasonally the weakest period for furniture manufacturers. Sales are usually low, and in addition, Forte experienced a technological shut down for part of June. Nevertheless, 2Q 2004 will be the first quarter in which Furnel's results will be consolidated. Therefore, we expect group revenues to total almost PLN 100 mn. Restructuring as well as high Euro exchange rates have made their presence felt, and therefore the parent company should not note a loss on the operating level. Meble Polonia continues to exert a negative influence on group results, but this quarter will be offset by Furnel's good results. In summary, we believe that the Forte group should generate a net profit of PLN 4-5 mn. This is insufficient to justify a change in our year-end forecasts for the company (profitability in 2H will fall in connection with zloty strengthening).

Frantschach Świecie (Reduce, valuation – none, 2004 P/E – 15.9)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	332.1	342.2	-2.9%	1 268.6	1 280.4	-0.9%
Operating profit	46.6	91.7	-49.2%	223.2	260.3	-14.3%
Gross profit (loss)	46.6	85.2	-45.3%	215.2	190.6	12.9%
Net profit (loss)	35.4	63.8	-44.5%	176.4	147.6	19.5%

Unconsolidated data

The economic environment is not favourable for Świecie. Due to the continuing EUR/PLN exchange rate, prices of paper in Europe are unable to return to levels noted in the first half of 2003 (cosmetic changes in relation to the end of 2003). Moreover, zloty strengthening in relation to the Euro lowers company revenues (more than 80% originate from exports) and negatively affects the operating margin. In 2Q, the EUR/PLN exchange rate will continue to have a limited influence on company results (average EUR/PLN exchange rate in 1Q was 4.78, and 4.69 in 2Q). The real impact will not be felt until 3Q.

Costs of purchasing wood are expected to be higher (about which we have repeatedly written), which should have an influence on the level of EBITDA in 2Q (drop in margin from 36% the previous year to 24%).

The big question for us is the result the company will achieve on financial activity. In previous quarters, Świecie hedged cash flow against the exchange rate risk, on which the company noted significant losses. If the above policy was not changed, revenues from these operations could now be expected. In our forecasts, we included a pre-tax profit on hedging of PLN 5 mn.

Kęty (Accumulate, valuation – PLN 146, 2004 P/E – 13.7)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	183.5	186.4	-1.5%	796.9	740.2	7.7%
Operating profit	28.9	23.6	22.2%	118.6	85.5	38.6%
Gross profit (loss)	27.7	21.8	27.4%	119.4	84.6	41.1%
Net profit (loss)	24.1	17.9	34.4%	95.9	69.7	37.6%

Kęty Group's quarterly results should come as no surprise to investors. Even before the end of the quarter, the company announced the expected dynamics of revenue growth (+10%) as well as a margin on the EBIT level similar to that in 1Q (16%). As the company changed the method of consolidating Flexpol from the full to the equity method, the dynamics of revenues, in annual terms, is negative for the second quarter.

Hoop (Accumulate, valuation – PLN 27, 2004 P/E – 16.2)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	112.0	126.8	-12%	429.6	351.6	22%
Operating profit	5.4	11.6	-54%	24.3	20.0	22%
Gross profit (loss)	2.3	5.1	-55%	12.0	3.4	253%
Net profit (loss)	1.8	5.0	-63%	11.4	5.0	128%

Consolidated data, excluding Megapak

Cool weather in May and June resulted in Hoop's sales being low for the entire second quarter of the year. According to the company's initial estimates, sales in 1H were similar to sales noted the previous year. The average prices of Hoop's products did not increase sufficiently to fully compensate for the growth in costs of raw materials (although in 2Q Hoop still produced beverages using sugar purchased at low prices). This means that the gross margin obtained by Hoop was probably lower than one year ago (we assume the same as in 1Q). Simultaneously, administrative costs and selling costs remained high after opening the third production plant (PLN 33 mn per quarter). Since the beginning of the year Hoop has also lost approximately PLN 2.5 mn per quarter from the balance of the subsidies received from the National Fund for the Rehabilitation of the Disabled (PFRON) and the costs of employing handicapped people. This had to lead to a decline in operating profit.

Following the publication of results for 2Q, we will probably lower our year-end sales forecast for Hoop. Profit forecasts will also be subject to respective adjustments.

Results including Megapak will not be much better than the results on Polish activity alone. The weather in the area of Moscow also did not favour a demand for beverages, and the excellent sales of products under its own brands (Arctic, Hoop, Hooch) did not fill the hole created after Megapak lost its major client. For this reason, and due to the fact that the declared cost restructuring Megapak has not yet brought any measurable benefits, we do not expect Megapak to have a significant positive influence on the consolidated results of Hoop.

KGHM (Accumulate, valuation – PLN 37, 2004 P/E – 4.5)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	1 580.0	1 075.8	46.9%	5 980.0	4 740.8	26.1%
Operating profit	437.0	22.0	1883.6%	1 370.0	357.9	282.8%
Gross profit (loss)	528.9	78.4	574.9%	1 538.0	569.3	170.1%
Net profit (loss)	406.4	53.7	657.2%	1 208.0	411.6	193.5%

Unconsolidated data

In 2Q, the average price of copper in three-month contracts amounted to 2699 USD/t, or USD 1 more than in the first three months of the year, while the average price of silver amounted to 223.5 USD/kg, or 6.6% less than in 1Q 2004. Zloty weakening in relation to the USD was a factor that had a positive influence on the value of the company's revenues. The average USD/PLN exchange rate in 2Q was 3.89 in relation to 3.82 in 1Q. In accordance with statements of the management board, the volume of copper sales can be expected to grow to 540 thous. tonnes for the year. In 2Q, we expect sales will grow to 136 thous. tonnes, which is 3 thous. tonnes more than in 1Q of this year and 6 thous. tonnes more in relation to 2Q 2003. Considering all of the above elements, we expect the company will increase sales revenues to PLN 1 580 mn in relation to PLN 1 519 mn in 1Q. Our forecasts are based on the assumption that the level of hedging copper prices will be similar to that in 1Q.

According to statements of the company's management board in 2Q, in connection with the acceleration of preparatory work and renovation postponed for the last two years, a growth in unit cost of copper production should be expected beginning in 2Q. In the forecast, we assumed that its level will grow to 6 398 PLN/t in relation to 6 281 PLN/t in 1Q and 5 986 PLN/t in 2Q 2003.

Krosno (Accumulate, valuation – PLN 145, 2004 P/E – 19.1)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	106.0	84.8	25.0%	396.6	342.6	15.7%
Operating profit	9.3	7.0	33.2%	26.6	20.7	28.4%
Gross profit (loss)	7.1	5.6	25.8%	21.8	14.7	48.2%
Net profit (loss)	5.7	3.6	59.1%	17.1	10.4	64.1%

Krosno group revenues grew more than 30% in the first quarter of this year. We assume the high dynamics of sales also continued in 2Q. We expect the group's revenues exceeded PLN 100 mn. With this level of revenues, net profit should be similar to that generated in the first quarter of the year (PLN 5.3 mn). Therefore, total 1H 2004 profit should exceed the total 2003 year-end result. However, on the net profit level, the second half of the year could be weaker than the first half due to higher expected costs of amortisation as well as less favourable exchange rates.

Orbis (Hold, valuation – PLN 26, 2004 P/E – 19.8)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	258.5	218.8	18.1%	939.0	819.0	14.7%
Operating profit	44.7	35.8	25.0%	88.0	53.8	63.6%
Gross profit (loss)	39.8	58.5	-32.0%	81.0	67.4	20.2%
Net profit (loss)	31.1	42.9	-27.5%	56.0	45.2	23.8%

Consolidated data

We expect the increase in the occupancy rate as well as the decline in prices expressed in EUR to dominate the company's quarterly results. In our opinion, the effect of the above mentioned factors will be positive, and considering operating leverage we expect an improvement in the company's results on the operating level. As recent quarters have shown, due to reductions in operating costs (employment) even with a small increase in revenues, the EBITDA margin increases significantly (an average of 7.5pp in the low margin period - winter, and an average of 2.5pp in the high margin period - summer).

In connection with including Hekon in consolidation employing the full method, consolidated data in quarterly terms are not comparable. On the level of the parent company, we expect a 7% dynamics of revenue growth. Hekon should contribute approximately PLN 26 mn to consolidated sales.

Despite an improvement in results on the operating level, our forecast of a lower net profit is due to an extraordinary sales transaction of assets that occurred in 2003. At that time, the company sold a parcel of land, on which it generated a pre-tax profit of PLN 22 mn. We do not expect any extraordinary transactions in 2Q.

PKN Orlen (Hold, valuation – PLN 30, 2004 P/E – 11.8)

(PLN mn)	2Q 2004F	2Q 2003	Dynamics	2004F	2003	Dynamics
Sales revenues	9 251	8 263	12.0%	37 510	33 721	11.2%
Operating profit	628	185	238.6%	1 306	1 366	-4.4%
Gross profit (loss)	574	254	126.1%	1 329	1 313	1.2%
Net profit (loss)	449	184	143.9%	1 064	1 069	-0.4%

Refining margins are the most important factor influencing the results of PKN Orlen. These margins remained very high in 2Q (approximately 7 USD/bl). Therefore, we believe the concern's quarterly result will be the highest in the group's history. We estimate that net profit will exceed PLN 400 mn, and even PLN 0.5 bn cannot be ruled out. The concern's wholesale sales are growing (the result of signed contracts). High margins also have a positive influence on the results of the German petrol stations, in connection with which it can be expected that 2Q will close with a positive financial result. Moreover, effects of the implemented cost reduction programme will begin to be evident. It is likely that the concern will realise more than 75% of our year-end profit forecast in 1H. Therefore, following publication of the report for 2Q, we will consider raising forecasts for PKN Orlen.

Publication Dates for 2Q and 2004 Annual Reports

Company	Publication date of 2Q non-consolidated report	Publication date of 2Q consolidated report	Publication date of 1H report
7 BULLS		16.08.2004	28.10.2004
AGORA		05.08.2004	30.09.2004
AMICA	04.08.2004	13.08.2004	29.10.2004
BUDIMEX		12.08.2004	30.09.2004
CERSANIT		16.08.2004	
COMARCH			29.10.2004
COMPUTERLAND		16.08.2004	30.09.2004
CSS	16.08.2004	16.08.2004	30.09.2004
DĘBICA			30.09.2004
ECHO INVESTMENT		13.08.2004	29.10.2004
ELEKTRIM	04.08.2004	16.08.2004	29.10.2004
FARMACOL	16.08.2004	16.08.2004	29.10.2004
GETIN	04.08.2004		30.09.2004
GROCLIN	12.08.2004	12.08.2004	23.09.2004
GRUPA ONET	16.08.2004	16.08.2004	16.08.2004
HOOP		13.08.2004	30.09.2004
IMPEXMETAL	10.08.2004	10.08.2004	30.09.2004
IRENA	04.08.2004	16.08.2004	29.10.2004
JELFA	04.08.2004		30.09.2004
KGHM	04.08.2004	16.08.2004	20.10.2004
KĘTY		29.07.2004	
KRUSZWICA	04.08.2004		28.09.2004
LENTEX		09.08.2004	24.09.2004
LPP	16.08.2004	16.08.2004	30.09.2004
MENNICA	04.08.2004	13.08.2004	29.10.2004
MOSTOSTAL ZABRZE	13.08.2004	13.08.2004	29.10.2004
MPEC WROCŁAW	04.08.2004		
NETIA		13.08.2004	13.08.2004
OPTIMUS	16.08.2004	16.08.2004	14.10.2004
ORBIS	29.07.2004	13.08.2004	29.10.2004
ORFE		13.08.2004	30.09.2004
PGF	16.08.2004	16.08.2004	30.09.2004
PKN ORLEN	13.08.2004	13.08.2004	30.09.2004
POLFA KUTNO	04.08.2004		
POLIFARB CW		12.08.2004	30.09.2004
PROKOM		12.08.2004	30.09.2004
PROSPER		16.08.2004	02.11.2004
SOFTBANK		10.08.2004	17.09.2004
STER PROJEKT	04.08.2004	16.08.2004	02.11.2004
STOMIL OLSZTYN	04.08.2004		30.09.2004
ŚWIECIE	20.07.2004		21.09.2004
TPSA		13.08.2004	30.08.2004
TRAS TYCHY	05.08.2004	12.08.2004	29.10.2004
ŻYWIEC	13.08.2004		08.09.2004

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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
A recommendation is valid for a period of 3-6 months, unless a subsequent recommendation is issued within this period.
BUY – we expect that the rate of return from an investment in a company's shares will be at least 15% higher than the WIG
ACCUMULATE – we expect that the rate of return from an investment in a company's shares will be 5%-15% higher than the WIG
HOLD – we expect that the rate of return from an investment in a company's shares will be within +/-5% in relation to the WIG
REDUCE – we expect that the rate of return from an investment in a company's shares will be 5%-15% lower than the WIG
SELL – we expect that the rate of return from an investment in a company's shares will be at least 15% lower in relation to the WIG

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.