



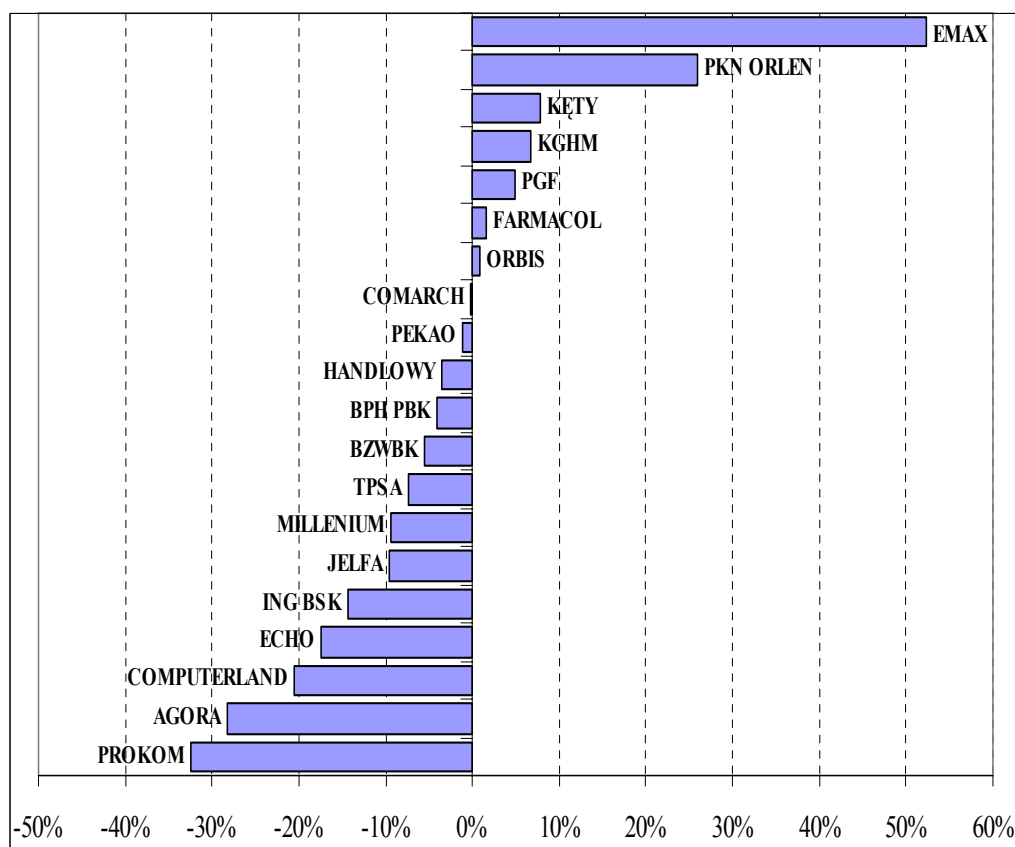
Forecasts of Quarterly Results

I Quarter 2003

ISSN 1508-4396

Warsaw, 24.04.2003

Prospective dynamic of EPS of selected stock exchange-listed companies (2Q '02-1Q '03 / 1Q '02-4Q '02)

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- The influence of TPSA calculating the cost of a local call based on the actual length of the call will have less of a negative impact on the company's results than we initially expected. In connection with the above we are raising our forecast of TPSA's sales revenues for 2003 from PLN 18.2 bn to PLN 18.6 bn. We are also raising our net profit forecast 14%.
- We expect Prokom and Computerland to show lower profits than last year for 1Q 2003, Comarch similar to last year's and Emax substantially better than in 1Q 2002. We are lowering our year-end forecast for Computerland as well as lowering it slightly for Comarch, while we are raising the forecast for Prokom as a result of the greater likelihood of the company winning the large tenders.
- In our opinion, Budimex will report poor results for 1Q due to weak sales, but this does not change our positive opinion in regard to the entire year, evident in the new forecast. According to our estimates, Echo's quarterly results will be much better than last year's, excluding profits from the sale of Hekon.



FORECASTS OF QUARTERLY RESULTS

BANKING SECTOR

Following the publication of 1Q 2003 results, it can be said that “the king has no clothes.” The results of Bank Millennium, the income of which fell 14% in 1Q, could be a foretaste of the results of other banks. Clear symptoms of the worsening situation with respect to income will probably also appear in the case of other banks, but individual banks are suffering to various degrees due to smaller margins and low volumes.

A “decline in margins” is a simplification to express lower income, and not only that shown in the item net interest income. The contracting interest spread is only one aspect of this issue, particularly in regard to the lack of significant income from bonds and lower income from SWAP operations. Last year, highly profitable treasury bonds, issued in previous years, which either increased interest income or, in the case of their sale, generated a capital profit, accounted for a large part of the portfolio of banks. This source of income will be absent this year. Profits from SWAP operations will be lower, as the difference between zloty interest rates and foreign currency interest rates is smaller. Simultaneously, the slow rate of economic growth does not encourage corporate borrowing, and high unemployment reduces demand for banking services from retail clients. Therefore, our hopes that the decline in margins would be compensated by higher volumes were not fulfilled.

The pessimistic picture in some banks could be hidden behind the profits from the sale of Polcard. Despite the conditional character of the sales agreement, some banks declared that they would include the profit from the sale of their holdings in 1Q, which is why we are presenting the results of Pekao, BPH PBK and Kredyt Bank on a conditional basis (the forecast including profit from the sale of Polcard is given in parenthesis).

Bank Millennium

On the net profit level, the bank’s results are quite respectable (PLN 30 mn profit, annualised ROE of 6.8%), but this is only due to the low level of net provisions (only PLN -12 mn, despite the deteriorating quality of the portfolio) as well as a positive tax balance (PLN + 17 mn), and not due to the operating result (which before provisions amounted to just under PLN 1 mn). The bank continues to increase loan activity, and is particularly promoting retail loans, but despite this the margin (on total average assets) is declining (from 3.2% the previous year to 3.0%). Moreover, commission income and financial income are falling (explained by the lack of income from bonds). The bank’s costs fell 2.4% (7% including personnel costs), which is not an impressive result considering the 23% reduction in employment. The bank announced it would cease consolidating the results of the PZU group, which is a purely accounting operation, but which could have a negative influence on the perception of the bank (lower profit and ratios).

BPH PBK

In the case of a bank with a large capital base (share equity accounts for approximately 11.7% of BPH PBK’s liabilities) falling interest rates mean lower income from investing own funds. This is one of the reasons why lower interest rates could be particularly painful for this bank. Moreover, we note that net interest income (including profits from SWAP operations) accounted for 65% of this bank’s total income. Due to the currency structure of operations, the lower rates will appear in the profit and loss account mainly as lower profits from SWAP operations (last year these operations accounted for about 34% of the bank’s interest income). If the bank books the profit from the sale of Polcard in 1Q (which seems very likely), we expect profit on banking activity to total approximately PLN 640 mn (and therefore more than a year ago but less than in 4Q 2002). In regard to costs, we expect quarterly amortisation to stabilise on a level of PLN 55 mn as well as a decline in other costs. This would allow the bank to note a PLN 260 mn operating profit before provisions. If our hopes for smaller provisions are realised (we forecast PLN 149 mn, and therefore more than in 1Q 2002, but less than in each the other quarters of 2002), the bank could note a gross result of PLN 105 mn and a net result of PLN 89 mn (record levels considering recent years have been lean). However, in our opinion, this will only be due to the one-time profit from the sale of Polcard, and a long wait will be necessary before the positive effects of restructuring are seen. In coming quarters we could see the first positive changes in regard to the quality of the portfolio, but an economic worsening in the sector could expose the bank’s weakness in terms of income.

BZ WBK

The reduction of our forecasts for the sector lowered our perception of BZ WBK’s situation. We see no chance for the bank to avoid a drop in margins. However, due to a conservative approach to credit risk, we believe that the bank will not be particularly aggressive in increasing volume. Therefore, the large cost base will be an encumbrance. The high cost/income ratio (71% in 4Q 2002) will not decline, as any possible savings on the side of personnel and material costs will not be able to compensate for the lower income as well as for the increased costs of amortisation. Therefore, we expect a 21% drop in operating profit (before provisions), which even lower net provisions will not be able to compensate. In summary, we fear that the bank will shock investors in 1Q with a net profit lower than the previous year, but we would acknowledge achieving a 2003 year-end result on last year’s level as a success.



Kredyt Bank

Forecasting the results of Kredyt Bank is like playing the lottery. Due to the substantial violability of historic quarterly data, the still unpublished annual report as well as, putting it lightly, the not very open information policy, it is very difficult to predict what results the bank will publish. Due to a relatively low profit on banking activity in 1Q 2002 (PLN 329 mn against PLN 408, 364 and 387 mn in successive quarters of last year), the bank could see an increase in income in comparison with 1Q 2002, but we expect profit on banking activity will be lower than in 4Q 2002. We assume that costs, which fluctuated significantly last year, will stabilise on the 4Q level, which would result in the bank noting an operating profit of PLN 70 mn. Assuming a moderate level of provisions (PLN 80 mn, similar to that in 1Q 2002, much less than in 3 and 4Q, when the balance amounted to PLN 315 and 208 mn respectively) as well as assuming stability of other profit and loss account items, we expect a net loss of PLN 10 mn. The result would be approximately PLN 23 mn (gross) higher, if the Polcard sale is shown in 1Q of this year.

Bank Handlowy

Due to the “dual character” of the bank (a major corporate bank, while intensively developing retail activity), it is difficult to predict which of the two market segments will have a greater impact on the bank’s results. In the Polish banking sector, retail banks have fared better in recent quarters, but there are fears that 2003 could see a reversal in this trend (unemployment could slow the growth in the indebtedness of the population, while an improvement in the economic situation could encourage the largest corporations to invest). However, with generally low expectations in regard to income, our attention is focused on costs, which broke the downward trend in 4Q. We hope that the bank’s declaration is confirmed concerning the one-off character of last quarter’s increased costs and that they total approximately PLN 300 mn in 1Q of this year (our forecast is PLN 311 mn). This would allow last year’s operating profitability (before provisions) to remain at about PLN 190-200 mn, which with moderate provisions (we pessimistically assume a repeat of the 1Q 2002 result, provisions of approximately PLN 80 mn) would translate into a net profit of approximately PLN 70 mn.

Pekao

We fear the bank will be unable to avoid a decline in profit on banking activity in 1Q, mainly due to a decline in almost all items of income (possibly with the exception of income from foreign currency operations). On the other hand it appears that lower personnel and material costs cannot compensate for the temporarily exhausted potential for limiting costs and the increased costs of amortisation. This means that the bank will most likely note a decline in operating profit, which probably won’t be compensated by lower provisions (we expect a significant improvement in 2003, but in 1Q, in comparison with 1Q 2002, similar or even increased net provisions can be expected). We expect a net result approximately 20% lower than in 1Q 2002 (but the possible inclusion of the Polcard sale in the result would increase net profit almost PLN 50 mn).

ING BSK

ING BSK surprised investors last year with a growth in the deposit base, but this should be treated as an element of the bank’s strategy of obtaining market share at the cost of lower profitability. In the merged bank, the cost/income ratio (73% in 4Q 2002) was higher than in BSK itself (58% in 3Q 2001), not to mention that traditionally larger provisions were noted in 4Q. In our opinion, the bank will not avoid a drop in profit on banking activity (-5%), and a small growth in costs (+3%) will result in lower operating profit (before provisions), which lower net provisions will be unable to compensate.

Bank Millennium - consolidated (Reduce)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	142	162	-12%	612	669	-9%
Profit on banking activity	232	283	-18%	1086	1394	-22%
Profit (loss) before provisions	1	35	-98%	187	339	-45%
Gross profit (loss)	-23	-5	-	-55	-35	-
Net profit (loss)	30	47	-36%	-4	184	-102%
P/E	-	-	-	-	13.3	-



BPH PBK - entity (Hold)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	272	253	8%	961	1075	-11%
Profit on banking activity	595 (640)	614	-3% (4%)	2355	2549	-8%
Profit (loss) before provisions	215 (260)	218	-1% (20%)	817	913	-10%
Gross profit (loss)	60 (105)	72	-17% (45%)	235	191	23%
Net profit (loss)	56 (89)	54	2% (63%)	210	130	62%
P/E	-	-	-	31.5	50.8	-

* including profit from the sale of Polcard in parenthesis

BZWBK - consolidated (Accumulate)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	175	138	27%	785	819	-4%
Profit on banking activity	398	410	-3%	1702	1709	0%
Profit (loss) before provisions	99	126	-21%	521	555	-6%
Gross profit (loss)	77	94	-18%	357	389	-8%
Net profit (loss)	57	72	-21%	268	273	-2%
P/E	-	-	-	17.2	16.9	-

BANK HANDLOWY - entity (Reduce)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	193	153	26%	580	696	-17%
Profit on banking activity	493	541	-9%	1892	2109	-10%
Profit (loss) before provisions	193	236	-18%	680	878	-23%
Gross profit (loss)	95	134	-29%	400	367	9%
Net profit (loss)	70	78	-10%	304	249	22%
P/E	-	-	-	20.6	25.1	-

KREDYT BANK - consolidated (Hold)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	211	161	32%	720	785	-8%
Profit on banking activity	361 (384)	329	10% (17%)	1561	1579	-1%
Profit (loss) before provisions	70 (93)	126	-44% (-26%)	473	367	29%
Gross profit (loss)	-14 (9)	40	- (-78%)	77	-338	-
Net profit (loss)	-10 (6)	8	-(-17%)	46	-332	-
P/E	-	-	-	32.6	-	-

* including profit from the sale of Polcard in parenthesis

PEKAO - consolidated (Hold)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	636	729	-13%	2 514	2 868	-12%
Profit on banking activity	1 071 (1138)	1 164	-8% (-2%)	4 493	4 798	-6%
Profit (loss) before provisions	516 (583)	604	-15% (-4%)	2 200	2 564	-14%
Gross profit (loss)	321 (388)	429	-25% (-10%)	1 494	1 173	27%
Net profit (loss)	233 (282)	291	-20% (-3%)	1 094	770	42%
P/E	-	-	-	13.4	19.1	-

* including profit from the sale of Polcard in parenthesis

ING BSK - entity (Hold)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Net interest income	124	122	2%	496	500	-1%
Profit on banking activity	379	426	-11%	1609	1672	-4%
Profit (loss) before provisions	104	165	-37%	513	596	-14%
Gross profit (loss)	54	96	-44%	251	226	11%
Net profit (loss)	41	63	-34%	195	154	27%
P/E	-	-	-	21.3	27.0	-

**PHARMACEUTICAL MANUFACTURERS****Jelfa (Accumulate)**

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	57.6	57.5	+0.3%	257.8	247.7	+4%
Operating profit	7.5	8.4	-11.1%	32.2	31.7	+1.8%
Gross profit (loss)	8.5	10.8	-21.5%	37.4	38.6	-3.1%
Net profit (loss)	6.2	8.5	-27.7%	27.3	25.4	+7.4%
P/E	-	-	-	10.4	11.2	-

According to estimates of Azyx, the Polish pharmaceuticals market grew 11.9% in 1Q 2003 in relation to the analogous period of 2002 (in the case of the pharmacy segment) and 7.3% (in the case of the hospital segment). Against this background, the revenues generated by Jelfa in 1Q are very poor. In our opinion, due to weak sales in January and February, the company obtained a zero dynamic of sales. We believe such a result is due to a faulty marketing policy. Although the company's strategy aimed at the OTC market (Jelfa plans to generate as much as 30% of revenues from this segment), it has almost no presence in the media and its marketing budget vs. generated revenues is one of the lowest on the market (approximately PLN 20 mn for all of 2002). Unfortunately, on the OTC market the best selling pharmaceuticals are those that are widely advertised. According to the company, problems with export sales were averted. Simultaneously, the company lacks selling power (the company employs only 54 trade and medical representatives, which creates problems with sales in the Rx segment). In our opinion, with revenues in 1Q similar to last year's, the company will generate lower financial results due to higher selling costs, among others resulting from including the costs of operating the representative office in Moscow (opened in 3Q 2002).

MEDIA**Agora (Reduce)**

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F*	2002	Dynamic
Sales revenues	198.5	165.6	19.9%	877.8	785.3	11.8%
Operating profit	5.2	18.9	-72.4%	54.6	74.3	-26.6%
Gross profit (loss)	4.0	24.3	-83.5%	43.7	78.4	-44.3%
Net profit (loss)	1.4	17.1	-91.8%	29.2	53.1	-45.0%
P/E	-	-	-	80.7	44.4	-

Almost 20% of the dynamic of Agora's revenue growth in 1Q is due to consolidating magazines, radio stations as well as AMS (PLN +42 mn), which the company did not do the year before and which results in last year's data not being comparable. Excluding the above ventures, we expect a PLN 19 mn decline in the revenues of Gazeta Wyborcza. The newspaper's falling operating margin (despite negotiating lower prices for newsprint, this effect was offset in connection with zloty weakening), as well as the operating losses that we expect in the case of magazines (among others, the costs of conducting market research) and AMS will have a negative influence on the result on operating activity.

TELECOMMUNICATIONS**TPSA (Accumulate)**

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	4 519.4	4 379.9	3.2%	18 594.4	18 000.9	3.3%
Operating profit	884.2	839.5	5.3%	3 166.9	2 873.3	10.2%
Gross profit (loss)	85.2	229.5	-	1 267.5	997.0	27.1%
Net profit (loss)	56.1	120.5	-	922.4	840.4	9.8%
P/E	-	-	-	18.3	20.1	-

Mobile telephony is traditionally the motor driving growth in the company's revenues. In this segment we expect dynamics of revenue growth of 34% and improvements in the EBITDA margin to 27% (16% last year). The slowdown in negative trends connected with the decrease in telecommunications traffic, particularly in the segment of long distance calls, where TPSA regained a 95% market share (80% the previous year) will also have a positive influence on results in the segment of mobile telephony. As results from data released at TPSA's recent presentation, the company has not yet been affected by



BRE Bank Securities

the appearance of competition in the segment of long distance calls (a 99% share in fixed-line telecom traffic from Poland). However, we expect a growth in revenues from subscription, mainly due to growing sales of ISDN channels as well as the slowdown in the declining number of PSTN users.

The net result, which is lower than the previous year, is due to the influence of exchange rate differences arising from the revaluation of debt. At the end of 1Q, TPSA's unsecured foreign currency exposure amounted to USD 300 mn and EUR 1100 mn. According to our estimates, resultant losses will total approximately PLN 400 mn.

The influence of TPSA calculating the cost of a local call based on the actual length of the call will have less of a negative impact on the company's results than we originally expected. In connection with the above, we are raising our forecast of TPSA's sales revenues for 2003 from PLN 18.2 bn to PLN 18.6 bn. Moreover, we are raising the net profit forecast 14%. We expect the consolidated EBITDA margin to amount to 42.3%, primarily due to the reduction in personnel costs in 2002 as well as to improvements in Centertel's operating results, which is benefiting from the effect of scale of conducted activity.

Netia (Accumulate)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	157.6	146.6	7.5%	656.9	604.4	8.7%
Operating profit	-25.3	-37.0	-	-60.0	-262.8	-
Gross profit (loss)	-60.7	-244.7	-	-94.8	-680.4	-
Net profit (loss)	-60.9	-245.4	-	-94.1	-675.0	-
P/E	-	-	-	-	-	-

With problems connected with the liberalisation of the telecommunications market still unresolved (closed access to services common on the market of long distance and international calls), the main motor driving revenue growth in 1Q will be data transmission and link leasing, as the company is taking a more aggressive approach in selling services based on its backbone network. In the segment of traditional voice services, we expect an increase in the number of subscribers (+1.2 thous. lines), which will result from the company's completed restructuring and, connected with this, the change in the operator's image – particularly among business clients. The booking of costs (PLN 40 mn) in financial activity connected with the redemption of bonds, issued within the framework of debt restructuring (nominal value – EUR 50 mn), prior to maturity, will have a negative influence on the net result.

INFORMATION TECHNOLOGY

Comarch (Hold)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	25.0	20.4	23%	164.8	155.3	6%
Operating profit	1.1	0.9	23%	10.3	10.2	0%
Gross profit (loss)	1.3	1.2	8%	11.1	9.2	21%
Net profit (loss)	1.1	1.1	1%	10.0	9.8	2%
P/E	-	-	-	21.3	21.8	-

Entity

We are reducing our sales forecast for 2003. We do not believe that the loss in sales from servicing the Tytan billing system for TPSA will be offset by the growth in export sales of billing systems, which means that sales to the telecom sector will fall in 2003. However, sales of management support systems (ERP and CRM) for industry as well as systems for administration will grow. Comarch has been winning numerous public sector tenders. Sales directed to financial institutions will increase slowly due to the general weakening in demand for IT services from banks (excluding the PKO BP contract, in which Comarch will not participate).

We assume the 2003 EBITDA rate will remain on a similar level as noted in 2002. Operating profit will increase only slightly. We also assume that convertible bonds will be redeemed in 2007. Our forecast includes the redemption of shares planned for 2003.

Comarch's strength, the lack of dependence on a single or several major clients, is simultaneously its weakness. Due to its reliance on small contracts, Comarch is more susceptible than the competition to fluctuations in demand connected with changes in the rate of economic growth. The cure for this dependence on growth of the Polish economy is the development of export sales. Unfortunately, in 2003 Comarch will continue to feel the negative effects of losing TPSA as a client of the Tytan system.



1Q similar to 1Q last year. We expect Comarch to generate substantially higher sales in 1Q than in the weak first quarter of 2002 due to the high degree to which the order portfolio was filled at the turn of the year. Profits will be similar to those noted the previous year.

ComputerLand (Reduce)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	100.0	138.1	-28%	490.0	502.3	-2%
Operating profit	3.5	5.6	-38%	22.0	25.6	-14%
Gross profit (loss)	0.5	5.5	-91%	11.0	17.6	-38%
Net profit (loss)	0.0	3.5	-100%	7.7	12.3	-37%
P/E	-	-	-	74.0	46.3	-

Entity

We expect Computerland's company results, both for the entire year as well as 1Q, to be weaker than in 2002.

Lower 2003 year-end forecast. As a result of Computerland's worsening prospects to obtain new contracts in order to compensate for losing a portion of existing contracts, we are significantly lowering the forecast of the company's results for 2003. In our opinion, completion of work on the centralised transaction systems in the large banks will result in a substantial decline in revenues from banking sector clients. Installation of the Profile system in Amerbank will not offset this decline. Computerland did not make the cut for the contracts connected with the centralised systems for PKO BP (where in our opinion it's chances were good) and the PZU group (in accordance with our expectations). The company still has a slight chance to be a subcontractor for the PKO BP system, as long as the Softbank consortium doesn't win the tender. However, in our opinion, this scenario is an unlikely one.

The power sector is a sector where we expect Computerland to register an increase in sales. The company is taking full advantage of the fact that its subsidiary company, CIE, has long-term good relations with power companies and is effectively increasing sales of the updated version of its billing system. We expect sales to the public sector to also increase. In our opinion, Poland's accession to the European Union should result in the realisation this year of IT projects required by the EU. We see no reason why Computerland wouldn't receive a piece of this pie.

Computerland has guaranteed itself a share in the realisation of at least 4 projects connected with the offset for the purchase of the F-16 aircraft; the Tetra Communications System, Medical Services Register, Łódź Technical Accelerator and Military Command Support System. The company refused to reveal in which of these projects it will participate, and when they may be realised. We only know that it will not be earlier than in the fourth quarter of 2003.

In light of Computerland being eliminated from the PKO BP and PZU tenders, the company's approach to reducing costs is unsettling. The company explained its weak 2002 results, among others, by the fact that it maintained the teams of specialists preparing the tender offers for upcoming large projects (which was to consume PLN 30 mn in 2002). It turned out that despite the fact that Computerland has almost no chance to participate in the PKO BP and PZU installations, the company continues to maintain these teams of specialists. The justification given by the company ("in case of winning the PKO BP contract, we would have hired additional people") is not very convincing.

We forecast a decline in Computerland's annual average operating margin based on our expectations of lower sales to banks (which to date has been the most profitable part of the company's activity) and a probable growth in the share of computer hardware in sales at the cost of services. In our opinion, the reason for the growth in hardware sales is the necessity of replacing hardware that company clients have used longer than normally because of their difficult financial situation.

Computerland needs the offset projects and possible projects from the public sector if it is going to return to the level of profits noted in previous years.

No profit in 1Q. Our estimate of Computerland's results for the first quarter of 2003 is based on the above-described cautious forecast for the entire year. The first quarter was a difficult one for Computerland, according to a company representative. We assume this means a decline in sales and lower profits. On relatively low sales, the operating margin was probably lower than expected for the entire year. As a result, we estimate that Computerland ended the first quarter with a net profit of zero.

**Emax (Buy)**

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	30.0	20.0	50%	221.3	202.7	9%
Operating profit	0.7	-3.6		21.3	19.3	10%
Gross profit (loss)	-0.5	-4.9		16.5	14.2	16%
Net profit (loss)	-0.5	-4.7		11.6	8.6	35%
P/E	-	-	-	16.2	21.9	-

consolidated

A 1Q loss, but much smaller. Emax began 2003 with a substantially larger portfolio of orders than the previous year, which allowed the company to achieve not only higher sales but a higher profit on the operating level. Moreover, according to the forecast of the Executive Board and our estimates, the net loss was lower than that noted last year. In our opinion, Emax stands out against the background of other Polish IT firms listed on the stock exchange in terms of an improvement in 1Q results.

Prokom (Accumulate)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	220.0	182.3	21%	1020.4	891.9	14%
Operating profit	22.9	60.9	-62%	140.8	132.8	6%
Gross profit (loss)	20.2	68.5	-70%	130.0	143.2	-9%
Net profit (loss)	14.8	49.3	-70%	94.9	100.7	-6%
P/E	-	-	-	17.8	16.8	-

company

Note: in the first quarter of 2002 Prokom noted PLN 32 mn of extraordinary revenues and profits on the gross profit level from an agreement with the Social Insurance Institution - ZUS (i.e., PLN 23 mn on the level of net profit). If the PLN 32/23 mn profit was excluded from the 1Q result and all of the agreements with ZUS and the transaction involving Spin (PLN 59 mn) were excluded from the result for the entire year, this table would appear as follows:

Prokom adjusted by ZUS and Spin agreements

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	220.0	150.3	46%	1020.4	832.9	23%
Operating profit	22.9	28.9	-21%	140.8	73.8	91%
Gross profit (loss)	20.2	36.5	-45%	130.0	84.2	54%
Net profit (loss)	14.8	26.2	-44%	94.9	59.2	60%
P/E	-	-	-	17.8	28.6	-

company

We are raising the forecast for 2003. Prokom is so close to obtaining the contract with PZU, and Softbank with PKO BP, that we are including the revenues from PZU and one of the other potential large contracts in our forecast for 2003. Together, this will increase sales PLN 100 mn in 2003 within the framework of major contracts, which will probably not appear in the company's results until the fourth quarter. The additional PLN 25 mn in the sales forecast results from high sales of computer hardware in 1Q. We assume that the gross margin achieved by Prokom in 2003 (35%) will be slightly lower than in 2002 (36%), if the revenues from the agreements with ZUS and the Spin transaction are excluded from the company's results, and significantly lower than those given in the company's official report (40%). If, as we assume, the level of selling costs and general administration costs do not change, and the balance of other operating income and other operating costs does not exceed PLN -10 mn, Prokom will generate an operating profit of PLN 141 mn.

1Q: good sales, lower profits. We assume Prokom generated significantly higher sales in 1Q than a year ago largely due to providing hardware to one of the clients preparing for a major installation of a new IT system. However, we have no reason to expect an equally high gross margin on sales (55% according to the report, 45% excluding the agreement with ZUS) as the company noted a year ago. We also assume that, as throughout 2003, the gross margin on sales will amount to 35%. We adopted a simple assumption that selling costs and general administration costs as well as balances of other operating income and other operating costs will be equally distributed among quarters. As a result, we forecast a rate of operating profit in 1Q of 10%, against 33% in 1Q 2002 (and 19% adjusted by the agreement with ZUS).



CONSTRUCTION

Budimex (Accumulate)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	330.0	413.0	-20%	2500.0	2442.1	2%
Operating profit	-14.4	-15.1		25.0	3.3	658%
Gross profit (loss)	-18.4	-16.7		13.0	-26.1	
Net profit (loss)	-18.4	-17.7		9.5	-38.6	
P/E	-	-	-	71.5	-	-

consolidated

New forecast for 2003. We expect 2003 results will reflect the restructuring conducted by the company and will be significantly better than last year's results, although still far from satisfactory. Construction companies estimate construction market growth in 2003 on a level slightly higher than zero (1-2%). Budimex has such a strong financial position that, in our opinion, it will maintain its market share. The gross margins on sales achieved by Budimex will probably not increase in 2003 from the current level of 7-8% (we assume 7%). The company managed to reduce selling costs and general administration costs to PLN 32 mn in 4Q 2002. We assume these costs will total PLN 130 mn in 2003. In our opinion, the rigorous control over the security of payments for work performed should improve the balance of other operating income and other operating costs in 2003 to PLN -20 mn (against PLN -44 mn in 2002). Therefore, our forecast of a PLN 25 mn operating profit and PLN 13 mn gross profit.

Chilly first quarter. According to CSO data, construction-assembly production fell 23% in 1Q in comparison with 1Q 2002. We expect Budimex's sales to fall 20%, almost as much as that of the entire market. In previous years the company noted somewhat smaller declines in sales between quarters at the turn of the year than did the entire market. The drastic drop in sales resulted in 1Q results being worse than the previous year, despite all differences in the level of costs.

Echo Investment (Suspended)

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	65.0	49.3	32%	300.0	235.2	28%
Operating profit	17.0	11.7	45%	77.0	49.2	57%
Gross profit (loss)	9.0	15.1	-40%	49.0	39.2	25%
Net profit (loss)	6.0	10.4	-42%	34.0	25.0	36%
P/E	-	-	-	11.3	15.4	-

Consolidated, results for 2002 include extraordinary transactions involving the sale of holdings in Hekon in 1 and 2Q

The table above shows profit for 1Q 2002 together with extraordinary profits from the sale of Hekon (PLN 9.3 mn pre-tax profit and PLN 6.7 mn net profit in both the first and second quarters, and a net profit of PLN 13.5 mn for the entire year). Adjusting results by the sale of Hekon provides the following picture of Echo's results in the first quarter and for the entire year as forecast by us:

Echo Investment – adjusted results

(PLN mn)	1Q 2003F	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	65.0	49.3	32%	300.0	235.2	28%
Operating profit	17.0	11.7	45%	77.0	49.2	57%
Gross profit (loss)	9.0	5.8	55%	49.0	20.7	137%
Net profit (loss)	6.0	3.7	62%	34.0	11.5	196%
P/E	-	-	-	11.3	33.4	-

Consolidated, results for 2002 do not include the sales transactions of holdings in Hekon in 1 and 2Q

Forecast for 2003. We expect a further change in the structure of Echo's sales toward a growth in the share of revenues from leasing commercial space to 55% of total sales. This change will primarily occur due to the increase of leased commercial space, an on-going process that will continue in 2003. In addition, Echo has considerably limited new residential investments, which reduces the significance of residential sales. The change in the structure of sales will also increase the rate of operating profit in 2003 to 26% from 21% noted last year. The Echo group uses outside financing to a large degree. Therefore, despite the decline in interest rates, interest costs will consume approximately PLN 28 mn. In March, Kingfisher announced its plan to sell Nomi, a chain of stores being one of the main lessors of space from Echo. Kingfisher is selling in order to focus on expanding the acquired Castorama chain in Poland. We believe that a scenario involving the liquidation of Nomi, which could be a threat to the stability of Echo's revenues, is unlikely. According to



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Kingfisher, there are willing buyers for the chain. A change in Nomi's ownership alone would not change Echo's situation as the owner of commercial space.

Good 1Q results. We expect good first quarter results from Echo based on the above-mentioned increase in leased space as well as the exceptionally successful, according to the company, sales of residential dwellings in the first quarter of 2003.

OTHER COMPANIES

Farmacol (Accumulate)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	692.3	591.7	+17.0%	2 754.2	2 375.2	+15.9%
Operating profit	15.6	15.1	+3.3%	62.2	53.3	+17.5%
Gross profit (loss)	14.2	13.6	+4.4%	56.5	50.8	+11.2%
Net profit (loss)	10.4	9.7	+7.2%	41.3	37.5	+10.1%
P/E	-	-	-	7.6	8.4	-

We believe that Farmacol will present good results for 1Q 2003. In our opinion, sales revenues grew 17% mainly due to consolidating Cefarm Warszawa as well as large market growth, on which the company is managing quite well (results do not include Cefarm Szczecin, which is still not included in consolidation). We do not believe the bankruptcies of Pharmag and Hygei exerted a negative influence on Farmacol's results. From our information it results that, sensing what might happen with these firms, the Katowice-based company limited trade contracts with them in the last period. In our opinion, the liabilities of these companies to Farmacol should be zero. As opposed to the commotion that occurred on the market following the collapse of Cormay (among others, shortening payment terms; the majority of turnover conducted by suppliers is currently insured), the current situation creates an opportunity to almost painlessly acquire the market of the bankrupt players.

Grupa Kęty (Buy)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	173.5	142.2	22.0%	658.3	623.3	5.6%
Operating profit	22.6	14.1	59.5%	84.7	81.6	3.8%
Gross profit (loss)	17.4	12.1	43.9%	71.4	61.3	16.6%
Net profit (loss)	14.4	10.6	36.0%	56.7	47.7	19.0%
P/E	-	-	-	5.5	6.6	-

The company's sales revenues should increase more than 20% due to a growth in the volume of sales in all segments of activity as well as to the take-over of Erg-Pak and the favourable influence of zloty weakening on the value of exports. Despite a growth in prices of raw materials for production (aluminium, paper), we expect the margin on operating activity to grow from 10% to 13%, on the back of a growth in the effective utilisation of machinery, the growing share in sales of products with a higher value added as well as the employment of operating leverage. The negative loss on financial activity includes losses on foreign exchange differences, which we estimate at PLN 3 mn).

KGHM (Reduce)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	1 125.8	1 112.2	1.2%	4 522.2	4 501.0	0.5%
Operating profit	69.1	61.6	12.2%	260.7	228.0	-
Gross profit (loss)	107.9	97.8	10.3%	270.1	286.0	-
Net profit (loss)	76.6	59.7	28.4%	191.8	223.0	-
P/E	-	-	-	12.4	10.7	-

In 1Q 2003 the average price of 3M copper on the LME was 1678 USD/t (i.e., USD 99 USD/t higher than the previous year). However, considering zloty strengthening in relation to the USD (from PLN 4.13 to PLN 3.90), the price of copper expressed in PLN grew only 0.5%. We believe that the conglomerate's sales, in terms of volume, will total 130 thous. tonnes of copper and 312 tonnes of silver, which are levels noted last year. We estimate the average per unit cost of copper production at PLN 6.148 thous. (i.e., 1% lower than the previous year).

**Orbis (Hold)**

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	163.5	162.4	0.7%	806.6	819.4	-1.6%
Operating profit	-17.5	-17.2	-	31.7	32.3	-1.6%
Gross profit (loss)	-16.5	-17.6	-	63.3	51.4	23.0%
Net profit (loss)	-16.0	-16.8	-	48.5	35.0	38.5%
P/E	-	-	-	15.9	22.1	-

Despite the weakening of the zloty in relation to the Euro, which has a favourable influence on the company's revenues, we expect Orbis to report weak results. According to our estimates, the further decline in the occupancy rate (to 33%) and prices of rooms as well as the closure of the Sofitel hotel in Kraków, will completely eliminate the positive influence of zloty depreciation. We estimate that the company will sell 4% fewer roomnights than the previous year. Over the last two years this decline amounts to 15%. Despite concluding the sales agreement involving Polcard in 1Q 2003, we expect the company not to show revenues from the sale until the second half of the year (the parties are waiting for the agreement of the Competition and Consumer Protection Office).

PKN ORLEN (Accumulate)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	5 642.9	5 763.9	-2.1%	27 186.0	26 328.4	+3.3%
Operating profit	296.6	182.8	+62.2%	731.7	761.8	-4.0%
Gross profit (loss)	266.6	110.5	+141.2%	770.4	777.6	-1.0%
Net profit (loss)	194.6	68.6	+183.6	562.4	486.2	+15.6%
P/E	-	-	-	12.9	14.9	-

Despite the approximate 20% drop in wholesale fuel sales, in terms of volume, we expect the company's revenues in 1Q to be only 2% lower than those noted the previous year due to high oil prices. Such a small decline, in terms of value, is the result of high fuel prices in the first quarter of this year. Moreover, factors having a favourable influence on the company's results include higher spreads between Brent and Ural (+0.79 USD/bbl) and much higher refining margins (the average refining margin on PKN products grew from 3 to 34 USD/mt). In addition, we expect prices of oil to have a positive influence on the company's results despite their rapid drop in the second half of March. We are concerned by probable high selling costs connected with the introduction of the Vitav and Flota loyalty programmes as well as difficulties with estimating the costs of rebranding.

PGF (Accumulate)

(PLN mn)	1Q 2003	1Q 2002	Dynamic	2003F	2002	Dynamic
Sales revenues	871.0	806.5	+8.0%	3 347.9	3 157.8	+6.0%
Operating profit	23.8	23.8	+0.0%	84.1	72.4	+16.2%
Gross profit (loss)	12.8	13.0	-1.5%	49.2	34.8	+41.3%
Net profit (loss)	9.4	8.1	+16.0%	35.9	25.4	+41.3%
P/E	-	-	-	11.3	15.9	-

In our opinion, sales should grow approximately 8% (excluding Cefarm Kraków). The collapse of Hygei, from which the company realised approximately PLN 2 mn in sales per month, should have a slight negative influence on PGF's financial results. According to our information, at the end of the first quarter Hygei's liabilities to the company amounted to about PLN 8 mn. The debts were insured but the company will bear costs of approximately PLN 800 thous. (10% of the debt). In turn, the collapse of Pharmag creates an opportunity to acquire market share (as in the case of Hygei), but the danger OPDF collapsing also arises, which could hit Torfarm and Hurtap particularly hard and cause a wave of subsequent disorder on the market. In our opinion, despite the problems with Hygei's debts, the company should generate a substantially higher net result due to a further reduction in debt in 1Q as well as the decline in market interest rates.



Publication dates of quarterly reports for 1Q 2003

Company	Publication date of non-consolidated report for 1Q 2003	Publication date of consolidated report for 1Q 2003
7 BULLS		15.05.2003
AGORA		13.05.2003
AMICA	05.05.2003	15.05.2003
BIG BG (Bank Millennium)	30.04.2003	8.05.2003
BPH PBK		5.05.2003
BRE		15.05.2003
BUDIMEX	15.05.2003	15.05.2003
BZWBK		14.05.2003
CERSANIT	15.05.2003	15.05.2003
COMARCH	5.05.2003	15.05.2003
COMPUTERLAND	5.05.2003	15.05.2003
CSS	14.05.2003	14.05.2003
DĘBICA	30.04.2003	
ECHO INVESTMENT	15.05.2003	15.05.2003
ELEKTRIM	05.05.2003	15.05.2003
ELEKTROBUDOWA	5.05.2003	
EMAX	13.05.2003	13.05.2003
FARMACOL	05.05.2003	15.05.2003
GETIN	18.04.2003	
GROCLIN		08.05.2003
GRUPA ONET	15.05.2003	15.05.2003
HANDLOWY	5.05.2003	15.05.2003
IMPEXMETAL	30.04.2003	
ING BSK		15.05.2003
IRENA	05.05.2003	15.05.2003
JELFA	05.05.2003 (possibly earlier)	
KGHM	5.05.2003	15.05.2003
KĘTY	07.05.2003	7.05.2003
KREDYT BANK		15.05.2003
KRUSZWICA	05.05.2003	
LENTEX		12.05.2003
LPP	05.05.2003	
MENNICA	30.04.2003	15.05.2003
MOSTOSTAL GDAŃSK	5.05.2003	15.05.2003
MOSTOSTAL WARSZAWA	5.05.2003	15.05.2003
MOSTOSTAL ZABRZE	15.05.2003	15.05.2003
MPEC WROCLAW	30.04.2003	
NETIA	15.05.2003	15.05.2003
OKOCIM		08.05.2003
OPTIMUS	15.05.2003	15.05.2003
ORBIS	30.04.2003	15.05.2003
ORFE		15.05.2003
PEKAO S.A.		12.05.2003
PGF	15.05.2003	15.05.2003
PKN ORLEN	15.05.2003 (possibly 13.05)	15.05.2003 (possibly 13.05)
POLFA KUTNO	05.05.2003	
POLIFARB CW	05.05.2003	15.05.2003
PROKOM	15.05.2003	15.05.2003
PROSPER	05.05.2003	15.05.2003



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RAFAKO	30.04.2003	05.05.2003
SOFTBANK	12.05.2003	12.05.2003
STER PROJEKT	5.05.2003	15.05.2003
STOMIL OLSZTYN	24.04.2003	
ŚWIECIE	23.04.2003	23.04.2003
TPSA		15.05.2003
TRAS TYCHY		15.05.2003
ŻYWIEC		14.05.2003

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

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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



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Departament Rozliczeń Finansowych	697-49-07 do 09	697-48-14
Zespół Zleceń Telefonicznych	697-49-49	697-48-58

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