



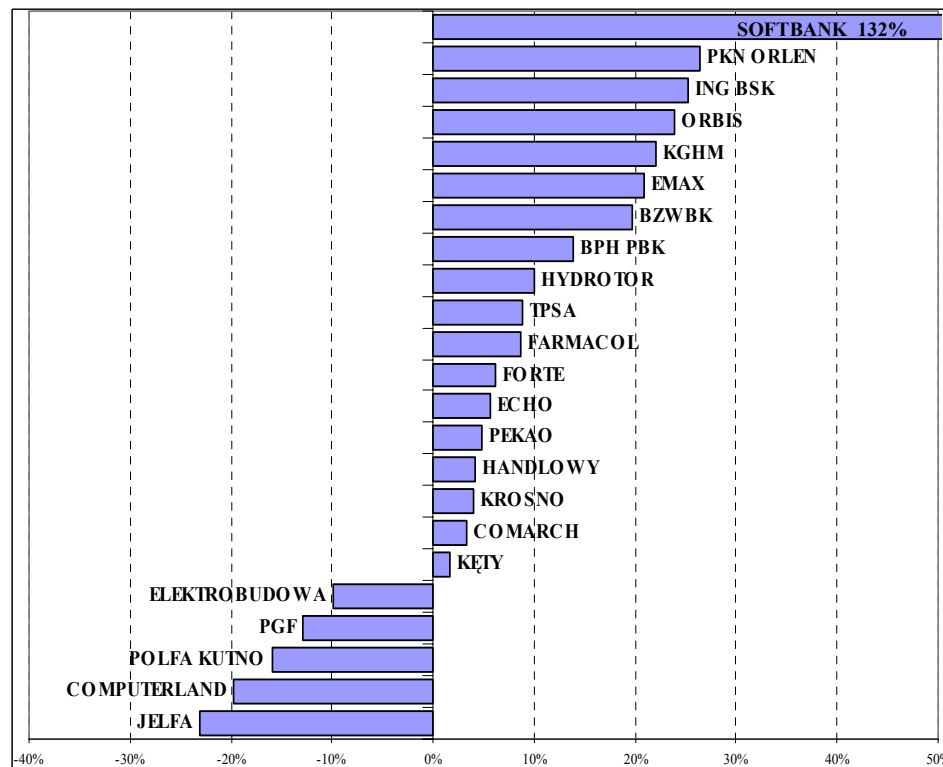
Forecasts of Quarterly Results

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Prospective dynamics of EPS for selected stock exchange-listed companies (4Q 03-3Q 04 / 3Q 03-2Q 04)



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Following 2Q, which brought numerous one-off events, the results of banks in 3Q are returning to 1Q levels. Hopes for a growth in volumes did not materialise (maybe the fall will be better) nor did a clear increase in interest margins occur (competition held down interest rates), but due to the cyclic nature of the economy costs of credit risk remain low. Results of BZ WBK could be a pleasant surprise.

Jelfa will certainly close 3Q with a loss. Although the company should not note a decline in comparison to 3Q of the previous year (which, in light of the approximate 20% drop in Polfa Kutno's revenues, should be considered a success), high selling costs will squeeze the financial result. 3Q is traditionally a weak quarter for pharmaceutical distributors: we believe Farmacol could report the relatively best result.

We expect a clear improvement in the results of Comarch and Softbank (due to PKO BP and Central Register of Vehicles and Drivers), a slight upturn in Emax's net profit and lower results from Prokom (still waiting on PZU and Poczta Polska) and Computerland (orders falling after 1 May) in comparison with one year ago.

Among the several construction firms we analyse, we expect Budimex to report the best improvement in results (higher margins, smaller write-offs), Echo's results should also improve, but we expect Elektrobudowa's profits to be lower than one year ago (delays in power sector investments).

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FORECASTS OF QUARTERLY RESULTS

BANKING SECTOR

BPH PBK (Sell, valuation PLN 340, 2004PE 17.7)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	319	275	16%	1252	1105	13%
Profit on banking activity	655	540	21%	2763	2356	17%
Profit (loss) before reserves	273	172	59%	1185	863	37%
Gross profit (loss)	188	111	70%	869	543	60%
Net profit (loss)	152	74	105%	732	333	120%

Unconsolidated data

Following an exceptionally successful 2Q (extraordinary profits from dividends and from the sale of GBG as well as commissions which increased due to the mortgage boom), on the consolidated level the bank is returning to profit levels noted in 1Q (we see lower income and costs on the consolidated level – the result of selling GBG). We expect a slight up tick in interest income, lower income from fees and commissions, than the previous quarter, as well as from Treasury operations (shown as income from financial operations and foreign exchange differences). Without extraordinary events, this would generate total income of PLN 655 mn, costs of PLN 382 mn and a net profit of PLN 273 mn, which is similar to that reported by the bank in 4Q 2003 (PLN 268 mn) and 1Q 2004 (PLN 267 mn). We expect larger reserves than in 2Q and smaller profits from consolidated entities (no more GBG) and a net profit similar to that reported in 1Q.

BZWBK (Hold, valuation PLN 74, 2004PE 14.6)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	218	214	2%	857	829	3%
Profit on banking activity	413	411	1%	1774	1636	8%
Profit (loss) before reserves	150	97	55%	677	399	70%
Gross profit (loss)	118	69	71%	518	261	98%
Net profit (loss)	91	37	144%	406	130	213%

Consolidated data

Despite earlier fears, this could be another successful quarter for the bank. Even assuming only a repeat of last year's (3Q 2003) income and last quarter's (2Q 2004) costs, operating profit should total PLN 141 mn, which with reserves of PLN 33 mn (i.e., similar to 1Q) should generate a net profit of some PLN 84 mn. However, it appears that a small increase in income, relative to 3Q 2003, and a further reduction in costs can be expected, which would raise the result even more. Should net profit, excluding extraordinary events, actually be higher than PLN 90 mn, it would be a nice surprise for the market, which following 2Q results lowered rather than raised forecasts for the year-end result.

HANDLOWY (Reduce, valuation PLN 51, 2004PE 18.0)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	235	189	25%	812	745	9%
Profit on banking activity	497	486	2%	1992	1891	5%
Profit (loss) before reserves	187	191	-2%	689	652	6%
Gross profit (loss)	148	140	6%	548	392	40%
Net profit (loss)	129	113	14%	426	243	76%

Unconsolidated data

We assume the bank will continue to report a growth in net fee and commission income (mainly due to products for retail clients) and the net interest income (effect of increasing the bond portfolio). With the expected absence of capital losses on bonds as well as moderate foreign exchange differences, total income should be similar to that reported in 1Q. The big question is costs, on which extraordinary events had a negative impact in 1Q (reserves for severance costs and management options), and a positive influence in 2Q (adjustment of reserves for management options). We expect 3Q costs to be approximately PLN 30 mn higher than in 2Q, which with higher income will translate into an operating profit before reserves on the level noted in 2Q. We assume that the general reserve will not be released and the appearance of a slightly negative balance of reserves in connection with this. It is primarily for this reason that we forecast a decline in net profit in comparison with the previous quarter (and an increase in relation to 3Q 2003).



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KREDYT BANK (Hold, valuation PLN 5.3, 2004PE 12.2)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	184	185	0%	700	723	-3%
Profit on banking activity	384	332	16%	1366	1393	-2%
Profit (loss) before reserves	114	41	181%	290	232	25%
Gross profit (loss)	85	-40	-	184	-1382	-
Net profit (loss)	69	-76	-	161	-1567	-

Unconsolidated data

The only relatively certain element of Kredyt Bank's results in 3Q is an approximate PLN 36 mn profit on the sale of Kredyt Bank Ukraina. A small increase in interest income and a seasonal growth in fee and commission income can be expected, but with the considerable volatility of the bank's results, forecasts are encumbered with significant risk. The stabilisation of costs in the first 2 quarters of the year increases the likelihood that no big surprises will be reported in 3Q. We also assume net reserves will remain on the level reported in 2Q, which would increase gross profit to PLN 85 mn and net profit to PLN 69 mn. However, the improvement in the bottom line will mainly be due to a one-off factor and, despite the fact that it will have a positive influence on the PE ratio, it should not be considered in the bank's valuation. We do not believe that Kredyt Bank can regularly generate increased profits and that 3Q results will change our opinion on this matter.

PEKAO (Hold, valuation PLN 104, 2004PE 16.2)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	560	575	-3%	2 228	2 375	-6%
Profit on banking activity	1 007	989	2%	4 196	4 073	3%
Profit (loss) before reserves	440	415	6%	1 883	1 770	6%
Gross profit (loss)	361	345	5%	1 477	1 276	16%
Net profit (loss)	305	252	21%	1 239	920	35%

Consolidated data

Despite interest rate hikes and Pekao maintaining low interest rates on deposits, the bank does not forecast an increase in interest margins. It appears that strong loan competition is limiting loan spreads. It is important to keep in mind that rate hikes affect banks that grant loans with a fixed interest rate (in the initial period) and therefore, among others, Pekao. Commissions on the sale of investment fund participation units have been a significant item in fee and commission income for a year. Stagnation on this market translates into lower bank income, in connection with which, in the best case, income from fees and commissions of approximately PLN 380 mn can be expected (we expect PLN 377 mn, of which PLN 220 mn from accounts and transactions, PLN 66 mn from cards, PLN 56 mn from loans and PLN 35 mn from investment funds). This would correspond to income slightly lower than that noted in the last 3 quarters. With costs stable (we forecast a small increase in amortization) this will translate into a small drop in operating profit (PLN 440 mn against PLN 463 and 461 mn in 1Q and 2Q), but we expect a decline in net reserves and a gross profit similar to that reported in the last 2 quarters (PLN 361 mn against PLN 366 and 365 mn respectively). An effective tax rate of 21% and a PLN 20 mn profit of entities consolidated by the equity method would correspond to a net profit of PLN 305 mn.

ING BSK (Accumulate, valuation PLN 362, 2004PE 18.5)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Net interest income	207	216	-4%	786	869	-10%
Profit on banking activity	392	376	4%	1512	1530	-1%
Profit (loss) before reserves	136	146	-7%	520	579	-10%
Gross profit (loss)	69	36	90%	248	146	69%
Net profit (loss)	68	21	217%	265	29	822%

Unconsolidated data

Figuratively speaking, the lion is only preparing to pounce and we do not expect 3Q results to cause a radical change in our perception of the bank. The aggressive policy of ING BSK on the deposit market will probably result in the bank strengthening its position even more in this segment, but this will make it impossible for the bank to benefit from potentially higher margins. Interest income could improve slightly, but we fear foreign exchange differences will remain unchanged from 2Q and expect income to fall by PLN 10 mn (-2.5%). We do not expect a reduction in costs relative to the previous quarter, which means a 15% increase in total costs in comparison with 3Q 2003 (bigger bonuses and promotion costs, lower amortisation). This would translate into a decline in operating profit before reserves to the level noted in 1Q (PLN 136 mn), but we expect slightly lower costs of credit risk, as the improvement in the economy will exert a positive influence on credit risk models (we assume PLN 60 mn against PLN 68 mn in 2Q and PLN 71 mn in 1Q). Therefore, we expect a gross profit similar to that noted in 2Q, which with higher taxes (tax credit not settled) and slightly lower profit of



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subordinated entities should result in a 25% drop in net profit (q/q) and a triple digit growth (but from a very low level) in relation to 3Q 2003.

PHARMACEUTICALS

The growth in the pharmaceutical market in 3Q, in comparison to the analogous period of the previous year, could amount to 4-5%. At present, it can be stated with some certainty that a 10% dynamics for the year (more or less the level mentioned by companies at the beginning of the year) cannot be achieved. It will be recalled that the dynamics of growth in 4Q could be low, which is connected with the fact that the previous year's base is high (the effect of changes introduced to refund lists). If our estimate of 3Q market growth is accurate, the chances of achieving an annual growth of 3-6% appear likely.

Seasonally, the third quarter, with the weakest months of July and August, is the worst period of the year for entities operating on the pharmaceutical market. Polfa Kutno has already published results (US GAAP), but it can be assumed that results according to Polish Accounting Standards will not significantly differ. Results are not good. In 3Q, the company, which we have acknowledged to be the sales leader, noted an almost 20% drop in revenues in comparison to the analogous period of the previous year. Little is happening in Polfa – the company is waiting for the takeover by Ivax and is not undertaking any strategic activities. We are again considering lowering year-end forecasts for Polfa.

In comparison, Jelfa's sales look much better. Although we do not expect a substantial growth in sales, it appears that the development of the sales network should at least maintain revenues on the level noted in the previous year. Unfortunately, this will be insufficient for Jelfa to generate a profit, either on the operating level or net level. With the current level of selling costs, we believe the company could generate a profit when sales reach approximately PLN 60 mn per quarter. Such will be the case in the next quarter; however, operating results will then be encumbered with additional advertising costs of several million zlotys. At present, we see no need to adjust 2004 forecasts for Jelfa.

We also see no need to adjust forecasts for the pharmaceutical distributors, PGF, Farmacol and Torfarm. However, we would like to point out that, due to seasonality, 3Q results will be lower in comparison to 2Q 2004. We do not have Torfarm data for 3Q 2003, but we believe that Farmacol will report better results and PGF worse results. PGF results last year included a profit from the sale of real estate (PLN 8.7 mn gross), which will be absent this year. Moreover, the result will be encumbered with the goodwill amortisation of the acquired Apteki Polskie and Cefarm Łódź, which we estimate will total approximately PLN 2 mn.

PGF (Accumulate, valuation PLN 63, 2004PE – 14.6)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	899.6	873.4	3.0%	3 947.3	3 568.7	10.6%
Operating profit	10.6	22.7	-53.4%	73.4	73.4	0.0%
Gross profit (loss)	10.5	23.1	-54.8%	63.7	64.7	-1.6%
Net profit (loss)	8.5	15.4	-45.0%	50.0	36.8	35.8%

Consolidated data

Farmacol (Accumulate, valuation PLN 34, 2004PE – 13.4)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	671.9	639.9	5.0%	3 209.1	2 717.8	18.1%
Operating profit	14.0	10.8	29.7%	69.9	58.6	19.2%
Gross profit (loss)	15.2	11.0	38.1%	71.3	60.8	17.2%
Net profit (loss)	11.0	6.8	62.8%	53.2	39.1	36.0%

Consolidated data

Torfarm (2004PE – 14.1)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	307.9	N/A	N/A	1307.9	1099.5	19.0%
Operating profit	1.5	N/A	N/A	8.2	8.4	-2.5%
Gross profit (loss)	1.9	N/A	N/A	10.6	10.4	1.6%
Net profit (loss)	1.6	N/A	N/A	8.6	7.5	14.2%

Unconsolidated data



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Polfa Kutno (Accumulate, valuation PLN 330, 2004PE – 20.3)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	127.8	94.2	35.7%	458.7	348.4	31.7%
Operating profit	7.8	8.6	-8.8%	30.1	25.3	19.1%
Gross profit (loss)	7.1	7.0	1.2%	33.5	19.4	73.0%
Net profit (loss)	5.8	4.6	25.5%	27.5	12.6	119.3%

Unconsolidated data

Jelfa (Hold, valuation PLN 62.5, 2004PE – 51.2)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	53.0	53.0	0.1%	253.4	253.6	-0.1%
Operating profit	-1.0	4.9		10.5	30.2	-65.2%
Gross profit (loss)	-0.9	5.0		8.8	29.5	-70.2%
Net profit (loss)	-0.9	3.4		7.1	21.7	-67.1%

Unconsolidated data

MEDIA

Agora (Hold, valuation PLN 52, 2004PE – 70.0)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	257.6	193.7	33.0%	1 021.5	853.5	19.7%
Operating profit	16.9	-2.3		69.4	17.3	300.0%
Gross profit (loss)	12.3	-6.3		49.5	-5.0	
Net profit (loss)	9.4	-5.9		43.8	2.1	

Consolidated data

Agora is benefiting from the economic recovery and growth in the advertising market. According to data concerning gross advertising revenues, published by Export-Monitor, Fakt is acquiring market position relatively slowly, which should have a positive influence on Gazeta Wyborcza's revenues (dynamics: +7% y/y). In 3Q 2004, book sales are an element that will have an important impact on company results. According to our estimates, these revenues will grow by PLN 27 mn, which will largely be responsible for the high annual dynamics of sales (33%). Excluding this factor, revenues would have increased by 17%. We expect AMS to note the highest (+35%) dynamics of revenue growth (effect of a low base).

TELECOMMUNICATIONS

Netia (Accumulate, valuation PLN 4.5, 2004PE – 15.8)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	221.5	179.1	23.7%	885.8	704.5	25.7%
Operating profit	16.3	-818.8		74.4	-840.1	-108.9%
Gross profit (loss)	28.8	-824.4		116.8	-728.8	-116.0%
Net profit (loss)	28.8	-824.6		116.2	-729.1	-115.9%

Consolidated data

In connection with the takeover of El-Net, Netia will still be able to boast a high (for the sector) dynamics of revenue growth, which we estimate at 24% in annual terms. In comparison with 2Q 2004, we expect a small drop in sales (-0.3%), which will be due to the seasonal decline in revenues from traditional voice services (-6%), which will be cushioned by the growing influence of indirect and wholesale services.

We also expect the company to achieve a 35% EBITDA margin in 3Q, which will be 3 percentage points lower in comparison with 2Q 2004. The difference results from higher personnel costs as well as the reduction in margins on voice connections. On the net profit level, zloty strengthening will have an important positive influence on the result. The company will show a paper profit on foreign exchange differences due to El-Net's licensing debts, which we estimate at PLN 15 mn.



INFORMATION TECHNOLOGY

Comarch (Accumulate, valuation PLN 65, 2004PE – 22.0)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	60.0	45.0	33%	297.1	256.6	16%
Operating profit	2.0	0.9	125%	22.7	15.4	47%
Gross profit (loss)	1.5	0.2	525%	22.0	12.6	75%
Net profit (loss)	1.0	0.5	100%	19.7	11.0	79%

Consolidated data excluding Interia, Cracovia and Net Brokers

Comarch

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	60.0	45.0	33%	297.1	256.6	16%
Operating profit	2.0	0.9	125%	22.7	15.4	47%
Gross profit (loss)	1.5	0.2	525%	22.0	12.6	75%
Net profit (loss)	0.5	0.5	0%	18.2	9.3	96%

Consolidated data

We expect Comarch to improve results in 3Q, mainly as a result of well developing export sales, the rapid increase in sales of systems for small and medium-size firms, the realisation of an increasingly large number of contracts with the administration as well as the full consolidation of CDN in 2004 (only 60% consolidation in 3Q). The lack of data concerning the results of CDN itself for 3Q 2003 makes it impossible to improve comparability of last year's data.

Our forecasts of Comarch's year-end profits currently appear to be on target, but the sales forecast will probably have to be raised.

ComputerLand

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	100.0	151.6	-34%	550.0	522.3	5%
Operating profit	2.0	7.6	-74%	24.6	27.3	-10%
Gross profit (loss)	0.0	5.0	-100%	16.6	19.0	-13%
Net profit (loss)	0.0	3.0	-100%	10.5	12.1	-13%

Unconsolidated data

We expect to see a decline in Computerland's sales in 3Q 2004, due to a decline in orders from financial institutions (and particularly from Computerland's main client) following Poland's entry into the European Union. May was the date from which the IT systems necessary for exchanging information between Polish and foreign institutions supervising the financial sector were to go online.

Despite our expectations of less than spectacular results for 3Q, the 2004 year-end forecast is too low and will be raised.

Emax (Hold, valuation PLN 109, 2004PE – 18.5)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	50.0	43.3	15%	257.0	223.0	15%
Operating profit	2.0	2.2	-8%	28.0	24.8	13%
Gross profit (loss)	2.0	0.4	441%	24.0	17.3	39%
Net profit (loss)	1.6	-0.3		18.5	10.5	76%

Consolidated data

We forecast that Emax will not see an improvement in results, in relation to those achieved in the respective periods of 2003, until 4Q. Poczta Polska's decisions in regard to building subsequent sorting centres and the tenders for border protection systems have been delayed, and principles governing the electricity market will probably not change until 2005. These unfavourable phenomena for Emax are only partly offset by higher demand from banks as well as by the well prospering business of installing SAP systems.



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Prokom (Accumulate, valuation PLN 181, 2004PE – 70.8)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	200,0	194,0	3%	900,0	873,7	3%
Operating profit	10,0	21,5	-53%	71,8	106,3	-32%
Gross profit (loss)	-5,0	28,9		31,3	125,6	-75%
Net profit (loss)	-5,0	18,0		25,4	109,2	-77%

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

Prokom was not particularly busy in 3Q, mainly due to delays in the realisation of large contracts with PZU, Poczta Polska and TPSA. An improvement, invoicing major clients, should not be expected until 4Q. The loss on Ster-Projekt shares (PLN 4 mn in 3Q alone, approximately PLN 20 mn so far in 2004) is an additional encumbrance on Prokom's results.

Softbank (Hold, valuation PLN 19, 2004PE – 41.0)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	70.0	51.8	35%	482.0	344.7	40%
Operating profit	2.0	-3.3		18.1	5.6	225%
Gross profit (loss)	0.5	-4.2		11.2	-0.3	
Net profit (loss)	0.5	-5.3		11.2	2.2	407%

Consolidated data, excluding PLN 12 mn profit on Comp Rzeszów shares

We expect Softbank to report significantly better 3Q results than one year ago. The realisation of two major contracts continues – the centralised transaction system for PKO BP and the Central Register of Vehicles and Drivers (CEPiK), while the Polish Manufacture of Securities (PWPW) contract was in the final phase in 3Q. Moreover, Softbank's official result will improve by PLN 12 mn due to the fact that at the end of the quarter the market value of Comp Rzeszów shares was PLN 20 higher than the price Softbank paid for them. We did not include this profit in our forecast, as Softbank intends to increase its stake in Comp and we currently treat the Comp shares as a long-term investment of Softbank.

CONSTRUCTION

Budimex

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	700.0	673.3	4%	2200.0	2147.0	2%
Operating profit	19.7	-16.8		25.0	-15.8	
Gross profit (loss)	30.7	-17.4		25.0	-11.3	
Net profit (loss)	20.7	-27.4		10.0	-39.2	

Consolidated data does not include profit from the sale of the office building in 2003

Our forecast of Budimex's quarterly results is based on the assumption that the company will turn around this year's decline in its share on the construction market in the third quarter. According to our estimates based on initial CSO data, domestic construction–assembly production fell approximately 3% in 3Q 2004, in relation to 3Q 2003. In 3Q 2004, construction began on subsequent sections of the A2 motorway, and at the beginning of this quarter, the entire order portfolio of Budimex was significantly larger than one year ago. In connection with the recovery of demand for the company's services, we also expect an improvement in the gross average margins obtained by Budimex (to 8% in 2H 2004). On the other hand, we expect Budimex to bear almost PLN 20 mn in costs (debt write-offs) in 2H, spread out almost equally between 3Q and 4Q.

Echo

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	75.0	67.2	12%	320.0	312.2	2%
Operating profit	18.8	17.3	8%	80.0	77.8	3%
Gross profit (loss)	11.3	10.4	8%	50.0	43.2	16%
Net profit (loss)	8.8	7.2	22%	39.0	28.4	37%

Consolidated data

According to our estimates, Echo improved sales somewhat in 3Q, mainly due to more commercial space under lease than one year ago. However, we do not expect a growth in revenues from the sale of apartments. We forecast that the EUR/PLN exchange rate will remain at the current level until the end of the year, which means that we expect Echo's balance of financial revenues and financial costs to be significantly better in 2H than 1H of this year. However, the reason for the



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improvement in Echo's results is no cause for celebration among investors, as the model employed by Echo of financing investments generating income in EUR, with loans in the same currency, results in zloty strengthening lowering the long-term value of Echo's shares.

Elektrobudowa (Accumulate, valuation PLN 32, 2004PE – 25.8)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	70.0	60.9	15%	260.0	228.8	14%
Operating profit	2.6	3.6	-27%	8.6	8.0	8%
Gross profit (loss)	2.3	2.9	-22%	7.3	5.0	46%
Net profit (loss)	2.3	3.0	-24%	5.2	3.1	68%

Consolidated data

We expect Elektrobudowa to report weaker results in 2H 2004 than those published by the company one year earlier. The lack of financing for large investments in the energy sector means it is impossible for the company to realise a portion of sales planned for 2004. Elektrobudowa is compensating for the lack of orders in the most profitable segment with work in the segment of industrial construction, where competition is, however, significantly stronger and margins are lower. Despite a less than hoped for end of the year, we expect a significant improvement in the company's year-end results.

Polimex-Mostostal Siedlce (Buy, valuation PLN 51, 2004PE – 10.8)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	450.0	N/A	N/A	1564.8	1238.7	26%
Operating profit	14.0	N/A	N/A	71.1	63.5	12%
Gross profit (loss)	11.5	N/A	N/A	62.8	52.1	21%
Net profit (loss)	10.9	N/A	N/A	45.7	28.0	63%

Consolidated data

We expect a strong decline in the EBIT margin of Polimex-Mostostal Siedlce (PXM) in 2H, in relation to 1H 2004 (from 6.5% to 3.1%). There are two reasons for this: the greater share of sales of construction services and the smaller share of galvanised steel products in 2H, which is normal for PXM, as well as zloty strengthening in relation to the euro (from 4.7 PLN/EUR in 1H to 4.4 in 3Q), directly affecting the level of sales. Due to a lack of historic data concerning the breakdown of sales revenues in 2H between 3Q and 4Q, we adopted an equal distribution between these quarters.

OTHER COMPANIES

Forte (Buy, valuation PLN 16.5, 2004PE – 11.8)

(PLN mn)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	127.8	94.2	35.7%	458.7	348.4	31.7%
Operating profit	8.8	8.6	2.6%	30.1	25.3	19.1%
Gross profit (loss)	8.1	7.0	15.2%	33.5	19.4	73.0%
Net profit (loss)	6.6	4.6	42.8%	27.5	12.6	119.3%

Consolidated data

Traditionally, 3Q is usually better than the second quarter. However, zloty strengthening, which lowers the level of the margin realised on exports, could be evident in the company's results. This, in turn, will be partly compensated on the financial level by foreign exchange differences. As in 2Q, we expect the group will report financial revenues exceeding financial costs. In comparison to 3Q 2003, consolidated results will be higher mainly due to the consolidation of Furnel, and the much lower losses of Meble Polonia (in recent months the company began generating small profits). It will be recalled that the best period for furniture manufacturers are the final months of the year. We are maintaining our year-end net profit forecast of PLN 27.5 mn.

Hydrotor (Buy, valuation PLN 22, 2004PE – 12.3)

(PLN '000)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	15 209	14 050	8%	50 813	45 555	12%
Operating profit	1 065	718	48%	4 467	2 182	105%
Gross profit (loss)	905	723	25%	4 435	2 278	95%
Net profit (loss)	760	443	72%	3 592	1 475	144%

Consolidated data



BRE Bank Securities

In 3Q, we expect a slowdown in the growth rate of Hydrotor's sales, in comparison to the first half of the year (36%). This results from the weaker dynamics of demand for agricultural machinery from farmers, which following the period of an initial boom slowed mainly due to contradicting signals from the Ministry of Finance concerning the amounts of direct subsidies to be paid to farmers in 2004. According to recent reports, only 60% of those authorised will likely receive subsidies by the end of the year, and those who were the first to submit the paperwork will be the first to receive the funds. This solution will certainly not induce farmers to invest, nor will it increase their trust in EU funds (although the problems with the payments originated on the Polish side). However, the declining interest of farmers to invest in the modernisation and expansion of the machinery base is temporary, because it will not be the funds from direct subsidies that will be mainly designated for purchasing tractors, but the significantly larger, per farm, amounts of money from structural funds. The inclination of farmers to apply for structural funds next year and utilise them for the purchase of agricultural machinery will depend on how many of them will receive direct subsidy payments this year.

Hydrotor is noting an increasingly greater share of exports in sales, which negatively affects the level of revenues and margins in the face of zloty strengthening. Sales on foreign markets (primarily to the US and euro zone) currently generate almost 30% of revenues from consolidated sales, while according to our estimates, raw materials purchased for euros have an approximate 11% share in the cost of group production (i.e., 8% of sales revenues). Hydrotor does not use instruments hedging against the exchange risk and does not plan to start, as from cost simulations of such activity the management board concluded that they would not be effective. Therefore, we expect a lower operating margin than that noted in the first half of the year, which in turn will lead to a substantial slowdown in the dynamics of net profit, which exceeded 200% for the first 2 quarters. However, forecasts are very cautious and will probably be exceeded. Should they be significantly exceeded, we will raise forecasts for the entire year and probably for the next year as well. Meanwhile, we are maintaining our buy recommendation.

KGHM (Hold, valuation PLN 37, 2004PE – 4.4)

(PLN '000)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	1 639.6	1 253.6	30.8%	6 368.3	4 740.8	34.3%
Operating profit	421.4	106.6	295.3%	1 670.2	357.9	366.6%
Gross profit (loss)	451.8	133.4	214.6%	1 894.2	569.3	232.7%
Net profit (loss)	351.1	90.9	290.3%	1 512.2	411.6	267.4%

Unconsolidated data

In 3Q, the average price of copper (3M) amounted to 2 792 USD/t, which was 3.5% higher than in 2Q 2004. However, due to zloty strengthening (3Q average - 3.62 in relation to 3.89), the company's revenues will be 3.6% lower than in the April-June period. The average price of copper expressed in PLN was 3.8% lower in 3Q than in 2Q 2004 (10.5 PLN/t vs. 10.5 thous PLN/t). Traditionally, not knowing the current level at which KGHM hedges the price of copper and the zloty exchange rate, it is difficult to precisely estimate the result on financial activity, and particularly the portion of this result that will encumber the income statement and the portion booked in the company's shareholders' equity.

Krosno (Accumulate, valuation PLN 145, 2004PE – 17.2)

(PLN '000)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	103.0	88.6	16.2%	407.1	342.6	18.8%
Operating profit	6.8	4.1	64.4%	30.1	20.7	45.2%
Gross profit (loss)	4.7	3.6	27.8%	24.1	14.7	63.9%
Net profit (loss)	3.8	3.1	21.8%	18.9	10.4	82.2%

Consolidated data

July and August are usually weak months for glass manufacturers, the season does not really begin until September. Therefore, we believe that Krosno group sales revenues will be only 4.5% higher than in 2Q of this year. Simultaneously, a strong zloty will contribute to lowering the level of the gross margin on sales in comparison with the previous quarter. Therefore, we expect operating profit and net profit to be lower than in 2Q. However, in comparison with 3Q 2003, Krosno's results should be decidedly higher, which is connected with better distribution, already launched investments as well as the better results of subsidiary companies. In our opinion, Krosno will not have problems with meeting our forecasts for 2004.



BRE Bank Securities

Orbis (Hold, valuation PLN 26, 2004PE – 19.1)

(PLN '000)	3Q 2004F	3Q 2003	dynamics	2004F	2003	dynamics
Sales revenues	300.2	256.3	17.1%	939.0	819.0	14.7%
Operating profit	55.6	48.1	15.6%	88.0	53.8	63.6%
Gross profit (loss)	56.1	49.0	14.4%	81.0	67.4	20.2%
Net profit (loss)	44.9	35.2	27.5%	56.0	45.2	23.8%

Consolidated data

Orbis' consolidated results for 3Q will be better than those noted last year, which will largely result from including Hekon hotels in consolidation. In the case of the company itself, we expect sales to increase by 5.5%. The growing occupancy rate for the hotel sector, which for Orbis we estimate at 59% in 3Q (+2.8 percentage points), remains a positive trend. However, falling room rate prices and a strengthening zloty will have a negative influence on the company's revenues. In the case of zloty strengthening, the company should show a profit on exchange rate differences, resulting from debt denominated in EUR as well as leasing three Hekon hotels.

It is difficult to forecast the company's 3Q net result due to the one-off influence of the transaction involving the sale of the former Sofitel hotel in Kraków. The company will generate revenues of PLN 40 mn, however due to the lack of information concerning the book value of the real estate, profit on the sale, which could significantly increase EBIT (other operating revenues), cannot be determined.



Publication Dates for 2004 Reports

Company	Publication date of 3Q 2004 unconsolidated report	Publication date of 3Q 2004 consolidated report	Publication date of 2004 consolidated report
7BULLS.COM		15.11.04	
AGORA		05.11.04	
AMICA	04.11.04	10.11.04	
BPH		04.11.04	
BUDIMEX		10.11.04	
BZWBK	09.11.04	09.11.04	11.03.05
CERSANIT		15.11.04	
COMPUTERLAND		15.11.04	10.06.05
CSS	15.11.04	15.11.04	
DĘBICA	04.11.04		29.04.05
ECHO		15.11.04	08.06.05
ELEKTRIM	04.11.04	15.11.04	31.08.05
FARMACOL	15.11.04	15.11.04	
GETIN	04.11.04		
GROCLIN	10.11.04	10.11.04	
GRUPA ONET.PL	15.11.04	15.11.04	
HANDLOWY	04.11.04	15.11.04	31.05.05
HOOP		15.11.04	
IMPEXMET	10.11.04	10.11.04	
ING BSK	04.11.04	04.11.04	30.06.05
IRENA	04.11.04	15.11.04	
JELFA	04.11.04		
KĘTY		28.10.04	
KGHM	04.11.04	15.11.04	
KREDYT BANK	29.10.04	29.10.04	
KRUSZWICA	04.11.04		
LENTEX		08.11.04	
LPP	15.11.04	15.11.04	
MENNICA	04.11.04	15.11.04	
MILLENNIUM	04.11.04	04.11.04	17.03.05
MOSTALZAB	10.11.04	10.11.04	
MPEC WROCŁAW	04.11.04		
NETIA	12.11.04	12.11.04	01.03.05
OPTIMUS	04.11.04	04.11.04	
ORBIS	04.11.04	15.11.04	29.04.05
ORFE		15.11.04	31.08.05
PGF	15.11.04	15.11.04	10.08.05
PKNORLEN	15.11.04	15.11.04	
POLFKUTNO	04.11.04		
POLIFARBCW		12.11.04	07.07.05
PROKOM		10.11.04	
PROSPER		15.11.04	
SOFTBANK		05.11.04	
STER PROJEKT	04.11.04	15.11.04	
STOMIL	04.11.04		30.04.05
ŚWIECIE	20.10.04		21.02.05
TELEKOMUNIKACJA		15.11.04	31.03.05
TORFARM	04.11.04		20.05.05
TRAS	05.11.04	15.11.04	
ŻYWIEC S.A.	10.11.04	10.11.04	



Current Recommendations of BRE Bank Securities			
Company	Recommendation	Valuation	Issue date
AGORA	Hold	52.00	2004-08-10
AMICA*			
BPH PBK	Sell	340.00	2004-09-14
ING BSK	Accumulate	362.00	2004-09-14
BUDIMEX*			
BZWBK	Hold	74.00	2004-09-14
COMARCH	Accumulate	65.00	2004-06-02
COMPUTERLAND*			
ECHO INVESTMENT*			
ELEKTROBUDOWA	Accumulate	32.00	2004-04-08
EMAX	Hold	109.00	2004-01-08
FARMACOL	Accumulate	34.00	2004-08-17
FORTE	Buy	16.50	2004-10-06
GETIN	Hold	2.45	2004-07-09
GROCLIN	Hold	125.00	2004-01-26
HANDLOWY	Reduce	51.00	2004-09-14
HOOP*			
HYDROTOR	Buy	22.00	2004-07-16
JELFA	Hold	62.50	2004-08-11
KĘTY	Hold	146.00	2004-07-29
KGHM	Hold	37.00	2004-10-08
KREDYT BANK	Hold	5.30	2004-09-14
KROSNO	Accumulate	145.00	2004-09-22
MILLENNIUM	Reduce	2.40	2004-09-14
NETIA	Accumulate	4.50	2004-05-17
ORBIS	Hold	26.00	2004-04-28
PEKAO	Hold	104.00	2004-09-14
PGF	Accumulate	63.00	2004-08-17
PKNORLEN	Accumulate	40.10	2004-10-22
POLFA KUTNO	Hold	330.00	2004-08-11
PROKOM	Accumulate	181.00	2004-10-22
RAFAKO	Hold	14.20	2004-03-09
RELPOL	Accumulate	118.00	2003-12-29
REMAK	Hold	12.85	2004-09-16
SOFTBANK	Hold	19.00	2004-07-05
ŚWIECIE	Hold	67.00	2004-07-21
TELEKOMUNIKACJA POLSKA	Accumulate	17.40	2004-10-21

* currently under review

Changes in recommendations within the last month			
Company	Recommendation	Valuation	Issue date
FORTE	Buy	16.50	2004-10-06
KGHM	Hold	37.00	2004-10-08
PKNORLEN	Accumulate	40.10	2004-10-22
PROKOM	Accumulate	181.00	2004-10-22
TELEKOMUNIKACJA POLSKA	Accumulate	17.40	2004-10-21

Recommendation Statistics

All						Issuers connected with BRE Bank Securities				
Company	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
number	1	2	16	11	2	1	1	3	2	0
percent	3.1%	6.3%	50.0%	34.4%	6.3%	14.3%	14.3%	42.9%	28.6%	0.0%

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List of abbreviations and ratios contained in the report.

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

EBIT – Earnings Before Interest and Taxes

EBITDA – EBIT + Depreciation and Amortisation

PBA – Profit on Banking Activity

P/CE – price to earnings with amortisation

MC/S – market capitalisation to sales

EBIT/EV – operating profit to economic value

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

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

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

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

EBITDA margin – EBITDA/Sales

Recommendations of BRE Bank Securities

A recommendation is valid for a period of 6-9 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

Recommendations are updated at least once every nine months.

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