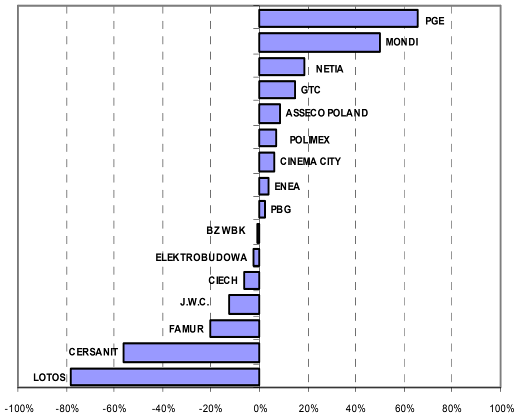
19 July 2010

Periodic Report

Equity Market

WIG	**41 061**
Average 2010E P/E	15.5
Average 2011E P/E	12.2
Avg dialy trading volume (3M)	PLN 1 522m

EPS growth for selected companies*



**calculated for: 2Q'09-1Q'10 / 3Q'09-2Q'10*

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Forecasts of Quarterly Results

2Q 2010

Banks. We expect provisions to remain elevated (driven by the retail segment). Q/Q earnings growth will be under pressure due to the declining market rates (impact on deposit margin). The loan portfolio is barely growing. A Y/Y improvement will be recorded, but only due to a low base of comparison.

Fuels. Given the advantageous macroeconomic environment, we can expect good results at refineries, especially Orlen, which is more exposed to benchmark margins and is also benefiting from positive trends in petrochemicals.

Power Utilities. Only ENEA might improve its earnings vs. last year thanks to distribution profits and higher output at the Kozienice power plant. In the case of CEZ, Y/Y improvement will be forestalled by a decline in electricity prices, and in the case of PGE, by high LTC compensation recognized in Q2'09.

Telecommunications. The decline in TPSA's revenues will gradually decelerate, and Q2'10 will be the last quarter with a declining EBITDA. Starting in Q3, we expect systematic growth in sales (thanks to new service offer) and in profitability.

Media. A revival in advertising will improve Agora's and TVN's operating earnings despite the negative impact of one-off events. We also expect Cinema City to show good results. Cyfrowy Polsat will perform weaker than in Q1 due to the weak zloty and the cost of modem subsidies.

IT. We expect a solid second-quarter showing from Asseco Poland. Comarch and Sygnity will do poorly. Among distributors, AB should please its shareholders. Asbis and Comarch will be in the red.

Mining, Metals. Thanks to high commodity prices and, above all, the depreciation of the zloty vs. the USD, mining companies should attain very good earnings, especially KGHM.

Producers. Astarta saw another good quarter. Kopex will show an improved bottom line, and Cersanit a higher EBIT. Famur will once again make a poor showing.

Construction. Budimex will continue to report the best earnings. We expect relatively weak performance from Polimex, Mostostal Warszawa and PBG's adjusted earnings figures.

Property Developers. Residential developers will not post high earnings (with few homes delivered to buyers). Polnord will post property revaluation gains again. In the case of GTC, revaluation gains will be limited.

Retailers. In Q2, Eurocash should see double-digit EBITDA growth. In the case of Emperia, due to the nature of its business the negative impact of the recent floods will be deeper, and another factor to remember is the Q2'09 adjustment for property sales.

Banks

BZ WBK

Banks

Hold

Analyst: Marta Jeżewska

FY10E P/E	14.2	FY10E P/BV	2.1	Current price	PLN 194.00
FY11E P/E	11.1	FY11E P/BV	1.9	Target price	PLN 200.50

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	429	355	20.9%	853	716	19.1%	1 798	1 563	15.0%
Net fee income	333	335	-0.5%	665	649	2.3%	1 434	1 315	9.0%
NIM	3.1%	2.4%	-	3.1%	2.8%	-	3.2%	2.8%	-
Income f. bank oper.	880	844	4.3%	1 712	1 569	9.1%	3 466	3 239	7.0%
Operating expenses	-422	-399	5.7%	-836	-806	3.7%	-1 679	-1 622	3.6%
Operating income*	465	449	3.5%	884	775	14.1%	1 813	1 644	10.2%
Provisions	-133	-123	8.4%	-203	-283	-28.2%	-478	-481	-0.6%
Pre-tax income	332	326	1.8%	680	488	39.4%	1 335	1 163	14.7%
Net income	253	258	-2.0%	486	377	28.9%	993	886	12.1%

** before provisions*

Operating earnings stable, far too early to expect lower provisions

PLN 253m bottom line will be a result close to last year's (-2% y/y). Revenues will be driven by interest income (+21% y/y), while fee income will remain at levels observed in Q2'09 (PLN 335m) and Q1'10 (PLN 331m). A Q/Q increase in expenses (5.7%) will be a consequence of higher administrative costs. We expect payroll expenses to increase only slightly on the preceding quarter, but this entails considerable increase vs. Q2'09 (when many cost-cutting projects were being implemented). Operating income before provisions will increase by 3.5% y/y and 11% q/q. The latter growth is a consequence of the recognition of dividends from the CU group (PLN 48.3m, adjusted for them, there would be no q/q change). We expect provisions of PLN 133m in Q2'10 (+8% y/y and +83% q/q). In the preceding quarter, the Bank released corporate provisions for a total of PLN 24m and an additional PLN 6.3m in the central segment. We expect retail costs of risk to remain flat vs. Q1'10 (PLN 101m), with more provisions created in the corporate segment. It should be noted that the q/q bottom line improvement (from PLN 233m to PLN 253m) is purely a consequence of the much lower effective tax rate we are assuming.

Getin

Banks

Hold

Analyst: Marta Jeżewska

FY10E P/E	12.8	FY10E P/BV	1.6	Current price	PLN 9.74
FY11E P/E	10.2	FY11E P/BV	1.4	Target price	PLN 10.34

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	303	199	52.3%	591	447	32.2%	1 208	978	23.6%
Net fee income	124	103	20.2%	237	214	10.8%	482	443	9.0%
NIM	3.1%	2.3%	-	3.1%	2.7%	-	3.2%	2.9%	-
Income f. bank oper.	586	498	17.7%	1 133	1 128	0.5%	2 208	2 094	5.4%
Operating expenses	-217	-216	0.4%	-420	-430	-2.2%	-930	-861	8.0%
Operating income*	367	289	26.8%	711	682	4.2%	1 231	1 200	2.5%
Provisions	-276	-169	63.3%	-555	-413	34.2%	-561	-842	-33.3%
Pre-tax income	92	118	-22.6%	155	269	-42.2%	669	358	87.1%
Net income	63	80	-21.1%	174	184	-5.4%	544	276	97.0%

** before provisions*

Problems with risk continue

We expect provisions to remain at the Q1'10 level (PLN 276m vs. PLN 279m then), which will depress pre-tax income (PLN 92m vs. PLN 118m in Q2'009), despite the very clear improvement in operating earnings before provisions (PLN 367m. +27% y/y). Operating income will increase thanks to (i) much lower costs of financing, (ii) continued positive momentum on fee income and (iii) in-check expenses. We assume the trend will persist and interest income will improve Q/Q despite the decline in market interest rates and the increase in the cost of refinancing of F/X loans in Q2'10. In Q1'10, Getin Noble Bank acquired very expensive 12M deposits, which matured in H1'10 and were then renewed at a much lower cost. We expect the Bank to continue being able to generate a high fee income on loans and credit brokerage. We would also like to draw attention to the fact that in H1'09 the Bank generated considerable profits on the valuation of derivatives in trading income (Q2'09: PLN 81m, Q2'10: PLN 29m forecasted, mostly on the basis of F/X gains).

Handlowy

Banks — **Buy**

Analyst: Marta Jeżewska

FY10E P/E 15.3 | FY10E P/BV 1.6 | **Current price PLN 74.20**
FY11E P/E 11.2 | FY11E P/BV 1.5 | **Target price PLN 87.10**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	366	384	-4.5%	739	774	-4.6%	1 508	1 505	0.2%
Net fee income	154	130	18.4%	304	255	19.1%	645	556	16.0%
NIM	3.9%	3.5%	-	3.9%	3.6%	-	3.8%	3.8%	-
Income f. bank oper.	645	612	5.4%	1 248	1 188	5.0%	2 483	2 418	2.7%
Operating expenses	-349	-352	-0.7%	-674	-725	-7.1%	-1 420	-1 379	2.9%
Operating income*	307	275	11.6%	580	495	17.2%	1 133	1 201	-5.6%
Provisions	-86	-181	-52.6%	-163	-333	-51.1%	-327	-546	-40.1%
Pre-tax income	221	95	132.5%	417	162	157.7%	806	655	23.0%
Net income	177	71	147.9%	327	118	178.5%	633	504	25.6%

** before provisions*

Slowdown in volumes will not harm earnings growth

We expect net income to improve on Q1’10 (PLN 150m) thanks to a higher trading income and the first-quarter loss on the buyback of Lehman Brother bonds from clients. As a result, we will see a PLN 42m increase in income from banking operations. Interest and fee income combined will remain practically speaking flat Q/Q due to pressure on interest income stemming from the reduction in market interest rates (which reduces the deposit margin) and low demand for corporate loans observed across the sector. Fee income growth will offset the Q/Q decline in interest income, but will be slowed down by high base of comparison (cf. high card fees in Q1'10). We expect operating expenses to remain flat Y/Y, which however entails a surge vs. Q1’10 (PLN 349m vs. PLN 325m). In Q2’10, we expect expenses budgeted for FY10 to "gather speed". In the year as a whole, we expect a slight (under 3%) increase in expenses, i.e. we consider the Q1'10 base very high. We expect that the clear downward trend on loan-loss provisions relative to H1'09 will persist, but we do expect a slight Q/Q increase (from PLN 77m to PLN 86m), due to provisions released in the corporate segment in Q1’10.

ING BSK

Banks — **Hold**

Analyst: Marta Jeżewska

FY10E P/E 15.4 | FY10E P/BV 1.9 | **Current price PLN 799.50**
FY11E P/E 11.3 | FY11E P/BV 1.6 | **Target price PLN 749.00**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	378	371	1.8%	745	681	9.5%	1 539	1 442	6.7%
Net fee income	241	234	2.9%	469	438	7.2%	972	900	8.0%
NIM	2.4%	2.2%	-	2.4%	2.0%	-	2.5%	2.2%	-
Income f. bank oper.	667	667	0.1%	1 312	1 216	7.8%	2 650	2 488	6.5%
Operating expenses	-401	-384	4.5%	-795	-745	6.7%	-1 553	-1 488	4.4%
Operating income*	270	287	-6.1%	530	482	10.0%	1 116	991	12.7%
Provisions	-49	-74	-34.3%	-97	-176	-45.1%	-329	-304	8.2%
Pre-tax income	228	229	-0.2%	448	332	35.0%	841	738	13.9%
Net income	185	183	1.2%	362	264	37.6%	678	595	13.9%

** before provisions*

Staying high

We expect operating income before provisions to decline by 6% y/y, but at the same time increase by 4% q/q. We also expect these earnings to be of higher quality than last year, because mounting expenses and slightly lower trading income will be offset by rising interest and fee income. We also expect that the Bank has remained an active lender, which will lead to further growth in the share of loans in total assets. As a result, ING BSK will improve its interest income for another straight quarter (from PLN 367m in Q1'10 to PLN 378m), despite the pressure on the deposit margin brought about by a decline in market interest rates. We believe fee income will remain in an uptrend thanks to an increase in the number of clients and sustained lending activity. We expect expenses to increase by 4.5% y/y and slightly under 2% q/q. The latter growth will be a consequence of, inter alia, higher non-payroll expenses (e.g. promotional campaigns). We expect stable costs of credit risk compared to Q1'10 (PLN 49m). Provisions will however be much lower than a year ago (PLN 74m), due to the considerable reduction in provisions for corporate loans. With mortgages dominating the retail loan portfolio, and with the Bank's conservative approach to credit risk, we do not expect a big improvement in provisions for retail loans.

Banks

Kredyt Bank

Hold

Analyst:
Marta Jeżewska

FY10E P/E 32.7	FY10E P/BV 1.6	Current price	PLN 15.50
FY11E P/E 9.5	FY11E P/BV 1.3	Target price	PLN 15.30

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	273	269	1.6%	550	516	6.5%	1 110	1 061	4.6%
Net fee income	81	74	9.5%	161	146	10.3%	354	304	16.4%
NIM	2.8%	2.6%	-	2.8%	2.5%	-	2.8%	2.7%	-
Income f. bank oper.	383	361	6.1%	764	753	1.4%	1 597	1 530	4.4%
Operating expenses	-228	-248	-8.2%	-452	-518	-12.7%	-1 026	-1 023	0.2%
Operating income*	171	137	24.2%	343	275	24.8%	651	848	-23.2%
Provisions	-110	-89	24.1%	-208	-273	-23.9%	-491	-803	-38.9%
Pre-tax income	60	49	23.5%	135	2	-	161	47	245.1%
Net income	48	41	18.8%	104	4	-	129	35	272.7%

** before provisions*

Operating income will remain high, but so will provisions

Even though the Bank announced that its mortgage business had grown considerably in Q2'10 (ca. PLN 0.9bn in new loans vs. PLN 0.3bn in Q1'10) and that it was still seeing growth in retail deposits (PLN 0.6bn in Q2'10 vs. PLN 1.2bn a quarter earlier), in our opinion the overall increase in volumes will not be material because of corporate loans (low demand across the sector) and a change in consumer loan sales model following the divestment of Żagiel. We do not expect the acquisition of deposits to translate into higher assets, but rather to enable the Bank to reduce the proportion of financing coming from KBC. The decrease in business activity and the decline in market interest rates are the factors responsible for the lack of significant Q/Q growth in interest and fee income. We believe the current cost base (PLN 225m in Q1'10) will allow the Bank to grow, but it will be hard to reduce it in nominal terms. Operating income before provisions will be flat Q/Q (PLN 171m vs. PLN 172m in Q1'10). We expect provisions to increase on the preceding quarters. With the cost of risk stable in the retail segment, the growth will come from the corporate segment, where the Bank released provisions in Q1'10 (PLN 3m net of new provisions created in the period). Due to the increase in corporate provisions, we expect the bottom line to decline from PLN 56m last quarter to PLN 48m (-14%).

Banks

Millennium

Accumulate

Analyst:
Marta Jeżewska

FY10E P/E 19.2	FY10E P/BV 1.4	Current price	PLN 4.67
FY11E P/E 10.8	FY11E P/BV 1.2	Target price	PLN 5.30

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	234	116	101.7%	468	297	57.7%	999	691	44.5%
Net fee income	140	107	31.1%	288	232	23.7%	586	494	18.7%
NIM	2.1%	1.0%	-	2.1%	1.3%	-	2.1%	1.5%	-
Income f. bank oper.	424	311	36.4%	845	708	19.4%	1 745	1 434	21.6%
Operating expenses	-265	-262	1.3%	-520	-520	0.1%	-1 071	-1 023	4.7%
Operating income*	164	58	182.6%	333	201	65.9%	694	431	61.0%
Provisions	-79	-56	41.4%	-162	-185	-12.4%	-324	-436	-25.8%
Pre-tax income	85	9	821.1%	171	23	656.5%	370	2	-
Net income	68	9	663.6%	136	21	548.3%	295	1	-

** before provisions*

Improved profitability confirmed

The considerable decline in the cost of financing for deposits relative to H1'09 will have an impact on Bank Millennium's Q2'10 earnings, leading to a surge in operating income before provisions (from PLN 58m to PLN 164m). That said, it is hard to expect an improvement on the Q1'10 figure (PLN 169m) due to: (i) the decline in market interest rates, (ii) the promotional campaign for savings accounts carried out in Q2'10, (iii) the low scale of the reduction in the cost of financing, which has to do with when expensive deposits mature, (iv) the fact that the downward trend in the cost of refinancing of F/X mortgages has stopped. Just like interest income, fee income will remain on a strong growth path (due to the increase in fees and commissions carried out last year and earnings from exposure to equity markets). Savings introduced last year will make it possible to keep costs in check, but the increase in business activity in Q2'10 and the low base of Q2'09 will prevent a reduction in nominal terms. We expect the costs of risk to remain stable vs. Q1'10 (PLN 79m vs. PLN 83m). The bottom line will be PLN 68m, i.e. the same as in Q1'10, which is in line with our FY forecast of PLN 295m. In H2'10, we expect increased activity in lending (H1'10 was weak in this respect except for mortgages), in-check expenses, and a deceleration in the decline of market interest rates, with perhaps slight growth towards the end of the year.

Pekao

Banks | **Hold**

Analyst: Marta Jeżewska

FY10E P/E	15.8	FY10E P/BV	2.2	**Current price**	**PLN 160.50**
FY11E P/E	13.3	FY11E P/BV	2.1	**Target price**	**PLN 172.80**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	982	948	3.5%	1 987	1 858	6.9%	4 314	3 802	13.4%
Net fee income	595	554	7.5%	1 168	1 082	7.9%	2 542	2 289	11.1%
NIM	3.1%	2.9%	-	3.1%	2.8%	-	3.2%	2.9%	-
Income f. bank oper.	1 768	1 816	-2.6%	3 516	3 510	0.2%	7 553	7 063	6.9%
Operating expenses	-914	-938	-2.6%	-1 817	-1 863	-2.4%	-3 823	-3 673	4.1%
Operating income*	872	890	-2.0%	1 733	1 679	3.2%	3 806	3 466	9.8%
Provisions	-140	-152	-7.9%	-280	-244	14.8%	-571	-534	7.0%
Pre-tax income	752	755	-0.5%	1 493	1 466	1.9%	3 306	2 998	10.3%
Net income	606	613	-1.1%	1 209	1 179	2.5%	2 661	2 412	10.3%

** before provisions*

A quarter like those before

Low demand for corporate loans and the decline in market interest rates will be the factors driving interest income down Q/Q (from PLN 1005m to PLN 982m). After a weaker Q1'10 as far as fee income is concerned (with a decline in income from cards fees and other banking fees), fee income should start growing again. Trading income should remain at a level close to the average for the past few quarters. Banking income will be close to the level observed in the three preceding quarters (we project PLN 1.77bn vs. PLN 1.79bn average for Q2'09-Q1'10). Stagnation in volumes will prevent revenue growth, which means we are unlikely to see a considerable increase in expenses relative to Q1'10 (PLN 914m forecasted vs. PLN 904m the quarter before). The costs of risk should also remain stable vs. Q1'10 (our forecast = PLN 140m). The bottom line will figure to PLN 606m (vs. PLN 603m in Q1'10 and PLN 613m in Q2'09). This will be the fifth straight quarter with bottom line close to PLN 0.6bn (with a range of PLN 603-620m in Q2'09-Q2'10). Any further improvement in earnings hinges on volume growth, as well as on how long the Bank manages to keep its provisions low.

PKO BP

Banks | **Hold**

Analyst: Marta Jeżewska

FY10E P/E	15.6	FY10E P/BV	2.2	**Current price**	**PLN 38.62**
FY11E P/E	11.2	FY11E P/BV	1.9	**Target price**	**PLN 40.10**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Net interest income	1 477	1 108	33.3%	2 952	2 302	28.2%	6 224	5 051	23.2%
Net fee income	745	622	19.7%	1 470	1 172	25.5%	2 915	2 583	12.8%
NIM	3.7%	3.1%	-	3.7%	3.3%	-	3.8%	3.5%	-
Income f. bank oper.	2 350	2 080	13.0%	4 667	4 179	11.7%	9 637	8 607	12.0%
Operating expenses	-1 044	-994	5.1%	-2 058	-2 075	-0.8%	-4 436	-4 244	4.5%
Operating income*	1 341	1 196	12.1%	2 673	2 260	18.3%	5 462	4 624	18.1%
Provisions	-418	-390	7.2%	-844	-764	10.4%	-1 538	-1 681	-8.5%
Pre-tax income	922	800	15.3%	1 825	1 495	22.0%	3 925	2 943	33.4%
Net income	738	610	21.0%	1 458	1 151	26.7%	3 101	2 306	34.5%

** before provisions*

Solid earnings in line with our FY forecast

We expect a bottom line of PLN 738m (+21% y/y, +2.5% q/q). The positive momentum will persist despite a decline in market interest rates, which depresses the deposit margin. We believe that sustained lending activity and the elimination of the "Progresja" term deposit will allow the Bank to keep its interest income at the Q1'10 level (PLN 1.48bn vs. PLN 1.47bn in Q1'10). We also expect fee income to increase due to last year's hikes in transaction fees and to positive trends as regards exposure to equity markets. As per the Management's earlier declarations, we expect operating expenses to remain in check, with a slight increase from PLN 1014m in Q1'10 to PLN 1044m driven by higher non-payroll expenses (cf. promotional campaigns starting in the spring). We expect the costs of credit risk to remain flat vs. Q1'10 (PLN 425m). After H1'10, the Bank will have attained 47% of our FY forecast of PLN 3.1bn. Whether it is met in full hinges on whether the Bank can keep its expenses and loan-loss provisions in check (we expect provisions to decline in H2'10 vs. H1'10). Another important factor will be market interest rates. The cost of financing has declined considerably vs. last year, but in order to increase interest income in the coming quarters, the Bank must keep its assets growing.

Insurers

PZU

Hold

Insurers

Analyst: Marta Jeżewska

FY10E P/E	14.1	FY10E P/BV	2.5	**Current price**	**PLN 368.00**
FY11E P/E	11.8	FY11E P/BV	2.2	**Target price**	**PLN 358.80**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Gross written premium, including:	3 512	-	-	7 440	-	-	14 504	14 363	0.98%
Property insurance	1 854	-	-	4 176	-	-	7 782	8 022	-2.99%
Life insurance	1 658	-	-	3 263	-	-	6 722	6 341	6.01%
Net premium earned	3 615	-	-	7 059	-	-	14 460	14 485	-0.18%
Total revenue	3 807	-	-	8 226	-	-	17 063	18 295	-6.73%
Claims incurred net of reinsurance	-2 527	-	-	-4 986	-	-	-10 087	-9 436	6.90%
Costs of acquisition, administration	-847	-	-	-1 671	-	-	-3 621	-3 648	-0.75%
Pre-tax profit	397	-	-	1 380	-	-	2 791	4 566	-38.86%
Net profit	324	-	-	1 132	-	-	2 261	3 763	-39.91%

A weaker quarter, but in line with FY forecast

We are expecting PLN 324m in net income vs. PLN 807m in Q1’10. The decline in profit will be a consequence of the situation in equity markets. The result on financial assets will be PLN 124m vs. PLN 911m in Q1'10. PZU will see PLN 434m in net investment income (mostly interest on bonds, cf. PLN 442m in Q1'10) and a PLN 310m loss on other components of the result on financial assets. The factors driving our forecasts include the drop in stock market indices in Q2’10 (-9% q/q for WIG20) and the increase in bond yield (in Q1’10, PZU posted gains on the valuation and sale of bonds). Gross written premium will figure to PLN 3.5bn, compared to PLN 3.9bn (a seasonal spike due to car insurance sales played a role here). We do not have IAS data for Q2’09, but let us point out that in Q1’09, gross written premium in property insurance exceeded PLN 2.4bn, accounting for 30.5% of the segment's FY09 total. Under our forecast, Q1'10 gross written premium in property insurance accounts for 29.8% of the FY10 total. Despite the q/q drop in gross written premium, we expect a slight increase in net written premium, as we expect reserves to be released (vs. reserves created in Q1'10). We expect that recurrent reserves in life insurance (as proportion of GWP) will be stable. We also expect reduced reversals of “P-type" reserves (PLN 150m vs. PLN 223m in Q1’10). All in all, we expect PLN 2.5bn in claims paid net of reinsurance vs. PLN 2.46bn in Q1’10. We take into account PLN 154m in reserves related to the May floods (net of reinsurance). Reinsurance will be an important factor here. In Q1’10, “snow reserves” accounted for PLN 161m. At the pre-tax level, we expect PLN 12m in financial expenses brought about by the closing of a reverse repo transaction.

Fuels, Chemicals

Ciech

Chemicals | **Buy**

Analyst: Kamil Kliszcz

FY10E P/E*	22.3	FY10E EV/EBITDA	5.3	**Current price**	**PLN 24.60**
FY11E P/E*	6.5	FY11E EV/EBITDA	4.4	**Target price**	**PLN 39.20**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	1 002.0	901.9	11.1%	1 964.0	1 893.6	3.7%	3 962.3	3 684.2	7.5%
EBITDA	98.4	147.5	-33.3%	199.0	295.1	-32.6%	461.0	365.1	26.3%
margin	9.8%	16.4%	-	10.1%	15.6%	-	11.63%	10.86%	-
EBIT	39.5	96.1	-58.9%	81.1	181.6	-55.3%	233.0	135.0	72.6%
Pre-tax income	-2.2	34.0	-	4.0	29.4	-86.4%	87.9	-88.0	-
Net income	-1.8	29.0	-	-4.6	15.1	-	71.2	-85.5	-

** adjusted for standalone profits on caverns*

Earnings quality will improve Q/Q, but Ciech will still be in the red

Ciech's operating earnings for Q2'10 should be close to its Q1'10 results, but we expect them to be of better structure thanks to the reduced impact of other operating activities in the Soda segment. We expect the Company to generate an EBIT of PLN 28m in this core area, compared to PLN 25.5m in the preceding quarter, with just ca. PLN 10m in cavern revenues (in Q1'10, the Company recorded one-off revenues of PLN 21m, including gains on the sale of emission credits). The improvement in recurrent earnings in the Soda segment will be a consequence of the slight increase in the zloty price of soda, higher volumes and cost-cutting initiatives in Romania and Germany that the Management has recently promised. We expect a considerable improvement in profits in the Organic segment, where in the past few weeks we have observed increases in the prices of resins and EPI, which should enable the Company to generate an EBIT of PLN 26m vs. PLN 9.5m in Q1'10. A seasonal drop in profit in the Agrochemical segment will be offset somehow by the shift in the high season for pesticides, but the q/q difference will still be considerable (PLN 8m vs. PLN 26m at the EBIT level). All in all, consolidated EBIT should figure to PLN 39.5m, but due to the high level of interest expenses (ca. PLN 30m) and F/X losses on open options (which will no longer be offset by the loan to the German soda subsidiary, already converted to capital) will keep the Company in the red.

Lotos

Oil and Gas | **Reduce**

Analyst: Kamil Kliszcz

FY10E P/E	10.2	FY10E EV/EBITDA	12.8	**Current price**	**PLN 30.90**
FY11E P/E	7.0	FY11E EV/EBITDA	8.0	**Target price**	**PLN 26.50**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	4 588.9	3 447.9	33.1%	8 500.5	6 164.5	37.9%	17 438.7	14 320.5	21.8%
EBITDA	298.7	225.6	32.4%	444.8	300.6	48.0%	805.9	724.1	11.3%
margin	6.5%	6.5%	-	5.2%	4.9%	-	4.6%	5.1%	-
EBIT	209.4	151.3	38.4%	275.7	153.1	80.1%	457.1	424.2	7.8%
Pre-tax income	-592.2	914.3	-	-588.1	124.5	-	484.2	1 092.0	-55.7%
Net income	-479.7	739.3	-	-454.2	80.4	-	391.6	883.3	-55.7%

F/X losses will lead to a high net loss

Lotos's earnings for Q2'10 will be impacted by very high losses on the revaluation of F/X debt and EUR/USD hedging losses, which could amount to a staggering -PLN 887m. At the operating level, however, we expect an improvement, vs. last year and the preceding quarter. For the E&P segment, we forecast an EBIT of PLN 54m, driven by the accounting recognition of the margin on 56 kt of crude oil, delayed from Q1'10 (when we saw a similar effect, i.e. the Company recognized profits on crude oil extracted in Q4'09). In Refining, Lotos should benefit from the increase in the Urals/Brent pricing differential and margins on products, with a further Q/Q increase in throughput thanks to the launch of projects included in the 10+ program (we do not expect a big surge in output until the MHC installation is launched, however). Another important positive factor will be the LIFO effect, which we estimate at PLN 102m; all in all, Refining EBIT should figure to PLN 149m vs. PLN 37.7m in Q1'10 and PLN 170m in Q2'09. The Retail segment will also make a positive contribution to consolidated earnings, but one minor in scale (PLN 6m).

Oil and Gas

PGNiG

Buy

Analyst: Kamil Kliszcz	FY10E P/E 12.4	FY10E EV/EBITDA 5.4	Current price	PLN 3.45
	FY11E P/E 10.3	FY11E EV/EBITDA 4.1	Target price	PLN 4.32

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	4 076.8	3 874.7	5.2%	10 699.0	10 253.6	4.3%	20 861.5	19 290.4	8.1%
EBITDA	476.9	170.9	179.0%	2 059.1	83.3	-	3 663.5	2 830.0	29.5%
margin	11.7%	4.4%	-	19.2%	0.8%	-	17.6%	19.2%	-
EBIT	103.9	-222.0	-	1 320.2	-679.2	-	2 087.0	1 333.8	56.5%
Pre-tax income	114.0	-143.1	-	1 339.4	-576.9	-	2 080.4	1 442.1	44.3%
Net income	92.3	-94.6	-	1 080.0	-493.4	-	1 685.1	1 202.0	40.2%

Small loss on gas trade, possible reversals of provisions

We expect Upstream to have been the only segment to generate a positive EBIT in the second quarter. We forecast it at ca. PLN 188m vs. PLN 146m a year ago (adjusted for PLN 162m mining asset write-offs) and PLN 241.5m in Q1'10. The Q/Q drop will be a consequence of the annual downtime at the Dębno mine, and a seasonal drop in unregulated gas sales, which should be partially offset by higher prices (new gas tariff, USD/PLN exchange rate). In Trade&Storage, we expect a slight operating loss (-PLN 43m vs. –PLN 99m a year ago and PLN 445m in Q1'10), which will be a consequence of negative spread on imported gas (inclusive of the offsetting effect of hedging). Let us point out, that in this area we may see positive effects of the reversal of some provisions for receivables from chemical companies (so far, provisions for ZAK and Police receivables total PLN 185m), but we do not take this into account in our quarterly forecasts. In Distribution, we expect a seasonal EBIT loss of -PLN 41m, i.e. lower than last year's –PLN 92m due to the higher average network tariffs (the hike came into force in June 2009) and the expected y/y increase in volumes sold to households in April due to lower temperatures. All in all, PGNiG's operating earnings for Q2'10 should figure to PLN 104m, and net profit, after small financial gains, to PLN 92m.

Oil and Gas

PKN Orlen

Hold

Analyst: Kamil Kliszcz	FY10E P/E 10.6	FY10E EV/EBITDA 6.4	Current price	PLN 38.45
	FY11E P/E 10.9	FY11E EV/EBITDA 5.4	Target price	PLN 40.20

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	19 949.1	16 770.0	19.0%	37 391.2	31 471.9	18.8%	83 784.3	67 928.0	23.3%
EBITDA	1 641.8	1 317.0	24.7%	2 706.7	1 647.6	64.3%	4 248.3	3 665.0	15.9%
margin	8.2%	7.9%	-	7.2%	5.2%	-	5.1%	5.4%	-
EBIT	1 030.6	661.0	55.9%	1 494.5	340.6	338.8%	1 619.3	1 097.0	47.6%
Pre-tax income	644.3	1 335.0	-51.7%	1 435.2	63.6	-	1 965.5	1 441.0	36.4%
Net income	504.9	1 171.0	-56.9%	1 097.8	76.1	-	1 553.0	1 308.7	18.7%-

Good macroeconomic conditions for petrochemicals and refining

In Q2'10, we saw a clear improvement in the macroeconomic conditions relevant to refining, both in terms of margins on products and the Urals/Brent pricing differential, as well as the USD/PLN exchange rate, which should significantly improve the segment's earnings. In addition, refining EBIT will increase thanks to inventory revaluation, which we project at PLN 356m compared to PLN 928m last year; finally, volumes will be higher following the conclusion of maintenance work at Mazeikiu Nafta. All in all, the reported refining EBIT should figure to PLN 808m vs. PLN 770m in Q2'09, and it could have been even higher had it not been for additional costs of maintenance downtime on reforming and hydrocracking installations. After a weaker onset to the year (due to weather conditions), retail should perform well (PLN 249m vs. PLN 223m a year ago). We also expect positive macroeconomic trends to be visible in the petrochemical segment (despite maintenance downtime on the olefin line). The segment's EBIT should figure to PLN 124m vs. PLN 85m in Q1'10 and -PLN 180m in Q2'09. Only Anwil is going to post weaker profits q/q (PLN 8m vs. PLN 20m), due to the seasonal drop in the demand for fertilizers and the contraction in margins on these products. All in all, consolidated EBIT should amount to PLN 1bn, but with financial (mostly F/X) losses of PLN 387m, net profit will figure to PLN 505m, i.e. much lower than last year, when the Company recognized the positive effects the appreciating zloty had on F/X debt.

Chemicals

Police

Hold

Analyst:	FY10E P/E	-	FY10E EV/EBITDA	8.5	Current price	PLN 4.98
Kamil Kliszcz	FY11E P/E	14.4	FY11E EV/EBITDA	4.9	Target price	PLN 5.50

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	379.7	355.4	6.9%	799.5	873.4	-8.5%	1 919.9	1 485.6	29.2%
EBITDA	-0.5	-102.7	-	11.3	-168.7	-	70.5	-327.4	-
margin	-0.1%	-28.9%	-	1.4%	-19.3%	-	3.7%	-22.0%	-
EBIT	-19.9	-122.0	-	-27.7	-208.7	-	-6.1	-407.5	-
Pre-tax income	-20.5	-81.7	-	-22.8	-251.2	-	-12.3	-404.7	-
Net income	-16.6	-53.6	-	-19.0	-228.2	-	-12.3	-422.1	-

EBITDA close to zero

We believe Police will fail to approach the break even point in Q2 2010, and the Company will post a net loss of ca. PLN 16.6m. However, the Q/Q drop will not be a consequence of a seasonal drop in sales volumes, because we expect that the drop in domestic sales will be offset by higher exports. This seems to be confirmed by the Management's recent announcement concerning the relaunches of idled capacity. However, keeping revenues flat will not be enough to repeat last quarter's EBITDA margin, mostly due to the drop in unit margins on individual products brought about by their declining prices (-2% for DAP, -16% for urea in USD) and the June hike in the price of gas. Quite possibly, Police had to carry out some of the postponed maintenance work in Q2, which may have additionally hurt its earnings. All in all, we expect an EBIT loss of ca. PLN 20m. The result of financial activities should not longer be impacted by F/X losses after the closing of F/X options (at the current exchange rates, the change in the valuation of the remaining put options will not have a big impact).

Chemicals

ZA Puławy

Hold

Analyst:	FY10E P/E	15.9	FY10E EV/EBITDA	5.7	Current price	PLN 68.50
Kamil Kliszcz	FY11E P/E	5.8	FY11E EV/EBITDA	2.8	Target price	PLN 72.05

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	595.6	549.2	8.5%	2 090.8	2 396.8	-12.8%	2 391.1	2 090.8	14.4%
EBITDA	56.7	6.7	-	85.9	407.2	-78.9%	200.9	85.9	133.9%
margin	9.5%	1.2%	-	4.1%	17.0%	-	8.4%	4.1%	-
EBIT	37.5	-11.4	-	13.1	338.3	-96.1%	101.2	13.1	672.5%
Pre-tax income	42.6	22.2	91.4%	37.1	241.2	-84.6%	101.9	37.1	174.7%
Net income	34.0	17.7	92.8%	27.1	194.6	-86.1%	82.5	27.1	204.4%

Good margins on chemicals, ERU will partially offset weak fertilizers

In the final quarter of ZAP's fiscal year, we do not expect a significant seasonal reduction in revenue, because the lower volumes of fertilizer sales (partially due to the downtime on the urea line) should be offset by the weaker zloty and the record-high prices of caprolactam. In fact, we expect the chemical segment to contribute the most to consolidated EBIT, as according to our calculations the increase in spreads on caprolactam and melamine should result in over PLN 20m q/q increase in operating margin. Despite these positive trends in this area, the Company will see a drop in its consolidated EBIT (PLN 37.5m vs. PLN 44m a quarter before) due to the June hike in the price of gas and the narrowing of unit margins on urea and UAN. In turn, the quarter's profits should be positively impacted by ERU revenue (ca. PLN 30m), less provisions for employee bonuses traditionally created in the final quarter of a fiscal year (ca. –PLN 15m). Taking into account interest revenue, ZAP should generate a net profit of ca. PLN 34m.

Power Utilities

Utilities	CEZ				Hold	
Analyst: Kamil Kliszcz	FY10E P/E	9.9	FY10E EV/EBITDA	6.4	**Current price**	**PLN 140.40**
	FY11E P/E	10.0	FY11E EV/EBITDA	6.4	**Target price**	**PLN 131.87**

(CZK m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	42 323.1	42 312.0	0.0%	96 209.1	96 264.0	-0.1%	189 756.3	196 352.0	-3.4%
EBITDA	20 420.6	21 600.0	-5.5%	47 749.6	51 827.0	-7.9%	87 198.9	91 075.0	-4.3%
margin	48.2%	51.0%	-	49.6%	53.8%	-	46.0%	46.4%	-
EBIT	14 883.6	16 059.0	-7.3%	36 574.6	40 856.0	-10.5%	61 657.7	68 199.0	-9.6%
Pre-tax income	14 446.9	15 965.0	-9.5%	35 909.9	39 945.0	-10.1%	59 193.7	64 946.0	-8.9%
Net income	11 493.3	12 550.0	-8.4%	28 948.3	31 641.0	-8.5%	47 095.3	51 547.0	-8.6%

Lower energy prices partially offset by distribution

With the price of electricity in the Czech market lower (ca. EUR 5/MWh) we expect CEZ's earnings in generation to fall, despite the fact that we project higher volumes (including a 3.8% increase in nuclear power plant output). Operating earnings in the segment, assuming no transactions in emission reduction units, should figure to ca. CZK 13.6bn vs. CZK 15.3bn a year ago (this quarter, we will not yet see a positive contribution from the Romanian wind farm project, which will not become fully operational until H2 2010). The weaker result in generation should be offset by improved distribution margins thanks to the increase in network charges (its impact was seen already in Q1). We project the segment's EBIT at CZK 4.6bn vs. CZK 3.6bn last year. All in all, the concern's consolidated operating profit should figure to CZK 14.9bn. This entails a 7% y/y decline, also influenced by the ca. PLN 250m decline in mining profits due to reduced volumes and lower prices. As far as financial operations are concerned, we expect losses of ca. CZK 400m due to interest expenses and, just as in Q1'10, the lack of a positive contribution from Turkish subsidiaries consolidated under the equity method.

Utilities	Enea				Buy	
Analyst: Kamil Kliszcz	FY10E P/E	12.2	FY10E EV/EBITDA	4.1	**Current price**	**PLN 18.01**
	FY11E P/E	12.1	FY11E EV/EBITDA	4.0	**Target price**	**PLN 21.24**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	1 978.3	1 707.2	15.9%	3 999.7	3 591.9	11.4%	7 519.7	7 167.3	4.9%
EBITDA	385.1	359.0	7.3%	774.8	742.8	4.3%	1 365.4	1 167.0	17.0%
margin	19.5%	21.0%	-	19.4%	20.7%	-	18.2%	16.3%	-
EBIT	222.0	200.3	10.8%	448.5	423.9	5.8%	698.8	505.6	38.2%
Pre-tax income	260.9	240.3	8.6%	532.9	492.3	8.2%	806.6	653.1	23.5%
Net income	211.4	190.2	11.1%	429.5	391.5	9.7%	653.4	513.6	27.2%

Another strong quarter

We believe ENEA's earnings in Q2'10 should approach those recorded in Q1'10, although we expect a slightly different structure. We expect a higher EBIT (in Q/Q terms) in the generation segment (PLN 90m vs. PLN 69.7m in Q1'10 and PLN 101m in Q2'09) due to the increased capacity utilization at the Kozienice power plant during the recent floods (to balance capacity utilization reduction at Połaniec power plant) and the somewhat lower maintenance expenses we assume. In turn, due to a seasonal drop in energy distribution volumes, we expect that distribution profits will be lower than in the first quarter (PLN 91m vs. PLN 126m), but let us point out that the Company should record a clear Y/Y increase in this area following the change in the methodology used to calculate the return on RAV (Q2'09 EBIT in the segment was PLN 64m). In the trade segment, we also expect a seasonal drop in sales volumes, but we believe ENEA's earnings in the segment should be similar to those posted in Q1'10, when it had to purchase more energy from renewable sources. The increase in demand from corporate customers, which can be seen in PSE's data, should further widen margins on trade, which were somewhat impacted by the economic crisis. All in all, we project a consolidated EBIT of PLN 222m. With financial gains of PLN 39m, the Company should improve its bottom line by 11% y/y.

Utilities

PGE

Buy

Analyst:	FY10E P/E	11.7	FY10E EV/EBITDA 5.2	**Current price**	**PLN 21.30**
Kamil Kliszcz	FY11E P/E	11.1	FY11E EV/EBITDA 4.9	**Target price**	**PLN 27.90**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	5 445.2	5 752.6	-5%	10 785.3	11 100.1	-2.8%	21 123.7	21 623.4	-2.3%
EBITDA	1 631.8	1 969.0	-17%	3 623.5	4 208.4	-13.9%	7 394.2	7 983.4	-7.4%
margin	30.0%	34.2%	-	33.6%	37.9%	-	35.0%	36.9%	-
EBIT	959.1	1 318.3	-27%	2 294.5	2912.7	-21.2%	4 667.4	5344.7	-12.7%
Pre-tax income	1 115.8	1 419.5	-21%	2 490.8	2875.2	-13.4%	4 830.2	5378.5	-10.2%
Net income	729.5	920.7	-21%	1 628.6	1794.7	-9.3%	3 138.3	3370.7	-6.9%

EBITDA adjusted for long-term contract compensation will be flat Y/Y

The compensation for terminated long-term contracts received in Q2'09 (+PLN 480m) inflates the base of comparison, preventing PGE from improving its operating earnings, but when the results are adjusted for this item, the concern should see a ca. 1% increase in its EBITDA. Generation and mining will of course be the key segment, where we project an EBIT of PLN 567m vs. PLN 940m a year ago (in addition to the LTC compensation effect, this will be a consequence of the combination of stable volumes, slightly lower wholesale prices and higher spot prices). In turn, PGE should see a clear increase in distribution profits, thanks to new, higher network tariffs. The segment's EBIT (ca. PLN 158m vs. PLN 75m a year ago), despite the seasonal reduction in volumes, could approach the Q1'10 result, as the new rates did not come into force until February. In the wholesale segment, we expect a profit of PLN 103m vs. PLN 149m in Q2'09, although this is where we see the most room for surprises due to high spreads between baseload and peakload prices. In retail, just as last quarter, we are likely to see the impact of intensified competition, which will lead to a slight y/y reduction in EBIT (PLN 88m vs. PLN 98m). We expect financial gains of PLN 150m (Polkomtel profits, interest on net cash). All in all, PGE should generate a net profit of ca. PLN 729m.

Telecommunications

Telco	**Netia**			**Hold**	
Analyst: Michał Marczak	FY10E P/E 50.7	FY10E EV/EBITDA 5.0		**Current price**	**PLN 4.88**
	FY11E P/E 24.3	FY11E EV/EBITDA 4.3		**Target price**	**PLN 4.30**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	390.8	373.7	4.6%	777.8	749.3	3.8%	1 525.4	1 505.9	1.3%
EBITDA	91.8	69.4	32.3%	185.3	139.3	33.0%	323.5	284.3	13.8%
margin	23.5%	18.6%	-	23.8%	18.6%	-	21.2%	18.9%	-
EBIT	18.6	-5.0	-	38.2	-8.0	-	33.7	-14.2	-
Pre-tax income	15.6	-8.2	-	33.0	-15.1	-	46.6	1.1	-
Net income	12.6	-8.3	-	27.0	-14.7	-	37.4	88.7	-57.8%

Further growth in EBITDA margin

Our forecast assumes the Company's revenues will increase by 1% q/q, thanks to the growing number of broadband subscribers. The area will continue to offset the decline in traditional voice revenues among direct subscribers (lower prices) and from wholesale services (lower revenue from P4). In contrast to Q1'10, we expect no one-offs. The positive effect of the conclusion of the merger with Tele 2 Polska on EBITDA margin, which was visible in Q1 earnings, will no longer be there in subsequent quarters. Q2'10 earnings should show an improvement on the first quarter also thanks to the lower number of new subscriber additions, which will reduce customer acquisition costs.

Telco	**TP SA**			**Accumulate**	
Analyst: Michał Marczak	FY10E P/E 17.7	FY10E EV/EBITDA 4.4		**Current price**	**PLN 15.20**
	FY11E P/E 16.9	FY11E EV/EBITDA 4.4		**Target price**	**PLN 16.10**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	3 815.0	4 185.0	-8.8%	7 688.0	8 497.0	-9.5%	15 211.5	15 516.0	-2.0%
EBITDA	1 384.0	1 553.0	-10.9%	2 799.0	3 223.0	-13.2%	5 668.3	5 662.8	0.1%
margin	36.3%	37.1%	-	36.4%	37.9%	-	37.3%	36.5%	-
EBIT	439.0	500.0	-12.2%	913.0	1 110.0	-17.7%	1 884.8	1 813.8	3.9%
Pre-tax income	336.0	435.0	-22.8%	695.0	846.0	-17.8%	1 489.0	1 422.2	4.7%
Net income	275.5	374.0	-26.3%	560.5	702.0	-20.2%	1 204.1	1 150.0	4.7%

A quarter of stability, not yet growth

Q2'10 will not be a breakthrough quarter for TPSA, especially as far as broadband is concerned. The introduction of a new offer for speeds below 2 Mb/s, based on the cost plus rule, is being delayed, and we believe this is of crucial importance for TPSA's competitiveness. Still, revenues will not be declining as sharply as before. We project an 8.8% y/y reduction compared to 10.2% y/y drop in Q1'10 and 12.9% in Q4'09. As usual, the biggest drop will be seen in fixed voice services (-11% y/y, due inter alia to the lower F2M rates). In mobile telephony, we expect a 9% drop in revenue, still due to the cut in MTRs in H1 2009. However, this will be the last quarter with such a high negative growth. For data transmission services, we project a 3% y/y drop, mostly due to the reduction in broadband subscriber base and in line lease revenue. As for expenses, the EUR-denominated costs of office space rentals will have a negative effect. As a result, the EBITDA margin will decrease to ca. 36%. We expect no significant one-offs. An important factor for investors will be the reported number of mobile subscribers following the introduction of new pricing plans. We believe Orange will be able to show a gradual regaining of its market share.

Media

Agora

Media | **Hold**

Analyst: Piotr Grzybowski

FY10E P/E	19.6	FY10E EV/EBITDA	6.2	**Current price**	**PLN 22.88**
FY11E P/E	18.8	FY11E EV/EBITDA	5.9	**Target price**	**PLN 24.70**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	274.2	297.8	-7.9%	522.3	572.2	-8.7%	1 087.8	1 110.1	-2.0%
EBITDA	36.9	35.4	4.2%	73.4	61.2	19.9%	149.8	134.1	11.7%
margin	13.5%	11.9%	-	14.1%	10.7%	-	13.8%	12.1%	-
EBIT	16.7	14.9	12.1%	33.4	20.6	62.1%	65.4	52.9	23.6%
Pre-tax income	18.4	14.7	25.2%	37.2	21.0	77.1%	73.7	54.4	35.4%
Net income	14.8	12.2	21.3%	36.5	13.3	174.5%	59.7	38.3	55.8%

Solid earnings despite one-offs

We expect Agora to publish excellent recurrent financial results. From the accounting point of view, its earnings will be depressed by a write-down on software license expenditures (PLN 7.7m, announced towards the end of May). A positive aspect of Q2'10 earnings should be continued improvement in the growth rate of advertising revenue (to -5.6%, PLN 183.2m). The period of national mourning in April should have a limited impact here, and one largely confined to the radio segment (-16.0% y/y). The other weak segment will be outdoor (-11.5%), and in the remaining areas the Company will see a significant improvement vs. the preceding quarters. Thus, revenue in the newspaper segment will fall by 8.6% y/y (next to the internet, the free daily *Metro* will be the only piece of the puzzle to see actual growth; of +2.5% y/y, the flagship daily *Gazeta Wyborcza* will see a 9.6% reduction). Advertising revenue will decline by 3.5% in magazines, and increase by 30.4% in the online segment. The increase in newspaper consumption, brought about by the April crash of the Polish President's plane and the subsequent presidential election, resulted in a q/q increase in average newsstand sales, but was by and large offset by a reduction in the number of issues (73 in Q2'10 vs. 76 in Q1'10). As a result, we expect only a slight q/q growth in the segment, to PLN 54.7m. We also expect a very small improvement in book collection sales.

On the cost side, we expect savings to continue, mostly as regards the costs of materials and energy (-19.2%) and representation and advertising (PLN 29.3m, -28.2% y/y). Salaries will increase, reflecting the improved economic situation and, in consequence, the rise in sales bonuses to PLN 70.6m (+4.3% y/y). All told, Agora's Q2'10 EBIT will come in at PLN 16.3m, or PLN 24m after adjustment for one-time non-cash events.

Cinema City

Media | **Hold**

Analyst: Piotr Grzybowski

FY10E P/E	17.9	FY10E EV/EBITDA	9.4	**Current price**	**PLN 39.00**
FY11E P/E	14.7	FY11E EV/EBITDA	8.1	**Target price**	**PLN 39.90**

(EUR m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	47.5	38.6	22.9%	117.6	104.5	12.5%	238.7	211.6	12.8%
EBITDA	12.3	9.5	29.4%	32.6	24.9	31.0%	54.5	46.5	17.0%
margin	25.9%	24.6%	-	27.7%	23.8%	-	22.8%	22.0%	-
EBIT	7.5	5.6	34.7%	22.9	17.2	32.8%	35.6	30.2	17.9%
Pre-tax income	6.9	4.9	40.2%	21.5	15.7	37.3%	34.0	28.2	20.4%
Net income	5.8	4.1	40.2%	18.5	13.8	33.7%	28.9	24.4	18.3%

Better than a year ago

We expect the Company's revenue from cinema operations to increase by 26.2% to EUR 40.1m, thanks to a 9.3% increase in ticket sales, the depreciation of the EUR vs. regional currencies and the increase in the average ticket price expressed in local currencies due to the higher share of 3D shows. Ticket sales will figure to EUR 26.7m, food sales to EUR 7.5m and advertising revenue to EUR 5.9m. The Company will recognize ca. EUR 3.5m in revenue and EUR 3.0m in EBIT from the sale of stakes in Bulgarian real-estate development projects. We estimate distribution revenue at EUR 3.9m. All told, CCI will post an EBIT of EUR 7.5m, and a bottom line of EUR 5.8m.

Cyfrowy Polsat Accumulate

Media

Analyst:	FY10E P/E	12.6	FY10E EV/EBITDA	8.5	**Current price**	**PLN 14.28**
Piotr Grzybowski	FY11E P/E	11.2	FY11E EV/EBITDA	7.3	**Target price**	**PLN 16.03**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	361.6	322.8	12.0%	735.6	659.7	11.5%	1 456.4	1 266.1	15.0%
EBITDA	101.5	77.8	30.4%	224.3	171.4	30.9%	438.9	327.4	34.0%
margin	28.1%	24.1%	-	30.5%	26.0%	-	30.1%	25.9%	-
EBIT	83.5	68.2	22.4%	190.4	153.5	24.0%	374.7	285.5	31.3%
Pre-tax income	82.5	69.5	18.7%	188.9	159.4	18.5%	376.1	293.7	28.1%
Net income	63.5	56.2	13.0%	149.6	128.8	16.1%	304.7	237.9	28.0%

Depreciating zloty, broadband expenditures depress profits

Cyfrowy Polsat's second-quarter earnings will still be impacted by the depreciation of the zloty and by costs incurred due to the development of the broadband offer. We expect subscription revenues of PLN 348.1m. We assume that the number of Family Package subscribers will decrease as the Company finalizes the process of changing terms and conditions of service. Compared to last quarter, there will also be a significant drop in revenue from set-top box sales (from PLN 10.8m to PLN 5.0m). On the cost side, the depreciation of the zloty will inflate content licensing costs (PLN 97.7m) and signal transmission costs (PLN 21.2m). In turn, the development of the broadband offer will lead to a reduction in the cost of set-top box sales and an increase in other operating expenses (PLN 38.8m, due to network access fees). Distribution and marketing expenses will figure to PLN 70.2m, and salaries to PLN 18.0m. Operating profit will figure to PLN 83.5m, entailing a net profit of PLN 63.5m.

TVN Hold

Media

Analyst:	FY10E P/E	17.7	FY10E EV/EBITDA	11.7	**Current price**	**PLN 16.44**
Piotr Grzybowski	FY11E P/E	13.7	FY11E EV/EBITDA	9.6	**Target price**	**PLN 16.69**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	645.8	580.0	11.3%	1 194.2	1 015.1	17.6%	2 485.0	2 123.4	17.0%
EBITDA	214.4	178.6	20.1%	312.6	380.1	-17.8%	661.0	794.8	-16.8%
margin	33.2%	30.8%	-	26.2%	37.4%	-	26.6%	37.4%	-
EBIT	154.4	126.7	21.8%	194.4	301.1	-35.4%	432.0	612.1	-29.4%
Pre-tax income	-59.9	159.5	-	26.4	116.2	-77.2%	301.1	380.8	-20.9%
Net income	-72.5	137.1	-	-8.7	108.0	-	287.1	420.8	-31.8%

Advertising revenues on the rise despite national mourning

TVN's bottom line will be strongly impacted by the revaluation of its Eurobond debt, which will put the Company deep in the red. This effect excepted, the second quarter should lead to a significant improvement in the quality of reported earnings, thanks mostly to rising advertising revenues. We expect that in June TVN was able to by and large compensate for the April reduction in its revenue brought about by the period of national mourning, as indicated by data coming from the public television TVP (which made a profit on soccer World Cup broadcasts) and TVN's high ratings, which gave it higher rating points and increased its ability to grab advertising budgets postponed from April. We expect the Company to report a 7.6% y/y increase in advertising revenue (to PLN 387.8m). As far as the digital platform 'n' is concerned, we expect a clear improvement in earnings and a positive EBITDA (PLN 2.0m, compared to -PLN 33.0m EBIT). The Company’s consolidated EBIT is estimated at PLN 154.4m.

We expect the Company to report finance losses of PLN 219.3m, comprising PLN 69.0m interest expenses and PLN 150.3m in debt revaluation losses. With an income tax of PLN 12.6m, the Company will post a net loss of PLN 72.5m.

IT

AB

IT — **Accumulate**

Analyst: Piotr Grzybowski

09/10E P/E	8.8	09/10E EV/EBITDA	6.6	**Current price**	**PLN 16.69**
10/11E P/E	9.7	10/11E EV/EBITDA	6.7	**Target price**	**PLN 18.80**

(PLN m)	4Q09/10F	4Q08/09	change	2009/10F	2008/09	change	2010/11F	2009/10F	change
Revenue	579.1	569.2	1.7%	2 806.6	2 839.7	-1.2%	2 784.8	2 806.6	-0.8%
EBITDA	10.3	7.8	32.1%	53.4	83.0	-35.6%	51.9	53.4	-2.9%
margin	1.8%	1.4%	-	1.9%	2.9%	-	1.9%	1.9%	-
EBIT	8.4	5.8	43.5%	45.5	76.5	-40.6%	44.2	45.5	-2.8%
Pre-tax income	4.3	4.4	-2.6%	39.7	37.5	5.8%	33.8	39.7	-14.8%
Net income	3.2	2.8	15.9%	30.4	27.0	12.6%	27.4	30.4	-9.9%

A good finish to a strong year

We expect AB to report a slight increase in revenues to an estimated PLN 579.1m for the last quarter of fiscal 2009/2010. A weaker zloty will contribute to an expansion in the gross margin to ca. 5.4%. SG&A expenses will approximate PLN 20.8m, and other operating expenses will be PLN 2.2m. Financial expenses, including interest expenses and foreign-exchange losses, are estimated at PLN 4.1m. The bottom line will show a year-on-year improvement, rising to PLN 3.2m.

Action

IT — **Accumulate**

Analyst: Piotr Grzybowski

FY10E P/E	11.8	FY10E EV/EBITDA	8.5	**Current price**	**PLN 18.50**
FY11E P/E	9.6	FY11E EV/EBITDA	7.3	**Target price**	**PLN 18.49**

(PLN m)	2Q2010F	4Q08/09*	change	1H2010F	2H09/10	change	2010F	2008/09	change
Revenue	469.2	430.2	9.1%	952.5	896.5	6.2%	2 142.3	3 079.4	-30.4%
EBITDA	9.1	10.6	-14.5%	22.7	25.5	-10.8%	49.0	51.0	-4.0%
margin	1.9%	2.5%	-	2.4%	2.8%	-	2.3%	1.7%	-
EBIT	6.3	8.2	-22.9%	17.1	21.0	-18.8%	40.1	38.1	5.3%
Pre-tax income	5.2	6.9	-24.5%	15.1	18.9	-20.3%	33.5	31.8	5.6%
Net income	4.3	5.7	-24.3%	12.3	15.3	-19.3%	27.0	23.3	15.8%

**May through July*

Year-on-year downturn

We expect Action's Q2 2010 earnings figures to be weighed down by a depreciated zloty. Revenues will display a year-on-year increase to PLN 469.2m, while the gross margin will remain flat at an estimated 8.4% because of negative effects of foreign exchange rate fluctuations. SG&A expenses will approximate PLN 31.2m. Other net operating expenses (including foreign exchange differences) will be high at PLN 1.9m, leading to an EBIT of PLN 6.3m. The second-quarter net profit is expected to reach PLN 4.3m.

IT

ASBIS

Hold

Analyst:	FY10E P/E	11.4	FY10E EV/EBITDA	6.1	Current price	PLN 4.36
Piotr Grzybowski	FY11E P/E	7.6	FY11E EV/EBITDA	4.9	Target price	PLN 4.69

(USD m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	289.2	231.3	25.1%	620.2	469.2	32.2%	1 375.4	1 167.9	17.8%
EBITDA	1.3	1.1	19.7%	3.8	-2.9	-	18.2	5.8	214.9%
margin	0.4%	0.5%	-	0.6%	-0.6%	-	1.3%	0.5%	-
EBIT	0.6	0.2	182.2%	2.4	-4.3	-	15.3	2.9	427.9%
Pre-tax income	-0.8	-0.7	-	-0.6	-6.9	-	9.9	-2.8	-
Net income	-0.8	-0.3	-	-0.7	-6.5	-	7.8	-3.2	-

In the red

Asbis's Q2 2010 earnings will be affected by foreign-currency trends, expected to generate negative exchange differences in an estimated amount of $1.3m. Revenues are expected to continue on an upward curve, though at a slower pace than in the quarter before. The gross margin will reach 4.7%, with SG&A expenses approximating $13.0m, resulting in an EBIT of just $0.6m. After financial expenses of ca. $1.4m, the second-quarter bottom line will show a loss of $0.8m.

IT

Asseco Poland

Buy

Analyst:	FY10E P/E	12.3	FY10E EV/EBITDA	7.1	Current price	PLN 57.00
Piotr Grzybowski	FY11E P/E	11.6	FY11E EV/EBITDA	6.6	Target price	PLN 70.60

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	730.0	707.3	3.2%	1420.6	1417.4	0.2%	3193.7	3050.3	4.7%
EBITDA	160.4	166.5	-3.7%	311.6	308.1	1.1%	641.2	646.1	-0.7%
margin	22.0%	23.5%	-	21.9%	21.7%	-	20.1%	21.2%	-
EBIT	129.4	137.9	-6.2%	250.7	252.4	-0.7%	517.6	525.5	-1.5%
Pre-tax income	171.4	125.9	36.1%	305.3	230.5	32.4%	514.9	514.4	0.1%
Net income	136.3	101.4	34.4%	231.8	176.4	31.4%	337.1	373.4	-9.7%

European operations take a dip, but parent company does well

We expect Asseco Poland to make a strong Q2 2010 showing, supported mainly by the parent company. As far as subsidiaries are concerned, Asseco Systems struggled in the second quarter, Asseco Slovakia continued to consolidate the losses of Uniquare, and Asseco South Eastern Europe was affected by the economic turmoil in the Balkan region. All in all, the consolidated Q2 revenues are expected to increase to PLN 730.0m, and the gross margin is estimated at 34.3%. SG&A expenses will amount to PLN 118.0m, resulting in a slight reduction in EBIT, expected to come in at PLN 129.4m. The outcome of financial operations will be boosted by a one-time PLN 40.0m reversal of a treasury stock allowance. Due to the weaker performance of the subsidiaries, minority profits will amount to just PLN 10.1m, and the bottom-line profit will amount to PLN 136.3m.

IT

Comarch

Hold

Analyst:	FY10E P/E	17.0	FY10E EV/EBITDA	8.9	Current price	PLN 83.90
Piotr Grzybowski	FY11E P/E	13.1	FY11E EV/EBITDA	6.5	Target price	PLN 93.10

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	148.7	163.7	-9.2%	294.4	323.5	-9.0%	710.8	729.4	-2.5%
EBITDA	0.2	2.2	-90.8%	8.6	5.5	54.7%	66.8	56.2	18.9%
margin	0.1%	1.4%	-	2.9%	1.7%	-	9.4%	7.7%	-
EBIT	-11.3	-12.8	-	-14.4	-18.7	-	34.8	14.3	142.6%
Pre-tax income	-10.1	-11.7	-	-12.1	-18.6	-	38.2	18.4	107.4%
Net income	-8.7	-3.1	-	-8.8	-5.9	-	39.2	32.3	21.6%

SoftM continues to depress profits

We expect an overall improvement in Comarch's Q2 2010 results vis-à-vis the dismal Q2 2009, however, the company will still report an operating loss. We predict a ca. 9.2% year-on-year decrease in revenues due to weak sales generated by SoftM, and a slowdown in international sales caused by the zloty's strength compared to Q209 levels. We estimate SoftM's negative impact on Comarch's earnings at PLN 6.3m. Special-purpose vehicles will generate an additional PLN 3m charge against EBIT. Moreover, we expect to see a PLN 9.9m impairment loss on foreign assets.

The Q2 2010 gross margin is estimated at 16.6%. SG&A expenses will amount to PLN 25.6m, and other operating expenses will be PLN 10.4m. Comarch is expected to report an operating loss of PLN 11.3m, and minority losses of PLN 1.6m, resulting in a quarterly net loss of PLN 8.7m.

IT

Komputronik

Hold

Analyst:	FY10E P/E	15.1	FY10E EV/EBITDA	9.6	Current price	PLN 13.80
Piotr Grzybowski	FY11E P/E	9.8	FY11E EV/EBITDA	6.6	Target price	PLN 11.56

(PLN m)	1Q10/11F	2Q09/10	change	2009/10	2008	change	2010/11F	2009/10	change
Revenue	175.8	171.8	2.3%	982.9	758.7	29.6%	916.9	982.9	-6.7%
EBITDA	1.4	0.6	124.7%	5.7	15.0	-62.0%	16.2	5.7	184.8%
margin	0.8%	0.4%	-	0.6%	2.0%	-	1.8%	0.6%	-
EBIT	-0.4	-1.5	-	-3.2	10.0	-	10.8	-3.2	-
Pre-tax income	-0.9	-3.9	-	-6.0	6.1	-	8.0	-6.0	-
Net income	0.1	-1.9	-	-1.9	5.8	-	7.5	-1.9	-

Another losing quarter

We do not expect to see any improvement in Komputronik's financial performance in the first quarter of fiscal 2010/2011. There will be a slight, 2.3% rise in revenues, but the gross margin will shrink to 12.7% from 13.9% in the same period a year ago. The overall results will be most notably affected by subsidiary notebook retailer Karen, expected to report a 16% drop in revenues and a PLN 2.6m EBIT loss. SG&A expenses will approximate PLN 22.5m, and other operating expenses will be PLN 0.2m. Komputronik will post an operating loss of ca. PLN 0.4m, financial expenses of PLN 0.5m, and minority losses of PLN 1.0m.

IT	**Sygnity**			Buy	
Analyst:	FY10E P/E	-	FY10E EV/EBITDA	8.8	**Current price**	**PLN 12.95**
Piotr Grzybowski	FY11E P/E	13.1	FY11E EV/EBITDA	4.8	**Target price**	**PLN 18.20**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	115.0	141.1	-18.5%	219.2	281.5	-22.1%	653.0	572.7	14.0%
EBITDA	-6.6	-78.1	-	-16.5	-84.4	-	22.0	-60.3	-
margin	-5.7%	-55.3%	-	-7.5%	-30.0%	-	3.4%	-10.5%	-
EBIT	-14.6	-85.4	-	-32.0	-101.5	-	-9.6	-94.8	-
Pre-tax income	-17.1	-87.6	-	-36.4	-105.6	-	-16.9	-103.1	-
Net income	-17.0	-75.6	-	-34.1	-92.8	-	-13.7	-89.4	-

Another weak quarter

Sygnity will disappoint with its second-quarter showing, with sales down significantly (from PLN 141.1m to PLN 115.0m) in spite of just a slight decline in the value of the order portfolio compared to Q2 2009. The gross margin is estimated at 13.0%, and SG&A expenses are forecasted at PLN 29.7m. The second-quarter results will reflect the effects of the downsizing exercise started in August 2009, aimed at eliminating 300 jobs. EBIT will reach PLN 14.6m according to our forecasts. The result of financial operations will amount to PLN 2.5m. We do not anticipate a tax refund for Sygnity in spite of a quarterly loss in the estimated amount of PLN 17.0m.

Mining & Metals

KGHM

Metals — **Hold**

Analyst: Michał Marczak

FY10E P/E	5.6	FY10E EV/EBITDA	4.6
FY11E P/E	9.5	FY11E EV/EBITDA	5.5

Current price **PLN 93.85**
Target price **PLN 96.10**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	3 519.1	2 722.1	29.3%	6 793.6	5 099.3	33.2%	11 060.5	11 060.5	0.0%
EBITDA	1 479.6	1 105.1	33.9%	2 540.2	2 034.2	24.9%	3 716.2	3 645.7	1.9%
margin	42.0%	40.6%	-	37.4%	39.9%	-	33.6%	33.0%	-
EBIT	1 325.0	969.9	36.6%	2 231.2	1 766.2	26.3%	3 098.1	3 098.1	0.0%
Pre-tax income	1 320.0	963.6	37.0%	2 218.8	1 747.3	27.0%	4 123.5	3 066.6	34.5%
Net income	1 069.2	844.8	26.6%	1 794.6	1 472.6	21.9%	3 337.4	2 540.9	31.3%

Weak zloty makes a strong quarter

Dollar copper prices averaged $7,042/T in Q2 2010, marking a 2.8% decline vs. Q1 2010, however, the zloty price average was PLN 22,272/T, i.e. 6.8% more than in the preceding quarter. For silver, the quarter-over-quarter increase was 8.4% in dollar terms and 19.1% in zloty terms. Combined with increased sales of copper produced from scrap (we estimate the total Q2 sales volume at 131,000 tons, including 16,000 tons of secondary copper), these trends should produce strong earnings for the quarter. KGHM hedged about 39,000 tons of copper in the period. The Q2 silver sales are forecasted at 276 tons. Costs of copper production are assumed to average PLN 11,780/T after a 7% decline from the quarter before owed mainly to cheaper scrap.

LW Bogdanka

Coal Mining — **Buy**

Analyst: Michał Marczak

FY10E P/E	13.2	FY10E EV/EBITDA	6.9
FY11E P/E	12.2	FY11E EV/EBITDA	6.4

Current price **PLN 77.50**
Target price **PLN 80.70**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	284.0	-	-	578.0	520.8	11.0%	1 176.8	1 118.0	5.3%
EBITDA	97.2	-	-	159.4	173.7	-8.3%	392.5	368.0	6.7%
margin	34.2%	-	-	27.6%	33.4%	-	33.4%	32.9%	-
EBIT	60.0	-	-	122.1	104.5	16.8%	243.0	226.7	7.2%
Pre-tax income	63.0	-	-	128.7	104.2	23.5%	241.2	229.8	5.0%
Net income	50.4	-	-	103.3	83.4	23.9%	186.2	191.5	-2.8%

CEO estimates

According to LWB's CEO, second-quarter results will be similar to those generated in the first quarter, when the coal miner generated a net income of PLN 52.8m. We reckon that the company sold 1.325 million tons of coal in the period for an average PLN 206 a ton. We do not expect to see any one-time charges in Q2 accounts. We estimate the unit coal cost at PLN 175/T. What we are hoping to learn during the second-quarter conference is the timeline of LWB's planned coal-processing plant construction project, and the capacity and effectiveness parameters of the recently purchased coal plow. We predict an increase in Polish coal prices toward the end of the year, supported by macro conditions (a weakening zloty, rising prices at ARA ports and in Russia).

Producers

Food

Astarta

Sell

Analyst: Jakub Szkopek	FY10E P/E 4.8	FY10E EV/EBITDA 4.20	**Current price**	**PLN 58.00**
	FY11E P/E 15.4	FY11E EV/EBITDA 8.48	**Target price**	**PLN 45.83**

(UAH m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	455.0	265.2	71.6%	875.9	839.8	4.3%	1 996.1	1 354.8	47.3%
EBITDA	212.8	228.0	-6.7%	445.1	368.0	20.9%	774.3	550.5	40.7%
margin	46.8%	86.0%	-	50.8%	43.8%	-	38.8%	40.60%	-
EBIT	171.2	205.0	-16.5%	192.5	322.1	-40.2%	660.6	457.5	44.4%
Pre-tax income	158.0	194.2	-18.7%	191.9	228.6	-16.0%	585.5	328.7	78.1%
Net income	155.3	190.9	-18.7%	198.6	228.3	-13.0%	558.5	323.4	72.7%

Good recurring profits
We predict that Astarta sold 60,000 tons of sugar, 110,000 tons of grain, and 11,000 tons of milk, in Q2 2010. Revenues are expected to surge 71.6% vs. Q2 2009 to UAH 455.0m thanks to soaring prices of sugar which averaged UAH 6967.8 in the period. The positive effects of biological asset valuations are estimated at UAH 12.2m. Pre-tax income will be strengthened by euro-loan revaluations (UAH 2.2m). The Q2 2010 EBIT is estimated at UAH 171.2m, and net income will come in at ca. UAH 155.3m. After adjustment for biological asset valuations (which produced a gain of UAH 164.3m in Q2 2009), the 2010 second-quarter EBIT would be 290.2% higher than in the same period a year ago, and the bottom-line profit would exceed last year's figure by 437.0%.

Building Materials

Cersanit

Hold

Analyst: Jakub Szkopek	FY10E P/E 15.5	FY10E EV/EBITDA 9.0	**Current price**	**PLN 13.15**
	FY11E P/E 13.1	FY11E EV/EBITDA 7.7	**Target price**	**PLN 13.43**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	388.6	369.3	5.2%	688.3	672.5	2.3%	1 506.9	1 415.2	6.5%
EBITDA	79.3	79.0	0.4%	133.4	137.9	-3.3%	323.3	284.7	13.5%
margin	20.4%	21.4%	-	19.4%	20.5%	-	21.5%	20.1%	-
EBIT	50.3	48.0	4.8%	75.5	78.1	-3.3%	207.1	168.1	23.2%
Pre-tax income	-57.9	1.5	-	11.8	-49.8	-	146.4	-8.1	-
Net income	-55.7	-1.4	-	3.0	-49.5	-	122.4	-8.1	-

Solid recurring EBIT depressed by one-time charges
The second quarter was solid in terms of domestic sales, and strong in terms of exports, in particular to Ukraine and Russia. In the Ukraine, sales revenues were buoyed by the continuing weakness of the hryvnia (the Ukrainian currency continues to trade low since its 50% depreciation in the fourth quarter of 2008), which makes ceramics a profitable business only if produced locally. Sales in Russia were supported by growing demand (retail sales ex food there increased 4.3% and 4.7% y/y in May and April respectively). Cersanit's Q2 operating profit will be positively influenced by the zloty's depreciation relative to other currencies, and negatively influenced by foreign-currency debt revaluations (which led to an increase in debt by an estimated PLN 88m).

Machinery

Famur

Hold

Analyst: Jakub Szkopek	FY10E P/E 16.2	FY10E EV/EBITDA 9.1	**Current price**	**PLN 1.92**
	FY11E P/E 9.5	FY11E EV/EBITDA 5.2	**Target price**	**PLN 2.03**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	169.6	147.3	8.4%	322.5	430.8	-25.1%	625.6	695.1	-10.0%
EBITDA	24.3	34.1	-34.0%	41.5	107.5	-61.4%	99.7	133.6	-25.4%
margin	14.3%	23.2%	-	12.9%	25.0%	-	15.9%	19.2%	-
EBIT	15.8	25.4	-42.9%	25.8	90.4	-71.5%	66.5	100.8	-34.1%
Pre-tax income	10.3	30.9	-70.5%	33.9	51.1	-33.6%	71.7	77.9	-7.9%
Net income	7.5	20.3	-67.9%	27.5	36.2	-24.0%	57.2	58.0	-1.4%

Weak quarter in spite of acquisition

Famur's sales revenues for the second quarter of 2010 will be lower than the strong figures reported in Q2 2009. We expect year-on-year declines in the segments of mining machinery and equipment (-5.0%), other mining equipment (-15.5%), and cranes and handling equipment (-34.5%), and flat growth in castings (+0.6%). "Other" operations will be the exception, reporting a 115.2% surge in revenues resulting from a PLN 26m bond settlement (Famur holds bonds issued by coal producer KHW. redeemable in coal which Famur then re-sells). The revenues of Zamet, the recent acquisition whose earnings will be consolidated for just a half of the second quarter, are estimated at PLN 20m. Famur's operating profit will be affected by a low gross margin (22.0% vs. 36.7% in Q2 2009). Net income will be positively influenced by bond interest income (PLN 0.9m), and negatively influenced by open foreign-currency positions (ca. PLN 4m).

Metals

Kęty

Hold

Analyst: Jakub Szkopek	FY10E P/E 13.2	FY10E EV/EBITDA 6.9	**Current price**	**PLN 103.20**
	FY11E P/E 12.2	FY11E EV/EBITDA 6.4	**Target price**	**PLN 100.71**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	286.4	278.2	3.0%	534.2	525.9	1.6%	1 135.8	1111.0	2.2%
EBITDA	44.1	51.5	-14.5%	76.2	97.6	-22.0%	171.7	189.0	-9.1%
margin	15.4%	18.5%	-	14.3%	18.6%	-	15.1%	17.0%	-
EBIT	27.1	35.5	-23.8%	42.3	65.6	-35.6%	104.0	124.9	-16.7%
Pre-tax income	20.2	26.5	-23.9%	40.5	30.9	30.9%	89.4	91.9	-2.7%
Net income	16.1	20.6	-22.0%	31.1	23.4	32.9%	72.2	70.6	2.3%

Slightly ahead of guidance

Kęty's Q2 2010 forecasts assume a revenue of PLN 285m (+2.5% y/y), an EBIT of PLN 26-27m (-24% y/y), and a net income of PLN 15-16m (-22% y/y). This compares to our predictions of PLN 286.4m revenues (+3% y/y), a 27.1m EBIT (-23.8% y/y), and a PLN 16.1m net income (-22.0% y/y). The segment of Extruded Products saw an increase in demand in the second quarter (with sales rising to 5.9 thousand tons from 5.6KT in Q2 2009), while the Aluminum Systems Segment is still experiencing low demand from the construction industry (due to a fewer number of large-sized building projects). Kęty's operating profitability is depressed by rising prices of aluminum which, in zloty terms, are over 27.9% higher than in the same period a year ago. The second-quarter net income will be affected by financial expenses (PLN 6.9m), including loan interest charges (ca. PLN 4m) and debt revaluations (PLN 8.5m), partly offset by hedging gains (ca. PLN 5.5m).

Machinery	Kopex		Hold	
Analyst:	FY10E P/E 17.3	FY10E EV/EBITDA 7.6	**Current price**	**PLN 18.70**
Jakub Szkopek	FY11E P/E 12.2	FY11E EV/EBITDA 6.3	**Target price**	**PLN 18.46**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	491.8	517.1	-4.9%	1 125.4	1 110.0	1.4%	2 448.7	2 313.4	5.8%
EBITDA	47.0	61.9	-24.0%	91.0	138.5	-34.3%	232.2	217.1	7.0%
margin	9.6%	12.0%	-	8.1%	12.5%	-	9.5%	9.4%	-
EBIT	26.5	44.2	-40.0%	50.0	103.1	-51.5%	143.8	145.3	-1.1%
Pre-tax income	19.3	26.7	-27.7%	32.3	76.9	-58.0%	108.1	109.7	-1.5%
Net income	16.2	16.0	1.1%	25.0	51.4	-51.3%	80.6	87.2	-7.6%

Kopex eyes higher profit

We expect Kopex to report an increase in the revenues generated by the segment of mining services (+14.1% y/y), resulting from commencement of a PLN 180.5m order from Jastrzębska Spółka Węglowa. The segment of underground mining machinery will also report year-on-year revenue expansion (by 24.4%) against a low base. Sales of electrical and electronic equipment will display a 20.1% drop vs. Q209 due to lower order volumes. Further, revenues from electricity sales are expected to be 43.8% lower than a year earlier due to less favorable price trends. Finally, second-quarter sales of coal are estimated at PLN 35.8m, with the coal trading segment reporting a 392.7% y/y surge in revenues. Kopex's Q2 gross margin will approximate 15.5% compared to 18.1% in Q2 2009. Pre-tax income will be positively influenced by coal-bond interest income (PLN +1.2m), but this effect will be partly offset by valuations of FX positions (PLN -0.2m). Kopex's 26.92% (as at Q2 2010) subsidiary Ryfama is expected to add PLN 0.54m to the consolidated bottom line for the quarter.

Paper	Mondi		Hold	
Analyst:	FY10E P/E 18.9	FY10E EV/EBITDA 10.5	**Current price**	**PLN 74.00**
Michał Marczak	FY11E P/E 13.3	FY11E EV/EBITDA 8.7	**Target price**	**PLN 67.30**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenues	546.3	295.6	84.8%	1 020.3	612.0	66.7%	1 799.9	1 360.8	32.3%
EBITDA	117.5	37.5	212.9%	186.8	74.5	150.8%	413.5	217.9	89.7%
margin	21.5%	12.7%	-	18.3%	12.2%	-	23.0%	16.0%	-
EBIT	79.3	11.5	592.3%	110.4	22.3	395.4%	242.2	99.6	143.1%
Pre-tax income	63.3	14.1	349.3%	79.9	9.9	709.6%	209.0	74.6	180.2%
Net income	58.2	11.7	395.8%	76.0	7.9	856.2%	195.7	71.4	174.1%

Substantially better than Q1

European prices of kraftliner averaged EUR 480/T in Q2 2010, testliner traded at EUR 395/T, and the average price of fluting was EUR 365.2/T. In zloty terms, the prices displayed increases by 11.5%, 13.9%, and 16.3%, respectively, relative to Q1 2010. During the same time, prices of recycled paper surged 32%. The difference between the price of a ton of testliner and a ton of recycled paper increased to PLN 1,105, i.e. by 7.5%. We expect a 2% increase in sales vs. Q1 2010. Since Mondi's debt (totaling PLN 714m at 31 March) is mostly nominated in zlotys, the foreign-exchange trends are not going to affect the company's second-quarter earnings.

Construction

Construction	Budimex				Reduce	
Analyst: Maciej Stokłosa	FY10E P/E	12.5	FY10E EV/EBITDA	10.0	Current price	PLN 90.40
	FY11E P/E	14.3	FY11E EV/EBITDA	9.9	Target price	PLN 78.30

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	905.3	829.8	9.1%	1 482.5	1 477.6	0.3%	4 419.2	3 289.9	34.3%
EBITDA	65.3	56.6	15.4%	138.0	87.5	57.7%	238.3	221.7	7.5%
margin	7.2%	6.8%	-	9.3%	5.9%	-	5.4%	6.7%	-
EBIT	60.2	51.2	17.6%	127.8	76.6	66.8%	216.2	200.5	7.8%
Pre-tax income	57.9	52.4	10.4%	123.6	90.6	36.4%	228.8	224.2	2.1%
Net income	46.9	37.1	26.3%	100.2	66.9	49.9%	185.3	173.7	6.7%

Another good quarter driven by old construction contracts

We expect Budimex to report another good quarter, with revenues up 9% relative to Q2 2009. Going forward, topline growth should be even stronger thanks to recent major infrastructure contracts. We estimate the Q2 2010 revenues from the construction business at PLN 782m, and predict that the real-estate business will generate PLN 123m (thanks to ca. 230 home deliveries, compared to 372 in Q1 2010). The gross margin will approximate 11.6% (10.6% from construction, 17.5% from the real-estate business). We do not expect the company to book major contract provisions.

SG&A expenses will amount to an estimated PLN 34.1m (vs. PLN 32.6m in Q1), and we expect to see an other net operating income of PLN 9.1m (resulting from asset sales), a PLN 20.0m loss on derivatives revaluations. and a PLN 2.6m loss on financial operations. The bottom line should match the figures reported in preceding quarters, and we are confident that Budimex can deliver (or even slightly exceed thanks to asst divestments) our full-year earnings forecast. Adjusted for the effects of asset sales and derivatives valuations, the Q2 2010 net income could approximate PLN 55m.

Construction	Centrum Klima				Buy	
Analyst: Maciej Stokłosa	FY10E P/E	14.4	FY10E EV/EBITDA	9.6	Current price	PLN 13.47
	FY11E P/E	7.4	FY11E EV/EBITDA	4.0	Target price	PLN 14.65

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	21.89	17.96	21.9%	38.94	35.01	11.2%	75.38	71.70	5.1%
EBITDA	2.45	2.62	-6.4%	4.47	4.96	-9.8%	11.04	9.66	14.2%
margin	11.2%	14.6%	-	11.5%	14.2%	-	14.6%	13.5%	-
EBIT	1.92	2.24	-14.1%	3.42	4.18	-18.0%	8.98	8.03	11.8%
Pre-tax income	2.06	2.60	-20.9%	3.67	4.07	-9.8%	9.85	8.02	22.8%
Net income	1.67	2.08	-19.9%	2.97	3.27	-9.3%	7.98	6.71	18.9%

Earnings shaped by mixed trends

On the one hand, we expect Centrum Klima to report an increase in Q2 2010 revenues by 21.9% relative to Q2 2009, owed partly to a larger capacity and stronger demand, and partly to higher prices of raw materials. On the downside, expensive materials will affect the gross margin, which will contract to 22.3% from 24.9% in Q1 because of the dollar's appreciation vis-à-vis the zloty and the euro (CKL purchases a lot of materials in dollars), and, to a lesser extent, due to higher prices of steel. The upward trends in costs observed in Q2 2010 happened too rapidly for CKL to save its profit margins through hikes in the prices of its end-products. We estimate the second-quarter EBIT margin at 9.0%, followed by a return to 10-11% levels in Q3 and Q4.

With SG&A expenses at an estimated PLN 2.9m, the same level as in Q1 2010, EBIT should come in at PLN 2.0m (vs. PLN 1.5m in Q1). Other operating expenses are forecasted at PLN 0.04m, and other net financial income will be about PLN 0.135m, resulting in a bottom line of just under PLN 1.7m (adding to an accumulated first-half profit of PLN 3.0m).

We believe that Centrum Klima can fulfill our full-year PLN 8m net-earnings forecast.

Construction

Elektrobudowa Hold

Analyst: Maciej Stokłosa

FY10E P/E	16.2	FY10E EV/EBITDA	10.7	**Current price**	**PLN 168.00**
FY11E P/E	14.6	FY11E EV/EBITDA	9.6	**Target price**	**PLN 169.20**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	175.0	183.7	-4.7%	304.4	304.4	0.0%	683.5	700.9	-2.5%
EBITDA	20.3	22.4	-9.4%	29.7	37.4	-20.6%	64.3	79.0	-18.6%
margin	11.6%	12.2%	-	9.7%	12.3%	-	9.4%	11.3%	-
EBIT	17.5	20.0	-12.5%	24.2	32.5	-25.8%	52.8	69.0	-23.4%
Pre-tax income	17.5	21.4	-18.2%	23.8	34.1	-30.0%	60.6	70.6	-14.2%
Net income	14.2	15.5	-8.8%	20.1	25.0	-19.8%	49.1	54.5	-10.0%

A good quarter
We expect Elektrobudowa (ELB) to report a slight contraction in Q2 revenues and gross margin (which is estimated at 11% vs. 15.9% in Q209, the highest level in history, and 8.5% in Q1 2010). SG&A expenses should be flat at the first-quarter level of PLN 3.4m. Other net operating income is estimated at PLN 1.6m, of which PLN 0.6m will be contributed by Russian operations, and the remainder will stem from interest income. ELB reports its interest income below the EBIT line under other gains/losses, while we include it in financial expenses above EBIT to ensure comparability to other companies.

The Q2 net income is estimated at PLN 14.2m, and the first-half profit should come in at PLN 20.1m. We are confident that ELB will fulfill our full-year bottom-line forecast of PLN 49.1m, considering that the company's quarterly revenues typically display an increasing trend as the year progresses, to peak in Q4 2010.

Construction

Erbud Accumulate

Analyst: Maciej Stokłosa

FY10E P/E	12.5	FY10E EV/EBITDA	8.8	**Current price**	**PLN 50.90**
FY11E P/E	12.8	FY11E EV/EBITDA	8.3	**Target price**	**PLN 54.60**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	298.8	226.1	32.2%	483.2	388.4	24.4%	1 226.0	954.6	28.4%
EBITDA	17.2	19.4	-11.2%	26.7	37.4	-28.6%	66.9	68.3	-2.0%
margin	5.8%	8.6%	-	5.5%	9.6%	-	5.5%	7.2%	-
EBIT	15.7	17.1	-7.8%	23.7	33.6	-29.6%	60.7	60.5	0.3%
Pre-tax income	16.3	13.5	20.5%	22.4	31.7	-29.5%	65.0	56.3	15.5%
Net income	13.2	10.9	20.9%	17.8	23.3	-23.6%	51.3	41.7	23.0%

New contracts drive revenues but profits remain under pressure due to lack of completions
Erbud is expected to report substantial revenue growth fueled by new contracts, reaffirming our full-year PLN 1.2bn topline forecast. By business segment, we predict that the company will generate PLN 218.7m from domestic general-construction jobs, PLN 36m from exports, PLN 27.3m from road construction, and PLN 16.8m from real-estate operations. The gross margin should reach 10% (vs. 11.2% in Q1). Second-quarter profits will probably show a decline compared to Q2 2009 because of a lack of major contract completions in the period. Two or three larger jobs have deadlines in Q3 2010.

SG&A expenses will amount to an estimated PLN 13.8m (vs. PLN 13.6m in Q1 2010), other operating expenses are forecasted at PLN 0.5m, and other net financial income will be about PLN 0.6m, resulting in a net income of PLN 13.2m, the highest in six quarters.

Due to base effects, Erbud's accumulated earning results for the first half of 2010 will be lower than in the same period a year ago, when the builder posted a record gross margin of 19.8%. We stand by our full-year forecasts for the company.

Construction Mostostal Warszawa Accumulate

Analyst:	FY10E P/E	12.5	FY10E EV/EBITDA	6.8	**Current price**	**PLN 67.20**
Maciej Stokłosa	FY11E P/E	14.2	FY11E EV/EBITDA	7.2	**Target price**	**PLN 76.80**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	624.1	626.1	-0.3%	1 152.3	1 196.8	-3.7%	2 731.7	2 700.8	1.1%
EBITDA	40.8	58.1	-29.8%	72.9	120.1	-39.3%	168.8	211.7	-20.3%
margin	6.5%	9.3%	-	6.3%	10.0%	-	6.2%	7.8%	-
EBIT	31.5	51.2	-38.6%	54.3	106.5	-49.1%	131.8	183.8	-28.3%
Pre-tax income	29.5	49.1	-39.9%	56.8	87.6	-35.2%	146.1	168.9	-13.5%
Net income	22.4	34.4	-34.9%	41.0	61.3	-33.0%	107.4	120.3	-10.7%

Passable profits relative to year-ago figures

We expect Mostostal Warszawa to report flat year-on-year revenue growth, with the parent company generating PLN 435m, Mostostal Płock contributing PLN 38m, Remak bringing in PLN 35m, and other operations adding PLN 115m. The consolidated gross margin will come in at an estimated 9.3% (including 9% at the parent, 10% at Mostostal Płock, 12% at Remak, and 9.5% at other subsidiaries), compared to a record 13.1% in Q2 2009. SG&A expenses will amount to an estimated PLN 24.9m (vs. PLN 22.2m in Q1), and other operating expenses will approximate PLN 1.8m.

Further, we expect MSW to incur financial expenses in the amount of PLN 2m, of which PLN 3m will stem from charges against loans extended to subsidiary Terramost. Minority interests will be an estimated PLN 1.5m. Both Mostostal Płock and Remak should turn a profit this year, though lower than in 2009.

In all, we suspect that we will need to make downward revisions to our FY2010 forecasts for MSW after the Q2 earnings announcement.

Construction PBG Reduce

Analyst:	FY10E P/E	14.6	FY10E EV/EBITDA	10.3	**Current price**	**PLN 220.00**
Maciej Stokłosa	FY11E P/E	14.2	FY11E EV/EBITDA	10.1	**Target price**	**PLN 194.00**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	719.3	599.4	20.0%	1 188.4	948.6	25.3%	3 295.0	2 578.0	27.8%
EBITDA	75.3	79.0	-4.7%	110.8	125.6	-11.7%	339.0	338.7	0.1%
margin	10.5%	13.2%	-	9.3%	13.2%	-	10.3%	13.1%	-
EBIT	63.7	67.7	-5.9%	87.7	102.5	-14.5%	288.6	286.5	0.7%
Pre-tax income	59.5	69.3	-14.1%	82.3	94.6	-12.9%	270.5	262.6	3.0%
Net income	51.2	46.9	9.0%	69.0	70.2	-1.7%	214.9	210.6	2.0%

Not much year-over-year change

We expect PBG to report 20% y/y growth in Q2 revenues as a result of greater demand and a reduction in the number of orders subject to seasonal variations. The gross margin will come in at an estimated 13% (vs. 14.5% in Q209 and 10.4% in Q1 2010). There will be a substantial increase in SG&A expenses (from PLN 24.8m in Q1 to PLN 34.7m) incurred on development of new business lines.

PBG will report an other operating income of PLN 0.5m (including PLN 5.5m from revaluation of Hydrobudowa Polska's properties), other operating expenses of approximately PLN 4.2m, a 14% effective tax rate (resulting from tax losses incurred by Hydrobudowa Polska), and zero minority interests. As a result, the Q2 2010 net income will come in at PLN 51.2m, reaffirming our full-year forecasts.

Our second-quarter estimates for PBG's publicly-traded subsidiary Hydrobudowa Polska are PLN 444m revenues, a PLN 36.4m gross profit, a 19.2m EBIT, and a PLN 14.9m bottom line. The bulk of the profits will be contributed by HBP's subsidiary Hydrobudowa 9 (which has a negative equity, hence, it is not recognized in minority interests). If PBG did not book revaluation gains, paid taxes at the regular 19% effective rate, and recognized minority interests of PLN 5.4m, its second-quarter profit would be just PLN 38.4m.

Construction

Polimex Mostostal Buy

Analyst: Maciej Stokłosa	FY10E P/E	13.5	FY10E EV/EBITDA	8.5	Current price	PLN 4.57
	FY11E P/E	12.3	FY11E EV/EBITDA	7.8	Target price	PLN 5.16

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	1 015.0	1 176.4	-13.7%	1 786.8	2 053.7	-13.0%	4 502.5	4 836.7	-6.9%
EBITDA	75.3	86.8	-13.2%	133.0	163.8	-18.8%	311.1	343.5	-9.4%
margin	7.4%	7.4%	-	7.4%	8.0%	-	6.9%	7.1%	-
EBIT	49.5	65.8	-24.8%	81.3	123.3	-34.1%	209.8	264.9	-20.8%
Pre-tax income	36.6	55.5	-34.0%	58.3	106.7	-45.4%	175.3	215.6	-18.7%
Net income	32.6	37.9	-14.2%	49.4	72.1	-31.5%	156.5	156.4	0.1%

A weak quarter

We expect to see a year-on-year contraction in Polimex's Q2 2010 revenues. The company no longer recognizes total revenues from contracts where it acts as consortium leader, and, if it had discontinued this practice in 2009, its revenues for the period would have been about PLN 350m lower. The gross margin for the second quarter will amount to 10.6% vs. 11% in Q1 2010 and 11.2% in Q2 2009, after a decline caused by the short operating history of Polimex's new steel-frames factory in Siedlce, and weaker demand for the services of chemical- and power-engineering operations.

SG&A expenses will amount to an estimated PLN 56.8m (vs. PLN 55.2m in Q1), other operating expenses will be PLN 1.3m, other financial expenses will come in at an estimated PLN 14.1m, and minority interests will figure to PLN 1.25m. Further, we predict that the effects of exchange differences and derivatives valuations will cancel each other out, and that taxes for the period will be paid at a 5% effective rate thanks to Special Economic Zone investments.

All in all, we expect a weak showing from Polimex, both in qualitative and in quantitative terms. Moreover, our full-year net earnings forecast of PLN 156.4m, one of the most conservative estimates making up the earnings consensus, might prove overly sanguine, forcing us to make downward revisions by 5-10%.

Construction

Rafako Buy

Analyst: Maciej Stokłosa	FY10E P/E	17.4	FY10E EV/EBITDA	9.6	Current price	PLN 12.88
	FY11E P/E	14.9	FY11E EV/EBITDA	7.5	Target price	PLN 14.00

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	240.0	271.6	-11.6%	477.1	481.3	-0.9%	1 036.0	963.7	7.5%
EBITDA	13.1	14.5	-9.7%	30.6	42.1	-27.5%	68.0	67.5	0.7%
margin	5.4%	5.3%	-	6.4%	8.8%	-	6.6%	7.0%	-
EBIT	10.1	10.9	-7.6%	24.6	35.2	-30.0%	54.0	53.9	0.2%
Pre-tax income	12.7	7.7	65.8%	26.0	20.6	26.0%	64.9	52.2	24.3%
Net income	10.1	3.8	164.8%	20.2	12.6	59.8%	51.4	37.7	36.3%

Floods keep q/q revenue growth flat

We expect Rafako's Q2 2010 revenues to edge up to just PLN 240m from PLN 237m in Q1 due to customer and contractor delays caused by floods. Moreover, the gross profit margin will contract to an estimated 9.8% from 11.2% in Q1 2010. SG&A expenses will amount to PLN 12.7m (vs. PLN 12.2m in Q1), and other operating expenses will approximate PLN 0.75m, leading to an EBIT of PLN 10.1m (vs. PLN 12.2m in Q1),

We predict an other operating income of PLN 2.6m, resulting from interest income (exchange differences and derivatives valuations are expected to produce a neutral effect). Minority interests will be an estimated PLN 0.15m. All told, we estimate the Q2 2010 net income at PLN 10.1m, compared to PLN 10.0m posted in Q1 2010.

We believe that Rafako can fulfill our 2010 full-year forecasts, provided revenues accelerate in the coming quarters. The company has an order backlog over PLN 2bn, but there are bound to be delays in the scheduled contract deadlines, typical for the power-engineering industry worldwide. So, even if Rafako falls short of our forecasts in 2010, it will make up for it in 2011.

Construction

Trakcja Polska

Hold

Analyst: Maciej Stokłosa

FY10E P/E	15.5	FY10E EV/EBITDA	8.2	**Current price**	**PLN 4.05**
FY11E P/E	16.1	FY11E EV/EBITDA	7.9	**Target price**	**PLN 4.16**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	121.1	228.1	-46.9%	171.4	331.1	-48.2%	698.5	771.6	-9.5%
EBITDA	14.1	32.5	-56.5%	21.1	32.7	-35.4%	54.8	86.8	-36.9%
margin	11.6%	14.2%	-	12.3%	9.9%	-	7.8%	11.2%	-
EBIT	11.6	29.9	-61.3%	16.1	27.9	-42.5%	44.3	76.7	-42.2%
Pre-tax income	13.3	35.3	-62.5%	18.8	38.0	-50.4%	51.7	87.9	-41.2%
Net income	10.7	28.2	-61.9%	14.3	30.2	-52.5%	41.9	71.6	-41.5%

Strong margin on dented revenue

We expect Trakcja Polska (TRK) to report continuing revenue shrinkage in the second quarter due to a lack of orders. A strong gross margin of 14.7% (16% before the effects of exchange-rate variability) will be owed to old contract completions, and it is not sustainable in future quarters.

SG&A expenses will be flat at the year-ago level of PLN 5.7m, other net operating expenses will amount to PLN 0.5m, and other net financial income will approximate PLN 1.7m. Net profit is estimated at PLN 10.7m.

TRK will report higher revenues in the next two quarters thanks to a recently signed major railroad track modernization contract, however, since the company, which has a 45-50% stake in the contract consortium, is going to recognize the total of the revenues, the boosted topline will not translate into higher margins. We predict that Q3 and Q4 profits will be in the single digits (not taking into account the wind-farm business). There is a possibility that we will need to make downward revisions to our 2010 forecasts for TRK.

Construction

Ulma Construccion

Accumulate

Analyst: Maciej Stokłosa

FY10E P/E	14.8	FY10E EV/EBITDA	4.6	**Current price**	**PLN 70.30**
FY11E P/E	11.2	FY11E EV/EBITDA	4.0	**Target price**	**PLN 82.20**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	54.4	43.6	24.8%	94.6	83.9	12.8%	221.4	175.4	26.2%
EBITDA	29.8	17.2	73.6%	46.6	32.8	42.3%	112.6	72.1	56.2%
margin	54.8%	39.4%	-	49.3%	39.0%	-	50.9%	41.1%	-
EBIT	8.7	0.6	-	6.7	-0.2	-	43.4	4.0	985.0%
Pre-tax income	4.9	-2.0	-	0.1	-5.7	-	30.8	-6.6	-
Net income	4.0	-2.0	-	0.0	-5.2	-	24.9	-5.5	-

Not as good as thought, but EBITDA will improve

We expect Ulma to report considerable revenue growth in Q2 2010, to PLN 54.4m from PLN 40.3m in Q1 2010 and PLN 43.6m in Q2 2009, owed to improved asset turnover and higher rental rates charged for the construction equipment. On the downside, COGS are expected to increase as well, to PLN 39.9m from PLN 37.5m in Q1 2010, including one-time maintenance expenses of ca. PLN 1-1.5m. SG&A expenses are estimated at PLN 4.3m (vs. PLN 4.6m in Q1 2010), and other operating expenses will approximate PLN 0.8m, producing an EBIT of PLN 8.7m (vs. PLN 0.6m in Q209).

Other net financial expenses will amount to PLN 3.8m (including PLN 0.25m negative exchange differences), and the bottom-line profit will come in at PLN 4m (reduced from an earlier forecast of PLN 6m, suggesting that our full-year estimate is PLN 2-2.5m too high). Ulma is expected to increase revenues at a rate of 7-10% in the third and fourth quarters, with positive effects on profits. A shortfall of PLN 2-2.5m vs. our 2010 net income estimate is equivalent to 10% of the actual net income, and only 2.2% of EBITDA.

Construction

Unibep

Accumulate

Analyst:	FY10E P/E	13.8	FY10E EV/EBITDA	10.5	**Current price**	**PLN 7.99**
Maciej Stokłosa	FY11E P/E	14.3	FY11E EV/EBITDA	10.5	**Target price**	**PLN 9.00**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	161.6	89.8	79.8%	283.3	163.9	72.8%	681.3	392.7	73.5%
EBITDA	6.6	6.0	10.0%	14.2	11.1	28.6%	29.3	31.3	-6.5%
margin	4.1%	6.6%	-	5.0%	6.7%	-	4.3%	8.0%	-
EBIT	5.2	5.1	3.3%	11.6	9.5	21.3%	24.3	26.6	-8.8%
Pre-tax income	5.4	4.6	16.3%	10.6	10.3	2.7%	24.3	24.8	-2.0%
Net income	4.4	4.0	10.1%	8.2	7.6	7.9%	19.6	17.8	10.1%

Sharp revenue growth, lower margins on new contracts

Unibep's Q2 2010 revenues will be substantially higher than in Q2 2009 thanks to a strong backlog of construction orders. We estimate the Q2 revenues from the construction business at PLN 727.5m, with road-construction revenues at PLN 14m, real-estate revenues at PLN 11.8m, and other revenues at PLN 8.3m. The topline growth will be accompanied by a contraction in the gross margin, expected to reach 6.9% (construction: 6.7%, roads: 9%, real estate: 9%, other: 3%). A lower margin earned on construction will result from new contracts, and the decrease in case of real estate is an effect of a larger number of houses delivered in the period.

SG&A expenses will amount to an estimated PLN 5.3m (vs. PLN 4.9m in Q1 2010), and other net operating expenses will approximate PLN 0.6m, producing an EBIT of PLN 5.2m, similar to the figure reported in Q2 2009. Other financial expenses are forecasted at PLN 0.2m.

Summing up, Ulma's 2010 first-half net income of PLN 8.2m confirms our full-year forecasts. Since we are not certain whether the output produced by the company's new factory will be accounted for as production (implying an increase in inventories in Q2 2010, and zero revenue growth), or as a construction contract (recognized according to percentage of completion), we took both possibilities into account in our financial forecasts.

Property Developers

Property Developers	Dom Development			Accumulate
Analyst: Maciej Stokłosa	FY10E P/E 44.2	FY10E EV/EBITDA 32.0	Current price	PLN 48.16
	FY11E P/E 14.1	FY11E EV/EBITDA 11.3	Target price	PLN 50.10

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	122.2	192.0	-36.3%	282.1	382.6	-26.3%	481.3	704.4	-31.7%
EBITDA	14.0	31.3	-55.2%	32.0	85.4	-62.5%	44.9	113.6	-60.5%
margin	11.5%	16.3%	-	11.4%	22.3%	-	9.3%	16.1%	-
EBIT	13.4	30.7	-56.2%	30.9	84.2	-63.3%	43.0	111.2	-61.3%
Pre-tax income	9.0	28.3	-68.3%	23.9	80.1	-70.2%	33.1	100.8	-67.2%
Net income	7.3	22.6	-67.8%	19.1	64.2	-70.3%	26.8	80.2	-66.6%

Slower sales

We predict that Dom Development (DOM) will report selling only 180 flats and 600 sqm of commercial spaces, in Q2 2010. The period's best sellers were the "Grzybowska" residences (45 units), flats in the "Derby" 13, 16, and 18 buildings (43 units), the "Regaty" flats (45 units) and houses (20 units), and the "Róża Wiatrów" project (15 units). The second-quarter gross margin is estimated at 26.3% (vs. 21.6% in Q1), and it will be owed to a higher share in sales of high-margin projects like "Grzybowska". SG&A expenses amounted to ca. PLN 18.0m (vs. PLN 17.8m in Q1), and other operating expenses will approximate PLN 0.75m.

After net financial expenses of PLN 4.5m, DOM's Q2 net income will come in at PLN 7.3m, compared to PLN 11.8m posted in the first quarter, when the developer delivered more homes. In future, we expect quarterly sales to decrease to ca. 170 homes, suggesting flat earnings growth. We stand by our full-year forecasts for DOM

Property Developers	GTC			Hold
Analyst: Maciej Stokłosa	FY10E P/E 6.6	FY10E EV/EBITDA 9.1	Current price	PLN 22.73
	FY11E P/E 6.9	FY11E EV/EBITDA 8.4	Target price	PLN 23.90

(EUR m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	51.4	38.3	34.2%	88.5	83.5	6.0%	193.0	156.4	23.4%
EBITDA	49.7	-17.7	-	68.4	15.4	343.1%	274.0	-121.7	-
margin	96.7%	-46.3%	-	77.3%	18.5%	-	142.0%	-77.8%	-
EBIT	49.6	-17.8	-	68.1	15.2	347.2%	273.6	-122.1	-
Pre-tax income	35.4	-22.7	-	41.1	-1.2	-	221.7	-161.7	-
Net income	27.3	-11.9	-	33.5	-9.8	-	184.3	-125.2	-

In-line quarterly results

We expect GTC to report property rental and maintenance revenues of EUR 33.4m (margin: 76.8%), and home sales revenues of EUR 18m (margin: 9.5%). Rental revenues will be higher than in Q1 (EUR 30.6m) thanks to new completions and the expiration of rent-free periods in buildings completed in preceding quarters. SG&A expenses will approximate EUR 6m. Property revaluation gains will amount to an estimated EUR 28.5m, and other net operating expenses will be EUR 0.25m.

We predict that the independent appraisals of GTC's properties will be higher than at year-end 2009, resulting in revaluation gains, but at the same time they will still be based on conservative assumptions that do not take into account the full effects of the continuing decline in capitalization rates. The gains generated by existing properties and work in progress scheduled for completion in 2010 will account for an estimated one-sixth of our full-year profit forecast.

Other net financial expenses are estimated at EUR 14.2m after a EUR 2.1m share in the profits of associates. Minority interests are forecasted at EUR 1.4m. In spite of low valuation gains, we stand by our full-year forecasts for GTC.

Property Developers

J.W. Construction Hold

Analyst: Maciej Stokłosa

FY10E P/E 5.8 | FY10E EV/EBITDA 5.7 | **Current price** **PLN 17.59**
FY11E P/E 6.7 | FY11E EV/EBITDA 7.8 | **Target price** **PLN 16.40**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	117.2	90.6	29.3%	235.4	331.2	-28.9%	776.3	713.3	8.8%
EBITDA	25.8	22.2	16.2%	57.9	76.4	-24.3%	212.0	152.9	38.7%
margin	22.0%	24.5%	-	24.6%	23.1%	-	27.3%	21.4%	-
EBIT	22.5	18.6	21.0%	51.3	69.1	-25.7%	191.7	138.9	38.0%
Pre-tax income	15.7	13.2	18.8%	37.4	57.8	-35.2%	180.4	119.2	51.3%
Net income	12.7	13.9	-8.4%	30.3	49.4	-38.5%	146.1	100.4	45.5%

Decent Q2 results

We estimate that JWC delivered only 350 homes out of its 3792-unit inventory in Q2 2010, resulting in flat quarter-on-quarter revenues (at PLN 117.2m vs. PLN 118.2m in Q1). By business segment, real-estate development will contribute PLN 109.2m to the revenue total, with the rest coming from the developer's social housing arm (TBS) and hotels. The residential projects that sold best during the second quarter included "Górczewska Park" (100 units), "Lewandów I" (100 units), "Osada Wiślana" (40 units), "Osiedle Bursztynowe" (30 units), "Wiślana Aleja" (27 units), and "Lazurowe Ustronie" (25 units). The gross margin is expected to expand to 30.2% from 29.3% in Q1, supported by high-margin home deliveries. SG&A expenses will amount to ca. PLN 12.2m (vs. PLN 10.6m in Q1).

We expect JWC to post other net operating expenses of PLN 0.6m and high other net financial expenses of PLN 6.8m related to project completions. The Q2 bottom-line profit will come in at PLN 12.7m. We stand by our full-year forecasts for JWC in anticipation of more home deliveries in the coming quarters.

Property Developers

Polnord Buy

Analyst: Maciej Stokłosa

FY10E P/E 22.6 | FY10E EV/EBITDA 19.9 | **Current price** **PLN 34.95**
FY11E P/E 11.4 | FY11E EV/EBITDA 14.2 | **Target price** **PLN 51.60**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenue	47.8	81.0	-41.0%	90.3	103.6	-12.8%	414.2	221.3	87.2%
EBITDA	5.9	9.0	-34.0%	24.3	26.2	-7.3%	60.4	106.9	-43.5%
margin	12.4%	11.1%	-	26.8%	25.3%	-	14.6%	48.3%	-
EBIT	5.4	8.4	-35.7%	23.2	25.1	-7.4%	58.5	104.9	-44.2%
Pre-tax income	6.4	4.9	30.2%	26.1	20.6	27.0%	42.3	86.0	-50.8%
Net income	5.2	3.2	63.3%	20.5	15.1	35.5%	34.3	63.6	-46.1%

A weak quarter

Polnord delivered an estimated 153 homes (109 after adjustment for the company's stakes in the different joint ventures) in Q2 2010, generating a revenue close to PLN 48m. The most flats were sold in such developments as "Ostoja Wilanów" (66 units), "Kryształ Wilanowa" (12 units), "City Park" (29 units), and "Albatros" (14 units). The second-quarter gross margin is estimated at 17.9%, marking a drop from the first quarter's 31.3% caused by a one-time charge (PLN 1.3m) and a less favorable composition of home deliveries (zero-margin units in Łódź). SG&A expenses will approximate PLN 17.9m (vs. PLN 14.9m in Q1 2010) after a temporary surge stemming from preparations for a new shopping-center project in Warsaw.

We expect Polnord to post a PLN 15m income from property revaluations, the bulk of which will be generated by investment land. Other operating expenses will come in at PLN 0.25m, and financial operations should bring a gain of about PLN 1m (resulting mostly from positive exchange differences on loans granted to Russian subsidiaries). All told, the Q2 2010 net income will be reported at a little over PLN 5m. The bottom line after adjustment for land valuation effects would figure to a PLN 2.9m loss.

Retail\Wholesale

Emperia Holding Hold

Retail

Analyst: Kamil Kliszcz

FY10E P/E	15.9	FY10E EV/EBITDA	8.3	**Current price**	**PLN 81.0**
FY11E P/E	14.3	FY11E EV/EBITDA	7.2	**Target price**	**PLN 81.6**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F	2009	change
Revenues	1 455.7	1 397.9	4.1%	2 850.0	2 684.4	6.2%	6 051.6	5 525.7	9.5%
EBITDA	42.1	60.0	-30.0%	78.1	88.0	-11.3%	187.2	176.5	6.0%
margin	2.9%	4.3%	-	2.7%	3.3%	-	3.1%	3.2%	-
EBIT	24.4	44.0	-44.7%	43.7	57.3	-23.9%	112.5	113.2	-0.6%
Pre-tax income	20.2	34.5	-41.6%	35.6	44.1	-19.2%	95.2	92.2	3.2%
Net income	15.7	29.0	-46.0%	28.1	31.6	-11.1%	77.1	69.3	11.2%

Y/Y growth in recurring profits

After a better-than-expected first quarter, Emperia will again report growth in recurring Q2 2010 earnings vis-à-vis Q2 2009, when the EBIT figure was boosted by PLN 19m gains from property and asset sales. The adjusted EBITDA is not expected to edge up more than 5% as a consequence of the May floods, which caused problems with deliveries to some stores in the affected areas. Other factors that might have affected second-quarter results included cool weather and the mourning period following the presidential plane crash. Moreover, the company revealed that it had booked several million zlotys in back supplier bonuses in Q2 2009. After financial expenses of an estimated PLN 4.5m, the Q2 net income will come in at ca. PLN 16m.

Eurocash Reduce

Retail

Analyst: Kamil Kliszcz

FY10E P/E	24.1	FY10E EV/EBITDA	13.0	**Current price**	**22.45 PLN**
FY11E P/E	19.6	FY11E EV/EBITDA	11.1	**Target price**	**18.60 PLN**

(PLN m)	2Q2010F	2Q2009	change	1H2010F	1H2009	change	2010F*	2009	change
Revenues	1 812.6	1 713.0	5.8%	3 353.3	3 199.6	4.8%	7 395.4	6 698.3	10.4%
EBITDA	55.2	47.0	17.5%	84.7	74.7	13.4%	220.1	194.5	13.2%
margin	3.0%	2.7%	-	2.5%	2.3%	-	3.0%	2.9%	-
EBIT	42.0	34.9	20.3%	58.2	50.8	14.6%	173.7	145.2	19.7%
Pre-tax income	40.7	34.2	18.8%	55.7	47.7	16.8%	155.0	128.8	20.4%
Net income	32.9	27.2	20.9%	46.4	37.7	23.0%	125.5	102.5	22.5%

**excl. the ongoing acquisition of the wholesale operations of CEDC*

EBIT growth back into double digits

After a weak first quarter marked by unfavorable weather and flat EBIT growth, the second quarter of 2010 should see the operating profit increase at a double-digit rate vs. Q2 2009. April and May wholesale data were somewhat discouraging, but, historically, Eurocash's performance is not correlated with the GUS benchmark. We expect to see continued expansion in like-for-like sales generated by the cash&carry and "Delikatesy Centrum" stores, and predict that lower cigarette sales had a waning impact on the earnings generated by the segment of active distribution. Moreover, thanks to the decreasing share of tobacco in total sales, Eurocash should record an expansion in the gross margin, and hence a year-on-year increase in EBIT by an estimated 20%. We do not expect to see any major financial transactions in Q2 2010, and predict an equally strong, 20% surge in the net income for the period.

Company Earnings Calendar

Company	Standalone Q2 2010 results	Consolidated 2010 results	Consolidated H2 2010 results
AB	30.08.10*	30.08.10*	
ACTION			31.08.10**
AGORA	12.08.10	12.08.10	20.08.10
ASBIS			11.08.10
ASSECO POLAND			27.08.10
ASTARTA			27.08.10
BUDIMEX			31.08.10
BZWBK			28.07.10
CENTRUM KLIMA			31.08.10
CERSANIT			31.08.10
CEZ	10.08.10	10.08.10	31.08.10
CIECH			31.08.10
CINEMA CITY			31.08.10
COMARCH			31.08.10
CYFROWY POLSAT			26.08.10
DOM DEVELOPMENT			24.08.10
ELEKTROBUDOWA			31.08.10
EMPERIA HOLDING			31.08.10
ENEA			31.08.10
ERBUD			31.08.10
EUROCASH			27.08.10
FAMUR			31.08.10
GETIN			31.08.10
GTC			31.08.10
HANDLOWY	06.08.10	06.08.10	31.08.10
ING BSK			11.08.10
J.W. CONSTRUCTION			26.08.10
KĘTY	28-30.06.10***	28-30.06.10***	12.08.10
KGHM	13.08.10	13.08.10	31.08.10
KOMPUTRONIK			30.11.10
KOPEX			31.08.10
KREDYT BANK	05.08.10	05.08.10	27.08.10
LOTOS			26.08.10
LW BOGDANKA			31.08.10
MILLENNIUM			27.07.10
MONDI			11.08.10
MOSTOSTAL WARSZAWA			31.08.10
NETIA	05.08.10	05.08.10	05.08.10
PBG			31.08.10
PEKAO			04.08.10
PGE			31.08.10
PGNiG			31.08.10
PKN ORLEN	29.07.10****	29.07.10****	31.08.10
PKO BP			26.08.10
POLICE			20.08.10
POLIMEX MOSTOSTAL			31.08.10
POLNORD			31.08.10
PZU			31.08.10
RAFAKO			31.08.10
SYGNITY			31.08.10
TELEKOMUNIKACJA POLSKA			28.07.10
TRAKCJA POLSKA			27.08.10
TVN	12.08.10	12.08.10	12.08.10
ULMA CONSTRUCCION POLSKA			31.08.10
UNIBEP			31.08.10
ZA PUŁAWY	02.09.10*****	02.09.10*****	15.11.10******

*Source: Companies; * Results for fiscal Q4 2009/2010; ** Report for fiscal H1 2010; *** Preliminary Q2 2010 estimates; **** Preliminary Q2 2010 estimates; ***** Report for fiscal 2009/2010; ****** Report for fiscal Q1 2010/2011*

Current ratings by BRE Bank Securities

Company	Rating	Target Price	Current Price	Rating Day	Price on Rating Day	FY10E P/E
AB	Accumulate	18.80	16.69	2010-05-06	16.90	9.7
ACTION	Accumulate	18.49	18.50	2010-07-05	17.10	11.8
AGORA	Hold	24.70	22.88	2010-05-27	24.76	19.6
ASBIS	Hold	4.69	4.36	2010-05-10	4.65	10.1
ASSECO POLAND	Buy	70.60	57.00	2010-04-06	57.60	13.1
ASTARTA	Sell	45.83	58.00	2010-05-11	57.50	4.7
BUDIMEX	Reduce	78.30	90.40	2010-07-05	89.90	12.5
BZWBK	Hold	200.50	194.00	2010-04-07	216.50	14.2
CENTRUM KLIMA	Buy	14.65	13.47	2010-05-06	12.00	14.4
CERSANIT	Hold	13.43	13.15	2010-06-04	14.00	15.5
CEZ	Hold	131.87	140.40	2010-03-03	133.90	9.9
CIECH	Buy	39.20	24.60	2010-06-02	27.00	9.7
CINEMA CITY	Hold	39.90	39.00	2010-07-16	39.00	16.9
COMARCH	Hold	93.10	83.90	2010-07-05	81.00	17.0
CYFROWY POLSAT	Accumulate	16.03	14.28	2010-03-25	15.79	12.6
DOM DEVELOPMENT	Accumulate	50.10	48.16	2010-07-05	44.80	44.2
ELEKTROBUDOWA	Hold	169.20	168.00	2010-03-12	171.00	16.2
EMPERIA HOLDING	Hold	81.60	81.00	2010-03-09	77.50	15.9
ENEA	Buy	21.24	18.01	2010-06-02	18.17	12.2
ERBUD	Accumulate	54.60	50.90	2010-07-05	50.00	12.5
EUROCASH	Reduce	18.60	22.45	2010-05-06	20.61	24.1
FAMUR	Hold	2.03	1.92	2010-05-28	2.00	16.2
GETIN	Hold	10.34	9.74	2010-05-06	10.19	12.8
GTC	Hold	23.90	22.73	2010-05-28	23.80	6.6
HANDLOWY	Buy	87.10	74.20	2010-06-02	75.00	15.3
ING BSK	Hold	749.00	799.50	2010-04-07	766.00	15.4
J.W. CONSTRUCTION	Hold	16.40	17.59	2010-07-09	16.10	5.8
KĘTY	Hold	100.71	103.20	2010-07-06	103.00	13.2
KGHM	Hold	96.10	93.85	2010-05-27	93.70	5.6
KOMPUTRONIK	Hold	11.56	13.80	2009-12-08	11.39	15.1
KOPEX	Hold	18.46	18.70	2010-05-28	18.90	17.3
KREDYT BANK	Hold	15.30	15.50	2010-04-07	14.60	32.7
LOTOS	Reduce	26.50	30.90	2010-04-07	31.40	10.2
LW BOGDANKA	Buy	80.70	77.50	2010-05-19	72.45	14.2
MILLENNIUM	Accumulate	5.31	4.67	2010-04-27	4.84	19.2
MONDI	Hold	67.30	74.00	2010-06-02	67.90	18.9
MOSTOSTAL WARSZAWA	Accumulate	76.80	67.20	2010-05-06	68.30	12.5
NETIA	Hold	4.30	4.88	2009-11-06	4.36	50.7
PBG	Reduce	194.00	220.00	2010-06-02	213.40	14.6
PEKAO	Hold	172.80	160.50	2010-03-05	165.50	15.8
PGE	Buy	27.90	21.30	2010-03-30	23.00	11.7
PGNiG	Buy	4.32	3.45	2010-06-14	3.45	12.1
PKN ORLEN	Hold	40.20	38.45	2010-04-08	39.40	10.6
PKO BP	Hold	40.10	38.62	2010-03-17	39.07	15.6
POLICE	Hold	5.50	4.98	2010-06-02	5.39	
POLIMEX MOSTOSTAL	Buy	5.16	4.57	2010-06-02	4.44	13.5
POLNORD	Buy	51.60	34.95	2010-06-02	37.70	22.6
PZU	Hold	358.80	368.00	2010-05-11	312.50	14.1
RAFAKO	Buy	14.00	12.88	2010-07-05	11.95	17.4
SYGNITY	Buy	18.20	12.95	2010-03-02	12.57	
TELEKOMUNIKACJA POLSKA	Accumulate	16.10	15.20	2010-04-23	16.35	17.7
TRAKCJA POLSKA	Hold	4.16	4.05	2010-05-06	4.14	15.5
TVN	Hold	16.69	16.44	2010-05-19	18.00	19.5
ULMA CONSTRUCCION POLSKA	Accumulate	82.20	70.30	2010-07-05	73.00	14.8
UNIBEP	Accumulate	9.00	7.99	2010-05-14	7.90	13.8
ZA PUŁAWY	Hold	72.05	68.50	2010-01-06	80.90	15.9

Ratings issued in the past month

Company	Rating	Old Rating	Target Price	Rating Day
ACTION	Accumulate	Hold	18.49	2010-07-05
BUDIMEX	Reduce	Sell	78.30	2010-07-05
CINEMA CITY	Hold		39.90	2010-07-16
COMARCH	Hold	Reduce	93.10	2010-07-05
DOM DEVELOPMENT	Accumulate	Hold	50.10	2010-07-05
ERBUD	Accumulate	Hold	54.60	2010-07-05
J.W. CONSTRUCTION	Hold	Hold	16.40	2010-07-09
KĘTY	Hold	Hold	100.71	2010-07-06
RAFAKO	Buy	Hold	14.00	2010-07-05
ULMA CONSTRUCCION PL	Accumulate	Hold	82.20	2010-07-05

Ratings Statistics

	All					For Clients of BRE Bank Securities				
Statistics	Sell	Reduce	Hold	Accumulate	Buy	Sell	Reduce	Hold	Accumulate	Buy
count	1	4	28	11	12	0	0	8	3	8
% of total	1.8%	7.1%	50.0%	19.6%	21.4%	0.0%	0.0%	42.1%	15.8%	42.1%

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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*

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