



IMPEL SA Executive Board's Presentation

Q2 2004 Results

August 16th 2004



All data in accordance with the Polish Accounting Standards



Key Events in Q2 2004

New Significant Contracts. Changes in Legislation on Supported Employers

- Acquisition of 100% interest in BDH Serwis and contracts with Kredyt Bank
 - Security
 - Cash processing
 - Estimated total value of contracts over PLN 140m in five years.
- Implementation of contract with PKO BP (cleaning services)
- Final close of Mega Com Sp. z o.o. sale
- Formal retirement of shares underway
- Publication of Government Regulation of May 18th 2004
 - Uncertainty as to the value of subsidies to employers of the disabled.
 - Executive Board's reports of May 28th, July 9th and July 22nd.





•••• Supported Employers' Legal Environment

No Final Legal Decisions on Subsidies

- Q1 2004 – subsidies received: PLN 19m
- Q2 2004 – PLN 20.7m of subsidies due under the Act
 - PLN 2.9m of subsidies disclosed in profit & loss account (17% of total subsidies received); remaining PLN 14.1m subsidies disclosed under provisions for liabilities
 - Undisclosed disputed amount of subsidies: PLN 3.7m.
- Q3–Q4 2004: expected subsidies' amount equal to Q2 amount
 - Published draft amendments to the Act and the Government Regulation of May 18th 2004
 - Possible lump-sum subsidies.
- Unresolved issues
 - Additional costs of employment of the disabled – method of calculating and documenting the costs
 - Validity of the Government Regulation of May 18th 2004.



Supported Employers' Legal Environment

Legal Actions Taken

- Company's requests to the government and state administration
- Legal opinions obtained by the Company
- Anti-Trust Authority's position on applying EUR 15m limit on subsidies in three years as from the Regulation's effective date (May 19th 2004)
- Requests by POPON (Polish Organisation of Employers of the Disabled) to the Government
- Likely appeal against the Government Regulation of May 18th 2004 to the Constitutional Court by the employers' organisation.



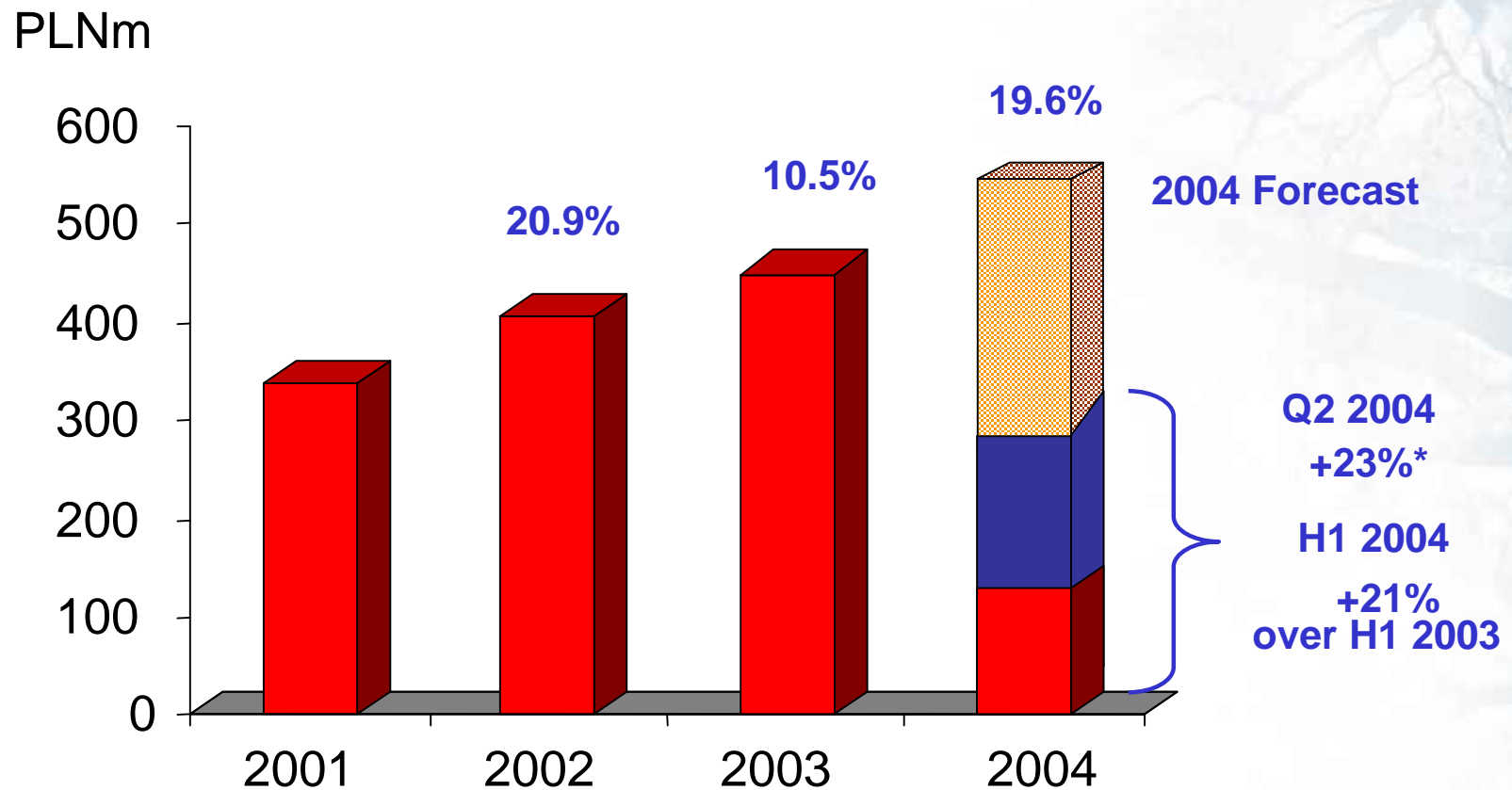
Q2 2004 Results

Sales Revenue in Line with the Forecast


PLN '000	2002	2003	Q1 2004	Q2 2004
Sales revenue	406,417	449,130	130,587	138,331
EBIT, net of subsidies	-61,781	-71,423	-14,772	-24,730
Subsidies	86,159	96,978	19,015	2,946
EBIT, including subsidies	24,378	25,555	4,243	-21,784
Assets	235,075	393,856	373,059	373,277
Long-term liabilities	7,803	7,140	5,852	5,048
Short-term liabilities	109,702	98,954	111,657	119,907
Interest-bearing debt	30,442	19,388	17,853	14,654
Shareholders' equity	89,709	255,684	220,976	195,255

••• Sales revenue

Actual performance: over 50% of the 2004 forecast



* Q2 2004 increase in revenue in relation to average quarterly revenue in 2003.



Difference Between Q1 and Q2 2004

EBIT Net of Subsidies in PLNm

Difference	-10.0
Positive effect:	
Operating result of ISA and ISP	1.2
Negative effect:	
Changed law on supported empls.	-1.8
Restructuring costs	-1.5
Non-recurring events	-2.1
Operating result of subsidiaries	-2.5
Revaluation of accounts receivable	-0.9

Q2 2004 Results by Segment

Increased Revenue, Less Subsidies

PLN '000	CLEANING				SECURITY				CATERING			
	2002	2003	Q1 2004	Q2 2004	2002	2003	Q1 2004	Q2 2004	2002	2003	Q1 2004	Q2 2004
Sales revenue	158,323	189,477	55,948	62,366	165,719	179,144	47,560	51,390	40,886	47,784	13,111	13,930
EBIT, net of subsidies*	-1,257	-2,816	-547	378	-18,088	-16,646	-2,863	-2,932	431	-2,137	16	-1,005
EBIT margin, net of subsidies	-0.8%	-1.5%	-1.0%	0.6%	-10.9%	-9.3%	-6.0%	-5.7%	1.1%	-4.5%	0.1%	-7.2%
Subsidies	32,395	40,053	8,685	2,093	41,257	46,208	9,031	830				15
EBIT *	31,138	37,237	8,138	2,471	23,169	29,563	6,169	-2,102	431	-2,137	16	-990
EBIT margin	19.7%	19.7%	14.5%	4.0%	14.0%	16.5%	13.0%	-4.1%	1.1%	-4.5%	0.1%	-7.1%

* net of general and administrative expenses





Q2 2004 Results

Trends in Segments

- After 2 quarters of 2004, the 2004 revenue forecast of the Impel Group (PLN 537m) has been performed in over 50%; revenue in H1 2004 is up by +21% over in H1 2003.
- Increased revenue in all segments in Q2 2004.
- Operating margin net of subsidies higher in cleaning and security, lower in catering.
- Growth dynamics of EBIT net of subsidies lower in security than in cleaning services; partly a result of cost restructuring.



Group Restructuring

Restructuring Objective: Positive EBIT Net of Subsidies

- Plan of restructuring actions:
 - Organic growth of sales – using the results of strategic review.
 - Growth of direct margin on performed contracts
 - Enhanced labour efficiency
 - Flexible employment forms (e.g. temporary employment)
 - Change of contract terms
 - Other.
 - Reduced expenses of regional branches and general and administrative expenses.
 - Using legal possibilities of obtaining subsidies to employment of the disabled.
- Goal: Achieving **positive EBIT net of subsidies**.
- Starting point: H1 results after non-recurring events.



Financial Liquidity of the Impel Group

No Threat to Financial Liquidity

- Companies receive prepayments for subsidies and subsidies to social security contributions in accordance with Q1 2004 rules.
- Non-operating assets – real estate in Wrocław with the total market value of ca. PLN 12m.
- Proceeds from the issue used in almost 59%; more than PLN 65m still available for use by the Company; objectives of the issue and use of proceeds may be partly changed to cover restructuring costs.



Further Steps

Executive Board's Actions and Communication

- Further implementation and monitoring of restructuring activities supported by an external advisor (whose fee is based on performance)
 - first results to be published in the Q3 2004 report.
- Further actions to resolve legal controversies, including positions of state administration authorities – ongoing communication.
- Work on preparation of reviewed forecast of 2004 results and 2005-2006 financial plans – to be first published when first effects of the restructuring are visible.