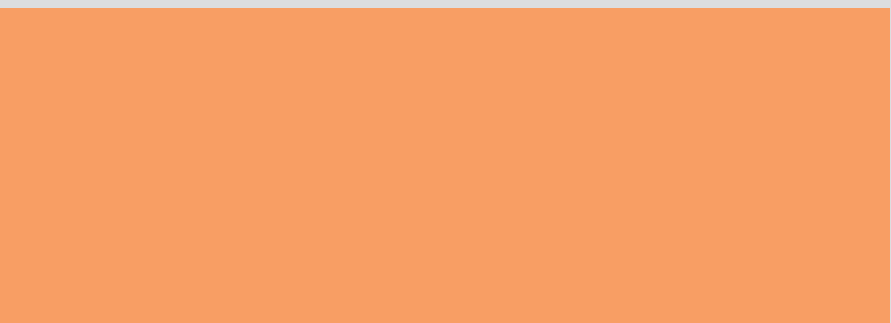
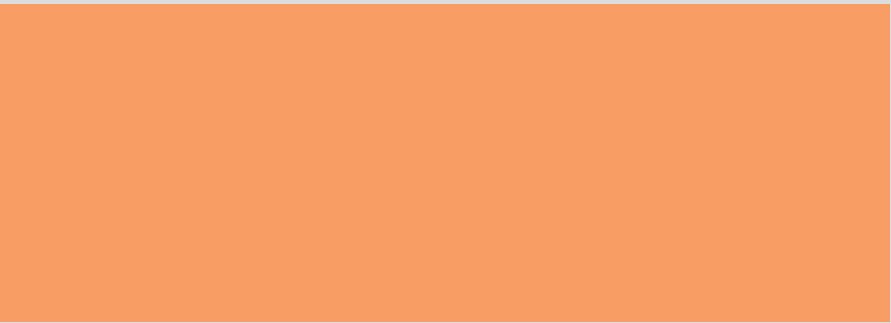
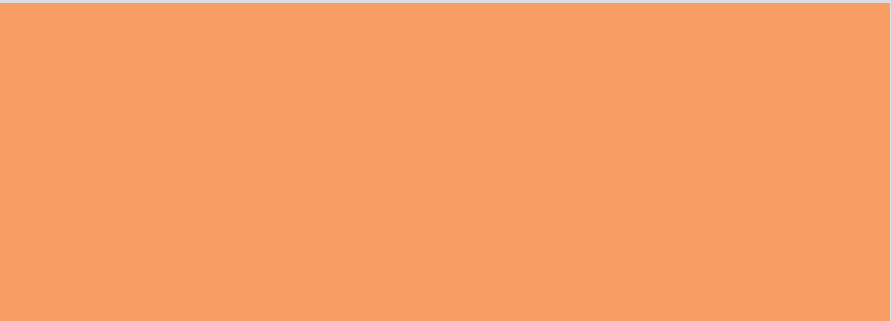


THE CONSUMER MARKET

IN POLAND



1. GDP per capita in Poland

According to Central Statistical Office (GUS) estimates, Polish GDP per capita in 2005 was PLN 25,704, which means 6.42% growth in comparison to 2004 (PLN 24,153) and 20.47% growth in comparison to 2003 (PLN 21,336).

2. GDP per capita in Poland and the EU average

According to Eurostat data for 2005, GDP per capita in Poland, measured with the help of the purchasing power standard (PPS), is half the average for the European Union.

Polish GDP per capita measured in this way is lower than the GDP per capita in such other new EU member states as the Czech Republic, Hungary, Cyprus, Malta, Slovenia and Slovakia.

3. Poland's population - characteristics

- Poland is one of the largest countries in the European Union. In terms of the number of residents it is ranked 6th among EU nations.
- Poland also forms the largest market among new EU member states and has more consumers than the other 9 new EU members combined.

	2003	2004	2005
Total population (thousand)	38,191	38,174	38,157
Urban population (% of total population)	61.6	61.5	61.4
Women, per 100 men	107.0	107.0	107.0
Population of retirement age (%)	15.2	15.3	15.4

Source: Central Statistical Office (GUS)

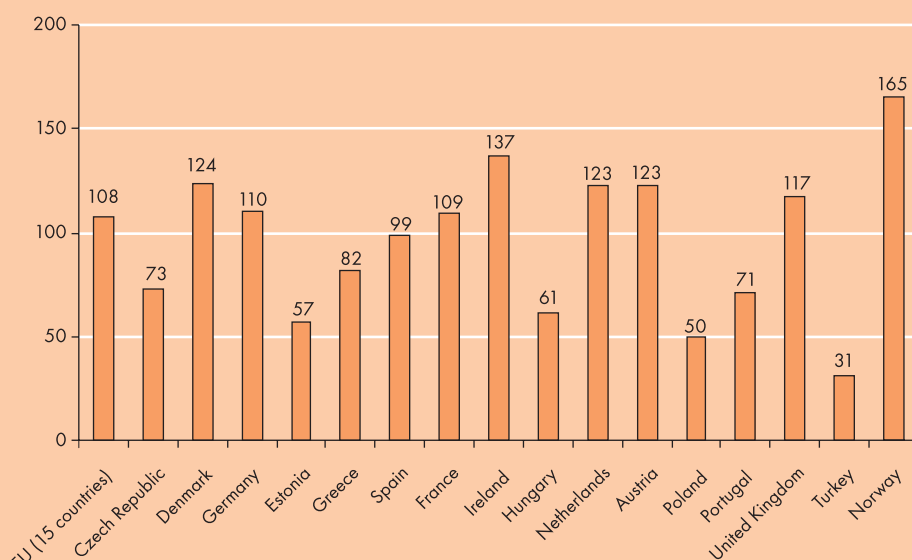
- Poland's population is relatively young. The proportion of residents over 60 (65)¹ is the lowest in Europe.
- According to Eurostat projections, Poland's demographic profile will follow the EU average. The elderly dependency ratio will grow from a current level of about 19% to 33% by 2025 and to 51% by 2050.

POLAND'S POPULATION BY AGE GROUP (% OF TOTAL POPULATION)

	2003	2004	2005
< 17	21.9	21.2	20.6
18 - 59 (64)	62.9	63.5	64.0
60 (65) or over	15.2	15.3	15.4

Source: GUS

GDP PER CAPITA IN SELECTED EU COUNTRIES IN 2005



Source: Eurostat

4. Employment, wages and old-age pensions in Poland

The data presented in the table below illustrate the improvement on the Polish labour market:

- There was a significant decline in the unemployment rate from 19.1% in 2004 to 17.6% in 2005.
- The number of employed people as well as the average paid employment rose from 2004 to 2005.
- Average wages and retirement pay (pension) are gradually increasing in Poland.

- On the other hand, the ratio of average monthly retirement pay and pension from non-agricultural social security system to average monthly wage and salary fell from 48.1 % in 2004 to 47.9% in 2005.

	4th quarter 2004	4th quarter 2005
Employment		
employed people* as of end of period in thousand	7,494.6	7,639.2
previous period = 100	99.2	99.5
average paid employment* in thousand	7,303.2	7,445.6
previous period = 100	100.7	100.9
unemployment rate in %	19.1	17.6
Wages and retirement pay and pension from non-agricultural social security system		
average monthly gross wage and salary in national economy in PLN	2,405.46	2,528.62
previous period = 100	106	107.7
gross wage and salary excluding annual bonuses	2,403.8	2,526.84
average monthly real gross wages and salaries (%)	105.1	107.4
average retirement pay and pension from non-agricultural social security system gross in PLN	1,155.84	1,179.75
previous period = 100	101.0	102.8
relation of average monthly retirement pay and pension from non-agricultural social security system to average monthly wage and salary (gross) in %	48.1	47.9

* Employed people excluding economic entities employing up to 9 persons.

Source: GUS

¹ Age 60 for women, age 65 for men.

5. Overall consumption and consumption in the household sector

- Overall consumption in Poland and individual consumption have both been growing over the last few years.

6. Inflation

- Poland, which grappled with hyperinflation just over a decade ago, has managed to curb inflation to a level below the European average.
- Consumer prices rose in 2004, mainly as a result of Poland's accession to the European Union.
- In 2005 inflation fell to 2.1%, from 3.5% in 2004.

7. Interest on private deposits and credits

- Low inflation and stabilization of the Polish currency have contributed to a gradual reduction in bank interest rates. However, the reduction in the interest rate for credits was slower in 2005 than the reduction in the interest rate for deposits.
- Commercial banks followed the decisions of the Monetary Policy Council (RPP), which reduced the main interest rates several times in 2005.

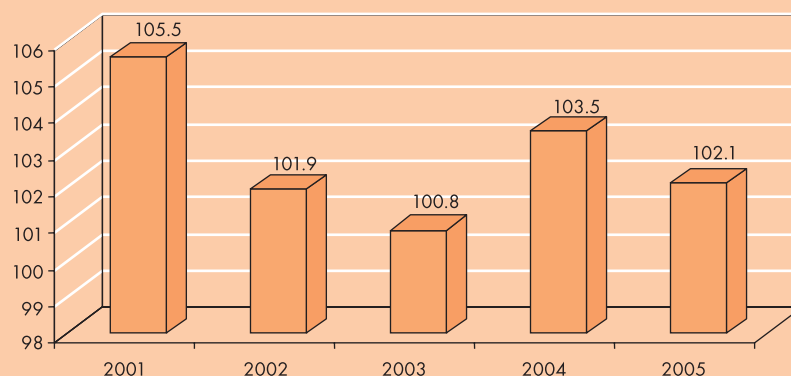
8. Households and population

- According to the last National Census in Poland (May 2002), the Polish consumer market is made up of almost 13.5 million households. More than 67% of households are situated in urban areas.
- Over the last few years the size of Polish households, in terms of the number of persons forming the average household, has diminished.

	2003	2004	2005
	in mln PLN		
real growth in GDP, overall consumption and individual consumption in the sector of households (previous period = 100)			
GDP	842,120.40	923,248.00	980,883.70
Overall consumption	705,674.10	756,033.80	797,161.60
including individual consumption in the sector of households	543,202.90	583,690.20	606,749.90
real growth in GDP, overall consumption and individual consumption in the sector of households (previous period = 100)			
GDP	103.80	105.30	103.40
Overall consumption	102.50	104.00	102.60
including individual consumption in the sector of households	101.90	104.30	102.00

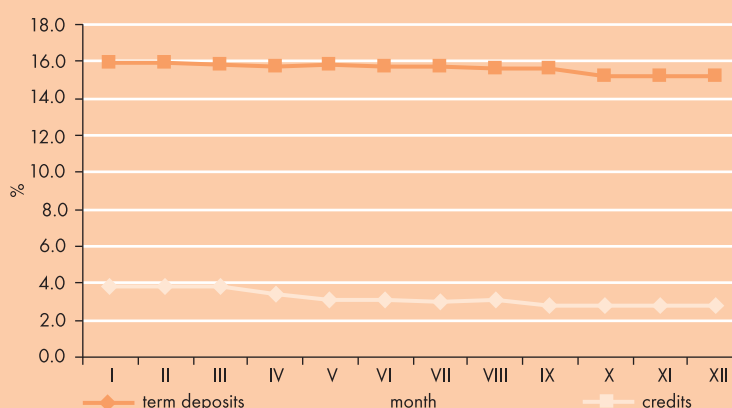
Source: GUS

INFLATION (RATE OF GROWTH OF CONSUMER PRICES, PREVIOUS PERIOD = 100)



Source: GUS

AVERAGE INTEREST ON PRIVATE DEPOSITS AND CREDITS IN PLN DRAWN BY HOUSEHOLDERS IN 2005



Source: National Bank of Poland (NBP)

	Households (million)	Population in households (million)	Average number of persons forming a household
Total	13.4	37.8	2.84
Urban areas	9.0	23.3	2.6
Rural areas	4.4	14.5	3.33

Source: GUS, on the basis of National Census, May 2002

9. Profile of Poland's population by main source of income

- According to data provided by the National Population and Housing Census from May 2002, almost 70% of Poland's residents have their own source of income.
- The largest number of Polish residents live on earnings from employment (41.20%, including revenues from rental).
- On the other hand, there is a significant group of people who are supported by others (29.40%).

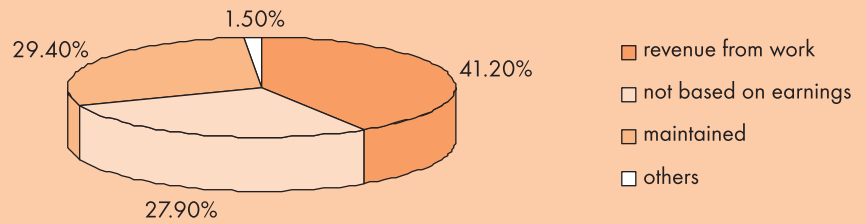
10. Profile of population by level of education

- The general level of the Polish population's education has been improving steadily. The fastest growth is observable in the number of people who have completed a higher education. The number of university students and graduates is on the rise.
- People with higher education form the group of customers who are most inclined to adopt modern life styles, accept innovations, and appreciate goods and services that ensure more comfortable conditions for work, life and recreation.

11. Monthly disposable income per capita of Polish households in 2005

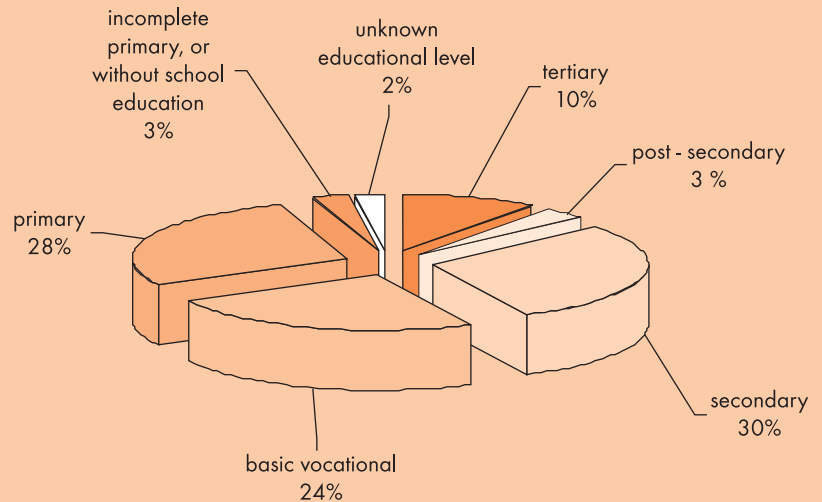
- The material situation of Polish households improved in 2005 in comparison to 2004. In real terms the level of disposable income increased by 1.5%.
- However, a survey conducted in October 2005 by the public opinion research centre CBOS showed that only 7% of respondents feel that they are able to buy far more goods and services for their disposable income than in 2004 and 37% of them think that they could buy far less.

POLISH POPULATION BY MAIN SOURCE OF MAINTENANCE IN 2002



Source: GUS

POLISH POPULATION BY EDUCATIONAL LEVEL IN 2002



Source: GUS

STUDENTS AND GRADUATES OF HIGHER EDUCATION INSTITUTIONS IN POLAND

students in thousand	2002/2003	2003/2004	2004/2005	2005/2006
	1,800.50	1,858.70	1,926.10	1,953.80
graduates in thousand	2001/2002	2002/2003	2003/2004	2004/2005
	342.1	366.1	384.0	391.5

Source: GUS

MONTHLY DISPOSABLE INCOME PER CAPITA OF POLISH HOUSEHOLDS IN 2005

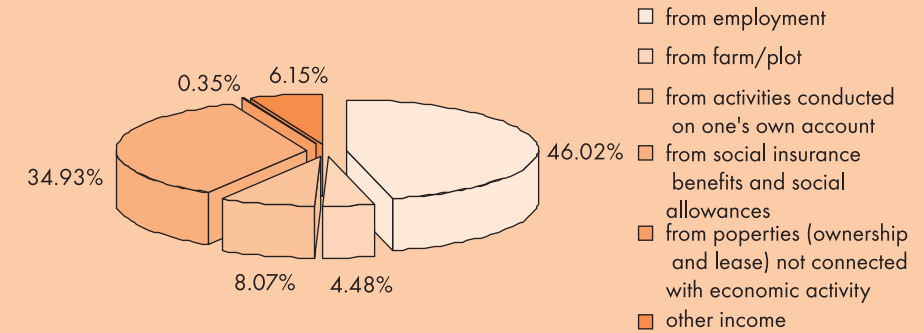
		Overall total	Employee households	Farmers' households	Households of self-employed people	Pensioners' households
Available income:	PLN	761.46	770.00	606.17	977.10	800.25
	USD	233.48	236.10	185.87	299.60	245.38
of which disposable income:	PLN	731.84	745.56	580.51	942.57	757.16
	USD	224.40	228.61	178.00	289.02	232.17
Growth rate, nominal terms (2004 = 100)						
Available income:		103.5	103.7	112.3	104.5	102.7
of which disposable income:		103.6	103.8	112.0	104.4	102.8
Growth rate, real terms (2004 = 100)						
Available income:		101.4	101.7	110.0	102.5	100.4
of which disposable income:		101.5	101.7	109.7	102.4	100.5

Source: GUS, www.stat.gov.pl, income in USD: calculations on the basis of NBP's average exchange rate as of December 2005

12. Profile of monthly income per capita in Polish households

- In 2005, as in previous years, the largest share of the income of the average Pole came from employment (46.02%).
- 34.93% of monthly income came from social insurance benefits and social allowances, including old age pensions and disability pensions.

MONTHLY INCOME PER CAPITA IN POLISH HOUSEHOLDS AS A PERCENTAGE OF AVAILABLE INCOME IN 2005



Source: GUS

13. Profile of monthly expenditures in 2005 and growth rate

- The monthly per capita expenditures of Polish households were PLN 690.30 in 2005 and increased by 4% in nominal terms, but decreased by 1.7% in real terms in comparison with 2004.

- The profile of the Polish household's expenditures is gradually becoming similar to that typical for developed countries.
- In 2005 a rise (in nominal terms) was recorded in expenditures on non-food articles and services, clothing and footwear, lodging and energy, household equipment and maintenance,

communications, recreation and culture, restaurants and hotels.

- During the same period, expenditures on food and non-alcoholic beverages, alcoholic beverages and tobacco products, healthcare, transport and education fell.

PROFILE OF MONTHLY EXPENDITURES OF POLISH HOUSEHOLDS IN 2005 AND GROWTH RATE

	Share in total expenditures (%)	Growth rate (2004 = 100), nominal terms		Share in total expenditures (%)	Growth rate (2004 = 100), nominal terms
consumer goods and services, including:	95.8	100.3	transport	8.8	97.6
			communications	5.3	112.8
food and non-alcoholic beverages	27.8	99.5	recreation and culture	6.8	100.4
alcoholic beverages and tobacco products	2.7	99.2	including educational articles	0.6	91.0
non-food articles and services	64.3	100.9	education	1.3	86.3
clothing and footwear	5.0	102.1	restaurants and hotels	1.8	104.4
lodging and energy	20.5	101.5	other goods and services, including:	4.9	97.6
household equipment and maintenance	4.9	100.7	personal hygiene	2.6	101.9
healthcare, including:	5.0	99.0	other expenditures, including:	4.2	101.9
pharmaceuticals	3.2	100.0	donations for other households	3.4	96.1
medical services	1.3	98.5			

Source: GUS

14. Monthly per capita consumption of selected food articles in Polish households in 2005, excluding consumption in food catering outlets

MONTHLY PER CAPITA CONSUMPTION OF SELECTED FOOD ARTICLES IN POLISH HOUSEHOLDS IN 2005

	Unit of measure	Consumption per capita	Growth rate (2004 = 100)		Unit of measure	Consumption per capita	Growth rate (2004 = 100)
bread	kg	5.90	97.0	fresh milk	litre	4.43	96.3
pasta	kg	0.36	94.7	cheese	kg	0.87	100.0
flour	kg	1.07	98.2	sour and sweet cream	litre	0.43	97.7
groats, rice, flakes	kg	0.48	94.1	eggs	pieces	15.16	101.8
meat, including:	kg	5.48	100.9	oils and other fats	kg	1.53	97.5
raw meat	kg	3.14	102.6	animal fats	kg	0.52	94.5
• including poultry	kg	1.54	102.7	• including butter	kg	0.31	93.9
meat products and other products containing meat	kg	2.21	99.1	vegetable fats	kg	1.00	98.2
• including high-quality cured meat products	kg	0.54	110.2	fruit	kg	3.72	95.1
fish (excluding ready-to-serve products and breaded fish)	kg	0.42	102.4	vegetables, including:	kg	12.42	98.8
				• potatoes	kg	6.68	96.7
				sugar	kg	1.53	94.4

Source: GUS

15. Percentage of various groups of households equipped with certain types of durable goods in 2005 (%)

PERCENTAGE OF VARIOUS GROUPS OF HOUSEHOLDS EQUIPPED WITH CERTAIN TYPES OF DURABLE GOODS IN 2005 (%)

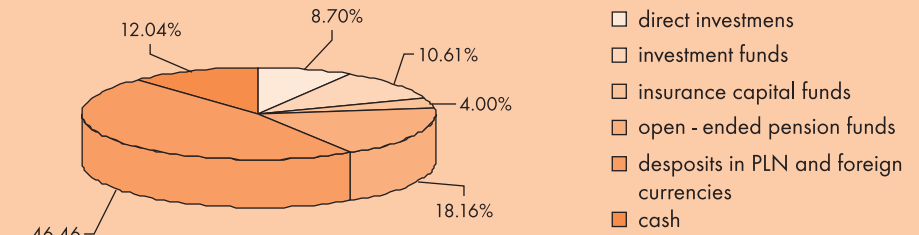
	Overall total	Employee households	Farmers' households	Households of self-employed people	Pensioners' households
TV set	98.2	98.7	99.4	98.4	98.3
satellite and cable television equipment	48.2	57.0	23.2	66.0	41.0
audio receiving, recording and playback device	43.8	62.0	43.4	70.3	21.2
radio cassette player with CD player	23.2	31.0	25.5	38.0	12.8
radio cassette player	34.4	34.2	46.0	35.3	33.6
CD player	10.4	14.8	8.6	20.8	4.5
radio set	57.5	49.8	64.8	48.4	68.4
video player	46.7	59.1	47.6	64.4	32.7
DVD player	22.9	34.7	16.3	45.4	8.8
video camera	6.2	8.7	2.6	21.3	2.3
personal computer	38.6	57.0	35.6	70.6	15.1
• with Internet access	22.5	33.7	11.4	51.0	8.4
printer	16.7	24.3	24.5	21.5	6.9
mobile phone	25.8	38.4	23.2	54.9	9.5
electric washing machine and spin - dryer	65.2	86.1	69.8	91.0	37.6
automatic washing machine	63.7	84.2	69.5	83.6	37.3
vacuum cleaner	4.9	7.7	0.7	20.6	0.7
refrigerator or freezer	96.5	97.9	98.5	98.0	96.1
refrigerator	28.1	21.4	58.4	14.4	34.0
freezer	79.8	88.0	67.8	93.1	72.6
microwave	93.0	96.0	92.2	95.7	91.2
dishwasher	98.0	98.6	99.4	98.5	97.8
sewing machine	97.3	98.1	98.4	97.7	97.1
bicycle (excluding bicycles for children)	32.9	33.2	78.3	38.6	28.7
motorcycle, scooter, motor-bicycle	33.3	43.7	29.5	59.7	20.0
car	54.9	65.4	67.3	71.7	42.1

Source: GUS

16. Savings of Polish households

- The largest share of Polish household savings is still deposited in banks. At the end of 2005 deposits in PLN and foreign currencies accounted for 46.46% of savings.
- Bank deposits plus cash (outside the banking system) made up 58.5% of Polish household savings.
- Savings in investment funds were 10.61%, and their share in overall savings increased in 2005 at the fastest pace.

PROFILE OF POLISH HOUSEHOLDS' SAVINGS AS OF DECEMBER 2005

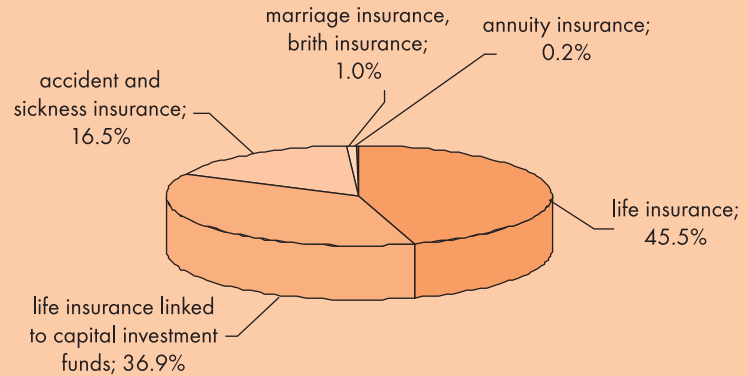


Source: T. Publicewicz, *Struktura oszczędności gospodarstw domowych*, Analizy Online Sp. z o.o., December 2005

17. Insurance

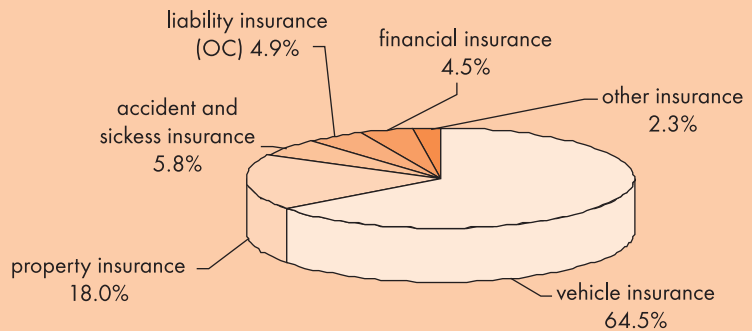
- Polish consumers allocate more and more money to various forms of insurance. This means that Polish residents begin to attach an ever greater importance to the possibilities of insuring themselves and their family resources needed in unexpected and difficult situations.
- There were 70 insurance companies operating on the Polish insurance market in 2005.
- They collected insurance premiums of PLN 31 billion, which represents 3.25% of Polish GDP.

PROFILE OF INSURANCE PREMIUMS IN BRANCH I: LIFE INSURANCE IN POLAND IN 2005



Source: Insurance and Pension Funds Supervisory Commission (KNUiFE), "Rocznik ubezpieczeń i funduszy emerytalnych 2005"

PROFILE OF INSURANCE PREMIUMS IN BRANCH II: NON-LIFE INSURANCE IN POLAND IN 2005

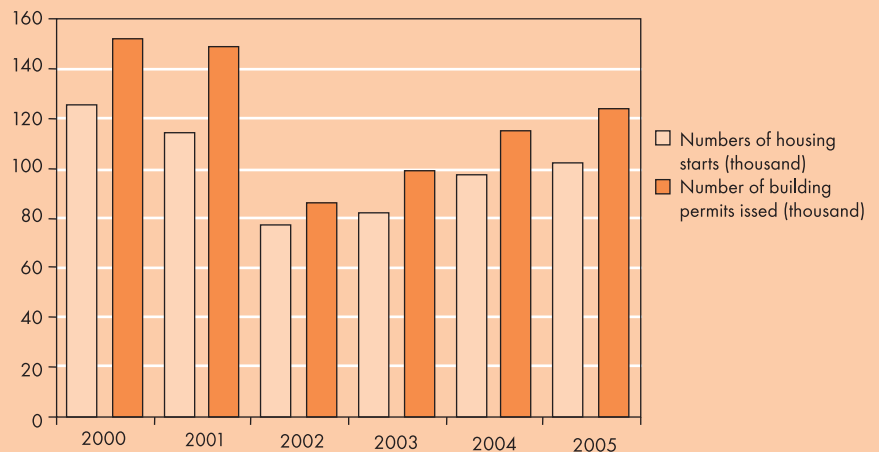


Source: KNUiFE, "Rocznik ubezpieczeń i funduszy emerytalnych 2005"

18. Housing construction

According to the latest report by PMR, the housing construction market in Poland will be flourishing in the next few years. Housing construction will be the fastest growing segment of the construction market in Poland. Housing construction market growth will be driven by the activity of Polish real-estate developers. More and more companies are operating on the housing construction market and are engaged in building flats for sale. Developers build one third of all flats built today.

HOUSING CONSTRUCTION IN POLAND 2000-2005



Source: www.pmrpublications.com

Bank	Housing credit granted in 2005 (thousand PLN)	Number of credits granted in 2005	Average amount of credit granted in 2005 (thousand PLN)
PKO BP	7,029,306.3	80,079	88.0
BPH SA (+ HYPOVEREINSBANK BANK HIPOTECZNY SA)	4,542,979.0	40,487	112.0
BANK MILLENNIUM SA	2,663,229.8	19,812	134.0
PEKAO SA	1,668,254.0	17,095	97.6
GE MONEY BANK SA	1,618,000.0	12,176	133.0
MULTIBANK SA	1,401,712.7	7,223	194.0
SANTANDER CONSUMER BANK SA	1,064,977.6	11,339	94.0
KREDYT BANK SA	95,1513.0	12,106	79.0
BOŚ SA	851,000.0	5,506	155.0
BANK ZACHODNI WBK SA	701,900.0	6,160	113.9
BRE BANK SA	646,233.0	4,092	152.0
BGŻ SA	373,183.0	4,648	80.3
DEUTSCHE BANK PBC SA	356,182.0	1,202	296.0
ING BANK ŚLĄSKI SA	352,447.0	4,151	85.0
NORDEA BANK POLSKA SA	292,845.3	2,087	140.3
BANK GOSPODARSTWA KRAJOWEGO	9,656.0	69	140.0
BISE SA	4,899.0	40	122.0
OVERALL	24,528,316.7	228,272	129.8

Source: Home&Market, March 2006

19. Housing credits granted by selected banks

2005 was one more consecutive year in which a significant boom in the mortgage credit market was observed.

The table above lists the largest banks granting housing credit to individual clients in 2005.

20. Prospects for the Polish consumer market

Poland is a country with over 38 million inhabitants, which makes it the largest consumer market by population in the group of 10 new EU member states. But according to forecasts by Euromonitor International, the Polish consumer market will not be one of the most dynamic markets in Europe as far as forecast consumer expenditures on household goods and services are concerned. It will grow but at a slower pace than in many other European countries, as is presented in the table on the right.

The consumer trust indicator measured by the Central Statistical Office of Poland (GUS) in December 2005 showed that the consumer mood improved in 2005 as a result of such factors as forecast improvement of Polish households' financial position and anticipated improvement in the Polish economy.

CONSUMER EXPENDITURE ON HOUSEHOLD GOODS AND SERVICES IN SELECTED COUNTRIES (USD MILLION AT CONSTANT 2004 PRICES) - FORECAST

	2006	2017	Change (%)
Czech Republic	3,261	4,404	35.05%
Denmark	7,226	9,958	37.81%
Germany	106,321	132,950	25.05%
Hungary	3,753	4,310	14.84%
POLAND	6,799	8,062	18.58%
Slovakia	1,026	1,271	23.88%
Ukraine	1,492	1,938	29.89%
United Kingdom	89,334	109,046	22.07%

Source: WYG International calculations on the basis of "European Marketing Forecasts 2005/2006", Euromonitor International



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