

Current Report No. 45/2004 of July 9th 2004

Executive Board's Position on the Effects of Legal Regulations Defining the Terms of Assistance to Employers of the Disabled on Financial Results, and Cancellation of the 2004 Financial Forecast for the Impel Group

Following completion of a preliminary analysis of the current regulatory environment, involving the obtainment of legal opinions and explanations from the relevant administrative authorities (Position of the Ministry of Economy and Labour on company funds for the disabled, subsidies to remuneration and *de minimis* assistance, dated July 8th 2004) and the President of the Anti-Trust and Consumer Protection Authority, the Executive Board of Impel SA hereby reports that, to the best of its knowledge, following the enacted legislative changes connected with Poland's accession to the European Union (see Current Report No. 40/2004 of May 28th), and in particular in connection with the introduction of the Directive of the Polish Council of Ministers on detailed rules governing assistance to employers of the disabled, dated May 18th 2004 (Dz.U. No. 114, item 1194), the value of subsidies received by Impel SA and its subsidiaries will be significantly reduced. The doubts indicated in the opinions and explanations prevent clear determination of the value of subsidies to which Impel SA and its subsidiaries are entitled after May 1st 2004. Resolution of this issue may materially affect the Impel Capital Group's performance and financial standing.

The Executive Board of Impel SA has resolved to take steps leading to the obtainment of binding guidelines on the current regulatory environment.

Notwithstanding the above, the Executive Board has taken certain steps to make the financial performance of the Impel Group companies independent of the subsidies relating to the employment of the disabled. These steps consist in the preparation and implementation of a restructuring programme including: (i) strengthening of the sales development programme, particularly by concluding new contracts; (ii) improving performance under the existing contracts; (iii) reducing general and administrative expenses; and (iv) creating conditions enabling the use of public aid permitted in the current regulatory environment. The expected financial effects of this restructuring programme will be known once work on its development is completed.

Because of this material limitation of availability of subsidies and in view of the restructuring programme underway, the Executive Board hereby cancels the previously published 2004 financial forecasts. The Executive Board will publish revised forecasts when the uncertainties concerning the value of subsidies are clarified and the effects of the implemented restructuring measures are estimated.

The Executive Board does not rule out a change in the application of the issue proceeds, so that they would be applied towards securing liquidity, increasing the working capital, and financing the restructuring programme. A relevant decision will be made following the estimation of costs and effects of the restructuring programme and the value of subsidies received. In line with the provisions of Section 5.3, Chapter I, of the Issue Prospectus, the decision will be duly disclose.

Legal basis:

Art. 81.1.2 of the Polish Securities Act and Par. 5.1.34 of Polish Council of Ministers' Directive on the Warsaw Stock Exchange.