The IPOPEMA
Securities Group

Consolidated financial statements

for the year ended December 31st 2012

Warsaw, March 20th 2013

TABLE OF CONTENTS

Statement of compliance

The Management Board of IPOPEMA Securities S.A. hereby represents that:

- to the best of our knowledge, the consolidated financial statements for the year ended December 31st 2012 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial standing and financial performance of the IPOPEMA Group;
- the Directors' Report on the operations of IPOPEMA Group in 2012 gives a true picture of the Group's development, achievements and standing; it also includes a description of risks and threats;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which audited the annual separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the annual consolidated financial statements of the IPOPEMA Group as at December 31st 2012 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.

Warsaw, March 20th 2013

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board

Financial highlights

	PLN '000		EUR '000	
Consolidated financial highlights	**2012**	**2011**	**2012**	**2011**
Revenue from core activities	94,110	112,338	22,549	27,134
Cost of core activities	80,058	83,140	19,182	20,082
Profit on core activities	14,052	29,198	3,367	7,052
Operating profit	14,900	30,547	3,570	7,378
Pre-tax profit	11,034	31,707	2,644	7,659
Net profit on continuing operations	9,886	26,118	2,369	6,309
Net profit	9,886	26,118	2,369	6,309
Net earnings from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.30	0.83	0.07	0.20
- diluted	0.30	0.82	0.07	0.20
Net cash from operating activities	167,381	9,036	40,105	2,183
Net cash from investing activities	- 4,418	5,304	- 1,059	1,281
Net cash from financing activities	- 7,112	- 7,733	-1,704	- 1,868
Total cash flows	155,851	6,607	37,342	1,596

Consolidated financial highlights	PLN '000		EUR '000	
	Dec 31 2012	**Dec 31 2011**	**Dec 31 2012**	**Dec 31 2011**
Total assets	793,049	630,124	193,985	142,665
Current liabilities, including current tax liability	709,314	540,648	173,503	122,407
Total equity	75,229	80,969	18,401	18,332
Number of shares	29,752,122	29,554,801	29,752,122	29,554,801
Book value per share (PLN/EUR)	2.53	2.74	0.62	0.62

The individual items of the financial highlights were translated into the euro at the following exchange rates:

- Items of the statement of comprehensive income and statement of cash flows:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2012	2011
EUR	4.1736	4.1401

- Items of the statement of financial position:

Exchange rate as at	Dec 31 2012	Dec 31 2011
EUR	4.0882	4.4168

These consolidated financial statements for the year ended December 31st 2012 were approved for publication by the Management Board on March 20th 2013.

- The lowest and the highest EUR exchange rate in the period:

EUR	2012	2011
Lowest exchange rate	4.0465	3.8403
Highest exchange rate	4.5135	4.5642

Consolidated statement of comprehensive income

for the year ended December 31st 2012

	Note	2012	2011
CONTINUING OPERATIONS			
Revenue from core activities, including:	16.1	**94,110**	**112,338**
Revenue from brokerage activities		52,005	72,427
Revenue from management of investment funds and assets		28,378	22,458
Revenue from advisory services		13,727	17,453
Cost of core activities	16.2	**80,058**	**83,140**
Profit (loss) on core activities		**14,052**	**29,198**
Gain (loss) on transactions in financial instruments held for trading	16.4	- 831	- 2,753
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		1,972	809
Other income	16.5	780	4,505
Other expenses	16.5	1,073	1,212
Operating profit (loss)		**14,900**	**30,547**
Finance income	16.3	3,979	4,749
Finance costs	16.3	7,845	3,589
Pre-tax profit (loss)		**11,034**	**31,707**
Income tax	19	1,148	5,589
Net profit (loss) on continuing operations		**9,886**	**26,118**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**9,886**	**26,118**
Attributable to:			
Owners of the parent		9,054	24,487
Non-controlling interests		832	1,631
Earnings (loss) per share (PLN)	10	0,30	0.83
Diluted earnings (loss) per share (PLN)	10	0,30	0.82
Net profit for the period		**9,886**	**26,118**
Other comprehensive income		**- 146**	**- 271**
Gains and losses on remeasurement of financial assets available for sale		- 180	- 335
Corporate income tax on items of other comprehensive income	19.1	34	64
Comprehensive income for period		**9,740**	**25,847**
Attributable to:			
Owners of the parent		8,908	24,216
Non-controlling interests		832	1,631

Warsaw, March 20th 2013

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of financial position

as at December 31st 2012

ASSETS	Note	Dec 31 2012	Dec 31 2011	Jan 1 2011 restated
Cash and cash equivalents	13.1	254,781	100,491	98,732
Current receivables	13.2, 26	518,522	512,901	289,239
Current tax assets	19.1	-	59	415
Inventories		-	26	-
Current prepayments and accrued income	13.3	750	880	768
Financial instruments held for trading	13.4, 20.2	330	1,521	8,852
Financial instruments held to maturity		-	-	-
Financial instruments available for sale	13.5, 20.2	5,682	6,016	2,157
Investments in jointly controlled entities and associates		-	-	-
Non-current receivables	27	1,434	372	493
Non-current loans advanced	20.1	1,520	2,433	2,865
Property, plant and equipment	13.6	4,642	2,434	1,572
Investment property		-	-	-
Intangible assets	13.7	3,067	2,268	1,860
Deferred tax assets	19.1	2,321	723	964
Non-current prepayments and accrued income		-	-	-
TOTAL ASSETS		**793,049**	**630,124**	**407,917**

EQUITY AND LIABILITIES		Dec 31 2012	Dec 31 2011	Jan 1 2011 restated
Current liabilities	15.3	707,974	540,467	331,689
Current tax liabilities		1,340	181	-
Other financial liabilities		-	-	-
Non-current liabilities		526	-	-
Deferred tax liabilities	19.1	-	-	167
Accruals and deferred income	15.1, 19.1	7,980	8,507	6,810
Provisions		-	-	-
Total liabilities		**717,820**	**549,155**	**338,666**
Share capital	14.1	2,975	2,955	2,934
Other items of capital	14.2	12,842	11,917	10,970
Retained earnings	14.2	56,255	62,673	53,554
Total equity		**72,072**	**77,545**	**67,458**
Non-controlling interests	14.3	**3,157**	**3,424**	**1,793**
Total equity		**75,229**	**80,969**	**69,251**
TOTAL EQUITY AND LIABILITIES		**793,049**	**630,124**	**407,917**

Warsaw, March 20th 2013

Jacek Lewandowski
President of the
Management Board

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Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of cash flows

for the year ended December 31st 2012

CASH FLOWS	Note	2012	2011
Cash flows from operating activities	26		
Pre-tax profit		**11,034**	**31,707**
Total adjustments:		**156,347**	**- 22,671**
Depreciation and amortisation expenses		1,902	1,315
Foreign exchange gains/(losses)		1,753	- 1,515
Interest and dividends		939	719
Gain (loss) on investing activities		1,018	- 7
Change in financial instruments held for trading		1,192	7,330
Change in receivables		- 3,961	- 218,715
Change in current liabilities (net of borrowings)		157,620	199,459
Change in provisions and impairment losses on receivables		- 1,352	- 689
Change in accruals and deferrals		- 434	- 1,467
Income tax		- 2,424	- 5,226
Other adjustments (including effect of incentive schemes and acquisition of CSAM)		94	- 3,875
Net cash from operating activities		**167,381**	**9,036**
Cash flows from investing activities			
Increase in loans advanced		- 25	- 8
Profit distributions (dividends) received		175	34
Interest received		289	359
Decrease in loans advanced		20	12
Acquisition of property, plant and equipment and intangible assets		- 4,100	- 2,106
Acquisition of financial instruments available for sale and held to maturity		- 3,597	- 9,548
Proceeds from financial instruments available for sale and held to maturity		3,888	-
Sale of property, plant and equipment and intangible assets		4	-
Disposal of financial instruments available for sale		-	11,615
Other cash from investing activities		161	4,946
Other cash used in investing activities		- 1,233	-
Net cash from investing activities		**- 4,418**	**5,304**
Cash flows from financing activities			
Proceeds from borrowings		10,131	7,601
Proceeds from issue of share capital		987	1,062
Other cash from/used in financing activities		-	-
Interest paid		- 1,868	- 1,028
Repayment of borrowings		-	-
Dividends to owners of the parent		- 15,471	- 15,368
Dividends paid to non-controlling interests		- 891	-
Net cash from financing activities		**- 7,112**	**- 7,733**
Total cash flows		**155,851**	**6,607**

Net increase in cash and cash equivalents	154,290	7,811
Effect of exchange rate fluctuations on cash held	-1,561	1,179
Cash at beginning of the period	95,240	88,633
Cash at end of the period, including	**251,090**	**95,240**
restricted cash	*4,095*	*14,579*

Warsaw, March 20th 2013

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of changes in equity

for the year ended December 31st 2012

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
		Other items of capital						
	Share capital	Share premium	Revaluation capital reserve	Other capital reserves	Retained earnings			
As at Jan 1 2012	**2,955**	**8,474**	**716**	**2,727**	**62,673**		**3,424**	**80,969**
Profit for 2012	-	-	-	-	9,054		832	9,886
Issue of shares	20	967	-	-	-		-	987
Costs of incentive scheme	-	-	-	104	-		-	104
Other comprehensive income	-	-	- 146	-	-		-	- 146
Dividend payment	-	-	-	-	- 15,472		- 1,099	- 16,571
Other adjustments	-	-	-	-	-		-	-
As at Dec 31 2012	**2,975**	**9,441**	**570**	**2,831**	**56,255**		**3,157**	**75,229**
As at Jan 1 2011	**2,934**	**7,433**	**972**	**2,565**	**53,554**		**1,793**	**69,251**
Profit for 2011	-	-	-	-	24,487		1,631	26,118
Issue of shares	21	1,041	-	-	-		-	1,062
Costs of incentive scheme	-	-	-	162	-		-	162
Other comprehensive income	-	-	- 271	-	-		-	- 271
Dividend payment	-	-	-	-	- 15,368		-	- 15,368
Other adjustments	-	-	15	-	-		-	15
As at Dec 31 2011	**2,955**	**8,474**	**716**	**2,727**	**62,673**		**3,424**	**80,969**

Warsaw, March 20th 2013

Jacek Lewandowski
President of the Management Board

Mariusz Piskorski
Vice-President of the Management Board

Stanisław Waczkowski
Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Notes

1. The IPOPEMA Securities Group

The IPOPEMA Securities Group (the "Group") comprises entities which are controlled by IPOPEMA Securities S.A. (the "Parent" or the "Company").

The Company's registered office is at ul. Próżna 9, Warsaw, Poland (as at the balance-sheet date, the Company's registered office was at ul. Waliców 11, Warsaw, Poland).

The Company shares are listed on the main market of the Warsaw Stock Exchange.

As at December 31st 2012, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2). All the companies comprising the IPOPEMA Securities Group have been established for indefinite time. The financial statements of all subordinated entities were prepared for the same period as the Parent's financial statements and in accordance with uniform accounting principles.

IPOPEMA Securities S. A. – the Parent

The Parent was established on March 2nd 2005 (under the name of Dom Maklerski IPOPEMA S.A.) for indefinite time.

The Parent is entered in the Register of Entrepreneurs at the National Court Register maintained by the District Court, XII Commercial Division of the National Court Register, under entry No. KRS 0000230737.

The Parent was assigned Industry Identification Number (REGON) 140086881.

On June 30th 2005, the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) granted a brokerage licence to the Company, authorising it to conduct brokerage activities in the scope specified in the decision.

The name of the Company was changed from Dom Maklerski IPOPEMA S.A. to IPOPEMA Securities Spółka Akcyjna under Resolution No. 5 of the Extraordinary General Meeting held on August 10th 2006.

Composition of the Management Board

As at the date of these financial statements, the composition of the Company's Management Board was as follows:

- Jacek Lewandowski – CEO and President of the Management Board,
- Mirosław Borys – Vice-President of the Management Board,
- Mariusz Piskorski – Vice-President of the Management Board,
- Stanisław Waczkowski – Vice-President of the Management Board.

Composition of the Supervisory Board

As at the date of these financial statements, the composition of the Company's Supervisory Board was as follows:

Jacek Jonak – Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Małgorzata Adamkiewicz – Member of the Supervisory Board,
Zbigniew Mrowiec – Member of the Supervisory Board.

Roman Miler and Wiktor Sliwinski resigned from their posts on the Supervisory Board, with effect as from June 28th 2012. On the same day, the General Meeting appointed Małgorzata Adamkiewicz and Zbigniew Mrowiec as new members of the Supervisory Board.

Business profile

The Group's core business comprises:

1 brokerage activities,
2 business and management consultancy services,
3 operation of investment fund companies, as well as creation and management of investment funds,

4 management of portfolios of broker-traded financial instruments,
5 computer facilities management activities,
6 computer consultancy services.

According to the sector/industry classification of the Warsaw Stock Exchange, the Group's business is classified as other finance (fin).

As part of its brokerage business IPOPEMA Securities S.A. provides comprehensive services for institutional clients in the area of intermediation in securities trading on the secondary market. The Company's partners are both high-profile international financial institutions and the majority of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers.

The Company's investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities (especially shares), in which it acts as the coordinator, offering broker or financial adviser; M&A transactions and management buy-outs; and advisory mandates concerning the raising of financing on the private market, including from *private equity* funds and through *pre-IPO* placements. The Company also provides advisory services related to corporate financial restructuring.

The brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team which prepares analyst reports, recommendations and comments regarding large, medium-sized and small companies listed on the Warsaw and Budapest Stock Exchanges (WSE and BSE). The Company operates a Market Making and Proprietary Trading Department, whose activities focus on the most liquid instruments and involve arbitrage transactions in equities and futures. The department also offers market making services for issuers of shares listed on the WSE, ensuring liquidity of trading in their securities. The Department is also responsible for proprietary trading within an assigned budget.

2. Composition of the Group

IPOPEMA Securities S.A. is the Parent of the IPOPEMA Securities Group. Both the Parent and the other Group entities have been established for indefinite time.

As at December 31st 2012, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

Company name	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds	full	100%	100%
IPOPEMA Asset Management S.A.	- management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services, - computer facilities management activities, - computer consultancy services, - software-related activities, - wholesale of computers, computer peripherals and software	full	50.02%	50.02%

indirect subsidiary (through IPOPEMA Business Consulting sp. z o.o., the sole shareholder of the company)				
IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	50.02%
IPOPEMA Business Services Kft.	- office and business support	not consolidated (immaterial financial data)	100%	100%

In 2012, the Group was expanded through addition of IPOPEMA Outsourcing Sp. z o.o. However, the company did not conduct any active operations in 2012.

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") - a subsidiary

IPOPEMA TFI was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iii) intermediation in the sale and redemption of investment fund units, and (iv) representation service for foreign funds. IPOPEMA TFI's share capital amounts to PLN 3,000 thousand. The composition of the Management Board is as follows: Jarosław Wikaliński (President), Maciej Jasiński and Aleksander Widera (Vice-Presidents). The board members have many years of practice and experience in the financial market, including in the area of asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Asset Management S.A. ("IAM") – a subsidiary

IPOPEMA Asset Management S.A. was established on August 28th 1996 as a limited liability company. Pursuant to a resolution of the General Meeting of December 11th 1998, the company was transformed into a joint-stock company. IAM's share capital is PLN 5,600 thousand, divided into 56,000 registered shares. The company joined the IPOPEMA Securities Group on September 30th 2011, when IPOPEMA Securities acquired 100% of its shares. The company's business consists in management of portfolios of broker-traded financial instruments. IAM conducts brokerage activities on the basis of a licence granted by the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) on October 9th 2001. The company's Management Board comprises Jarosław Wikaliński (President), and Aleksander Widera and Maciej Jasiński (Vice-Presidents).

IPOPEMA Business Consulting Sp. z o.o. ("IBC") – a subsidiary

IPOPEMA Business Consulting Sp. z o.o. was established on August 26th 2008. Its share capital amounts to PLN 100,050 and is divided into 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company's business profile comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) IT consultancy services, (iv) software-related activities,(v) wholesale of computers, computer peripheral equipment and software.

IPOPEMA Outsourcing Sp. z o.o. ("IO") – a wholly-owned subsidiary of IBC, which was established to provide support to the operations of IPOPEMA Business Consulting Consulting Sp. z o.o.

IPOPEMA Business Services Kft. ("IBS") – a subsidiary

IPOPEMA Business Services Kft. is a commercial company under Hungarian law, established on December 10th 2009, with registered office in Budapest, Hungary. Its founder and sole shareholder is IPOPEMA Securities S.A. IBS's share capital totals HUF 500,000 (PLN 7,000). The core business of the subsidiary is the provision of office and business support services, e.g. for IPOPEMA Securities agents involved in brokerage activities on the Budapest Stock Exchange (BSE). The company has a single-person Management Board: its President is Marcin Kurowski, IPOPEMA Securities S.A.'s employee with a long record of service for the Company.

3. Basis of preparation

3.1. Going concern assumption

These consolidated financial statements have been prepared on the assumption that the companies of the Group would continue as going concerns in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances which would indicate any threat to the Group's consolidated companies continuing as going concerns.

3.2. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2012 and contain comparative data for the year ended December 31st 2011.

Unless stated otherwise, all figures are presented in PLN '000.

These consolidated financial statements were prepared in accordance with the historical cost convention, save for financial instruments held for trading and financial instruments available for sale, which are measured at fair value.

3.3. Statement of compliance

These consolidated financial statements were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards (“IFRS”) and related interpretations as endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which have been endorsed recently or are pending endorsement are not relevant to the Group’s operations or their effect on the Group’s financial statements would be immaterial.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

The Group companies keep their accounting books in accordance with the accounting principles set forth in the Polish Accountancy Act of September 29th 1994 (the “Act”) and the subsidiary regulations issued thereunder (“Polish Accounting Standards”). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group entities but which have been made to achieve compliance of the entities’ financial statements with the IFRS.

3.4. Measurement currency and reporting currency of the financial statements

The measurement currency and the reporting currency of these consolidated financial statements is the Polish złoty ("PLN") and all figures in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.5. Comparability of data

There were no material changes in presentation in 2012 and 2011, other than those described below.

The Group decided to present "current tax assets" and "current tax liabilities" as separate items in the statement of financial position. Until 2012, current income tax receivable and payable was presented under "current receivables" and "current liabilities", respectively. This change will allow the Company to present useful information for the readers of its financial statements.

The Group also decided to change the presentation of deferred tax assets and liabilities. Until 2012, the individual Group companies did not disclose deferred tax assets and liabilities on a net basis. It means that in the statement of financial position those items were presented separately under assets and liabilities, respectively. Due to the fact that the assets and liabilities as held by the individual Group companies meet the netting criteria specified in Par. 74 of IAS 12, deferred tax assets and liabilities are now presented on a net basis. The change will facilitate better presentation of the expected cash flows related to the future tax expense. As a result, only deferred tax assets were presented in the statement of financial position, because at each Group company the amount of deferred tax assets exceeded the amount of deferred tax liabilities.

The Group also changed the presentation of provisions and accruals and deferred income. Until 2012, holiday benefits, bonuses, uninvoiced costs and similar items were presented under "provisions". While it is sometimes necessary to make an estimate of the amounts or dates of payment for such items, the uncertainty of such payments is generally not significant. Therefore, the presentation of holiday benefits, bonuses, uninvoiced costs and similar items under "Accruals and deferred income" rather than under "Provisions" will help to better reflect the degree of uncertainty related to those items.

The effect of the presentation changes on the statement of financial position as at December 31st 2011 and January 1st 2011 is presented in the tables below:

	As at Dec 31 2011 (approved data)	Change in the presentation of deferred tax assets and liabilities	Change in the presentation of current tax assets and liabilities	Change in the presentation of accruals and deferred income	As at Dec 31 2011 (restated)
Current receivables	**512,960**	-	- 59	-	**512,901**
Current tax assets	-	-	59	-	**59**
Deferred tax assets	-	723	-	-	**723**
Non-current accruals and deferrals	**1,774**	- 723	-	- 1,051	-
Current liabilities	**540,648**	-,	-	- 181	**540,467**
Current tax liabilities	-	-	-	181	**181**
Accruals and deferred income	-	-	-	8,507	**8,507**
Provisions	**9,558**	- 1,051	-	- 8,507	-

	As at Jan 1 2011 (approved data)	Change in the presentation of deferred tax assets and liabilities	Change in the presentation of current tax assets and liabilities	Change in the presentation of accruals and deferred income	As at Jan 1 2011 (restated)
Current receivables	**289,654**	-	- 415	-	**289,239**
Current tax assets	-	-	415	-	**415**
Deferred tax assets	-	964	-	-	**964**
Non-current accruals and deferrals	**1,449**	- 1,449	-	-	-
Deferred tax liabilities	-	-	-	-	-
Accruals and deferred income	**40**	-	-	6,770	**6,810**
Provisions	**7,422**	- 652	-	- 6,770	-

Given the above changes, the Group also made changes in the statement of cash flows, as presented in the tables below:

	As at Dec 31 2011 (approved data)	Change in the presentation of accruals and deferred income	As at Dec 31 2011 (restated)
Change in provisions and impairment losses on receivables	- 2,394	1,705	- 689
Change in accruals and deferrals	238	- 1,705	- 1,467

	As at Jan 1 2011 (approved data)	Change in the presentation of accruals and deferred income	As at Jan 1 2011 (restated)
Change in provisions and impairment losses on receivables	148	- 6	142
Change in accruals and deferrals	- 242	6	236

The Group also changed the presentation of cash following a change in the presentation of foreign exchange differences. Due to the immaterial effect of the change, the change is not explained.

None of the above changes resulted in any change in the amount or structure of equity. Accordingly, there was no change in earnings per share or diluted earnings per share presented in the financial statements for the previous years.

4. Material accounting policies

4.1. Changes in accounting polices following amendments to IFRS

Standards and interpretations which have been issued and are effective for annual periods beginning on January 1st 2012:

- Amendments to IFRS 7 “Disclosures – Transfers of Financial Assets”

  The amendments were published on October 7th 2010 and are effective for annual periods beginning on or after July 1st 2011. The amendments to IFRS 7 are intended to give readers of financial statements a better understanding of financial asset transfers (e.g. securitisation), including the understanding of the potential effect of the risks which remain with the entity transferring the assets. The amendments also require additional disclosures in the case of transferring assets of significant value towards the end of a reporting period.

- Amendments to IFRS 1 “Severe Hyperinflation - Removal of Fixed Dates”

  Amendments to IFRS 1 were published on December 20th 2010 and are effective for annual periods starting on or after July 1st 2011. The amendments concern the reference to “January 1st 2004” as the fixed date for the first-time adoption of the IFRS and replace it with the “date of the first-time adoption of the IFRS” with a view to eliminating the need to restate transactions executed prior to the entity's first-time adoption of the IFRS. Further, the standard was supplemented with the guidance concerning re-adoption of the IFRS for periods following the periods of severe hyperinflation which prevents full compliance with the IFRS.

- Amendment to IAS 12 “Deferred Tax - Recovery of Underlying Assets”

  Amendment to IAS 12 was published on December 20th 2010 and is effective for annual periods beginning on or after January 1st 2012. The amendment clarifies, inter alia, the measurement of deferred tax assets and liabilities in the case of investment property measured in accordance with the fair value model defined in IAS 40 "Investment Property". After the amended standard becomes effective, SIC Interpretation 21 “Taxes – Recovery of Revalued Non-Depreciable Assets” will be cancelled.

The Group believes that the above standards and interpretations did not have a material effect on its financial statements when first adopted.

5. New standards and interpretations which have been issued but are not yet effective

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet:

- IFRS 9 "Financial Instruments"

  The new standard was published on November 12th 2009 and represents the first step made by the IASB towards replacing IAS 39 "Financial Instruments: Recognition and Measurement". After it was published, the standard continued to be worked on and was partially changed. The new standard will take effect on January 1st 2015.

- IFRS 10 "Consolidated Financial Statements"

  The new standard was published on May 12th 2011 and is to replace SIC 12 "Consolidation – Special Purpose Entities" and certain provisions of IAS 27 "Consolidated and Separate Financial Statements". The standard defines control as the factor determining whether an entity should be included in the consolidated financial statements and provides guidance to determine whether or not an entity exercises control. The new standard will take effect on January 1st 2014.

- IFRS 11 "Joint Arrangements"

  The new standard was published on May 12th 2011 and is to replace SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" and IAS 31 "Interests in Joint Ventures". The standard focuses on rights and obligations arising from a joint arrangement, irrespective of its legal form, and eliminates reporting inconsistencies by defining the methods of accounting for shares in jointly controlled entities. The new standard will take effect on January 1st 2014.

- IFRS 12 "Disclosure of Interests in Other Entities"

  The new standard was published on May 12th 2011 and contains the requirements concerning disclosures on relationships between entities. The new standard will take effect on January 1st 2014.

- IFRS 13 "Fair Value Measurement"

  The new standard was published on May 12th 2011 and is designed to facilitate the application of fair value measurement by reducing the complexity of methods applied and enhancing consistency in the application of fair value measurement policies. The standard clearly defines the purpose of such valuation and clarifies the definition of fair value measurement. The Group will apply the new standard as of January 1st 2013.

- IAS 27 "Separate Financial Statements"

  The new standard was published on May 12th 2011, mainly due to the fact that certain provisions of the previous IAS 27 had been transferred to the new IFRS 10 and IFRS 11. The standard contains requirements concerning the presentation and disclosures of investments in associates, subsidiaries and joint ventures in the separate financial statements. The standard will replace the existing IAS 27 "Consolidated and Separate Financial Statements". The new standard will take effect on January 1st 2014.

- IAS 28 "Investments in Associates and Joint Ventures"

  The new standard was published on May 12th 2011 and concerns accounting for investments in associates. The standard also defines the requirements for the application of the equity method to investments in associates and joint ventures. The standard will replace the existing IAS 28 "Investments in Associates". The new standard will take effect on January 1st 2014.

- Amendments to IAS 19 "Employee Benefits"

  Amendments to IAS 19 were published on June 16th 2011 and are effective for annual periods beginning on or after January 1st 2013. The amendments eliminate the so-called corridor approach which enabled deferred recognition of gains and losses. The amendments also enhance the presentation of balance-sheet changes resulting from employee benefit plans and the necessary estimates presented under other comprehensive income, as well as extend the scope of required related disclosures. The Group will apply the amended standard as of January 1st 2013.

- Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

  Amendments to IAS 1 were published on June 16th 2011 and are effective for annual periods beginning on or after January 1st 2012. The amendments concern grouping of other comprehensive income items which could be reclassified to the income statement. The amendments also confirm the option of presentation of other comprehensive income items and income statement items as one or two separate statements. The Group will apply the amended standard as of January 1st 2013.

- Amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities"

  Amendments to IFRS 7 were published on December 16th 2011 and are effective for annual periods beginning on or after January 1st 2013. The amendments do not change the general policies for offsetting financial assets and liabilities, but extend the scope of disclosures required to be made in relation to the amounts being offset. The amendments also introduced a requirement of more extensive (more transparent) disclosures related to credit risk management processes relying on security interests (pledges) received or provided. The Group will apply the amended standard as of January 1st 2013.

- Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

  Amendments to IAS 32 were published on December 16th 2011 and are effective for annual periods beginning on or after January 1st 2014. The amendments were made in response to the inconsistencies in the application of offsetting criteria provided for in IAS 32. The Group will apply the amended standard as of January 1st 2013.

- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

  IFRIC 20 was issued on October 19th 2011 and is effective for annual periods beginning on or after January 1st 2013. The interpretation provides guidance on the recognition of the costs of removing overburden material to access mineral reserve deposits incurred by surface mine operations. The amendments will not affect the Group's financial statements.

- Amendments to IFRS 1

  Amendments to IFRS 1 were published on March 13th 2012 and are effective for annual periods beginning on or after January 1st 2013. The amendments are designed to exempt an entity adopting the IFRS for the first time from the full retrospective application of all of the IFRS if such entity uses government loans bearing interest at a rate lower than market rates. The Group will apply the amended standard as of January 1st 2013.

- Amendments to various standards as part of IFRS Annual Improvements 2009-2011

  On May 17th 2012, further amendments to seven standards were released, following from the draft of proposed amendments to IFRSs published in June 2011. They are effective mostly for annual periods beginning on or after January 1st 2013 (depending on which IFRS an amendment applies to).

- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

  The guidance was published on June 28th 2012 and contains additional information on the application of IFRS 10, IFRS 11 and IFRS 12, including on the presentation of comparative data in the case of first-time adoption of the standards. The Group will apply the amendments as of the date of their endorsement by the EU.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

  The guidance was published on October 31st 2012 and provides for different rules for the application of IFRS 10 and IFRS 12 in the case of investment fund entities.

The Group will apply the amended provisions of the standards as of January 1st 2013, unless a different effective date for the amended provisions is provided. When first adopted, the amended standards will have no material effect on the Group's financial statements.

The Group did not opt for early application the above standards, amendments, and interpretations.

6. Standards adopted by the International Financial Reporting Standards Board but not yet endorsed by the European Union

- IFRS 9 "Financial Instruments", published on November 12th 2009 (as amended);
- Amendments to IFRS 1, published on March 13th 2012;
- Amendments to various standards as part of IFRS Annual Improvements 2009-2011, published on May 17th 2012;
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12), published on June 28th 2012;

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27).

7. Material judgements and estimates

7.1. Professional judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the financial statements contain only relevant and reliable information and that they:

- give a clear, true and fair view of the Group's assets, its financial standing, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

The Group makes estimates and assumptions which affect the amounts of assets and liabilities disclosed in the subsequent period. The estimates and assumptions are subject to ongoing review and are based on past experiences and other factors, including expectations as to future events, which seem justified in a given situation.

The subjective judgements made as at December 31st 2012 and details regarding estimates and judgements are presented in Note 7.2.

7.2. Estimation uncertainty

As many items presented in the financial statements cannot be measured accurately, certain estimates need to be made by the Group in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account the changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2012 may be changed if their underlying assumptions are changed or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

Note		Type of disclosure
9.7.1	Impairment losses on receivables	Main assumptions underlying the computation of recoverable amount
9.4 and 9.5	Useful lives of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at the end of each reporting period or more frequently.
9.12.1	Accruals and deferred income	Assumptions underlying the liability amount estimates

8. Changes in estimates

In the period covered by these financial statements, there were no changes in estimates other than changes in accruals and deferred income and impairment losses on receivables, as discussed in Notes 13.2.1 and 15.1.1.

9. Material accounting policies

9.1. Consolidation rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the year ended December 31st 2012 and December 31st 2011 (in the case of the statement of comprehensive income and the statement of cash flows) and as at December 31st 2012 and December 31st 2011 (in the case of the statement of financial position and the statement of changes in equity). Two subsidiaries, IPOPEMA Business Services Kft. ("IBS") and IPOPEMA Outsourcing Sp. z o.o., were excluded from consolidation for 2012 and 2011 (IBS) due to immateriality of its financial data in relation to the Group's financial data.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the Parent, using consistently applied accounting policies and with the same accounting policies applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies.

Any balances and transactions of significant value between the Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealised losses were eliminated unless they were evidence of impairment.

Subsidiaries are consolidated from the date the Group assumes control over them, and cease to be consolidated from the date such control is lost. The Parent exercises control over a subsidiary if it holds, directly or indirectly through subsidiaries, more than half of voting rights in a given company, unless it is possible to demonstrate that the ownership of more than half of the voting rights does not constitute control. Control is exercised also when the Company has the power to direct the financial and operating policies of an entity.

9.2. Correction of errors

No corrections of errors have been made in these financial statements.

9.3. Translation of foreign-currency items

Transactions in currencies other than the Polish złoty are accounted for as at the transaction date, using the following exchange rates:

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,

2) the mid-exchange rate quoted for a given currency by the National Bank of Poland (the “NBP”) on the day preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

As at the end of the reporting period, monetary assets and liabilities denominated in currencies other than the Polish złoty are translated into the złoty at the mid-exchange rate quoted by the NBP for a given currency, in effect at the end of the reporting period. Currency translation differences are recognised in finance income or expenses, as appropriate.

The following exchange rates were applied for the purposes of balance-sheet valuation:

Currency	Dec 31 2012	Dec 31 2011
USD	3.0996	3.4174
EUR	4.0882	4.4168
HUF 100	1.3977	1.4196
GBP	5.0119	5.2691
UAH	0.3825	0.4255
CZK	0.1630	0.1711
CHF	3.3868	3.6333
TRY	1.7357	1.7835
INR 100	5.6681	6.4100

Source: National Bank of Poland.

9.4. Property, plant and equipment

Property, plant and equipment are disclosed at cost less depreciation charges and impairment losses, if any. Property, plant and equipment are initially disclosed at cost plus any costs directly related to the purchase of the assets and bringing them to appropriate condition for their intended use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred if relevant recognition criteria are fulfilled. Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the consolidated statement of comprehensive income when incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.

Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives, which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

Depreciation/amortisation is charged using the straight-line method over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Group are presented in the table below:

Type of asset	Depreciation rate
Plant and equipment	10%
Office equipment	20%
Computers	30%
Leasehold improvements	10% - 95%
Intangible assets	20% - 50%

If during the preparation of financial statements any circumstances are identified indicating that the carrying amount of an asset may not be recoverable, such asset is tested for impairment. If there is indication of impairment and the carrying amount of an asset exceeds its estimated recoverable amount, then the carrying amount of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value in use. To calculate the value in use, the Group discounts the expected future cash flows to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are recognised in the consolidated statement of comprehensive income under other expenses.

Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their further use. Gains or losses arising on derecognition of a given asset from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying amount of the asset) are posted to the consolidated statement of comprehensive income in the period when the item was derecognised.

Residual values, useful lives and methods of depreciation (amortisation) of assets are reviewed and, if necessary, adjusted at the end of each financial year.

9.5. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

The amortisation periods of intangible assets range from two to five years, depending on the type of an asset.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at each financial year-end or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates. The Group does not carry any intangible assets with indefinite useful lives. Consequently, all intangible assets are amortised.

9.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are classified by the Group into the following categories:

Financial assets

- financial assets at fair value through profit or loss (including financial instruments held for trading),
- loans and receivables,
- financial instruments held to maturity,
- financial instruments available for sale.

Financial liabilities

- financial liabilities at fair value through profit or loss (including financial instruments held for trading),
- financial liabilities at amortised cost.

The Group classifies each financial instrument into a given category upon initial recognition.

Financial instruments and financial liabilities measured at fair value through profit or loss

A financial asset is designated as held for trading if it is acquired principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is a pattern of short-term profit-taking, or if it is a derivative with positive fair value.

The Group designates a financial asset/liability as measured at fair value through profit or loss if:

- it is classified as held for trading (i.e. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or it is a derivative (except for a derivative that is designated as an effective hedging instrument),
- it was designated as measured at fair value through profit or loss on initial recognition.

As far as the Group is concerned, the category includes primarily equity instruments acquired for resale in the near term. They comprise shares and derivatives traded on the Warsaw Stock Exchange and the Budapest Stock Exchange as well as FX swap and forward contracts. The Group does not apply hedge accounting.

Financial liabilities other than held for trading may be designated by the Group upon initial recognition as financial liabilities measured at fair value through profit or loss if:

- the designation will eliminate or significantly reduce a measurement or recognition inconsistency; or
- a group of financial assets or liabilities or both is managed and its performance is measured on a fair value basis in accordance with a documented risk management or investment strategy applied by the Group, whereunder information regarding asset grouping is exchanged internally; or
- they constitute part of a contract with one or more embedded derivatives, and IAS 39 permits that the entire contract (an asset or a liability) be designated as at fair value through profit or loss.

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial assets are carried at cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount or other assets received.

Financial instruments held for trading are measured at fair value as at each reporting date, and any resultant gains or losses are disclosed under revenue or costs related to financial instruments held for trading.

Financial derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the FX swap/forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the balance-sheet date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market inputs as at the valuation date (balance-sheet date). Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Other holdings of financial instruments held for trading comprise shares listed on the Warsaw and Budapest Stock Exchanges. For the purpose of the measurement, the Group takes into account closing prices quoted by the Warsaw Stock Exchange (WSE) and Budapest Stock Exchange (BSE) on the last business day of the financial year.

Financial instruments held to maturity

Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturities that the Group intends and is able to hold to maturity.

As at each reporting date, financial assets held to maturity are measured at amortised cost, using the effective interest rate.

As at the end of the reporting period and the comparative period, the Group did not have any financial instruments held to maturity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms, not traded on an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less impairment losses. Interest income is recognised at the effective interest rate, save for current receivables where recognition of interest income would be immaterial. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. They include mainly trade receivables, bank deposits, cash equivalents, loans, and acquired unlisted debt securities, not classified to other categories.

Loans advanced to IPOPEMA Securities' employees and business partners are classified under “Loans advanced”. Since loans may be amortised after the repayment date, the Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance expenses. Loans advanced to a non-consolidated subsidiary are also recognised under this item.

Loans and receivables further include cash held mainly in bank deposits, trade receivables described in Note 9.7, as well as receivables on lease of items of property, plant and equipment and intangible assets to IPOPEMA Business Services (the lease meets the finance lease criteria). The lease receivables amounted to PLN 272 thousand as at December 31st 2012 (December 31st 2011: PLN 393 thousand), and included non-current receivables of PLN 145 thousand (December 31st 2011: PLN 272 thousand).

Financial instruments available for sale

Financial instruments available for sale are those non-derivative financial instruments which are designated as available for sale or are not classified into any of the other categories.

Financial assets available for sale include mainly investment certificates, investment fund units, and government bonds acquired in order to invest cash surplus, other than investment certificates which have been designated as financial assets at fair value through profit or loss since the Group intends to sell them in the near term.

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) are recognised under other comprehensive income. In the case of bonds, the gain or loss to be recognised under other comprehensive income comprises the difference between the measurement-date fair value of the assets less interest accrued up until that date at the contractual interest rate, and the value of the assets at adjusted cost.

Acquisition and sale of financial instruments available for sale are recognised as at the transaction date. On initial recognition, they are measured at fair value, including the transaction costs.

Shares in subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units are recognised at fair value, based on the net value per certificate as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income.

Financial liabilities measured at amortised cost

Other financial liabilities, including borrowings, are initially measured at fair value less transaction costs and then at amortised cost (interest expense is measured using the effective cost method). The effective interest rate method is a method of calculating the amortised cost of a liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that effectively discounts estimated future cash payments over the expected life of a given liability or, when appropriate, a shorter period.

The Group derecognises a financial liability when, and only when, the Group’s obligation specified in the contract is discharged or cancelled or expires.

9.7. Receivables

9.7.1. Current receivables

Current receivables include all receivables from clients, non-consolidated related entities, banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, as well as all or part of receivables related to other items, which are not classified as financial assets, in each case maturing within 12 months from the end of the reporting period.

Receivables are initially recognised at nominal value and then measured at amounts due as at the end of the reporting period. The amount of receivables is subsequently decreased by impairment losses. Receivables are remeasured to account for the probability of their payment and impairment losses are recognised where necessary. The Group recognises impairment losses if there is objective evidence that it will not be able to recover all the amounts due in line with the original contractual terms.

Impairment losses are recognised in particular for:

- receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised,
- receivables past due by more than 1 year - impairment loss of 100% of the receivables amount is recognised.

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that there is considerable risk that the full amount of a receivable may not be recovered. Such impairment losses were recognised on loans and trade receivables.

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses increase other income in the consolidated statement of comprehensive income.

Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses

Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses arise in connection with the executed transactions of purchase and sale of securities which have not yet been cleared at the clearing houses due to the transaction settlement procedure (T+3). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and brokerage houses (parties to the market transactions)* and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, in the case of transactions executed on the WSE in 2012 KDPW CCP (the clearing agent) assumed the rights and obligations of the parties to the market transactions.*

9.7.2. Non-current receivables

Non-current receivables are receivables whose terms to maturity are longer than 12 months from the end of the reporting period.

9.8. Impairment losses

As at the end of each reporting period the Group evaluates whether there is any indication of impairment of an asset. Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

The following indication of possible impairment of an asset may be identified:

- impairment of the market value of an asset during the period is much higher than it might have been expected as a result of passage of time and normal use,
- significant technological, market, economic or legal changes, unfavourable for the Group, have occurred during the reporting period or are likely to occur in the near future in the Group's operating environment or on the markets for which the asset is intended,
- market interest rates or other market rates of return on investment have increased during the period and the increase is likely to affect the discount rate applied to calculate the value in use of the asset and decrease its recoverable amount,
- the carrying amount of the Group's net assets is higher than their market capitalisation value,
- evidence exists for impairment of usefulness of an asset or physical damage to an asset,
- significant changes, unfavourable for the Group, in the current or expected scope or manner of use of an asset have occurred during the period or are likely to occur in the near future,
- there is evidence, originating from internal reporting, for poorer than expected, current or future, economic performance of an asset.

9.9. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and at banks, as well as short-term deposits, with original terms to maturity not exceeding three months, together with any interest accrued for the period.

The balance of cash and cash equivalents shown in the consolidated statement of cash flows comprises the same cash and cash equivalent items.

9.10. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Other items of capital include: statutory reserve funds, revaluation capital reserve and other capital reserves.

The statutory reserve funds comprise share premium, that is the amount of issue proceeds in excess of the par value of the issued shares, less the share issue costs.

Other capital reserves include revaluation capital reserve and other capital reserves created in connection with the implementation of incentive schemes and dilution of shares.

Retained earnings comprise: statutory reserve funds created out of retained earnings, capital reserve, the aggregate capital adjustments resulting from the changes in accounting policies at the time of transition to IAS/IFRS, retained earnings or deficit (accumulated profits/losses brought forward), and net profit (loss) for the current reporting period.

The Parent is a brokerage house and as such it is obliged to meet the capital adequacy requirements set forth in the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals. The Company's regulatory capital is the sum of Tier 1 (core) capital and Tier 2 (supplementary) capital (explained below), less the value of shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions, as well as subordinated loans granted to such institutions, which are included in their respective capitals.

The core capital established for the purpose of computing regulatory capital, comprises:

– share capital and statutory reserve funds,
– other capital reserves,
– other items of core capital, i.e. retained earnings and current period's profit (loss),
– items reducing core capital, i.e. called-up capital not paid, treasury shares held by the brokerage house (measured at cost less impairment losses), goodwill, intangible assets other than goodwill, retained deficit (including retained deficit pending approval) and loss for the current period.

Tier 2 (supplementary) capital of the brokerage house comprises:

– revaluation capital reserve created under other regulations,
– subordinated liabilities with original terms to maturity of five years or more, in the amount which is reduced at the end of each of the last five years of the agreement term by 20%,
– liabilities under securities with unspecified maturity and other financial instruments with unspecified maturity.

Capital adequacy requirements on the consolidated basis were met in the current and in the previous year. In 2012, the Company reported an intended instance of not meeting the capital adequacy requirements on a separate basis. For more detailed information on the instance of not meeting the capital adequacy requirements see Note 14.4.

9.11. Liabilities

9.11.1. Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at amounts payable.

Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the National Depository for Securities and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Current liabilities also include overdrafts, measured as described in Note 9.6 above.

The recognition of current liabilities under executed transactions is discussed in Note 9.7.1 above.

9.11.2. Non-current liabilities

Non-current liabilities are liabilities which are payable within more than 12 months from the end of the reporting period.

9.12. Provisions, accruals and deferred income

9.12.1. Accruals and deferred income

Accruals comprise liabilities in respect of goods or services which have been provided or rendered but have not been paid for, invoiced or formally agreed with the supplier, including amounts due to employees.

While in certain situations it is necessary to make an estimate of the amount or payment date for an item of accruals and deferred income, in general the degree of uncertainty is much smaller than in the case of provisions. The items recognised by the Group under accruals and deferred income include in particular: settlements relating to employee holidays or bonuses, as well as costs incurred but not invoiced or settled as at the balance-sheet date.

9.12.2. Provisions

Provisions are recognised if the Group has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the Group anticipates that the costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, but only when is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income after reduction by the amount of any recoveries.

In the statement of financial position, provisions are presented broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (whether within 12 months or more than 12 months from the end of the reporting period).

9.13. Accrual basis of accounting and matching principle

In determining its net profit (loss), the Group takes into account all revenues and related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Costs attributable to a given reporting period which are yet to be incurred are recognised as liabilities (under accruals and deferred income).

9.14. Revenue from core activities

Revenue includes only inflows of economic benefits, on a gross basis, received or receivable by a business entity for its own account.

Revenue is recognised to the extent it is probable that the Group will obtain economic benefits from a given transaction and the amount of revenue can be reliably measured. Revenue is recognised net of value added tax. The amount of revenue is measured at fair value of the consideration received or receivable.

If a service consists of an indeterminable number of activities performed over a specified period of time, then due to practical reasons revenue is recognised using the straight-line method (evenly) over the course of that period.

The Group's main sources of revenue are revenue from transactions in securities executed for clients and revenue from investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges relating to the creation of individual funds and issuance of investment certificates of the funds, revenue from asset management and consultancy services in the area of corporate strategy and operations, as well as from IT consultancy services.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed by institutional clients on the equity market of the Warsaw and Budapest Stock Exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction. Revenue from advisory services is recorded in line with the progress of work under an advisory mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

9.15. Gain (loss) on transactions in financial instruments

9.15.1. Gain (loss) on transactions in financial instruments held for trading

Gain (loss) on transactions in financial instruments held for trading includes dividends and other distributions from profit, interest, valuation adjustments and gain on sale/redemption. Costs related to financial instruments held for trading include valuation adjustments and loss on sale/redemption.

9.15.2. Gain (loss) on transactions in financial instruments available for sale

Gain (loss) on transactions in financial instruments available for sale includes dividends and other distributions from profit, interest, impairment losses, amortisation of discount on debt securities, and gain on sale/redemption. Costs related to financial instruments available for sale include impairment losses and loss on sale/redemption.

9.16. Share-based payments

Equity-settled share-based payments to employees and other persons providing similar services are measured at the fair value of equity instruments as at the grant date.

The fair value of equity-settled share-based payments measured as at the grant date is recognised as an expense with the straight-line method during the vesting period, based on the Group's estimates regarding equity instruments to be vested. At the end of each reporting period the Group revises its estimates of the number of equity instruments to be granted. The impact of such revision, if any, is recognised in the statement of comprehensive income over the remaining grant period, with relevant adjustments made to employee benefit liabilities related to equity-settled employee benefits.

9.17. Finance income and expenses

The Group's finance income includes interest on deposits, interest on loans advanced, other interest and foreign-exchange gains. Interest income is recognised in the statement of comprehensive income as it accrues.

The Group classifies as finance expenses in particular: borrowing costs, interest on borrowings, other interest, and foreign-exchange and financial transaction losses.

Foreign-exchange gains/losses on the collection or payment, as appropriate, and balance-sheet measurement of trade receivables and payables are posted to finance income or expenses.

Borrowing costs are measured at amortised cost.

The Group capitalises borrowing costs relating to borrowings obtained for periods exceeding 12 months. Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised. Capitalised borrowing costs are recognised in the periods to which they relate.

The Group does not incur borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

9.18. Corporate income tax

9.18.1. Current income tax

Current tax assets and current tax liabilities for the current period and for previous periods are measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the end of the reporting period.

9.18.2. Deferred income tax

For the purposes of financial reporting, the Group recognises deferred tax liabilities using the balance-sheet liability method in relation to all temporary differences recorded as at the end of the reporting period between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements.

Deferred tax liabilities are recognised in relation to all taxable temporary differences.

Deferred tax assets are recognised in relation to all deductible temporary differences and unused tax assets.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or reversal of particular liability, based on tax rates and fiscal regulations effective as at the end of the reporting period or tax rates and fiscal regulations which as at the end of the reporting period are certain to be effective in the future. The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

10. Net earnings per share

For each period, net earnings per share are computed as the quotient of the net profit attributable to the Parent for the period and the weighted average number of shares in the period.

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company, to the extent it was implemented. To date, 1,880,952 shares have been allocated to be subscribed for – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 62,384 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share. Given the low number of dilutive shares, the amounts of basic earnings per share and diluted earnings per share in the periods covered by these financial statements are similar.

	Dec 31 2012	Dec 31 2011
Number of shares	29,752,122	29,554,801
Weighted average number of shares	29,725,166	29,521,034
Diluted number of shares	29,787,550	29,754,097
Net earnings from continuing operations		
- basic	0.30	0.83
- diluted	0.30	0.82

11. Seasonality

The Group's operations are not subject to seasonality and the presented results do not show any material fluctuations during the year.

12. Operating segments

For management purposes, the Group is divided into separate segments based on types of products and services. The following reporting operating segments have been identified:

1) The segment of brokerage and related services, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (particularly equities) – where the Company acts as the coordinator, offering broker and financial adviser – M&A transactions and management buy-outs, as well as advisory mandates concerning the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The segment also includes advisory services related to corporate financial restructuring.
2) The segment of investment fund and portfolio management, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3) The segment of consultancy services, comprising services of IPOPEMA Business Consulting, which focuses on business and management consultancy, computer facilities management, computer consultancy and software-related activities.

Jan 1 2012 - Dec 31 2012	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	52,057	29,922	13,891	95,870	-	95,870
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	- 53	- 1,544	- 163	- 1,760	-	- 1,760
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	**52,004**	**28,378**	**13,728**	**94,110**	**-**	**94,110**
Segment's costs						
Segment's costs – purchases from external suppliers	- 43,186	- 27,880	- 11,714	- 82,780	-	- 82,780
Segment's costs – intersegment sales	-	-	-	-	-	-
Consolidation eliminations	159	2,367	196	2,722	-	2,722
Segment's total costs	**- 43,027**	**- 25,513**	**- 11,518**	**- 80,058**	**-**	**- 80,058**
Segment's profit (loss)	**8,977**	**2,865**	**2,210**	**14,052**	**-**	**14,052**
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance expenses	8,977	2,865	2,210	14,052	-	14,052
Interest income	1,179	178	1	1,358	-	1,358
Interest expenses	- 1,733	- 55	- 1	- 1,789	-	- 1,789
Other net finance income/expenses	786	1,954	- 134	2,606	-	2,606
Other income/expenses	324	66	70	460	-	460
Consolidation eliminations	- 4,953	- 700	-	- 5,653	-	- 5,653
Profit (loss) before tax and non-controlling interests	**4,580**	**4,308**	**2,146**	**11,034**	**-**	**11,034**
Income tax	1,004	- 304	448	1,148	-	1,148
Consolidation eliminations	-	-	-	-	-	-
Total corporate income tax	1,004	- 304	448	1,148	-	1,148
Net profit (loss) for the financial year	**3,576**	**4,612**	**1,698**	**9,886**	**-**	**9,886**
Net profit for the period (excluding costs of incentive scheme)	***3,680***	***4,612***	***1,698***	***9,991***	***-***	***9,990***

Assets and liabilities as at Dec 31 2012						
Segment's assets	761,998	22,320	8,731	793,049	-	793,049
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**761,998**	**22,320**	**8,731**	**793,049**	**-**	**793,049**
Segment's liabilities	704,373	3,040	2,427	709,840	-	709,840
Accruals and deferred income	5,143	2,837	-	7,980	-	7,980
Segment's net profit (loss)	3,576	4,612	1,698	9,886	-	9,886
Equity	54,120	8,536	- 470	62,186	-	62,186
Non-controlling interests	-	-	3,157	3,157	-	3,157
Total equity and liabilities	**767,212**	**19,025**	**6,812**	**793,049**	**-**	**793,049**
Other segment-related data for period Jan 1–Dec 31 2012					,	
Capital expenditure, including:	3,370	664	66	4,100	-	4,100
Property, plant and equipment	2,435	137	47	2,619	-	2,619
Intangible assets	935	527	19	1,481	-	1,481
Depreciation of property, plant and equipment	482	629	48	1,159	-	1,159
Amortisation of intangible assets	671	57	15	743	-	743
Impairment losses	-	41	-	41	-	41
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. mainly Hungary and the Czech Republic) does not exceed 3% of total revenue (PLN 2,659 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

Jan 1 2011 - Dec 31 2011	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	72,427	22,550	17,530	112,507	-	112,507
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	-	- 92	- 77	- 169	-	- 169
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	**72,427**	**22,458**	**17,453**	**112,338**	**-**	**112,338**
Segment's costs						
Segment's costs – purchases from external suppliers	- 51,325	- 18,439	- 13,675	- 83,439	-	- 83,439
Segment's costs – intersegment purchases	-	-	-	-	-	-
Consolidation eliminations	101	198	-	299	-	299
Segment's total costs	**- 51,224**	**- 18,241**	**- 13,675**	**- 83,140**	**-**	**- 83,140**
Segment's profit (loss)	**21,203**	**4,217**	**3,778**	**29,198**	**-**	**29,198**
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance expenses	21,203	4,217	3,778	29,198	-	29,198
Interest income	1,289	173	12	1,474	-	1,474
Interest expenses	- 1,137	- 2	-	- 1,139	-	- 1,139
Other net finance income/expenses	- 2,060	788	153	- 1,119	-	- 1,119
Other income/expenses	4,142	- 180	-	3,962	-	3,962
Consolidation eliminations	- 481	- 188	-	- 669	-	- 669
Profit (loss) before tax and non-controlling interests	**22,956**	**4,808**	**3,943**	**31,707**	**-**	**31,707**
Income tax	- 3,876	- 954	- 756	- 5,586	-	- 5,586
Consolidation eliminations	-	- 3	-	- 3	-	- 3
Total corporate income tax	3,876	957	756	5,589	-	5,589
Net profit (loss) for the financial year	**19,080**	**3,851**	**3,187**	**26,118**	**-**	**26,118**
Net profit for the period (excluding costs of incentive scheme)	***19,242***	***3,851***	***3,187***	***26,280***	**-**	***26,280***

Assets and liabilities as at Dec 31 2011						
Segment's assets	600,596	20,334	10,245	631,175	-	631,175
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**600,596**	**20,334**	**10,245**	**631,175**	**-**	**631,175**
Segment's liabilities	535,266	1,993	3,389	540,648	-	540,648
Accruals and deferred income	6,715	2,843	-	9,558	-	9,558
Segment's net profit (loss)	19,080	3,851	3,187	26,118	-	26,118
Equity	49,423	4,829	- 2,825	51,427	-	51,427
Non-controlling interests	-	-	3,424	3,424	-	3,424
Total equity and liabilities	**610,484**	**13,516**	**7,175**	**631,175**	**-**	**631,175**
Other segment-related data for period Jan 1–Dec 31 2011					,	
Capital expenditure, including:	1,209	821	76	2,106	-	2,106
Property, plant and equipment	536	550	55	1,141	-	1,141
Intangible assets	673	271	21	965	-	965
Depreciation of property, plant and equipment	488	157	60	705	-	705
Amortisation of intangible assets	569	19	22	610	-	610
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. Hungary) does not exceed 5% of total revenue (PLN 4,962 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

13. Notes to the statement of financial position – assets

13.1. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following items:

	Dec 31 2012	Dec 31 2011
Cash in hand	8	15
Cash at banks	21,986	40,179
Other cash (short-term deposits)	228,696	56,206
Cash equivalents	4,091	4,091
Total cash	**254,781**	**100,491**
Including cash in hand and cash at banks attributed to discontinued operations	-	-

	Dec 31 2012	Dec 31 2011
Cash in PLN	238,243	82,102
Cash in EUR	15,236	16,124
Cash in USD	439	321
Cash in HUF	660	1,925
Cash in other currencies	203	19
Total cash	**254,781**	**100,491**

	Dec 31 2012	Dec 31 2011
Cash and other assets	36,381	54,716
Cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	218,400	45,775
Cash and other assets transferred from the settlement guarantee fund	-	-
Total cash	**254,781**	**100,491**

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for various periods, ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates. Short-term deposits are presented under other cash. Deposits maturing in more than three months are presented under other cash.

Clients' cash deposited in the Parent's bank account, in the amount of PLN 218,400 thousand as at December 31st 2012, and PLN 45,775 thousand as at December 31st 2011, is also disclosed under other cash.

Cash at banks bears interest at fixed or variable rates based on the rates applicable to overnight bank deposits.

13.2. Receivables

As at December 31st 2012, current receivables amounted to PLN 518,522 thousand (PLN 512,901 thousand as at December 31 2011).

Current receivables		Dec 31 2012	Dec 31 2011
1.	From clients / trade receivables	156,560	212,713
a)	under deferred payment dates	-	-
b)	under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c)	From clients under executed transactions	151,661	202,447
	- transactions on the Warsaw Stock Exchange	144,546	186,526
	- transactions on the Budapest Stock Exchange	479	15,921
	- transactions on the Vienna Stock Exchange	1,419	-
	- other	5,217	-
d)	other	4,899	10,266
2.	From related entities	832	1,213
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	305,805	251,990
a)	under transactions	305,188	251,990
	- transactions on the Warsaw Stock Exchange*	289,547	246,585
	- transactions on the Budapest Stock Exchange	15,641	5,405
	- transactions on over-the-counter market	-	-
b)	other	617	-
4.	From entities operating regulated markets and commodity exchanges	-	-
5.	From the National Depository for Securities and exchange clearing houses	45,129	42,476
	- from the settlement guarantee fund	45,129	42,476
6.	From investment and pension fund companies and from investment and pension funds	6,727	3,577
7.	From issuers of securities or selling shareholders	-	-
8.	From commercial chamber	-	-
9.	Taxes, subsidies and social security receivable	24	249
10.	Under court proceedings, not covered by recognised impairment losses on receivables	-	-
11.	Other	3,445	683
Total current receivables		**518,522**	**512,901**

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, the following balance-sheet items:*

- *current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*
- *current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*

where they relate to transactions executed on the WSE in 2012, include receivables from or liabilities to, as appropriate, KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the clearing house. In the case of buy trades executed on a stock exchange on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities and brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on a stock exchange on behalf of clients whose accounts are maintained by custodian banks, the Group recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

Impairment losses reduce the carrying amount of the impaired receivables.

Gross current receivables by currency	Dec 31 2012	Dec 31 2011
a) in PLN	499,596	493,018
b) in other currencies (translated into PLN)	19,278	21,587
Total gross current receivables	**518,874**	**514,605**

13.2.1. Receivables by maturity

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2012	Dec 31 2011
a) up to 1 month	509,918	507,418
b) over 1 month to 3 months	737	1,839
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	1,434	372
e) over 5 years	-	-
f) past due	8,219	5,348
Total gross receivables	**520,308**	**514,977**
g) impairment losses on receivables (negative value)	- 352	- 1,704
Total net receivables	**519,956**	**513,273**

Gross past due receivables by period of delay:	Dec 31 2012	Dec 31 2011
a) up to 1 month	5,636	1,739
b) over 1 month to 3 months	1,009	707
c) over 3 months to 1 year	873	1,211
d) over 1 year to 5 years	701	1,691
e) over 5 years	-	-
Total gross receivables	**8,219**	**5,348**
g) impairment losses on receivables (negative value)	- 352	- 1,704
Total net receivables	**7,867**	**3,644**

13.3. Current prepayments and accrued income

	Dec 31 2012	Dec 31 2011
a) prepayments, including:	750	880
cost of information service	55	28
administrative costs and expenses of funds	161	398
input VAT to be settled in 2012/2011	21	84
membership fees	30	27
expenses to be re-invoiced	109	132
other	374	211
b) other prepayments and accrued income, including:	-	-
revenue to be invoiced in subsequent period	-	-
Total prepayments and accrued income	**750**	**880**

13.4. Financial instruments held for trading

	Dec 31 2012	Dec 31 2011
- equities	292	1,293
- derivative instruments (FX swaps, forwards)	38	228
Total financial instruments held for trading	**330**	**1,521**

All financial instruments held for trading by the Group as at December 31st 2012 and as at December 31st 2011 are traded in PLN and were acquired in PLN, save for the FX swap and forward contracts.

The value of financial instruments held for trading at cost was PLN 292 thousand as at December 31st 2012, compared with PLN 1,316 thousand as at December 31st 2011. Impairment losses on financial instruments held for trading as at the end of the reporting periods were, respectively, PLN 0 thousand and PLN -22 thousand.

13.5. Financial instruments available for sale

As at December 31st 2012, the value of financial instruments available for sale held by the Group amounted to PLN 5,682 thousand, compared with PLN 6,016 thousand as at December 31st 2011. As at December 31st 2012, the financial instruments available for sale include investment certificates and investment fund units of PLN 3,500 thousand (December 31st 2011: PLN 3,894 thousand), government bonds of PLN 2,159 thousand (December 31st 2011: PLN 2,115), and shares in non-consolidated subsidiaries in the amount of PLN 23 thousand (December 31st 2011: PLN 7 thousand).

Shares in non-consolidated subsidiaries are not traded on an active market. They are measured at cost less impairment losses. In 2012 and 2011, no impairment losses were recognised on financial instruments available for sale.

13.6. Property, plant and equipment

As at December 31st 2012

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	**-**	**1,327**	**4,157**	**-**	**1,043**	**33**	**6,560**
b) Increase, including:	**-**	**20**	**343**	**805**	**34**	**2,222**	**3,424**
- purchase	-	20	343	-	34	2,222*	**2,619**
- transfer from investments		-	-	-	-	-	
- accepted under a lease	-	-	-	805	-	-	**805**
c) decrease:	**-**	**-**	**230**	**-**	**-**	**-**	**230**
- liquidation	-	-	230	-	-	-	**230**
- reclassification to another category		-		-	-	-	**-**
d) gross value of property, plant and equipment at end of the period	**-**	**1,347**	**4,270**	**805**	**1,077**	**2,255**	**9,754**
e) accumulated depreciation at beginning of the period	**-**	**972**	**2,505**	**-**	**649**	**-**	**4,126**
f) Depreciation for period, including:	**-**	**256**	**372**	**88**	**229**	**-**	**945**
- annual depreciation charge	-	256	586	88	229	-	**1,159**
- expansion of the Group		-	-	-	-	-	**-**
- liquidation	**-**	**-**	**-214**	**-**	**-**	**-**	**-214**
g) accumulated depreciation at end of the period	**-**	**1,228**	**2,877**	**88**	**878**	**-**	**5,071**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**41**	**-**	**-**	**-**	**-**	**41**
j) Net value of property, plant and equipment at beginning of the period	**-**	**355**	**1,652**	**-**	**394**	**33**	**2,434**
k) Net value of property, plant and equipment at end of the period	**-**	**78**	**1,393**	**717**	**199**	**2,255**	**4,642**

** Purchase of property, plant and equipment under construction in 2012 refers mainly to expenditure on assets incurred in connection with the relocation of the Company's registered office. Since January 21st 2013, the registered office has been located at ul. Próżna 9 in Warsaw.*

As at December 31st 2011

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	**-**	**86**	**3,144**	**-**	**455**	**2**	**3,687**
b) Increase, including:	**-**	**1,241**	**1,013**	**-**	**588**	**33**	**2,875**
- purchase	-	-	877	-	203	33	**1,114**
- transfer from investments		22	3	-	-	-	**25**
- expansion of the Group	-	1,219	133	-	385	-	**1,737**
c) decrease:	**-**	**-**	**-**	**-**	**-**	**2**	**2**
- liquidation	-	-	-	-	-	-	-
- reclassification to another category		-	-	-	-	2	**2**
d) gross value of property, plant and equipment at end of the period	**-**	**1,327**	**4,157**	**-**	**1,043**	**33**	**6,560**
e) accumulated depreciation at beginning of the period	**-**	**36**	**1,860**	**-**	**219**	**-**	**2,115**
f) Depreciation for period, including:	**-**	**936**	**645**	**-**	**430**	**-**	**2,011**
- annual depreciation	-	36	512	-	157	-	**705**
- expansion of the Group		900	133	-	273	-	**1,306**
- liquidation	**-**	**-**	**-**	**-**		**-**	**-**
g) accumulated depreciation at end of the period	**-**	**972**	**2,505**	**-**	**649**	**-**	**4,126**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning of the period	**-**	**50**	**1,284**	**-**	**236**	**2**	**1,572**
k) Net value of property, plant and equipment at end of the period	**-**	**355**	**1,652**	**-**	**394**	**33**	**2,434**

13.6.1. Impairment losses

In 2012, the Group recognised impairment losses on property, plant and equipment of PLN 41 thousand (2011: no impairment losses were recognised).

13.7. Intangible assets

As at December 31st 2012

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO_2 emission allowances	Other intangible assets/pre payments	TOTAL
a) Gross value of intangible assets at beginning of the period	**73**	**-**	**58**	**5,157**	**-**	**109**	**5,397**
b) Increase, including:	**-**	**-**	**19**	**1,040**	**-**	**483**	**1,542**
- purchase	-	-	19	1,040	-	483	1,542
- expansion of the Group	-	-	-	-	-	-	-
- completed development work	-	-	-	-	-	-	-
c) decrease:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) Gross value of intangible assets at end of the period	**73**	**-**	**77**	**6,197**	**-**	**592**	**6,939**
e) Accumulated amortisation at beginning of the period	**11**	**-**	**51**	**3,067**	**-**	**-**	**3,129**
f) amortisation for period:	**14**	**-**	**16**	**713**	**-**	**-**	**743**
- annual amortisation charge	14	-	16	713	-	-	743
- expansion of the Group	-	-	-	-	-	-	-
g) accumulated amortisation at end of the period	**25**	**-**	**67**	**3,780**	**-**	**-**	**3,872**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of the period	**62**	**-**	**7**	**2,090**	**-**	**109**	**2,268**
k) Net value of intangible assets at end of the period	**48**	**-**	**10**	**2,417**	**-**	**592**	**3,067**

As at December 31st 2011

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO_2 emission allowances	Other intangible assets/pre payments	TOTAL
a) Gross value of intangible assets at beginning of the period	**-**	**-**	**37**	**4,162**	**-**	**-**	**4,199**
b) Increase, including:	**73**	**-**	**21**	**995**	**-**	**109**	**1,198**
- purchase	-	-	21	767	-	109	897
- expansion of the Group	-	-	-	228	-	-	228
- completed development work	73	-	-	-	-	-	73
c) decrease:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) Gross value of intangible assets at end of the period	**73**	**-**	**58**	**5,157**	**-**	**109**	**5,397**
e) Accumulated amortisation at beginning of the period	**-**	**-**	**28**	**2,311**	**-**	**-**	**2,339**
f) Amortisation for period, including:	**11**	**-**	**23**	**756**	**-**	**-**	**790**
- annual amortisation charge	11	-	23	576	-	-	610
- expansion of the Group	-	-	-	180	-	-	180
g) accumulated amortisation at end of the period	**11**	**-**	**51**	**3,067**	**-**	**-**	**3,129**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of the period	**-**	**-**	**9**	**1,851**	**-**	**-**	**1,860**
k) Net value of intangible assets at end of the period	**62**	**-**	**7**	**2,090**	**-**	**109**	**2,268**

13.7.1. Purchases and sales

In 2012, the Group purchased intangible assets of PLN 1,542 thousand (2011: PLN 897 thousand). In 2012 and 2011, the Group did not sell any intangible assets.

In 2012, the Group recognised development work of PLN 62 thousand as intangible assets as at December 31st 2012 and December 31st 2011.

13.7.2. Impairment losses

In 2012 and 2011, the Group did not identify any impairment of its assets.

13.7.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under "Amortisation". Amortisation was PLN 743 thousand in 2012 (2011: PLN 610 thousand).

14. Notes to the statement of financial position – equity

14.1. Share capital

The financial data concerning the share capital are presented in the złoty.

As at December 31st 2012, the registered share capital was PLN 2,975,212.20 and comprised 29,752,122 shares.

As at December 31st 2011, the registered share capital was PLN 2,955,480.10 and comprised 29,554,801 shares.

Share capital (structure) – as at Dec 31 2012

Shareholder	Number of shares and votes at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA 10 FIZAN[1]	2,851,420	Shares fully paid up	285,142
OFE PZU Złota Jesień*	2,770,000	Shares fully paid up	277,000
PRE-IPO FIZAN[2]	2,188,370	Shares fully paid up	218,837
KL Lewandowska S.K.A.[3]	2,086,749	Shares fully paid up	208,675
JLK Lewandowski S.K.A.[4]	2,066,249	Shares fully paid up	206,625
JLS Lewandowski S.K.A.[4]	2,066,249	Shares fully paid up	206,625
Aviva OFE Aviva BZ WBK*	1,562,539	Shares fully paid up	156,254
Total shareholders holding over 5% of the share capital	**15,591,576**		**1,559,158**

** Based on notifications received by the Company from the shareholders.*
[1] The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.
[2] The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.
[3] Subsidiary of Katarzyna Lewandowska.
[4] Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

Share capital (structure) – as at Dec 31 2011

Shareholder	Number of shares and votes at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA 10 FIZAN[1]	2,851,420	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZAN[2]	2,188,370	Shares fully paid up	218,837
KL Lewandowska S.K.A.[3]	2,086,749	Shares fully paid up	208,675
JLK Lewandowski S.K.A.[4]	2,066,249	Shares fully paid up	206,625
JLS Lewandowski S.K.A.[4]	2,066,249	Shares fully paid up	206,625
PZU OFE *	2,251,346	Shares fully paid up	225,135
TFI Allianz Polska S.A.[5] **	1,922,383	Shares fully paid up	192,238
Total shareholders holding over 5% of the share capital	**15,432,766**		**1,543,277**

** Based on the annual report of OFE PZU Złota Jesień.*
*** Based on notifications received by the Company from the shareholders.*
1 The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.
2 The main investors in the Fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.
3 Subsidiary of Katarzyna Lewandowska.
4 Subsidiary of Jacek Lewandowski, President of the Company's Management Board.
5 Shares held by Allianz Platinium FIZ and Allianz FIO funds.

In 2012, the Company's share capital was increased by PLN 20 thousand through the issue of new Series C shares. As a result, as at December 31st 2012, the share capital was PLN 2,975 thousand (December 31st 2011: PLN 2,955 thousand) and comprised:

- 7,000,000 Series A ordinary bearer shares,
- 21,571,410 Series B ordinary bearer shares, and
- 1,180,712 Series C ordinary bearer shares.

The increase was a result of subscription for new Series C shares in February 2012. The shares were issued within the limit of conditional share capital for the purposes of the Company's Incentive Scheme (Note 17.1).

In February 2013, another pool of 185,714 shares was subscribed for under the Incentive Scheme.

In 2011, the Parent's share capital was increased by PLN 21 thousand through the issue of new ordinary shares with a par value of PLN 0.10 per share. As at December 31st 2011, the share capital was PLN 2,955 thousand and comprised:

- 7,000,000 Series A ordinary bearer shares,
- 21,571,410 Series B ordinary bearer shares, and
- 983,391 Series C ordinary bearer shares.

Share par value

The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Shareholder rights

Each share of each series (A, B and C) confers the right to one vote. Shares of all series carry the same rights with respect to dividend and return on equity. The shares are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

Sale of the Company shares by related parties

On April 12th 2011, sale transactions were executed involving Company shares. In the transactions, certain members of the Company's Management and Supervisory Boards, or persons related to them, sold in aggregate 3,190,951 IPOPEMA Securities shares. For details, see Current Report No. 11/2011 of April 12th 2011.

14.2. Other items of capital

Statutory reserve funds

Statutory reserve funds comprise share premium. The share premium reduced by the amount of the issue costs was PLN 9,441 thousand as at December 31st 2012. As at December 31st 2011, statutory reserve funds amounted to PLN 8,474 thousand.

Revaluation capital reserve from revaluation of financial assets available for sale

This item comprises effects of fair value measurement of financial assets available for sale. As at December 31st 2012, the revaluation capital reserve was PLN 570 thousand (December 31st 2011: PLN 716 thousand).

Other capital reserves

Other capital reserves have been created in connection with the Incentive Scheme and a change in the value of shares held in a subsidiary. As at December 31st 2012, other capital reserves amounted to PLN 2,831 thousand (December 31st 2011: PLN 2,727 thousand).

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Group this regulation applies to IPOPEMA Securities, IPOPEMA TFI and IPOPEMA AM. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the end of the reporting period, the statutory reserve funds created from retained earnings amounted to PLN 992 thousand (December 31st 2011: PLN 985 thousand).

Retained earnings	**Dec 31 2012**	**Dec 31 2011**
Retained earnings/deficit	22,387	13,372
Net profit/loss for period	9,054	24,487
Aggregate capital adjustments resulting from transition to IAS/IFRS	24,814	24,814
Total retained earnings	**56,255**	**62,673**

Dividend

Dividend for a given year which has been approved by the General Meeting and not paid as at the end of the reporting period is disclosed as liabilities under dividend under “Other liabilities”. As at the end of the reporting period there were no unpaid dividends.

14.3. Non-controlling interests

As at December 31st 2012, non-controlling interests (held by the shareholders of IPOPEMA Business Consulting) amounted to PLN 3,157 thousand (December 31st 2011: PLN 3,424 thousand).

14.4. Capital adequacy requirements

IPOPEMA Securities (Parent) and IPOPEMA Asset Management (subsidiary) are brokerage houses and as such they are obliged to meet the capital adequacy requirements set forth in the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals, dated November 18th 2009.

IPOPEMA Securities S.A. meets the conditions to be recognised as an EU parent investment firm and therefore, in addition to the capital adequacy requirements on a separate basis, the Company is also obliged to meet the capital adequacy requirements on a consolidated basis.

Failure to meet capital adequacy requirements

In the period covered by these financial statements, the Company did not record any instances of non-compliance with the capital adequacy requirements on a consolidated basis. In 2012, there was an instance of not meeting the requirements on a separate basis.

Dates when capital adequacy requirements were not met:	Reasons for not meeting capital adequacy requirements	Was Polish FSA notified in advance that the Company may not meet capital adequacy requirements?
Dec 7 2012 Dec 10 2012 Dec 11 2012 Dec 12 2012 Dec 13 2012	Crediting of large amounts to the Company's bank accounts in connection with a public offering	Information on an envisaged intended instance of not meeting capital adequacy requirements was provided to the Polish FSA on November 20th 2012 in the MRF monthly report.

As part of its brokerage business IPOPEMA Securities S.A. acted as an offering broker in a public offering of shares. In connection with the offering, the Company's accounts were credited with a significant amount of clients' funds. The funds were held in the Company's accounts in the period December 7th - December 13th 2012. As a result, the Company's credit risk value increased and capital adequacy requirements were not met on the dates specified above. Afterwards, the Company's capital adequacy ratios fell back to a level compliant with Art. 98a.3 of the Act on Trading in Financial Instruments. The instance of not meeting the requirements was intended, and was notified in advance to the Polish Financial Supervision Authority as required by the applicable laws.

As disclosed in the report on consolidated capital adequacy requirements submitted to the Polish Financial Supervision Authority, as at December 31st 2012 the Company's consolidated regulatory capital was PLN 67,514 thousand (December 31st 2011: PLN 66,195 thousand).

The tables below present average annualised data on the regulatory capital and capital adequacy requirements.

Date	Consolidated core capital			Consolida-ted Tier 2 (supplemen-tary) capital	Consolida-ted Tier 3 (supplemen-tary) capital	Items adjusting consolidated regulatory capital	Total consolida-ted regulatory capital	Total consolida-ted capital adequacy requirement
	Tier I capital	Other items of consolidated core capital	Items reducing consolidated core capital					
Average annualised values 2012	60,121	8,324	2,641	1,220	-	3,682	70,706	24,825
Average annualised values 2011	51,622	13,988	2,132	1,142	-	2,747	67,367	28,476
Dec 31 2012	62,450	4,405	3,067	569	-	3,157	67,514	27,829
Dec 31 2011	52,343	11,981	2,268	715	-	3,424	66,195	28,182

Capital adequacy requirements by type of risk

Date	Market risk (currency risk)	Credit risk	Operational risk	Total consolidated capital adequacy requirement
Average annualised values 2012	661	13,997	10,167	24,825
Average annualised values 2011	503	18,773	9,200	28,476
Dec 31 2012	1,231	16,406	10,192	27,829
Dec 31 2011	489	17,501	10,192	28,182

In 2012 and 2011, the following items amounted to PLN 0:

- shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions;

- subordinated loans advanced to banks, other brokerage houses, foreign investment firms, credit and financial institutions, included in their equity;

- requirement with respect to exceeding the exposure concentration limit and large exposure limit.

In accordance with the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals, dated November 18th 2009, which has been in effect since 2010, the obligation to calculate the capital adequacy requirement for fixed operating costs arises only if an entity does not calculate the capital adequacy requirement for operational risk.

15. Notes to the statement of financial position – liabilities and accruals and deferred income

15.1. Accruals and deferred income

15.1.1. Change in accruals and deferred income

	2012	2011
As at beginning of the reporting period	**8,507**	**6,810**
Accruals and deferred income at CSAM as at Sep 30 2011	**-**	**2,802**
Recognised during the financial year	10,310	14,717
Used	10,351	15,822
Reversed	486	-
As at end of the reporting period	**7,980**	**8,507**

15.1.2. Accruals and deferred income at end of the reporting period

	Dec 31 2012	Dec 31 2011
Employee benefits*	6,338	7,333
Other	1,642	1,174
Total	**7,980**	**8,507**

** As provided for in IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-cash benefits for current employees.*

The Group estimates the liabilities according to its best knowledge at the time of preparing the financial statements. The amounts and time of realisation of accruals and deferred income are subject to uncertainty. The liability relating to bonuses will be realised within 12 months from the last day of the reporting period. The liabilities relating to paid annual leaves are computed as at the last day of the reporting period, but the timing of cash outflow under the liabilities is difficult to predict. The liability is realised upon termination of employment relationship with an employee. Other accruals are current liabilities, i.e. the cash outflow is expected to occur within several months from the last day of the reporting period.

15.2. Provisions for litigations, fines and damages

The Company is a party to court proceedings before the Warsaw Regional Court – XIV Labour and Social Insurance Division, which have been initiated on the basis of appeals lodged by the Company against decisions of the Social Insurance Institution (I Warsaw Branch) determining the base for the computation of contributions to social insurance, health insurance, Labour Fund and the Guaranteed Employee Benefits Fund, for the period from January 2009 to February 2010. The Company filed corrected returns and recognised a related liability of PLN 19 thousand for the projected amount of costs resulting from correction of settlements with the Social Insurance Institution for the years 2009-2010.

15.3. Liabilities (current)

Current liabilities	Dec 31 2012	Dec 31 2011
To clients	459,407	273,727
To related entities	-	389
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	216,673	240,732
a) under executed transactions**	216,673	240,732
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	749	836
To the National Depository for Securities and exchange clearing houses	454	3,912
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Borrowings	25,213	15,083
a) from related entities	-	-
b) other	25,213	15,083
Debt securities	-	-
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,273	1,390
Salaries and wages	1	-
To investment and pension fund companies and to investment and pension funds	589	512
Under framework securities lending and short sale agreements	-	-
Other	3,615	3,886
a) dividends payable	-	-
b) other	3,615	3,886
- financial liabilities (valuation of futures contracts)*	-	54
- other liabilities	3,615	3,832
Total current liabilities	**707,974**	**540,467**

** Methods of valuation of financial liabilities (valuation of futures contracts) are described in Note 9.6.*

*** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, the following balance-sheet items:*

- *current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*
- *current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*

where they relate to transactions executed on the WSE in 2012, include receivables from or liabilities to, as appropriate, KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

Terms and conditions of related-party transactions are presented in Note 25.1.

With the exception of the borrowings specified in Note 15.3.2, the liabilities do not bear interest.

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

	Dec 31 2012	Dec 31 2011
Liabilities under executed stock-exchange transactions:	216,673	240,732
- transactions on the Warsaw Stock Exchange	199,397	221,519
- transactions on the Budapest Stock Exchange	15,858	19,213
- transactions on the Vienna Stock Exchange	1,418	-
Liabilities under transactions executed on over-the-counter market	-	-
Other	-	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**216,673**	**240,732**

Gross current liabilities (by currency)	Dec 31 2012	Dec 31 2011
a) in PLN	671,821	518,214
b) in other currencies (translated into PLN)	36,153	22,253
Total current liabilities	**707,974**	**540,467**

15.3.1. Maturity structure of liabilities

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2012	Dec 31 2011
a) up to 1 month	707,237	540,293
b) over 1 month to 3 months	350	-
c) over 3 months to 1 year	114	-
d) over 1 year to 5 years	526	-
e) over 5 years	-	-
f) past due	273	174
Total liabilities	**708,500**	**540,467**

The above analysis is based on discounted values, as the difference between the discounted and non-discounted values was immaterial and related mainly to liabilities under leases and bank borrowings. Liabilities under bank borrowings comprise an overdraft facility (as described below) and their amount varies from period to period, therefore the exact interest amount cannot be provided.

15.3.2. Interest-bearing borrowings

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2012	Dec 31 2011
a) credit facility	25,213	15,083
- outstanding amount	25,213	15,083
Current liabilities under borrowings	**25,213**	**15,083**

As at December 31st 2012, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 25,213 thousand (December 31st 2011: PLN 15,083 thousand). The liabilities result from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on July 19th 2013:

1. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item 2.
2. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish National Depository for Securities. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item 1 above, both credit facilities are jointly secured by a PLN 4m security deposit.

Interest on borrowings pertains only to short-term facilities. Interest due on the borrowings for December 2012, at PLN 4 thousand, was not realised in 2012 and was paid in January 2013 (2011: unrealised interest expenses of PLN 105 thousand).

16. Notes to the statement of comprehensive income

16.1. Revenue from core activities

Revenue from core activities	2012	2011
Revenue from trading in securities	37,799	57,683
Revenue from investment banking services	13,781	14,481
Revenue from management of investment funds and clients' assets	28,378	22,458
Revenue from advisory services	13,727	17,453
Other revenue from core activities	425	263
Total revenue from core activities	**94,110**	**112,338**

16.2. Cost of core activities

Cost of core activities	2012	2011
Affiliation costs	-	-
Fees payable to regulated securities markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	10,732	14,194
Salaries and wages	40,483	41,933
Social security	2,071	1,291
Employee benefits	466	515
Raw material and consumables used	643	739
Costs of maintenance and lease of buildings	1,831	1,905
Depreciation and amortisation expenses	1,902	1,315
Taxes and other public charges	1,991	1,587
Other	19,939	19,661
Total cost of core activities	**80,058**	**83,140**

16.2.1. Employee benefit expenses

Employee benefit expenses (specification)	2012	2011
Salaries and wages	40,378	41,771
Social security and other benefits	2,071	1,291
Costs of future benefits related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	105	162
Other employee benefit expenses	466	515
Total employee benefit expenses	**43,020**	**43,739**

16.3. Finance income and expenses

Other finance income	2012	2011
1. Interest on loans advanced	77	71
2. Interest on deposits	1,266	1,386
a) from related entities	-	-
b) other	1,266	1,386
3. Other interest	15	17
4. Foreign exchange gains	692	1,686
5. Other	1,929	1,589
Total finance income	**3,979**	**4,749**

Other finance expenses	2012	2011
1. Interest on borrowings, including:	1,597	1,134
a) to related entities	-	-
b) other	1,597	1,134
2. Other interest	193	5
3. Foreign exchange losses	2,010	69
a) realised	19	69
b) unrealised	1,991	-
4. Other	4,045	2,381
Total finance expenses	**7,845**	**3,589**

In 2012 and 2011, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

16.4. Gain (loss) on financial instruments held for trading

In 2012, loss on financial instruments held for trading amounted to PLN -831 thousand (2011: PLN -2,753 thousand).The result includes dividend income of PLN 175 thousand in 2012 (2011: PLN 34 thousand).

16.5. Operating income and expenses

Other income	2012	2011
a) gain on disposal of property, plant and equipment and intangible assets	4	-
b) reversed accruals and deferred income	90	-
c) reversed impairment losses on receivables	233	135
d) net income from acquisition of CSAM	-	4 036
e) other, including:	453	334
- VAT adjustment	-	-
- other	453	334
Total other income	**780**	**4,505**

Other expenses	2012	2011
a) loss on disposal of property, plant and equipment and intangible assets	4	-
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) impairment losses on receivables	21	167
d) other, including:	1,048	1,045
- membership fees	30	30
- donations	-	-
- receivables written-off	-	-
- re-charged costs	800	693
- other	218	322
Total other expenses	**1,073**	**1,212**

17. Employee benefits

17.1. Employee share option plans

On March 23rd 2009, by virtue of a resolution, the Company's Management Board adopted the Rules of the Incentive Scheme (as amended), which were also subsequently approved by the Company's Supervisory Board. The Rules were adopted as a result of a resolution passed by the Extraordinary General Meeting on December 5th 2007 (and amended by a resolution of March 20th 2009) concerning implementation of an incentive scheme for the key employees of the Company and its subsidiary, IPOPEMA TFI, as well as other persons of key importance to the execution of the IPOPEMA Group's strategy. The scheme is based on Series C shares in the Company, which can be issued within the limit of conditional share capital, in a maximum number of 4,857,140 shares, on or before November 30th 2017. The scheme is equity-settled.

There are three Option Plans within the Incentive Scheme. The first one applies to members of the management board of IPOPEMA TFI S.A., entitled (subject to fulfilment of certain conditions) to subscribe for the total of 1,166,667 Series C shares at the issue price of PLN 0.47 per share ("Share Option Plan I"). In 2009 and 2010, a total of 770,891 shares were subscribed for by these persons (2009: 357,143; 2010: 413,748). The final settlement took place in 2011, based on the 2010 financial results. However, as not all required conditions had been fulfilled, no more shares were granted as part of Share Option Plan I.

As part of Share Option Plan II, the remaining persons participating in the Incentive Scheme were entitled to subscribe for a total of 714,285 Series C shares at an issue price equal to the price of the Company shares in the private placement preceding the listing on the Warsaw Stock Exchange (PLN 5). The first pool under Share Option Plan II, totalling 212,500 shares, was subscribed for by eligible persons in 2011, with the second pool of

197,321 shares subscribed for in 2012, and the third pool of 185,714 shares offered in 2013. A maximum of 118,750 additional shares remain to be subscribed for under the Plan. The remaining shares may be subscribed for until November 30th 2017, i.e. the final date of subscription for Series C Shares as part of a conditional increase in the share capital, as set out in Resolution No. 3 of the Company's Extraordinary General Meeting of December 5th 2007.

Out of the remainder of 2,976,188 Series C shares covered by conditional share capital ("Share Option Plan III"), conditional rights to subscribe for 297,522 shares by December 31st 2015 have so far been granted to eligible persons. The issue price of those shares has been determined at PLN 6.01 in accordance with the terms and conditions of the incentive scheme for Share Option Plan III as an average of the prices of the Company shares quoted on the WSE over a specified period. As at the date of these financial statements, the list of persons eligible to subscribe for the remainder of the Series C shares under Share Option Plan III has not yet been determined, neither have any decisions been made as to whether such shares will be offered.

In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans operated by the Group in the consolidated financial statements of the IPOPEMA Securities Group. In 2012, the costs related to the share option plans increased the cost of salaries and wages by PLN 104 thousand (2011: PLN 162 thousand), and were fully charged to IPOPEMA Securities S.A.

The option plans were measured using the Black-Scholes model, adjusted by continuous yield dividend and the dilution effect (decrease in the value of individual shares as a result of issuing new shares at a price below market).

18. Dividends paid and proposed

On November 28th 2012, the Extraordinary General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay from capital reserves an interim dividend for 2012 of PLN 2.2m, i.e. approximately PLN 1,099.45 per share. The dividend was paid out in full in 2012.

On April 23rd 2012, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 3.8m, i.e. PLN 3.8 per share. As at the date of these financial statements, the dividend had been paid out to the Company in full.

On June 28th 2012, the General Meeting resolved to distribute the 2011 profit of PLN 15,585 thousand as dividend. The dividend amount per one share was PLN 0.52. The dividend record date was set for July 6th 2012, and the dividend payment date – for July 23rd 2012. On the dividend payment date, a total of PLN 15,471 thousand was paid out to the shareholders. The distribution amount was lower than the 2011 net profit by PLN 114 thousand, which was the effect of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's statutory reserve funds.

On June 29th 2011, the General Meeting resolved to distribute the 2010 profit of PLN 15,431 thousand as dividend. The dividend amount per one share was PLN 0.52. The dividend record date was set for July 15th 2011, and the dividend payment date for July 29th 2011. On the dividend payment date, a total of PLN 15,368 thousand was paid out to the shareholders. The distribution amount was lower than the 2010 net profit by PLN 62 thousand, which was the effect of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's statutory reserve funds.

Until the date of preparation of these consolidated financial statements, no final decision was taken by the Parent's Management Board concerning the recommended distribution of the 2012 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

19. Income tax

The key components of income tax expense as disclosed in the statement of comprehensive income are as follows:

	For the year ended Dec 31 2012	For the year ended Dec 31 2011
Current income tax		
Current income tax expense	2,689	5,214
Adjustments related to current income tax brought forward	-	-
Deferred income tax		
Relating to occurrence and reversal of temporary differences	- 1,541	375
Income tax expense disclosed in the statement of comprehensive income	**1,148**	**5,589**

	For the year ended Dec 31 2012	For the year ended Dec 31 2011
Current income tax		
Current income tax expense	2,689	5,214
Tax effect of costs related to share capital increase	-	-
Deferred income tax	- 1,541	375
Tax on unrealised gain/(loss) on financial assets available for sale	- 34	- 64
Tax on cash flow hedges settled during the year	-	-
Tax benefit/tax expense recognised in equity	**34**	**64**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. As there is no possibility of referring to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with better developed tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities being imposed on the Group.

	2012	2011
Pre-tax profit (loss)	**11,034**	**31,707**
Corporate income tax at the statutory rate applicable in Poland: 19%	2,096	6,024
Consolidation adjustments and profit (loss) of IAM (subsidiary)	630	- 805
Non-taxable income – dividend	- 33	- 6
Use of tax losses not recognised previously	- 454	- 27
Tax losses in connection with which no deferred tax asset was recognised	- 534	-
Non-tax-deductible costs	1,882	4
Deductible temporary differences in connection with which no deferred tax asset was recognised	-	18
Non-taxable income (mainly dividend)	- 931	-
Current income tax disclosed in the consolidated statement of comprehensive income	**2,656**	**5,208**
Corporate income tax at the effective tax rate: 19%	2,656	5,208

19.1. Deferred income tax

Temporary differences related to deferred tax assets as at December 31st 2012 and December 31st 2011 were recognised with respect to the following items:

Deferred tax assets	**Dec 31 2012**	**Dec 31 2011**
Financial instruments available for sale and held for trading	14	3
Property, plant and equipment	100	-
Current receivables	105	-
Accruals and deferred income	1,561	1,707
Tax loss brought forward	988	-
Other	75	64
Total deferred tax asset	**2,843**	**1,774**

Income tax liabilities	**Dec 31 2012**	**Dec 31 2011**
Financial instruments available for sale	157	180
Property, plant and equipment	209	243
Current receivables	143	395
Accruals and deferred income	-	-
Other	13	233
Total deferred tax liabilities	**522**	**1,051**
Net deferred tax assets	**2,321**	**723**

20. Additional information of financial instruments

20.1. Fair value of instruments not measured at fair value

As at Dec 31 2012

Instrument category and item of the statement of financial position	carrying amount	fair value
Loans and receivables	**776,232**	**776,232**
- cash and cash equivalents	254,781	254,781
- current and non-current receivables	521,451	521,451
Financial liabilities at amortised cost:	**706,700**	**706,700**
- current liabilities (credit facility)	25,213	25,213
- current liabilities (other than credit facility)	681,487	681,487

As at Dec 31 2011

Instrument category and item of the statement of financial position	carrying amount	fair value
Loans and receivables	**615,948**	**615,948**
- cash and cash equivalents	100,491	100,491
- current and non-current receivables	515,457	515,457
Financial liabilities at amortised cost:	**539,077**	**539,077**
- current liabilities (credit facility)	15,083	15,083
- current liabilities (other than credit facility)	523,994	523,994

Cash bears interest at fixed and variable interest rates. In 2012 and 2011, the Group did not recognise any impairment losses on loans. Impairment losses on receivables are described in Note 13.2.1. Income from interest on loans and receivables amounted to PLN 1,358 thousand in 2012 (of which PLN 124 thousand was interest accrued but not received) (2011: PLN 1,474 thousand, of which PLN 166 thousand was interest accrued but not received).

Impairment losses pertain only to instruments that are recognised under loans and receivables.

In 2012, expenses related to interest on a credit facility amounted to PLN 1,597 thousand (2011: PLN 1,134 thousand). Interest on borrowings pertains only to short-term facilities. In 2012, realised interest expenses related to bank borrowings amounted to PLN 1,593 thousand (2011: PLN 1.029 thousand), and unrealised interest totalled PLN 4 thousand (2011: PLN 105 thousand, paid in January 2012).

20.2. Financial assets and liabilities recognised in the statement of financial position at fair value

The table below sets forth financial instruments measured at fair value classified in a three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g. estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market inputs.

As at Dec 31 2012

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	38	-	-	38
Financial assets held for trading other than derivative instruments	292	-	-	292
Total financial assets measured at fair value through profit or loss	**330**	**-**	**-**	**330**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	3,500*	-	3,500
Debt instruments	2,159	-	-	2,159
Total financial assets available for sale measured through equity	**2,159**	**3,500***	**-**	**5,659**

* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

As at Dec 31 2011

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	228	-	-	228
Financial assets held for trading other than derivative instruments	1,293	-	-	1,293
Total financial assets measured at fair value through profit or loss	**1,521**	**-**	**-**	**1,521**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	54	-	-	54
Total financial liabilities measured at fair value through profit or loss	**54**	**-**	**-**	**54**
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	3,894*	-	3,894
Debt instruments	2,115	-	-	2,115
Total financial assets available for sale measured through equity	**2,115**	**3,894***	**-**	**6,009**

* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

In the current period there were no transfers between Level 1 and Level 2.

21. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., a subsidiary of IPOPEMA Securities, and IPOPEMA Outsourcing Sp. z o.o., a subsidiary of IBC, were not consolidated in these consolidated financial statements.

	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2012	5	611
% share in Parent's total assets	0	0.08
Revenue for period Jan 1 – Dec 31 2012	-	991
% share in Parent's revenue	0	1.9
Net assets as at Dec 31 2012	4	- 86
Net profit/(loss) for period Jan 1 – Dec 31 2012	- 1	- 93

	IPOPEMA Business Services Kft. *(PLN '000)*
Balance-sheet total as at Dec 31 2011	750
% share in Parent's total assets	0.12
Revenue for period Jan 1 – Dec 31 2011	1,010
% share in Parent's revenue	0.90
Net assets as at Dec 31 2011	6
Net profit (loss) for period Jan 1 – Dec 31 2011	- 46

22. Contingent liabilities and contingent assets

In the period covered by these financial statements, the Group did not carry any contingent liabilities other than under lease agreements (Note 27). As at December 31st 2012, contingent assets recognised by the Group amounted to PLN 27 thousand. As at December 31st 2011, the Group carried no contingent assets.

In 2013, the Company will incur a cost of up to CZK 2,550 thousand (PLN 342 thousand) under an agreement with the clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement, representing a condition precedent for incurring that cost, is not reached.

23. Guarantees

In January 2012, Nordea Bank Polska S.A. issued a guarantee to IPOPEMA Securities S.A. up to the total amount of EUR 268 thousand, secured with a cash deposit of PLN 1,239 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of new office space.

In April 2012, BRE Bank S.A. provided a guarantee in respect of the Company's liabilities for the benefit of the Hungarian Branch of Deutsche Bank AG, which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on the Budapest Stock Exchange. The guarantee was issued for the amount of EUR 2.5m, and secures the Company's timely payment of its liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearance of BSE transactions. The guarantee was provided until April 1st 2013, however in certain special cases specified in the agreement it remains valid until July 1st 2013.

24. Business combinations and acquisitions of non-controlling interests

24.1. Acquisition of subsidiaries

In 2012, IPOPEMA Business Consulting Sp. z o.o. purchased an equity interest in Nixa Investments Sp. z o.o. of Warsaw. In February 2012, the company was transformed into IPOPEMA Outsourcing Sp. z o.o. ("IO"). IO did not conduct any operations in 2012. As at December 31st 2012, the equity interest held in IO was valued at PLN 16 thousand, while the value of its equity was PLN 4 thousand.

On September 30th 2011, under an agreement of March 15th 2011, IPOPEMA Securities acquired 100% of shares in Credit Suisse Asset Management (Polska) S.A. ("CSAM"). The completion of the transaction was subject to obtaining the required approvals from competent regulatory bodies, i.e. the Polish Financial Supervision Authority (KNF) and the Polish Office of Competition and Consumer Protection (UOKiK). The approvals were granted on September 6th 2011 and May 30th 2011, respectively. The agreement for the acquisition of 100% of shares in CSAM took effect on September 30th 2011.

On October 26th 2011, amendments to CSAM's Articles of Association were registered, including the change of the company's name to IPOPEMA Asset Management S.A. ("IAM"). IAM's business consists in management of portfolios of broker-traded financial instruments.

The acquisition is an element of the IPOPEMA Securities Group's development strategy in the area of asset management for institutional and corporate clients. The transaction will result in a significant expansion of the Group's asset management business. Moreover, the acquisition of staff with a wealth of experience-backed expertise in portfolio management will allow the Group to enlarge its product offering and client base in the area of asset management.

Fair value of consideration paid (PLN)	
- cash	4.41
- other property, plant and equipment and intangible assets, including a business or subsidiary of the acquirer	-
- liabilities incurred, e.g. liabilities for contingent consideration	-
- equity interests of the acquirer, including the number of instruments or shares issued or issuable and the method of fair value measurement for these instruments or shares	-
Fair value of consideration paid (PLN)	**4.41**

Receivables acquired (PLN '000)	**Sep 30 2011**
- fair value of receivables	3,870
- gross contractual amounts receivable	-
- best estimate as at acquisition date of the contractual cash flows not expected to be collected	-
Classes of receivables	
- current receivables from clients	1,060
- receivables from investment and pension fund companies and from investment and pension funds	147
- other receivables	2,663

Main classes of assets acquired and liabilities assumed (PLN '000)	**Sep 30 2011**
Assets	
- current receivables	3,870
- current prepayments and accrued income	77
- property, plant and equipment	426
- intangible assets	48
- deferred tax assets	384
Liabilities	
- current liabilities	1,637
- accruals and deferred income	2,867

Gain on bargain purchase (PLN '000)	
- value of consideration paid	0 *
- net value of the identifiable assets acquired and liabilities assumed as at acquisition date	4,589
Gain on bargain purchase	**4,589**
Costs directly associated with the acquisition	553
Net effect of CSAM acquisition on the IPOPEMA Securities Group's result	**4,036**

** Value in PLN rounded to the nearest thousand; for information on the value of consideration paid, see the discussion below.*

The gain on bargain purchase was calculated based on guidance provided in IFRS 3. The value of net assets of the acquired company as at the date of acquiring control was PLN 4,589 thousand. The fair value of consideration transferred was PLN 4.41. The acquisition price less the value of net assets as at the date of acquiring control constitutes gain on bargain purchase. The gain on bargain purchase was posted under other income and included in the brokerage and related services segment.

Revenue and profit or loss of the acquired company from the date of acquisition, disclosed in the consolidated statement of comprehensive income for the period	
- revenue	1,651
- profit for the period	294
Revenue and profit or loss of the combined entity for the current reporting period, calculated as if all business combinations in the reporting year took place at the beginning of the annual reporting period	
- revenue	5,978
- loss for period	- 5,855

The above is final accounting for the transaction.

24.2. Disposal of subsidiaries

In the period covered by these financial statements and the preceding periods, the Group did not dispose of any businesses.

25. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	Jan 1–Dec 31 2012		Jan 1–Dec 31 2011	
IPOPEMA Business Services Kft.	154	775	138	807
Members of the Management and Supervisory Boards	176	49	69	129
Total	**330**	**824**	**207**	**936**

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2012	Dec 31 2011	Dec 31 2012	Dec 31 2011
IPOPEMA Business Services Kft.	914	1,093	-	383
Members of the Management and Supervisory Boards	2	-	-	-
Total	**916**	**1,093**	**-**	**383**

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 25.5. For information on the Incentive Scheme for the above persons, see Note 17.1

Related-party transactions and outstanding balances of the Group's receivables and liabilities are excluded during preparation of the Group's consolidated financial statements.

25.1. Terms of related-party transactions

Transactions with related parties are executed on arms' length terms.

25.2. Loan advanced to members of the Management Board

The Group did not advance any loans to members of the Management Board.

25.3. Transactions involving members of the Management and Supervisory Boards

Members of the Management and Supervisory Boards executed (through their subsidiaries) transactions in securities on the regulated market and outside the stock-exchange market, with the Company acting as an intermediary. The total turnover between the Group and those persons under the transactions was PLN 176 thousand in 2012 and PLN 69 thousand in 2011.

Additionally, the Company used legal advisory services of the law firm of Jacek Jonak, the Chairman of the Supervisory Board – the value of the transactions in 2012 was PLN 49 thousand, against PLN 129 thousand in 2011.

25.4. Transactions with subsidiaries

Transactions with IPOPEMA Business Services kft.

In relation to the operations in Hungary, carried out in cooperation with local partners acting as investment firm agents, in 2010 the Company entered into the following agreements with IPOPEMA Business Services Kft. (“IBS”): (i) Services Agreement, whereby IBS provides the Company and its Hungarian partners with office and equipment support services, and (ii) Equipment Lease Agreement, whereby IBS leases computer hardware and software from the Company, in order to properly support the Company's partners operating on the Hungarian market within the scope of their activities performed for the Company. In 2012, the total value of transactions under those agreements was PLN 910 thousand (expense) and PLN 154 thousand (income) (2011: PLN 923 thousand (expense) and PLN 137 thousand (income)).

Moreover, in 2010 the Company advanced short-term loans to IBS. Their total amount did not exceed the equivalent of PLN 500 thousand.

Transactions with IPOPEMA TFI

In 2012 and 2011, the Company made settlements with IPOPEMA TFI related to the IT services provided to the subsidiary and expenses incurred by the Company. The Company also provides services in the area of intermediation in securities trading to funds managed by IPOPEMA TFI. In 2012, the total value of the Company's turnover from such services was PLN 172 thousand (income) and PLN 2 thousand (expense) (2011: PLN 120 thousand (income) and PLN 94 thousand (expense)).

In 2012, the Company received dividend of PLN 3.8m from IPOPEMA TFI.

Transactions with IPOPEMA Business Consulting

In 2012 and 2011, transactions between the Company and IPOPEMA BC involved settlements of expenses. Mutual settlements amounted to PLN 14 thousand (income) and PLN 73 thousand (expense) in 2012 (2011: PLN 82 thousand (expense)). In 2012, the Company received dividend of PLN 1,101 thousand from IBC.

Transactions with IPOPEMA Asset Management

In 2012 and 2011, transactions between the Company and IPOPEMA AM involved settlements of IT services provided by the Company and related expenses. In 2012, the total value of settlements related to the provision of such services was PLN 231 thousand (income) and PLN 84 thousand (expense) (2011: PLN 764 thousand (income) and PLN 2 thousand (expense)).

25.5. Remuneration of the Group's senior management staff

The table below presents the amount of remuneration paid and potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company) received from the IPOPEMA Securities Group companies:

Total remuneration (including bonuses)	2012	2011
Management Board	**4,585**	**6,774**
Jacek Lewandowski	1,044	1,272
Mirosław Borys	619	722
Mariusz Piskorski	769	960
Stanisław Waczkowski	2,153	3,820
Supervisory Board	**55**	**65**
Jacek Jonak	20	22
Roman Miler	-	5
Janusz Diemko	14	18
Bogdan Kryca	16	18
Wiktor Sliwinski	2	2
Małgorzata Adamkiewicz	3	-
Zbigniew Mrowiec	-	-

Members of the IPOPEMA Securities Management and Supervisory Boards did not receive remuneration from the subsidiaries.

Benefits to the key management staff

In 2012 and 2011, there were no payments under post-employment benefits, termination benefits, or other long-term benefits. The liabilities under holiday benefits payable to the Parent's Management Board stood at PLN 3 thousand as at December 31st 2012 and PLN 5 thousand as at December 31st 2011. The holiday benefits were not included in the table above.

Agreements with Mariusz Piskorski and Mirosław Borys, dated November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, entered into agreements with the Company, whereby each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

26. Items of the statement of cash flows

Breakdown of the Company's activities as assumed for the statement of cash flows:

Operating activities – provision of brokerage and consulting services as well as fund management services, acting as market maker to perform tasks related to the organisation of the regulated market, acquisition and disposal of securities in the capacity of a dealer.

Investing activities – purchase and disposal of intangible assets, property, plant and equipment and non-current securities.

Financing activities – acquisition or loss of sources of financing (changes in the amount of and relation between equity and external capital at the entity) and any related monetary costs and benefits.

Structure of cash

	Presentation in the statement of financial position		Presentation in the statement of cash flows	
	Dec 31 2012	Dec 31 2011	Dec 31 2012	Dec 31 2011
Cash and cash equivalents	**254,781**	**100,491**	**251,090**	**95,240**
1. In hand	8	15	8	15
2. At banks	21,986	40,179	21,986	40,179
3. Other cash	228,696	56,206	228,696	56,206
4. Cash equivalents (deposit for a period exceeding three months)	4,091	4,091	-	-
5. Accrued foreign exchange differences	-	-	400	- 1,160

As at December 31st 2012 and December 31st 2011, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities, exclusion of interest of PLN 91 thousand accrued on the deposit, and elimination of the effect of foreign exchange differences on cash.

Cash at the end of the period comprises the Group's own and its clients' cash and cash equivalents - for more information on the structure of cash see Note 13.1.

Differences in changes in balance-sheet items

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Dec 31 2012	Dec 31 2011	2012
Gross current and non-current receivables	520,308	514,977	- 3,961
Net receivables	519,956	513,273	
Impairment losses on receivables	352	1,704	- 1,352
Accruals and deferrals	7,980	8,507	- 434
Total change in impairment losses and accruals and deferrals			**- 1,786**

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2012 by the amount of receivables under loans advanced, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed in the financing activities.

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Dec 31 2011	Dec 31 2010	2011
Gross current and non-current receivables	515,036	292,540	- 218,715
Net receivables	513,332	290,147	
Impairment losses on receivables	1,704	2,393	- 689
Accruals and deferrals	8,507	6,810	- 1,467
Total change in impairment losses and accruals and deferrals			**- 2,156**

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2011 by the amount of receivables under loans advanced, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed in the financing activities.

In 2012, in “Other cash used in investing activities" for the period January 1st–December 31st 2012, the Company disclosed the cash deposit provided as security for a guarantee extended by Nordea Bank Polska S.A. to POPEMA Securities S.A. In the comparative period, the Company did not recognise any such item.

In 2011, other adjustments (PLN 3,875 thousand) in adjustments to cash flows from operating activities comprise the gain of PLN 4,036 thousand on bargain purchase of Credit Suisse Asset Management (Polska) S.A. (see Note 24.1), and the cost of the incentive schemes in the amount of PLN 161 thousand.

27. Leases

The Group as a lessor

Lease receivables	Dec 31 2012	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	127	134
Within 1 to 5 years	145	149
Over 5 years	-	-
Total lease receivables	**272**	**283**
Lease receivables	**Dec 31 2011**	
	Gross lease investment	**Present value of minimum lease payments**
Within 1 year	121	134
Within 1 to 5 years	272	283
Over 5 years	-	-
Total lease receivables	**393**	**417**

In 2010, the Parent entered into a finance lease agreement with a non-consolidated subsidiary. In 2012, unrealised finance income amounted to PLN 14 thousand (2011: PLN 17 thousand). The Group did not recognise provisions for unrecoverable receivables under minimum lease payments. There are no contingent lease payments or not guaranteed residual values attributable to the lessor.

The lease agreement was executed for one year and will be automatically extended for further 12-month periods, unless terminated by either of the parties on prior notice, as stipulated in the agreement.

The gross value of lease investment as at December 31st 2012 was PLN 272 thousand (December 31st 2011: PLN 393 thousand). The lease agreement will expire in 2015, unless terminated earlier.

The Group as a lessee – right to use a building

The Group companies lease office space under lease agreements. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2012
	Present value of minimum lease payments
Within 1 year	2,525*
Within 1 to 5 years	10,098**
Over 5 years	-
Total lease liabilities	**12,623**

** Average annual value during the lease term.*
*** Value calculated based on the average annual value.*

28. Foreign exchange differences

Exchange differences disclosed in the statement of comprehensive income, other than differences resulting from financial instruments measured at fair value, are presented in Note 16.3. In 2012 and 2011, there were no exchange differences disclosed in other comprehensive income as a component of equity.

29. Security over assets of the IPOPEMA Securities Group

Both in 2012 and 2011, the Group's assets were used as security for working capital overdraft facilities (see Note 15.3.2).

Save for a security deposit of PLN 4m in a bank account, blank promissory notes together with promissory note declarations, powers of attorney over bank accounts held with the lending bank (intended to secure the overdraft facility), and security deposits securing guarantees (see Note 32), the Group did not have any liabilities secured with its assets as at December 31st 2012. As at December 31st 2011, there was a security deposit of PLN 4m in a bank account, blank promissory notes with promissory note declarations, and powers of attorney over bank accounts held with the lending bank (intended to secure an overdraft facility).

Inspections

In May 2012, an external inspection was carried out by the National Depository for Securities at the Company's headquarters. The inspection covered records of financial instruments, and the operation of the IT systems used to maintain the records. The inspection report did not contain any post-inspection recommendations.

An inspection covering the period from January 2009 to November 2011 was also conducted at the Company by the Social Insurance Institution (ZUS). The inspection covered such issues as inclusion of the value of medical services (subscription fees for medical plans) in the base for the computation of employee social insurance contributions for the period from January 2009 to February 2010. Given that in the period covered by the inspection the line of judicial decisions concerning inclusion of such subscription fees in the base for the computation of social insurance contributions was not yet determined, the agreement between the Company and the medical services provider effective at the time did not differentiate between subscription fees for medical services whose provision was required under the Labour Code and fees for additional services. In its decisions, the Social Insurance Institution (ZUS) included the entire amount of the fees (including fees for occupational medicine services required under the Labour Code) in the base for the computation of contributions for social insurance, health insurance, Labour Fund and the Guaranteed Employee Benefits Fund, with which the Company disagreed and appealed against the decisions to the Regional Court of Warsaw. In connection with the results of the tax inspection referred to below, the post-inspection decisions and recommendation will be verified by the Social Insurance Institution, following which the Company will make appropriate settlements. Hence, the appeal proceedings filed by the Company will be closed.

In October 2012, an inspection was conducted at the Company by the Head of the Second Warsaw Province Tax Office in Warsaw. The inspection covered the period from January 1st 2009 to December 31st 2009 and concerned such issues as inclusion of the value of medical services under medical plans provided for employees in the employees' income and the withholding of tax payments on such income. The Company implemented the post-inspection recommendations.

Since 2010, the Company (as a regulated entity) has been subject to annual evaluation carried out by the Polish Financial Supervision Authority as part of the Supervisory Review and Evaluation Process (SREP).

In 2012, the Polish Financial Supervision Authority conducted an inspection at IPOPEMA TFI. The inspection covered the organisation and operation of the internal audit system, the process of valuation of assets of closed-end investment funds, the process of management of investment funds, and the organisation and operation of the risk management system related to investment funds. All the recommendations issued by the Polish Financial Supervision Authority were implemented in a timely manner.

In 2011, the Polish Financial Supervision Authority carried out two inspections at IPOPEMA TFI. The purpose of the first inspection was to assess correctness of asset valuation procedures and compliance of selected investment funds with applicable laws, as well as to review the organisation and functioning of the internal audit system in place at IPOPEMA TFI. The PFSA issued post-inspection recommendations, which TFI implemented within the time limit specified by the PFSA. The other inspection covered compliance with the obligations under the Act on Countering Money Laundering and the Financing of Terrorism of November 16th 2000. The PFSA issued post-inspection recommendations, which TFI implemented within the time limit specified by the PFSA.

The Social Insurance Institution conducted an inspection at IPOPEMA TFI to assess the correctness of computation of social security contributions. IPOPEMA TFI implemented the post-inspection recommendations.

30. Objectives and principles of financial risk management

Operations on capital markets inherently involve various risks which may have a material effect on the Group’s operations, as outlined below.

All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

30.1. Market risk

The IPOPEMA Securities Group identifies the following types of market risk: interest rate risk, currency risk, credit risk, liquidity risk and price risk understood as the risk of fluctuations in the prices of financial instruments linked to share prices.

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange and derivative instruments which, save for FX swaps and forwards, are traded on the WSE. The Group enters into derivative contracts in connection with acting as a futures market maker; open positions on equity-based futures are usually hedged with an offsetting position in equities (arbitrage transactions), therefore the risk exposure is low.

The Group also uses bank borrowings, and holds cash and short-term deposits. The primary purpose of holding those financial instruments is to effectively use financial resources to finance the Group's operations.

The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The assumptions adopted in the sensitivity analysis as at December 31st 2012 are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit (loss) and equity within one year from the last day of the reporting period. The analysis presented below did not include the impact of tax.

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/ EUR '000)	- 100 bps (PLN/USD/ EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	32,289	323	- 323	892	- 892	-	-	-	-
Bank deposits	4,091	41	- 41	-	-	-	-	-	-
Trade and other receivables	518,497	-	-	2,064	- 2,064	-	-	-	-
Financial instruments held for trading*	213	-	-	- 409	409	18	- 18	-	-
Financial instruments available for sale**	5,659	-	-	-	-	-	-	566	- 566
Financial liabilities									
Trade and other payables	681,488	-	-	- 2,649	2,649	-	-	-	-
Borrowings	25,213	- 252	252	-	-	-	-	-	-
Other financial liabilities	-	-	-			-	-	-	-
Total	**- 145,952**	**112**	**- 112**	**- 102**	**102**	**18**	**- 18**	**566**	**- 566**

** Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities. The analysis does not include financial instruments arising from dealer's activities since in the majority of cases these are arbitrage transactions (hedged with derivative contracts in equities and exchange indexes). As a result, increases/decreases in trading prices have no impact on the Group's profit (loss) or equity.*

*** The amount does not include the value of shares in IBS and IO, as they are measured at cost (according to IAS 39).*

The assumptions adopted in the sensitivity analysis as at December 31st 2011 are described in the table next to each type of risk.

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/ EUR '000)	- 100 bps (PLN/USD/ EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	50,625	506	- 506	1,835	- 1,835	-	-	-	-
Bank deposits	4,091	41	- 41	-	-	-	-	-	-
Trade and other receivables	512,960	-	-	2,453	- 2,453	-	-	-	-
Financial instruments held for trading*	538	-	-	-	-	31	- 31	-	-
Financial instruments available for sale**	6,009	-	-	-	-	-	-	601	- 601
Financial liabilities									
Trade and other payables	525,511	-	-	- 2,224	2,224	-	-	-	-
Borrowings	15,083	- 151	151	-	-	-	-	-	-
Other financial liabilities	54	-	-	- 1,457	1,457	-	-	-	-
Total	**33,574**	**396**	**- 396**	**607**	**- 607**	**31**	**- 31**	**601**	**- 601**

** Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities. The analysis does not include financial instruments arising from dealer's activities since in the majority of cases these are arbitrage transactions (hedged with derivative contracts in equities and exchange indexes). As a result, increases/decreases in trading prices have no impact on the Group's profit (loss) or equity.*

*** The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).*

30.2. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level effective as at the agreement date. Moreover, the Group invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 13.1 and Note 15.3.

Given that in the reporting period the Group held both assets and liabilities bearing interest at variable rates (which mitigated the risk) and that interest rates moved only slightly in the past periods and no dramatic changes in interest rates are expected in the following reporting periods, the Group did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

	2012			
Variable interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	36,381	-	-	36,381
Overdraft facilities	25,213	-	-	25,213
Total	**61,594**	**-**	**-**	**61,594**

	2012			
Fixed interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

	2011			
Variable interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	46,021	-	-	46,021
Overdraft facilities	15,083	-	-	15,083
Total	**61,104**	**-**	**-**	**61,104**

	2011			
Fixed interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	8,687	-	-	8,687
Total	**8,687**	**-**	**-**	**8,687**

30.3. Currency risk

The Group is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is primarily related to changes in the USD, EUR, HUF and CZK exchange rates, however both in 2012 and 2011 most of operating expenses were incurred in the złoty. The Group did not have any foreign-currency borrowings, however due to its operations in Hungary and in the Czech Republic it uses foreign currencies (HUF and CZK) to settle stock-exchange transactions and other costs of operations in those markets (including fees payable to the clearing bank and stock exchanges, as well as the costs of associates). Owing to the nature of the transaction settlements (with the Parent acting as an intermediary), the share of this risk in the overall risk assessment is immaterial. As at December 31st 2012, the value of foreign-currency loans advanced by the Company was PLN 2,008 thousand (December 31st 2011: PLN 2,941 thousand). The Company also holds deposits and cash in a foreign-currency bank account. In order to minimise the currency risk, the Company entered into FX contracts which mitigate the results of possible exchange rate fluctuations. Assessment of the effect of foreign exchange fluctuations as at December 31st 2012 and December 31st 2011 is presented in Note 31.1.

	Dec 31 2012	Dec 31 2011
Foreign-currency receivables		
- EUR	757	424
- HUF	1,175,694	1,524,040
- USD	286	263
- CZK	2,221	700
Foreign-currency liabilities		
- EUR	2,290	31
- HUF	1,878,512	1,555,792
- USD	167	9
- CZK	111	14
Cash		
- CZK	1,173	75
- EUR	3,727	3,651
- HUF	47,131	135,565
- USD	142	94
- GBP	1	1
- UAH	2	4
- TRY	4	-

30.4. Price risk

The Group holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE), except for FX swaps and forwards. The Group identifies the risk connected with the volatility of prices of financial instruments listed on the WSE. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Group also holds investment certificates, which are exposed to the risk of volatility of certificate current price, but the aggregate value of the certificates is immaterial.

The risk related to prices of financial instruments is limited, as the Group invests only a relatively small portion of its cash in financial instruments. Such investments are mainly performed as part of dealing activities, whose strategy provides for the hedging of the Group's own positions, whenever possible, through arbitrage transactions: an open position in an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

Assessment of the effect of changes in financial instrument prices as at December 31st 2012 and December 31st 2011 is presented in Note 31.1.

30.5. Credit risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses to the Group. In view of the above, the Group believes that credit risk was accounted for in the financial statements through recognition of impairment losses. Receivables by maturity and amounts of recognised impairment losses are presented in Note 13.2.1.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group renders services to a large number of clients. None of the clients accounts for more than 10% of the Group's revenue.

With respect to the Group's other financial assets, such as cash and cash equivalents, financial assets available for sale and certain derivatives, credit risk is related to the potential inability of a counterparty to meet its payment obligation, and the maximum exposure to the risk is equal to the carrying amount of those instruments. Credit risk connected with bank deposits, financial instruments, derivatives and other investments is considered low as the Group executed the transactions with institutions of sound financial standing.

As at December 31st 2012, the maximum value at risk under credit risk for instruments carried as loans advanced and receivables (Note 20.1) was PLN 776,232 thousand (December 31st 2011: PLN 616,256 thousand).

30.6. Liquidity risk

The Group is exposed to liquidity risk understood as the risk of failure to meet its liabilities as they fall due. The risk is connected with a potentially limited access to financial markets, resulting in the Group's inability to raise new financing or refinance its debt. The Group's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

In the Group's opinion, due to the significant amount of cash (PLN 36,381 thousand at the end of the reporting period; December 31st 2011: PLN 54,716 thousand) (Note 13.1), access to credit facilities to finance the Groups' operations on the WSE (Note 15.3.2), and the sound financial standing of the Group, the liquidity risk is insignificant.

Note 15.3.1 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (95%) relate to transactions executed on the WSE and BSE, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2012, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN 4,576 thousand (December 31st 2011: PLN 2,045 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In such circumstances, the liquidity risk is considered low.

30.7. Risk relating to the operations of the Market Making and Proprietary Trading Department

The nature of the operations of the Market Making and Proprietary Trading Department, that is entering into short-term transactions on the stock-exchange market for the Company's own account, exposes the Company to investment risk. In particular, there can be no assurance that the decisions made by the Department's staff or the investment strategies they employ will be successful, and therefore those operations may bring unsatisfactory results or even result in losses. The strategy of the Department provides for the hedging of the Group's own positions, whenever possible, through arbitrage transactions; an open position in an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

31. Capital management

The objective of the Group's capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for the shareholders. As at December 31st 2012 and December 31st 2011, the Group's equity was PLN 72,072 thousand and PLN 77,545 thousand, respectively.

As brokerage houses, IPOPEMA Securities and IPOPEMA Asset Management are subject to the Regulation on capital adequacy requirements, obliging the Group and its companies to maintain a sufficient level of equity.

Despite the considerable increase in its equity, the Company uses debt financing. Under the applicable laws and regulations, the Company's total debt may not be higher than four times the regulatory capital level. Furthermore, the Company must satisfy capital adequacy requirements (described in Note 14.4). In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund. Currently, the Company transfers contributions to the Fund using a credit facility (for details see Note 15.3.2). There is a risk that the level of equity (and, thereby, the regulatory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. However, there can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank.

It should be also noted that if the Company's clients fail to settle transactions concluded on their behalf in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and the nature of the business, the current level of the Company's equity is sufficient. However, it is possible that business projects currently underway or planned may require a higher level of equity. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

If any events with an adverse effect on the Company's financial performance occur or if the Company incurs losses, the level of equity may be reduced, which may also limit the Company's ability to use debt financing and force the Company to scale down its business.

IPOPEMA TFI, as an investment fund company (management company), is also obliged to comply with the requirement to secure a sufficient level of equity as required under Art. 49 and Art. 50 of the Act on Investment Funds of May 27th 2004.

The provisions of the Act stipulate that the management company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 125,000. The management company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Furthermore, once the value of the assets of investment funds managed by the management company exceeds the złoty equivalent of EUR 250,000 thousand, the management company must immediately increase its equity. The amount of the increase has to be equal to 0.02% of the difference between the sum of the value of the assets of all funds managed by the management company and the złoty equivalent of EUR 250,000 thousand. The management company is not required to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand. Ipopema TFI maintains its equity at the level required by statutory provisions.

32. Workforce structure

In 2012 and 2011, the average number of employees at the IPOPEMA Group was as follows:

	2012	2011
Management Board of the Parent	4	4
Management Boards of the Group companies	5	5
Other	147	144
Total	**156**	**153**

33. Auditor's fees

Under an agreement dated July 20th 2012, the entity authorised to audit the Company's annual separate financial statements and the Group's annual consolidated financial statements for 2012 and to review financial statements for H1 2012 is BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland. The auditor was contracted to perform the audit and review services with respect to the annual and semi-annual periods of 2012.

	2012	2011
Mandatory audit of financial statements	109	141
Other attestation services	48	67
Other services	-	-
Total	**157**	**208**

34. Discontinued operations

In 2012, asset management services were transferred from the Company to IPOPEMA Asset Management S.A., which is the centre of such services within the IPOPEMA Group. Revenue, costs and results related to the asset management business conducted at IPOPEMA Securities S.A. did not have a material bearing on the Company's revenue and results, as asset management revenue accounted for less than 1% of the Company's total revenue for 2012 and 2011.

In 2011, the Group did not identify any discontinued operations. Accordingly, all information presented in these financial statements relates to continued operations.

35. Events subsequent to the end of reporting period

All events with effect on the 2012 financial statements were disclosed in the accounting books for 2012.

Furthermore, in February 2013, shares were subscribed for under the Incentive Scheme (for more information, see Note 14.1).

Warsaw, March 20th 2013

On behalf of the Management Board

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board

Danuta Ciosek
Chief Accountant