

PRESS RELEASE

IPOPEMA Group posts PLN 26.1m profit for 2011

The IPOPEMA Group has published its financial results for 2011. In 2011, the IPOPEMA Group's consolidated net profit came in at PLN 26.1m, against PLN 18.4m in the previous year. The Group's consolidated revenue increased in 2011 to PLN 112.3m, or by almost 12% (from PLN 100.5m in 2010), driven by revenue growth in all business segments. IPOPEMA Securities' separate revenue grew by almost 5%, to PLN 72.8m.

Key financial data of the IPOPEMA Securities Group¹:

Consolidated financial highlights (PLN '000)	2011	2010
Revenue from core activities	112,338	100,451
Costs of core activities	83,140	71,071
Profit on core activities	29,198	29,380
Operating profit	30,547	26,381
Pre-tax profit	31,707	23,541
Net profit ²	26,118	18,419

Results generated by the particular segments:**Brokerage business**

Revenue from securities trading was PLN 57.7m in 2011, up by over 12% relative to 2010 (from PLN 51.3m). This growth was primarily attributable to higher revenue from securities trading, generated on the back of higher trading volumes on the WSE equity market, as well as recognition of revenue from activities related to debt instruments trading, launched in Q4 2010. In the area of brokerage services, apart from the activities launched on the Hungarian market, IPOPEMA Securities became a member of the Prague Stock Exchange (PSE) in Q4 2011 and launched its brokerage service addressed to external clients on that market in Q1 2012 (based on an organisational formula similar to the one employed on the Hungarian market, i.e. without opening a branch). *"Apart from offering its brokerage services on the stock exchanges in Warsaw, Budapest and Prague, further extension of our research coverage -- already including 70 companies listed on the WSE and BSE markets -- will also be a factor important for the establishing IPOPEMA's position in the CEE region. Expansion into the Prague market is a complementary addition to the range of services offered by IPOPEMA as a one-stop intermediary in securities trading on the most liquid markets in Central and Eastern Europe,"* says Jacek Lewandowski, CEO of IPOPEMA Securities.

¹ Pursuant to Art. 58.1 of the Accountancy Act, IPOPEMA Business Services Kft., a Group company, was excluded from consolidation due to immateriality of its financial data.

² A PLN 4.6m gain on bargain purchase of CSAM was one of the items affecting the amount of net profit. The gain was calculated based on guidance provided in IFRS 3. The value of net assets of the acquired company (CSAM) as at the date of obtaining control was PLN 4,589 thousand. The fair value of consideration paid was PLN 4.41. The acquisition price less the value of net assets as at the date of obtaining control constitutes the gain on bargain purchase. The gain on bargain purchase was posted under other operating income and included in the brokerage and related services segment.

Investment banking

While the total value of transactions handled by IPOPEMA in 2011 increased twofold relative to 2010 (which was mainly attributable to a PLN 5.4bn IPO of JSW S.A. where IPOPEMA acted as one of the members of the offering syndicate), the collapse of markets in the second half of the year virtually closed the equity market to new transactions. As a result, IPOPEMA's revenue from investment banking services was PLN 14.5m, down by approx. 15% on the previous year (2010: PLN 17.1m). *"Fortunately, the first signs of recovery can be seen in Q1 2012. In February 2012, IPOPEMA Securities was one of the advisers to the successful sale of shares of PGE Polska Grupa Energetyczna S.A. by the State Treasury. We have further equity transactions in the pipeline and work on acquisition of new clients. Nonetheless, within its investment banking business, IPOPEMA actively seeks transactions in the market segments less affected by the changing conditions on the stock market," adds Jacek Lewandowski.*

Investment fund and portfolio management

The most important development for the IPOPEMA Group in 2011 was the acquisition of Credit Suisse Asset Management (Polska), which has operated as IPOPEMA Asset Management since October 2011. The addition of this company to the IPOPEMA Group was in line with the Group's development strategy in the asset management segment and allowed the Group to significantly expand its asset management business. In the asset management segment (management of investment funds and portfolios of financial instruments), the IPOPEMA Group's revenue increased in 2011 to PLN 22.5m, or by over 28%. This growth was mainly attributable to an increase in the number of funds (56 as at the end of 2011 vs. 51 as at the end of 2010), higher value of assets under management (PLN 6.1bn as at the end of 2011 vs. PLN 3.9bn as at the end of 2010), as well recognition in Q4 2011 of revenue of IPOPEMA Asset Management which as at the end of 2011 managed assets with a total value of PLN 2.6bn. In 2011, the segment's net profit was nearly PLN 3.9m, up by 32% on the previous year. *"Last year's acquisition of Credit Suisse Asset Management allowed us not only to expand the asset management business but also to expand the existing product offering. We currently continue to focus on strengthening our market position in the area of management of portfolios of broker-traded financial instruments and closed-end investment funds and further expanding our offering of actively managed funds and funds addressed to retail customers," says the CEO of IPOPEMA.*

2011 also brought changes at IPOPEMA TFI - the company expanded its retail product offering. Three sub-funds of the IPOPEMA SFIO fund were launched: IPOPEMA Obligacji, IPOPEMA Agresywny and IPOPEMA Makro Alokacji. As a result, at the end of 2011 IPOPEMA TFI managed three open-end funds: IPOPEMA SFIO, m-Indeks and ALIOR SFIO (with four sub-funds).

Advisory services

In its fourth year of operations, IPOPEMA Business Consulting was growing at a very fast rate. In 2011, its revenue was PLN 17.5m, having grown by nearly 29% from PLN 13.6m in 2010. Such high revenues resulted from on-going execution of mandates obtained in 2010 and from new projects mandated by our anchor clients in 2011. Higher revenue, combined with a moderate growth in costs, led to a substantial improvement in profitability. IPOPEMA Business Consulting's net profit in 2011 was as much as PLN 3.2m, having nearly quadrupled over 2010 (PLN 0.8m).

"In 2012, the key drivers of IPOPEMA Business Consulting's business will include continued execution of some of its existing mandates and new additions to the order book, with a limited increase in expenses," added Jacek Lewandowski.

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