

PRESS RELEASE

IPOPEMA Group's Q1 2012 financial performance

IPOPEMA Group has published its financial results for Q1 2012. In the reporting period, the Group posted PLN 24.2m in revenue and PLN 2.8m in consolidated net profit. IPOPEMA Securities recognised revenue of PLN 13.8m with net profit totalling PLN 1.5m. The Group's and the Parent's operating profit came in at PLN 5.4m and PLN 4.3m, respectively.

Key financial data of the IPOPEMA Group for Q1 2012¹:

Consolidated financial highlights (PLN '000)	Q1 2012
Revenue from core activities	24,173
Cost of core activities	19,118
Profit on core activities	5,055
Operating profit	5,382
Pre-tax profit	3,030
Net profit	2,833

Results by segments:

Brokerage business

In Q1 2012, IPOPEMA Securities recognised PLN 11.8m in revenue from brokerage services. Due to unfavourable developments on the secondary markets of the WSE and BSE, which led to significantly lower trading volumes on both exchanges (down by 14% and 23%, respectively), revenue from brokerage services fell by nearly 24% year on year. *“Lower trading volumes on the WSE hurt everybody in the brokerage sector, just as the downward trend on the WSE affected investment banks. However, thanks to the diversification of services within the IPOPEMA Group, irrespective of the current economic climate and its potential impact on our performance, we have secured stable revenue sources”*, said Jacek Lewandowski, President of the IPOPEMA Group. Mr Lewandowski added that despite lower trading volumes on the WSE and BSE, IPOPEMA will take further steps to consolidate its position across all markets.

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.

Investment banking

The stagnation on the IPO market and the unfavourable market conditions reduced the Company's revenue from investment banking services. In Q1 2012, it came in at PLN 1.8m relative to PLN 2.5m in Q1 2011. *"The situation on the WSE had an adverse effect on the performance of most of the companies providing investment banking services. However, despite the limited supply of public offerings due to the low valuations of equities and investors' uncertainty as to future developments on stock exchanges, IPOPEMA has further transactions in the pipeline and works on acquisition of new clients, including in the market segments more resilient to the changing conditions on the stock market,"* said Jacek Lewandowski.

Investment fund and portfolio management

The segment of investment fund and portfolio management, comprising IPOPEMA TFI's and IPOPEMA AM's business, posted an over 30% increase in revenue. This growth was mainly attributable to a rise in the number of funds and higher value of assets under management (as at the end of March 2011, IPOPEMA TFI managed 63 funds and subfunds with an aggregate asset value of PLN 6.8bn, compared with 55 funds and an aggregate asset value of PLN 4.3bn a year earlier), as well as recognition of revenue of IPOPEMA Asset Management. Despite a 34% growth of revenue, a significant increase in cost of operations reported in Q1 2012 (up by 66%) contributed to a slight decline in net profit (PLN 0.9m relative to PLN 1.1m in Q1 2011). The higher costs are, however, attributable mainly to the Group's development, and the resulting consolidation of IPOPEMA Asset Management SA as of Q4 2011, as well as launch of a project to build a retail business line. *"The bearish market seen on the WSE since 2011, which has depressed the value of assets under investment funds' management, poses no threat to IPOPEMA TFI's performance. A large proportion of the company's revenue is derived from management of closed-end funds and does not depend on the value of the funds' assets and, consequently, on market conditions,"* said Jacek Lewandowski, President of the IPOPEMA Group.

Advisory services

Thanks to the steadily increasing order book, in Q1 2012, IPOPEMA Business Consulting recorded revenue from advisory services of PLN 3.7m, up by 18% year on year (Q1 2011: PLN 3.2m). In Q1 2012, IPOPEMA Business Consulting's net profit exceeded PLN 0.4m. *"Over the next months of 2012, the key drivers of IPOPEMA BC's business will include continued execution of some of its existing mandates and further expansion of its share in the advisory services market, with a limited increase in expenses,"* added Jacek Lewandowski.

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