IPOPEMA Securities S.A.

Financial statements

for the year ended December 31st 2010

Warsaw, March 17th 2011

Compliance statement

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

- to the best of our knowledge, the annual separate financial statements as at December 31st 2010 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 IPOPEMA Securities S.A.;
- 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 financial statements of IPOPEMA Securities S.A. as at December 31st 2010 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.
- The Directors' Report on the Company's operations in 2010 gives a true picture of the Company's development, achievements and standing; it also includes a description of risks and threats.

Warsaw, March 17th 2011

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

Financial highlights	PLN '000		EUR '000	
	2010	2009	2010	2009
Revenue from core activities	69,378	55,320	17,325	12,745
Costs of core activities	44,546	37,308	11,124	8,595
Profit on core activities	24,832	18,012	6,201	4,150
Operating profit	22,364	16,030	5,585	3,693
Pre-tax profit	19,446	15,997	4,856	3,685
Net profit	15,431	12,690	3,854	2,924
Net earnings from continuing operations per ordinary share (weighted average) (PLN/ EUR)	0.53	0.44	0.13	0.10
Net cash provided by/(used in) operating activities	61,127	13,922	15,265	3,207
Net cash provided by (used in) investing activities	-9,852	-5,933	-2,460	-1,367
Net cash provided by (used in) financing activities	-7,487	-3,654	-1,870	-842
Total cash flows	43,788	4,335	10,935	999

Financial highlights	PLN '000		EUR '000	
	Dec 31 2010	Dec 31 2009	Dec 31 2010	Dec 31 2009
Total assets	398,654	383,288	100,663	93,298
Current liabilities	328,184	328,207	82,868	79,891
Equity	64,082	48,405	16,181	11,783
Number of shares	29,342,301	28,928,553	29,342,301	28,928,553
Book value per share (PLN/EUR)	2.18	1.67	0.55	0.41

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

- Items of the income statement 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	2010	2009
EUR	4.0044	4.3406

- Items of the balance sheet:

Exchange rate as at	Dec 31 2010	Dec 31 2009
EUR	3.9603	4.1082

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

EUR	2010	2009
Lowest exchange rate	3.8356	3.9170
Highest exchange rate	4.1770	4.8999

Introduction to financial statements

Information on the Company

The Company (under the name Dom Maklerski IPOPEMA S.A.) was established on March 2nd 2005 under Notarial Deed No. Rep. A 2640/2005, which included also the Company's Articles of Association, prepared by Janusz Rudnicki, Notary Public of Warsaw, ul. Marszałkowska 55/73, suite 33, Warsaw, Poland. According to the aforementioned Articles of Association, the Company has been established for indefinite time.

The Company's registered office is at ul. Waliców 11, Warsaw, Poland.

Pursuant to a decision issued by the District Court for the Capital City of Warsaw, XIX (currently XII) Commercial Division of the National Court Register, on March 22nd 2005 the Company was entered into the Register of Entrepreneurs of the National Court Register under KRS No. 0000230737.

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

The Company's business was classified in accordance with the Polish Classification of Business Activities (PKD) as:
(i) PKD 66.12.Z – Security and commodity contracts brokerage,
(ii) PKD 64.99.Z – Other financial service activities, except insurance and pension funding n.e.c.,
(iii) PKD 70.22.Z – Other business and management consulting services.

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 Shareholders Meeting held on August 10th 2006.

All Company shares (a total of 29,554,801 shares) issued until the date of publication of these financial statements are admitted to trading on the regulated market operated by the Warsaw Stock Exchange and have been introduced to trading on the main market. May 26th 2009 was the first listing date.

Going concern assumption

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is over 12 months after the balance-sheet date. As at the date of approval of these financial statements, no circumstances have been identified which would threaten the Company's continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the balance-sheet date, that is December 31st 2010.

Composition of the Management Board and the Supervisory Board

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

Jacek Lewandowski – 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.

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

Jacek Jonak – Chairman of the Supervisory Board,
Roman Miler – Deputy Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Wiktor Sliwinski – Member of the Supervisory Board.

In 2010 and 2009, there were no changes to the composition of the Management and Supervisory Boards.

Basis for preparation of the financial statements

These financial statements cover the period January 1st–December 31st 2010 and contain comparative data for the period from January 1st–December 31st 2009.

Pursuant to Art. 50.3 of the Accountancy Act, if there is no reportable information on an item of financial statements in the financial year and in the preceding year, the item is disregarded when preparing the financial statements.

These financial statements for the financial year ended December 31st 2010 were approved for publication by the Management Board on March 17th 2011.

Identification of financial statements

All financial data contained in these financial statements is presented in PLN '000.

These 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.

These financial statements were prepared in compliance with the Polish Accounting Standards ("PAS"), including:

- The Accountancy Act of September 29th 1994 – Dz. U. of 2009, No. 152, item 1223, as amended (the "Accountancy Act");
- The Regulation of the Minister of Finance on special accounting principles for brokerage houses and organisational units of banks which conduct brokerage activities of December 28th 2009 – Dz. U. of 2009, No. 226, item 1824;
- The Regulation of the Minister of Finance on detailed recognition principles, method of measurement, scope of disclosure and presentation of financial instruments of December 12th 2001 – Dz. U. of 2001, No. 149 item 1674, as amended;
- The Act on Corporate Income Tax of February 15th 1992 – Dz. U. of 2000, No. 54, item 654, as amended;
- The Act on Trading in Financial Instruments of July 29th 2005 – Dz. U. of 2010, No. 211, item 1384, as amended;
- The Regulation of the Minister of Finance on the scope of information to be disclosed in financial statements and consolidated financial statements required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply, of October 18th 2005 – Dz. U. of 2005, No. 209, item1743.

Information on subsidiary undertakings

IPOPEMA Securities S.A. is the parent undertaking of three companies: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. of Warsaw, Poland, IPOPEMA Business Consulting Sp. z o.o. of Warsaw, Poland, and IPOPEMA Business Services Kft. of Budapest, Hungary. The parent undertaking and its subsidiary undertakings make up the IPOPEMA Securities Group ("the IPOPEMA Securities Group", "the Group").

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority 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 Management Board is composed of Jarosław Wikaliński (President), Maciej Jasiński, Marek Świętoń and Aleksander Widera (Vice-Presidents), who have many years' market 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 Shareholders Meeting of IPOPEMA TFI.

IPOPEMA Business Consulting Sp. z o.o. ("IPOPEMA BC", "IBC") 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 Business Services Kft. ("IBS") 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 S.A. 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.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards.

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

Business combinations

In the periods covered by these financial statements, there were no business combinations as referred to in Art. 44.b and Art. 44.c of the Accountancy Act.

Correction of errors and corrections resulting from qualifications contained in auditor's opinions

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

Applied accounting standards, methods of valuation of assets, equity and liabilities (including depreciation/ amortisation), measurement of profit (loss):

1) Cash and cash equivalents

Cash and cash equivalents disclosed in the balance sheet include cash in hand and at banks, as well as short-term deposits, with original terms to maturity not exceeding three months.

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

Cash is measured at nominal value.

2) Property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets are measured at acquisition cost less depreciation/ amortisation charges and impairment losses, if any.

Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the income statement when incurred.

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

Type of asset	Depreciation rate
Plant and equipment	10%
Office equipment	20%
Computers	11% – 33%
Leasehold improvements	10%
Intangible assets	6% – 50%

If the initial value of an item of property, plant and equipment or an intangible asset is less than PLN 3,500, such asset is expensed on a one-off basis. However, if required by the Company's interest, items of property, plant and equipment, and intangible assets with the value lesser than PLN 3,500 may be entered into the register of non-current assets.

An item of property, plant and equipment or an intangible asset may be derecognised from the balance sheet following its disposal or if no further economic benefits are expected to be derived from its further use. Any income and costs resulting from a given asset being derecognised from the balance-sheet, are charged to the income statement in the period the asset 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.

3) Receivables

Current receivables

Current receivables include all receivables from clients, related undertakings, brokerage offices, 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 after the balance-sheet date.

Receivables are measured at amounts receivable, subject to the prudent valuation principle. The amount of receivables is subsequently decreased by impairment losses, if any, which are recognised based on the analysis of collectibility of receivables from individual debtors.

Impairment losses on receivables are estimated in the event of an increase in the risk that it will not be possible to collect the full amount receivable. Taking into consideration the nature of its business, the Company has adopted the following rules for estimating impairment losses on past due receivables:

- for receivables past due by up to six months – no impairment loss is recognised,
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised,
- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

The Company may also recognise impairment losses based on an individual assessment of a receivable.

Impairment losses on receivables are charged to other operating expenses and disclosed in the income statement under increase in impairment losses on receivables. 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.

Under receivables, the Company also discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The lease agreement meets the definition of finance lease. The value of the leased out property, plant and equipment and intangible assets amounted to PLN 510 thousand as at December 31st 2010, including non-current receivables of PLN 393 thousand.

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 settled at the clearing house 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 other 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 made 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.

Non-current receivables

Non-current receivables are receivables whose terms to maturity are longer than 12 months from the balance-sheet date.

4) Financial instruments

Financial instruments are classified into the following categories:

1. Financial assets
   - financial assets held for trading,
   - loans advanced and receivables,
   - financial assets held to maturity,
   - financial assets available for sale.
2. Financial liabilities
   - financial liabilities held for trading,
   - other financial liabilities.

Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are financial instruments acquired for the Company's own account in connection with executed transactions, and are measured at fair value, determined by reference to their market value as at the balance-sheet date. For the purpose of the measurement, the Company 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. Instruments not traded on stock-exchanges (a forward contract) have been measured using interest rates and currency exchange rates as at the balance-sheet date. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

In the category of financial assets held for trading, the Company includes securities acquired as a result of erroneous transactions as well as financial instruments acquired as a result of proprietary trading; they include both shares in companies listed on the Warsaw Stock Exchange and Budapest Stock Exchange, and derivatives linked to equities and stock-exchange indices (options and futures) listed on the WSE. In the category of financial liabilities held for trading, the Company includes derivative financial instruments. Both financial assets and liabilities held for trading are listed on the Warsaw Stock Exchange or the Budapest Stock Exchange, with the exception of a *forward* contract entered into by the Company.

Financial assets and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial assets are carried at acquisition 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. For the purpose of measurement of the fair value as at the contract date, the Company takes into account the incurred transaction cost.

The Company does not apply hedge accounting.

Loans advanced and receivables

Loans advanced and receivables include, irrespective of the maturity date, financial assets arising when the Company delivers cash directly to the counterparty. Loans advanced and receivables are measured at adjusted acquisition cost, which is estimated using the effective interest rate method. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly bank deposits, cash and loans advanced. Loans with terms of three and five years advanced to IPOPEMA Securities' business partners are classified under "Loans advanced". Since loans may be amortised after the repayment date, the Company applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance expenses. Additionally, loans advanced to a subsidiary have also been recognised under this item.

Financial assets held to maturity

Financial assets held to maturity are investments with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity. Financial assets held to maturity are measured at amortised cost with the effective interest rate method.

Financial assets held to maturity are classified as non-current assets if their terms to maturity are longer than 12 months from the balance-sheet date. The Company had no financial assets held to maturity in this or previous year.

Financial assets available for sale

All other financial instruments are classified as financial assets available for sale. Financial assets available for sale are carried at fair value (without deducting the transaction costs), determined by reference to their market value as at the balance-sheet date. Under financial assets available for sale the Company has included investment certificates and, pursuant to the regulation on special accounting principles for brokerage houses, shares in subordinated undertakings measured at acquisition price.

Shares in subordinated undertakings are measured at acquisition cost less impairment losses. Investment certificates are carried at fair value based on the net asset value per certificate as published by the investment fund. The effect of valuation increases or decreases (as appropriate) the revaluation capital reserve.

Shares in subsidiary undertakings are measured at acquisition cost less impairment losses. Shares in a subsidiary undertaking denominated in a foreign currency are translated into the Polish currency at the mid exchange rate quoted for that foreign currency by the National Bank of Poland as at the balance-sheet date.

Other financial liabilities

In this category, the Company classifies mainly bank loans, including overdrafts. Other financial liabilities are measured at amortised cost.

Financial instruments are derecognised when the Company loses control over the contractual rights constituting the given financial instrument; that usually happens when an instrument is sold or when all the cash flows attributable to an instrument are transferred onto an independent third party.

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

5) Impairment of financial instruments

As at each balance-sheet date the Company evaluates whether there are objective indications of impairment of a financial instrument or a group of financial instruments.

6) Prepayments and accrued income

Current

Costs incurred in the current reporting period but related to future periods are recognised under current prepayments and accrued income, provided the costs will be settled within 12 months from the balance-sheet date.

Non-current

Deferred tax assets and other prepayments and accrued income which will be settled later than 12 months from the balance-sheet date.

Deferred tax asset

Deferred tax assets are recognised in relation to all deductible temporary differences to the extent it is probable that the Company will generate taxable income sufficient to use the differences.

7) Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the balance-sheet date. Current liabilities include all liabilities to clients, liabilities to related undertakings, liabilities to banks conducting brokerage activities and other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the National Depository for Securities and exchange clearing houses, liabilities to entities operating regulated securities markets, and liabilities under bank loans, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Liabilities are measured at amounts due, except for liabilities held for trading (see Section 4 for details on their valuation), and liabilities under loans, which are measured at amortised cost.

The recognition of current liabilities under executed transactions is discussed in Section 3 above.

Non-current liabilities

Non-current liabilities are liabilities which are payable within more that 12 months from the balance-sheet date.

8) Provisions, accruals and deferred income

Accruals and deferred income

Costs attributable to the period but not yet incurred are recognised as accruals and deferred income, and disclosed under current liabilities.

Provisions include:

a) deferred tax liability,
b) other provisions.

Deferred tax liability

Deferred tax liability is recognised in relation to all taxable temporary differences.

Other provisions

Provisions are created if the Company has a legal or constructive obligation resulting from a past event, the amount of such obligation can be reliably estimated, and it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Other provisions are presented in the balance-sheet 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 balance-sheet date).

9) Equity

Equity comprises the following items:

- share capital,
- reserve funds,
- revaluation capital reserve,
- retained earnings (deficit),
- net profit (loss).

Equity is recognised at par value, broken down into its particular components, as stipulated by applicable laws and 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. Reserve funds are created pursuant to the regulations of the Commercial Companies Code. They comprise earnings retained by the Company under a relevant resolution of the General Shareholders Meeting, and share premium.

Revaluation capital reserve is created from revaluation of financial assets available for sale – investment certificates.

Retained earnings / (deficit) comprises profit (loss) for the previous years.

Net profit (loss) comprises current financial year profit / (loss).

The Company is obliged to compute regulatory capital, as stipulated by the Minister of Finance's Regulation on the scope and detailed rules for determination of capital adequacy requirements and on the maximum ratio of loans and debt securities 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 reserve funds,
- other capital reserves,
- other items of core capital, i.e. retained earnings and current period's profit,
- items reducing core capital, i.e. called-up capital not paid, treasury shares held by the brokerage house (valued at acquisition 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.

10) Recognition of revenue

Revenue is recognised to the extent it is probable that the Company will obtain economic benefits from a given transaction, which can be reliably measured.

11) Accrual basis of accounting and matching principle

In determining its net profit (loss), the Company 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. Expenses not yet incurred in a given period are covered by provisions.

12) Determination of net profit (loss)

Components of net profit (loss)

Pursuant to Appendix 1 to the Regulation of the Minister of Finance on special accounting principles for brokerage houses and organisational units of banks which conduct brokerage activities of December 28th 2009 (Dz. U. of 2009, No. 226, item 1824), the Company's net profit (loss) is composed of:

- Profit (loss) on brokerage activities,
- Operating profit (loss),
- Profit (loss) before extraordinary items,
- Pre-tax profit (loss),
- Income tax and other mandatory decrease of profit (increase of loss).

Method of determination of profit (loss) on brokerage activities

Profit (loss) on brokerage activities is the difference between:

revenue from brokerage activities, comprising revenue:

- from fees and commissions:

a) from transactions in financial instruments made in the name of the Company but for the account of the party placing an order,
b) from offering financial instruments,
c) from accepting orders to buy or redeem investment fund units,
d) other,

- other revenue:

a) from maintenance of client's securities accounts and cash accounts,
b) from offering financial instruments,
c) from maintenance of registries of acquirers of financial instruments,
d) from discretionary management of third-party securities portfolios,
e) from professional advisory on trading in financial instruments,
f) from representation of banks conducting brokerage activities and brokerage houses on a regulated market and commodity exchanges,
g) other,

and costs of brokerage activities, comprising costs incurred to generate revenue from the Company's business activities. The Company uses by-nature format for expenses. Costs by nature are recorded under Group 4, costs by type and their settlement. The costs include:

- affiliation,
- fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses,
- fees payable to commercial chamber,
- salaries and wages,
- social security and other benefits,
- employee benefits,
- materials and energy used,

- costs of maintenance and lease of buildings,
- other costs by type,
- depreciation and amortisation,
- taxes and other public charges,
- commissions and other charges,
- other.

Revenue denominated in foreign currencies is translated into the złoty at the mid-exchange rate quoted by the National Bank of Poland on a day preceding the revenue generation date.

Method of determination of operating profit (loss)

Operating profit (loss) comprises the profit (loss) on brokerage activities adjusted for:

- gain (loss) on transactions in financial instruments held for trading,
- gain (loss) on transactions in financial instruments held to maturity,
- gain (loss) on transactions in financial instruments available for sale,
- other operating income,
- other operating expenses,
- difference between provisions for and impairment losses on receivables.

Other income and operating expenses are income and expenses related indirectly to the Company's operations, including in particular income and expenses related to:

- disposal of property, plant and equipment, and intangible assets,
- impairment losses on property, plant and equipment, and intangible assets,
- compensation, penalties and fines,
- free-of-charge transfer or receipt, including by way of donation, of assets, including cash, for purposes other than acquisition or production of intangible assets,
- other.

Method of determination of profit (loss) before extraordinary items

Profit (loss) before extraordinary items comprises operating profit (loss) adjusted for:

- finance income,
- finance expenses.

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

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

Method of determination of pre-tax profit (loss)

Pre-tax profit (loss) comprises profit (loss) before extraordinary items adjusted for extraordinary gains and losses.

The Company recognises extraordinary gains and losses pursuant to Art 3.1.33 of the Accountancy Act. Extraordinary gains and losses are gains and losses arising from unpredictable events, outside the course of the Company's operations, and not related to the general operating risk.

Method of determination of net profit (loss)

Net profit (loss) comprises pre-tax profit (loss) adjusted for income tax and other mandatory decrease of profit (increase of loss).

Corporate income tax

Income tax affecting net profit (loss) for a given reporting period includes:

- current income tax,
- deferred income tax.

Current income tax

Current income tax payable and receivable for the current period and for previous periods is 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 balance-sheet date.

Deferred income tax

For the purposes of financial reporting, the deferred income tax is recognised using the balance-sheet liability method in relation to temporary differences recorded as at the balance-sheet date between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements. Deferred income tax disclosed in the income statement is the difference between deferred tax liabilities and assets as at the end and as at the beginning of the period.

13) Statement of cash flows

The statement of cash flows is prepared using the indirect method.

14)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 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 balance-sheet date, monetary 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 disclosed as finance income or expenses, as appropriate.

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

Currency	Dec 31 2010	Dec 31 2009
USD	2.9641	2.8503
EUR	3.9603	4.1082
HUF 100	1.4206	1.5168
GBP	4.5938	4.5986
UAH	0.3722	0.3558
CZK	0.1580	0.1554
CHF	3.1639	2.7661
INR 100	6.7450	6.1543

Source: National Bank of Poland.

Changes in estimates

In 2010, there were no changes in estimates other than the changes in provisions for receivables and impairment losses on receivables, as discussed in Notes 2, 9 and 11.

Changes in applied accounting policies

Within the period covered by these financial statements, there were no changes in the applied accounting principles.

Comparability of the reported data

These financial statements were presented in a manner ensuring their comparability by applying uniform accounting policies in all the presented periods, consistent with the accounting policies applied by the Company.

Indication and explanation of differences in amounts disclosed in these financial statements and comparative data prepared in accordance with Polish Accounting Standards, and amounts that would be disclosed in financial statements and comparative data prepared in accordance with IAS respectively

If the Company had prepared its separate financial statements in accordance with IAS, it would have recognised the cost of incentive schemes, discussed in Note 59, in the financial statements for 2010 and 2009. In separate financial statements prepared in accordance with the provisions of the Accountancy Act, the cost of incentive schemes is not recognised, as the Accountancy Act stipulates no such requirement. However, the cost is recognised in the Group's consolidated financial statements, which the Group is required to prepare in compliance with the IFRS.

Recognition of the cost of incentive schemes would increase the cost of salaries and wages and the reserve funds by the amount of the cost. This would not affect the value of net assets but would have an effect on their structure.

Except for the difference connected with the cost of incentive schemes discussed above, there are no material differences related to the applied accounting policies.

Warsaw, March 17th 2011

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Danuta Ciosek
Chief Accountant

	ASSETS (PLN '000)	Note	Dec 31 2010	Dec 31 2009
I.	**Cash and cash equivalents**	**1, 8**	**93,462**	**44,624**
1.	Cash in hand		9	4
2.	Cash at banks		30,524	2,022
3.	Other cash		52,786	37,550
4.	Cash equivalents		10,143	5,048
II.	**Current receivables**	**2, 8**	**281,748**	**323,430**
1.	From clients		165,094	152,314
2.	From related undertakings		723	-
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		94,211	137,752
a)	under executed transactions		94,211	137,752
4.	From entities operating regulated markets and commodity		9	16
5.	From the National Depository for Securities and exchange clearing		21,048	32,669
6.	From issuers of securities or selling shareholders		52	-
7.	Taxes, subsidies and social security receivable		396	370
8.	Other		215	309
III.	**Financial instruments held for trading**	**3, 18**	**8,853**	**4,345**
1.	Shares		8,828	4,293
2.	Derivative instruments		25	52
IV.	**Current prepayments and accrued income**	**4**	**388**	**333**
V.	**Financial instruments held to maturity**	**5**	**-**	**-**
VI.	**Financial instruments available for sale**	**6, 18**	**6,450**	**6,388**
1.	Shares and other equity interests		6,007	6,008
	- in subordinated undertakings		6,007	6,008
2.	Investment certificates		443	380
VII.	**Non-current receivables**	**7**	**493**	**100**
VIII	**Non-current loans advanced**	**7, 8**	**2,865**	**11**
1.	Other		2,865	11
IX.	**Intangible assets**	**9**	**1,842**	**1,480**
1.	Acquired permits, patents, licenses and similar assets, including:		1,842	1,480
	- computer software		1,842	1,480
X.	**Property, plant and equipment**	**11**	**1,301**	**1,319**
1.	Tangible assets, including:		1,298	1,071
a)	computer assemblies		702	516
b)	other tangible assets		596	555
2.	Tangible assets under construction		3	248
XI.	**Non-current prepayments and accrued income**		**1,252**	**1,258**
1.	Deferred tax asset	**12**	1,252	1,232
2.	Other prepayments and accrued income		-	26
	Total assets		**398,654**	**383,288**

Warsaw, March 17th 2011

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Chief Accountant

	EQUITY AND LIABILITIES (PLN '000)	Note	Dec 31 2010	Dec 31 2009
I.	**Current liabilities**	**13**	**328,184**	**328,207**
1.	To clients		120,469	142,003
2.	To related undertakings		-	9
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		190,456	169,404
a)	Under executed transactions		190,456	169,404
4.	To entities operating regulated markets and commodity exchanges		758	698
5.	To the National Depository for Securities and exchange clearing houses		2,159	1,570
6.	Loans and borrowings		7,481	13,543
a)	from related undertakings		-	-
b)	other	**18**	7,481	13,543
7.	Taxes, customs duties and social security payable		698	385
8.	Other		6,163	595
II.	**Non-current liabilities**	**15**	**-**	**-**
III.	**Accruals and deferred income**	**15**	**-**	**-**
IV.	**Provisions for liabilities**	**16**	**6,388**	**6,676**
1.	Deferred tax liabilities		288	211
2.	Other		6,100	6,465
a)	non-current		-	-
b)	current		6,100	6,465
V.	**Subordinated liabilities**	**17**	**-**	**-**
VI.	**Equity**	**22**	**64,082**	**48,405**
1.	Share capital	**19**	2,934	2,893
2.	Reserve funds	**21**	45,665	32,822
a)	share premium account		7,433	7,280
b)	statutory reserve funds		978	964
c)	reserve funds created pursuant to the Articles of Association		37,254	24,578
3.	Revaluation capital reserve	**25**	52	-
4.	Retained earnings		-	-
5.	Net profit		15,431	12,690
	Total equity and liabilities		**398,654**	**383,288**
	Book value (PLN '000)	**24**	64,082	48,405
	Number of shares as at end of period		29,342,301	28,928,553
	Book value per share (PLN)		2.18	1.67
	Diluted number of shares		29,299,121	28,999,944
	Diluted book value per share (PLN)		2.18	1.67

Warsaw, March 17th 2011

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	OFF-BALANCE-SHEET ITEMS (PLN '000)	Note	Dec 31 2010	Dec 31 2009
I.	Contingent liabilities	**46**		-
II.	Third-party assets used			-
III.	Futures acquired or issued in the name and for the account of the brokerage house		17,159**	4,945*

** Nominal value of futures purchased by the Company acting as a market maker of the futures market; an open position in an equity contract is usually hedged by an offsetting transaction in shares (arbitrage transactions).*

*** Value of futures, as described above, plus the forward contract.*

Warsaw, March 17th 2011

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	INCOME STATEMENT (PLN '000)	Note	2010	2009
I.	**Revenue from brokerage activities, including:**	**27**	**69,378**	**55,320**
	- from related undertakings		544	850
1.	Fee and commission income		61,545	44,848
a)	from transactions in financial instruments made in the name of the Company but for the account of the party placing an order		49,936	41,553
b)	from offering financial instruments		3,167	-
c)	other		8,442	3,295
2.	Other income		7,833	10,472
a)	from offering financial instruments		3,044	315
b)	from discretionary management of third-party securities portfolios		489	-
c)	other		4,300	10,157
II.	**Cost of brokerage activities**		**44,546**	**37,308**
	- to related undertakings		1,526	502
1.	Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses		12,169	9,855
2.	Fees payable to commercial chamber		-	17
3.	Salaries and wages		20,859	19,253
4.	Social security and other benefits		790	814
5.	Employee benefits		122	162
6.	Materials and energy used		404	213
7.	Costs of maintenance and lease of buildings		867	693
8.	Depreciation and amortisation		847	785
9.	Taxes and other public charges		1,218	951
10.	Other		7,270	4,565
III.	**Profit (loss) on brokerage activities**		**24,832**	**18,012**
IV.	**Income from financial instruments held for trading**	**28**	**2,069**	**1,832**
1.	Dividends and other profit distributions		115	87
	- from related undertakings		-	-
2.	Revaluation adjustments		186	235
3.	Gain on sale/redemption		1,768	1,510
4.	Other		-	-
V.	**Cost related to financial instruments held for trading**	**29**	**4,176**	**2,713**
1.	Revaluation adjustments		494	-
2.	Loss on sale/redemption		3,682	2,713
VI.	**Gain (loss) on transactions in financial instruments held for trading**		**-2,107**	**-881**
VII.	**Income from financial instruments available for sale**	**32**	**-**	**23**
1.	Revaluation adjustments		-	23
VIII.	**Cost related to financial instruments available for sale**	**33**	**-**	**-**
IX.	**Gain (loss) on transactions in financial instruments available for sale**		**-**	**23**
X.	**Other operating income**	**35**	**455**	**99**
XI.	**Other operating expenses**	**36**	**814**	**294**
XII.	**Difference between provisions for and impairment losses on receivables**	**37**	**- 2**	**-929**
1.	Released provisions		68	-
2.	Decrease in impairment losses on receivables		221	48
3.	Increase in impairment losses on receivables		291	977
XIII.	**Operating profit**		**22,364**	**16,030**

XIV.	**Finance income**		**1,911**	**1,919**
1.	Interest on loans advanced, including:		61	-
	- from related undertakings		12	-
2.	Interest on deposits	**38**	941	1,468
	- from related undertakings		**-**	-
3.	Other interest		86	-
4.	Foreign exchange gains		-	26
	a) realised		-	26
	b) unrealised		-	-
5.	Other		823	425
XV.	**Finance expenses**		**4,829**	**1,952**
1.	Interest on loans, including:	**39**	1,009	982
	- to related undertakings		-	-
2.	Other interest		2	-
3.	Foreign exchange losses		226	28
	a) realised		171	-
	b) unrealised		55	28
4.	Other		3,592	942
XVI.	**Profit before extraordinary items**		**19,446**	**15,997**
XVII.	**Pre-tax profit**		**19,446**	**15,997**
XVIII.	**Corporate income tax**	**42**	**4,015**	**3,307**
XIX.	**Net profit**	**44**	**15,431**	**12,690**
	Weighted average number of ordinary shares		28,964,827	28,690,784
	Earnings per ordinary share (PLN)		0.53	0.44
	Weighted average diluted number of ordinary shares		29,299,121	28,999,944
	Diluted earnings per ordinary share (PLN)		0.53	0.44

Warsaw, March 17th 2011

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Chief Accountant

	STATEMENT OF CASH FLOWS (PLN' 000)	Note	2010	2009
A.	**NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES**	**54**		
I.	**Net profit**		**15,431**	**12,690**
II.	**Total adjustments**		**45,696**	**1,232**
1.	Depreciation and amortisation		847	785
2.	Foreign exchange gains/(losses)		36	-
3.	Interest and profit distributions (dividends)		605	847
4.	Profit (loss) on investment activities		650	-23
5.	Change in provisions and impairment losses on receivables		- 230	4,538
6.	Change in financial instruments held for trading		- 4,507	-2,541
7.	Change in receivables		42,304	-231,648
8.	Change in current liabilities (net of loans and borrowings), including special accounts		6,041	229,925
9.	Change in accruals and deferrals		- 50	-651
III.	**Net cash provided by (used in) operating activities (I + II)**		**61,127**	**13,922**
B.	**NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES**			
I.	**Cash provided by investing activities**		**5,461**	**7**
1.	Disposal of financial instruments available for sale and held to maturity		5,000	-
2.	Profit distributions (dividends) received		115	-
3.	Interest received		134	-
4.	Decrease in loans advanced		212	7
II.	**Cash used in investing activities**		**15,313**	**5,940**
1.	Acquisition of intangible assets		810	548
2.	Acquisition of property, plant and equipment		386	354
3.	Acquisition of financial instruments available for sale held to maturity - subordinated undertakings		-	5,008
4.	Non-current loans advanced		3,445	30
5.	Other cash used in investing activities		10,672	-
III.	**Net cash provided by (used in) investing activities (I - II)**		**- 9,852**	**-5,933**
C.	**NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES**			
I.	**Cash provided by financing activities**		**194**	**7,164**
1.	Increase in current loans and borrowings		-	6,909
2.	Proceeds from issue of own shares		194	168
3.	Other cash provided by investing activities		-	87
II.	**Cash used in financing activities**		**7,681**	**10,818**
1.	Repayment of current loans and borrowings		6,062	-
2.	Dividends and other payments to owners		-	9,836
3.	Interest paid		1,009	982
4.	Other cash used in financing activities		610	-
III.	**Net cash provided by (used in) financing activities (I - II)**		**-7,487**	**-3,654**

TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		**43,788**	**4,335**
BALANCE-SHEET CHANGE IN CASH, including:		**43,743**	**4,335**
- change in cash resulting from foreign exchange differences		- 45	-
CASH AT BEGINNING OF PERIOD	**54**	**39,576**	**35,241**
CASH AT END OF PERIOD (F +/- D), including:	**54**	**83,319**	**39,576**
- restricted cash		-	-

Warsaw, March 17th 2011

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	STATEMENT OF CHANGES IN EQUITY (PLN' 000)	2010	2009
I.	**EQUITY AT BEGINNING OF PERIOD (OPENING BALANCE)**	**48,405**	**45,383**
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	**EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS**	**48,405**	**45,383**
1.	Share capital at beginning of period	2,893	2,857
1.1.	Changes in share capital	41	36
a)	increase	41	36
	- issue of shares	41	36
1.2.	Share capital at end of period	2,934	2,893
2.	Reserve funds at beginning of period	32,822	30,027
2.1.	Changes in reserve funds	12,843	2,795
a)	increase	12,843	2,795
	- distribution of profit (statutory)	-	12
	- distribution of profit (above statutory minimum)	12,690	2,651
	- share premium account	153	132
2.2.	Reserve funds at end of period	45,665	32,822
3.	Revaluation capital reserve at beginning of period	-	-
3.1.	Changes in revaluation capital reserve	52	-
a)	increase	52	-
	- revaluation of financial instruments	52	-
3.2	Revaluation capital reserve at end of period	52	-
4.	Retained earnings/(deficit) at beginning of period	12,690	12,499
4.1.	Retained earnings at beginning of period	12,690	12,499
a)	increase	-	-
b)	decrease	12,690	12,499
	- distribution of retained earnings (dividend)	-	9,836
	- distribution of retained earnings (increase in reserve funds)	12,690	2,663
4.2	Retained earnings at end of period	-	-
4.3	Retained earnings /(deficit) at end of period	-	-
5.	Net profit (loss)	15,431	12,690
a)	net profit	15,431	12,690
b)	net loss	-	-
II.	**EQUITY AT END OF PERIOD (CLOSING BALANCE)**	**64,082**	**48,405**
III.	**EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT**	**64,082**	**48,405**

Warsaw, March 17th 2011

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Notes to the financial statements

Significant events relating to past years and disclosed in the financial statements for the financial year

No material events relating to the previous years occurred in the period covered by these financial statements.

Events subsequent to the balance-sheet date, not disclosed in the financial statements

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st – December 31st 2010. No events occurred after the balance-sheet date which should have been but were not disclosed in the accounting books for the reporting period.

Changes in accounting policies and in the preparation of the financial statements

Both in 2010 and 2009, the Company did not change the accounting policies and the rules of preparing the financial statements.

Agreements not disclosed in the balance sheet

Both in 2010 and 2009, the Company disclosed all agreements which had an effect on data presented in these financial statements.

Correction of errors

Both in 2010 and 2009, the Company did not correct any errors in the financial statements.

Operating segments

The Company does not distinguish separate operating segments within its structure and forms a single segment. IPOPEMA Securities S.A.'s segment comprises brokerage activities, as well as business and management consulting services. Information disclosed in these financial statements is also information concerning this operating segment.

No geographical segments are reported by the Company, as its sales revenue is generated mostly in Poland. Foreign sales revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. Hungary) does not exceed 9% of total sales revenue (PLN 5,805 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2010	Dec 31 2009
Cash and other assets of clients		
a) at banks and in hand	49,148	11,431
b) other *	-	-
Total cash and other assets of clients	**49,148**	**11,431**
Cash and other assets:		
a) cash and other assets of the brokerage house, including:	44,314	33,193
- cash in hand	9	4
- cash at banks	30,524	2,022
- other cash *	13,781	31,167
b) cash and other assets of clients deposited in cash accounts:	49,148	11,431
- at the brokerage house and paid towards acquisition of securities	49,148	11,431
- in an IPO or on the primary market	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	**93,462**	**44,624**

** "Other" and "other cash" items include cash in bank deposits and interest accrued on those deposits.*

Note 2

Selected current receivables (PLN '000)	Dec 31 2010	Dec 31 2009
1. Selected current receivables	**281,076**	**322,735**
a) from clients, including:	165,094	152,314
- under transactions executed on the Warsaw Stock Exchange	156,322	147,447
- under transactions executed on the Budapest Stock Exchange	6,457	-
- under deferred payment dates	-	-
- other	2,315	4,867
b) from related undertakings, including:	723	-
- from subsidiary undertakings	723	-
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses(broken down into receivables under clearing of transactions concluded on each stock exchange)	94,211	137,752
- under transactions executed on the Warsaw Stock Exchange	87,912	137,752
- under transactions executed on the Budapest Stock Exchange	6,299	-
d) from the National Depository for Securities and exchange clearing houses	21,048	32,669
- from the settlement guarantee fund	21,048	32,669
e) under court proceedings, not covered by recognised impairment losses on receivables	-	-
2. Net current receivables	**281,748**	**323,430**
- impairment losses on current receivables (positive value)	2,213	2,143
Gross current receivables	**283,961**	**325,573**
3. Changes in impairment losses on current receivables		
As at beginning of period	2,143	1,430
a) increase (impairment losses on past-due receivables)	291	977
b) use	-	215
c) reversal	221	49
Changes in impairment losses on current receivables as at end of period	**2,213**	**2,143**
4. Current and non-current receivables by maturity as from the balance-sheet date		
a) up to 1 month	280,564	320,107
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	-	3,219
d) over 1 year to 5 years	493	100
e) over 5 years	-	-
f) past due	3,397	2,247
Total gross receivables	284,454	325,673
g) impairment losses on receivables (negative value)	- 2,213	-2,143
Total net receivables	**282,241**	**323,530**
5. Gross past due receivables by period of delay:		
a) up to 1 month	1,173	100
b) over 1 month to 3 months	9	162
c) over 3 months to 1 year	498	365
d) over 1 year to 5 years	1,717	1,620
e) over 5 years	-	-
Total gross receivables	**3,397**	**2,247**
f) impairment losses on receivables (negative value)	- 2,213	-2,143
Total net receivables	**1,184**	**104**
6. Gross current receivables by currency		
a) in PLN	270,695	325,360

b) in other currencies (translated into PLN)	13,266	213
Total gross current receivables	**283,961**	**325,573**

The value of current receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions represents the value of concluded and not cleared (including suspended) purchase and sale transactions in securities.

Note 3

Financial instruments held for trading	Dec 31 2010	Dec 31 2009
1. Financial instruments held for trading		
a) equities*	8,828	4,293
b) derivatives**	25	52
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	8,853	4,345
2. Financial instruments held for trading (by currency)		
a) in PLN	8,853	4,345
b) in other currencies (translated into PLN)	-	-
Total financial instruments held for trading	8,853	4,345
3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying value)		
a) equities (carrying value)	8,828	4,293
- fair value	-	-
- market value	-	-
- value at acquisition cost	8,949	4,117
a) bonds (carrying value)		-
c) other - derivative contracts (carrying value)	25	52
- value at acquisition cost	25	-
B. Freely marketable, traded on OTC markets (carrying value)	-	-
C. Freely marketable, not traded on regulated markets (carrying value)	-	-
D. With limited marketability (carrying value)	-	-
Total value at acquisition cost	8,974	4,117
Total value as at beginning of period	4,345	1,803
Valuation as at the balance-sheet date	- 121	228
Total carrying value	**8,853**	**4,345**

** The item "equities" relates entirely to shares listed on the Warsaw Stock Exchange. Financial instruments held for trading are measured at fair value, determined by reference to their market value as at the balance-sheet date. For the purpose of the measurement, the Company takes into account closing prices quoted by the Warsaw Stock Exchange on the last business day of the financial year. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate. As at the balance-sheet date the Company holds 503,665 shares with total carrying value of PLN 8,828 thousand. All shares are traded on the Warsaw Stock Exchange. As at December 31st 2009 the Company held 162,446 shares with a total carrying value of PLN 4,293 thousand.*

*** Favourable results from the valuation of non-current futures contracts and options (valuation gains) were recognised under "derivatives". Valuation of contracts was presented separately for assets and liabilities. Valuation losses were recognised under other liabilities (see Note 13). Derivatives listed in these financial statements comprise 1,081 futures contracts, 44 equity and WSE-index options (arbitrage transactions) with a maximum of nine months to expiry, and one currency forward. The nominal value of futures contracts as at the balance-sheet date amounted to PLN 8,026 thousand; the carrying value of options was PLN 25 thousand, and the carrying value of the forward contract was PLN 98 thousand.*

In 2010, the Company generated PLN 1,060 thousand in revenue from transactions executed in connection with its dealing activities, and incurred expenses of PLN 613 thousand on such transactions (in

2009: PLN 1,358 thousand and PLN 630 thousand, respectively). The results were recognised as revenue and expenses related to financial instruments held for trading.

Note 4

Current prepayments and accrued income	Dec 31 2010	Dec 31 2009
a) prepayments, including:	388	333
cost of information service	140	14
input VAT	15	62
membership fee	52	103
expenses to be re-invoiced	5	56
other expenses	176	98
Total current prepayments and accrued income	**388**	**333**

Note 5

The Company did not carry any financial instruments held to maturity.

Note 6

Financial instruments available for sale	Dec 31 2010	Dec 31 2009
1. Financial instruments available for sale		
- equities *	6,007	6,008
- investment certificates	443	380
Total financial instruments available for sale	**6,450**	**6,388**
2. Available-for-sale financial instruments of subsidiary undertakings and non-consolidated jointly-controlled undertakings other than commercial companies		
- equities	6,007	6,008
- investment certificates	443	380
Total available-for-sale financial instruments of subsidiary undertakings and non-consolidated jointly-controlled undertakings other than commercial companies	**6,450**	**6,388**
3. Financial instruments available for sale (by currency)		
a) in PLN	6,443	6,380
b) in other currencies (translated into PLN)	7	8
Total financial instruments available for sale	**6,450**	**6,388**
4. Shares or other equity interests		
a) in parent undertaking	-	-
b) in major investor	-	-
c) in subordinated undertakings	6,007	6,008
- in subsidiary undertakings	6,007	6,008
d) in other undertakings	-	-
Total shares or other equity interests	**6,007**	**6,008**

**Shares or other equity interests in subordinated undertakings are measured at acquisition cost less impairment losses. Investment certificates are carried at fair value based on the net asset value per certificate as published by the investment fund. The effect of valuation increases or decreases (as appropriate) the revaluation capital reserve.*

5. Financial instruments available for sale (by marketability)		
A. Freely marketable, listed (carrying value)	-	-
B. Freely marketable, traded on OTC markets (carrying value)	-	-
C. Freely marketable, not traded on regulated markets (carrying value)	-	-
D. With limited marketability (carrying value)	6,450	6,388
equities (carrying value at acquisition cost)	6,008	6,008
bonds (carrying value at acquisition cost)	-	-
investment certificates (carrying value at acquisition cost)	400	400
Total value at acquisition cost	6,408	6,408
Total value as at beginning of period	6,388	6,357
Revaluation adjustments (for the period)	62	23
Total carrying value	6,450	6,388

6.6. Shares or other equity interests in subordinated undertakings		
a) company name and legal form	**IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.**	
b) registered office	ul. Waliców 11, 00-851 Warszawa	
c) business profile	operation of an investment fund company, 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, and representation service for foreign funds	
d) type of capital link (subsidiary, jointly-controlled, or associated undertaking, direct or indirect)	subsidiary undertaking	
e) consolidation method applied / valuation with equity method, or information that undertaking is not consolidated / valued with equity method	fully consolidated	
f) control / joint control / significant influence exercised since	March 14th 2007	
g) shares or other equity interests at acquisition cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying value of shares or other equity interests	3,000	3,000
j) percentage of share capital held	100 %	100 %
k) percentage of total vote at the general shareholders meeting	100 %	100 %
l) basis for control / joint control / significant influence , if other than specified in j) or k)		
m) undertaking's equity, including:	7,648	3,382
- share capital	3,000	3,000
- called-up share capital not paid (negative value)	-	-
- reserve funds	382	-
- other equity, including:	4,266	382
retained earnings /(deficit)	-	- 1,016
net profit (loss)	4,266	1,398
n) liabilities and provisions for liabilities of the undertaking, including:	2,606	1,416
- non-current liabilities	-	-
- current liabilities	1,789	1,314
o) undertaking's receivables, including:	5,254	2,781
- non-current receivables	-	-
- current receivables	5,254	2,781

p) undertaking's total assets	10,254	4,798
r) sales revenue	17,499	8,832
s) value of shares or other equity interests in undertaking not paid up by the issuer	-	-
t) dividend received or receivable from undertaking for previous financial year	-	-
a) company name and legal form	**IPOPEMA Business Consulting Sp. z o. o.**	
b) registered office	al. Armii Ludowej 26, 00-609 Warsaw, Poland	
c) business profile	other business and management consulting services, computer facilities management activities, IT consultancy services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link (subsidiary, jointly-controlled, or associated undertaking, direct or indirect)	subsidiary undertaking	
e) consolidation method applied / valuation with equity method, or information that undertaking is not consolidated / valued with equity method	fully consolidated	
f) control / joint control / significant influence exercised since	August 26th 2008	
g) shares or other equity interests at acquisition cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying value of shares or other equity interests	3,000	3,000
j) percentage of share capital held	50,02 %	50,02 %
k) percentage of total vote at the general shareholders meeting	50,02 %	50,02 %
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) undertaking's equity, including:	3,586	2,753
- share capital	100	100
- called-up share capital not paid (negative value)	-	-
- reserve funds	2,950	2,950
- other equity, including:	536	- 297
retained earnings /(deficit)	- 297	- 1
net profit (loss)	833	- 296
n) liabilities and provisions for liabilities of the undertaking, including:	1,988	1,166
- non-current liabilities	-	-
- current liabilities	1,731	928
o) undertaking's receivables, including:	2,667	2,693
- non-current receivables	-	-
- current receivables	2,667	2,693
p) undertaking's total assets	5,574	3,919
r) sales revenue	13,574	6,351
s) value of shares or other equity interests in undertaking not paid up by the issuer	-	-
t) dividend received or receivable from undertaking for previous financial year	-	-

a) company name and legal form	**IPOPEMA Business Services Kft.**	
b) registered office	Sas utca 10-12, 1051 Budapest, Hungary	
c) business profile	office and business support	
d) type of capital link (subsidiary, jointly-controlled, or associated undertaking, direct or indirect)	subsidiary undertaking	
e) consolidation method applied / valuation with equity method, or information that undertaking is not consolidated / valued with equity method	Not consolidated due to immaterial effect on the Group's situation	
f) control / joint control / significant influence exercised since	December 10th 2009	
g) shares or other equity interests at acquisition cost	8	8
h) valuation adjustments (total)	- 1	-
i) carrying value of shares or other equity interests	7	8
j) percentage of share capital held	100 %	100 %
k) percentage of total vote at the general shareholders meeting	100 %	100 %
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) undertaking's equity, including:	88	8
- share capital	7	8
- called-up share capital not paid (negative value)	-	-
- reserve funds	-	-
- other equity, including:	-	-
retained earnings /(deficit)	-	-
net profit (loss)	81	-
n) liabilities and provisions for liabilities of the undertaking, including:	559	-
- non-current liabilities	-	-
- current liabilities	559	-
o) undertaking's receivables, including:	84	-
- non-current receivables	-	-
- current receivables	84	-
p) undertaking's total assets	780	8
r) sales revenue	938	-
s) value of shares or other equity interests in undertaking not paid up by the issuer	-	-
t) dividend received or receivable from undertaking for previous financial year	-	-
6.7. Shares and other equity interests in other undertakings	**-**	**-**

Note 7

As at December 31st 2010, the Company's non-current receivables totalled PLN 493 thousand (PLN 100 thousand as at December 31st 2009).

As at December 31st 2009, the non-current portion of loans advanced amounted to PLN 11 thousand (PLN 2,865 thousand as at December 31st 2010).

Note 8

As at December 31st 2010, the Company carried the following loans advanced and receivables:

Loans advanced and receivables	2010	2009
Loans advanced, including:	**3,351**	**23**
- non-current portion	2,865	11
- current portion	486	12
Cash and cash equivalents, including:	**93,462**	**44,624**
- cash in hand	9	4
- cash at banks	83,310	39,572
- deposit (for more than 3 months)	10,143	5,048
Interest on loans advanced and receivables	**1,088**	**1,468**
- realised	778	1,416
- unrealised, including with payment dates falling in:	310	52
up to 3 months	255	52
from 3 to 12 months	-	-
over 12 months	55	-

Loans advanced and receivables bear interest at fixed or variable rate. Both in 2010 and 2009, no impairment losses were recognised on loans advanced and receivables, however the loans were amortised (see Section 4 in the introduction to financial statements). Income from interest on loans advanced and receivables amounted to PLN 1,088 thousand in 2010 (of which PLN 310 thousand was interest accrued but not received), and PLN 1,468 thousand in 2009 (of which PLN 52 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2010	Dec 31 2009
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	1,842	1,480
- computer software	1,842	1,480
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	**1,842**	**1,480**
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of period	3,297	2,749
b) increase - purchase	809	548
c) decrease:	-	-
d) gross value of intangible assets at end of period	**4,106**	**3,297**
e) accumulated amortisation at beginning of period	1,817	1,440
f) amortisation for period	447	377
g) accumulated amortisation at end of period	**2,264**	**1,817**
h) impairment losses at beginning of period	-	-
i) impairment losses at end of period	-	-
j) net value of intangible assets at end of period	**1,842**	**1,480**
3. Intangible assets (by ownership)		
a) owned	1,842	1,480
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	**1,842**	**1,480**

Note 10

The Company did not carry any goodwill related to subordinated undertakings.

Note 11

Property, plant and equipment	Dec 31 2010	Dec 31 2009
1. Property, plant and equipment		
a) tangible assets, including:	1,298	1,071
- land (including perpetual usufruct rights)	-	-
- buildings and premises	-	-
- plant and equipment	702	516
- vehicles	-	-
- other tangible assets	596	555
b) tangible assets under construction	**3**	**248**
c) prepayments for tangible assets under construction	**-**	**-**
Total property, plant and equipment	**1,301**	**1,319**
2. Change in property, plant and equipment (by category)		
a) Gross value of property, plant and equipment at beginning of period	2,741	2,387
b) increase - purchase	386	354
c) decrease:	74	-
d) gross value of property, plant and equipment at end of period	3,053	2,741
e) accumulated depreciation at beginning of period	1,422	1,013
f) depreciation for period:	400	409
g) accumulated depreciation at end of period	1,822	1,422
h) liquidation of property, plant and equipment	70	-
i) impairment losses at beginning of period	-	-
- increase	-	-
- decrease	-	-
j) impairment losses at end of period	-	-
Net value of property, plant and equipment at end of period	**1,301**	**1,319**
3. Property, plant and equipment (by ownership)		
a) owned	1,301	1,319
b) used under rental or similar agreement, including lease agreement, subject to depreciation*	-	-
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house, including:	-	-
- value of land under perpetual usufruct	-	-
Total property, plant and equipment	**1,301**	**1,319**

* In the reporting periods covered by these financial statements, the Company leased office space under a lease agreement. The address of the premises in which the Company's registered office is located is: ul. Walicków 11, Warsaw, Poland. The surface area of the leased space is 712 m^2. The total amount of rent (including additional charges) for 2010 was PLN 867 thousand (PLN 693 thousand in 2009). The Company does not have a valuation report on the leased premises.

Note 12

Change in deferred tax assets	Dec 31 2010	Dec 31 2009
Change in deferred tax assets		
1. Assets as at beginning of period, including:	1,232	533
a) charged to net profit/(loss)	1,232	533
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	**2,139**	**1,936**
a) charged to net profit/(loss) for period in connection with deductible temporary differences	2,139	1,936
b) charged to net profit/(loss) for period in connection with tax loss	-	-
c) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
3. Decrease	**2,119**	**1,237**
a) charged to net profit/(loss) for period in connection with deductible temporary differences	2,119	1,237
b) charged to net profit/(loss) for period in connection with tax loss	-	-
a) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of period, including:	**1,252**	**1,232**
a) charged to net profit/(loss)	1,252	1,232
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
Increase, including:	**2,139**	**1,936**
- temporary differences	2,139	1,936
Decrease, including:	**2,119**	**1,237**
- reversal of temporary differences	2,119	1,237

Note 13

Current liabilities	Dec 31 2010	Dec 31 2009
13.1. Selected current liabilities		
1. To related undertakings	-	9
- to other related undertakings	-	9
2. To entities operating regulated markets and commodity exchanges	758	698
a) to the Warsaw Stock Exchange	678	698
b) to the Budapest Stock Exchange	80	-
3. To the National Depository for Securities and exchange clearing houses	2,159	1,570
a) under additional payments to the settlement guarantee fund	1,965	1,421
b) other	194	149
4. Taxes, customs duties and social security payable	698	385
- including under ownership right to buildings and structures	-	-
5. Other	6,163	595
a) dividends payable	-	-
b) other liabilities, including:	6,163	595
- financial liabilities (valuation of futures contracts)*	98	75

- other liabilities	6,065	520
13.2. Current liabilities (by currency)		
a) in PLN	313,142	328,151
b) in other currencies (translated into PLN)	15,042	56
Total current liabilities	**328,184**	**328,207**
13.3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange)	190,456	169,404
- under transactions executed on the Warsaw Stock Exchange	178,597	169,404
- under transactions executed on the Budapest Stock Exchange	11,859	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**190,456**	**169,404**
13.4. Current liabilities by maturity as from the balance-sheet date		
a) up to 1 month	328,182	328,152
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	-	-
e) past due	2	55
Total current liabilities	**328,184**	**328,207**
13.5. Current liabilities under loans and borrowings		
a) loan	-	-
b) bank loan	7,481	13,543
- outstanding amount	7,481	13,543
- interest rate: O/N WIBOR + bank's margin		
- repayment date– agreement terms described below		
- collateral - a block on a term deposit of PLN 10m; blank promissory note with a promissory note declaration		
13.6. Current liabilities under debt instruments in issue	-	-
13.7. Special accounts (by type)	-	-

** Methods of valuation of financial liabilities (valuation of futures contracts) are described in Note 3.*

As at December 31st 2010, the Company’s liabilities under loans related to its brokerage business amounted to PLN 7,481 thousand, compared with PLN 13,543 thousand as at December 31st 2009. The liabilities result from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. to finance the payment of liabilities to the National Depository for Securities. The original term of the agreements was one year, however, under the Annex of July 21st 2010 the term was extended until July 20th 2011.

1. Agreement providing for a revolving credit facility of up to PLN 10m. The purpose of the facility is to finance the payment of the Company’s liabilities to the National Depository for Securities in respect of the clearing 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 and a power of attorney over accounts held with the bank.
2. Agreement providing for a 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 NDS. 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 block on a term deposit of PLN 10m placed with the bank (PLN 5m until July 20th 2010).

Note 13a

Objectives and principles of financial risk management

Operations on capital markets inherently involve various risks which may have a material effect on the Company'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.

Credit risk

The Company is exposed to credit risk understood as the risk that the Company's debtors may fail to fulfil their obligations and thus cause losses to the Company. In view of the above, the 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 2.

In the Management Board's opinion, there is no significant concentration of credit risk at the Company as the Company has many clients. No client's share in the Company's total revenue exceeds 10%.

With respect to the Company'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 value of those instruments. Credit risk connected with bank deposits, financial instruments, derivatives and other investments is considered low as the Company executed the transactions with institutions of sound financial standing.

Credit risk – maximum loss

As at December 31st 2010, the maximum loss under credit risk for the instruments included in loans advanced and receivables (specified in Note 8) was PLN 93,813 thousand (December 31st 2009: PLN 44,647 thousand), while for instruments held for trading, the amounts were PLN 1,195 thousand and PLN 1,118 thousand respectively.

Credit risk related to instruments held for trading is low, as these are shares and futures transactions executed on the Warsaw Stock Exchange, except for a forward contract executed by the Company. Similarly, credit risk related to deposits is considered low, because the agreements are executed with banks that have stable financial position.

Interest rate risk

The Company has liabilities under working capital loans 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 Company 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 1 and Note 13.

Given that in the reporting period the Company 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 Company did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

Currency risk

The Company 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 and HUF exchange rates, however both in 2010 and 2009 the majority of operating expenses were incurred in the złoty. The Company advanced a foreign-currency loan (in an amount equivalent to less than PLN 500 thousand) and it holds cash in a foreign-currency bank account. In order to mitigate the currency risk, the Company entered into an FX contract which mitigates the results of possible exchange rate fluctuations. The Company did not have any foreign-currency loans, however due to its operations in Hungary it uses foreign currency (HUF) to settle stock-exchange transactions and other expenses (including fees payable to the clearing bank and the Hungarian stock exchange as well as the costs of associates), thus the currency risk exposure is higher than in the previous years, when the Group did not conduct brokerage business in Hungary. Owing to the nature of the transaction settlements (with the Company acting as an intermediary), the share of this risk in the overall risk assessment is immaterial.

Price risk

The Company holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE), except for the forward contract . The Company 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 Company 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 Company invests only a relatively small portion of its cash in financial instruments. Such investments are mainly performed as part of dealing activities, where the strategy is to hedge the Company'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.

Liquidity risk

The Company is exposed to liquidity risk understood as the risk of failure to meet liabilities by specified deadlines. The risk is connected with a potentially limited access to financial markets, resulting in the Company's inability to raise new financing or refinance its debt. The Company strives to strike balance between the continuity and flexibility of financing through the management of receivables, liabilities and financial instruments, as well as through debt financing, that is short-term bank loans.

In the Company's opinion, due to the significant amount of cash (PLN 44,314 thousand at the end of the reporting period against PLN 33,193 thousand as at December 31st 2009) (Note 1), access to credit facilities to finance the Company's operations on the WSE (Note 13), and the sound financial standing of the Company, the liquidity risk should be regarded as insignificant.

Note 13 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (94.7%) relate to transactions executed on stock exchanges, in the majority of which the Company 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 2010, the balance of stock exchange transactions stood at PLN 778 thousand (PLN 600 thousand as at December 31st 2009) and represented the amount of liabilities not offset by receivables. Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In such circumstances, the liquidity risk is considered low.

Note 14

Fair value of instruments not measured at fair value

Loans advanced, receivables and liabilities as at Dec 31 2010	carrying value	balance-sheet item	fair value
Loans advanced and receivables			
- loan	3,351	Receivables	3,351
- cash	93,462	Cash	93,462
Financial liabilities (loan)	**7,481**	**Liabilities**	**7,481**

Loans advanced, receivables and liabilities as at Dec 31 2009	carrying value	balance-sheet item	fair value
Loans advanced and receivables			
- loan	23	Receivables	22
- cash	44,624	Cash	44,624
Financial liabilities (loan)	**13,543**	**Liabilities**	**13,543**

Note 15

Non-current liabilities and accruals and deferred income - none

Note 16

Provisions for liabilities	Dec 31 2010	Dec 31 2009
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	-	-
3. Change in other non-current provisions	-	-
4. Change in other current provisions	-365	3,666
Other current provisions at beginning of period (by items)	**6,465**	**2,799**
a) created	11,088	9,988
b) used	11,385	6,286
c) released	68	36
Other current provisions at end of period	**6,100**	**6,465**
5. Other current provisions at end of period (by items)		
Audit and preparation of financial statements	72	50
Employee benefits*	6,028	6,415
Telecommunications services	-	-
Other	-	-
Total other current provisions at end of period	**6,100**	**6,465**

** As provided for in the Accountancy Act and 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.*

Change in deferred tax liability	Dec 31 2010	Dec 31 2009
1. Deferred tax liability at beginning of period, including:	**211**	**52**
a) charged to net profit/(loss)	211	52
- property, plant and equipment	145	-
- valuation of financial instruments	33	-
- receivables	4	52
- other	29	-
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	**395**	**267**
a) charged to net profit (loss) of the period under taxable temporary differences:	381	267
- property, plant and equipment	65	145
- valuation of financial instruments	128	33
- receivables	62	50
- other	126	39
b) charged to equity, under:	14	-
- valuation of investment certificates	14	-
c) charged to (negative) goodwill	-	-
3. Decrease	**316**	**108**
a) charged to net profit (loss) of the period under taxable temporary differences:	316	108
- property, plant and equipment	-	-
- valuation of financial instruments	142	-
- receivables	19	98
- other	155	10
b) charged to equity, under:	2	-
- valuation of investment certificates	2	-

c) charged to (negative) goodwill	-	-
4. Deferred tax liability at end of period, including:	**288**	**211**
a) charged to net profit (loss) of the period under taxable temporary differences:	276	211
- property, plant and equipment	210	145
- valuation of financial instruments	19	33
- receivables	47	4
- other	-	29
b) charged to equity, under:	12	-
- valuation of investment certificates	12	-
c) charged to (negative) goodwill	**-**	**-**

Note 17

Subordinated liabilities - none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Current loans
As at Jan 1 2010	**6,388**	**4,345**	**75**	**23**	**44,624**	**13,543**
Increase:	**96**	**53,072**	**98**	**4,184**	**48,838**	**-**
- acquisition of shares	-	53,047	-	-	-	-
- valuation of	96	-	-	-	-	-
- valuation of a forward	-	-	98	-	-	-
- valuation of shares	-	-	-	-	-	-
- advance of a loan	-	-	-	4,116	-	-
- interest on loan and foreign-exchange	-	-	-	68		
- change in cash	-	-	-	-	48,838	-
- acquisition of options	-	25	-	-	-	-
Decrease:	**34**	**48,564**	**75**	**856**	**-**	**6,062**
- sale of shares	-	48,391	-	-	-	-
- valuation of futures	-	52	75	-	-	-
- valuation of shares	1	121	-	-	-	-
- valuation of	33	-	-	-	-	-
- loan repayment	-	-	-	212	-	-
- loan amortisation	-	-	-	644		
- loan repayment	-	-	-	-	-	6,062
As at Dec 31 2010	**6,450**	**8,853**	**98**	**3,351**	**93,462**	**7,481**

	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Current loans
As at Jan 1 2009	**6,357**	**1,803**	**-**	**-**	**35,241**	**6,635**
Increase:	**42**	**32 608**	**75**	**30**	**9 383**	**6,908**
- acquisition of shares	-	32,380	-	-	-	-
- subscription for	8	-	-	-	-	-
- valuation of	34	-	-	-	-	-
- valuation of futures	-	52	75	-	-	-
- valuation of shares	-	176	-	-	-	-
- advance of a loan	-	-	-	30	-	-
- change in cash	-	-	-	-	9,383	-
- taking out of a loan (change of balance)	-	-	-	-	-	6,908
Decrease:	**11**	**30,066**	**-**	**7**	**-**	**-**
- valuation of futures	-	-	-	-	-	-
- valuation of	11	-	-	-	-	-
- loan repayment	-	-	-	7	-	-
- sale of shares	-	30,066	-	-	-	-
As at Dec 31 2009	**6,388**	**4 345**	**75**	**23**	**44,624**	**13,543**

Note 19

Share capital	Dec 31 2010	Dec 31 2009
a) par value per share (PLN)	0.10	0.10
b) series/issue	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	cancelled
e) restrictions on rights attached to shares	none	none
f) number of shares	29,342,301	28,928,553
g) total par value of series/issue (PLN '000)	2,934	2,893
h) type of contribution	cash	cash
i) dividend right (since)	shares carry the right to distribution of profit for 2010	shares carry the right to distribution of profit for 2009, and carried the right to distribution of profit for 2008

Pursuant to the Company's Articles of Association, the Management Board (upon the approval of the Supervisory Board) was authorised to increase the share capital by an aggregate of PLN 350,000, through the issue of 3,500,000 shares within 3 years from the date on which the Articles of Association including the authorisation were entered into the Register of Entrepreneurs (authorised capital). The above period lapsed on January 23rd 2011, triggering the expiry of the authorisation.

The Company's Articles of Association provide for a conditional share capital increase by up to PLN 485,714 through the issue of up to 4,857,140 shares for the purpose of the implementation of the Company's incentive scheme. A total of 770,891 shares were issued by December 31st 2010, of which 413,748 shares were issued in 2010 and 357,143 shares were issued in 2009. In February 2011, another pool of 212,500 shares was issued. For more information on the Company's incentive scheme, see Note 59.

As a result of subscription for the above shares, the Company's share capital increased in 2010 by PLN 41,374.80 and in 2009 by PLN 35,714.30. As at December 31st 2010, the share capital was PLN 2,934,230.10 (December 31st 2009: PLN 2,892,855.30) and was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 770,891 Series C ordinary bearer shares.

Share capital (structure) – as at Dec 31 2010

Shareholder	Number of shares and votes at GM	Series	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA 10 FIZAN fund [1]	2,851,420	A	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZAN fund [2]	2,851,120	B	Shares fully paid up	285,112
KL Lewandowska S.K.A. [3]	2,749,500	B	Shares fully paid up	274 950
JLK Lewandowski S.K.A. [4]	2,729,000	B	Shares fully paid up	272,900
JLS Lewandowski S.K.A. [4]	2,729,000	B	Shares fully paid up	272,900
PZU OFE *	2,251,346	6	Shares fully paid up	225,135
TFI Allianz Polska S.A. [5] **	1,708,844	6	Shares fully paid up	170,884
Total shareholders holding more than 5% of the share capital	**17,870,230**			**1,787,023**

** 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] A subsidiary undertaking of Katarzyna Lewandowska; Katarzyna Lewandowska also holds 498 shares, representing less than 0.01% of all Company shares.
[4] A subsidiary undertaking of Jacek Lewandowski, President of the Company's Management Board; Jacek Lewandowski also holds 860 shares, representing less than 0.01% of all Company shares.
[5] Shares held by the funds Allianz Platinium FIZ and Allianz FIO.
[6] All Company shares are registered with the National Depository for Securities under the same ISIN code, therefore, it is not possible to identify the series of shares held by the shareholders that acquired them on the stock exchange.

Share capital (structure) – as at the date of this report

Shareholder	Number of shares and votes at GM	Series	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA 10 FIZAN fund [1]	2,851,420	A	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZAN fund [2]	2,851,120	B	Shares fully paid up	285,112
KL Lewandowska S.K.A. [3]	2,749,500	B	Shares fully paid up	274,950
JLK Lewandowski S.K.A. [4]	2,729,000	B	Shares fully paid up	272,900
JLS Lewandowski S.K.A. [4]	2,729,000	B	Shares fully paid up	272,900
PZU OFE *	2,251,346	6	Shares fully paid up	225,135
TFI Allianz Polska S.A. [5] *	1,922,383	6	Shares fully paid up	192,238
Total shareholders holding more than 5% of the share capital	**18,083,769**			**1,808,377**

** 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] A subsidiary undertaking of Katarzyna Lewandowska; Katarzyna Lewandowska also holds 498 shares, representing less than 0.01% of all Company shares.
[4] A subsidiary undertaking of Jacek Lewandowski, President of the Company's Management Board; Jacek Lewandowski also holds 860 shares, representing less than 0.01% of all Company shares.
[5] Shares held by the funds Allianz Platinium FIZ and Allianz FIO.
[6] All Company shares are registered with the National Depository for Securities under the same ISIN code, therefore, it is not possible to identify the series of shares held by the shareholders that acquired them on the stock exchange.

Share capital (structure) – as at Dec 31 2009

Shareholder	Number of shares	Series	Amount of contributions	Value of shares subscribed for (PLN)
Manchester Securities Corp.	3,714,280	B	Shares fully paid up	371,428
IPOPEMA 10 FIZAN [1]	2,851,420	A	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZAN [2]	2,851,120	B	Shares fully paid up	285,112
KL Lewandowska S.k.a. [3]	2,749,500	B	Shares fully paid up	274,950
JLK Lewandowski S.k.a. [4]	2,729,000	B	Shares fully paid up	272,900
JLS Lewandowski S.k.a. [4]	2,729,000	B	Shares fully paid up	272,900
MJM Inwestycje Piskorski S.K.A. [5]	1,285,713	A	Shares fully paid up	128,571
Futuro Capital Borys S.K.A. [6]	928,571	A	Shares fully paid up	92,857

Stanisław Waczkowski	291,435	A	Shares fully paid up	29,143
Dominium Inwestycje Kryca S.K.A. [7]	285,714	A, B	Shares fully paid up	28,571
JL S.A. [4]	11,447	A	Shares fully paid up	1,145
Jacek Lewandowski	860	B	Shares fully paid up	86
Other shareholders *[8]	8,500,493	A, B, C	Shares fully paid up	850,049

** Other shareholders hold, directly or indirectly through subsidiaries, less than 5% of the total vote at the Company's General Shareholders Meeting.*

[1] *The only investor in IPOPEMA 10 FIZAN is Stanisław Waczkowski.*
[2] *The investors in IPOPEMA PRE-IPO FIZAN are Jacek Lewandowski and Katarzyna Lewandowska.*
[3] *A subsidiary undertaking of Katarzyna Lewandowska; Katarzyna Lewandowska also holds 498 shares, representing less than 0.01% of all Company shares (the shareholding is disclosed under other shareholders).*
[4] *A subsidiary undertaking of Jacek Lewandowski.*
[5] *A subsidiary undertaking of Mariusz Piskorski.*
[6] *A subsidiary undertaking of Mirosław Borys.*
[7] *A subsidiary undertaking of Bogdan Kryca.*
[8] *Other shareholders, including the Company's employees or their subsidiary or related undertakings.*

Note 20

Treasury shares - none

Note 21

Reserve funds	Dec 31 2010	Dec 31 2009
a) share premium account	7,433	7,280
b) statutory reserve funds	978	964
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	37,254	24,578
Total reserve funds	**45,665**	**32,822**

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinated undertakings – none

Note 24

Book value per share	Dec 31 2010	Dec 31 2009
Equity (PLN '000)	64,082	48,405
Number of shares outstanding	29,342,301	28,928,553
Book value per share (PLN)	2.18	1.67

Book value per share is equal to the ratio of the value of equity as at the balance sheet date to the number of shares outstanding as at the balance sheet date.

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2010	2009
Revaluation capital reserve as at Jan 1	**-**	**-**
Remeasurement of financial assets available for sale		
As at Jan 1	-	-
Gain from periodic valuation	64	-
As at Dec 31	**64**	**-**
Deferred tax assets		
As at Jan 1	-	-
Change in deferred tax assets	12	-
As at Dec 31	**12**	**-**
Revaluation capital reserve as at Dec 31	**52**	**-**

Note 26

Clients' financial instruments

Financial instruments registered in clients' accounts are instruments in book-entry form listed on the WSE. As at December 31st 2010, they amounted to PLN 175,688 thousand, compared with PLN 253,099 thousand as at December 31st 2009. The Company also maintains sponsor's account. The value of financial instruments in book-entry form listed on the WSE registered in the account as at December 31st 2010
was PLN 334,647 thousand (December 31st 2009: PLN 191,218 thousand).

Notes to the income statement

Note 27

Revenue from brokerage activities	2010	2009
Revenue from trading in securities	51,335	41,862
Revenue from investment banking services, including:	17,052	13,006
- arrangement and execution of public offerings	5,249	315
- M&A advisory and other financial advisory services	11,803	12,691
Other revenue	991	452
Total revenue	**69,378**	**55,320**

Note 28

In 2010, income from financial instruments held for trading amounted to PLN 2,069 thousand (2009: PLN 1,832 thousand).

Note 29

In 2010, costs related to financial instruments held for trading amounted to PLN 4,176 thousand (2009: PLN 2,713 thousand).

Note 30

Income from financial instruments held to maturity - none

Note 31

Costs related to financial instruments held to maturity - none

Note 32

In 2009, income from financial instruments available for sale amounted to PLN 23 thousand. In 2010, the Company did not carry any income from financial instruments available for sale.

Note 33

Costs related to financial instruments available for sale - none

Note 34

Gain (loss) on sale of all or some of shares in subordinated undertakings - none

Note 35

Other operating income	2010	2009
a) other, including:	455	99
- lease	101	-
- re-invoicing of costs	252	-
- other	102	99
Total other operating income	**455**	**99**

Note 36

Other operating expenses	2010	2009
a) other, including:	814	294
- donations	10	250
- lease	101	-
- re-invoicing of costs	251	-
- VAT settlement for 2010	152	-
- other	300	44
Total other operating expenses	**814**	**294**

Note 37

In 2010, the difference between provisions for and impairment losses on receivables amounted to -PLN 2 thousand (2009: -PLN 929 thousand).

Note 38

Interest on deposits	2010	2009
Interest on deposits		
a) interest on own deposits, including:	941	1,468
- unrealised - up to 3 months	21	4
- unrealised - from 3 to 12 months	142	48
Total interest on deposits	**941**	**1,468**

Note 39

Interest on loans and borrowings pertains only to current loans and has been paid in full.

Note 40

Extraordinary gains - none

Note 41

Extraordinary losses - none

Note 42

Corporate income tax	2010	2009
Current corporate income tax		
1. Pre-tax profit (loss)	19,446	15,997
2. Differences between pre-tax profit (loss) and taxable income, by item	1,326	4,420
a/ non-tax-deductible costs	13,568	7,876
social security, labour fund and guaranteed employee benefits fund contributions relating to provision for bonuses	-	137
entertainment costs	668	335
State Fund for the Disabled	44	38
membership fees	143	92
balance-sheet valuations	580	3
impairment losses on receivables	291	977
impairment losses on uncollectible receivables	247	-
donations	10	250
amortisation of loans	644	-
other	192	9
Provisions	10,749	6,035
b/ non-taxable income	843	588
released provisions	-	37
commission (accrued part)	186	182
reversal of impairment losses on receivables	221	48
interest on deposit, loans and receivables	290	52
Dividend	115	87
Valuation	31	58
VAT adjustment - structure	-	124
c/ costs added statistically	11,605	3,144
salaries and wages paid	11,056	2,190

social security, labour fund and guaranteed employee benefits fund contributions	-	153
preparation of financial statements	-	6
audit of financial statements	50	30
tax amortisation/depreciation	438	765
Other	61	-
d/income added statistically	206	276
interest on investments	52	276
VAT adjustment	124	-
Other	30	-
e/ deduction of loss	-	-
3. Donation made	-	250
4. Taxable income	**20,772**	**20,167**
5. Corporate income tax at 19% rate	3,946	3,832
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	24	16
7. Current corporate income tax disclosed in tax return for period, including:	3,946	3,832
- disclosed in income statement	3,970	3,848
- referring to items decreasing or increasing equity		-

Deferred income tax disclosed in income statement:		
- decrease (increase) related to temporary differences and reversal of temporary differences	-2,139	- 1,936
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-
- decrease (increase) related to deferred tax assets written off or inability to use deferred tax liabilities	2,119	1,236
- other items of deferred income tax	65	159
Total deferred income tax	**45**	**-541**

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose penalties 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.

To date, including in 2010, no inspection of tax settlements was carried out at the Company.

Note 43

Other mandatory decrease of profit (increase of loss) - none

Note 44

Proposed distribution of profit for the current year and profit distributed for the previous year

Distribution of profit	2010	2009
Net profit/loss	15,431	12,690
Coverage of retained deficit	-	-
Reserve funds	15,431	12,690
Dividend	-	-

Until the preparation of these financial statements, no final decision was taken by the Management Board concerning the recommended distribution of the 2010 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the Annual General Shareholders Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 45

Liabilities secured with the brokerage house's assets:

Both in 2010 and in 2009, the Company's assets were used as security for working capital overdraft facilities (for details, see Note 13).

Save for the funds of PLN 10m blocked in a bank account, *blank* promissory notes together with promissory note declarations, and powers of attorney to bank accounts held with a bank (intended to secure an overdraft facility), as at December 31st 2010 the Company did not have any liabilities secured with its assets. *As at December 31st 2009, funds of PLN 5m were blocked in a bank account, blank promissory notes* with promissory note declarations were issued, and powers of attorney to bank accounts held with a bank (intended to secure an overdraft facility) were granted.

Note 46

Contingent liabilities, including guarantees and sureties issued, underwriting agreements, and liabilities under promissory notes:

In the periods covered by these financial statements the Company did not carry any contingent liabilities other than contingent liabilities under promissory notes issued to secure a loan (for details, see Note 13).

Note 47

Security granted:

In the periods covered by these financial statements the Company did not grant any security.

Note 48

Amount and reasons for impairment losses on property, plant and equipment:

In the periods covered by these financial statements the Company did not recognise any impairment losses on property, plant and equipment.

Note 49

Information on income, expenses and profit (loss) on discontinued operations or operations intended to be discontinued:

Both in 2010 and in 2009, the Company did not identify any discontinued operations. Accordingly, all information presented in these financial statements relates to continued operations.

Note 50

Information on production cost of tangible assets under construction and tangible assets for own needs:

In the periods covered by these financial statements the Company did not incur any production cost of tangible assets under construction or tangible assets for own needs.

Note 51

Information on extraordinary gains and losses:

In the periods covered by these financial statements the Company did not carry any extraordinary gains or losses.

Note 52

Information on income tax on extraordinary gain (loss):

In the periods covered by these financial statements the Company did not carry any extraordinary items.

Note 53

Information on future income tax liabilities:

In the periods covered by these financial statements the Company did not carry any future income tax liabilities.

Note 54

Items of the statement of cash flows

Breakdown of the Company's activities as disclosed in the statement of cash flows:

Operating activities – provision of brokerage and consulting 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 undertaking) and any related monetary costs and benefits.

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Dec 31 2010	Dec 31 2009	Dec 31 2010	Dec 31 2009
Cash and cash equivalents	**93,462**	**44,624**	**83,319**	**39,576**
1. Cash in hand	9	4	9	4
2. Cash at banks	30,524	2,022	30,524	2,022
3. Other cash	52,786	37,550	52,786	37,550
4. Cash equivalents (deposit for a period exceeding three months)	10,143	5,048		-

The difference between the presentation of cash in the balance sheet and the statement of cash flows is attributable to the recognition of a PLN 10m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities and elimination of the amount of PLN 143 thousand in interest accrued on the deposit. In 2009, this difference was attributable to the recognition of a PLN 5m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities and elimination of the amount of PLN 48 thousand in interest accrued on the deposit.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Balance-sheet change	Presentation in the statement of cash flows – change
	Dec 31 2010	Dec 31 2009		2010
Gross (current and non-current) receivables	287,319	325,684	38,365	42,304
Net receivables	285,106	323,541		
Impairment losses on receivables	2,213	2,143		70
Provisions (excluding deferred tax related to equity)	6,376	6,676		- 300
Total change in impairment losses and provisions				**-230**

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 2010 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 balance sheet		Balance-sheet change	Presentation in the statement of cash flows – change
	Dec 31 2009	Dec 31 2008		2009
Gross (current and non-current) receivables	325,673	94,013	231,660	231,648
Net receivables	323,541	92,584		
Impairment losses on receivables	2,143	1,430		713
Provisions	6,676	2,851		3,825
Total change in impairment losses and provisions				**4,538**

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 2009 by the amount of receivables under a loan advanced, disclosed under investing activities.

Note 55

Employment structure

The average workforce (employees and regular associates) in the period January 1st – December 31st 2010 was 61 people, whereas in the comparative period of January 1st – December 31st 2009, it was 48 people.

Department	Workforce as at Dec 31 2010	Workforce as at Dec 31 2009
Management Board	4	4
Other	63	51
TOTAL	**67**	**55**

Note 56

Remuneration of members of the Management Board and the Supervisory Board (including profit distribution)

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 IPOPEMA Securities:

Total remuneration (inducing bonuses)	2010	2009
Supervisory Board	**31**	**23**
Diemko Janusz	7	5
Jonak Jacek	9	5
Kryca Bogdan	8	5
Miler Roman	2	3
Sliwinski Wiktor	5	5
Management Board	**6,550**	**6,688**
Borys Mirosław	723	860
Lewandowski Jacek	1,383	1,160
Piskorski Mariusz	1,218	885
Waczkowski Stanisław	3,226	3,783

In addition to the remuneration, the Management and Supervisory Board members who are the Company's shareholders receive dividend on the same rules as apply in the case of the other shareholders.

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, under which 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.

Note 57

Loans, advances and guarantees granted to members of the Management Board and the Supervisory Board:

In the periods covered by these financial statements the Company did not grant any loans, advances or guarantees to any of the members of the Management Board and the Supervisory Board.

Note 58

Material transactions executed by the Company (in 2010 and 2009, i.e. in the period for which the comparative data was prepared) with:

a) the parent undertaking

Not applicable

b) major shareholder

In May 2009, the Company shares were sold through a private placement directly preceding their introduction to trading on the WSE. The shares were sold by Manchester Securities Corp. (holding 30% of shares in the Company prior to the offering), and the private placement was conducted through the intermediation of Ipopema Securities. Following the private placement, the number of shares held by Manchester Securities was reduced by 3,714,280 shares, which were finally sold in 2010, i.e. 13% of the total number of shares in the share capital. Both transactions were conducted with the Company acting as an intermediary. In exchange for the intermediation services Manchester Securities Corp. paid to the Company a commission fee at a rate corresponding to standard market rates.

c) subordinated undertakings

Investment Agreement of August 26th 2008 (amended by annexes of September 29th 2008, January 6th 2009, and March 30th 2009) between IPOPEMA Securities S.A, Eliza Łoś-Strychowska and Tomasz Rowecki, concerning the establishment of IPOPEMA Business Consulting Sp. z o.o.

The agreement defines the rules of cooperation between the parties in connection with a planned establishment of a company under the name of "IPOPEMA Business Consulting Sp. z o.o.". Pursuant to the agreement, IPOPEMA Securities agreed to establish the company, pay PLN 50,000 to cover the company's share capital, and subscribe for 100% of the shares with the par value of PLN 50 per share. The shares in the company, with a par value of PLN 50 per share, were to be covered by IPOPEMA Securities S.A. with a cash contribution of PLN 3,000,000, of which PLN 2,950,000 was to be allocated to the reserve funds. IPOPEMA Securities agreed to adopt a resolution on increasing the company's share capital to PLN 100,050 on or before July 1st 2009. The parties agreed to subscribe for shares in the increased share capital in the following manner: Eliza Łoś-Strychowska and Tomasz Rowecki ("the Investors") would each acquire 500 shares with a par value of PLN 50 per share, representing 24.99% of the total vote at the company's general shareholders meeting, and IPOPEMA Securities would acquire one share with a par value of PLN 50. These obligations were performed by the shareholders in 2008 and 2009, as a result of which as at the date of these financial statements the Company held 50.02% of shares in IPOPEMA Business Consulting.

The agreement provides for a call option where in cases specified in the agreement the Investors will be obliged to sell all their shares to IPOPEMA Securities. To secure the performance of this obligation, each Investor submitted an irrevocable conditional offer to sell all the shares, valid for five years from the subscription date (call option). Moreover, the parties agreed not to conduct activities competitive with the business of IPOPEMA Business Consulting subject to a contractual penalty. The non-compete obligation expires 12 months after the day on which a given party ceases to be a shareholder in IPOPEMA Business Consulting.

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 IBC 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 2010, the total value of transactions under the abovementioned agreements amounted to PLN 999 thousand, as presented in the table below.

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

d) members of the Management Board and Supervisory Board

none

e) spouses or relatives of members of the Management Board and the Supervisory Board

none

f) persons related to members of the Management Board and the Supervisory Board through custody, adoption or guardianship

none

Related party transactions – income and expenses

Related party	Revenue	Purchases	Sales revenue	Purchases
	Jan 1–Dec 31 2010		Jan 1–Dec 31 2009	
IPOPEMA BC	8	-	94	-
IPOPEMA TFI	305	-	5	-
IPOPEMA Business Services Kft.	155	844	-	-
Members of the Management Board and Supervisory Board	31	782	-	483
Other related parties	513 *	-	850	19
Total	**1,012**	**1,626**	**949**	**502**

** Revenue from an entity which as at December 31st 2010 is no longer a related party.*

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2010	Dec 31 2009	Dec 31 2010	Dec 31 2009
IPOPEMA BC	9	-	-	-
IPOPEMA TFI	7	-	-	-
IPOPEMA Business Services Kft.	1,099	-	-	-
Members of the Management Board and Supervisory Board	-	-	-	-
Other related parties		-	-	9
Total	**1,115**	**-**	**0**	**9**

IPOPEMA Securities provides brokerage services to funds managed by IPOPEMA TFI S.A., but transaction costs are charged directly to the funds.

Note 59

Incentive scheme

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 adopted by the Extraordinary General Shareholders Meeting on December 5th 2007 (and amended by a resolution of March 20th 2009) concerning implementation of the 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 may 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 (357,143 in 2009, and 413,748 in 2010). The final settlement will take place in 2011, based on 2010 results. However, as not all required conditions have been fulfilled, Share Option Plan I will no longer be continued.

The remaining persons participating in the Incentive Scheme are entitled to subscribe for a total of 714,285 Series C shares, as part of Share Option Plan II, at issue price equal to the price of the Company shares in the private placement preceding the listing on the Warsaw Stock Exchange, that is PLN 5. The first 212,500 shares tranche under Share Option Plan II was subscribed for by the eligible persons in February

2011, while the last tranche is to be offered by January 2014. Following revision of the criteria required to subscribe for the shares, currently the number of shares to be subscribed for in the above period by persons entered in the list of eligible persons prepared by the Management Board, totals 607,142 (including 212,500 shares subscribed for in February 2011).

The list of persons eligible to subscribe for the remainder of the Series C shares, that is 2,976,188 shares ("Share Option Plan III") has not yet been determined, neither have any decisions been made as to whether such shares will be offered.

The cost of the incentive schemes discussed above is not recognised in the separate financial statements, as the Accountancy Act stipulates no such requirement. The cost is recognised in the consolidated financial statements of the IPOPEMA Group. 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 implemented by the Company in the consolidated financial statements of the Group. At the consolidated level, in 2010 the total costs related to the share option plans increased the cost of salaries and wages by PLN 1,094 thousand, of which PLN 639 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 455 thousand), which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of the above-mentioned agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the consolidated result of the Group in 2009. Despite the fact that the parent undertaking was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

In 2009, the total costs related to the share option plans increased the cost of salaries and wages by PLN 2,182 thousand, of which PLN 1,717 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 465 thousand), which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A.

The option plans were valued 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).

Note 60

Transactions with related parties not covered by the financial statements

In the periods covered by these financial statements, there were no material transactions with related parties other than transactions disclosed in Note 58.

Note 61

Material related party transactions other than arm's length transactions

In the periods covered by these financial statements, the Company did not enter into any related party transactions which were not transactions at arm's length.

Note 62

Under an agreement dated July 22nd 2010, the entity authorised to audit the Company's annual separate and consolidated financial statements for 2010 and to review financial statements for H1 2010 is BDO Sp. z o.o. (former name: BDO Numerica International Auditors & Consultants Sp. z o.o.), with registered office at ul. Postępu 12, Warsaw, Poland.

Auditor's fees payable, in PLN '000 (exclusive of VAT):

Type of service	2010	2009
mandatory audit of financial statements	50	50
other attestation services	50	42
tax advisory services	-	-
other services	-	15

Note 63

Name and registered office of the parent undertaking preparing the consolidated financial statements

Not applicable.

Note 64

Information on unconsolidated joint ventures

In the periods covered by these financial statements, the Company did not participate in any joint ventures.

Note 65

Information on court proceedings

On January 13th 2009, IPOPEMA Securities S.A. filed with the Regional Court a suit for payment of past due receivables. The Company was not a party to any other court proceedings.

Note 66

Inspections of supervisory authorities

Two external inspections were conducted at the Company in the period covered by these financial statements. The first inspection was carried out in August 2010 by authorised employees of the National Depository for Securities. The inspection pertained to the records of securities and IT systems security. The inspection report did not include any post-inspection recommendations.

The second inspection was conducted in September 2010 by authorised employees of the Warsaw Stock Exchange. The inspection covered compliance with statutory duties of a WSE member and with access requirements of the WSE IT systems. The WSE did not provide the Company with any recommendations or comments following the inspection.

Since 2010, the Company (as the supervised 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).

Note 67

Regulatory capital

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

Date	Share capital	Tier 2 (supplementary) capital	Tier 3 (supplementary) capital	Total regulatory capital	Total capital adequacy requirement
Jan 31 2010	38,503	-	-	37,003	27,182
Feb 28 2010	37,004	-	-	37,004	28,511
Mar 31 2010	46,895	-	-	46,895	31,816
Apr 30 2010	46,740	-	-	46,740	35,640
May 31 2010	46,782	-	-	46,782	36,584
Jun 30 2010	46,718	-	-	46,718	40,361
Jul 31 2010	46,848	19	-	46,867	43,831
Aug 31 2010	55,833	18	-	55,851	21,722
Sep 30 2010	55,889	57	-	55,945	25,923
Oct 31 2010	55,690	55	-	55,745	24,391
Nov 30 2010	55,913	54	-	55,967	26,237
Dec 31 2010	55,850	51	-	55,902	21,433

2010 capital adequacy requirements by type of risk

Date	Market risk	Credit risk	Operational risk	Total capital adequacy requirement
Jan 31 2010	675	19,677	6,830	27,182
Feb 28 2010	300	21,381	6,830	28,511
Mar 31 2010	1,032	21,648	9,136	31,816
Apr 30 2010	1,132	25,372	9,136	35,640
May 31 2010	1,160	26,288	9,136	36,584
Jun 30 2010	426	30,799	9,136	40,361
Jul 31 2010	376	34,319	9,136	43,831
Aug 31 2010	307	12,279	9,136	21,722
Sep 30 2010	281	16,506	9,136	25,923
Oct 31 2010	222	15,033	9,136	24,391
Nov 30 2010	423	16,678	9,136	26,237
Dec 31 2010	241	12,508	8,684	21,433

As disclosed in the monthly report to the PFSA for December 2010, the regulatory capital amounted PLN 55,902 thousand as at December 31st 2010 (December 31st 2009: PLN 38,568 thousand).

Both in 2010 and 2009, 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 the period covered by these financial statements, the Company did not record any instances of non-compliance with the capital adequacy requirements on a separate or consolidated basis.

In accordance with the Regulation of the Minister of Finance on the scope and detailed rules for determination of total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of loans and debt securities in issue relative to the amount of capitals, dated November 18th 2009, applicable 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.

Date	Share capital	Tier 2 (supplementary) capital	Tier 3 (supplementary) capital	Total regulatory capital	Total capital adequacy requirement	Capital adequacy requirement for fixed operating costs
Dec 31 2008	39,996	-	-	39,996	2,707	5,520
Jan 31 2009	39,804	-	-	39,804	3,093	5,520
Feb 28 2009	38,999	-	-	38,999	3,658	5,520
Mar 31 2009	39,948	-	-	39,948	4,092	5,520
Apr 30 2009	39,970	-	-	39,970	4,636	5,520
May 31 2009	39,995	-	-	39,995	4,905	5,520
Jun 30 2009	34,053	-	-	34,053	2,857	4,496
Jul 31 2009	33,910	-	-	33,910	4,449	4,496
Aug 31 2009	38,240	-	-	38,240	4,807	4,496
Sep 30 2009	38,496	-	-	38,496	5,447	4,496
Oct 31 2009	38,543	-	-	38,543	5,265	4,496
Nov 30 2009	38,541	-	-	38,541	4,588	4,496
Dec 31 2009	38,568	-	-	38,568	6,111	4,496

2009 capital adequacy requirements by type of risk

Date	Market risk	Credit risk	Operational risk	Total capital adequacy requirement
Jan 31 2009	-	3,093	-	3,093
Feb 28 2009	-	3,658	-	3,658
Mar 31 2009	-	4,092	-	4,092
Apr 30 2009	-	4,636	-	4,636
May 31 2009	-	4,905	-	4,905
Jun 30 2009	-	2,857	-	2,857
Jul 31 2009	-	4,449	-	4,449
Aug 31 2009	-	4,807	-	4,807
Sep 30 2009	-	5,447	-	5,447
Oct 31 2009	-	5,265	-	5,265
Nov 30 2009	-	4,588	-	4,588
Dec 31 2009	-	6,111	-	6,111

Note 68

Events Subsequent to the balance-sheet date

All events with a bearing on the financial statements for 2010 were disclosed in the accounting books for 2009.

On March 15th 2011, the Company entered into a share purchase agreement whereby it acquired all shares of Credit Suisse Asset Management (Polska) S.A. The completion of the transaction is subject to obtaining the required authorisations from regulatory bodies (the Polish Financial Supervision Authority and the Polish Office of Competition and Consumer Protection)

Furthermore, shares were subscribed for under the Incentive Scheme (Note 59).

These financial statements contain 55 (fifty-five) consecutively numbered pages.

Warsaw, March 17th 2011

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