The IPOPEMA
Securities Group

Interim Condensed Consolidated Financial Statements

for H1 2011
ended June 30th 2011

Warsaw, August 24th 2011

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COMPLIANCE STATEMENT

We, the Management Board of IPOPEMA Securities S.A., hereby represent that:

- to the best of our knowledge, the condensed consolidated semi-annual financial statements as at June 30th 2011 and the comparative data have been prepared in compliance with the applicable accounting standards, and give a true, clear and fair view of the assets, financial standing and financial performance of the IPOPEMA Securities Group;
- the Directors' Report on the Group's operations in H1 2011 gives a true picture of the Group's development, achievements and standing; it also includes a description of the relevant risks and threats;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, Poland, a qualified auditor of financial statements entered in the list of qualified auditors of financial statements maintained by the National Chamber of Chartered Auditors under Reg. No. 3355, which reviewed the separate semi-annual financial statements and the consolidated semi-annual financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o. and the auditor who reviewed the condensed consolidated financial statements of the IPOPEMA Securities Group as at June 30th 2011 meet the relevant criteria for issuing an impartial and independent report on the reviewed financial statements, in accordance with the applicable laws and professional standards.

Warsaw, August 24th 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

Consolidated financial highlights	PLN '000		EUR '000	
	H1 2011	H1 2010	H1 2011	H1 2010
Revenue from core activities	55,097	50,245	13,888	12,548
Costs of core activities	38,384	34,972	9,675	8,734
Profit from core activities	16,713	15,273	4,213	3,814
Operating profit	16,241	14,024	4,094	3,502
Pre-tax profit	16,053	12,759	4,046	3,186
Net profit from continuing operations	12,767	10,112	3,218	2,525
Net profit	12,767	10,112	3,218	2,525
Net earnings per ordinary share (weighted average) - (PLN/ EUR)				
- basic	0.43	0.35	0.11	0.09
- diluted	0.43	0.34	0.11	0.08
Net cash provided by/(used in) operating activities	- 24,767	47,837	- 6,243	11,947
Total cash flows	- 22,605	42,848	- 5,698	10,701

Consolidated financial highlights	PLN '000		EUR '000	
	Jun 30 2011	Dec 31 2010	Jun 30 2011	Dec 31 2010
Total assets	839,038	408,402	210,465	103,124
Current liabilities	765,464	331,689	192,009	83,754
Equity	68,121	69,251	17,087	17,486
Number of shares	29,554,801	29,342,301	29,554,801	29,342,301
Book value per share (PLN/EUR)	2.30	2.36	0.58	0.60

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	H1 2011	H1 2010
EUR	3.9673	4.0042

- Items of the statement of financial position:

Exchange rate as at	Jun 30 2011	Dec 31 2010
EUR	3.9866	3.9603

These interim condensed consolidated financial statements for the six months ended June 30th 2011 were approved for publication by the Management Board on August 24th 2011.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30th 2011

	Note	H1 2011	H1 2010
CONTINUING OPERATIONS			
Revenue from core activities, including:	15	**55,097**	**50,245**
Revenue from brokerage activities		37,246	35,929
Revenue from management of investment funds		10,470	6,996
Revenue from advisory services		7,381	7,320
Costs of core activities	15	**38,384**	**34,972**
Profit from (loss on) core activities		**16,713**	**15,273**
Gain (loss) on transactions in financial instruments held for trading		- 427	- 1,154
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income		124	136
Other operating expenses		169	231
Operating profit (loss)		**16,241**	**14,024**
Finance income		1,577	1,624
Finance expenses		1,765	2,889
Pre-tax profit (loss)		**16,053**	**12,759**
Corporate income tax	16	3,286	2,647
Net profit from (loss on) continuing operations		**12,767**	**10,112**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**12,767**	**10,112**
Attributable to:			
Owners of the parent		11,982	9,787
Non-controlling interests		785	325
Earnings (loss) per share (PLN)		0.43	0.35
Diluted earnings (loss) per share (PLN)		0.43	0.34
Other comprehensive income		**330**	**816**
Gains and losses on revaluation of financial assets available for sale		407	1,008
Corporate income tax on items of other comprehensive income		- 77	- 192
Comprehensive income for period		**13,097**	**10,928**
Attributable to:			
Owners of the parent		12,312	10,603
Non-controlling interests		785	325

Warsaw, August 24th 2011

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Danuta Ciosek
Chief Accountant

Interim Condensed Consolidated Statement of Financial Position

as at June 30th 2011

ASSETS	Note	Jun 30 2011	Dec 31 2010
Cash and cash equivalents	12	76,416	98,732
Current receivables	12, 14	748,334	289,654
Current prepayments and accrued income		1,530	768
Financial instruments held for trading		2,330	8,852
Financial instruments held to maturity		-	-
Financial instruments available for sale		2,964	2,157
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		433	493
Non-current loans advanced		2,464	2,865
Property, plant and equipment		1,573	1,572
Investment property		-	-
Intangible assets		2,066	1,860
Inventories		-	-
Non-current prepayments and accrued income		928	1,449
TOTAL ASSETS		**839,038**	**408,402**

EQUITY AND LIABILITIES		Jun 30 2011	Dec 31 2010
Current liabilities	14	765,464	331,689
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	14	5,453	7,422
Accruals and deferred income		-	40
Total liabilities		**770,917**	**339,151**
Share capital	13	2,955	2,934
Other capital reserves		12,420	10,970
Retained earnings		50,168	53,554
Total equity		**65,543**	**67,458**
Non-controlling interests		**2,578**	**1,793**
Total capital		**68,121**	**69,251**
TOTAL EQUITY AND LIABILITIES		**839,038**	**408,402**

Warsaw, August 24th 2011

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Interim Condensed Consolidated Statement of Cash Flows

for the 6 months ended June 30th 2011

CASH FLOWS	Note	H1 2011	H1 2010
Cash flows from operating activities			
Pre-tax profit		**16,053**	**12,759**
Total adjustments:	**24**	**- 40,820**	**35,078**
Depreciation and amortisation		612	465
Foreign exchange gains/(losses)		- 33	- 664
Interest and dividends		144	289
Profit from (loss on) investment activities		373	260
Change in financial instruments held for trading		6,522	390
Change in financial instruments available for sale		-	-
Change in receivables		- 458,522	- 318,860
Change in current liabilities (net of loans and borrowings)		415,642	356,376
Change in provisions and impairment losses on receivables		- 2,248	- 1,691
Change in accruals and deferrals		- 802	150
Corporate income tax		- 2,587	- 2,195
Other adjustments (effect of incentive schemes)		79	558
Net cash provided by (used in) operating activities		**-24,767**	**47,837**
Cash flows from investing activities			
Increase in loans advanced		- 8	- 3,445
Decrease in loans advanced		6	6
Acquisition of property, plant and equipment and intangible assets		- 819	- 391
Proceeds from financial instruments available for sale and held to maturity		204	5,001
Acquisition of financial instruments available for sale and held to maturity		- 600	- 440
Other cash used in investing activities		-	- 568
Other cash provided by investing activities		66	152
Net cash provided by (used in) investing activities		**- 1,151**	**315**
Cash flows from financing activities			
Increase in loans and borrowings		2,657	-
Proceeds from issue of own shares		1,062	-
Interest paid		- 406	- 405
Repayment of loans and borrowings		-	- 4,899
Net cash provided by (used in) financing activities		**3,313**	**- 5,304**
Total cash flows		**- 22,605**	**42,848**
Net increase (decrease) in cash and cash equivalents		- 22,532	42,848
Change in cash resulting from foreign exchange differences		73	388
Cash at beginning of period	24	88,633	42,168
Cash at end of period, including	24	**66,028**	**85,016**
restricted cash		*9,169*	*9,535*

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Interim Condensed Consolidated Statement of Changes in Equity

for the 6 months ended June 30th 2011

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other capital reserves					
	Share capital	Share premium account	Revaluation capital reserve	Other	Retained earnings		
As at Jan 1 2011	**2,934**	**7,433**	**972**	**2,565**	**53,554**	**1,793**	**69,251**
Profit for period	-	-	-	-	11,982	785	12,767
Issue of shares	21	1,041	-	-	-	-	1,062
Costs of incentive scheme	-	-	-	79	-	-	79
Other comprehensive income	-	-	330	-	-	-	330
Dividend payment	-	-	-	-	- 15,368	-	- 15,368
As at Jun 30 2011	**2,955**	**8,474**	**1,302**	**2,644**	**50,168**	**2,578**	**68,121**
As at Jan 1 2010	**2,893**	**7,280**	**- 32**	**1,471**	**35,552**	**1,376**	**48,540**
Profit for H1 2010	-	-	-	-	9,787	325	10,112,
Costs of incentive scheme	-	-	-	558	-	-	558
Other comprehensive income	-	-	816	-	-	-	816
Dividend payment	-	-	-	-	-	-	-
As at Jun 30 2010	**2,893**	**7,280**	**784**	**2,029**	**45,339**	**1,701**	**60,026**

Warsaw, August 24th 2011

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NOTES

1. Information on the IPOPEMA Securities Group

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

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

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

As at June 30th 2011, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its three subsidiary undertakings (the subsidiaries are presented in Section 2).

The Group's core business comprises:

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

IPOPEMA Securities S. A. – the Parent Undertaking

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

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

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

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

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

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

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

2. Composition of the Group

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

As at June 30th 2011 and December 31st 2010, the Group comprised IPOPEMA Securities S.A. and the following subsidiary undertakings:

Company name	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds, - discretionary management of securities portfolios; - advisory services in the area of securities trading; - intermediation in the sale and redemption of investment fund units; - representation service for foreign funds.	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services; - computer facilities management activities; - computer consultancy services; - software-related activities; - wholesale of computers, computer peripheral devices and software.	full	50.02%	50.02%
IPOPEMA Business Services Kft.	- office and business support	unconsolidated (immaterial financial data)	100%	100%

3. Basis for preparation

3.1. Compliance statement

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and the IFRS applicable to interim financial reporting, as endorsed by the European Union. The other standards, amendments to the applicable standards and interpretations of the International Financial Reporting Interpretations Committee which have been endorsed recently or are pending endorsement are not relevant for the Group's operations and their effect on the financial statements of the Group would be immaterial.

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

These interim condensed consolidated financial statements of the Group cover the period of six months ended June 30th 2011 and contain comparative data for six months ended June 30th 2010 and as at December 31st 2010.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2010.

3.2. Measurement currency and reporting currency of the financial statements

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

3.3. Going concern assumption

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

4. Changes in applied accounting policies

In H1 2011, there were no changes in the applied accounting policies compared with the policies applied in the consolidated financial statements for 2010, released on March 18th 2011. The consolidated financial statements for 2010 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Financial instruments

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

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

Financial assets

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

Financial liabilities

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

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

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

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

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

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

As far as the Group is concerned, the category includes primarily shares traded on the Warsaw Stock Exchange (WSE) and Budapest Stock Exchange (BSE) as well as derivatives traded on the WSE. The Group has also entered into a currency forward contract. The Group does not apply hedge accounting.

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

- the designation will eliminate or significantly reduce a measurement or recognition inconsistency; or

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

Financial derivatives are carried at fair value from the transaction date, and any resulting gains or losses are posted to income or costs related to financial instruments held for trading. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the forward contract entered into by the Company. Fair value is determined based on stock-exchange prices or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data. Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial instruments 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.

Financial instruments held to maturity

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

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

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

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms, not traded on an active market, are classified as loans and receivables. Loans and receivables with more than 12 months to maturity are measured at amortised cost using the effective interest rate method, less impairment losses. Interest income is recognised at the effective interest rate, save for current receivables where recognition of interest income would be immaterial. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. They include mainly trade receivables, bank deposits, cash equivalents, loans, and acquired unlisted debt securities, not classified to other categories.

Loans 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 Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance expenses.

Furthermore, under financial assets the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The value of the leased out property, plant and equipment and intangible assets amounted to PLN 452 thousand as at June 30th 2011, including non-current receivables of PLN 333 thousand.

Financial instruments available for sale

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

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

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) are recognised under revaluation capital reserve.

Acquisition and sale of financial instruments available for sale are recognised as at the transaction date. On initial recognition, they are measured at acquisition cost (fair value), including the transaction costs. Investment fund units are measured at current prices, i.e. the net asset value per unit last published by the investment fund.

Shares in subsidiary undertakings not subject to consolidation are measured at acquisition cost less impairment losses. Investment certificates are carried at fair value, based on the net value per certificate as published by the investment fund in consultation with the depositary. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.

Financial liabilities measured at amortised cost

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

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

Receivables

Current receivables

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

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

Impairment losses are recognised in particular for:

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

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that recovery of the full amount of a receivable is subject to significant risk.

Impairment losses on receivables are recognised under other operating expenses. Impairment losses on receivables are reversed if the value impairment decreases in subsequent periods and the increase in the value of the financial asset may be attributed to events occurring after the impairment loss was recognised. Reversal of an impairment loss is recognised in the consolidated statement of comprehensive income under other operating income.

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

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

Impairment losses

As at the end of each reporting period the Group evaluates whether there is any indication of impairment of an asset. Tests for three groups of assets: goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use, are made on an annual basis, regardless of whether there is an indication of impairment. Those types of assets may be tested for impairment at any time during the year.

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

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

Liabilities

Current liabilities

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

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

Current liabilities also include overdrafts, measured as described in the item "Financial Liabilities at Amortised Cost" above.

The recognition of current liabilities under executed transactions is discussed in item "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" above.

Non-current liabilities

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

6. Accounting policies introduced in H1 2011

Standards and interpretations which have been issued and apply to the Group for annual periods beginning on January 1st 2011:

- Amendment to IAS 32 Classification of Rights Issues - effective for annual periods beginning on or after February 1st 2010;
- Revised IAS 24 Related Party Disclosures – effective for annual periods beginning on or after January 1st 2011;
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement – effective for annual periods beginning on or after January 1st 2011;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective for annual periods beginning on or after July 1st 2010;
- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters, first published on January 28th 2010. These amendments apply to annual periods beginning on or after July 1st 2010. They will not affect the Group's consolidated financial statements.
- Annual Improvements to IFRSs

On May 6th 2010, the International Accounting Standards Board published Amendments to IFRS containing changes to six standards and one interpretation. They include changes to the scope, presentation, disclosure, recognition and measurement, as well as terminology and editing changes. The majority of changes apply to annual periods beginning on January 1st 2011.

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

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

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

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets;

  The amendments, published on October 7th 2010, change the requirements concerning disclosures of transfers of financial assets. They will apply to annual periods beginning on or after July 1st 2011, but will not affect the consolidated financial statements of the Group.

- Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters – effective for annual periods beginning on or after July 1st 2011;
- IFRS 9 Financial Instruments – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets – effective for annual periods beginning on or after January 1st 2012;
- IFRS 12 Disclosure of Interests in Other Entities - effective for annual periods beginning on or after January 1st 2013;
- IFRS 10 Consolidated Financial Statements - effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 27 Separate Financial Statements - effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 28 Investments in Associates and Joint Ventures - effective for annual periods beginning on or after January 1st 2013;
- IFRS 11 Joint Arrangements - effective for annual periods beginning on or after January 1st 2013;
- IFRS 13 Fair Value Measurement - effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 19 Employee Benefits - effective for annual periods beginning on or after January 1st 2013;

The Group believes that the other standards and interpretations will not have any material effect on its financial statements when first adopted.

8. Changes in estimates

In H1 2011, there were no changes to estimates, except for changes in provisions and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,
2) the mid-exchange rate quoted for a given currency by the National Bank of Poland (the "NBP") on the day preceding the transaction date – in the case of payment of receivables or liabilities where the application of the exchange rate referred to in item 1 is not justified, and in the case of other transactions.

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

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

Currency	Jun 30 2011	Dec 31 2010
USD	2.7517	2.9641
EUR	3.9866	3.9603
HUF 100	1.5010	1.4206
GBP	4.4102	4.5938
UAH	0.3444	0.3722
CZK	0.1641	0.1580
CHF	3.3004	3.1639
INR 100	6.1998	6.7450

10. Net earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares, which may be issued within the limit of the conditional share capital in connection with the incentive scheme adopted at the Company. To date, 1,880,952 shares have been allocated for subscription – subject to fulfilment of specified criteria – by eligible persons. Of that number, 212,500 shares were subscribed for in Q1 2011.

In line with the adopted methodology, for the purpose of computing diluted earnings, the number of Company shares was increased by 257,297 shares.

Given the low number of dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these financial statements were similar.

	H1 2011	H1 2010
Number of shares	29,554,801	28,928,553
Weighted average number of shares	29,486,707	28,928,553
Diluted number of shares	29,744,004	29,498,513
Net earnings per share from continuing operations for period		
- basic	0.43	0.35
- diluted	0.43	0.34

11. Operating segments

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

1. IPOPEMA Securities segment (brokerage and related services) comprises brokerage activities and investment banking; the segment focuses on public offerings of securities (especially shares) – in which IPOPEMA Securities acts as the coordinator, offering broker and financial adviser – M&A transactions and management buy-outs, as well as advisory on the raising of financing on the private market, including from *private equity* funds and through *pre-IPO* placements. The segment also provides consultancy services relating to corporate financial restructuring and asset management services.
2. IPOPEMA TFI segment (investment fund management) focuses on the operation of an investment fund company, as well as establishment and management of investment funds.
3. IPOPEMA Business Consulting segment (consultancy services) focuses on business and management consultancy services, computer facilities management activities, computer consultancy services and software-related activities.

Operating segments	H1 2011 Continuing operations Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients	37,246	10,470	7,381	**55,097**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	**37,246**	**10,470**	**7,381**	**55,097**
Segment's costs and expenses	**- 25,018**	**- 7,999**	**- 5,473**	**- 38,490**
- including costs of the incentive scheme	*- 79*	*-*	*-*	***- 79***
Inter-segment eliminations	35	71	-	**106**
Segment's total costs and expenses	**- 24,983**	**- 7,928**	**- 5,473**	**- 38,384**
Segment's profit (loss)	**12,263**	**2,542**	**1,908**	**16,713**
Unallocated costs	-	-	-	**-**
Profit from continuing operations before tax and finance expenses	12,263	2,542	1,908	**16,713**
Interest income	670	51	10	**731**
Interest expenses	- 409	-	-	**- 409**
Other net finance income/expenses	- 942	-	5	**- 937**
Other operating income/expenses	17	2	-	**19**
Inter-segment eliminations	- 30	-35	-	**- 65**
Profit before tax and non-controlling interests	**11,569**	**2,560**	**1,923**	**16,052**
Total corporate income tax	**- 2,397**	**- 537**	**- 351**	**- 3,285**
Net profit for period	**9,172**	**2,023**	**1,572**	**12,767**
Net profit for period (excluding costs of the incentive scheme)	***9,251***	***2,023***	***1,572***	***12,846***
Assets and liabilities as at Jun 30 2011				
Segment's assets	819,579	12,740	6,719	**839,038**
Unallocated assets	-	-	-	**-**
Total assets	**819,579**	**12,740**	**6,719**	**839,038**
Segment's liabilities	762,411	1,492	1,561	**765,464**
Provisions for liabilities and other provisions	4,169	1,284	-	**5,453**
Equity	58,548	7,402	- 408	**65,542**
Non-controlling interests	-	-	2,579	**2,579**
Total equity and liabilities	**825,128**	**10,178**	**3,732**	**839,038**

Operating segments	H1 2010 Continuing operations			
	Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients	35,930	6,995	7,320	**50,245**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	35,930	6,995	7,320	**50,245**
Segment's total costs and expenses	**- 22,445**	**- 6,024**	**- 6,503**	**- 34,972**
- including costs of the incentive scheme	*- 256*	*- 302*	-	***- 558***
Segment's profit (loss)	**13,485**	**971**	**817**	**15,273**
Unallocated costs	-	-	-	**-**
Profit from (loss on) continuing operations before tax and finance expenses	13,485	971	817	15,273
Interest income	422	22	13	**457**
Interest expenses	-470	-	-	**-470**
Other net finance income/expenses	- 2,417	-	11	**- 2,406**
Other operating income/expenses	- 42	- 53	-	**- 95**
Profit (loss) before tax and non-controlling interests	10,978	940	841	**12,759**
Corporate income tax	2,222	235	190	**2,647**
Net profit (loss) for period	**8,756**	**705**	**651**	**10,112**
Net profit (loss) for period (excluding costs of the incentive scheme)	***9,012***	***1,007***	***651***	***10,670***
Assets and liabilities as at Dec 31 2010				
Segment's assets	392,655	10,181	5,566	408,402
Unallocated assets	-	-	-	**-**
Total assets	**392,655**	**10,181**	**5,566**	**408,402**
Segment's liabilities	328,185	1,781	1,723	331,689
Provisions for liabilities and other provisions	6,388	817	257	7,462
Equity	48,963	2,104	- 2,028	49,039
Non-controlling interests	-	-	1,793	1,793
Total equity and liabilities	**398,197**	**7,617**	**2,588**	**408,402**

12. Notes to the statement of financial position – assets

Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	Jun 30 2011	Dec 31 2010
Cash and other assets of the Group		
a) at banks and in hand	66,057	33,374
b) other	10,359	65,358
Total cash and other assets of clients of the brokerage house	**76,416**	**98,732**
Cash and other assets:		
a) cash and other assets of the Group	62,974	49,584
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	13,442	49,148
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	**76,416**	**98,732**

Cash at banks bears interest at fixed and variable rates which depend on the interest rate on overnight bank deposits, except for non-interest bearing security for transactions on the Budapest Stock Exchange, which was paid into a separate bank account. Short-term deposits are placed for various periods ranging from one day to several months, depending on the Group's current cash requirements, and bear interest at the agreed interest rates.

Receivables

As at June 30th 2011, current receivables stood at PLN 748,334 thousand, compared with PLN 289,654 thousand as at December 31st 2010.

Current receivables	Jun 30 2011	Dec 31 2010
From clients / trade receivables	368,586	167,909
- from clients under transactions executed on the Warsaw Stock Exchange	303,147	156,322
- from clients under transactions executed on the Budapest Stock Exchange	58,109	6,457
- other	7,330	5,130
From related undertakings	870	707
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	343,903	94,211
- under transactions executed on the Warsaw Stock Exchange	249,729	87,912
- under transactions executed on the Budapest Stock Exchange	94,174	6,299
From entities operating regulated markets and commodity exchanges	9	9
From the National Depository for Securities and exchange clearing houses	30,143	21,048
- from the settlement guarantee fund	30,143	21,048
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,284	4,349
From issuers of securities or selling shareholders	-	52
From commercial chamber	-	-
Taxes, subsidies and social security receivable	186	1,075
Other	353	294
Total current receivables	**748,334**	**289,654**

Current receivables and liabilities are recognised predominantly in connection with buy and sell transactions in securities which have been executed, but not yet cleared.

In the case of buy trades executed on the WSE or the BSE on behalf of clients whose accounts are kept by custodian banks, the Company recognises liabilities towards parties to the market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as the anonymous party to a transaction) and receivables from clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on the WSE or the BSE on behalf of clients whose accounts are kept by custodian banks, the Company recognises receivables from parties to the market transactions and liabilities towards clients on behalf of whom such sell trades have been executed.

Acquisition and sale of property, plant and equipment and intangible assets

In H1 2011, the Group acquired property, plant and equipment and intangible assets with a value of PLN 819 thousand (PLN 391 thousand in H1 2010).

13. Notes to the statement of financial position – equity

Share capital

As at June 30th 2011, the Company's share capital amounted to PLN 2,955,480.10, having risen by PLN 21,250 from December 31st 2010.

It was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 983,391 Series C ordinary bearer shares.

As at December 31st 2010, the share capital amounted to PLN 2,934,230.10 and comprised 29,342,301 shares.

Sale of Company shares by related parties

On April 12th 2011, sale transactions were executed involving Company shares as a result of which certain Management and Supervisory Board members, or persons related to them, sold in aggregate 2,663,808 IPOPEMA Securities shares. Detailed information on these transactions was published by the Company in Current Report No. 11/2011 of April 12th 2011.

14. Notes to the statement of financial position – liabilities and provisions

Change in provisions

	H1 2011	H1 2010	2010
As at beginning of reporting period	**7,422**	**7,016**	**7,016**
Provisions created in period	7,596	6,684	12,797
Provisions used	9,452	7,705	11,814
Provisions released	113	357	577
As at end of reporting period, including:	**5,453**	**5,638**	**7,422**
Deferred tax liability	804	518	652

Impairment losses on receivables

In H1 2011, impairment losses on receivables decreased by PLN 20 thousand. In the comparative period, i.e. H1 2010, impairment losses on receivables rose by PLN 221 thousand. Over the entire 2010, impairment losses on receivables grew by 143 thousand.

Liabilities (current)

Current liabilities	Jun 30 2011	Dec 31 2010
To clients	314,340	120,470
- under transactions executed on the Warsaw Stock Exchange	218,800	59,757
- under transactions executed on the Budapest Stock Exchange	67,410	2,779
- other	28,130	57,934
To related undertakings	405	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	415,815	190,456
- under transactions executed on the Warsaw Stock Exchange	334,618	178,597
- under transactions executed on the Budapest Stock Exchange	81,197	11,859
To entities operating regulated markets and commodity exchanges	1,753	758
To the National Depository for Securities and exchange clearing houses	1,796	2,159
Loans and borrowings	10,139	7,481
- from related undertakings	-	-
- other	10,139	7,481
Taxes, customs duties and social security payable	1,806	847
Salaries and wages	30	2
To investment and pension fund companies and to investment and pension funds	479	535
Other	18,901	8,981
a) dividends payable	15,368	-
b) other	3,533	8,981
- financial liabilities (valuation of futures and forward transactions)	115	98
- other liabilities	3,418	8,883
Total current liabilities	**765,464**	**331,689**

With the exception of loans, the liabilities do not bear interest.

Interest-bearing bank loans and borrowings

Current liabilities under loans and borrowings	Jun 30 2011	Dec 31 2010
Bank loan	10,139	7,481
- outstanding amount	10,139	7,481
Current liabilities under loans and borrowings	**10,139**	**7,481**

As at June 30th 2011, the Parent Undertaking's liabilities under loans related to its brokerage business amounted to PLN 10,139 thousand, compared with PLN 7,481 thousand as at December 31st 2010. The liabilities resulted from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. to finance payment of the Company's liabilities to the National Depository for Securities. On July 20th 2010, the Company executed annexes to the agreements under which the term of the two agreements described below was extended by one year, i.e. until July 19th 2012:

1. agreement providing for a revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the Bank, and a security deposit of PLN 4m placed in a time deposit account as joint collateral securing also the credit facility specified in item 2.
2. agreement providing for a revolving credit facility of up to PLN 30m. The purpose of the facility is to finance 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 and a power of attorney over accounts held with the Bank. According to the information provided in item 1 above, the two credit facilities are also secured with the joint collateral in the form of a PLN 4m security deposit established pursuant to the annex of July 20th 2011, which replaced the previous security in the form of a block on funds of PLN 10m.

15. Notes to the statement of comprehensive income

Revenue from core activities

Revenue from core activities	H1 2011	H1 2010
Revenue from trading in securities	29,803	25,730
Revenue from investment banking services	7,049	9,821
Revenue from management of investment funds	10,470	6,995
Revenue from advisory services	7,381	7,320
Other revenue from core activities	394	379
Total revenue from core activities	**55,097**	**50,245**

Costs of core activities

Costs of core activities	H1 2011	H1 2010
Affiliation	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	6,543	6,110
Fees payable to commercial chamber	-	-
Salaries and wages	18,729	16,527
Social security and other benefits	814	981
Employee benefits	193	98
Materials and energy used	355	252
Costs of maintenance and lease of buildings	798	764
Depreciation and amortisation	612	465
Taxes and other public charges	811	643
Commissions and other charges	2	-
Other	9,527	9,132
Total costs of core activities	**38,384**	**34,972**

16. Income tax

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

	H1 2011	H1 2010
Current income tax		
Current income tax expense	2,690	2,195
Deferred income tax		
Relating to origination and reversal of temporary differences	596	452
Deferred income tax affecting equity	-77	-192
Income tax expense disclosed in the statement of comprehensive income	**3,209**	**2,455**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. Since it is not possible to refer to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with better developed tax systems.

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

	H1 2011	H1 2010
Pre-tax profit (loss)	**16,053**	**12,759**
Consolidation adjustments and profit (loss) of subsidiary undertakings	472	1,576
Pre-tax profit from (loss on) continuing operations	16,525	14,335
Pre-tax profit from (loss on) discontinued operations	-	-
Pre-tax profit (loss)	16,525	14,335
Adjustments related to current income tax brought forward	- 8,638	- 8,090
Tax losses in connection with which no deferred tax asset was recognised	- 146	- 146
Use of tax losses not recognised previously	-	-
Deductions from income	-	-
Non-tax-deductible costs	8,425	7,684
Deductible temporary differences in connection with which no deferred tax asset was recognised	21	4
Non-taxable income	- 1,731	- 1,974
Other	- 311	- 341
Tax base for current and deferred income tax	14,145	11,472
Income tax disclosed in the consolidated statement of comprehensive income	**2,690**	**2,195**
including tax on dividend and other	2	15
Income tax attributable to discontinued operations	-	-
Corporate income tax at the effective tax rate: 19% (2010: 19%)	2,688	2,180

17. Employee benefits – employee share option plans

In H1 2011, under Share Option Plan II, eligible persons acquired 212,500 shares. In the comparative period, i.e. H1 2010, no shares were acquired as part of the incentive scheme, but over the entire 2010 eligible persons acquired (under Share Option Plan I) a total of 413,748 shares.

The cost of the incentive schemes discussed above is not recognised in the separate financial statements, as the Accountancy Act stipulates no such requirement. This cost is recognised in the consolidated financial statements of the IPOPEMA Securities 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 Group in the Group's consolidated financial statements.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in H1 2011 by PLN 79 thousand, affecting the bottom line of IPOPEMA Securities S.A. In the comparative period, i.e. H1 2010, the cost of these plans increased the cost of salaries and wages by PLN 558 thousand, of which PLN 302 thousand was allocated to IPOPEMA TFI S.A., and the remaining amount (PLN 256 thousand) to IPOPEMA Securities S.A.

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

18. Dividends paid and proposed

In H1 2011 and in 2010, the Group paid no dividend.

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

19. Issue, redemption and repayment of debt and equity securities

In H1 2011 and in 2010, the Group companies did not issue, redeem, or repay any debt securities. In H1 2011, the Company issued 212,500 Series C shares. For more information, see Note 17.

20. Exclusion of companies from consolidation

In line with IAS 8.8, which permits a departure from the IFRS where the effect of such departure would be immaterial, IPOPEMA Business Services Kft., a subsidiary undertaking of IPOPEMA Securities, is not included in these condensed consolidated financial statements.

IPOPEMA Business Services Kft. – all figures in PLN '000	
Balance-sheet total as at Jun 30 2011	974
% share in parent's balance-sheet total	0.12
Revenue for period Jan 1 – Jun 30 2011	506
% share in parent's revenue	1.36%
Net assets as at Jun 30 2011	63
Net profit (loss) for period Jan 1 – Jun 30 2011	8

IPOPEMA Business Services Kft. – all figures in PLN '000	
Balance-sheet total as at Dec 31 2010	780
% share in parent's balance-sheet total	0.20
Revenue for period Jan 1 – Jun 30 2010	0
% share in parent's revenues	0
Net assets as at Dec 31 2010	88
Net profit (loss) for period Jan 1 – Jun 30 2010	-333

21. Seasonality

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

22. Contingent liabilities and contingent assets

In the period covered by these financial statements, the Group did not carry any contingent liabilities or assets.

23. Related-party transactions

IPOPEMA Securities is the Parent Undertaking of three subsidiaries. Composition of the Group and the equity interests have been presented in Note 2.

Related-party transactions – income and expenses (PLN '000)

Related party	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases
	Jan 1 – Jun 30 2011				Jan 1 – Jun 30 2010			
IPOPEMA BC	-	-	-	-	-	-	-	-
IPOPEMA TFI	-	-	-	-	-	81	-	-
IPOPEMA BS	-	58	401	58	-	23	-	-
Members of the Management Board and Supervisory Board	58	-	80	-	-	-	708	-
Other related parties	-	-	-	-	-	-	17	4
Total	**58**	**58**	**481**	**58**	**-**	**104**	**725**	**4**

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Jun 30 2011	Dec 31 2010	Jun 30 2011	Dec 31 2010
IPOPEMA BC	-	9	-	-
IPOPEMA TFI	-	7	-	-
IPOPEMA BS Kft.	1,135	1,099	405	-
Members of the Management Board and Supervisory Board	43	-	-	-
Other related parties	-	-	-	-
Total	**1,178**	**1,115**	**405**	**-**

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

24. Items of the statement of cash flows

Operating activities – provision of brokerage and consultancy 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, and investment fund management.

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	
	Jun 30 2011	**Dec 31 2010**	**Jun 30 2011**	**Dec 31 2010**
Cash and cash equivalents	**76,416**	**98,732**	**66,028**	**88,589**
1. In hand	9	10	9	10
2. At banks	37,149	33,364	37,120	33,364
3. Other cash	28,899	55,215	28,899	55,215
4. Cash equivalents (deposit for a period exceeding three months)	10,359	10,143	-	-
Change in cash resulting from currency exchange differences	-	-	73	- 45

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at June 30th 2011 was attributable to foreign exchange gains of PLN 29 thousand and the recognition of a PLN 10m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities, as well as to elimination of PLN 359 thousand of interest accrued on the deposit.

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2010 was attributable to foreign exchange losses of PLN (-) 45 thousand and the recognition of a PLN 10m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities, as well as to elimination of PLN 143 thousand of interest accrued on the deposit.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Presentation in the statement of cash flows – change
	Jun 30 2011	**Dec 31 2010**	**Jun 30 2011**
Gross (current and non-current) receivables	751,033	292,540	458,522
Net receivables	748,767	290,147	
Impairment losses on receivables	2,266	2,393	- 127
Provisions	5,453	7,422	
- deferred tax liabilities	804	652	
- other provisions	4,649	6,770	- 2,121
Total change in impairment losses and provisions			**- 2,248**
Current prepayments and accrued income	1,530	768	
Non-current prepayments and accrued income	928	1,449	
- deferred tax assets	928	1,449	
- other prepayments and accrued income	-	-	
Accruals and deferred income	-	40	
Total accruals and deferrals (net of deferred tax assets)	**1,530**	**728**	**802**

	Presentation in the balance sheet		Presentation in the statement of cash flows – change
	Jun 30 2010	**Dec 31 2009**	**Jun 30 2010**
Gross (current and non-current) receivables	654,229	331,265	318,860
Net receivables	651,847	329,015	
Impairment losses on receivables	2,382	2,250	131
Provisions	5,637	7,016	
- deferred tax liabilities	518	211	
- other provisions	5,119	6,805	- 1,686
Total change in impairment losses and provisions			**- 1,691**
Current prepayments and accrued income	375	500	
Non-current prepayments and accrued income	1,083	1,447	
- deferred tax assets	1,083	1,422	
- other prepayments and accrued income	-	25	
Accruals and deferred income	-	-	
Total accruals and deferrals (net of deferred tax assets)	**375**	**525**	**150**

Explanation to other items of the statement of cash flows

	H1 2011	**H1 2010**
Cash flows from investing activities		
Other cash used in investing activities	-	568
- current loans advanced	-	568
Other cash provided by investing activities	66	152
- decrease in lease receivables	60	18
- interest received	6	134

25. 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 of PLN 891 thousand. As at the date of preparation of these financial statements, the proceedings were still pending. Impairment losses were recognised (in 2008) for the full amount of the disputed receivables. In the periods covered by these financial statements, the Group was not a party to any other court proceedings.

26. Other events and factors in H1 2011

Conditions on equity markets of the WSE and BSE

In H1 2011, the WSE's WIG index continued its climb started in March 2009. An upward trend was also seen in monthly trading values – PLN 42.9bn in the period January – June 2011, compared with PLN 33.3bn in the corresponding period of 2010. Moreover, IPOPEMA Securities' share in stock trading increased slightly, from 8.47% in H1 2010 to 8.62% in H1 2011.

On the Budapest Stock Exchange, monthly trading value in the period January – June 2011 was 40.8% lower than in H1 2010. IPOPEMA Securities commenced its activities on the Hungarian market in March 2010, winning an average monthly market share of 6.60% in the period March – June 2010, and has been steadily improving its position since, to reach an average monthly market share of 7.63% in H1 2011.

The above factors drove up the Company's revenue from trading in securities by 15.8%, to PLN 29,803 thousand (compared with PLN 25,730 thousand in H1 2010).

Investment banking services

In the investment banking segment (IPOPEMA Securities), H1 2011 saw results slightly lower year on year: revenue from investment banking services stood at PLN 7,049 thousand, having gone down by 28.2% year on year, due mainly to a lower value of transactions completed in H1 2011.

IPOPEMA TFI's business

The key contributors to the considerably higher revenue from fund management were an increase in the number of funds and a higher value of assets held by the funds managed by IPOPEMA TFI. As at the end of June 2010, IPOPEMA TFI managed 51 funds, while the aggregate value of assets under management was PLN 3.01bn. As at the end of June 2011, the number of funds rose to 55 (including subfunds), whereas the aggregate value of their assets grew to PLN 5.04bn. A 50% increase in revenue with a lower increase in total operating expenses (by 31.6%) enabled the Company to generate a net profit of PLN 2,023 thousand in the fund management segment in H1 2011, relative to PLN 705 thousand in H1 2010.

IPOPEMA Business Consulting's business

Also IPOPEMA Business Consulting fared significantly better in H1 2011 than in the corresponding period of 2010. While its revenue was at a level similar to that recorded in H1 2010, a 15.8% reduction in general expenses translated into an almost two-and-a-half increase in net profit of the advisory services segment (PLN 1,572 thousand in H1 2011 compared with PLN 651 thousand in H1 2010).

Acquisition of Credit Suisse Asset Management (Polska) S.A.

On March 15th 2011, the Parent Undertaking entered into a share purchase agreement whereby it acquired all shares in 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). In Q2 2011, the Company obtained the approval of the Polish Office of Competition and Consumer Protection (see Current Report No. 13/2011 released on May 30th 2011), but until the date of this Report the proceedings before the Polish Financial Supervision Authority have not been completed. Disclosure of information required under IFRS 3 is not practicable, therefore Group has not presented this information in these consolidated financial statements.

27. Objectives and principles of financial risk management

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

All types of risk incurred 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.

Interest rate risk

The Group has liabilities under working capital loans on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase above the level effective as at the agreement date. Moreover, the Group invests free cash in variable-rate and fixed-rate assets, which means that a decline in interest rates may affect the return on such investments. For information on assets and liabilities subject to interest rate risk, see Note 12 *Cash and Cash Equivalents* and Note 14 *Interest-Bearing Bank Loans and Borrowings*.

Given that in the reporting period the Group held both assets and liabilities bearing interest at variable rates – which largely 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 either, the Group did not hedge its exposure to interest rate risk, as in its opinion the risk is insignificant.

Currency risk

The Group is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is related primarily to changes in the USD and EUR exchange rates. The Group did not have any foreign-currency loans or borrowings, however due to its operations in Hungary it uses a 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). The Parent Undertaking executes transactions on behalf of its clients, therefore each trade results in receivables from and payables to parties to the transaction, which helps mitigate the HUF currency risk. Settlements with clients are performed in the transaction currency.

The Group has advanced foreign currency loans and holds cash in euro-denominated bank accounts. Currency risk is related primarily to changes in the EUR, USD and HUF exchange rates. In order to minimise its exposure to currency risk, the Group has entered into a *forward* contract, which allows it to offset excessive fluctuations of the EUR exchange rate.

Other price risk

The Group holds financial instruments which are traded on regulated markets: the Warsaw Stock Exchange (WSE) and the Budapest Stock Exchange (BSE). The Group identifies the price risk associated with volatility of financial instruments listed on the stock exchanges. Such instruments are disclosed in the financial statements as financial instruments held for trading. In addition, the Group holds investment certificates, which are exposed to the risk of price volatility, but the aggregate value of the certificates held by the Group is immaterial.

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

Credit risk

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

There is no significant concentration of credit risk at the Group as the Group has many clients. No single client's share in the Group's total revenue exceeds 10%.

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

Liquidity risk

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

In the Group's opinion, due to the significant amount of cash totalling PLN 62,974 thousand as at the balance-sheet date, against PLN 49,584 thousand as at December 31st 2010 (Note 12 Cash and Cash Equivalents), access to credit facilities used to finance the operations on the WSE (Note 14 Interest-Bearing Bank Loans and Borrowings) and the sound financial standing of the Group companies, liquidity risk should be considered insignificant.

28. Events subsequent to the end of reporting period

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st – June 30th 2011. No significant events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Execution of annexes to credit facility agreements with Alior Bank

After the end of the reporting period, the Company signed annexes to the credit facility agreements with Alior Bank, under which the term of the agreements was extended until July 19th 2012. For more details see Note 14 to these condensed financial statements.

Warsaw, August 24th 2011

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