The IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the first quarter of 2011 ended March 31st 2011

Warsaw, May 10th 2011

Contents

Financial highlights

Consolidated financial highlights	PLN '000 3 months ended Mar 31		EUR '000 3 months ended Mar 31	
	2011	2010	2011	2010
Revenue from core activities	26,328	20,602	6,625	5,193
Costs of core activities	18,080	15,055	4,549	3,795
Profit on core activities	8,248	5,547	2,075	1,398
Operating profit	7,586	5,406	1,909	1,363
Pre-tax profit	7,569	4,434	1,904	1,118
Net profit from continuing operations	6,063	3,576	1,526	901
Net profit	6,063	3,576	1,526	901
Net earnings per ordinary share (weighted average) (PLN/EUR)				
- basic	0.21	0.12	0.05	0.03
- diluted	0.20	0.12	0.05	0.03
Net cash provided by/(used in) operating activities	9,993	73,075	2,514	18,421
Total cash flows	11,603	62,236	2,920	15,698

Consolidated financial highlights	PLN '000		EUR '000	
	Mar 31 2011	Dec 31 2010	Mar 31 2011	Dec 31 2010
Total assets	631,774	408,402	157,475	103,124
Current liabilities	548,335	331,689	136,677	83,754
Equity	76,762	69,251	19,134	17,486
Number of shares	29,554,801	29,342,301	26,554,801	29,342,301
Book value per share (PLN/EUR)	2.60	2.36	0.65	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	Q1 2011	Q1 2010
EUR	3.9742	3.9669

- Items of the statement of financial position:

Exchange rate as at	Mar 31 2011	Dec 31 2010
EUR	4.0119	3.9603

These interim condensed consolidated financial statements for the first quarter ended March 31st 2011 were approved for publication by the Management Board on May 10th 2011.

Interim condensed consolidated statement of comprehensive income

for the three months ended March 31st 2011

	Note	Jan 1 – Mar 31 2011	Jan 1 – Mar 31 2010
CONTINUING OPERATIONS			
Revenue from core activities, including:	15	**26,328**	**20,602**
Revenue from brokerage activities		18,168	14,910
Revenue from management of investment funds		4,986	3,114
Revenue from advisory services		3,174	2,578
Costs of core activities	15	**18,080**	**15,055**
Profit (loss) on core activities		**8,248**	**5,547**
Net gain (loss) on transactions in financial instruments held for trading		- 661	- 143
Net gain (loss) on transactions in financial instruments held to maturity		-	-
Net gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income		48	44
Other operating expenses		49	42
Operating profit (loss)		**7,586**	**5,406**
Finance income		889	423
Finance expenses		906	1,395
Pre-tax profit (loss)		**7,569**	**4,434**
Corporate income tax	16	1,506	858
Net profit (loss) on continuing operations		**6,063**	**3,576**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**6,063**	**3,576**
Attributable to:			
Owners of the parent		5,853	3,449
Non-controlling interests		210	127
Earnings (loss) per share (PLN)		0.21	0.12
Diluted earnings (loss) per share (PLN)		0.20	0.12
Other comprehensive income		**340**	**848**
Gains and losses on revaluation of financial assets available for sale		420	1,047
Corporate income tax on items of other comprehensive income		80	199
Comprehensive income for period		**6,403**	**4,424**
Attributable to:			
Owners of the parent		6,193	4,297
Non-controlling interests		210	127

Warsaw, May 10th 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

Interim condensed consolidated statement of financial position

as at March 31st 2011

ASSETS	Note	Mar 31 2011	Dec 31 2010
Cash and cash equivalents	12	110,617	98,732
Current receivables	12, 14	502,187	289,654
Current prepayments and accrued income		1,378	768
Financial instruments held for trading		6,594	8,852
Financial instruments held to maturity		-	-
Financial instruments available for sale		3,177	2,157
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		463	493
Non-current loans advanced		2,667	2,865
Property, plant and equipment		1,590	1,572
Investment property		-	-
Intangible assets		1,982	1,860
Inventories		-	-
Non-current prepayments and accrued income		1,119	1,449
TOTAL ASSETS		**631,774**	**408,402**

EQUITY AND LIABILITIES		Mar 31 2011	Dec 31 2010
Current liabilities	14	548,335	331,689
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	14	6,540	7,422
Accruals and deferred income		137	40
Total liabilities		**555,012**	**339,151**
Share capital	13	2,955	2,934
Other capital reserves		12,397	10,970
Retained earnings		59,407	53,554
Total equity		**74,759**	**67,458**
Non-controlling interests		**2,003**	**1,793**
Total capital		**76,762**	**69,251**
TOTAL EQUITY AND LIABILITIES		**631,774**	**408,402**

Warsaw, May 10th 2011

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Chief Accountant

Interim condensed consolidated statement of cash flows

for the three months ended March 31st 2011

CASH FLOWS	Note	Jan 1 – Mar 31 2011	Jan 1 – Mar 31 2010
Cash flows from operating activities			
Pre-tax profit		**7,569**	**4,434**
Total adjustments:		**2,424**	**68,641**
Depreciation and amortisation		304	236
Foreign exchange gains/(losses)		-172	-
Interest and dividends		42	234
Gain (loss) from investing activities		187	-
Change in financial instruments held for trading		2,258	2,270
Change in financial instruments available for sale		1	-
Change in receivables		-212,488	-70,424
Change in current liabilities (net of loans and borrowings)		214,909	140,241
Change in provisions and impairment losses on receivables		-1,010	-3,967
Change in accruals and deferrals		-513	-87
Corporate income tax		-1,140	-162
Other adjustments (effect of incentive schemes)		46	300
Net cash provided by (used in) operating activities		**9,993**	**73,075**
Cash flows from investing activities			
Increase in loans advanced		-	-3,311
Decrease in loans advanced		3	3
Acquisition of property, plant and equipment and intangible assets		-443	-484
Cash provided by financial instruments available for sale and held to maturity		-	-
Acquisition of financial instruments available for sale and held to maturity		-600	-200
Other cash provided by investing activities		36	-
Net cash provided by (used in) investing activities		**-1,004**	**-3,992**
Cash flows from financing activities			
Increase in loans and borrowings		1,720	-
Proceeds from issue of own shares		1,062	-
Interest paid		-168	-234
Repayment of loans and borrowings		-	-6,613
Net cash provided by (used in) financing activities		**2,614**	**-6,847**
Total cash flows		**11,603**	**62,236**
Net increase (decrease) in cash and cash equivalents		11,776	62,236
Change in cash resulting from currency exchange differences		173	-
Cash at beginning of period	24	88,589	42,165
Cash at end of period, including	24	**100,365**	**104,401**
restricted cash		-	-

Warsaw, May 10th 2011

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IPOPEMA Securities S.A. Business Consulting TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH

Interim condensed consolidated statement of changes in equity

for the three months ended March 31st 2011

	Equity attributable to owners of the parent						
		Other capital reserves					
	Share capital	Share premium account	Revaluation capital reserve	Other capital reserves	Retained earnings	Non-controlling interests	Total equity
As at Jan 1 2011	**2,934**	**7,433**	**972**	**2,565**	**53,554**	**1,793**	**69,251**
Profit for the period	-	-	-	-	5,853	210	6,063
Issue of shares	21	1,041	-	-	-	-	1,062
Costs of incentive scheme	-	-	-	46	-	-	46
Other comprehensive income	-	-	340	-	-	-	340
Dividend payment	-	-	-	-	-	-	-
As at Mar 31 2011	**2,955**	**8,474**	**1,312**	**2,611**	**59,407**	**2,003**	**76,762**
As at Jan 1 2010	**2,893**	**7,280**	**-32**	**1,471**	**35,552**	**1,376**	**48,540**
Profit for Q1 2010	-	-	-	-	3,449	127	3,576
Costs of incentive scheme	-	-	-	301	-	-	301
Other comprehensive income	-	-	848	-	-	-	848
Dividend payment	-	-	-	-	-	-	-
As at March 31st 2010	**2,893**	**7,280**	**816**	**1,772**	**39,001**	**1,503**	**53,265**

Warsaw, May 10th 2011

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Notes

1. Information on the IPOPEMA Securities Group

The IPOPEMA Securities Group ("the Group") comprises undertakings which are controlled or jointly 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 March 31st 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 establishment 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 at the National Court Register maintained by the District Court, XII Commercial Division of the National Court Register, under entry No. KRS 0000230737.

The Parent 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, offeror and financial adviser, M&A deals 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 March 31st 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 establishment 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 consulting 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 of the Interim Condensed Consolidated Financial Statements

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, endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which have been endorsed recently or are pending endorsement are not relevant to the Group's operations or their effect on the Group's financial statements would be immaterial.

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

These interim condensed consolidated financial statements of the Group cover the period of three months ended March 31st 2011 and contain comparative data for three months ended March 31st 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 Q1 2011, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2010, released on March 17th 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

<u>Financial instruments</u>

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 in 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 classified as held for trading if it has been 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 a positive fair value.

The Group classifies a financial asset/liability as measured at fair value through profit or loss when any of the following conditions is met:

- an asset/liability qualifies as held for trading (i.e. it has been acquired or assumed 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 (other than a derivative which has been designated as, or is, an effective hedging instrument),
- it was designated as measured at fair value through profit or loss on initial recognition.

As far as the Group is concerned, this category includes primarily equity instruments acquired for resale in the near term, such as shares listed on the Warsaw Stock Exchange (WSE) or the Budapest Stock Exchange (BSE), and 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 upon initial recognition as financial liabilities measured at fair value through profit or loss if:

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

Financial derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the forward contract entered into by the Company. Fair value is determined based on the price of a relevant instrument quoted on the Warsaw Stock Exchange 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 initially recognised at cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are initially recognised as at the contract date at the fair value of the amount or other assets received.

Financial instruments held for trading are measured as at each reporting date at their fair values, and any resultant gains or losses are disclosed under income or costs related to financial instruments held for trading. Fair value of derivatives is measured as at the end of each reporting period based on the stock-exchange prices on that day or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data.

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 with 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. Current receivables include mainly trade receivables, bank deposits and other cash equivalents, as well as loans and acquired unlisted debt securities not classified into 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. As at March 31st 2011, the value of the leased out property, plant and equipment and intangible assets amounted to PLN 481 thousand, including non-current receivables of PLN 363 thousand.

Financial instruments available for sale

Financial instruments available for sale are those non-derivative financial instruments which have been 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 classified as financial assets at fair value through profit or loss because of the Group's intention to hold them only for a short time.

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

Impairment losses are recognised in particular for:

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

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

Impairment losses on receivables increase other operating expenses. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses increase other operating income in the consolidated statement of comprehensive income.

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

Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses arise in connection with the executed transactions of purchase and sale of securities which have not yet been cleared at the clearing house due to the transaction settlement procedure (T+3). In the case of purchase transactions executed on stock exchanges to fulfil 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 executed on stock exchanges to fulfil 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

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

The Group identifies the following indicators of impairment:

- the market value of an asset during a period decreased much more than could have been expected given the passage of time and regular use of the asset,
- significant, unfavourable for the Group, technological, market, economic or legal changes in the Group's operating environment or on the markets for which the asset is intended have occurred during the reporting period or will occur in the near future,
- 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 or physical damage of 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 for Securities and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Current liabilities also include overdrafts the measurement of which has been discussed above in the section devoted to "Financial liabilities at amortised cost".

Recognition of current liabilities under executed transactions has been presented above in the section entitled "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".

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 the first three months of 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 on 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.

The Group is analysing the impact and the time of application of IFRS 9. 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 the first quarter of 2011, there were no changes to estimates, except for the changes in provisions for 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 the reporting period, monetary assets and liabilities denominated in currencies other than the Polish złoty are translated into the złoty at the mid-exchange rate quoted by the National Bank of Poland for a given currency, in effect at the end of the reporting period. Currency translation differences are recognised in finance income or expenses, as appropriate.

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

Currency	Mar 31 2011	Dec 31 2010
USD	2.8229	2.9641
EUR	4.0119	3.9603
HUF 100	1.5096	1.4206
GBP	4.5530	4.5938
UAH	0.3562	0.3722
CZK	0.1634	0.1580
CHF	3.0825	3.1639
INR 100	6.3256	6.7450

10. Net earnings per share

For each period, net earnings per share are computed as the quotient of the 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 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 the 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 the Company shares was increased by 258,281 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 are similar.

	Q1 2011	Dec 31 2010
Number of shares according to the National Court Register (KRS)	29,554,801	29,342,301
Weighted average number of shares	29,417,857	28,964,827
Diluted number of shares	29,676,138	29,299,121
Net earnings from continuing operations for Q1		
- basic	0.21	0.12
- diluted	0.20	0.12

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, offeror and financial adviser – M&A deals 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 consulting services, computer facilities management activities, IT consultancy services and software-related activities.

Operating segments	3 months ended Mar 31 2011 Continuing operations			
	Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients, including:	18,168	4,986	3,174	**26,328**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	**18,168**	**4,986**	**3,174**	**26,328**
Segment's total costs and expenses	**11,681**	**3,691**	**2,708**	**18,080**
- including costs of the incentive scheme	*46*	-	-	***46***
Segment's profit (loss)	**6,137**	**1,295**	**466**	**7,898**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance expenses	6,487	1,295	466	**8,248**
Interest income	301	23	9	**333**
Interest expenses	168	-	-	**168**
Other net finance income/expenses	- 856	1	13	**- 842**
Other operating income/expenses	- 3	1	-	**- 2**
Profit before tax and non-controlling interests	5,761	1,320	488	**7,569**
Corporate income tax	1,185	255	66	**1,506**
Net profit for the period	**4,576**	**1,065**	**422**	**6,063**
Net profit for the period (excluding costs of the incentive scheme)	***4,530***	***1,065***	***422***	***6,017***
Assets and liabilities as at Mar 31 2011				
Segment's assets	614,847	11,451	5,476	**631,774**
Unallocated assets	-	-	-	**-**
Total assets	**614,847**	**11,451**	**5,476**	**631,774**
Segment's liabilities	546,351	946	1,038	**548,335**
Provisions for liabilities and other provisions	4,721	1,525	431	**6,677**
Equity	69,304	6,437	-,982	**74,759**
Non-controlling interests	-	-	2,003	**2,003**
Total equity and liabilities	**620,376**	**8,908**	**2,490**	**631,774**

Operating segments	3 months ended Mar 31 2010 Continuing operations Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients, including:	14,910	3,114	2,578	**20,602**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	**14,910**	**3,114**	**2,578**	**20,602**
Segment's total costs and expenses	**10,230**	**2,579**	**2,246**	**15,055**
- including costs of the incentive scheme	*127*	*174*	*-*	***301***
Segment's profit (loss)	**4,680**	**535**	**332**	**5,547**
Unallocated costs	-	-	-	**-**
Profit (loss) on continuing operations before tax and finance expenses	4,680	535	332	**5,547**
Interest income	155	12	5	**172**
Interest expenses	234	-	-	**234**
Other net finance income/expenses	-1,066	-	11	**-1,055**
Other operating income/expenses	-8	12	-	**4**
Profit (loss) before tax and non-controlling interests	3,527	559	348	**4,434**
Corporate income tax	759	5	94	**858**
Net profit (loss) for the period	**2,768**	**554**	**254**	**3,576**
Net profit (loss) for the period (excluding costs of the incentive scheme)	***2,895***	***728***	***254***	***3,877***
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	Mar 31 2011	Dec 31 2010
Cash and other assets of the Group		
a) at banks and in hand	35,188	33,374
b) other	75,429	65,358
Total cash and other assets of brokerage house clients	**110,617**	**98,732**
Cash and other assets:		
a) cash and other assets of the Group	53,420	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	57,197	49,148
c) cash and other assets transferred from the settlement guarantee fund		-
Total cash and other assets	**110,617**	**98,732**

Cash at banks bears interest at variable rates which depend on the interest rate for 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 one month, depending on the Group's current cash requirement, and bear interest at the agreed interest rates.

Receivables

As at March 31st 2011, current receivables stood at PLN 502,187 thousand, compared with PLN 289,654 thousand as at December 31st 2010.

Current receivables	Mar 31 2011	Dec 31 2010
From clients / trade receivables	152,445	167,909
- from clients under transactions executed on the Warsaw Stock Exchange	128,210	156,322
- from clients under transactions executed on the Budapest Stock Exchange	19,075	6,457
- other	5,170	5,130
From related undertakings	767	707
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	307,127	94,211
- under transactions executed on the Warsaw Stock Exchange	229,434	87,912
- under transactions executed on the Budapest Stock Exchange	77,693	6,299
From entities operating regulated markets and commodity exchanges	19	9
From the National Depository for Securities and exchange clearing houses	36,657	21,048
- from the settlement guarantee fund	36,657	21,048
- other	-	-
From investment and pension fund companies and from investment and pension funds	2,279	4,349
From issuers of securities or selling shareholders	-	52
From commercial chamber	-	-
Taxes, subsidies and social security receivable	788	1,075
Other	2,105	294
Total current receivables	**502,187**	**289,654**

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities which have not yet been cleared. In the case of buy trades executed on the WSE or the Budapest Stock Exchange on behalf of clients whose accounts are maintained by custodian banks, the Company recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on the WSE or the Budapest Stock Exchange on behalf of clients whose accounts are maintained by custodian banks, the Company recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

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

In Q1 2011, the Group acquired property, plant and equipment and intangible assets for PLN 443 thousand (PLN 484 thousand in Q1 2010).

13. Notes to the statement of financial position – equity

Share capital

As at March 31st 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.

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

Change in provisions

	01.01.2011-31.03.2011	01.01.2010-31.03.2010	2010
As at beginning of reporting period	**7,422**	**7,016**	**7,016**
Provisions created in period	3,821	2,033	12,797
Provisions used	4,685	5,677	11,814
Provisions released	18	231	577
As at end of reporting period, including:	**6,540**	**3,141**	**7,422**
Deferred tax liability	768	196	652

Impairment losses on receivables

In Q1 2011, impairment losses on receivables decreased by PLN 12 thousand. In the comparative period, i.e. Q1 2010, impairment losses on receivables rose by PLN 42 thousand. Over the entire 2010, impairment losses on receivables grew by 143 thousand.

Liabilities (current)

Current liabilities	Mar 31 2011	Dec 31 2010
To clients	313,503	120,470
- under transactions executed on the Warsaw Stock Exchange	190,549	59,757
- under transactions executed on the Budapest Stock Exchange	47,115	2,779
- other	75,839	57,934
To related undertakings	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	219,154	190,456
- under transactions executed on the Warsaw Stock Exchange	164,737	178,597
- under transactions executed on the Budapest Stock Exchange	54,417	11,859
To entities operating regulated markets and commodity exchanges	897	758
To the National Depository for Securities and exchange clearing houses	216	2,159
Loans and borrowings	9,202	7,481
- from related undertakings	-	-
- other	9,202	7,481
Taxes, customs duties and social security payable	1,120	847
Salaries and wages	-	2
To investment and pension fund companies and to investment and pension funds	452	535
Other	3,791	8,981
a) dividends payable	-	-
b) other	3,791	8,981
- financial liabilities (valuation of futures and forward transactions)	173	98
- other liabilities	3,618	8,883
Total current liabilities	**548,335**	**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	31.03.2011	Dec 31 2010
Bank loan	9,202	7,481
- outstanding amount	9,202	7,481
Current liabilities under loans and borrowings	**9,202**	**7,481**

As at March 31st 2011, the Parent Undertaking's liabilities under loans related to its brokerage business amounted to PLN 9,202 thousand, compared with PLN 7,481 thousand as at December 31st 2010. 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 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 and a power of attorney to the bank 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 National Depository for Securities. 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 hold placed on a PLN 5m term deposit account held with the Bank (PLN 10m from July 21st 2010 to July 20th 2011).

15. Notes to the statement of comprehensive income

Revenue from core activities

Revenue from core activities	Q1 2011	Q1 2010
Revenue from trading in securities	15,481	11,846
Revenue from investment banking services	2,460	2,906
Revenue from management of investment funds	4,986	3,114
Revenue from advisory services	3,174	2,578
Other revenue from core activities	227	158
Total revenue from core activities	**26,328**	**20,602**

Costs of core activities

Costs of core activities	Q1 2011	Q1 2010
Affiliation	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	3,183	2,824
Fees payable to commercial chamber	-	-
Salaries and wages	8,765	7,548
Social security and other benefits	515	597
Employee benefits	76	48
Materials and energy used	205	122
Costs of maintenance and lease of buildings	396	381
Depreciation and amortisation	304	236
Taxes and other public charges	348	316
Other	4,288	2,983
Total costs of core activities	**18,080**	**15,055**

16. Income tax

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

	Q1 2011	Q1 2010
Current income tax		
Current income tax expense	1,140	162
Deferred income tax		
Relating to origination and reversal of temporary differences	366	696
Deferred income tax affecting equity	80	199
Income tax expense disclosed in the statement of comprehensive income	**1,586**	**1,057**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant 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. Such inspections may result in additional tax liabilities being imposed on the Group.

17. Employee benefits – employee share option plans

In Q1 2011, under Share Option Plan II, eligible persons acquired 212,500 shares. In the comparative period, i.e. Q1 2010, no shares were acquired as part of the incentive scheme. In 2010, eligible persons acquired 413,748 shares as part of Share Option Plan I.

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 consolidated financial statements of the Group.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in Q1 2011 by PLN 46 thousand, affecting the bottom line of IPOPEMA Securities S.A. In the comparative period, i.e. Q1 2010, the cost of these plans increased the cost of salaries and wages by PLN 301 thousand, of which PLN 174 thousand was allocated to IPOPEMA TFI S.A., and the rest (PLN 127 thousand) 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).

18. Dividends paid and proposed

In Q1 2011 and 2010, the Company neither paid nor resolved to pay any dividend.

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

In Q1 2011 and 2010, the Group companies did not issue, redeem, or repay any debt securities. In Q1 2011, the Company issued 212,500 Series C shares. For more information, see Note 7.

20. Exclusions of companies from consolidation

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

IPOPEMA Business Services Kft. – all figures in PLN	
Balance-sheet total as at Mar 31 2011	624,443
% share in parent's balance-sheet total	0.10%
Revenue for period Jan 1 – Mar 31 2011	PLN 0
% share in parent's revenues	0.00%
Net assets as at Mar 31 2011	PLN -185,794
Net profit (loss) for period Jan 1 – Mar 31 2011	PLN -234,194

IPOPEMA Business Services Kft. – all figures in PLN	
Balance-sheet total as at Dec 31 2010	PLN 780,378.20
% share in parent's balance-sheet total	0.20 %
Revenue for period Jan 1 – Mar 31 2010	PLN 0
% share in parent's revenues	0.00%
Net assets as at Dec 31 2010	PLN 87,989.86
Net profit (loss) for period Jan 1 – Mar 31 2010	PLN -150,760

21. Seasonality

The Group's operations are not subject to seasonality and 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 – Mar 31 2011				**Jan 1 – Mar 31 2010**			
IPOPEMA BC	-	-	-	-	-	-	-	-
IPOPEMA TFI	-	14	-	-	-	11	-	-
IPOPEMA BS	-	34	-	29	-	-	-	-
Members of the Management Board and Supervisory Board	-	-	4	-	-	-	569	-
Other related parties	-	-	-	-	-	-	-	-
Total	**-**	**48**	**4**	**29**	**-**	**11**	**569**	**-**

Related party transactions – receivables and liabilities

Related party	**Receivables**		**Liabilities**	
	Mar 31 2011	**Dec 31 2010**	**Mar 31 2011**	**Dec 31 2010**
IPOPEMA BC	-	9	-	-
IPOPEMA TFI	1	7	-	-
IPOPEMA BS Kft.	1,129	1,099	-	-
Members of the Management Board and	-	-	-	-
Other related parties	-	-	-	-
Total	**1,130**	**1,115**		**-**

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

24. Items of 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, 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	
	Mar 31 2011	**Dec 31 2010**	**Mar 31 2011**	**Dec 31 2010**
Cash and cash equivalents	**110,617**	**98,732**	**100,365**	**88,589**
1. In hand	11	10	11	4
2. At banks	35,176	33,364	35,176	33,364
3. Other cash	65,177	55,215	65,177	55,215
4. Cash equivalents (deposit for a period exceeding three months)	10,252	10,143	-	-
5. Change in cash resulting from currency exchange differences			173	- 45

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at March 31st 2011 was attributable to foreign exchange gains of PLN 173 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 252 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
	Mar 31 2011	**Dec 31 2010**	**Mar 31 2011**
Gross (current and non-current) receivables	505,031	292,540	212,488
Net receivables	502,650	290,147	
Impairment losses on receivables	2,381	2,393	12
Provisions	6,540	7,422	
- deferred tax liability	768	652	
- other provisions	5,772	6,770	998
Total change in impairment losses and provisions			**1,010**
Current prepayments and accrued income	1,378	768	513
Non-current prepayments and accrued income	1,119	1,449	-
- deferred tax assets	1,119	1,449	-
- other prepayments and accrued income	-	-	-
Accruals and deferred income	137	40	
Total accruals and deferrals (net of deferred tax assets)			**513**

	Presentation in the balance sheet		Presentation in the statement of cash flows – change
	Mar 31 2010	**Dec 31 2009**	**Mar 31 2010**
Gross (current and non-current) receivables	401,708	331,265	70,424
Net receivables	399,416	329,015	
Impairment losses on receivables	2,292	2,250	42
Provisions	3,337	7,016	
- deferred tax liabilities	375	211	
- other provisions	2,962	6,805	4,009
Total change in impairment losses and provisions			**3,967**
Current prepayments and accrued income	614	500	87

Non-current prepayments and accrued income	689	1,447	-
- deferred tax assets	689	1,447	-
- other prepayments and accrued income	-	-	-
Accruals and deferred income	-	-	-
Total accruals and deferrals (net of deferred tax assets)			**87**

Explanation to other items of the statement of cash flows

	Q1 2011	Q1 2010
Cash flows from investing activities		
Other cash provided by investing activities	36	-
- decrease in lease receivables	30	-
- interest received	6	-

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 under way. Impairment losses were recognised 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 Q1 2011

Situation on the equity markets of the Warsaw and Budapest stock exchanges

Q1 2011 saw a continuation of the growth trend on the secondary market of the WSE. Average monthly trading volume reached PLN 42.9bn, up by 39.9% from Q1 2009, when the trading volume was PLN 30.7bn. In Hungary, trading volumes on the equity market were similar those recorded in the wake of the economic slump and implementation of changes in the pension system in H2 2010. Thus, the average monthly trading volumes in Q1 2011 were lower by 35.6% compared with the corresponding period of 2010 (EUR 2.4bn in January-March 2011, against EUR 3.73bn a year earlier). Despite the fact that IPOPEMA's market share on the WSE slightly deteriorated (to 8.13% in Q1 2011, compared with 8.54% a year earlier), owing to the recognition of revenue from IPOPEMA's fully-fledged business operations on the BSE (March 2010 was the first month of the Company's operations on that market), IPOPEMA Securities' revenue from securities trading rose to PLN 15,481 thousand in Q1 2011 from PLN 11,846 thousand during the first three months of 2010 (up by 30.7%).

Investment banking services

Due to a lower number of closed transactions in the first three months of 2011, during that period the Company's revenue from investment banking services was down by 15.3% compared with the same period of 2010 (PLN 2,460 thousand against PLN 2,906 thousand a year earlier).

IPOPEMA TFI’s business

Key factors which contributed to considerably higher revenue reported in the fund management segment included an increase in the number of funds and a higher value of assets under IPOPEMA TFI's management. At the end of Q1 2010, IPOPEMA TFI managed 45 funds with an aggregate assets value of PLN 2,253m, while as at the end of March 2011 the number of funds increased to 55 (including subfunds) and the aggregate value of their assets reached PLN 4,299m. With 60% higher revenue and a limited increase in the total costs of operations (up by 43.1%), in Q1 2011 the segment generated a net profit of PLN 1,065 thousand, nearly double the figure reported for Q1 2010.

IPOPEMA Business Consulting’s business

IPOPEMA Business Consulting's consistent efforts to build a stronger order book brought results in the form of revenue of PLN 3,174 thousand in Q1 2011, up by 23.1% on Q1 2010 when the respective figure was PLN 2,578 thousand. Coupled with continued strict cost control, such top line allowed the segment to achieve net profit of PLN 421 thousand (up by 65.7% year on year).

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). Disclosure of information required under IFRS 3 is not practicable, therefore Group has not presented this information in these consolidated financial statements.

27. Events subsequent to the end of reporting period

All events relating to the reporting period have been disclosed in the accounting books and the financial statements for the period January 1st – March 31st 2011. No 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.

Sale of the Company shares by related persons

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

Warsaw, May 10th 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