The IPOPEMA
Securities Group

Consolidated financial statements

for the year ended December 31st 2011

Warsaw, March 20th 2012

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Statement of compliance

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

- to the best of our knowledge, the consolidated financial statements for the year ended December 31st 2011 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial standing and financial performance of the IPOPEMA Securities Group;
- the Directors' Report on the operations of IPOPEMA Securities Group in 2011 gives a true picture of the Group's development, achievements and standing; it also includes a description of risks and threats;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which audited the annual separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the annual consolidated financial statements of the IPOPEMA Securities Group as at December 31st 2011 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.

Warsaw, March 20th 2012

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski CEO, 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	
	2011	2010	2011	2010
Revenue from core activities	112,338	100,451	27,134	25,085
Cost of core activities	83,140	71,071	20,082	17,748
Profit on core activities	29,198	29,380	7,052	7,337
Operating profit	30,547	26,381	7,378	6,588
Pre-tax profit	31,707	23,541	7,659	5,879
Net profit from continuing operations	26,118	18,419	6,309	4,600
Net profit	26,118	18,419	6,309	4,600
Net earnings from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.83	0.62	0.20	0.16
- diluted	0.82	0.61	0.20	0.15
Net cash from (used in) operating activities	9,061	64,478	2,189	16,102
Net cash from (used in) investing activities	5,304	-10,525	1,281	-2,628
Net cash from (used in) financing activities	-7,733	-7,487	-1,868	-1,870
Total cash flows	6,632	46,466	1,602	11,604

Consolidated financial highlights	PLN '000		EUR '000	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Total assets	631,175	408,402	142,903	103,124
Current liabilities	540,648	331,689	122,407	83,754
Total equity	80,969	69,251	18,332	17,486
Number of shares	29,554,801	29,342,301	29,554,801	29,342,301
Book value per share (PLN/EUR)	2.74	2.36	0.62	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	2011	2010
EUR	4.1401	4.0044

- Items of the statement of financial position:

Exchange rate as at	Dec 31 2011	Dec 31 2010
EUR	4.4168	3.9603

These consolidated financial statements for the year ended December 31st 2011 were approved for publication by the Management Board on March 20th 2012.

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

EUR	2011	2010
Lowest exchange rate	3.8403	3.8356
Highest exchange rate	4.5642	4.1770

Consolidated statement of comprehensive income

for the year ended December 31st 2011

	Note	2011	2010
CONTINUING OPERATIONS			
Revenue from core activities, including:	16.1	**112,338**	**100,451**
Revenue from brokerage activities		72,427	69,378
Revenue from management of investment funds and assets		22,458	17,499
Revenue from advisory services		17,453	13,574
Cost of core activities	16.2	**83,140**	**71,071**
Profit (loss) on core activities		**29,198**	**29,380**
Gain (loss) on transactions in financial instruments held for trading	16.4	-2,753	-2,107
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		809	-
Other operating income	16.5	4,505	454
Other operating expenses	16.5	1,212	1,346
Operating profit (loss)		**30,547**	**26,381**
Finance income	16.3	4,749	1,999
Finance expenses	16.3	3,589	4,839
Pre-tax profit (loss)		**31,707**	**23,541**
Income tax	19	5,589	5,122
Net profit (loss) on continuing operations		**26,118**	**18,419**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**26,118**	**18,419**
Attributable to:			
Owners of the parent		24,487	18,002
Non-controlling interests		1,631	417
Earnings (loss) per share (PLN)	10	0,83	0,62
Diluted earnings (loss) per share (PLN)	10	0,82	0,61
Other comprehensive income		**-271**	**1,004**
Gains and losses on revaluation of financial assets available for sale		-335	1,240
Corporate income tax on items of other comprehensive income	19.1	64	-236
Comprehensive income for period		**25,847**	**19,423**
Attributable to:			
Owners of the parent		24,216	19,006
Non-controlling interests		1,631	417

Warsaw, March 20th 2012

Jacek Lewandowski
CEO, President of the Management Board

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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

Consolidated statement of financial position

as at December 31st 2011

ASSETS	Note	Dec 31 2011	Dec 31 2010
Cash and cash equivalents	13.1	100,491	98,732
Current receivables	13.2, 26	512,960	289,654
Current prepayments and accrued income	13.3	880	768
Financial instruments held for trading	13.4, 20.2	1,521	8,852
Financial instruments held to maturity		-	-
Financial instruments available for sale	13.5, 20.2	6,016	2,157
Investments in jointly controlled entities and associates		-	-
Non-current receivables	26	372	493
Non-current loans advanced	20.1	2,433	2,865
Property, plant and equipment	13.6	2,434	1,572
Investment property		-	-
Intangible assets	13.7	2,268	1,860
Inventories		26	-
Non-current prepayments and accrued income	19.1	1,774	1,449
TOTAL ASSETS		**631,175**	**408,402**

EQUITY AND LIABILITIES		Dec 31 2011	Dec 31 2010
Current liabilities	15.3	540,648	331,689
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	15.1, 19.1	9,558	7,422
Accruals and deferred income		-	40
Total liabilities		**550,206**	**339,151**
Share capital	14.1	2,955	2,934
Other	14.2	11,917	10,970
Retained earnings	14.2	62,673	53,554
Total equity		**77,545**	**67,458**
Non-controlling interests	14.3	**3,424**	**1,793**
Total capital		**80,969**	**69,251**
TOTAL EQUITY AND LIABILITIES		**631,175**	**408,402**

Warsaw, March 20th 2012

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Consolidated statement of cash flows

for the year ended December 31st 2011

CASH FLOWS	Note	2011	2010
Cash flows from operating activities	25		
Pre-tax profit		**31,707**	**23,541**
Total adjustments:		**-22,646**	**40,937**
Depreciation and amortisation		1,315	999
Foreign exchange gains/(losses)		-1,490	36
Interest and dividends		719	605
Gain (loss) on investing activities		-7	643
Change in financial instruments held for trading		7,330	-4,507
Change in receivables		-218,715	39,796
Change in current liabilities (net of bank borrowings and other debt instruments)		199,459	7,495
Change in provisions and impairment losses on receivables		-2,394	148
Change in accruals and deferrals		238	-242
Income tax		-5,226	-5,130
Other adjustments (including effect of incentive schemes and acquisition of CSAM)		-3,875	1,094
Net cash from (used in) operating activities		**9,061**	**64,478**
Cash flows from investing activities			
Increase in loans advanced		-8	-3,449
Profit distributions (dividends) received		34	115
Interest received		359	134
Decrease in loans advanced		12	212
Acquisition of property, plant and equipment and intangible assets		-2,106	-1,368
Acquisition of financial instruments available for sale and held to maturity		-9,548	-639
Other cash from investing activities		4,946	-
Other cash used in investing activities		-	-10,671
Disposal of financial instruments available for sale		11,615	5,141
Net cash from (used in) investing activities		**5,304**	**-10,525**
Cash flows from financing activities			
Proceeds from borrowings		7,601	-
Proceeds from issue of share capital		1,062	194
Other cash from/used in financing activities		-	-610
Interest paid		-1,028	-1,009
Repayment of borrowings		-	-6,062
Dividends to owners of the parent		-15,368	-
Net cash from (used in) financing activities		**-7,733**	**-7,487**
Total cash flows		**6,632**	**46,466**

Net increase in cash and cash equivalents	7,811	46,421
Exchange differences on cash and cash equivalents	1,179	-45
Cash at beginning of the period	88,589	42,168
Cash at end of the period, including	**96,400**	**88,589**
restricted cash	*14,579*	-

Warsaw, March 20th 2012

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Consolidated statement of changes in equity

for the year ended December 31st 2011

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other			Retained earnings		
		Share premium	Revaluation capital reserve	Other			
As at Jan 1 2011	**2,934**	**7,433**	**972**	**2,565**	**53,554**	**1,793**	**69,251**
Profit for 2011	-	-	-	-	24,487	1,631	26,118
Issue of shares	21	1,041	-	-	-	-	1,062
Costs of incentive scheme	-	-	-	162	-	-	162
Other comprehensive income	-	-	-271	-	-	-	-271
Dividend payment	-	-	-	-	-15,368	-	-15,368
Other adjustments	-	-	15	-	-	-	15
As at December 31st 2011	**2,955**	**8,474**	**716**	**2,727**	**62,673**	**3,424**	**80,969**
As at Jan 1 2010	**2,893**	**7,280**	**-32**	**1,471**	**35,552**	**1,376**	**48,540**
Profit for 2010	-	-	-	-	18,002	417	18,419
Issue of shares	41	153	-	-	-	-	194
Costs of incentive scheme	-	-	-	1,094	-	-	1,094
Other comprehensive income	-	-	1,004	-	-	-	1,004
Dividend payment	-	-	-	-	-	-	-
As at Dec 31 2010	**2,934**	**7,433**	**972**	**2,565**	**53,554**	**1,793**	**69,251**

Warsaw, March 20th 2012

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Danuta Ciosek
Chief Accountant

IPOPEMA Securities S.A.

Business Consulting

TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH

NOTES

1. The IPOPEMA Securities Group

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

The Parent'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 December 31st 2011, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its four subsidiaries (the subsidiaries are presented in Note 2).

IPOPEMA Securities S. A. – the Parent

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

The Parent 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 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 Meeting held on August 10th 2006.

In Q4 2011, the Company became a member of the Prague Stock Exchange ("PSE"), launching its brokerage activities on that market in Q1 2012 (based on a formula similar to the one employed on the Hungarian market, i.e. without opening a branch). Expansion into the Prague market is a complementary addition to the range of services offered by the Company as a one-stop intermediary in securities trading on the most liquid markets in Central and Eastern Europe.

Composition of the Management Board

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

- Jacek Lewandowski – CEO and President of the Management Board,
- Mirosław Borys – Vice-President of the Management Board,
- Mariusz Piskorski – Vice-President of the Management Board,
- Stanisław Waczkowski – Vice-President of the Management Board.

Composition of the Supervisory Board

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

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

There were no changes in the composition of the Parent's Supervisory and Management Boards in 2010, 2011 and by the date of these financial statements.

Business profile

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 management of portfolios of broker-traded financial instruments,
5 computer facilities management activities,
6 computer consultancy services.

According to the sector/industry classification of the Warsaw Stock Exchange, the Group's business is classified as other finance (fin).

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.

The brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team which prepares analyst reports, recommendations and comments regarding large, medium-sized and small companies listed on the Warsaw and Budapest Stock Exchanges (WSE and BSE). The Company operates a Market Making and Proprietary Trading Department, whose activities focus on the most liquid instruments and involve arbitrage transactions in equities and futures. The department also offers market making services for issuers of shares listed on the WSE, ensuring liquidity of trading in their securities. The Department is also responsible for proprietary trading within an assigned budget.

2. Composition of the Group

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

As at December 31st 2011, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

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 Asset Management S.A.	- management of portfolios of broker-traded financial instruments	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	not consolidated (immaterial financial data)	100%	100%

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. (“IPOPEMA TFI”) - a subsidiary

IPOPEMA TFI was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iii) intermediation in the sale and redemption of investment fund units, and (iv) representation service for foreign funds. IPOPEMA TFI’s share capital amounts to PLN 3,000 thousand. The composition of the Management Board is as follows: Jarosław Wikaliński (President), Maciej Jasiński and Aleksander Widera (Vice-Presidents). The board members have many years of practice and experience in the financial market, including in the area of asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Asset Management S.A. (“IAM”) – a subsidiary

IPOPEMA Asset Management S.A. (“IAM”) was established on August 28th 1996 as a limited liability company. Pursuant to a resolution of the General Meeting of December 11th 1998, the company was transformed into a joint-stock company. IAM’s share capital is PLN 5,600 thousand, divided into 56,000 registered shares. The company joined the IPOPEMA Securities Group on September 30th 2011, when IPOPEMA Securities acquired 100% of its shares. The company’s business consists in management of portfolios of broker-traded financial instruments. IAM conducts brokerage activities on the basis of a licence granted by the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) on October 9th 2001. As at December 31st 2011, the composition of the company’s Management Board was as follows: Jarosław Wikaliński (President), Aleksander Widera (Vice-President), and Anna Grygiel - Tomaszewska and Grzegorz Woch (Members of the Management Board). As at the date of these financial statements, the Management Board comprises: Jarosław Wikaliński (President), and Aleksander Widera and Maciej Jasiński (Vice-Presidents).

IPOPEMA Business Consulting Sp. z o.o. (“IBC”) – a subsidiary

IPOPEMA Business Consulting Sp. z o.o. was established on August 26th 2008. Its share capital amounts to PLN 100,050 and is divided into 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company’s business profile comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) IT consultancy services, (iv) software-related activities,(v) wholesale of computers, computer peripheral equipment and software.

IPOPEMA Business Services Kft. (“IBS”) – a subsidiary

IPOPEMA Business Services Kft. is a commercial company under Hungarian law, established on December 10th 2009, with registered office in Budapest, Hungary. Its founder and sole shareholder is IPOPEMA Securities S.A. IBS’s share capital totals HUF 500,000 (PLN 7,000). The core business of the subsidiary is the provision of office and business support services, e.g. for IPOPEMA Securities agents involved in brokerage activities on the Budapest Stock Exchange (BSE). The company has a single-person Management Board: its President is Marcin Kurowski, IPOPEMA Securities S.A.’s employee with a long record of service for the Company.

3. Basis for preparation of the consolidated financial statements

4. Going concern assumption

These 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.

5. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2011 and contain comparative data for the year ended December 31st 2010.

Unless stated otherwise, all figures are presented in PLN '000.

These consolidated financial statements were prepared in accordance with the historical cost convention, save for financial instruments held for trading and financial instruments available for sale, which are measured at fair value.

6. Statement of compliance

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") and related interpretations as 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 the International Financial Reporting Interpretations Committee ("IFRIC").

The Group companies keep their accounting books in accordance with the accounting principles set forth in the Polish Accountancy Act of September 29th 1994 (the "Act") and the subsidiary regulations issued thereunder ("Polish Accounting Standards"). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group entities but which have been made to achieve compliance of the entities' financial statements with the IFRS.

7. Measurement currency and reporting currency of the financial statements

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

8. Material accounting policies

9. Changes in accounting polices following amendments to IFRS

Standards and interpretations which have been issued and are effective 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. The amendments refer to classification of rights issues (rights, options or warrants) denominated in currency other than the issuer's functional currency. The previous standard required such rights issues to be recognised as liabilities under derivative instruments. Pursuant to the amendments, once rights issues meet certain criteria, they must be classified as equity regardless of the currency in which they are settled;
- Revised IAS 24 "Related Party Disclosures" – effective for annual periods beginning on or after January 1st 2011. The amendments simplify disclosure requirements for government-related entities and clarify the definition of a related party. As a result, the definition includes additional entities, such as associates of the controlling shareholder and entities controlled or jointly controlled by members of key management personnel;
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement" – effective for annual periods beginning on or after January 1st 2011. The interpretation provides guidelines for recognition of early payment of contributions to cover minimum funding requirement as the entity's assets;
  - IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" – effective for annual periods beginning on or after July 1st 2010. The interpretation clarifies accounting policies applicable in a situation when, as a result of renegotiation of the terms of debt, the debtor extinguishes its financial liability by issuing equity instruments to the creditor. The interpretation requires that instruments be measured at fair value, and the difference between carrying amount of the liability and fair value of the equity instrument recognised as profit or loss;
  - Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters", published on January 28th 2010 and effective for annual periods beginning on or after July

1st 2010. The amendment provides additional exemptions for first time adopters from disclosures required under amendments to IFRS 7 published in March 2009, concerning fair value measurement and liquidity risk;

- 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 the changes are effective for annual periods beginning on January 1st 2011;

- Amendments to IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – prepayments of a minimum funding requirement, endorsed by the EU on July 19th 2010, (effective for annual periods beginning on or after January 1st 2011).

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

10. 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. Change of the requirements concerning disclosures on offsetting financial assets and liabilities. The amendments will be effective for annual periods beginning on or after July 1st 2011;
- 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 January 1st 2015;
- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets" – effective for annual periods beginning on or after January 1st 2012. Amendments refer to methods of recognising revenue depending on the expected recovery of underlying asset during its use or upon sale.
- IFRS 12 "Disclosure of Interests in Other Entities" - effective for annual periods beginning on or after January 1st 2013. Pursuant to this standard, entities are required to disclose information which will help the reader of the financial statements to evaluate:
  - the nature of interests in other entities and risks related to them;
  - the effect of these interests on the entity's financial standing, results of operations and cash flows.
- IFRS 10 "Consolidated Financial Statements" - effective for annual periods beginning on or after January 1st 2013. The new standard provides guidelines for consolidating financial statements. In particular, it clarifies circumstances in which an entity must be included in the parent's consolidated financial statement.
- Amendments to IAS 27 "Separate Financial Statements" – effective for annual periods beginning on or after January 1st 2013. Pursuant to the amendment, investments in subsidiaries, joint ventures and associates have to be recognised in the separate financial statements at cost or in accordance with IFRS 9 "Financial Instruments." The name of the standard was changed as well;
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" – effective for annual periods beginning on or after January 1st 2013. The amendments regulate accounting policies applicable to investments in associates, and specify conditions that have to be fulfilled in order for the entity to account for investments in associates and joint ventures using the equity method.
- IFRS 11 "Joint Arrangements" – effective for annual periods beginning on or after January 1st 2013. The standard defines requirements related to recognition and measurement of joint arrangements. Pursuant to the standard, an entity which is party to a joint arrangement is required to determine its type on the basis of rights and obligations arising from the arrangement. The standard describes two types of joint arrangements – joint operations and joint ventures, and provides separate financial reporting policies for them;
- IFRS 13 "Fair Value Measurement" – effective for annual periods beginning on or after January 1st 2013. The new standard provides guidelines for measurement at fair value;
- Amendments to IAS 19 "Employee Benefits" – effective for annual periods beginning on or after January 1st 2013. Introduced amendments eliminate the possibility of deferring revenue and costs (the "corridor"

method), propose new presentation approach to other comprehensive income, and change disclosure requirements;

- Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" – published by the International Financial Reporting Standards Board on December 16th 2011, effective for annual periods beginning on or after January 1st 2014. The amendments clarify the meaning of the phrase "currently has a legally enforceable right to set off the recognised amounts", and specify that certain systemic gross settlements may be treated as an equivalent of a net settlement;
- Amendments to IFRS 7 "Offsetting Financial Assets and Financial Liabilities" – published by the International Financial Reporting Standards Board on December 16th 2011, effective for annual periods beginning on or after January 1st 2013.

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

The Company decided not to apply early the above standards, amendments, and interpretations.

11. Standards adopted by the International Financial Reporting Standards Board but not yet endorsed by the European Union

- IFRS 9 "Financial Instruments" – effective for annual periods beginning on or after January 1st 2013.
- Amendments to IFRS 1 "First-Time Adoption of IFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters".
- Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets" (effective for annual periods beginning on or after July 1st 2011).
- Amendments to IAS 12 "Income Tax – Deferred Tax: Realisation of Assets" (effective for annual periods beginning on or after January 1st 2012).

The Company estimates that the above standards, interpretations and amendments to standards would not have had any material effect on the Company's financial statements if they had been applied as at the balance-sheet date.

12. Material judgements and estimates

13. Professional judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the financial statements contain only relevant and reliable information and that they:

- give a clear, true and fair view of the Group's assets, its financial standing, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

The Group makes estimates and assumptions which affect the amounts of assets and liabilities disclosed in the subsequent period. The estimates and assumptions are subject to ongoing review and are based on past experiences and other factors, including expectations as to future events, which seem justified in a given situation.

The subjective judgements made as at December 31st 2011 and details regarding estimates and judgements are presented in Note 7.2.

14. Estimation uncertainty

As many items presented in the financial statements cannot be measured accurately, certain estimates need to be made by the Group in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account the changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2011 may be changed if their underlying assumptions are changed or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

Note		Type of disclosure
9.7.1	Impairment losses on receivables	Main assumptions underlying the computation of recoverable amount
9.4 and 9.5	Useful life of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at the end of each reporting period or more frequently.
9.12	Provisions for expenses	Assumptions underlying creation of provisions

15. Changes in estimates

Within the period covered by these financial statements, there were no changes in estimates other than changes in provisions for receivables and impairment losses on receivables, as discussed in Notes 13.2.1 and 15.1.1.

16. Material accounting policies

17. Consolidation rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the year ended December 31st 2011 and December 31st 2010 (in the case of the statement of comprehensive income and the statement of cash flows) and as at December 31st 2011 and December 31st 2010 (in the case of the statement of financial position and the statement of changes in equity). IPOPEMA Business Services Kft. ("IBS"), a subsidiary, was excluded from consolidation for 2011 and 2010 due to immateriality of its financial data in relation to the Group’s financial data.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the Parent , using consistently applied accounting policies and with the same accounting policies applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies.

Any balances and transactions of significant value between the Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealised losses were eliminated unless they were evidence of impairment.

Subsidiaries are consolidated from the date the Group assumes control over them, and cease to be consolidated from the date such control is lost. The Parent exercises control over a subsidiary if it holds, directly or indirectly through subsidiaries, more than half of voting rights in a given company, unless it is possible to demonstrate that the ownership of more than half of the voting rights does not constitute control. Control is exercised also when the Company has the power to direct the financial and operating policies of an entity.

18. Correction of errors

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

19. 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, if the application of the exchange rate specified 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 NBP 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	Dec 31 2011	Dec 31 2010
USD	3.4174	2.9641
EUR	4.4168	3.9603
HUF 100	1.4196	1.4206
GBP	5.2691	4.5938
UAH	0.4255	0.3722
CZK	0.1711	0.1580
CHF	3.6333	3.1639
INR 100	6.4100	6.7450

20. Property, plant and equipment

Property, plant and equipment are disclosed at acquisition or production cost less depreciation charges and impairment losses, if any. Property, plant and equipment are initially disclosed at acquisition cost plus any costs directly related to the purchase of the assets and bringing them to appropriate condition for their intended use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred if relevant recognition criteria are fulfilled. Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the consolidated statement of comprehensive income when incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.

Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives, which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

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

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

If during the preparation of financial statements any circumstances are identified indicating that the carrying amount of an asset may not be recoverable, such asset is tested for impairment. If there is indication of impairment and the carrying amount of an asset exceeds its estimated recoverable amount, then the carrying amount of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value in use. To calculate the value in use, the Group discounts the expected future cash flows to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are recognised in the consolidated statement of comprehensive income under other operating expenses.

Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their further use. Gains or losses arising on derecognition of a given asset from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying amount of the asset) are included in the consolidated statement of comprehensive income in the period when the item was derecognised.

Residual values, useful lives and methods of depreciation (amortisation) of assets are reviewed and, if necessary, adjusted at the end of each financial year.

21. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at acquisition or production cost. Following initial recognition, intangible assets are measured at acquisition or production cost, less accumulated amortisation and impairment losses.

The amortisation periods of intangible assets range from two to five years, depending on the type of an asset.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at each financial year-end or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates.

22. 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),
- it was designated as measured at fair value through profit or loss on initial recognition.

As far as the Group is concerned, the category includes primarily equity instruments acquired for resale in the near term. They comprise shares and derivatives traded on the Warsaw Stock Exchange and the Budapest Stock Exchange as well as currency forwards. 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 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 contracts entered into by the Company. Fair value is determined based on stock-exchange prices on the balance-sheet date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data as at the valuation date (balance-sheet date). 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 assets are carried at acquisition cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount or other assets received.

Financial instruments held for trading are measured at fair value as at each reporting date, and any resultant gains or losses are disclosed under revenue or costs related to financial instruments held for trading.

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 each reporting date, financial assets held to maturity are measured at amortised cost, using the effective interest rate.

As at the end of the reporting period and the comparative 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. Loans advanced also include loans advanced to a subsidiary, cash in bank deposits, and trade receivables discussed in Note 9.7.

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 393 thousand as at December 31st 2011 (December 31st 2010: PLN 510 thousand), including non-current receivables of PLN 272 thousand (December 31st 2010: PLN 393 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, investment fund units, and government bonds 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.

Shares in subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units 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 borrowings and other debt instruments, 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.

23. Receivables

23.1.1. Current receivables

Current receivables include all receivables from clients, related parties, 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. 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 the recovery of the full amount of receivables is unlikely. Such impairment losses were recognised on loans and trade receivables.

Impairment losses on receivables are recognised under other operating expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible. 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. 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 house due to the transaction settlement procedure (T+3). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and 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.

23.1.2. Non-current receivables

Non-current receivables are receivables whose terms to maturity are longer than 12 months from the end of the reporting period.

24. 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.

25. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and at banks, as well as short-term deposits, with original terms to maturity not exceeding three months, together with any interest accrued for the period.

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

26. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry.

Share premium account – the amount of issue proceeds in excess of the par value of the issued shares, less the share issue costs.

Other capital reserves include revaluation capital reserve and other capital reserves created in connection with the implementation of incentive schemes and dilution of shares.

Retained earnings comprise: statutory reserve funds created out of retained earnings, capital reserve, the aggregate capital adjustments resulting from the changes in accounting policies at the time of transition to IAS/IFRS, retained earnings or deficit (accumulated profits/losses brought forward), and net profit (loss) for the current reporting period.

The Parent is a brokerage house and as such it is obliged to meet the capital adequacy requirements set forth in the Minister of Finance's Regulation on the scope and detailed rules for determination of capital adequacy requirements and on the maximum ratio of borrowings and debt securities in issue to the amount of equity. The Company's regulatory capital is the sum of Tier 1 (core) capital and Tier 2 (supplementary) capital (explained below), less the value of shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions, as well as subordinated loans granted to such institutions, which are included in their respective capitals.

The core capital established for the purpose of computing regulatory capital, comprises:

– share capital and reserve funds,
– other capital reserves,
– other items of core capital, i.e. retained earnings and current period's profit (loss),
– items reducing core capital, i.e. called-up capital not paid, treasury shares held by the brokerage house (measured at acquisition cost, less impairment losses), goodwill, intangible assets other than goodwill, retained deficit (including retained deficit pending approval) and loss for the current period.

Tier 2 (supplementary) capital of the brokerage house comprises:

– revaluation capital reserve created under other regulations,
– subordinated liabilities with original terms to maturity of five years or more, in the amount which is reduced at the end of each of the last five years of the agreement term by 20%,
– liabilities under securities with unspecified maturity and other financial instruments with unspecified maturity.

Capital adequacy requirements were met by the Company in the current and in the previous year.

27. Liabilities

27.1.1. 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 parties, 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, measured as described in item 9.6 above.

The recognition of current liabilities under executed transactions is discussed in item 9.7.1 above.

27.1.2. Non-current liabilities

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

28. Provisions

Provisions are created if the Group has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the Group anticipates that the costs for which provisions have been made will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, but only when is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income after reduction by the amount of any recoveries.

In the statement of financial position, provisions are presented broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (whether within 12 months or more than 12 months from the end of the reporting period).

29. Accrual basis of accounting and matching principle

In determining its net profit (loss), the Group takes into account all revenues and related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

30. Revenue from core activities

Revenue includes only inflows of economic benefits, on a gross basis, received or receivable by a business entity for its own account.

Revenue is recognised to the extent it is probable that the Group will obtain economic benefits from a given transaction and the amount of revenue can be reliably measured. Revenue is recognised net of value added tax. The amount of revenue is measured at fair value of the consideration received or receivable.

If a service consists of an indeterminable number of activities performed over a specified period of time, then due to practical reasons revenue is recognised using the straight-line method (evenly) over the course of that period.

The Group's main sources of revenue are revenue from transactions in securities executed for clients and revenue from investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges relating to the establishment of individual funds and issuance of investment certificates of the funds, revenue from consultancy services in the area of corporate strategy and operations, as well as from IT consultancy services.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed by institutional clients on the equity market of the Warsaw and Budapest Stock Exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction. Revenue from advisory services is recorded in line with the progress of work under an advisory mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

31. Gain (loss) on financial instruments

31.1.1. Gain (loss) on transactions in financial instruments held for trading

Gain (loss) on transactions in financial instruments held for trading includes dividends and other distributions from profit, interest, valuation adjustments and gain on sale/redemption. Costs related to financial instruments held for trading include valuation adjustments and loss on sale/redemption.

31.1.2. Gain (loss) on transactions in financial instruments held to maturity

Gain (loss) on transactions in financial instruments held to maturity includes interest, valuation adjustments, amortisation of discount on debt securities, and gain on sale/redemption. Costs related to financial instruments held to maturity include valuation adjustments, amortisation of premiums on debt securities and loss on sale/redemption.

31.1.3. Gain (loss) on transactions in financial instruments available for sale

Gain (loss) on transactions in financial instruments available for sale includes dividends and other distributions from profit, interest, valuation adjustments, amortisation of discount on debt securities, and gain on sale/redemption. Costs related to financial instruments available for sale include impairment losses, amortisation of premiums on debt securities, and loss on sale/redemption.

32. Share-based payments

Equity-settled share-based payments to employees and other persons providing similar services are measured at the fair value of equity instruments as at the grant date.

The fair value of equity-settled share-based payments measured as at the grant date is recognised as an expense with the straight-line method during the vesting period, based on the Group's estimates regarding equity instruments to be vested. At the end of each reporting period the Group revises its estimates of the number of equity instruments to be granted. The impact of such revision, if any, is recognised in the statement of comprehensive income over the remaining grant period, with relevant adjustments made to the provision for equity-settled employee benefits.

33. Finance income and expenses

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

The Group classifies as finance expenses in particular: borrowing costs, interest on borrowings and other debt instruments, other interest, and foreign-exchange and financial transaction losses.

Foreign-exchange gains/losses on the collection or payment, as appropriate, and balance-sheet measurement of trade receivables and payables are posted to finance income or expenses.

Borrowing costs are measured at amortised cost.

The Group capitalises borrowing costs relating to borrowings and other debt instruments obtained for periods exceeding 12 months. Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised. Capitalised borrowing costs are recognised in the periods to which they relate.

The Group does not incur borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

34. Corporate income tax

34.1.1. Current income tax

Current income tax payable and receivable for the current period and for previous periods is measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the end of the reporting period.

34.1.2. Deferred income tax

For the purposes of financial reporting, the Group recognises deferred tax liability using the balance-sheet liability method in relation to all temporary differences recorded as at the end of the reporting period between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements.

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

Deferred tax assets are recognised in relation to all deductible temporary differences and unused tax assets.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or reversal of particular liability, based on tax rates and fiscal regulations effective as at the end of the reporting period or tax rates and fiscal regulations which as at the end of the reporting period are certain to be effective in the future. The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

35. Net earnings per share

For each period, net earnings per share are computed as the quotient of the net profit attributable to the Parent 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 the extent it was implemented. To date, 1,916,664 shares have been allocated to be acquired – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 233,063 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share. 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.

	Dec 31 2011	Dec 31 2010
Number of shares	29,554,801	29,342,301
Weighted average number of shares	29,521,034	28,964,827
Diluted number of shares	29,754,097	29,299,121
Net earnings from continuing operations		
- basic	0.83	0.62
- diluted	0.82	0.61

36. Seasonality

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

37. 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) The segment of brokerage and related services, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (especially shares) – where the Company 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) The segment of investment fund and portfolio management, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3) The segment of consultancy services, comprising services of IPOPEMA Business Consulting, which focuses on business and management consultancy, computer facilities management activities, computer consultancy and software-related activities.

Jan 1 – Dec 31 2011	Continuing operations *				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	72,427	22,550	17,530	112,507	-	112,507
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Inter-segment sales	-	-92	-77	-169	-	-169
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	**72,427**	**22,458**	**17,453**	**112,338**	**-**	**112,338**
Segment's costs and expenses						
Segment's costs – purchases from external suppliers	-51,325	-18,439	-13,675	-83,439	-	-83,439
Segment's costs – intersegment sales	-	-	-	-	-	-
Consolidation eliminations	101	198	-	299	-	299
Segment's total costs and expenses	**-51,224**	**-18,241**	**-13,675**	**-83,140**	**-**	**-83,140**
Segment's profit (loss)	**21,203**	**4,217**	**3,778**	**29,198**	**-**	**29,198**
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance expenses	21,203	4,217	3,778	29,198	-	29,198
Interest income	1,289	173	12	1,474	-	1,474
Interest expenses	-1,137	-2	-	-1,139	-	-1,139
Other net finance income/expenses	-2,060	788	153	-1,119	-	-1,119
Other operating income/expenses	4,142	-180	-	3,962	-	3,962
Consolidation eliminations	-481	-188	-	-669	-	-669
Profit (loss) before tax and non-controlling interests	**22,956**	**4,808**	**3,943**	**31,707**	**-**	**31,707**
Income tax	-3,876	-954	-756	-5,586	-	-5,586
Consolidation eliminations	-	-3	-	-3	-	-3
Total corporate income tax	3,876	957	756	5,589	-	5,589
Net profit (loss) for the financial year	**19,080**	**3,851**	**3,187**	**26,118**	**-**	**26,118**
Net profit for the period (excluding costs of the incentive scheme)	***19,242***	***3,851***	***3,187***	***26,280***	***-***	***26,280***

Assets and liabilities as at Dec 31 2011						
Segment's assets	600,596	20,334	10,245	631,175	-	631,175
Segment's investments in subordinated entities accounted for with the equity method	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**600,596**	**20,334**	**10,245**	**631,175**	**-**	**631,175**
Segment's liabilities	535,266	1,993	3,389	540,648	-	540,648
Provisions for liabilities and other provisions	6,715	2,843	-	9,558	-	9,558
Segment's net profit (loss)	19,080	3,851	3,187	26,118	-	26,118
Equity	49,423	4,829	-2,825	51,427	-	51,427
Non-controlling interests	-	-	3,424	3,424	-	3,424
Total equity and liabilities	**610,484**	**13,516**	**7,175**	**631,175**	**-**	**631,175**
Other segment-related data for period Jan 1–Dec 31 2011						
Capital expenditure, including:	1,209	821	76	2,106	-	2,106
Property, plant and equipment	536	550	55	1,141	-	1,141
Intangible assets	673	271	21	965	-	965
Depreciation of property, plant and equipment	488	157	60	705	-	705
Amortisation of intangible assets	569	19	22	610	-	610
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. Hungary) does not exceed 5% of total revenue (PLN 4,962 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

Jan 1–Dec 31 2010	Continuing operations *				Discontinued operations	Total operations
	Brokerage and related services	Investment fund management	Consultancy services	Total		
Revenue						
Sales to external clients	69,378	17,499	13,574	100,451	-	100,451
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	**69,378**	**17,499**	**13,574**	**100,451**	**-**	**100,451**
Segment's costs and expenses						
Segment's costs – purchases from external suppliers	-44,546	-13,169	-12,510	-70,225	-	-70,225
Segment's costs – intersegment sales	-	-	-	-	-	-
Consolidation eliminations	-455	-399	8	-846	-	-846
Segment's total costs and expenses	**-45,001**	**-13,568**	**-12,502**	**-71,071**	**-**	**-71,071**
Segment's profit (loss)	**24,377**	**3,931**	**1,072**	**29,380**	**-**	**29,380**
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance expenses	24,377	3,931	1,072	29,380	-	29,380
Interest income	1,087	45	38	1,170	-	1,170
Interest expenses	-1,011	-	-	-1,011	-	-1,011
Other net finance income/expenses	-5,102	1,176	-4	-3,930	-	-3,930
Other operating income/expenses	-675	-217	-	-892	-	-892
Consolidation eliminations	-	-1,176	-	-1,176	-	-1,176
Profit (loss) before tax and non-controlling interests	**18,676**	**3,759**	**1,106**	**23,541**	**-**	**23,541**
Income tax	-4,015	-844	-486	-5,345	-	-5,345
Consolidation eliminations	-	-	223	223	-	223
Total corporate income tax	-4,015	-844	-263	-5,122	-	-5,122
Net profit (loss) for the financial year	**14,661**	**2,915**	**843**	**18,419**	**-**	**18,419**
Net profit for the period (excluding costs of the incentive scheme)	***15,116***	***3,554***	***843***	***19,513***	***-***	***19,513***

Assets and liabilities as at Dec 31 2010						
Segment's assets	392,655	10,181	5,566	408,402	-	408,402
Segment's investments in subordinated entities accounted for with the equity method	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**392,655**	**10,181**	**5,566**	**408,402**	**-**	**408,402**
Segment's liabilities	328,185	1,781	1,723	331,689	-	331,689
Provisions for liabilities and other provisions	6,388	817	257	7,462	-	7,462
Segment's net profit (loss)	14,661	2,915	843	18,419	-	18,419
Equity	48,963	2,104	-2,028	49,039	-	49,039
Non-controlling interests	-	-	1,793	1,793	-	1,793
Total equity and liabilities	**398,197**	**7,617**	**2,588**	**408,402**	**-**	**408,402**
Other segment-related data for period Jan 1–Dec 31 2010						
Capital expenditure, including:	1,447	117	60	1,624		1,624
Property, plant and equipment	641	105	35	781	-	781
Intangible assets	806	12	25	843	-	843
Depreciation of property, plant and equipment	400	75	55	530	-	530
Amortisation of intangible assets	447	1	21	469	-	469
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. Hungary) does not exceed 6% of total revenue (PLN 5,805 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

38. Notes to the statement of financial position – assets

39. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following items:

	Dec 31 2011	Dec 31 2010
Cash in hand	15	10
Cash at banks	40,179	33,364
Other cash (short-term deposits)	56,206	55,215
Cash equivalents	4,091	10,143
Total cash	**100,491**	**98,732**
Including cash in hand and cash at banks attributed to discontinued operations	-	-

	Dec 31 2011	Dec 31 2010
Cash in PLN	82,102	87,938
Cash in EUR	16,124	9,195
Cash in USD	321	160
Cash in HUF	1,925	1,433
Cash (other currencies)	19	6
Total cash	**100,491**	**98,732**

	Dec 31 2011	Dec 31 2010
Cash and other assets	54,716	49,584
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	45,775	49,148
Cash and other assets transferred from the settlement guarantee fund	-	-
Total cash	**100,491**	**98,732**

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for various periods, ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates. Short-term deposits are presented under other cash. Deposits maturing in more than three months are presented under other cash.

Clients' cash deposited in the Parent's bank account, in the amount of PLN 45,775 thousand as at December 31st 2011, and PLN 49,148 thousand as at December 31st 2010, is also disclosed under other cash.

Cash at banks bears interest at fixed or variable rates based on the rates applicable to overnight bank deposits.

40. Receivables

As at December 31st 2011, current receivables amounted to PLN 512,960 thousand (PLN 289,654 thousand as at December 31 2010).

	Current receivables	Dec 31 2011	Dec 31 2010
1.	From clients / trade receivables	212,713	167,909
a)	under deferred payment dates	-	-
b)	under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c)	From clients under executed transactions	202,447	162,779
	- transactions on the Warsaw Stock Exchange	186,526	156,322
	- transactions on the Budapest Stock Exchange	15,921	6,457
d)	other	10,266	5,130
2.	From related entities	1,213	707
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	251,990	94,211
a)	under transactions	251,990	94,211
	- transactions on the Warsaw Stock Exchange	246,585	87,912
	- transactions on the Budapest Stock Exchange	5,405	6,299
	- transactions on over-the-counter market	-	-
b)	other	-	-
4.	From entities operating regulated markets and commodity exchanges	-	9
5.	From the National Depository for Securities and exchange clearing houses	42,476	21,048
	- from the settlement guarantee fund	42,476	21,048
6.	From investment and pension fund companies and from investment and pension funds	3,577	4,349
7.	From issuers of securities or selling shareholders	-	52
8.	From commercial chamber	-	-
9.	Taxes, subsidies and social security receivable	308	1,075
10.	Under court proceedings, not covered by recognised impairment losses on receivables	-	-
11.	Other	683	294
	Total current receivables	**512,960**	**289,654**

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the clearing house. In the case of buy trades executed on a stock exchange on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities and 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 a stock exchange on behalf of clients whose accounts are maintained by custodian banks, the Group recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

Impairment losses reduce the carrying amount of the impaired receivables.

Gross current receivables by currency	Dec 31 2011	Dec 31 2010
a) in PLN	493,077	278,141
b) in other currencies (translated into PLN)	21,587	13,906
Total gross current receivables	**514,664**	**292,047**

40.1.1. Receivables by maturity

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2011	Dec 31 2010
a) up to 1 month	507,477	284,212
b) over 1 month to 3 months	1,839	1,002
c) over 3 months to 1 year	-	1,346
d) over 1 year to 5 years	372	493
e) over 5 years	-	-
f) past due	5,348	5,487
Total gross receivables	**515,036**	**292,540**
g) impairment losses on receivables (negative value)	-1,704	-2,393
Total net receivables	**513,332**	**290,147**

Gross past due receivables by period of delay:	Dec 31 2011	Dec 31 2010
a) up to 1 month	1,739	1,716
b) over 1 month to 3 months	707	331
c) over 3 months to 1 year	1,211	1,497
d) over 1 year to 5 years	1,691	1,943
e) over 5 years	-	-
Total gross receivables	**5,348**	**5,487**
g) impairment losses on receivables (negative value)	-1,704	-2,393
Total net receivables	**3,644**	**3,094**

41. Current prepayments and accrued income

	Dec 31 2011	Dec 31 2010
a) prepayments, including:	880	768
cost of information service	28	140
administrative costs and expenses of funds	398	357
input VAT to be settled in 2012/2011	84	16
membership fees	27	52
expenses to be re-invoiced	132	5
other	211	198
b) other prepayments and accrued income, including:	-	-
revenue invoiced in subsequent period	-	-
Total prepayments and accrued income	**880**	**768**

42. Financial instruments held for trading

	Dec 31 2011	Dec 31 2010
- equities	1,293	8,827
- derivative instruments (futures, options, forwards)	228	25
Total financial instruments held for trading	**1,521**	**8,852**

All financial instruments held for trading by the Group as at December 31st 2011 and as at December 31st 2010 are traded in PLN and were acquired in PLN, save for the forward contracts.

The value of financial instruments held for trading at acquisition price was PLN 1,316 thousand as at December 31st 2011, compared with PLN 8,974 thousand as at December 31st 2010. The value of financial instruments held for trading as at the end of the reporting periods was, respectively, PLN -22 thousand and PLN -121 thousand.

43. Financial instruments available for sale

As at December 31st 2011, the value of financial instruments available for sale held by the Group amounted to PLN 6,016 thousand, compared with PLN 2,157 thousand as at December 31st 2010. As at December 31st 2011, the financial instruments available for sale include investment certificates and investment fund units of PLN 3,894 thousand (December 31st 2010: PLN 2,150 thousand), government bonds of PLN 2,115 thousand, and shares in an unconsolidated subsidiary in the amount of PLN 7 thousand.

In 2011 and 2010, there were no impairment losses on financial instruments available for sale.

44. Property, plant and equipment

As at December 31st 2011

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	**-**	**86**	**3,144**	**-**	**455**	**2**	**3,687**
b) Increase, including:	**-**	**1,241**	**1,013**	**-**	**588**	**33**	**2,875**
- purchase	-	-	877	-	203	33	**1,114**
- transfer from investments		22	3	-	-	-	**25**
- expansion of the Group	-	1,219	133	-	385	-	**1,737**
c) decrease:	**-**	**-**	**-**	**-**	**-**	**2**	**2**
- liquidation	-	-	-	-	-		-
- reclassification to another category		-	-	-	-	2	2
d) gross value of property, plant and equipment at end of the period	**-**	**1,327**	**4,157**	**-**	**1,043**	**33**	**6,560**
e) accumulated depreciation at beginning of the period	**-**	**36**	**1,860**	**-**	**219**	**-**	**2,115**
f) Depreciation for period, including:	**-**	**936**	**645**	**-**	**430**	**-**	**2,011**
- annual depreciation charge	-	36	512	-	157	-	**705**
- expansion of the Group		900	133	-	273	-	**1,306**
- liquidation	-	-		-		-	
g) accumulated depreciation at end of the period	**-**	**972**	**2,505**	**-**	**649**	**-**	**4,126**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning of the period	**-**	**50**	**1,284**	**-**	**236**	**2**	**1,572**
k) Net value of property, plant and equipment at end of the period	**-**	**355**	**1,652**	**-**	**394**	**33**	**2,434**

As at December 31st 2010

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	**-**	**43**	**2,482**	**-**	**459**	**247**	**3,231**
b) Increase, including:	**-**	**43**	**738**	**-**	**-**	**-**	**781**
- purchase	-	43	728	-	-	-	**771**
- transfer from investments		-	3	-	-	-	**3**
- other	-	-	7	-	-	-	**7**
c) decrease:	**-**	**-**	**76**	**-**	**4**	**245**	**325**

- liquidation	-	-	76	-	-	-	76
- reclassification to another category		-	-	-	4	245	249
d) gross value of property, plant and equipment at end of the period	**-**	**86**	**3,144**	**-**	**455**	**2**	**3,687**
e) accumulated depreciation at beginning of the period	**-**	**11**	**1,453**	**-**	**191**	**-**	**1,655**
f) Depreciation for period, including:	**-**	**25**	**407**	**-**	**28**	**-**	**460**
- annual depreciation charge	-	25	478	-	28	-	**531**
- liquidation	-	-	71	-	-	-	**71**
g) accumulated depreciation at end of the period	**-**	**36**	**1,860**	**-**	**219**	**-**	**2,115**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning of the period	**-**	**32**	**1,029**	**-**	**268**	**247**	**1,576**
k) Net value of property, plant and equipment at end of the period	**-**	**50**	**1,284**	**-**	**236**	**2**	**1,572**

44.1.1. Impairment losses

In 2011 and 2010, the Group did not identify any impairment of its assets.

45. Intangible assets

As at December 31st 2011

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO_2 emission allowances	Other intangible assets/prepayments	TOTAL
a) Gross value of intangible assets at beginning of the period	**-**	**-**	**37**	**4,162**	**-**	**-**	**4,199**
b) Increase, including:	**73**	**-**	**21**	**995**	**-**	**109**	**1,198**
- purchase	-	-	21	767	-	109	897
- expansion of the Group	-	-	-	228	-	-	228
- completed development work	73	-	-	-	-	-	73
c) decrease:	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) Gross value of intangible assets at end of the period	**73**	**-**	**58**	**5,157**	**-**	**109**	**5397**
e) Accumulated amortisation at beginning of the period	**-**	**-**	**28**	**2,311**	**-**	**-**	**2,339**
f) Amortisation for period, including:	**11**	**-**	**23**	**756**	**-**	**-**	**790**
- amortisation (annual charge)	**11**	**-**	23	576	-	-	610
- expansion of the Group	**-**	**-**	**-**	180	-	-	180
g) accumulated amortisation at end of the period	**11**	**-**	**51**	**3,067**	**-**	**-**	**3,129**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of the period	**-**	**-**	**9**	**1,851**	**-**	**-**	**1,860**
k) Net value of intangible assets at end of the period	**62**	**-**	**7**	**2,090**	**-**	**109**	**2,268**

As at December 31st 2010

MOVEMENTS IN INTANGIBLE ASSETS (BY FUNCTION GROUPS)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO_2 emission allowances	Other intangibl e assets	TOTAL
a) Gross value of intangible assets at beginning of the period	**-**	**-**	**13**	**3,344**	**-**	**-**	**3,357**
b) Increase, including:	**-**	**-**	**24**	**818**	**-**	**-**	**842**
- purchase	-	-	24 -	818	-	-	842
c) decrease:	**-**	**-**	**-**	**-**	**-**		**-**
d) Gross value of intangible assets at end of the period	**-**	**-**	**37**	**4,162**	**-**		**4,199**
e) Accumulated amortisation at beginning of the period	**-**	**-**	**7**	**1,864**	**-**	**-**	**1,871**
f) Amortisation for period, including:	**-**	**-**	**21**	**447**	**-**	**-**	**468**
- amortisation (annual charge)	-	-	21	447	-	-	468
g) accumulated amortisation at end of the period	**-**	**-**	**28**	**2,311**	**-**	**-**	**2,339**
h) impairment losses at beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of the period	**-**	**-**	**6**	**1,480**	**-**	**-**	**1,486**
k) Net value of intangible assets at end of the period	**-**	**-**	**9**	**1,851**	**-**	**-**	**1,860**

45.1.1. Purchases and sales

In 2011, the Group purchased intangible assets of PLN 897 thousand (2010: PLN 842 thousand). In 2011 and 2010, the Group did not sell any intangible assets.

In 2011, the Group recognised development work of PLN 73 thousand as intangible assets.

45.1.2. Impairment losses

In 2011 and 2010, the Group did not identify any impairment of its assets.

45.1.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under Amortisation. Amortisation was PLN 610 thousand in 2011 (2010: PLN 468 thousand).

46. Notes to the statement of financial position – equity

47. Share capital

The financial data concerning the share capital are presented in the złoty.

As at December 31st 2011, the registered share capital was PLN 2,955,480.10 and comprised 29,554,801 shares.

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

Share capital (structure) – as at Dec 31 2011

Shareholder	Number of shares and votes at GM	Series	Amount of contributions	Value of shares subscribed for (PLN)
Fundusz IPOPEMA 10 FIZAN[1]	2,851,420	A	Shares fully paid up	285,142
Fundusz IPOPEMA PRE-IPO FIZAN[2]	2,188,370	B	Shares fully paid up	218,837
KL Lewandowska S.K.A.[3]	2,086,749	B	Shares fully paid up	208,675
JLK Lewandowski S.K.A.[4]	2,066,249	B	Shares fully paid up	206,625
JLS Lewandowski S.K.A.[4]	2,066,249	B	Shares fully paid up	206,625
PZU OFE *	2,251,346	[6]	Shares fully paid up	225,135
TFI Allianz Polska S.A.[5] **	1,922,383	[6]	Shares fully paid up	192,238
Total shareholders holding more than 5% of the share capital	**15,432,766**			**1,543,277**

** Based on the annual report of OFE PZU Złota Jesień.*
*** Based on notifications received by the Company from the shareholders.*
[1] The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.
[2] The main investors in the Fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.
[3] A subsidiary of Katarzyna Lewandowska.
[4] A subsidiary of Jacek Lewandowski, President of the Company's Management Board.
[5] Shares held by Allianz Platinium FIZ and Allianz FIO funds.
[6] All Company shares are registered with the National Depository for Securities under the same ISIN code, therefore, it is not possible to identify the series of shares held by the shareholders that acquired them on the stock exchange.

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

Shareholder	Number of shares and votes at GM	Series	Amount of contributions	Value of shares subscribed for (PLN)
Fundusz IPOPEMA 10 FIZAN[1]	2,851,420	A	Shares fully paid up	285,142
Fundusz IPOPEMA PRE-IPO FIZAN[2]	2,188,370	B	Shares fully paid up	218,837
KL Lewandowska S.K.A.[3]	2,086,749	B	Shares fully paid up	208,675
JLK Lewandowski S.K.A.[4]	2,066,249	B	Shares fully paid up	206,625
JLS Lewandowski S.K.A.[4]	2,066,249	B	Shares fully paid up	206,625
PZU OFE *	2,251,346	[6]	Shares fully paid up	225,135
TFI Allianz Polska S.A.[5] **	1,922,383	[6]	Shares fully paid up	192,238
Aviva OFE Aviva BZ WBK**	1,562,539	[6]	Shares fully paid up	156,254
Total shareholders holding more than 5% of the share capital	**16,995,305**			**1,699,531**

** Based on the annual report of OFE PZU Złota Jesień.*
*** Based on notifications received by the Company from the shareholders.*
[1] The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.
[2] The main investors in the Fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.
[3] A subsidiary of Katarzyna Lewandowska.
[4] A subsidiary of Jacek Lewandowski, President of the Company's Management Board.
[5] Shares held by Allianz Platinium FIZ and Allianz FIO funds.
[6] All Company shares are registered with the National Depository for Securities under the same ISIN code, therefore, it is not possible to identify the series of shares held by the shareholders that acquired them on the stock exchange.

Parent's shareholder structure as at December 31st 2010:

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

** Based on the annual report of OFE PZU Złota Jesień.*

*** Based on notifications received by the Company from the shareholders.*

[1] The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

[2] The main investors in the Fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

[3] A subsidiary of Katarzyna Lewandowska; Katarzyna Lewandowska also holds 498 shares, representing less than 0.01% of all Company shares.

[4] A subsidiary of Jacek Lewandowski, President of the Company's Management Board; Jacek Lewandowski also holds 860 shares, representing less than 0.01% of all Company shares.

[5] Shares held by the funds Allianz Platinium FIZ and Allianz FIO.

[6] All Company shares are registered with the National Depository for Securities under the same ISIN code, therefore, it is not possible to identify the series of shares held by the shareholders that acquired them on the stock exchange.

In 2011, the Company's share capital was increased by PLN 21 thousand through the issue of new Series C shares. In effect, as at December 31st 2011, the share capital was PLN 2,955 thousand (December 31st 2010: PLN 2,934 thousand) and comprised:

- 7,000,000 Series A ordinary bearer shares,

- 21,571,410 Series B ordinary bearer shares, and

- 983,391 Series C ordinary bearer shares.

The increase was a result of acquisition of new Series C shares in February 2011, issued within the limit of conditional share capital for the purposes of the Company's Incentive Scheme (Section 17.1 of the Notes to the financial statements).

In February 2012, another pool of 197,321 shares was issued under the Incentive Scheme.

In 2010, the Parent's share capital was increased by PLN 41 thousand through the issue of new ordinary shares with a par value of PLN 0.10 per share. As at December 31st 2010, the share capital was PLN 2,934 thousand and comprised:

- 7,000,000 Series A ordinary bearer shares,

- 21,571,410 Series B ordinary bearer shares, and

- 770,891 Series C ordinary bearer shares.

Share par value

The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Shareholder rights

Each share of each series (A, B and C) confers the right to one vote. Shares of all series carry the same rights with respect to dividend and return on equity. The shares are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

Sale of the Company shares by related parties

On April 12th 2011, sale transactions were executed involving Company shares. In the transactions, certain members of the Company's Management and Supervisory Boards, or persons related to them, sold in aggregate 3,190,951 IPOPEMA Securities shares. For details, see Current Report No. 11/2011 of April 12th 2011.

48. Other

Reserve funds

Statutory reserve funds have been created from the share premium reduced by the share issue costs. As at December 31st 2011, the share premium less the issue costs amounted to PLN 8,474 thousand (December 31st 2010: PLN 7,433 thousand).

Revaluation capital reserve from revaluation of financial assets available for sale

This item comprises effects of fair value measurement of financial assets available for sale. As at December 31st 2011, the revaluation capital reserve was PLN 716 thousand (December 31st 2010: PLN 972 thousand).

Other

Other capital reserves have been created in connection with the Incentive Scheme and a change in the value of shares held in a subsidiary. As at December 31st 2011, other capital reserves amounted to PLN 2,727 thousand (December 31st 2010: PLN 2,565 thousand).

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Group this regulation applies to IPOPEMA Securities, IPOPEMA TFI and IPOPEMA AM. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the end of the reporting period, the statutory reserve funds amounted to PLN 985 thousand (December 31st 2010: PLN 978 thousand).

Retained earnings	Dec 31 2011	Dec 31 2010
Retained earnings/deficit	13,372	10,738
Net profit/loss for period	24,487	18,002
Aggregate capital adjustments resulting from transition to IAS/IFRS	24,814	24,814
Total retained earnings	**62,673**	**53,554**

Dividend

Dividend for a given year which has been approved by the General Meeting and not paid as at the end of the reporting period is disclosed as liabilities under dividend under “Other liabilities”. As at the end of the reporting period there were no unpaid dividends.

49. Non-controlling interests

As at December 31st 2011, non-controlling interests (held by the shareholders of IPOPEMA Business Consulting) amounted to PLN 3,424 thousand (December 31st 2009: PLN 1,793 thousand).

50. Capital adequacy requirements

IPOPEMA Securities (Parent) and IPOPEMA Asset Management (subsidiary) are brokerage houses and as such they are obliged to meet the capital adequacy requirements set forth in the Minister of Finance’s Regulation on the scope and detailed rules for determination of capital adequacy requirements and on the maximum ratio of loans and debt securities in issue to the amount of equity.

IPOPEMA Securities S.A. meets the conditions to be recognised as an EU parent investment firm, therefore, in addition to the capital adequacy requirements on a separate basis, the Company is also obliged to meet the capital adequacy requirements on a consolidated basis.

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

As disclosed in the report on consolidated capital adequacy requirements submitted to the Polish Financial Supervision Authority, as at December 31st 2011 the Company's consolidated regulatory capital was PLN 66,195 thousand (December 31st 2010: PLN 59,141 thousand).

The tables below present semi-annual data on the regulatory capital and capital adequacy requirements.

Date	**Consolidated core capital**			**Consolidated Tier 2 (supplementary) capital**	**Consolidated Tier 3 (supplementary) capital**	**Items adjusting consolidated regulatory capital**	**Total consolidated regulatory capital**	**Total consolidated capital adequacy requirement**
	Tier I capital	Other items of consolidated core capital	Items reducing consolidated core capital					
Average annual values 2011	51,622	13,988	2,132	1,142	-	2,747	67,367	28,476
Average annual values 2010	48,074	9,786	1,727	877	-	1,779	58,789	29,182
Dec 31 2011	52,343	11,981	2,268	715	-	3,424	66,195	28,182
Dec 31 2010	48,485	9,786	1,863	972	-	1,793	59,173	21,566

Capital adequacy requirements by type of risk

Date	**Market risk (currency risk)**	**Credit risk**	**Operational risk**	**Total consolidated capital adequacy requirement**
Average annualised values 2011	503	18,773	9,200	28,476
Average annualised values 2010	341	19,831	9,010	29,182
Dec 31 2011	489	17,501	10,192	28,182
Dec 31 2010	284	12,553	8,729	21,566

In 2011 and 2010, the following items amounted to PLN 0:

- shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions;

- subordinated loans advanced to banks, other brokerage houses, foreign investment firms, credit and financial institutions, included in their equity;

- requirement with respect to exceeding the exposure concentration limit and large exposure limit.

In accordance with the Regulation of the Minister of Finance on the scope and detailed rules for determination of total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of loans and debt securities in issue relative to the amount of capitals, dated November 18th 2009, applicable since 2010, the obligation to calculate the capital adequacy requirement for fixed operating costs arises only if an entity does not calculate the capital adequacy requirement for operational risk.

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

52. Provisions

52.1.1. Change in provisions

	2011	**2010**
As at beginning of reporting period	**7,422**	**7,016**
CSAM's provisions as at September 30th 2011	**2,867**	**-**
Provisions created during the financial year	15,667	12,797
Provisions used	15,863	11,814
Provisions released	535	577
As at end of the reporting period	**9,558**	**7,422**

52.1.2. As at end of the reporting period

	Dec 31 2011	Dec 31 2010
Employee benefits*	7,333	6,516
Other	1,174	254
Deferred income tax	1,051	652
Total	**9,558**	**7,422**

** As provided for in IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-cash benefits for current employees.*

The Group makes provisions according to its best knowledge at the time of preparing the financial statements. The amounts and time of use of the provisions are subject to uncertainty. The provision for bonuses will be used within 12 months from the end of the reporting period. The provision for paid annual leaves is made as at the end of the reporting period, but the timing of cash outflow under the provision is difficult to predict. The provision is used upon termination of employment relationship with an employee. Other provisions are current provisions, i.e. the cash outflow is expected to occur within several months from the end of the reporting period.

53. Provisions for court proceedings, fines and damages

In the periods covered by these financial statements the Company was not a defendant in any 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. The suit was dismissed by way of court decision of July 28th 2011. Impairment losses were recognised (in 2008) for the full amount of the disputed receivables.

54. Liabilities (current)

Current liabilities	Dec 31 2011	Dec 31 2010
To clients	273,727	120,470
To related parties	389	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	240,732	190,456
a) under executed transactions	240,732	190,456
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	836	758
To the National Depository for Securities and exchange clearing houses	3,912	2,159
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Loans and borrowings	15,083	7,481
a) from related parties	-	-
b) other	15,083	7,481
Debt securities	-	-
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,571	847
Salaries and wages	-	2
To investment and pension fund companies and to investment and pension funds	512	535
Under framework securities lending and short sale agreements	-	-
Other	3,886	8,981
a) dividends payable	-	-
b) other	3,886	8,981
- financial liabilities (valuation of futures contracts)*	54	98
- other liabilities	3,832	8,883
Total current liabilities	**540,648**	**331,689**

** Methods of valuation of financial liabilities (valuation of futures contracts) are described in Note 9.6.*

Terms and conditions of related-party transactions are presented in Note 24.1.

With the exception of the borrowings specified in Note 15.3.2, the liabilities do not bear interest.

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

	Dec 31 2011	Dec 31 2010
Liabilities under executed stock-exchange transactions, including:	240,732	190,456
- transactions on the Warsaw Stock Exchange	221,519	178,597
- transactions on the Budapest Stock Exchange	19,213	11,859
Liabilities under transactions executed on over-the-counter market	-	-
Other	-	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**240,732**	**190,456**

Gross current liabilities (by currency)	Dec 31 2011	Dec 31 2010
a) in PLN	518,395	316,535
b) in other currencies (translated into PLN)	22,253	15,154
Total current liabilities	**540,648**	**331,689**

54.1.1. Maturity structure of liabilities

Maturity of (current and non-current) liabilities as from the end of the reporting period	Dec 31 2011	Dec 31 2010
a) up to 1 month	540,474	330,977
b) over 1 month to 3 months	-	537
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	-	-
e) over 5 years	-	-
f) past due	174	175
Total liabilities	**540,648**	**331,689**

54.1.2. Interest-bearing bank borrowings and other debt instruments

Maturity of (current and non-current) liabilities as from the end of the reporting period	Dec 31 2011	Dec 31 2010
a) bank borrowing	15,083	7,481
- outstanding amount	15,083	7,481
Current liabilities under borrowings and other debt instruments	**15,083**	**7,481**

As at December 31st 2011, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 15,083 thousand (December 31st 2010: PLN 7,481 thousand). The liabilities result from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance the payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – pursuant to annexes executed on July 20th 2011, 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 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, a power of attorney over accounts held with the bank, and a security deposit of PLN 4m placed in a term 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 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 and a power of attorney over accounts held with the bank. As stated 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.

Interest on borrowings and other debt instruments pertains only to short-term facilities. Interest due on the bank borrowing for December 2011, at PLN 105 thousand, was not realised in 2011 and was paid in January 2012.

As no evidence of impairment of borrowings and other debt instruments was identified in 2011 and 2010, the Group did not recognise any impairment losses on borrowings and other debt instruments.

55. Notes to the statement of comprehensive income

56. Revenue from core activities

Revenue from core activities	2011	2010
Revenue from trading in securities	57,683	51,335
Revenue from investment banking services	14,481	17,052
Revenue from management of investment funds and clients' assets	22,458	17,499
Revenue from advisory services	17,453	13,574
Other revenue from core activities	263	991
Total revenue from core activities	**112,338**	**100,451**

57. Cost of core activities

Cost of core activities	2011	2010
Affiliation costs	-	-
Fees payable to regulated securities markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	14,194	12,169
Fees payable to commercial chamber	-	-
Salaries and wages	41,933	34,707
Social security	1,291	1,217
Employee benefits	515	243
Materials and energy used	739	588
Costs of maintenance and lease of buildings	1,905	1,562
Other costs by type	-	-
Depreciation and amortisation	1,315	999
Taxes and other public charges	1,587	1,269
Other	19,661	18,317
Total cost of core activities	**83,140**	**71,071**

57.1.1. Costs of employee benefits

Costs of employee benefits (specification)	2011	2010
Salaries and wages	41,771	33,613
Social security and other benefits	1,291	1,217
Costs of future benefits (provisions) related to retirement severance pays, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	162	1,094
Other costs of employee benefits	515	243
Total costs of employee benefits	**43,739**	**36,167**

58. Finance income and expenses

Other finance income	2011	2010
1. Interest on loans advanced	71	61
2. Interest on deposits	1,386	1,024
a) from related entities	-	-
b) other	1,386	1,024
3. Other interest	17	86
4. Foreign exchange gains	1,686	5
5. Other	1,589	823
Total finance income	**4,749**	**1,999**

Other finance expenses	2011	2010
1. Interest on borrowings and other debt instruments, including:	1,134	1,009
a) to related entities	-	-
b) other	1,134	1,009
2. Other interest	5	2
3. Foreign exchange losses	69	226
a) realised	69	171
b) unrealised	-	55
4. Other	2,381	3,602
Total finance expenses	**3,589**	**4,839**

In 2011 and 2010, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

59. Gains (losses) on financial instruments held for trading

In 2011, losses on financial instruments held for trading amounted to PLN -2,753 thousand (2010: PLN -2,107 thousand). The result includes dividend income of PLN 34 thousand in 2011 (2010: PLN 115 thousand).

60. Operating income and expenses

Other operating income	2011	2010
a) gains on disposal of property, plant and equipment and intangible assets	-	-
b) released provisions	-	68
c) reversed impairment losses on receivables	135	221
d) net income from acquisition of CSAM	4,036	-
d) other, including:	334	165
- VAT adjustment	-	-
- other	334	165
Total other operating income	**4,505**	**454**

Other operating expenses	2011	2010
a) loss on disposal of property, plant and equipment and intangible assets	-	-
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) impairment losses on receivables	167	363
d) other, including:	1,045	983
- membership fees	30	32
- donations	-	10
- receivables written-off	-	416
- re-charged costs	693	-
- other	322	525
Total other operating expenses	**1,212**	**1,346**

61. Employee benefits

62. Employee share option plans

On March 23rd 2009, by virtue of a resolution, the Company's Management Board adopted the Rules of the Incentive Scheme (as amended), which were also subsequently approved by the Company's Supervisory Board. The Rules were adopted as a result of a resolution passed by the Extraordinary General Meeting on December 5th 2007 (and amended by a resolution of March 20th 2009) concerning implementation of an incentive scheme for the key employees of the Company and its subsidiary, IPOPEMA TFI, as well as other persons of key importance to the execution of the IPOPEMA Group's strategy. The scheme is based on Series C shares in the Company, which can be issued within the limit of conditional share capital, in a maximum number of 4,857,140 shares, on or before November 30th 2017. The scheme is equity-settled.

There are three Option Plans within the Incentive Scheme. The first one applies to members of the management board of IPOPEMA TFI S.A., entitled (subject to fulfilment of certain conditions) to subscribe for the total of 1,166,667 Series C shares at the issue price of PLN 0.47 per share ("Share Option Plan I"). In 2009 and 2010, a total of 770,891 shares were subscribed for by these persons (2009: 357,143; 2010: 413,748). The final settlement took place in 2011, based on the 2010 financial results. However, as not all required conditions had been fulfilled, no more shares were granted as part of Share Option Plan I.

As part of Share Option Plan II, the remaining persons participating in the Incentive Scheme were entitled to subscribe for a total of 714,285 Series C shares at an issue price equal to the price of the Company shares in the private placement preceding the listing on the Warsaw Stock Exchange (PLN 5). In February 2011, the first tranche of Share Option Plan II, totalling 212,500 shares, was subscribed for by eligible persons. The second tranche of 197,321 shares was offered in February 2011. The Plan provides for a maximum of 304,464 additional shares to be subscribed for before January 2014.

The list of persons eligible to subscribe for the remainder of the Series C shares covered by conditional share capital ("Share Option Plan III") has not yet been determined, neither have any decisions been made as to whether such shares will be offered.

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 operated by the Group in the consolidated financial statements of the IPOPEMA Securities Group. At the consolidated level, the total costs related to those plans increased the cost of salaries and wages in 2011 by PLN 162 thousand, charged to IPOPEMA Securities S.A.

In 2011, the costs related to the share option plans increased the cost of salaries and wages by PLN 162 thousand, and were fully charged to IPOPEMA Securities S.A. In 2010, total costs related these plans increased the cost of salaries and wages by PLN 1,094 thousand, of which PLN 639 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 455 thousand), which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of these agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the Group's 2010 consolidated financial result. Despite the fact that the parent was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

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).

63. Dividends paid and proposed

On June 29th 2011, the General 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, and the dividend payment date for July 29th 2011. On the dividend payment date, a total of PLN 15,368 thousand was paid out to the shareholders. The distribution amount was lower than the 2010 profit by PLN 62 thousand, which was the effect of rounding off the dividend per share. Pursuant to the above resolution of the General Meeting, the difference was contributed to the Company's statutory reserve funds.

In 2010, the Group paid no dividend.

Until the date of preparation of these consolidated financial statements, no final decision was taken by the Parent's Management Board concerning the recommended distribution of the 2011 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

64. Corporate income tax

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

	For the year ended Dec 31 2011	For the year ended Dec 31 2010
Current income tax		
Current income tax expense	5,214	4,946
Deferred income tax		
Relating to occurrence and reversal of temporary differences	375	176
Deferred income tax affecting equity	-64	236
Income tax expense disclosed in the statement of comprehensive income	**5,525**	**5,358**

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. 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 for the Group.

The table below sets forth the reconciliation of corporate income tax on pre-tax profit/loss, computed at the statutory tax rate, with corporate income tax computed at the effective tax rate:

	2011	2010
Pre-tax profit (loss)	**31,707**	**23,541**
Consolidation adjustments and profit (loss) of IAM (subsidiary)	-4,239	2,335
Pre-tax profit from (loss on) continuing operations	27,468	25,876
Pre-tax profit from (loss on) discontinued operations	-	-
Pre-tax profit (loss)	27,468	25,876
Adjustments related to current income tax brought forward	-14,589	-11,605
Tax losses in connection with which no deferred tax asset was recognised	-	-
Use of tax losses not recognised previously	-146	-375
Deductions from income	-	-
Non-tax-deductible costs	17,017	14,870
Deductible temporary differences in connection with which no deferred tax asset was recognised	97	17
Non-taxable income	-2,438	-2,632
Other	-	-246
Tax base for current income tax	27,409	25,905
Current income tax disclosed in the consolidated statement of comprehensive income	**5,214**	**4,946**
including tax on dividend	6	24
Income tax attributable to discontinued operations	-	-
Corporate income tax at the effective tax rate: 19%	5,208	4,922

65. Deferred income tax

Temporary differences related to deferred tax assets, as at December 31st 2011 and December 31st 2010 were recognised with respect to the following items:

	Dec 31 2011	Dec 31 2010
Financial instruments available for sale	3	2
Current receivables	-	-
Provisions	1,707	1,413
Other	64	34
Total deferred tax asset	**1,774**	**1,449**

Temporary differences related to deferred tax liabilities, as at December 31st 2011 and December 31st 2010 were recognised with respect to the following items:

	Dec 31 2011	Dec 31 2010
Financial instruments available for sale	180	234
Property, plant and equipment	243	206
Current receivables	395	-
Provisions	-	-
Other	233	212
Total deferred tax liability	**1,051**	**652**

66. Additional information of financial instruments

67. Fair value of instruments not measured at fair value

As at Dec 31 2011

Instrument category and item of the statement of financial position	carrying amount	fair value
Loans and receivables	**616,256**	**616,256**
- cash and cash equivalents	100,491	100,491
- current and non-current receivables	515,765	515,765
Financial liabilities at amortised cost:		
- current liabilities (bank borrowing)	15,083	15,083
- current liabilities (other debt instruments)	525,565	525,565

As at Dec 31 2010

Instrument category and item of the statement of financial position	carrying amount	fair value
Loans and receivables	**391,744**	**391,744**
- cash and cash equivalents	98,732	98,732
- current and non-current receivables	293,012	293,012
Financial liabilities at amortised cost:	**265,189**	**265,189**
- current liabilities (bank borrowing)	7,481	7,481
- current liabilities (other debt instruments)	257,708	257,708

Cash bears interest at fixed and variable interest rates. In 2011 and 2010, the Group did not recognise any impairment losses on loans. Impairment losses on receivables are described in Note 13.2.1. Income from interest on loans and receivables amounted to PLN 1,474 thousand in 2011 (of which PLN 166 thousand was interest accrued but not received) (2010: PLN 1,171 thousand, of which PLN 310 thousand was interest accrued but not received).

Impairment losses pertain only to instruments that are recognised under loans and receivables.

In 2011, expenses related to interest on a borrowing amounted to PLN 1,134 thousand (2010: PLN 1,009 thousand). Interest on borrowings and other debt instruments pertains only to short-term facilities. In 2011, realised interest expenses related to a bank borrowing amounted to PLN 1,029 thousand, and unrealised interest totalled PLN 105 thousand, paid in January 2012. Interest expenses related to a bank borrowing for 2010 were paid in full.

68. Financial assets and liabilities recognised in the statement of financial position at fair value

The table below sets forth financial instruments measured at fair value classified in a three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g. estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market data.

As at Dec 31 2011

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	228	-	-	228
Financial assets held for trading other than derivative instruments	1,293	-	-	1,293
Total financial assets measured at fair value through profit or loss	**1,521**	**-**	**-**	**1,521**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	54	-	-	54
Total financial liabilities measured at fair value through profit or loss	**54**	**-**	**-**	**54**
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	3,894*	-	3,894
Debt instruments	2,115	-	-	2,115
Total financial assets available for sale measured through equity	**2,115**	**3,894***	**-**	**6,009**

* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

As at Dec 31 2010

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	25	-	-	25
Financial assets held for trading other than derivative instruments	8,827	-	-	8,827
Total financial assets measured at fair value through profit or loss	**8,852**	**-**	**-**	**8,852**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	2,149*	-	2,149
Total financial assets available for sale measured through equity	**-**	**2,149***	**-**	**2,149**

* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

In the current period there were no transfers between Level 1 and Level 2.

69. 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 of IPOPEMA Securities, was not included in these consolidated financial statements.

	IPOPEMA Business Services Kft. *(PLN '000)*
Balance-sheet total as at Dec 31 2011	**750**
% share in Parent's balance-sheet total	0.12%
Revenue for period Jan 1 – Dec 31 2011	1.010
% share in Parent's revenue	0.90%
Net assets as at Dec 31 2011	6
Net profit (loss) for period Jan 1 – Dec 31 2011	- 46

	IPOPEMA Business Services Kft. *(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 – Dec 31 2010	938
% share in Parent's revenue	1.35%
Net assets as at Dec 31 2010	88
Net profit (loss) for period Jan 1 – Dec 31 2010	83

70. Contingent liabilities and contingent assets

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

71. Business combinations and acquisitions of non-controlling interests

72. Acquisition of subsidiaries

On September 30th 2011, under an agreement of March 15th 2011, IPOPEMA Securities acquired 100% of shares in Credit Suisse Asset Management (Polska) S.A. ("CSAM"). The completion of the transaction was subject to obtaining the required approvals from the regulatory bodies, i.e. the Polish Financial Supervision Authority and the Polish Office of Competition and Consumer Protection. The approvals were issued on September 6th 2011 and May 30th 2011 respectively. Consequently, the agreement to purchase 100% shares in CSAM was executed on September 30th 2011.

On October 26th 2011, amendments to CSAM's Articles of Association were registered, including the change of the company's name to IPOPEMA Asset Management S.A. ("IAM"). IAM's business consists in management of portfolios of broker-traded financial instruments.

The acquisition is an element of the IPOPEMA Securities Group's development strategy in the area of asset management for institutional and corporate clients. The transaction will result in a significant expansion of the Group's asset management business. Moreover, the acquisition of staff with a wealth of experience-backed expertise in portfolio management will allow the Group to enlarge its product offering and client base in the area of asset management.

Fair value of consideration paid (PLN)	
- cash	4.41
- other tangible and intangible assets, including a business or subsidiary of the acquirer	-
- liabilities incurred, e.g. liabilities for contingent consideration	-
- equity interests of the acquirer, including the number of instruments or shares issued or issuable and the method of fair value measurement for these instruments or shares	-
Fair value of consideration paid (PLN)	**4.41**

Receivables acquired (PLN '000)	**Sep 30 2011**
- fair value of receivables	3,870
- gross contractual amounts receivable	-
- best estimate as at acquisition date of the contractual cash flows not expected to be collected	-
Classes of receivables	
- current receivables from clients	1,060
- receivables from investment and pension fund companies and from investment and pension funds	147
- other receivables	2,663

Main classes of assets acquired and liabilities assumed (PLN '000)	**Sep 30 2011**
Assets	
- current receivables	3,870
- current prepayments and accrued income	77
- property, plant and equipment	426
- intangible assets	48
- deferred tax assets	384
Liabilities	
- current liabilities	1,637
- provisions for liabilities	2,867

Gain on bargain purchase (PLN '000)	
- value of consideration paid	0 *
- net value of the identifiable assets acquired and liabilities assumed as at acquisition date	4,589
Gain on bargain purchase	**4,589**
Costs directly associated with the acquisition	553
Net effect of CSAM acquisition on the IPOPEMA Securities Group's result	**4,036**

** Value in PLN rounded to the nearest thousand; for information on the value of consideration paid, see the discussion below.*

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

Revenue and profit or loss of the acquired company from the date of acquisition, disclosed in the consolidated statement of comprehensive income for the period	
- revenue	1,651
- profit for the period	294
Revenue and profit or loss of the combined entity for the current reporting period, calculated as if all business combinations in the reporting year took place at the beginning of the annual reporting period	
- revenue	5,978
- loss for period	-5,855

The settlement is final.

73. Disposal of subsidiaries

In the period covered by these financial statements and the preceding periods, the Group did not dispose of any businesses.

74. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue	Purchases	revenue	Purchases
	Jan 1–Dec 31 2011		Jan 1–Dec 31 2010	
IPOPEMA Business Services Kft.	138	807	155	844
Members of the Management and Supervisory Boards	69	129	31	782
Other related parties	-	-	513 *	-
Total	**207**	**1,143**	**699**	**1,626**

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

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
IPOPEMA Business Services Kft.	1,093	1,099	383	
Members of the Management and Supervisory Boards	-	-	-	-
Other related parties	-	-	-	-
Total	**1,093**	**1,099**	**383**	**-**

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 24.5. For information on the Incentive Scheme for the above persons, see Note 17.1

Related-party transactions and outstanding balances of the Group's receivables and liabilities are excluded during preparation of the Group's consolidated financial statements.

75. Terms of related-party transactions

Transactions with related parties are executed on arms' length terms.

76. Loan advanced to members of the Management Board

The Group did not advance any loans to members of the Management Board.

77. Transactions with other members of the Management Board

The Group did not execute any transactions with members of the Management Board other than those connected with the implementation of the incentive schemes, as described in Note 17.1.
Members of the Management and Supervisory Boards executed (through their subsidiaries) transactions in securities on the regulated market and outside the stock-exchange market, with the Company acting as an intermediary. The total turnover between the Company and these persons under the transactions was PLN 58 thousand in 2011 (2010: PLN 31 thousand).

Additionally, the Group used legal advisory services of the law firm of Jacek Jonak, Chairman of the Supervisory Board; in 2011, the value of the transactions was PLN 129 thousand. In 2010, the Group also used advisory services provided by an entity related to Bogdan Kryca, a Member of the Supervisory Board, in connection with a transaction executed by the Company. The total value of agreements executed with the abovementioned entities in 2010 amounted to PLN 782 thousand.

78. Transactions with subsidiaries

Transactions with IPOPEMA Business Services kft.

In relation to the operations in Hungary, carried out in cooperation with local partners acting as investment firm agents, in 2010 the Company entered into the following agreements with IPOPEMA Business Services Kft. ("IBS"): (i) Services Agreement, whereby IBS provides the Company and its Hungarian partners with office and equipment support services, and (ii) Equipment Lease Agreement, whereby IBS leases computer hardware and software from the Company, in order to properly support the Company's partners operating on the Hungarian market within the scope of their activities performed for the Company. In 2011, the total value of transactions under these agreements was PLN 923 thousand (expense) and PLN 137 thousand (income) (2010: PLN 844 thousand (expense) and PLN 155 thousand (income)).

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

Transactions with IPOPEMA TFI

In 2011 and 2010, the Company made settlements with IPOPEMA TFI related to the IT services provided to the subsidiary and expenses incurred by the Company which, due to their nature, were allocated to the subsidiary. The Company's total turnover under those transactions amounted to PLN 120 thousand in 2011 (2010: PLN 305 thousand).

Transactions with IPOPEMA Business Consulting

In 2011 and 2010, transactions between the Company and IPOPEMA BC involved settlements of expenses incurred by the Company. In 2011, the total amount of the expenses was PLN 82 thousand (2010: less than PLN 10 thousand).

Transactions with IPOPEMA Asset Management

In 2011, transactions between the Company and IPOPEMA AM involved settlements of expenses incurred by the Company. The total amount of the expenses was PLN 764 thousand.

79. Remuneration of the Group's senior management staff

The table below presents the amount of remuneration paid and potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company) received from IPOPEMA Securities:

Total remuneration (including bonuses)	2011	2010
Management Board	**6,774**	**6,550**
Lewandowski Jacek	1,272	1,383
Borys Mirosław	722	723
Piskorski Mariusz	960	1,218
Waczkowski Stanisław	3,820	3,226
Supervisory Board	**65**	**31**
Jonak Jacek	22	9
Miler Roman	5	2
Diemko Janusz	18	7
Kryca Bogdan	18	8
Sliwinski Wiktor	2	5

Members of the IPOPEMA Securities Management and Supervisory Boards did not receive remuneration from the subsidiaries.

Benefits to the key management staff

In 2011 and 2010, there were no payments under post-employment benefits, termination benefits, or other non-current benefits. The provision for holidays in arrears of the Parent's Management Board was PLN 5 thousand as at December 31st 2011 (December 31st 2010: PLN 3 thousand). The provision was not included in the table above.

Agreements with Mariusz Piskorski and Mirosław Borys, dated November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, entered into agreements with the Company, whereby each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

80. Items of the statement of cash flows

Breakdown of the Company's activities as assumed for the statement of cash flows:

Operating activities – provision of brokerage and consulting services as well as fund management services, acting as market maker to perform tasks related to the organisation of the regulated market, acquisition and disposal of securities in the capacity of a dealer.

Investing activities – purchase and disposal of intangible assets, property, plant and equipment and non-current securities.

Financing activities – acquisition or loss of sources of financing (changes in the amount of and relation between equity and external capital at the entity) and any related monetary costs and benefits.

Structure of cash

	Presentation in the statement of financial position		Presentation in the statement of cash flows	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Cash and cash equivalents	**100,491**	**98,732**	**96,400**	**88,589**
1. In hand	15	10	15	10
2. At banks	40,179	33,364	40,179	33,364
3. Other cash	56,206	55,215	56,206	55,215
4. Cash equivalents (deposit for a period exceeding three months)	4,091	10,143	-	-

As at December 31st 2011, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities and interest of PLN 91 thousand on the deposit, which – as unrealised interest – was excluded from cash flows from operating activities.

As at December 31st 2010, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 10m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities and interest of PLN 143 thousand on the deposit, which – as unrealised interest – was excluded from cash flows from operating activities.

Differences in changes in balance-sheet items

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Dec 31 2011	Dec 31 2010	2011
Gross (current and non-current) receivables			
Net receivables			
Impairment losses on receivables			
Provisions, accruals and deferred income			
Total change in impairment losses and provisions			

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Dec 31 2010	Dec 31 2009	2010
Gross (current and non-current) receivables	515,036	292,540	-218,715
Net receivables	513,332	290,147	
Impairment losses on receivables	1,704	2,393	-689
Provisions, accruals and deferred income	8,507	6,810	-1,697
Total change in impairment losses and provisions			**-2,386**

Other adjustments (PLN 3,875 thousand) in adjustments of cash from/used in operating activities comprise the gain of PLN 4,036 thousand on a bargain purchase of Credit Suisse Asset Management (Polska) S.A. (for details, see Note 23.1), and the cost of the incentive schemes in the amount of PLN 161 thousand.

81. Lease

In 2010, the Parent entered into a finance lease agreement with a subsidiary.

Lease receivables	Dec 31 2011	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	121	134
Within 1 to 5 years	272	283
Over 5 years	-	-
Total lease receivables	**393**	**417**

Lease receivables	Dec 31 2010	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	217	254
Within 1 to 5 years	393	417
Over 5 years	-	-
Total lease receivables	**610**	**671**

In 2011, unrealised finance income amounted to PLN 17 thousand (2010: PLN 20 thousand). The Group did not recognise provisions for unrecoverable receivables under minimum lease payments. There are no contingent lease payments or not guaranteed residual values attributable to the lessor.

The lease agreement was executed for one year and will be automatically extended for further 12-month periods, unless terminated by either of the parties on prior notice, as stipulated in the agreement.

The gross value of lease investment as at December 31st 2011 was PLN 393 thousand (December 31st 2010: PLN 610 thousand). The lease agreement will expire in 2015, unless terminated earlier.

82. Foreign exchange differences

In 2011 and 2010, there were no exchange differences disclosed in the statement of comprehensive income other than the differences resulting from financial instruments measured at fair value through the statement of comprehensive income and exchange differences on translating transactions in foreign currencies.

83. Security over assets of the IPOPEMA Securities Group

Both in 2011 and in 2010, the Group's assets were used as security for working capital overdraft facilities (for details, see Note 15.3.2).

Save for a security deposit of PLN 4m in the bank account, blank promissory notes together with promissory note declarations, and powers of attorney over bank accounts (intended to secure the overdraft facility), as at December 31st 2011 the Group did not have any liabilities secured with its assets. As at December 31st 2010, funds of PLN 10m were blocked in a bank account, blank promissory notes with promissory note declarations were issued, and powers of attorney over bank accounts (intended to secure an overdraft facility) were granted.

84. Inspections

Two external inspections, carried out by the National Depository for Securities and the Social Insurance Institution, took place at the Company in 2011. One was carried out in July 2011 by the National Depository for Securities, and pertained to the securities accounting the security of IT systems. The inspection report did not contain any post-inspection recommendations.

Two external inspections were carried out at the Company in 2010. The first inspection was carried out in August 2010 by the National Depository for Securities. The inspection pertained to the records of securities and IT systems security. The inspection report did not contain any post-inspection recommendations.

The other inspection was carried out in September 2010 by the Warsaw Stock Exchange. The inspection covered compliance with statutory obligations of a WSE member and with the procedures regarding access to the WSE IT systems. The WSE did not provide the Company with any recommendations or comments following the inspection.

Since 2010, the Company (as the supervised entity) has been subject to annual evaluation carried out by the Polish Financial Supervision Authority as part of the Supervisory Review and Evaluation Process (SREP).

The Polish Financial Supervision Authority carried out two inspections at IPOPEMA TFI. The purpose of the first inspection was to assess correctness of asset valuation procedures and compliance of selected investment funds with applicable laws, as well as to review the organisation and functioning of the internal control system in place at IPOPEMA TFI. The PFSA issued several post-inspection recommendations, which TFI implemented within the time limit specified by the PFSA. The other inspection was carried out to fulfil obligations resulting from the Act on Countering Money Laundering and the Financing of Terrorism of November 16th 2000. The PFSA issued several post-inspection recommendations, which TFI implemented within the time limit specified by the PFSA.

The Social Insurance Institution conducted inspections at IPOPEMA TFI and IPOPEMA Securities to assess correctness of computation of social security contributions. The inspection at IPOPEMA Securities has not been completed. IPOPEMA TFI implemented the post-inspection recommendations.

85. 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 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.

86. Market risk

The IPOPEMA Securities Group identifies the following types of market risk: interest rate risk, currency risk, credit risk, liquidity risk and price risk understood as the risk of fluctuations in the prices of financial instruments linked to share prices.

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange and derivative instruments which, save for the forward contracts, are traded on the WSE. The Group enters into derivative contracts in connection with acting as a futures market maker; open positions on equity-based futures are usually hedged with an offsetting position in equities (arbitrage transactions), therefore the risk exposure is low.

The Group also uses bank borrowings, and holds cash and short-term deposits. The primary purpose of holding those financial instruments is to effectively use financial resources to finance the Group’s operations.

The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The assumptions adopted in the sensitivity analysis as at December 31st 2011 are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit (loss) and equity within one year from the last day of the reporting period. The analysis presented below did not include the impact of tax.

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/ (loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/EUR '000)	- 100 bps (PLN/USD/EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	50,625	506	-506	1,835	-1,835	-	-	-	-
Bank deposits	4,091	41	-41	-	-	-	-	-	-
Trade and other receivables	512,960	-	-	2,453	-2,453	-	-	-	-
Financial instruments held for trading*	538	-	-	-	-	31	-31	-	-
Financial instruments available for sale**	6,009	-	-	-	-	-	-	601	-601
Financial liabilities									
Trade and other payables	525,511	-	-	-2,224	2,224	-	-	-	-
Loans and borrowings	15,083	-151	151	-	-	-	-	-	-
Other financial liabilities	54	-	-	-1,454	1,459	-	-	-	-
Total	**33,574**	**396**	**-396**	**609**	**-609**	**31**	**-31**	**601**	**-601**

** Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities. The analysis does not include financial instruments arising from dealer's activities since in the majority of cases these are arbitrage transactions (hedged with derivative contracts in equities and exchange indexes). As a result, increases/decreases in exchange indexes have no impact on the Group's profit (loss) or equity.*

*** The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).*

The assumptions adopted in the sensitivity analysis as at December 31st 2010 are described in the table next to each type of risk.

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/ (loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/EUR '000)	- 100 bps (PLN/USD/EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	44,314	443	-443	1,077	-1,077	-	-	-	-
Bank deposits	10,143	101	-101	-	-	-	-	-	-
Trade and other receivables	293,012	-	-	1,614	-1,614	-	-	-	-
Financial instruments held for trading*	7,633	-	-	-	-	763	-763	-	-
Financial instruments available for sale**	2,150	-	-	-	-	-	-	215	-215
Financial liabilities									
Trade and other payables	324,110	-	-	-1,508	1,508	-	-	-	-
Loans and borrowings	7,481	-75	75	-	-	-	-	-	-
Other financial liabilities	98	1	-1	-907	907	-	-	-	-
Total	**25,563**	**470**	**-470**	**276**	**-276**	**763**	**-763**	**215**	**-215**

** Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities. The analysis does not include financial instruments arising from dealer's activities since in the majority of cases* *these are arbitrage transactions (hedged with derivative contracts in equities and exchange indexes). As a result, increases/decreases in exchange indexes have no impact on the Group's profit (loss) or equity.*

*** The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).*

87. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level effective as at the agreement date. Moreover, the Group invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 13.1 and Note 15.3.

Given that in the reporting period the Group held both assets and liabilities bearing interest at variable rates (which mitigated the risk) and that interest rates moved only slightly in the past periods and no dramatic changes in interest rates are expected in the following reporting periods, the Group did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

	2011			
Variable interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	46,021	-	-	46,021
Overdraft facilities	15,083	-	-	15,083
Total	**61,104**	**-**	**-**	**61,104**

	2011			
Fixed interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	8,687	-	-	8,687
Total				

	2010			
Variable interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	44,314	-	-	44,314
Overdraft facilities	7,481	-	-	7,481
Total	**51,795**	**-**	**-**	**51,795**

	2010			
Fixed interest rate	**<1 year**	**1 - 5 years**	**> 5 years**	**Total**
Cash assets	10,143	-	-	10,143
Total	**10,143**	**-**	**-**	**10,143**

88. Currency risk

The Group is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is primarily related to changes in the USD, EUR and HUF exchange rates, however both in 2011 and 2010 most of operating expenses were incurred in the złoty. The Group did not have any foreign-currency borrowings or other debt instruments, 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). Owing to the nature of the transaction settlements (with the Parent acting as an intermediary), the share of this risk in the overall risk assessment is immaterial. As at December 31st 2011, the value of foreign-currency loans advanced by the Company was PLN 2,941 thousand. The Company also holds foreign currency cash at bank. In order to minimise the currency risk, the Company entered into FX contracts which mitigate the results of possible exchange rate fluctuations. Assessment of the effect of foreign exchange fluctuations as at December 31st 2011 and December 31st 2010 is presented in Note 30.1.

	Dec 31 2011	Dec 31 2010
Foreign-currency receivables		
- EUR	424	686
- HUF	1,524,040	919,517
- USD	263	335
- CZK	700	-
Foreign-currency liabilities		
- USD	9	42
- EUR	31	31
- HUF	1,555,792	1,049,218
- CZK	14	-
Cash		
- CZK	75	1
- EUR	3,651	2,322
- HUF	135,565	101,026
- USD	94	54
- GBP	1	1
- UAH	4	-

89. Price risk

The Group holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE), except for the forward contracts. The Group identifies the risk connected with the volatility of prices of financial instruments listed on the WSE. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Group also holds investment certificates, which are exposed to the risk of volatility of certificate current price, but the aggregate value of certificates 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 mainly performed as part of dealing activities, whose strategy provides for the hedging of the Group's own positions, whenever possible, through arbitrage transactions: an open position in an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

Assessment of the effect of changes in financial instruments prices as at December 31st 2011 and December 31st 2010 is presented in Note 30.1.

90. 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 to the Group. In view of the above, the Group believes that credit risk was accounted for in the financial statements through recognition of impairment losses. Receivables by maturity and amounts of recognised impairment losses are presented in Note 13.2.1.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group renders services to a large number of clients. None of the clients' accounts for more than 10% of the Group's revenue.

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.

As at December 31st 2011, the maximum value at risk under credit risk for instruments carried as loans advanced and receivables (Note 20.1) was PLN 616,256 thousand (December 31st 2010: PLN 391,744 thousand).

91. 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's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

In the Group's opinion, due to the significant amount of cash (PLN 54,716 thousand at the end of the reporting period; December 31st 2010: PLN 49,584 thousand) (Note 13.1), access to credit facilities to finance the Groups' operations on the WSE (Note 15.3.2), and the sound financial standing of the Group, the liquidity risk is insignificant.

Note 15.3.1 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (93.7%) relate to transactions executed on the WSE and BSE, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2011, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN 2,045 thousand (December 31st 2010: PLN -778 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In such circumstances, the liquidity risk is considered low.

92. Risk relating to the operations of the Market Making and Proprietary Trading Department

The nature of the operations of the Market Making and Proprietary Trading Department, that is entering into short-term transactions on the stock-exchange market for the Company's own account, exposes the Company to investment risk. In particular, there can be no assurance that the decisions made by the Department's staff or the investment strategies they employ will be successful, and therefore those operations may bring unsatisfactory results or even result in losses. The strategy of the Department provides for the hedging of the Group's own positions, whenever possible, through arbitrage transactions; an open position in an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

93. Capital management

The objective of the Group's capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for shareholders. As at December 31st 2011 and December 31st 2010, the Group's equity was PLN 77,545 thousand and PLN 67,458 thousand, respectively.

As brokerage houses, IPOPEMA Securities and IPOPEMA Asset Management are subject to the Regulation on capital adequacy requirements, obliging the Group and its companies to secure a sufficient level of equity.

Despite the considerable increase in its equity, the Company uses debt financing. Under the applicable laws and regulations, the Company's total debt may not be higher than four times the regulatory capital level. Furthermore, the Company must satisfy capital adequacy requirements (described in Note 14.4). In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund. Currently, the Company transfers contributions to the Fund using a credit facility (for details see Note 15.3.2). There is a risk that the level of equity (and, thereby, the regulatory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. There can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank.

It should be also noted that if the Company's clients fail to settle transactions concluded at their order in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and the nature of the business, the current level of the Company's equity is sufficient. However, it is possible that business projects currently underway or planned may require a higher level of equity. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

In the case of any events with an adverse effect on the Company's financial performance and if the Company incurs losses, the level of equity may be reduced, which may also limit the Company's ability to use debt financing and force the Company to scale down its business.

IPOPEMA TFI, as an investment fund company (management company), is also obliged to comply with the requirement to secure a sufficient level of equity as required under Art. 49 and Art. 50 of the Act on Investment Funds of May 27th 2004.

The provisions of the aforementioned Act stipulate that the management company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 125,000. The management company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Furthermore, once the value of the assets of investment funds managed by the management company exceeds the złoty equivalent of EUR 250,000 thousand, the management company must immediately increase its equity. The amount of the increase has to be equal to 0.02% of the difference between the sum of the value of the assets of all funds managed by the management company and the złoty equivalent of EUR 250,000 thousand. The management company is not required to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand. Ipopema TFI maintains its equity at the level required by statutory provisions.

94. Employment structure

In 2010 and 2011, the average number of employees at the IPOPEMA Securities Group was as follows:

	2011	2010
Management Board of the Parent	4	4
Management Board of the Group companies	9	6
Other	168	115
Total	**181**	**125**

95. Auditor's fees

Under an agreement dated July 15th 2011, the entity authorised to audit the Company's annual separate and consolidated financial statements for 2011 and to review financial statements for H1 2011 is BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland. The auditor was contracted to perform the audit and review services with respect to the annual and semi-annual periods of 2011.

	2011	2010
Mandatory audit of financial statements	141	74
Other attestation services	67	63
Other services	-	-
Total	**208**	**137**

96. Discontinued operations

In 2011 and in 2010, the Group did not identify any discontinued operations. Accordingly, all information presented in these financial statements relates to continued operations.

97. Events subsequent to the end of the reporting period

All events with effect on the 2011 financial statements were disclosed in the accounting books for 2011. Furthermore, shares were subscribed for under the Incentive Scheme (Note 14.1).

Warsaw, March 20th 2012

On behalf of the Management Board

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board

Danuta Ciosek
Chief Accountant