IPOPEMA Securities S.A.

Financial statements

for the year ended December 31st 2011

Warsaw, March 20th 2012

Statement of compliance

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

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

Warsaw, March 20th 2012

Management Board of IPOPEMA Securities S.A.:

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

Financial highlights

Financial highlights	PLN '000		EUR '000	
	2011	2010	2011	2010
Revenue from core activities	72,767	69,378	17,576	17,325
Cost of core activities	51,164	44,546	12,358	11,124
Profit on core activities	21,603	24,832	5,218	6,201
Operating profit	18,615	22,364	4,496	5,585
Pre-tax profit	19,461	19,446	4,701	4,856
Net profit	15,585	15,431	3,764	3,854
Net earnings from continuing operations per ordinary share (weighted average) (PLN/ EUR)	0,53	0,53	0,13	0,13
Net cash from (used in) operating activities	4,797	61,127	1,159	15,265
Net cash from (used in) investing activities	4,685	-9,852	1,132	-2,460
Net cash from (used in) financing activities	-7,733	-7,487	-1,868	-1,870
Total cash flows	1,749	43,788	422	10,935

Financial highlights	PLN '000		EUR '000	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Total assets	607,285	398,654	137,494	100,663
Current liabilities	535,269	328,184	121,189	82,868
Equity	65,301	64,082	14,785	16,181
Number of shares	29,554,801	29,342,301	29,554,801	29,342,301
Book value per share (PLN/EUR)	2.21	2.18	0.50	0.55

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2011	2010
EUR	4.1401	4.0044

- Items of the balance sheet:

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

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

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

Introduction to financial statements

Information on the Company

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

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

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

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

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

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

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

All Company shares (a total of 29,752,122 shares) issued until the date of publication of these financial statements are admitted to trading on the regulated market operated by the Warsaw Stock Exchange and have been introduced to trading on the main market. May 26th 2009 was the first listing date..

Going concern assumption

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is over 12 months after the balance-sheet date. As at the date of approval of these financial statements, no circumstances have been identified which would threaten the Company's continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the balance-sheet date, that is December 31st 2011.

Composition of the Management Board and the Supervisory Board

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

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

As at the date of these financial statements, the 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.

In 2011 and 2010, there were no changes to the composition of the Management and Supervisory Boards.

Basis for preparation of the financial statements

These financial statements cover the period January 1st–December 31st 2011 and contain comparative data for the period from January 1st–December 31st 2010.

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

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

Identification of financial statements

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

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

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

- The Accountancy Act of September 29th 1994 – Dz. U. of 2009, No. 152, item 1223, as amended (the "Accountancy Act");
- The Regulation of the Minister of Finance on special accounting principles for brokerage houses and organisational units of banks which conduct brokerage activities of December 28th 2009 – Dz. U. of 2009, No. 226, item 1824;
- The Regulation of the Minister of Finance on detailed recognition principles, method of measurement, scope of disclosure and presentation of financial instruments of December 12th 2001 – Dz. U. of 2001, No. 149 item 1674, as amended;
- The Act on Corporate Income Tax of February 15th 1992 – Dz. U. of 2000, No. 54, item 654, as amended;
- The Act on Trading in Financial Instruments of July 29th 2005 – Dz. U. of 2010, No. 211, item 1384, as amended;
- The Regulation of the Minister of Finance on the scope of information to be disclosed in financial statements and consolidated financial statements required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply, of October 18th 2005 (Dz. U. of 2005, No. 209, item 1743).

Information on subsidiaries

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

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iii) intermediation in the sale and redemption of investment fund units, and (iv) representation service for foreign funds. IPOPEMA TFI's share capital amounts to PLN 3,000 thousand. The 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") was established on August 28th 1996 as a limited liability company. Pursuant to the 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 became a member of 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 company's Management Board was composed of: 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. ("IPOPEMA BC", "IBC") was established on August 26th 2008. Its share capital amounts to PLN 100,050 and is divided into 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company's business profile comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) IT consultancy services, (iv) software-related activities,(v) wholesale of computers, computer peripheral equipment and software.

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

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

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

Business combinations

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

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

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

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

1) Cash and cash equivalents

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

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

Cash is measured at nominal value.

2) Property, plant and equipment, and intangible assets

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

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

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

Type of asset	Depreciation rate
Plant and equipment	10%
Office equipment	20%
Computers	30%
Leasehold improvements	10%
Intangible assets	20–50%

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

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

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

3) Receivables

Current receivables

Current receivables include all receivables from clients, related entities, brokerage offices, other brokerage houses and commodity brokerage houses under executed transactions, as well as all or part of receivables related to other items, which are not classified as financial assets, in each case maturing within 12 months after the balance-sheet date.

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

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

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

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

Impairment losses on receivables are charged to other operating expenses and disclosed in the income statement under increase in impairment losses on receivables. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible.

Under receivables, the Company also discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The lease agreement meets the definition of finance lease. The value of the leased out property, plant and equipment and intangible assets amounted to PLN 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).

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 executed on stock exchanges to fulfil orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and other brokerage houses (parties to the market transactions) and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to fulfil orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions) and current liabilities towards the clients for whom the sale transactions were executed.

Non-current receivables

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

4) Financial instruments

Financial instruments are classified into the following categories:

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

Financial assets and liabilities held for trading

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

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

Financial assets and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial assets are carried at acquisition cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount or other assets received. For the purpose of measurement of the fair value as at the contract date, the Company takes into account the incurred transaction cost.

The Company does not apply hedge accounting.

Loans advanced and receivables

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

Financial assets held to maturity

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

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

Financial assets available for sale

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

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

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

Other financial liabilities

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

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

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

5) Impairment of financial instruments

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

6) Prepayments and accrued income

Current

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

Non-current

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

Deferred tax asset

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

7) Liabilities

Current liabilities

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

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

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

Non-current liabilities

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

8) Provisions, accruals and deferred income

Accruals and deferred income

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

Provisions include:

a) deferred tax liability,
b) other provisions.

Deferred tax liability

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

Other provisions

Provisions are created if the Company has a legal or constructive obligation resulting from a past event, the amount of such obligation can be reliably estimated, and it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Other provisions are presented in the balance-sheet broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (whether within 12 months or more than 12 months from the balance-sheet date).

9) Equity

Equity comprises the following items:

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

Equity is recognised at par value, broken down into its particular components, as stipulated by applicable laws and the Company's Articles of Association.

Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Reserve funds are created pursuant to the regulations of the Commercial Companies Code. They comprise earnings retained by the Company under a relevant resolution of the General Meeting, and share premium.

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

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

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

The Company is obliged to compute regulatory capital, as stipulated by the Minister of Finance's Regulation on the scope and detailed rules for determination of capital adequacy requirements and on the maximum ratio of 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,
- 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.

10) Recognition of revenue

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

11) Accrual basis of accounting and matching principle

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

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

12) Determination of net profit (loss)

Components of net profit (loss)

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

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

Method of determination of profit (loss) on brokerage activities

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

revenue from brokerage activities, comprising revenue:

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

a) from maintenance of client's securities accounts and cash accounts,
b) from offering financial instruments,

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

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

- affiliation,
- fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses,
- fees payable to commercial chamber,
- salaries and wages,
- social security and other benefits,
- employee benefits,
- materials and energy used,
- costs of maintenance and lease of buildings,
- other costs by type,
    - depreciation and amortisation,
    - taxes and other public charges,
    - commissions and other charges,
    - other.

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

Method of determination of operating profit (loss)

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

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

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

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

Method of determination of profit (loss) before extraordinary items

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

- finance income,
- finance expenses.

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

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

Method of determination of pre-tax profit (loss)

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

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

Method of determination of net profit (loss)

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

Income tax

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

- current income tax,
- deferred income tax.

Current income tax

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

Deferred income tax

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

13) Statement of cash flows

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

14) Translation of foreign-currency items

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

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,

2) the mid-exchange rate quoted for a given currency by the National Bank of Poland on the day preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

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

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

Currency	Dec 31 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

Source: National Bank of Poland.

Changes in estimates

In 2011, there were no changes in estimates other than the changes in provisions for receivables, depreciation/amortisation, and impairment losses on receivables, as discussed in Notes 2, 9, 11 and 16.

Changes in applied accounting policies

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

Comparability of the reported data

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

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

If the Company had prepared its separate financial statements in accordance with IAS, it would have recognised the cost of incentive schemes, discussed in *Note* 59, in the financial statements for 2011 and 2010. In separate financial statements prepared in accordance with the provisions of the Accountancy Act, the cost of incentive schemes is not recognised, as the Accountancy Act stipulates no such requirement. However, the cost is recognised in the Group's consolidated financial statements, which the Group is required to prepare in compliance with the IFRS.

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

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

Warsaw, March 20th 2012

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

	ASSETS (PLN '000)	Note	Dec 31 2011	Dec 31 2010
I.	**Cash and cash equivalents**		**90,339**	**93,462**
1.	In hand		8	9
2.	At banks		30,744	30,524
3.	Other cash		55,496	52,786
4.	Cash equivalents		4,091	10,143
II.	**Current receivables**		**500,708**	**281,748**
1.	From clients		204,607	165,094
2.	From related entities		1,273	723
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		251,990	94,211
a)	under executed transactions		251,990	94,211
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
6.	From issuers of securities or selling shareholders		-	52
7.	Taxes, subsidies and social security receivable		59	396
8.	Other		303	215
III.	**Financial instruments held for trading**		**1,522**	**8,853**
1.	Equities		1,294	8,828
2.	Derivative instruments		228	25
IV.	**Current prepayments and accrued income**		**441**	**388**
V.	**Financial instruments held to maturity**		**-**	**-**
VI.	**Financial instruments available for sale**		**7,007**	**6,450**
1.	Shares and other equity interests		6,637	6,007
	- in subordinates		6,637	6,007
2.	Investment certificates		370	443
VII.	**Non-current receivables**		**372**	**493**
VIII.	**Non-current loans advanced**		**2,433**	**2,865**
1.	Other		2,433	2,865
IX.	**Intangible assets**		**1,946**	**1,842**
1.	Acquired permits, patents, licenses and similar assets, including:		1,946	1,842
	- computer software		1,946	1,842
X.	**Property, plant and equipment**		**1,348**	**1,301**
1.	Tangible assets, including:		1,315	1,298
a)	computer assemblies		779	702
b)	other tangible assets		536	596
2.	Tangible assets under construction		33	3
XI.	**Non-current prepayments and accrued income**		**1,169**	**1,252**
1.	Deferred tax assets		1,169	1,252
2.	Other prepayments and accrued income		-	-
	Total assets		**607,285**	**398,654**

Warsaw, March 20th 2012

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Chief Accountant

	EQUITY AND LIABILITIES (PLN '000)	Note	Dec 31 2011	Dec 31 2010
I.	**Current liabilities**		**535,269**	**328,184**
1.	To clients		272,283	120,469
2.	To related parties		392	-
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		240,732	190,456
a)	under executed transactions		240,732	190,456
4.	To entities operating regulated markets and commodity exchanges		836	758
5.	To the National Depository for Securities and exchange clearing houses		3,912	2,159
6.	Borrowings and other debt instruments		15,083	7,481
a)	from related parties		-	-
b)	other		15,083	7,481
7.	Taxes, customs duties and social security payable		548	698
8.	Other		1,483	6,163
II.	**Non-current liabilities**		**-**	**-**
III.	**Accruals and deferred income**		**-**	**-**
IV.	**Provisions for liabilities**		**6,715**	**6,388**
1.	Deferred tax liabilities		690	288
2.	Other		6,025	6,100
a)	non-current		-	-
b)	current		6,025	6,100
V.	**Subordinated liabilities**		**-**	**-**
VI.	**Equity**		**65,301**	**64,082**
1.	Share capital		2,955	2,934
2.	Reserve funds		46,768	45,665
a)	share premium		8,474	7,433
b)	statutory reserve funds		985	978
c)	reserve funds created pursuant to the Articles of Association		37,309	37,254
3.	Revaluation capital reserve		-7	52
4.	Retained earnings		-	-
5.	Net profit		15,585	15,431
	Total equity and liabilities		**607,285**	**398,654**
	Book value (PLN '000)		65,301	64,082
	Number of shares as at end of the period		29,554,801	29,342,301
	Book value per share (PLN)		2.21	2.18
	Diluted number of shares		29,754,097	29,299,121
	Diluted book value per share (PLN)		2.19	2.18

Warsaw, March 20th 2012

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	OFF-BALANCE-SHEET ITEMS (PLN ‘000)	Note	Dec 31 2011	Dec 31 2010
I.	Contingent liabilities		-	-
II.	Third-party assets used		-	-
III.	Futures/forwards purchased or issued in the name and for the account of the brokerage house		16,354*	17,159*

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

Warsaw, March 20th 2012

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	Income statement (PLN '000)	Note	2011	2010
I.	**Revenue from brokerage activities, including:**		**72,767**	**69,378**
	- from related parties		58	544
1.	Fee and commission income		64,663	61,545
a)	from transactions in financial instruments made in the name of the Company but for the account of the party placing an order		55,109	49,936
b)	from offering financial instruments		8,012	3,167
c)	other		1,542	8,442
2.	Other income		8,104	7,833
a)	from offering financial instruments		752	3,044
b)	from discretionary management of third-party securities portfolios		214	489
c)	other		7,138	4,300
II.	**Cost of brokerage activities**		**51,164**	**44,546**
	- from related parties		976	1,526
1.	Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses		14,194	12,169
2.	Fees payable to commercial chamber		-	-
3.	Salaries and wages		24,128	20,859
4.	Social security and other benefits		674	790
5.	Employee benefits		228	122
6.	Materials and energy used		400	404
7.	Costs of maintenance and lease of buildings		898	867
8.	Depreciation and amortisation		1,058	847
9.	Taxes and other public charges		1,497	1,218
10.	Other		8,087	7,270
III.	**Profit (loss) on brokerage activities**		**21,603**	**24,832**
IV.	**Income from financial instruments held for trading**		**2,495**	**2,069**
1.	Dividends and other profit distributions		34	115
	- from related parties		-	-
2.	Revaluation adjustments		503	186
3.	Gain on sale/redemption		1,958	1,768
4.	Other		-	-
V.	**Cost related to financial instruments held for trading**		**5,248**	**4,176**
1.	Revaluation adjustments		207	494
2.	Loss on sale/redemption		5,041	3,682
VI.	**Gain (loss) on transactions in financial instruments held for trading**		**-2,753**	**-2,107**
VII.	**Income from financial instruments available for sale**		**-**	**-**
1.	Revaluation adjustments		-	-
VIII.	**Cost related to financial instruments available for sale**		**-**	**-**
IX.	**Gain (loss) on transactions in financial instruments available for sale**		**-**	**-**
X.	**Other operating income**		**1,188**	**455**
XI.	**Other operating expenses**		**1,544**	**814**
XII.	**Difference between provisions for and impairment losses on receivables**		**121**	**-2**
1.	Released provisions		-	68
2.	Decrease in impairment losses on receivables		135	221
3.	Increase in impairment losses on receivables		14	291
XIII.	**Operating profit**		**18,615**	**22,364**

XIV.	**Finance income**	**4,410**	**1,911**
1.	Interest on loans advanced, including:	71	61
	- from related parties	19	12
2.	Interest on deposits	1,201	941
	- from related parties	-	-
3.	Other interest	17	86
4.	Foreign exchange gains	1,532	-
	a) realised	-	-
	b) unrealised	1,532	-
5.	Other	1,589	823
XV.	**Finance expenses**	**3,564**	**4,829**
1.	Interest on borrowings and other debt instruments, including:	1,134	1,009
	- to related parties	-	-
2.	Other interest	3	2
3.	Foreign exchange losses	61	226
	a) realised	61	171
	b) unrealised	-	55
4.	Other	2,366	3,592
XVI.	**Profit before extraordinary items**	**19,461**	**19,446**
XVII.	**Pre-tax profit**	**19,461**	**19,446**
XVIII.	**Income tax**	**3,876**	**4,015**
XIX.	**Net profit**	**15,585**	**15,431**
	Weighted average number of ordinary shares	29,521,034	28,964,827
	Earnings per ordinary share (PLN)	0.53	0.53
	Weighted average diluted number of ordinary shares	29,754,097	29,299,121
	Diluted earnings per ordinary share (PLN)	0.52	0.53

Warsaw, March 20th 2012

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Danuta Ciosek
Chief Accountant

	STATEMENT OF CASH FLOWS (PLN' 000)	Note	2011	2010
A.	**NET CASH FROM (USED IN) OPERATING ACTIVITIES**			
I.	**Net profit**		**15,585**	**15,431**
II.	**Total adjustments**		**-10,788**	**45,696**
1.	Depreciation and amortisation		1,058	847
2.	Foreign exchange gains/(losses)		-1,497	36
3.	Interest and profit distributions (dividends)		722	605
4.	Gain (loss) on investing activities		782	650
5.	Change in provisions and impairment losses on receivables		-383	-230
6.	Change in financial instruments held for trading		7,330	-4,507
7.	Change in receivables		-218,314	42,304
8.	Change in current liabilities (net of borrowings and other debt instruments), including special accounts		199,482	6,041
9.	Change in accruals and deferrals		32	-50
III.	**Net cash from (used in) operating activities (I + II)**		**4,797**	**61,127**
B.	**NET CASH FROM (USED IN) INVESTING ACTIVITIES**			
I.	**Cash from investing activities**		**10,532**	**5,461**
1.	Disposal of financial instruments available for sale and held to maturity		10,000	5,000
2.	Profit distributions (dividends) received		34	115
3.	Interest received		359	134
4.	Decrease in loans advanced		12	212
5.	Other cash from investing activities		127	-
II.	**Cash used in investing activities**		**5,847**	**15,313**
1.	Acquisition of intangible assets		673	810
2.	Acquisition of property, plant and equipment		536	386
3.	Acquisition of financial instruments available for sale held to maturity - subordinates		630	-
4.	Non-current loans advanced		4	3,445
5.	Other cash used in investing activities		4,004	10,672
III.	**Net cash from (used in) investing activities (I - II)**		**4,685**	**-9,852**
C.	**NET CASH FROM (USED IN) FINANCING ACTIVITIES**			
I.	**Cash from financing activities**		**8,663**	**194**
1.	Increase in current borrowings and other debt instruments		7,601	-
2.	Proceeds from issue of own shares		1,063	194
3.	Other cash from investing activities		-	-
II.	**Cash used in financing activities**		**16,396**	**7,681**
1.	Repayment of current borrowings and other debt instruments		-	6,062
2.	Dividends and other payments to owners		15,368	-
3.	Interest paid		1,028	1,009
4.	Other cash used in investing activities		-	610
III.	**Net cash from (used in) financing activities (I - II)**		**-7,733**	**-7,487**

TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)	**1,749**	**43,788**
BALANCE-SHEET CHANGE IN CASH, including:	**2,928**	**43,743**
- change in cash resulting from foreign exchange differences	1,179	-45
CASH AT BEGINNING OF THE PERIOD	**83,319**	**39,576**
CASH AT END OF THE PERIOD (F +/- D), including:	**86,247**	**83,319**
- restricted cash	14,579	-

Warsaw, March 20th 2012

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Chief Accountant

	STATEMENT OF CHANGES IN EQUITY (PLN' 000)	2011	2010
I.	**EQUITY AT BEGINNING OF THE PERIOD (OPENING BALANCE)**	**64,082**	**48,405**
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	**EQUITY AT BEGINNING OF THE PERIOD AFTER ADJUSTMENTS**	**64,082**	**48,405**
1.	Share capital at beginning of the period	2,934	2,893
1.1.	Changes in share capital	21	41
a)	increase	21	41
	- issue of shares	21	41
1.2.	Share capital at end of the period	2,955	2,934
2.	Reserve funds at beginning of the period	45,665	32,822
2.1.	Changes in reserve funds	1,103	12,843
a)	increase	1,103	12,843
	- distribution of profit (statutory)	-	-
	- distribution of profit (above statutory minimum)	62	12,690
	- share premium	1,041	153
2.2.	Reserve funds at end of the period	46,768	45,665
3.	Revaluation capital reserve at beginning of the period	52	-
3.1.	Changes in revaluation capital reserve	-59	52
a)	increase	26	52
	- revaluation of financial instruments	26	52
b)	decrease	85	-
	- revaluation of financial instruments	85	-
3.2	Revaluation capital reserve at end of the period	-7	52
4.	Retained earnings/(deficit) at beginning of the period	15,431	12,690
4.1.	Retained earnings at beginning of the period	15,431	12,690
a)	increase	-	-
b)	decrease	15,431	12,690
	- distribution of retained earnings (dividend)	15,369	-
	- distribution of retained earnings (increase in reserve funds)	62	12,690
4.2	Retained earnings at end of the period	-	-
4.3	Retained earnings /(deficit) at end of the period	-	-
5.	Net profit (loss)	15,585	15,431
a)	net profit	15,585	15,431
b)	net loss	-	-
II.	**EQUITY AT END OF THE PERIOD (CLOSING BALANCE)**	**65,301**	**64,082**
III.	**EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT**	**65,301**	**64,082**

Warsaw, March 20th 2012

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Chief Accountant

Notes to the financial statements

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

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

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

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st – December 31st 2011. No events occurred after the balance-sheet date which should have been but were not disclosed in the accounting books for the reporting period.

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

In 2011 and 2010, the Company did not change the accounting policies and the rules of preparing the financial statements.

Agreements not disclosed in the balance sheet

In 2011 and 2010, the Company disclosed all agreements which had an effect on data presented in these financial statements.

Correction of errors

In 2011 and 2010, the Company did not correct any errors in the financial statements.

Operating segments

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

No geographical segments are reported by the Company, 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 7% of total revenue (PLN 4,962 thousand) in 2011 (2010: 8%, i.e. PLN 5,805 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Significant events in 2011

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

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.

The value of investment in Credit Suisse Asset Management (Polska) S.A. shares was PLN 630 thousand (measured at acquisition cost plus any costs directly related to the purchase) and was disclosed in the balance sheet under financial instruments available for sale.

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.

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.

Launch of brokerage activities on the Czech market

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.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2011	Dec 31 2010
Cash and other assets of clients		
a) at banks and in hand	45,775	49,148
b) other *	-	-
Total cash and other assets of clients	**45,775**	**49,148**
Cash and other assets:		
a) cash and other assets of the brokerage house, including:	44,564	44,314
- in hand	8	9
- at banks	30,744	30,524
- other cash *	13,812	13,781
b) cash and other assets of clients deposited in cash accounts:	45,775	49,148
- at the brokerage house and paid towards acquisition of securities	45,775	49,148
- in an IPO or on the primary market	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	**90,339**	**93,462**

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

Note 2

Selected current receivables (PLN ‘000)	Dec 31 2011	Dec 31 2010
1. Selected current receivables	**500,346**	**281,076**
a) from clients, including:	204,607	165,094
- under transactions executed on the Warsaw Stock Exchange	186,526	156,322
- under transactions executed on the Budapest Stock Exchange	15,921	6,457
- under deferred payment dates	-	-
- other	2,160	2,315
b) from related parties, including:	1,273	723
- from subsidiaries	1,273	723
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses(broken down into receivables under clearing of transactions concluded on each stock exchange)	251,990	94,211
- under transactions executed on the Warsaw Stock Exchange	246,585	87,912
- under transactions executed on the Budapest Stock Exchange	5,405	6,299
d) from the National Depository for Securities and exchange clearing houses	42,476	21,048
- from the settlement guarantee fund	42,476	21,048
e) under court proceedings, not covered by recognised impairment losses on receivables	-	-
2. Net current receivables	**500,708**	**281,748**
- impairment losses on current receivables (positive value)	1,595	2,213
Gross current receivables	**502,303**	**283,961**

3. Changes in impairment losses on current receivables	2,213	2,143
As at beginning of the period	13	291
a) increase (impairment losses on past-due receivables)	496	-
b) used	135	221
c) released	**1,595**	**2,213**
Changes in impairment losses on current receivables as at end of the period	2,213	2,143
4. Current and non-current receivables by maturity as from the balance-sheet date		
a) up to 1 month	500,003	280,564
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	372	493
e) over 5 years	-	-
f) past due	2,300	3,397
Total gross receivables	502,675	284,454
g) impairment losses on receivables (negative value)	-1,595	-2,213
Total net receivables	**501,080**	**282,241**
5. Gross past due receivables by period of delay:		
a) up to 1 month	447	1,173
b) over 1 month to 3 months	66	9
c) over 3 months to 1 year	195	498
d) over 1 year to 5 years	1,592	1,717
e) over 5 years	-	-
Total gross receivables	**2,300**	**3,397**
f) impairment losses on receivables (negative value)	-1,595	-2,213
Total net receivables	**705**	**1,184**
6. Gross current receivables by currency		
a) in PLN	480,718	270,695
b) in other currencies (translated into PLN)	21,585	13,266
Total gross current receivables	**502,303**	**283,961**

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

Note 3

Financial instruments held for trading	Dec 31 2011	Dec 31 2010
1. Financial instruments held for trading		
a) equities*	1,294	8,828
b) derivatives**	228	25
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	1,522	8,853
2. Financial instruments held for trading (by currency)		
a) in PLN	1,294	8,853
b) in other currencies (translated into PLN)	228	-
Total financial instruments held for trading	1,522	8,853

3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying amount)		
a) equities (carrying amount)	1,294	8,828
- fair value	-	-
- market value	-	-
- value at acquisition cost	1,316	8,949
a) bonds (carrying amount)	-	-
c) other - derivative contracts (carrying amount)	228	25
- value at acquisition cost	228	25
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	-	-
Total value at acquisition cost	1,544	8,974
Total value as at beginning of the period	8,853	4,345
Valuation as at the balance-sheet date	-22	-121
Total carrying amount	**1,522**	**8,853**

** The item “equities” relates entirely to shares listed on the Warsaw Stock Exchange. Financial instruments held for trading are measured at fair value, determined by reference to their market value as at the balance-sheet date. For the purpose of the measurement, the Company takes into account closing prices quoted by the Warsaw Stock Exchange on the last business day of the financial year. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate. As at the balance-sheet date the Company holds 55,922 shares with total carrying amount of PLN 1,294 thousand. All shares are traded on the Warsaw Stock Exchange. As at December 31st 2010 the Company held 503,665 shares with a total carrying amount of PLN 8,828 thousand.*

*** Favourable results from the valuation of forward contracts and options (valuation gains) were recognised under “derivatives”. Valuation of contracts was presented separately for assets and liabilities. Valuation losses were recognised under other liabilities (see Note 13). Derivatives listed in these financial statements as at December 31st 2011 comprise 237 futures contracts, with a maximum of nine months to expiry, and two currency forwards. As at December 31st 2010, the Company had 1,081 futures contracts, 44 equity and WSE-index options, and one currency forward. As at December 31st 2011, the nominal value of futures contracts was PLN 1,398 thousand (December 31st 2010: PLN 8,026 thousand); the carrying amount of options was PLN 0 (December 31st 2010: PLN 25 thousand); while the carrying amount of forward contracts was PLN 228 thousand (asset) and PLN -54 thousand (liability) as at December 31st 2011 (December 31st 2010: PLN -98 thousand (liability)).*

In 2011, the Company generated PLN 1,188 thousand in revenue from transactions executed as part of its dealing activities, and incurred expenses of PLN 733 thousand on such transactions (2010: PLN 1,060 thousand and PLN 613 thousand, respectively). The results were recognised as revenue and expenses related to financial instruments held for trading.

Note 4

Current prepayments and accrued income	Dec 31 2011	Dec 31 2010
a) prepayments, including:	441	388
cost of information service	27	140
input VAT	72	15
membership fee	27	52
expenses to be re-invoiced	132	5
other expenses	183	176
Total current prepayments and accrued income	**441**	**388**

Note 5

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

Note 6

Financial instruments available for sale	Dec 31 2011	Dec 31 2010
1. Financial instruments available for sale		
equities*	6,637	6,007
- investment certificates	370	443
Total financial instruments available for sale	**7,007**	**6,450**
2. Available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies		
- equities	6,637	6,007
- investment certificates	370	443
Total available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies	**7,007**	**6,450**
3. Financial instruments available for sale (by currency)		
a) in PLN	7,000	6,443
b) in other currencies (translated into PLN)	7	7
Total financial instruments available for sale	**7,007**	**6,450**
4. Shares or other equity interests		
a) in parent	-	-
b) in major investor	-	-
c) in subordinates	6,637	6,007
- in subsidiaries	6,637	6,007
d) in other entities	-	-
Total shares or other equity interests	**6,637**	**6,007**

**Shares or other equity interests in subordinates are measured at acquisition cost less impairment losses. Investment certificates are carried at fair value based on the net asset value per certificate as published by the investment fund. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.*

5. Financial instruments available for sale (by marketability)		
A. Freely marketable, listed (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	7,007	6,450
equities (carrying amount at acquisition cost)	6,638	6,008
bonds (carrying amount at acquisition cost)	-	-
investment certificates (carrying amount at acquisition cost)	400	400
Total value at acquisition cost	7,038	6,408
Total value as at beginning of the period	6,450	6,388
Revaluation adjustments (for the period)	-31	62
Total carrying amount	7,007	6,450

6.6. Shares or other equity interests in subordinates		
a) company name and legal form	**IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.**	
b) registered office	ul. Waliców 11, 00-851 Warsaw	
c) business profile	operation of an investment fund company, creation and management of investment funds, discretionary management of securities portfolios, advisory services in the area of securities trading, intermediation in the sale and redemption of investment fund units, and representation service for foreign funds	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method applied / valuation with equity method, or information that entity is not consolidated / accounted for with the equity method	fully consolidated	
f) control / joint control / significant influence exercised since	March 14th 2007	
g) shares or other equity interests at acquisition cost	-	-
h) valuation adjustments (total)	-	-
i) carrying amount of shares or other equity interests	-	-
j) percentage of share capital held	7,007	6,450
k) percentage of total vote at the general meeting	6,638	6,008
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	400	400
- share capital	7,038	6,408
- called-up share capital not paid (negative value)	6,450	6,388
- reserve funds	-31	62
- other equity, including:	7,007	6,450
retained earnings /(deficit)	-	-
net profit (loss)	-	-
n) liabilities and provisions for liabilities of the entity, including:	-	-
- non-current liabilities	7,007	6,450
- current liabilities	6,638	6,008
o) entity's receivables, including:	-	-
- non-current receivables	400	400
- current receivables	7,038	6,408
p) entity's total assets	6,450	6,388
r) revenue	-31	62
s) value of shares or other equity interests in entity not paid up by the issuer	7,007	6,450
t) dividend received or receivable from entity for previous financial year	-	-

a) company name and legal form	**IPOPEMA Business Consulting Sp. z o. o.**	
b) registered office	al. Armii Ludowej 26, 00-609 Warsaw, Poland	
c) business profile	other business and management consulting services, computer facilities management activities, IT consultancy services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method applied / valuation with equity method, or information that entity is not consolidated / accounted for with the equity method	fully consolidated	
f) control / joint control / significant influence exercised since	August 26th 2008	
g) shares or other equity interests at acquisition cost	-	-
h) valuation adjustments (total)	-	-
i) carrying amount of shares or other equity interests	-	-
j) percentage of share capital held	7,007	6,450
k) percentage of total vote at the general meeting	6,638	6,008
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	400	400
- share capital	7,038	6,408
- called-up share capital not paid (negative value)	6,450	6,388
- reserve funds	-31	62
- other equity, including:	7,007	6,450
retained earnings /(deficit)	-	-
net profit (loss)	-	-
n) liabilities and provisions for liabilities of the entity, including:	-	-
- non-current liabilities	7,007	6,450
- current liabilities	6,638	6,008
o) entity's receivables, including:	-	-
- non-current receivables	400	400
- current receivables	7,038	6,408
p) entity's total assets	6,450	6,388
r) revenue	-31	62
s) value of shares or other equity interests in entity not paid up by the issuer	7,007	6,450
t) dividend received or receivable from entity for previous financial year	-	-

a) company name and legal form	**IPOPEMA Business Services Kft.**	
b) registered office	Sas utca 10-12, 1051 Budapest, Hungary	
c) business profile	office and business support	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method applied / valuation with equity method, or information that entity is not consolidated / accounted for with the equity method	Not consolidated due to immaterial effect on the Group's situation	
f) control / joint control / significant influence exercised since	December 10th 2009	
g) shares or other equity interests at acquisition cost	-	-
h) valuation adjustments (total)	-	-
i) carrying amount of shares or other equity interests	-	-
j) percentage of share capital held	7,007	6,450

k) percentage of total vote at the general meeting	6,638	6,008
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	400	400
- share capital	7,038	6,408
- called-up share capital not paid (negative value)	6,450	6,388
- reserve funds	-31	62
- other equity, including:	7,007	6,450
retained earnings /(deficit)	-	-
net profit (loss)	-	-
n) liabilities and provisions for liabilities of the entity, including:	-	-
- non-current liabilities	7,007	6,450
- current liabilities	6,638	6,008
o) entity's receivables, including:	-	-
- non-current receivables	400	400
- current receivables	7,038	6,408
p) entity's total assets	6,450	6,388
r) revenue	-31	62
s) value of shares or other equity interests in entity not paid up by the issuer	7,007	6,450
t) dividend received or receivable from entity for previous financial year	-	-
a) company name and legal form	**IPOPEMA Asset Management S.A.**	
b) registered office	ul. Grójecka 5, 02-019 Warsaw, Poland	
c) business profile	management of portfolios of broker-traded financial instruments	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method applied / valuation with equity method, or information that entity is not consolidated / accounted for with the equity method	fully consolidated	
f) control / joint control / significant influence exercised since	Sep 30 2011	
g) shares or other equity interests at acquisition cost	-	-
h) valuation adjustments (total)	-	-
i) carrying amount of shares or other equity interests	-	-
j) percentage of share capital held	7,007	6,450
k) percentage of total vote at the general meeting	6,638	6,008
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	400	400
- share capital	7,038	6,408
- called-up share capital not paid (negative value)	6,450	6,388
- reserve funds	-31	62
- other equity, including:	7,007	6,450
retained earnings /(deficit)	-	-
net profit (loss)	-	-
n) liabilities and provisions for liabilities of the entity, including:	-	-
- non-current liabilities	7,007	6,450
- current liabilities	6,638	6,008
o) entity's receivables, including:	-	-
- non-current receivables	400	400
- current receivables	7,038	6,408
p) entity's total assets	6,450	6,388
r) revenue	-31	62

s) value of shares or other equity interests in entity not paid up by the issuer	7,007	6,450
t) dividend received or receivable from entity for previous financial year	-	-
6.7. Shares and other equity interests in other entities		

Note 7

As at December 31st 2011, the Company's non-current receivables totalled PLN 372 thousand (December 31st 2010: PLN 493 thousand).

As at December 31st 2011, the non-current portion of loans advanced amounted to PLN 2,433 thousand (December 31st 2010: PLN 2,865 thousand).

Note 8

As at December 31st 2011, the Company carried the following loans advanced and receivables:

Loans and receivables	2011	2010
Loans advanced, including:	**2,949**	**3,351**
- non-current portion	2,433	2,865
- current portion	516	486
Cash and cash equivalents, including:	**90,339**	**93,462**
- in hand	8	9
- at banks	86,240	83,310
- deposit (for more than 3 months)	4,091	10,143
Interest on loans advanced and receivables	**1,289**	**1,088**
- realised	1,123	778
- unrealised, including with payment dates falling in:	166	310
up to 3 months	76	255
from 3 to 12 months	90	-
over 12 months	-	55

Loans advanced and receivables bear interest at fixed or variable rate In 2011 and 2010, no impairment losses were recognised on loans advanced and receivables, however the loans were amortised (see Section 4 in the introduction to financial statements). Income from interest on loans advanced and receivables amounted to PLN 1,289 thousand in 2011 (of which PLN 166 thousand is interest accrued but not received) (2010: PLN 1,088 thousand, of which PLN 310 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2011	Dec 31 2010
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	1,946	1,842
- computer software	1,946	1,842
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	**1,946**	**1,842**
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of the period	4,106	3,297
b) increase - purchase	673	809
c) decrease:	-	-
d) gross value of intangible assets at end of the period	**4,779**	**4,106**
e) accumulated amortisation at beginning of the period	2,264	1,817

f) depreciation for period:	569	447
g) accumulated depreciation at end of the period	**2,833**	**2,264**
h) impairment losses at beginning of the period	-	-
i) impairment losses at end of the period	-	-
j) net value of intangible assets at end of the period	**1,946**	**1,842**
3. Intangible assets (by ownership)		
a) owned	1,946	1,842
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	**1,946**	**1,842**

Note 10

The Company did not carry any goodwill related to subordinates.

Note 11

Property, plant and equipment	Dec 31 2011	Dec 31 2010
1. Property, plant and equipment		
a) tangible assets, including:	**1,315**	**1,298**
- land (including perpetual usufruct rights)	-	-
- buildings and premises	-	-
- plant and equipment	779	702
- vehicles	-	-
- other tangible assets	536	596
b) tangible assets under construction	**33**	**3**
c) prepayments for tangible assets under construction	**-**	**-**
Total property, plant and equipment	**1,348**	**1,301**
2. Change in property, plant and equipment (by category)		
a) Gross value of property, plant and equipment at beginning of the period	3,053	2,741
b) increase - purchase	536	386
c) decrease:	-	74
d) gross value of property, plant and equipment at end of the period	3,589	3,053
e) accumulated amortisation at beginning of the period	1,752	1,422
f) depreciation for period:	489	400
g) accumulated depreciation at end of the period	2,241	1,822
h) liquidation of property, plant and equipment	-	70
i) impairment losses at beginning of the period	-	-
- increase	-	-
- decrease	-	-
j) impairment losses at end of the period	-	-
Net value of property, plant and equipment at end of the period	**1,348**	**1,301**
3. Property, plant and equipment (by ownership)		
a) owned	1,348	1,301
b) used under rental or similar agreement, including lease agreement, subject to depreciation*	-	-
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house, including:	-	-
- value of land under perpetual usufruct	-	-
Total property, plant and equipment	**1,348**	**1,301**

** In the reporting periods covered by these financial statements, the Company leased office space under a lease contract. The address of the premises where the Company's registered office is located is: ul. Waliców 11, Warsaw, Poland. The surface area of the leased space is 706 m^2. The total amount of rental payments (including additional charges) for 2011 was PLN 898 thousand (2010: PLN 867 thousand). The Company does not have a valuation report regarding the leased premises.*

Note 12

Change in deferred tax assets	Dec 31 2011	Dec 31 2010
Change in deferred tax assets		
1. Assets as at beginning of the period, including:	1,252	1,232
a) charged to net profit/(loss)	1,252	1,232
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	**2,191**	**2,139**
a) charged to net profit/(loss) for period in connection with deductible temporary differences	2,189	2,139
b) charged to net profit/(loss) for period in connection with tax loss	-	-
a) charged to equity in connection with deductible temporary differences	2	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
3. Decrease	**2,274**	**2,119**
a) charged to net profit/(loss) for period in connection with deductible temporary differences	2,274	2,119
b) charged to net profit/(loss) for period in connection with tax loss	-	-
a) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of the period, including:	**1,169**	**1,252**
a) charged to net profit/(loss)	1,167	1,252
b) charged to equity	2	-
c) charged to (negative) goodwill	-	-
Increase, including:	**2,191**	**2,139**
- temporary differences	2,191	2,139
Decrease, including:	**2,274**	**2,119**
- reversal of temporary differences	2,274	2,119

Note 13

Current liabilities	Dec 31 2011	Dec 31 2010
13.1. Selected current liabilities		
1. To related parties	392	-
- to other related parties	392	-
2. To entities operating regulated markets and commodity exchanges	836	758
a) to the Warsaw Stock Exchange	748	678
b) to the Budapest Stock Exchange	86	80
c) to the Prague Stock Exchange	2	-
3. To the National Depository for Securities and exchange clearing houses	3,912	2,159
a) under additional payments to the settlement guarantee fund	3,598	1,965
b) other	314	194
4. Taxes, customs duties and social security payable	548	698
- including under ownership right to buildings and structures	-	-
5. Other	1,483	6,163
a) dividends payable	-	-
b) other liabilities, including:	1,483	6,163

- financial liabilities (valuation of futures contracts)*	54	98
- other liabilities	1,429	6,065
13.2. Current liabilities (by currency)		
a) in PLN	513,143	313,142
b) in other currencies (translated into PLN)	22,126	15,042
Total current liabilities	**535,269**	**328,184**
13.3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	240,732	190,456
- under transactions executed on the Warsaw Stock Exchange	221,519	178,597
- under transactions executed on the Budapest Stock Exchange	19,213	11,859
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**240,732**	**190,456**
13.4. Current liabilities by maturity as from the balance-sheet date		
a) up to 1 month	535,269	328,182
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	-	-
e) past due	-	2
Total current liabilities	**535,269**	**328,184**
13.5. Current liabilities under borrowings and other debt instruments		
a) borrowing	-	-
b) bank borrowing	15,083	7,481
- outstanding amount	15,083	7,481
- interest rate: O/N WIBOR + bank's margin		
- repayment date– agreement terms described below		
- collateral - a security deposit on a term deposit of PLN 4m; *blank* promissory note with a promissory note declaration		
13.6. Current liabilities under debt instruments in issue	-	-
13.7. Special accounts (by nature)	-	-

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

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 NDS. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. 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.

Note 13a

Objectives and principles of financial risk management

Operations on capital markets inherently involve various risks which may have a material effect on the Company's operations, as outlined below. All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

Credit risk

The Company is exposed to credit risk understood as the risk that the Company's debtors may fail to fulfil their obligations and thus cause losses to the Company. In view of the above, the credit risk was accounted for in the financial statements through recognition of impairment losses. Receivables by maturity and amounts of recognised impairment losses are presented in Note 2.

In the Management Board's opinion, there is no significant concentration of credit risk at the Company as the Company has many clients.

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

Credit risk – value at risk

As at December 31st 2011, the maximum value at risk under credit risk for instruments carried as loans advanced and receivables (specified in Note 8) was PLN 93,288 thousand (December 31st 2010: PLN 96,813 thousand), while for instruments held for trading, the amount was PLN 310 thousand (December 31st 2010: PLN 1,195 thousand).

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

Interest rate risk

The Company has liabilities under working capital 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. The Company invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see
Note 1 and Note 13.

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

Currency risk

The Company is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is primarily related to changes in the USD, EUR and HUF exchange rates, however both in 2011 and 2010 the majority of operating expenses were incurred in the złoty. The Company advanced a foreign currency loan and also holds foreign currency cash at bank. In order to minimise the currency risk, the Company entered into an FX contract which mitigates the results of possible exchange rate fluctuations. The Company did not have any foreign-currency 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 Company acting as an intermediary), the share of this risk in the overall risk assessment is immaterial.

Price risk

The Company holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE), except for the *forward* contracts. The Company identifies the risk connected with the volatility of prices of financial instruments listed on the WSE. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Company also holds investment certificates, which are exposed to the risk of volatility of certificate current price, but the aggregate value of the certificates is immaterial.

The risk related to prices of financial instruments is limited, as the Company invests only a relatively small portion of its cash in financial instruments. Such investments are mainly performed as part of dealing activities, where the strategy is to hedge the Company's own positions, whenever possible, through arbitrage transactions: an open position in an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

Liquidity risk

The Company is exposed to liquidity risk understood as the risk of failure to meet liabilities by specified deadlines. The risk is connected with a potentially limited access to financial markets, resulting in the Company's inability to raise new financing or refinance its debt. The Company'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 Company's opinion, due to the significant amount of cash (PLN 44,564 thousand at the end of the reporting period; December 31st 2010: PLN 44,314 thousand) (Note 1), access to credit facilities to finance the Company's operations on the WSE (Note 13), and the sound financial standing of the Company, the liquidity risk is insignificant.

Note 13 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (96%) relate to transactions executed on stock exchanges, in the majority of which the Company acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2011, the balance of stock exchange transactions (receivables vs. liabilities) was 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.

Note 14

Fair value of instruments not measured at fair value

Loans advanced, receivables and liabilities as at Dec 31 2011	carrying amount	balance-sheet item	fair value
Loans advanced and receivables			
- loan	2,949	Receivables	2,949
- cash	90,339	Cash	90,339
Financial liabilities (bank borrowing)	**15,083**	**Liabilities**	**15,083**

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

Note 15

Non-current liabilities and accruals and deferred income - none

Note 16

Provisions for liabilities	Dec 31 2011	Dec 31 2010
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	-	-
3. Change in other non-current provisions	-	-
4. Change in other current provisions	- 75	- 365
Other current provisions at beginning of the period (by items)	**6,100**	**6,465**
a) created	12,753	11,088
b) used	12,828	11,385
c) released	-	68
Other current provisions at end of the period	**6,025**	**6,100**
5. Other current provisions at end of the period (by items)		
Audit and preparation of financial statements	88	72
Employee benefits*	5,740	6,028
Telecommunications services	-	-
Other	197	-
Total other current provisions at end of the period	**6,025**	**6,100**

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

Change in deferred tax liability	Dec 31 2011	Dec 31 2010
1. Deferred tax liability at beginning of the period, including:	**288**	**211**
a) charged to net profit/(loss)	276	211
- property, plant and equipment	210	145
- valuation of financial instruments	19	33
- receivables	47	4
- other	-	29
b) charged to equity	12	-
c) charged to (negative) goodwill	-	-
2. Increase	**937**	**395**
a) charged to net profit (loss) of the period under taxable temporary differences:	937	381
- property, plant and equipment	62	65
- valuation of financial instruments	102	128
- receivables	773	62
- other	-	126
b) charged to equity, under:	-	14
- valuation of investment certificates	-	14
c) charged to (negative) goodwill	-	-
3. Decrease	**535**	**316**
a) charged to net profit (loss) of the period under taxable temporary differences:	523	316
- property, plant and equipment	29	-

- valuation of financial instruments	74	142
- receivables	420	19
- other	-	155
b) charged to equity, under:	12	2
- valuation of investment certificates	12	2
c) charged to (negative) goodwill	-	-
4. Deferred tax liability at end of the period, including:	**690**	**288**
a) charged to net profit (loss) of the period under taxable temporary differences:	690	276
- property, plant and equipment	243	210
- valuation of financial instruments	47	19
- receivables	400	47
- other	-	-
b) charged to equity, under:	-	12
- valuation of investment certificates	-	12
c) charged to (negative) goodwill	**-**	**-**

Note 17

Subordinated liabilities - none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Current loans
As at Jan 1 2011	**6,450**	**8,853**	**98**	**3,351**	**93,462**	**7,481**
Increase:	**640**	**39,039**	**54**	**387**	**-**	**7,602**
- acquisition of shares	630	38,690	-	-	-	-
- valuation of certificates	10	-	-	-	-	-
- *valuation of a*	-	228	54	-	-	-
- valuation of shares	-	121	-	-	-	-
- advance of a loan	-	-	-	8	-	-
- interest on loan and foreign-exchange differences	-	-	-	379	-	-
- bank borrowing	-	-	-	-	-	7,602
Decrease:	**83**	**46,370**	**98**	**790**	**3,123**	**-**
- sale of shares	-	46,323	-	-	-	-
- *valuation of a forward contract*	-	-	98	-	-	-
- valuation of shares	-	22	-	-	-	-
- valuation of certificates	83	-	-	-	-	-
- loan repayment	-	-	-	8	-	-
- loan amortisation	-	-	-	782	-	-
- change in cash	-	-	-	-	3,123	-
- sale of options	-	25	-	-	-	-
As at Dec 31 2011	**7,007**	**1,522**	**54**	**2,948**	**90,339**	**15,083**

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

Note 19

Share capital	Dec 31 2011	Dec 31 2010
a) par value per share (PLN)	0.10	0.10
b) series/issue	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none
e) restrictions on rights attached to shares	none	none
f) number of shares	29 554 801	29,342,301
g) total par value of series/issue (PLN '000)	2 955	2,934
h) type of contribution	cash	cash
i) dividend right (since)	shares carry the right to distribution of profit for 2011	shares carry the right to distribution of profit for 2010

Pursuant to the Company's Articles of Association, the Management Board (subject to an approval of the Supervisory Board) was authorised to increase the Company's share capital by a total of PLN 350,000, through an issue of up to 3,500,000 shares, within three years from the date on which the Articles of Association containing the authorisation were entered in the Register of Entrepreneurs (the authorised capital). The period ended on January 23rd 2011, and therefore, on June 29th 2011, the Annual General Meeting again authorised the Management Board to increase the share capital by the same amount and within the same period, i.e. three years from the date of registering the relevant amendment to the Articles of Association, i.e. September 28th 2011.

The Company's Articles of Association provide for a conditional share capital increase by up to PLN 485,714 through the issue of up to 4,857,140 shares for the purpose of the implementation of the Company's incentive scheme. A total of 983,391 shares were issued by December 31st 2011, of which 212,500 shares were issued in 2011, 413,748 shares were issued in 2010, and 357,143 shares were issued in 2009. In February 2012, another pool of 197,321 shares was issued. For more information on the Company's incentive scheme, see Note 59.

As a result of subscription for the shares, the Company's share capital increased in 2011 by PLN 21,250 (2010: PLN 41,374.80). As at December 31st 2011, the share capital was PLN 2,955,480.10 (December 31st 2010: PLN 2,934,230.10) and was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 983,391 Series C ordinary bearer shares.

Sale of the Company shares by related parties

On April 12th 2011, sale transactions were executed involving Company shares as a result of which certain Management and Supervisory Board members, or persons related to them, sold in aggregate 3,190,951 IPOPEMA Securities shares. Detailed information on those transactions was published by the Company in Current Report No. 11/2011 of April 12th 2011.

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.

Share capital (structure) – as at Dec 31 2010

Shareholder	Number of shares and votes at GM	Series	Amount of contributions	Value of shares subscribed for (PLN)
Fundusz IPOPEMA 10 FIZAN[1]	2,851,420	A	Shares fully paid up	285,142
Fundusz IPOPEMA PRE-IPO FIZAN[2]	2,851,120	B	Shares fully paid up	285,112
KL Lewandowska S.K.A.[3]	2,749,500	B	Shares fully paid up	274,950
JLK Lewandowski S.K.A.[4]	2,729,000	B	Shares fully paid up	272,900
JLS Lewandowski S.K.A.[4]	2,729,000	B	Shares fully paid up	272,900
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.
[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.

Note 20

Treasury shares

Except for cases of share acquisition related to the Company's brokerage activities the area of intermediation in shares trading on the WSE, the Company did not buy back any shares.

Note 21

Reserve funds	Dec 31 2011	Dec 31 2010
a) share premium	8,474	7,433
b) statutory reserve funds	985	978
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	37,309	37,254
Total reserve funds	**46,768**	**45,665**

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinates – none

Note 24

Book value per share	Dec 31 2011	Dec 31 2010
Equity (PLN '000)	65,301	64,082
Number of shares outstanding	29,554,801	29,342,301
Book value per share (PLN)	2.21	2.18

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

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2011	2010
Revaluation capital reserve as at Jan 1	**52**	**-**
Remeasurement of financial assets available for sale		
As at Jan 1	64	-
Gain from periodic valuation	- 73	64
As at Dec 31	**- 9**	**64**
Deferred tax assets		
As at Jan 1	12	-
Change in deferred tax assets	- 14	12
As at Dec 31	**- 2**	**12**
Revaluation capital reserve as at Dec 31	**- 7**	**52**

Note 26

Clients' financial instruments

As at December 31st 2011 the value of financial instruments in book-entry form listed on the WSE, registered in clients' accounts, was PLN 322,133 thousand (69,269 instruments) (December 31st 2010: PLN 175,688). As at December 31st 2011, the Company kept 190,387 thousand shares (in certificated form) of its clients, with a value of PLN 28,505 thousand. As at December 31st 2010, the Company kept no shares of its clients in certificated form.

The Company also maintains a sponsor's account. The value of 14,965 financial instruments in book-entry form listed on the WSE registered in the account as at December 31st 2011 was PLN 129,897 thousand (December 31st 2010: PLN 334,647 thousand).

Notes to the income statement

Note 27

Revenue from brokerage activities	2011	2010
Revenue from trading in securities	57,683	51,335
Revenue from investment banking services, including:	14,481	17,052
- arrangement and execution of public offerings	8,764	5,249
- M&A advisory and other financial advisory services	5,717	11,803
Other revenue	603	991
Total revenue	**72,767**	**69,378**

Note 28

In 2011, income from financial instruments held for trading was PLN 2,495 thousand (2010: PLN 2,069 thousand).

Note 29

In 2011, costs related to financial instruments held for trading were PLN 5,248 thousand (2010: PLN 4,176 thousand).

Note 30

Income from financial instruments held to maturity - none.

Note 31

Costs related to financial instruments held to maturity - none.

Note 32

Income from financial instruments available for sale - none.

Note 33

Costs related to financial instruments available for sale - none.

Note 34

Gain (loss) on sale of all or some of shares in subordinates - none.

Note 35

Other operating income	2011	2010
a) other, including:	1,188	455
- lease	117	101
- re-invoicing of costs	929	252
- other	142	102
Total other operating income	**1,188**	**455**

Note 36

Other operating expenses	2011	2010
a) other, including:	1 544	814
- donations	-	10
- lease	117	101
- re-invoicing of costs	929	251
- VAT settlement for 2011	75	152
- other	423	300
Total other operating expenses	**1 544**	**814**

Note 37

In 2011, the difference between provisions for and impairment losses on receivables amounted to PLN 121 thousand (2010: PLN -2 thousand).

Note 38

Interest on deposits	2011	2010
Interest on deposits		
a) interest on own deposits, including:	1,201	941
- unrealised - up to 3 months	6	21
- unrealised - from 3 to 12 months	90	142
Total interest on deposits	**1,201**	**941**

Note 39

Interest on borrowings and other debt instruments	2011	2010
a) realised	1,029	1,009
b) unrealised	105	-
- unrealised - up to 3 months	105	-
- unrealised - from 3 to 12 months	-	-
Total interest on deposits	**1,134**	**1,009**

Note 40

Extraordinary gains - none

Note 41

Extraordinary losses - none

Note 42

Income tax	2011	2010
Current corporate income tax		
1. Pre-tax profit (loss)	19,461	19,446
2. Differences between pre-tax profit (loss) and taxable income, by item	-1,719	1,326
a/ non-tax-deductible costs	15,610	13,568
entertainment costs	649	668
State Fund for the Disabled	52	44
membership fees	114	143
balance-sheet valuations of financial instruments and settlements	262	580
impairment losses on receivables	13	291
impairment losses on uncollectible receivables	-	247
donations	-	10
amortisation of loans	782	644
provisions	13,552	10,749
other	186	192
b/ non-taxable income	2,911	843
released provisions	-	-
commission (accrued part)	160	186
reversal of impairment losses on receivables	135	221
interest on deposit, loans and receivables	168	290
dividend	29	115
balance-sheet valuations of financial instruments and settlements	1,930	31
Proceeds from the Polish NDS	489	-
c/ costs added statistically	14,589	11,605
salaries and wages paid	12,123	11,056
release of provision	1,049	-
sold and cancelled receivables	519	-
audit of financial statements	112	50
tax amortisation/depreciation	293	438
VAT adjustment	152	-

interest paid	339	-
other	2	61
income added statistically	169	206
interest on investments	163	52
VAT adjustment	-	124
other	6	30
e/ deduction of loss	-	-
3. Donation made	-	-
4. Taxable income	**17,742**	**20,772**
5. Corporate income tax at 19% rate	3,371	3,946
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	6	24
7. Current corporate income tax disclosed in tax return for period, including:	3,371	3,946
- disclosed in income statement	3,377	3,970
- referring to items decreasing or increasing equity	-	-
Deferred income tax disclosed in income statement:		
- decrease (increase) related to temporary differences and reversal of temporary differences	-2,189	-2,139
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-
- decrease (increase) in deferred tax assets	2,274	2,119
- change in deferred tax liabilities	414	65
Total deferred income tax	**499**	**45**

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose penalties and other sanctions. As there is no possibility of referring to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with better developed tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid.

In 2011, no inspection of tax settlements was carried out at the Company.

Note 43

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

Note 44

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

Distribution of profit	2011	2010
Net profit/loss	15,585	15,431
Coverage of retained deficit	-	-
Reserve funds	-	62
Dividend	-	15,369

Until the date of preparation of these financial statements, no final decision was taken by the 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 Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 45

Liabilities secured with the brokerage house's assets:

In 2011 and in 2010, the Company's assets were used as security for working capital overdraft facilities (for details, see Note 13).

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 Company 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.

Note 46

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

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

Note 47

Security granted:

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

Note 48

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

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

Note 49

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

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

Note 50

Production cost of tangible assets under construction and tangible assets for own needs:

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

Note 51

Extraordinary gains and losses:

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

Note 52

Income tax on extraordinary gain (loss):

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

Note 53

Future income tax liabilities:

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

Note 54

Items of the statement of cash flows

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

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
Cash and cash equivalents	**90,339**	**93,462**	**86,247**	**83,319**
1. In hand	8	9	8	9
2. At banks	30,744	30,524	30,744	30,524
3. Other cash	55,496	52,786	55,495	52,786
4. Cash equivalents (deposit >3 months)	4,091	10,143	-	-

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2011 is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities and elimination of interest accrued on the deposit in the amount of PLN 91 thousand. In 2010, the difference was attributable to the recognition of a PLN 10m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities, as well as to elimination of PLN 143 thousand of interest accrued on the deposit.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Balance-sheet change	Presentation in the statement of cash flows – change
	Dec 31 2011	**Dec 31 2010**		**2011**
Gross (current and non-current) receivables	505,108	287,319	-217,789	-218,314
Net receivables	503,513	285,106		
Impairment losses on receivables	1,595	2,213		-618
Provisions (excluding deferred tax related to equity and provisions for unpaid interest)	6,610	6,376		235
Total change in impairment losses and provisions				**-383**

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2011 by the amount of receivables under loans advanced, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed in the financing activities.

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

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2010 by the amount of receivables under loans advanced, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed in the financing activities.

Note 55

Employment structure

The average workforce (employees and regular associates) in the period January 1st – December 31st 2011 was 66 people, whereas in the comparative period of January 1st – December 31st 2010, it was 61 people.

Department	**Employment as at Dec 31 2011**	**Employment as at Dec 31 2010**
Management Board	4	4
Other	67	63
TOTAL	**71**	**67**

Note 56

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

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

Total remuneration (inclucing 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

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

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

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

Note 57

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

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

Note 58

Material transactions executed by the Company (in 2011 and 2010, i.e. in the period for which the comparative data was prepared) with:

a) the parent

Not applicable

b) major shareholder

c) Not applicable

d) subordinates

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 to the Company and its Hungarian partners 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), against PLN 844 thousand (expense) and PLN 155 thousand (income) in 2010, as presented in the table below.

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

e) members of the Management Board and Supervisory Board

none

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

none

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

none

related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	Jan 1–Dec 31 2011		Jan 1–Dec 31 2010	
IPOPEMA BC	-	5	8	-
IPOPEMA TFI	120	94	305	-
IPOPEMA Business Services Kft.	138	807	155	844
IPOPEMA Asset Management	361	2	-	-
Members of the Management and Supervisory Boards	58	68	31	782
Other related parties	-	-	513 *	-
Total	**677**	**969**	**1,012**	**1 626**

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

related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2011	Dec 31 2010	Dec 31 2011	Dec 31 2010
IPOPEMA BC	-	9	6	-
IPOPEMA TFI	60	7	-	-
IPOPEMA Business Services Kft.	1,093	1,099	383	-
IPOPEMA Asset Management	392	-	3	-
Members of the Management and Supervisory Boards	-	-	-	-
Other related parties	-	-	-	-
Total	**1,545**	**1,115**	**392**	**-**

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

Note 59

Incentive scheme

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

There are three Option Plans within the Incentive Scheme. The first one applies to members of the management board of IPOPEMA TFI S.A., entitled (subject to fulfilment of certain conditions) to subscribe for the total of 1,166,667 Series C shares at the issue price of PLN 0.47 per share ("Share Option Plan I"). In 2009 and 2010, a total of 770,891 shares were subscribed for by these persons (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 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.

The cost of the incentive schemes is not recognised in the separate financial statements, as the Polish Accountancy Act stipulates no such requirement. The cost is recognised in the consolidated financial statements of the IPOPEMA Securities Group. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements. 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 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 the above-mentioned agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the consolidated result of the Group in 2010. 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).

Note 60

Transactions with related parties not covered by the financial statements

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

Note 61

Material related-party transactions other than arm's length transactions

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

Note 62

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.

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

Type of service	2011	2010
mandatory audit of financial statements	55	50
other attestation services	53	50
tax advisory services	-	-
other services	-	-

Note 63

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

Not applicable.

Note 64

Information on unconsolidated joint ventures

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

Note 65

Information on court proceedings

On January 13th 2009, the Company filed with the Regional Court a suit for payment of past due receivables in the amount of PLN 891 thousand. The suit was dismissed by way of court decision on July 28th 2011. Impairment losses were recognised (in 2008) for the full amount of the disputed receivables. The Company was not a party to any other court proceedings.

Note 66

Inspections of supervisory authorities

One external inspection was carried out at the Company in the period covered by these financial statements. In July 2011 an inspection was carried out 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.

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 by the Polish Financial Supervision Authority as part of the Supervisory Review and Evaluation Process (SREP).

Note 67

Regulatory capital

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

Date	Share capital			Tier 2 (supplementary) capital	Tier 3 (supplementary) capital	Total regulatory capital	Total capital adequacy requirement
	Tier 1 capital	Other items of core capital	Items reducing core capital				
Jan 31 2011	48,600	9,093	1,842	51	-	55,902	31,143
Feb 28 2011	48,600	9,093	1,839	49	-	55,903	28,860
Mar 31 2011	49,662	9,093	1,830	48	-	56,973	26,778
Apr 30 2011	49,662	15,431	1,784	46	-	63,355	29,056
May 31 2011	49,662	15,431	1,849	45	-	63,289	27,895
Jun 30 2011	49,668	13,961	1,853	38	-	61,814	31,296
Jul 31 2011	49,724	-	1,889	17	-	47,852	27,809
Aug 31 2011	49,724	2,522	1,908	13	-	50,351	26,444
Sep 30 2011	49,724	9,246	1,959	2	-	57,013	25,701
Oct 31 2011	49,724	9,246	1,925	-5	-	57,040	26,569
Nov 30 2011	49,724	9,246	1,898	-7	-	57,065	27,810
Dec 31 2011	49,724	9,246	1,938	-8	-	57,024	27,717
Dec 31 2011*	49,724	9,246	2,261	-323	-	56,386	27,005
Dec 31 2010*	48,600	9,093	1,842	51	-	55,902	21,433

2011 capital adequacy requirements by type of risk

Date	Market risk (currency risk)	Credit risk	Operational risk	Total capital adequacy requirement
Jan 31 2011	241	22,218	8,684	31,143
Feb 28 2011	411	19,765	8,684	28,860
Mar 31 2011	696	17,362	8,720	26,778
Apr 30 2011	466	19,870	8,720	29,056
May 31 2011	423	18,752	8,720	27,895
Jun 30 2011	363	22,213	8,720	31,296
Jul 31 2011	424	18,665	8,720	27,809
Aug 31 2011	417	17,307	8,720	26,444
Sep 30 2011	399	16,582	8,720	25,701
Oct 31 2011	598	17,251	8,720	26,569
Nov 30 2011	624	18,466	8,720	27,810
Dec 31 2011	369	18,628	8,720	27,717
Dec 31 2011*	369	16,727	9,909	27,005
Dec 31 2010*	241	12,508	8,684	21,433

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

- 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.

With respect to market risk, the Company is bound only by the capital adequacy requirement for currency risk. In the period covered by these financial statements, the Company did not record any instances of non-compliance with the capital adequacy requirements on a separate or consolidated basis.

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

Date	Share capital	Tier 2 (supplementary) capital	Tier 3 (supplementary) capital	Total regulatory capital	Total capital adequacy requirement
Jan 31 2010	38,503	-	-	37,003	27,182
Feb 28 2010	37,004	-	-	37,004	28,511
Mar 31 2010	46,895	-	-	46,895	31,816
Apr 30 2010	46,740	-	-	46,740	35,640
May 31 2010	46,782	-	-	46,782	36,584
Jun 30 2010	46,718	-	-	46,718	40,361
Jul 31 2010	46,848	19	-	46,867	43,831
Aug 31 2010	55,833	18	-	55,851	21,722
Sep 30 2010	55,889	57	-	55,946	25,923
Oct 31 2010	55,690	55	-	55,745	24,391
Nov 30 2010	55,913	54	-	55,967	26,237
Dec 31 2010	55,850	51	-	55,901	21,433

2010 capital adequacy requirements by type of risk

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

Note 68

Events subsequent to the balance-sheet date

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 59).

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

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