The
IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the three months ended March 31st 2013

Warsaw, May 14th 2013

ipopema

Contents

Financial highlights

Financial highlights	PLN '000 3 months ended Mar 31 2013	 2012	EUR '000 3 months ended Mar 31 2013	 2012
Revenue from core activities	26,945	24,173	6,456	5,790
Cost of core activities	22,326	19,118	5,349	4,579
Profit on core activities	4,619	5,055	1,107	1,211
Operating profit	4,042	5,382	968	1,289
Pre-tax profit	3,879	3,030	929	726
Net profit on continuing operations	3,212	2,833	770	679
Net profit	3,212	2,833	770	679
Net earnings per ordinary share (weighted average) (PLN/ EUR)				
- basic	0.10	0.09	0.02	0.02
- diluted	0.10	0.09	0.02	0.02
Net cash from operating activities	- 178,511	- 4,121	- 42,769	- 987
Total cash flows	- 201,117	- 2,601	- 48,186	- 623

Consolidated financial highlights	PLN '000 Mar 31 2013	 Dec 31 2012	EUR '000 Mar 31 2013	 Dec 31 2012
Total assets	525,706	793,049	125,845	193,985
Current liabilities, including current tax liability	437,799	709,314	104,802	173,503
Total equity	79,700	75,229	19,079	18,401
Number of shares	29,937,836	29,752,122	29,937,836	29,752,122
Book value per share (PLN/EUR)	2.66	2.53	0.64	0.62

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	Jan 1–Mar 31 2013	Jan 1–Mar 31 2012
EUR	4.1738	4.1750

- Items of the statement of financial position:

Exchange rate as at	Mar 31 2013	Dec 31 2012
EUR	4.1774	4.0882

Interim condensed consolidated statement of comprehensive income

for the three months ended March 31st 2013

	Note	Jan 1–Mar 31 2013	Jan 1–Mar 31 2012
CONTINUING OPERATIONS			
Revenue from core activities, including:	15	**26,945**	**24,173**
Revenue from brokerage activities		16,755	13,751
Revenue from management of investment funds and assets		7,879	6,680
Revenue from advisory services		2,311	3,742
Cost of core activities	15	**22,326**	**19,118**
Profit (loss) on core activities		**4,619**	**5,055**
Gain (loss) on transactions in financial instruments held for trading		- 532	306
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		32	25
Other income		255	185
Other expenses		332	189
Operating profit (loss)		**4,042**	**5,382**
Finance income		1,057	815
Finance costs		1,220	3,167
Pre-tax profit (loss)		**3,879**	**3,030**
Income tax	16	667	197
Net profit (loss) on continuing operations		**3,212**	**2,833**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**3,212**	**2,833**
Attributable to:			
Owners of the Parent		3,109	2,588
Non-controlling interests		103	245
Earnings (loss) per share (PLN)		0.10	0.09
Diluted earnings (loss) per share (PLN)		0.10	0.09
Net profit for the period		**3,212**	**2,833**
Other comprehensive income		**161**	**524**
Gains and losses on remeasurement of financial assets available for sale		199	647
Corporate income tax on items of other comprehensive income		38	123
Comprehensive income for period		**3,373**	**3,357**
Attributable to:			
Owners of the Parent		3,270	3,112
Non-controlling interests		103	245

Warsaw, May 14th 2013

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

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of financial position

as at March 31st 2013

ASSETS	Note	Mar 31 2013	Dec 31 2012	Mar 31 2012 restated
Cash and cash equivalents	12	54,066	254,781	97,063
Current receivables	12, 14	443,230	518,522	466,867
Current tax assets		778	-	518
Current prepayments and accrued income		1,119	750	1,379
Financial instruments held for trading		4,287	330	1,925
Financial instruments held to maturity		-	-	-
Financial instruments available for sale		7,436	5,682	6,980
Investments in jointly controlled entities and associates		-	-	-
Non-current receivables		2,411	1,434	1,588
Non-current loans advanced		1,377	1,520	2,081
Property, plant and equipment		5,673	4,642	2,378
Investment property		-	-	-
Intangible assets		2,978	3,067	2,192
Deferred tax assets		2,271	2,321	821
Non-current prepayments and accrued income		80	-	-
TOTAL ASSETS		**525,706**	**793,049**	**583,792**

EQUITY AND LIABILITIES		Mar 31 2013	Dec 31 2012	Mar 31 2012 restated
Current liabilities	14	437,799	707,974	492,531
Current tax liabilities		-	1,340	-
Other financial liabilities		-	-	-
Non-current liabilities		636	526	-
Deferred tax liabilities		-	-	199
Accruals and deferred income	14	7,571	7,980	5,727
Provisions		-	-	-
Total liabilities		**446,006**	**717,820**	**498,457**
Share capital	13	2,994	2,975	2,975
Other items of capital		14,016	12,842	13,430
Retained earnings		59,430	56,255	65,261
Total equity		**76,440**	**72,072**	**81,666**
Non-controlling interests		**3,260**	**3,157**	**3,669**
Total equity		**79,700**	**75,229**	**85,335**
TOTAL EQUITY AND LIABILITIES		**525,706**	**793,049**	**583,792**

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Interim condensed consolidated statement of cash flows

for the three months ended March 31st 2013

CASH FLOWS	Note	Jan 1–Mar 31 2013	Jan 1–Mar 31 2012
Cash flows from operating activities			
Pre-tax profit		**3,879**	**3,030**
Total adjustments:	25	**-182,390**	**-7,151**
Depreciation and amortisation expenses		503	461
Foreign exchange gains/(losses)		-399	1,057
Interest and dividends		209	239
Gain (loss) on investing activities		381	200
Change in financial instruments available for sale		-32	-
Change in financial instruments held for trading		-3,957	-404
Change in receivables		73,909	44,043
Change in current liabilities (net of borrowings)		-251,621	-49,200
Change in provisions and impairment losses on receivables		11	-148
Change in accruals and deferrals		-915	-3,231
Income tax		-585	-220
Other adjustments (including effect of incentive schemes and acquisition of CSAM)		106	52
Net cash from operating activities		**-178,511**	**-4,121**
Cash flows from investing activities			
Decrease in loans advanced		-	2
Acquisition of property, plant and equipment and intangible assets		-1,350	-325
Disposal of property, plant and equipment		5	
Cash provided by financial instruments available for sale and held to maturity		1,737	2,119
Acquisition of financial instruments available for sale and held to maturity		-1,601	-2,445
Interest received		102	-
Other cash used in investing activities		-1,009	-1,263
Other cash from investing activities		39	31
Net cash from investing activities		**-2,077**	**-1,881**
Cash flows from financing activities			
Proceeds from borrowings		20	2,752
Repayment of borrowings		-21,179	-
Proceeds from issue of share capital		929	987
Interest paid		-234	-338
Repayment of finance lease liabilities		-65	-
Dividends to owners of the parent		-	-
Net cash from financing activities		**-20,529**	**3,401**
Total cash flows		**-201,117**	**-2,601**

Net increase (decrease) in cash and cash equivalents		-200,764	-3,478
Effect of exchange rate fluctuations on cash held		353	-877
Cash at beginning of the period	25	251,090	96,400
Cash at end of the period, including	26	**49,973**	**92,922**
restricted cash		*4,185*	*13,739*

Warsaw, May 14th 2013

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Interim condensed consolidated statement of changes in equity

for the three months ended March 31st 2013

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other items of capital			Retained earnings		
		Share premium	Revaluation capital reserve	Other capital reserves			
as at Jan 1 2013	**2,975**	**9,441**	**570**	**2,831**	**56,255**	**3,157**	**75,229**
Profit for the period	-	-	-	-	3,109	103	3,212
Issue of shares	19	909	-	-	-	-	928
Costs of incentive scheme	-	-	-	104	-	-	104
Other comprehensive income	-	-	161	-	-	-	161
Dividend payment	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	66	-	66
as at Mar 31 2013	**2,994**	**10,350**	**731**	**2,935**	**59,430**	**3,260**	**79,700**
as at Jan 1 2012	**2,955**	**8,474**	**716**	**2,727**	**62,673**	**3,424**	**80,969**
Profit for 2012	-	-	-	-	9,054	832	9,886
Issue of shares	20	967	-	-	-	-	987
Costs of incentive scheme	-	-	-	104	-	-	104
Other comprehensive income	-	-	-146	-	-	-	-146
Dividend payment	-	-	-	-	-15,472	-1,099	-16,571
Other adjustments	-	-	-	-	-	-	-
as at Dec 31 2012	**2,975**	**9,441**	**570**	**2,831**	**56,255**	**3,157**	**75,229**
as at Jan 1 2012	**2,955**	**8,474**	**716**	**2,727**	**62,673**	**3,424**	**80,969**
Profit for the period	-	-	-	-	2,588	245	2,833
Issue of shares	20	967	-	-	-	-	987
Costs of incentive scheme	-	-	-	22	-	-	22
Other comprehensive income	-	-	524	-	-	-	524
as at Mar 31 2012	**2,975**	**9,441**	**1,240**	**2,749**	**65,261**	**3,669**	**85,335**

Warsaw, May 14th 2013

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Notes

1. The IPOPEMA Securities Group

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

The Parent's registered office is at ul. Próżna 9, Warsaw, Poland.

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

As at March 31st 2013, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2).

The Group's core business comprises:

1. brokerage activities,
2. business and management consultancy services,
3. operation of investment fund companies, as well as creation and management of investment funds,
4. management of portfolios of broker-traded financial instruments,
5. computer facilities management activities,
6. computer consultancy services.

IPOPEMA Securities S. A. – the Parent

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

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

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

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

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

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

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

2. Composition of the Group

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

As at March 31st 2013, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

Name of subsidiary	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds	full	100%	100%
IPOPEMA Asset Management S.A.	- management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services, - computer facilities management activities, - computer consultancy services, - software-related activities, - wholesale of computers, computer peripherals and software	full	50.02%	50.02%
indirect subsidiary (through IPOPEMA Business Consulting sp. z o.o., the sole shareholder of the company)				
IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	
IPOPEMA Business Services Kft.	- office and business support	not consolidated (immaterial financial data)	100%	100%

3. Basis of preparation

3.1 Compliance statement

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

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

These interim condensed consolidated financial statements of the Group cover the three months ended March 31st 2013 and contain comparative data for the three months ended March 31st 2012 and as at December 31st 2012.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2012.

3.2 Measurement currency and reporting currency of the financial statements

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

3.3 Going concern assumption

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

3.4 Comparability of data

There were no material changes in presentation in Q1 2013 and 2012, other than those described below.

The Group decided to present "current tax assets" and "current tax liabilities" as separate items in the statement of financial position. Until the end of 2012, current income tax receivable and payable was presented under "current receivables" and "current liabilities", respectively. This change will allow the Company to present useful information for the readers of its financial statements.

The Group also decided to change the presentation of deferred tax assets and liabilities. Until the end of 2012, the individual Group companies did not disclose deferred tax assets and liabilities on a net basis. It means that in the statement of financial position those items were presented separately under assets and liabilities, respectively. Due to the fact that the assets and liabilities as held by the individual Group companies meet the netting criteria specified in Par. 74 of IAS 12, deferred tax assets and liabilities are now presented on a net basis. The change will facilitate better presentation of the expected cash flows related to the future tax expense. As a result, only deferred tax assets were presented in the statement of financial position, because at each Group company the amount of deferred tax assets exceeded the amount of deferred tax liabilities.

The Group also changed the presentation of provisions and accruals and deferred income. Until the end of 2012, holiday benefits, bonuses, uninvoiced costs and similar items were presented under "provisions". While it is sometimes necessary to make an estimate of the amounts or dates of payment for such items, the uncertainty of such payments is generally not significant. Therefore, the presentation of holiday benefits, bonuses, uninvoiced costs and similar items under "Accruals and deferred income" rather than under "Provisions" will help to better reflect the degree of uncertainty related to those items.

The effect of the presentation changes on the statement of financial position as at March 31st 2012 is presented in the tables below:

	As at Mar 31 2013 (published)	Change in the presentation of deferred tax assets and liabilities	Change in the presentation of current tax assets and liabilities	Change in the presentation of accruals and deferred income	As at Mar 31 2012 (restated)
Current receivables	**467,385**	-	-518	-	**466,867**
Current tax assets	**-**	-	518	-	**518**
Deferred tax assets	**1,549**	-728	-	-	**821**
Current liabilities	**492,531**	-	-	-	**492,531**
Deferred tax liabilities	**-**	199	-	-	**199**
Accruals and deferred income	**197**	-	-	5,530	**5,727**
Provisions	**6,457**	-927	-	-5,530	**-**

Given the above changes, the Group also made changes in the statement of cash flows, as presented in the tables below:

	As at Mar 31 2013 (published)	Change in the presentation of accruals and deferred income	As at Mar 31 2012 (restated)
Change in receivables	**45,942**	-1,899	**44,043**
Change in provisions and impairment losses on receivables	**-4,712**	4,564	**-148**
Change in accruals and deferrals	**-566**	-2,665	**-3,231**

4. Changes in applied accounting policies

In the three months ended March 31st 2013, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2012, released on March 20th 2013. The consolidated financial statements for 2012 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Financial instruments

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

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

Financial assets

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

- financial instruments held to maturity,
- financial instruments available for sale.

Financial liabilities

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

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

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

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

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

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

As far as the Group is concerned, this category includes primarily equity instruments acquired for resale in the near term, such as shares listed on the Warsaw Stock Exchange (WSE) or the Budapest Stock Exchange (BSE), derivatives traded on the WSE, as well as FX swaps and FX forwards. The Group does not apply hedge accounting.

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

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

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

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

Financial derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the FX swap and FX forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the balance-sheet date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market inputs as at the valuation date (balance-sheet date). Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Other holdings of financial instruments held for trading comprise shares listed on the Warsaw and Budapest Stock Exchanges. For the purpose of the measurement, the Group 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.

Financial instruments held to maturity

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

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

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

Loans and receivables

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

Loans advanced to IPOPEMA Securities's employees and business partners are classified under “Loans advanced”. Since loans may be amortised after the repayment date, the Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance costs. Loans advanced to a non-consolidated subsidiary are also recognised under this item.

Furthermore, under loans and receivables the Group 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 lease receivables amounted to PLN 240 thousand as at March 31st 2013 (December 31st 2012: PLN 272 thousand), and included non-current receivables of PLN 113 thousand (December 31st 2012: PLN 145 thousand).

Financial instruments available for sale

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

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

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) are recognised under other comprehensive income. In the case of bonds, the gain or loss to be recognised under other comprehensive income comprises the difference between the measurement-date fair value of the assets less interest accrued up until that date at the contractual interest rate, and the value of the assets at adjusted cost.

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

Shares in subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units are recognised at fair value, based on the net value per certificate as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under “other comprehensive income”.

Financial liabilities measured at amortised cost

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

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

Receivables

Current receivables

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

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

Impairment losses are recognised in particular for:

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

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

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses increase other income in the consolidated statement of comprehensive income.

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

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

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, in the case of transactions executed on the WSE, KDPW CCP (the clearing agent) assumed the rights and obligations of the parties to the market transactions.*

Non-current receivables

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

Impairment losses

As at the end of each reporting period the Group evaluates whether there is any indication that an asset may be impaired. Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

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

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

Liabilities

Current liabilities

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

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

Current liabilities also include overdrafts whose measurement is discussed in "Financial liabilities at amortised cost".

Recognition of current liabilities under executed transactions is presented above in "Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses".

Non-current liabilities

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

6. Accounting policies introduced in the first three months of 2013

Standards and interpretations which have been issued and are effective for annual periods beginning on January 1st 2013:

- IFRS 13 "Fair Value Measurement" – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income" – effective for annual periods beginning on or after July 1st 2012;
- Amendments to IAS 12 "Income Tax – Deferred Tax: Realisation of Assets" – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 19 "Employee Benefits" – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities" – effective for annual periods beginning on or after January 1st 2013;
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IFRS 1 – Amendments to IFRS 1 were published on March 13th 2012 and are applicable for annual periods starting on or after January 1st 2013. The amendments are designed to exempt an entity adopting the IFRS for the first time from the full retrospective application of all of the IFRS if such entity uses government loans bearing interest at a rate lower than market rates.

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

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

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

- IFRS 9 "Financial Instruments" – effective for annual periods beginning on or after January 1st 2015;
- IFRS 10 "Consolidated Financial Statements" - effective for annual periods beginning on or after January 1st 2014;
- IFRS 11 "Joint Arrangements" – effective for annual periods beginning on or after January 1st 2014;
- IFRS 12 "Disclosure of Interests in Other Entities" – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 27 "Separate Financial Statements" – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities" – effective for annual periods beginning on or after January 1st 2014;

- Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" – effective for annual periods beginning on or after January 1st 2014.

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

8. Changes in estimates

In the first three months of 2013, there were no changes to estimates, except the changes in provisions, depreciation/amortisation and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

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

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

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

Currency	Mar 31 2013	Dec 31 2012
USD	3.2590	3.0996
EUR	4.1774	4.0882
HUF 100	1.3726	1.3977
GBP	4.9528	5.0119
UAH	0.4006	0.3825
CZK	0.1621	0.1630
CHF	3.4323	3.3868
TRY	1.7994	1.7357
INR 100	6.0033	5.6681

Source: National Bank of Poland.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company, to the extent it was implemented. To date, 2,178,474 shares have been allocated to be subscribed for – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 72,258 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share.

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

	Jan 1–Mar 31 2013	Jan 1–Mar 31 2012
Number of shares	29,937,836	29,752,122
Weighted average number of shares	29,848,074	29,624,189
Diluted number of shares	29,920,332	29,715,657
Net earnings from continuing operations for the period per share		
- basic	0.10	0.09
- diluted	0.10	0.09

11. Operating segments

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

1. The segment of brokerage and related services, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (particularly equities) – where the Company acts as the coordinator, offering broker and financial adviser – issue of debt instruments, M&A transactions and management buy-outs, as well as advisory mandates concerning the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The segment includes advisory services related to corporate financial restructuring.
2. The segment of investment fund and portfolio management, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3. The segment of consultancy services, comprising services of IPOPEMA Business Consulting, which focuses on business and management consultancy, computer facilities management, computer consultancy and software-related activities.

Operating segments	3 months ended Mar 31 2013 Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Sales to external clients	16,755	8,783	2,311	**27,849**
Intersegment sales	-	- 904	-	**- 904**
Segment's total revenue	**16,755**	**7,879**	**2,311**	**26,945**
Segment's costs				
Segment's costs – purchases from external suppliers	- 12,512	- 8,441	- 2,310	**- 23,263**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	937	-	**937**
Segment's total costs	**- 12,512**	**- 7,504**	**- 2,310**	**- 22,326**
Segment's profit/(loss) on core activities	**4,243**	**375**	**1**	**4,619**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	4,243	375	1	**4,619**
Interest income	220	50	155	**425**
Interest expenses	- 323	- 11	- 5	**- 339**
Other net finance income/costs	- 835	27	58	**- 750**
Other income/expenses	- 64	- 18	6	**- 76**
Consolidation eliminations	-	-	-	**-**
Profit before tax and non-controlling interests	**3,241**	**423**	**215**	**3,879**
Income tax	737	- 37	8	**708**
Consolidation eliminations	-	- 41	-	**- 41**
Total corporate income tax	**737**	**- 78**	**8**	**667**
Net profit for the period	**2,504**	**501**	**207**	**3,212**
Net profit for the period, excluding costs of the incentive scheme	***2,608***	***501***	***207***	***3,316***
Assets and liabilities as at Mar 31 2013				
Segment's assets	495,020	23,372	7,314	**525,706**
Unallocated assets	-	-	-	**-**
Total assets	**495,020**	**23,372**	**7,314**	**525,706**
Segment's liabilities	434,677	2,966	792	**438,435**
Accruals and deferred income	4,208	3,363	-	**7,571**
Segment's net profit (loss)	2,504	501	207	**3,212**
Equity (net of profit/loss for current period)	58,721	13,383	1,124	**73,228**
Non-controlling interests	-	-	3,260	**3,260**
Total equity and liabilities	**500,110**	**20,213**	**5,383**	**525,706**

Operating segments	3 months ended Mar 31 2012			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Sales to external clients	13,751	6,892	3,793	**24,436**
Intersegment sales	-	-212	-51	**-263**
Segment's total revenue	**13,751**	**6,680**	**3,742**	**24,173**
Segment's costs	**-9,913**	**-6,506**	**-3,146**	**-19,565**
- including costs of the incentive scheme	*-22*	*-*	*-*	***-22***
Consolidation eliminations	52	374	21	**447**
Segment's total costs	**-9,861**	**-6,132**	**-3,125**	**-19,118**
Segment's profit/(loss) on core activities	**3,890**	**548**	**617**	**5,055**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	3,890	548	617	**5,055**
Interest income	293	57	-	**350**
Interest expenses	-338	-	-	**-338**
Other net finance income/costs	-2,056	33	-9	**-2,032**
Other income/expenses	153	36	-1	**188**
Consolidation eliminations	-15	-155	-23	**-193**
Profit before tax and non-controlling interests	**1,927**	**519**	**584**	**3,030**
Total corporate income tax	**397**	**-348**	**148**	**197**
Net profit for the period	**1,530**	**867**	**436**	**2,833**
Net profit for the period, excluding costs of the incentive scheme	***1,552***	***867***	***436***	***2,855***
Assets and liabilities as at Dec 31 2012				
Segment's assets	761,998	22,320	8,731	**793,049**
Unallocated assets	-	-	-	**-**
Total assets	**761,998**	**22,320**	**8,731**	**793,049**
Segment's liabilities	704,373	3,040	2,427	**709,840**
Accruals and deferred income	5,143	2,837	-	**7,980**
Segment's net profit (loss)	3,576	4,612	1,698	**9,886**
Equity (net of profit/loss for current period)	54,120	8,536	-470	**62,186**
Non-controlling interests	-	-	3,157	**3,157**
Total equity and liabilities	**767,212**	**19,025**	**6,812**	**793,049**

12. Notes to the statement of financial position – assets

Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	Mar 31 2013	Dec 31 2012
Cash and other assets of the Group		
a) at banks and in hand	24,699	21,994
b) other	29,367	232,787
Total	**54,066**	**254,781**
Cash and other assets:		
a) cash and other assets of the Group	32,507	36,381
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	21,559	218,400
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**54,066**	**254,781**

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

Clients' cash deposited in the Parent's bank account, in the amount of PLN 21,559 thousand as at March 31st 2013, and PLN 218,400 thousand as at December 31st 2012, is also disclosed under other cash.

Receivables

Current receivables	Mar 31 2013	Dec 31 2012
From clients / trade receivables	176,799	156,560
- from clients under transactions executed on the Warsaw Stock Exchange	142,365	144,546
- from clients under transactions executed on the Budapest Stock Exchange	27,041	479
- from clients under transactions executed on the Prague Stock Exchange	106	-
- from clients under transactions executed on the Vienna Stock Exchange	-	1,419
- from clients under transactions executed on the New York Stock Exchange	1,236	-
- other	6,051	10,116
From related entities	698	832
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	224,362	305,805
- under transactions executed on the Warsaw Stock Exchange*	188,140	289,547
- under transactions executed on the Budapest Stock Exchange	31,514	15,641
- under transactions executed on the Prague Stock Exchange	1,138	-
- under transactions executed on the New York Stock Exchange	2,024	-
- other	1,546	617
From entities operating regulated markets and commodity exchanges	-	-
From the National Depository for Securities and exchange clearing houses	32,776	45,129
- from the settlement guarantee fund	32,776	45,129
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,973	6,727
From issuers of securities or selling shareholders	-	-
From commercial chamber	-	-
Taxes, subsidies and social security receivable	10	24
Other	3,612	3,445

Total current receivables	**443,230**	**518,522**

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, the following balance-sheet items:*

- *current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*
- *current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*

where they relate to transactions executed on the WSE, include receivables from or liabilities to, as appropriate, KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the clearing house.

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

Financial assets

In the first three months of 2013 and in the comparative period, the policies regarding measurement of financial assets at fair value and classification of financial asset did not change.

Impairment losses on financial assets, property, plant and equipment, intangible assets or other assets and reversal thereof

In Q1 2013 and in 2012, the Group did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 14).

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

In the first three months of 2013, the Group acquired property, plant and equipment and intangible assets for PLN 1,349 thousand (Q1 2012: PLN 325 thousand).

Material purchase or sale transactions in property, plant and equipment

In the first three months of 2013 and in 2012, the Group did not execute any material purchase or sale transactions in property, plant and equipment.

Material liabilities under purchases of property, plant and equipment

The Group has no material liabilities under purchases of property, plant and equipment

13. Notes to the statement of financial position – equity

Share capital

As at March 31st 2013, the Company's share capital was PLN 2,993,783.60, having risen by PLN 18,571.40 from December 31st 2012.

It was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

As at December 31st 2012, the share capital was PLN 2,975,212.20 and comprised 29,752,122 shares.

14. Notes to the statement of financial position – liabilities and accruals and deferred income

Change in accruals and deferred income

	Jan 1–Mar 31 2013	Jan 1–Mar 31 2012	2012
As at beginning of the reporting period	**7,980**	**8,507**	**8,507**
Provisions created in period	3,477	2,358	10,310
Used	3,729	5,138	10,351
Reversed	157	-	486
As at end of the reporting period	**7,571**	**5,727**	**7,980**

Impairment losses on receivables

In Q1 2013, following recognition of new impairment losses, impairment losses on receivables increased by PLN 12 thousand. In the comparative period, i.e. Q1 2012, impairment losses on receivables fell by PLN 149 thousand, and over the whole of 2012, impairment losses on receivables declined by PLN 1,352 thousand.

Liabilities (current)

Current liabilities	**Mar 31 2013**	**Dec 31 2012**
To clients	209,702	459,407
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	216,267	216,673
- under transactions executed on the Warsaw Stock Exchange*	173,654	199,397
- under transactions executed on the Budapest Stock Exchange	41,205	15,858
- under transactions executed on the Prague Stock Exchange	173	-
- under transactions executed on the Vienna Stock Exchange	-	1,418
- under transactions executed on the New York Stock Exchange	1,235	-
To entities operating regulated markets and commodity exchanges	1,042	749
- liabilities to the Warsaw Stock Exchange	939	649
- liabilities to the Budapest Stock Exchange	97	50
- liabilities to the Prague Stock Exchange	6	6
- liabilities to the Vienna Stock Exchange	-	44
To the National Depository for Securities and exchange clearing houses	1,901	454
Borrowings	4,034	25,213
- from related entities	-	-
- other	4,034	25,213
Taxes, customs duties and social security payable	1,897	1,273
Salaries and wages	-	1
To investment and pension fund companies and to investment and pension funds	405	589
Other	2,551	3,615
a) dividends payable	-	-
b) other	2,551	3,615
- financial liabilities (valuation of fx swap and forward contracts)	24	-
- other liabilities	2,527	3,615
Total current liabilities	**437,799**	**707,974**

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, the following balance-sheet items:*

- *current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*
- *current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions,*

where they relate to transactions executed on the WSE, include receivables from or liabilities to, as appropriate, KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

With the exception of bank borrowings, the liabilities do not bear interest.

Interest-bearing bank borrowings and other debt instruments

Current liabilities under borrowings	**Mar 31 2013**	**Dec 31 2012**
Credit facility	4,034	25,213
- outstanding amount	4,034	25,213
Current liabilities under borrowings	**4,034**	**25,213**

As at March 31st 2013, the Group's liabilities under borrowings related to its brokerage business amounted to PLN 4,034 thousand (December 31st 2012: PLN 25,213 thousand). The liabilities result from two working-capital overdraft facility agreements executed by the Company on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on July 19th 2013:

1. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item 2.
2. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish National Depository for Securities. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item 1 above, both credit facilities are jointly secured by a PLN 4m security deposit.

Defaults under credit facilities or loans or breach of material credit covenants, with respect to which no remedial action was taken by the end of the reporting period

none

15. Notes to the statement of comprehensive income

Revenue from core activities

Revenue from core activities	**Jan 1– Mar 31 2013**	**Jan 1– Mar 31 2012**
Revenue from trading in securities	12,337	11,797
Revenue from investment banking services	4,329	1,799
Revenue from management of investment funds and clients' assets	7,879	6,680
Revenue from advisory services	2,311	3,742
Other revenue from core activities	89	155
Total revenue from core activities	**26,945**	**24,173**

Cost of core activities

Cost of core activities	Jan 1– Mar 31 2013	Jan 1– Mar 31 2012
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	3,824	2,822
Fees payable to commercial chamber	-	-
Salaries and wages	9,787	9,565
Social security and other benefits	858	703
Employee benefits	106	99
Raw material and consumables used	207	145
Costs of maintenance and lease of buildings	1,021	489
Depreciation and amortisation expenses	503	461
Taxes and other public charges	609	446
Commissions and other charges	18	29
Other	5,393	4,359
Cost of core activities	**22,326**	**19,118**

16. Income tax

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

	Jan 1– Mar 31 2013	Jan 1– Mar 31 2012
Current income tax		
Current income tax expense	585	220
Deferred income tax		
Relating to occurrence and reversal of temporary differences	82	- 23
Deferred income tax affecting equity	38	123
Income tax expense disclosed in the statement of comprehensive income	**705**	**320**

	Jan 1– Mar 31 2013	Jan 1– Mar 31 2012
Current income tax		
Current income tax expense	585	220
Tax effect of costs related to share capital increase	-	-
Deferred income tax	82	- 23
Tax on unrealised gain/(loss) on financial assets available for sale	38	123
Tax on cash flow hedges settled during the year	-	-
Tax benefit/tax expense recognised in equity	**- 38**	**- 123**

Tax settlements

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

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

Deferred tax

The Group had no deferred tax liabilities as at March 31st 2013 and December 31st 2012. In Q1 2012, deferred tax liabilities grew by PLN 199 thousand.

Deferred tax assets decreased by PLN 50 thousand in Q1 2013, whereas in the first three months of 2012 they were down PLN 953 thousand.

17. Employee benefits – employee share option plans

As part of the incentive scheme in place at the Company, in the first three months of 2013 eligible persons subscribed for 185,714 shares under Share Option Plan II (Q1 2012: 197,321 shares).

In addition to the completed Share Option Plan I and Share Option Plan II, the Company has also granted conditional rights to subscribe for 297,522 shares by December 31st 2015. The shares are from the remainder of the Series C shares pool covered by conditional share capital, valued at PLN 2,976,188 ("Share Option Plan III").

The cost of the share option plans is not recognised in the separate financial statements as the Polish Accountancy Act stipulates no such requirement.However, this cost is recognised in the consolidated financial statements of the Group. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in Q1 2013 by PLN 104 thousand, affecting the bottom line of IPOPEMA Securities S.A. In the comparative period, i.e. Q1 2012, the cost of these plans increased the cost of salaries and wages by PLN 22 thousand.

Share Option Plan II was measured 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). Share Option Plan III was measured using the binomial tree model.

18. Dividends paid and proposed

In the period covered by these financial statements, Group companies neither paid nor resolved to pay any dividend.

On November 28th 2012, the Extraordinary General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay from capital reserves an interim dividend for 2012 of PLN 2.2m, i.e. approximately PLN 1,099.45 per share. The dividend was paid out in full in 2012.

On April 23rd 2012, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 3.8m, i.e. PLN 1.27 per share. As at the date of these financial statements, the dividend had been paid out to the Company in full.

On June 28th 2012, the General Meeting resolved to distribute the 2011 profit of PLN 15,585 thousand as dividend. The dividend amount per one share was PLN 0.52. The dividend record date was set for July 6th 2012, and the dividend payment date – for July 23rd 2012. On the dividend payment date, a total of PLN 15,471 thousand was paid out to the shareholders. The distribution amount was lower than the 2011 net profit by PLN 114 thousand, which was the effect of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's statutory reserve funds.

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

In the first three months of 2013 and in 2012, the Company issued 185,714 and 197,321 Series C shares, respectively. For more information, see Note 17.

20. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., a subsidiary of IPOPEMA Securities, and IPOPEMA Outsourcing Sp. z o.o., a subsidiary of IBC, were not consolidated in these condensed consolidated financial statements.

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Mar 31 2013	5	682
% share in Parent's total assets	-	0.14
Revenue for period Jan 1 – Mar 31 2013	-	429
% share in Parent's revenue	-	2.56
Net assets as at Mar 31 2013	4	131
Net profit (loss) for period Jan 1 – Mar 31 2013	-	218

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2012	5	611
% share in Parent's total assets	-	0.08
Revenue for period Jan 1 – Mar 31 2012	-	244
% share in Parent's revenue	-	1.77
Net assets as at Dec 31 2012	4	- 86
Net profit (loss) for period Jan 1 – Mar 31 2012	- 1	35

21. Seasonality

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

22. Contingent liabilities and contingent assets

In the period covered by these financial statements, the Group carried contingent liabilities under lease agreements. The Group companies lease office space under lease agreements. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years.

Minimum lease payments are presented in the table below.

Lease liabilities	Mar 31 2013	Dec 31 2012
	Present value of minimum lease payments	
Within 1 year	2,683	2,770*
Within 1 to 5 years	10,441	10,236*
Over 5 years	4,671	5,219*
Total lease liabilities	**17,795**	**18,225**

** Value calculated by recognising the cost on a straight-line basis over the lease term.*

As at March 31st 2013, contingent assets stood at PLN 4 thousand (as at December 31st 2012: PLN 27 thousand).

In 2013, the Company will incur a cost of up to CZK 2,550 thousand (PLN 413 thousand) under an agreement with the clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement, representing a condition precedent for incurring that cost, is not reached.

In addition to the above and the guarantees specified in Note 23, the Company also issued promissory notes as security for a credit facility – for a detailed description, see Note 14.

23. Guarantees

In January 2012, Nordea Bank Polska S.A. issued a guarantee to IPOPEMA Securities S.A. up to the total amount of EUR 268 thousand, secured with a cash deposit of PLN 1,239 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of new office space.

In April 2012, BRE Bank S.A. provided a guarantee in respect of the Company's liabilities for the benefit of the Hungarian Branch of Deutsche Bank AG, which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on the Budapest Stock Exchange. The guarantee was issued for the amount of EUR 2.5m, and secures the Company's timely payment of its liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearance of BSE transactions. The guarantee was provided until April 1st 2013, however in certain special cases specified in the agreement it remains valid until July 1st 2013.

24. Related-party transactions

IPOPEMA Securities is the Parent of the Group. The composition of the Group and the equity interests are presented in Note 2.

In the first three months of 2013 and in 2012, the Group did not conclude any material transactions with related parties other than at arm's length.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1 – Mar 31 2013				Jan 1 – Mar 31 2012			
IPOPEMA Business Services Kft.	-	31	189	-	-	30	379	30
Members of the Management and Supervisory	-	-	8	-	-	-	46	-
Other related parties	-	-	-	-	2	-	-	-
Total	**-**	**31**	**197**	**-**	**2**	**30**	**425**	**30**

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Mar 31 2013	Dec 31 2012	Mar 31 2013	Dec 31 2012
IPOPEMA Business Services Kft.	784	914	-	-
Members of the Management and	-	2	-	-
Other related parties	-	-	-	-
Total	**784**	**916**	**-**	**-**

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

25. Items of the statement of cash flows

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

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

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

Structure of cash

	Presentation in the statement of financial position		Presentation in the statement of cash flows	
	Mar 31 2013	**Dec 31 2012**	**Mar 31 2013**	**Dec 31 2012**
Cash and cash equivalents	**54,066**	**254,781**	**49,973**	**251,090**
1. In hand	8	8	8	8
2. At banks	24,691	21,986	24,691	21,986
3. Other cash	25,227	228,696	25,227	228,696
4. Cash equivalents (deposit for a period exceeding three months)	4,140	4,091	-	-
Accrued foreign exchange differences	-	-	47	400

As at March 31st 2013 and March 31st 2012, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities, together with interest of PLN 140 thousand accrued on the deposit as at March 31st 2013 (March 31st 2012: PLN 141 thousand).

As at December 31st 2012, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities, exclusion of interest of PLN 91 thousand accrued on the deposit, and elimination of the effect of foreign exchange differences on cash.

Cash at the end of the period comprises the Group's own and its clients' cash and cash equivalents - for more information on the structure of cash see Note 12.

Differences in changes in balance-sheet items

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Mar 31 2013	**Dec 31 2012**	**Mar 31 2013**
Gross current and non-current receivables	446,782	520,308	73,909
Net receivables	446,419	519,956	
Impairment losses on receivables	363	352	11
Current prepayments and accrued income	1,119	750	
Non-current prepayments and accrued income	80	-	
Accruals and deferred income	7,571	7,980	
Change in accruals and deferrals			**-,915**

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 March 31st 2013 by the amount of receivables under loans advanced, security deposit receivable, receivables under disposal of investment certificates, and non-current receivables, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed under financing activities.

	Presentation in the statement of financial position		Presentation in the statement of cash flows – change
	Mar 31 2012	**Dec 31 2011**	**Mar 31 2012**
Gross current and non-current receivables	470,529	514,977	44,043
Net receivables	468,973	513,273	
Impairment losses on receivables	1,556	1,704	-148
Current prepayments and accrued income	1,379	880	
Non-current prepayments and accrued income	-	-	
Accruals and deferred income	5,727	8,507	
Total accruals and deferrals (net of deferred tax assets)			**-3,231**

Explanation concerning other items of the statement of cash flows

	Jan 1–Mar 31 2013	**Jan 1 2012 - Mar 31 2012**
Cash flows from operating activities		
Other adjustments	106	52
- incentive scheme	104	23
- other	2	29
Cash flows from investing activities		
Other cash used in investing activities	1,009	1,263
- cash deposit securing bank guarantee	1,000	1,247
- other	9	16
Other cash from investing activities	39	31
- decrease in lease receivables	32	31
- dividend received	-	-
- other	7	-

26. Information on court proceedings

The Company is a party to court proceedings before the Warsaw Regional Court – XIV Labour and Social Insurance Division, which have been initiated on the basis of appeals lodged by the Company against decisions of the Social Insurance Institution (I Warsaw Branch) determining the base for the computation of contributions to social insurance, health insurance, Labour Fund and the Guaranteed Employee Benefits Fund, for the period from January 2009 to February 2010. In 2012, the Company filed corrected returns and recognised a provision of PLN 19 thousand for the projected amount of costs resulting from correction of settlements with the Social Insurance Institution for the years 2009-2010. Because the Social Insurance Institution repealed the appealed decisions, the Company has taken steps to discontinue the proceedings.

27. Material events and factors in the first three months of 2013

Situation on the equity markets of the Warsaw and Budapest Stock Exchanges

Despite the reversal of the upward trend prevailing since the beginning of 2012, the total value of trades on the WSE in Q1 2013 was slightly higher than in the first quarter of 2012. Furthermore, IPOPEMA Securities substantially improved its market share – to 10.33% (from 8.13% in January–March 2012). The Company was able to hold on to its 2012 market share on the Budapest Stock Exchange. However, in the period under analysis, the value of trading was significantly lower (down over 30% on Q1 2012). In total, this resulted in higher revenues from securities trading, which went up 4.6%, to PLN 12,337 thousand in Q1 2013 (Q1 2012: PLN 11,797 thousand).

Investment banking services

Q1 2013 was much more favourable for the Company's equity transactions business compared with the corresponding period of 2012. IPOPEMA Securities was engaged in the sale of a large equity interest in PKO BP by the State Treasury (the Company acted as a joint book runner) and successfully completed the financial restructuring of Trakcja S.A. In consequence, investment banking operations generated a revenue of PLN 4,329 thousand, more than double the figure reported in Q1 2012 (PLN 1,799 thousand).

IPOPEMA TFI's and IPOPEMA Asset Management's activities

The key driver of the increase in revenue from fund and portfolio management was an increase in the number of funds and a higher value of assets held by the funds managed by IPOPEMA TFI. At the end of Q1 2012 IPOPEMA TFI had 63 funds under its management, with an aggregate asset value of PLN 6,757m. As at the end of March 2013, the number of funds rose to 88 (including subfunds), whereas the aggregate value of their assets grew to PLN 8,613m. Despite a 17.9% growth of revenue, a major increase in cost of operations reported in Q1 2013 (up by 22.4%) contributed to a slight decline in net profit (PLN 501 thousand relative to PLN 867 thousand in Q1 2012).

IPOPEMA Business Consulting

The more challenging conditions on the advisory services market were reflected in the results of IPOPEMA Business Consulting. Year on year, its revenue dropped by 38.2%, and despite the fact that the operating expenses shrank by 26.1%, the net profit fell to PLN 207 thousand, from PLN 436 thousand in Q1 2012.

28. Events subsequent to the end of reporting period

All events relating to the reporting period have been disclosed in the accounting books and the financial statements for the period January 1st – March 31st 2013. No material events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, May 14th 2013

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