

Directors' Report

**on the operations of IPOPEMA
Securities S.A. and the IPOPEMA Group
in the first six months of 2013**

Warsaw, August 22nd 2013

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PART I

1. Profit (loss)

Consolidated financial highlights	2013			2012		
	Jan– Mar*	Apr– Jun*	Jan– Jun	Jan– Mar*	Apr– Jun*	Jan– Jun
Total revenue, including	26,945	24,607	51,552	24,173	20,516	44,689
<i>Brokerage and related services</i>	16,755	12,971	29,726	13,751	10,661	24,412
<i>Investment fund management</i>	7,879	8,183	16,062	6,680	6,714	13,393
<i>Consultancy services</i>	2,311	3,453	5,764	3,742	3,141	6,884
Total cost of core activities	22,326	21,773	44,098	19,118	17,671	36,789
Profit on core activities	4,619	2,834	7,454	5,055	2,845	7,900
Net profit for the period	3,212	1,148	4,361	2,833	2,030	4,863

* Unaudited.

Revenue

A moderate recovery in market conditions in H1 2013 had a positive impact on the IPOPEMA Group's performance as its revenue for the period grew by 15.4% year on year, from PLN 44,689 thousand to PLN 51,552 thousand.

The most significant source of the Group's revenue continued to be securities trading, which generated PLN 24,099 thousand in revenue in H1 2013 (46.7% of consolidated revenue from core activities), up by 21.1% year on year. The key growth drivers included improved conditions on the WSE secondary market (with trading value up by 14.6 year on year) and the Company's increased share in that market, which arrived at 9.66% in the period January–June 2013 (January–June 2012: 8.13%).

A 29.8% revenue growth was also delivered by the investment banking segment (PLN 4,197 thousand in H1 2012 compared with PLN 5,449 thousand in H1 2013).

The investment fund and portfolio management business posted a considerable 19.9% improvement in revenue as well (revenue of PLN 16,062 thousand in H1 2013). This growth was mainly attributable to a rise in the number of funds and higher value of assets under management (as at the end of June 2013, IPOPEMA TFI managed 87 funds and subfunds with an aggregate asset value of PLN 11,619m, compared with 75 funds and an aggregate asset value of PLN 6,527m a year earlier). It is also important to note that in H1 2013 IPOPEMA TFI significantly increased the asset value of its actively managed funds, which rose to PLN 455m as at the end of June 2013.

A negative change in revenue was reported only by the consultancy services business IPOPEMA Business Consulting. The company's revenue amounted to PLN 5,764 thousand in H1 2013 (11.2% of the IPOPEMA Group's total revenue), compared with PLN 6,884 thousand a year earlier.

IPOPEMA Securities' separate revenue (brokerage and related services) amounted to PLN 29,726 thousand in H1 2013, compared with PLN 24,412 thousand recorded in H1 2012.

Costs and expenses

Despite lower cost of operations in the consultancy business segment, the rise in cost of operations in the other business segments drove the Group's consolidated costs of operations in H1 2013 up by 19.9%, to PLN 44,098 thousand (from PLN 36,789 thousand a year before).

In the same period, total costs of operations in the brokerage services segment stood at PLN 23,356 thousand and were up by 25.1% on H1 2012 (PLN 18,665 thousand), mainly due to higher transaction costs and higher cost of salaries and wages.

In the investment fund and portfolio management business, cost of operations grew by 28.3% in H1 2013, to PLN 15,889 thousand, primarily owing to higher costs associated with the creation of new funds, as well as higher cost of distribution.

Cost of operations recorded in H1 2013 by IPOPEMA Business Consulting (consultancy business segment) stood at PLN 4,853 thousand, down by 15.4% compared with PLN 5,738 thousand recorded in January–June 2012.

Costs relating to the valuation of the Company's share option plans, as disclosed in the consolidated financial statements, amounted to PLN 153 thousand in H1 2013 (H1 2012: PLN 37 thousand).

Net profit (loss)

Despite higher consolidated revenue, the increase in cost of operations had a negative impact on the overall financial performance. In H1 2013, consolidated profit on core activities totalled PLN 7,454 thousand (H1 2012: PLN 7,900 thousand), while operating profit and net profit amounted to PLN 5,731 thousand and PLN 4,361 thousand, respectively, relative to PLN 7,094 thousand and PLN 4,863 thousand, respectively, in H1 2012.

As IPOPEMA Securities' interest in IPOPEMA Business Consulting is 50.02%, profit attributable to owners of the parent was PLN 3,881 thousand, and profit attributable to non-controlling interests was PLN 480 thousand.

IPOPEMA Securities' net profit for H1 2013 as shown in the Company's separate financial statements amounted to PLN 4,655 thousand (H1 2012: PLN 6,186 thousand) and was higher by PLN 1,442 thousand on the net profit figure for the same period disclosed (as profit of the brokerage and related services segment) in the consolidated financial statements. The difference is due mainly to the dividend received from IPOPEMA TFI (PLN 1,000 thousand), which was eliminated in the consolidated financial statements.

In H1 2013, the investment fund and portfolio management segment (combined operations of IPOPEMA TFI and IPOPEMA Asset Management) posted net profit of PLN 187 thousand, compared with PLN 1,603 thousand in H1 2012.

Despite the fall in profit reported by the consultancy business segment in H1 2013 (PLN 911 thousand compared with PLN 1,145 thousand in H1 2012), the improved net finance income/costs figure had the effect of increasing the segment's net profit year on year (PLN 961 thousand relative to PLN 851 thousand in H1 2012).

2. Material events and factors with bearing on the financial performance

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

Similarly to the previous year, in H1 2013 the Company's markets saw high volatility of stock market indices. However, trading by value on the WSE was up 14.6%, compared with 20.0% and 29.9% year-on-year declines in trading value recorded by the BSE and PSE, respectively, in the period from January to June 2013.

The Company further consolidated its position on the WSE secondary market in H1 2013, and with a share of 9.66% (H1 2012: 8.13%) emerged as the second most active broker on that market.

The factors stated above, despite the lower trading value on the BSE and a slight contraction in the Company's share in that market (6.47% vs. 6.77%), led to a 21.1.% increase in securities trading revenue (PLN 24,099 thousand, compared with PLN 19,901 thousand in the previous year).

Investment banking services

Similarly to H1 2012, the volatility prevailing on the WSE in the period from January to June 2013, compounded by considerable investor uncertainty as to the future of pension funds, had a major dampening effect on the equity market activity of investors and issuers alike. Despite these setbacks, a higher value of executed transactions drove the Company's investment banking revenue up by 29.8% compared with H1 2012, to PLN 5,449 thousand in H1 2013.

IPOPEMA TFI's and IPOPEMA Asset Management's activities

In H1 2013, the investment fund and portfolio management segment posted a 19.9% year-on-year rise in revenue, to PLN 16,062 thousand, which was mainly caused by an increase in the number of funds under management (87 as at the end of June 2013, compared with 75 a year before) and a significant increase in the value of assets under management (PLN 11,619m, compared with PLN 6,527m). Despite the markedly higher revenue, as a result of an increase in the cost of operations (partly due to one-off events) the segment reported a lower net profit (PLN 187 thousand in H1 2013 vs. PLN 1,603 thousand in H1 2012).

IPOPEMA Business Consulting

A deterioration in consultancy services market conditions was felt by IPOPEMA Business Consulting in H1 2013 as the company posted a 16.3% year-on-year drop in revenue, to PLN 5,764 thousand. However, with the lower cost of operations (down by 15.4%), the segment generated a profit on core activities of PLN 911 thousand (compared with PLN 1,145 thousand in the previous year), with the improved result on financing activities making a positive contribution to net result (PLN 961 thousand, relative to PLN 851 thousand in H1 2012).

3. Factors with potential bearing on the H2 2013 results

Market situation on the Warsaw, Budapest and Prague Stock Exchanges and IPOPEMA Securities' position on the secondary market

The first half of 2013 saw major swings in investor sentiment across the Company's markets – the declines continuing since the beginning of the year were followed by a recovery in the second half of April, which was stalled by a significant correction in early June, reversed by another rebound at the end of the month. Since then, the WIG index in Warsaw and the PX index in Prague have been in an upward trend, while BUX in Budapest, after several weeks of rally, has been declining again since mid-July. Although investor activity on the WSE is higher than a year earlier (trading value in the period from January to June 2013 was 14.6% higher than in the same period in 2012) even despite the market volatility, the BSE and PSE markets saw declines in trading value by 20.0% and 29.9%, respectively. Therefore, it is difficult to predict the situation and investor activity on the Company's markets in the months to come.

IPOPEMA Securities' involvement in investment banking projects and execution of transactions in the order book

While the first months of 2013 saw a slight recovery in the equity transactions business, the prevailing low valuations combined with investors' uncertainty as to the shape of the OFE market's reform and the resulting investors' restraint contribute to the limited supply of new public offerings. Despite this unfavourable backdrop, the Company is working on new equity transactions and continues to make attempts at winning new clients, including from sectors more resilient to the volatile sentiment on the stock-exchange market.

Further expansion of IPOPEMA TFI and IPOPEMA Asset Management

Changes of the capital market situation are reflected in the inflow of assets to investment funds. A strong market downturn not only causes a decline in the value of assets under management, but also undermines investors' confidence in this type of products, which translates into a very limited inflow of new funds and unit redemptions. Nevertheless, despite the volatile market conditions seen in H1 2013, June was the ninth month in a row with the value of subscriptions exceeding the value of redemptions. While it is difficult to predict how investor sentiment will be shaping in the rest of the year, the prevailing interest rates, now at their record low, are encouraging transfers of savings from bank deposits to investment funds, which may have a positive impact on performance in the fund and portfolio management segment. However, a large proportion of IPOPEMA TFI's revenue (from management of closed-end funds) does not depend on the value of the funds' assets and, consequently, on market conditions.

Expansion of IPOPEMA Business Consulting's business

In H2 2013, the key drivers of IPOPEMA Business Consulting's operations will include performance of its existing contracts and new additions to the order book, with a concurrent tight cost control.

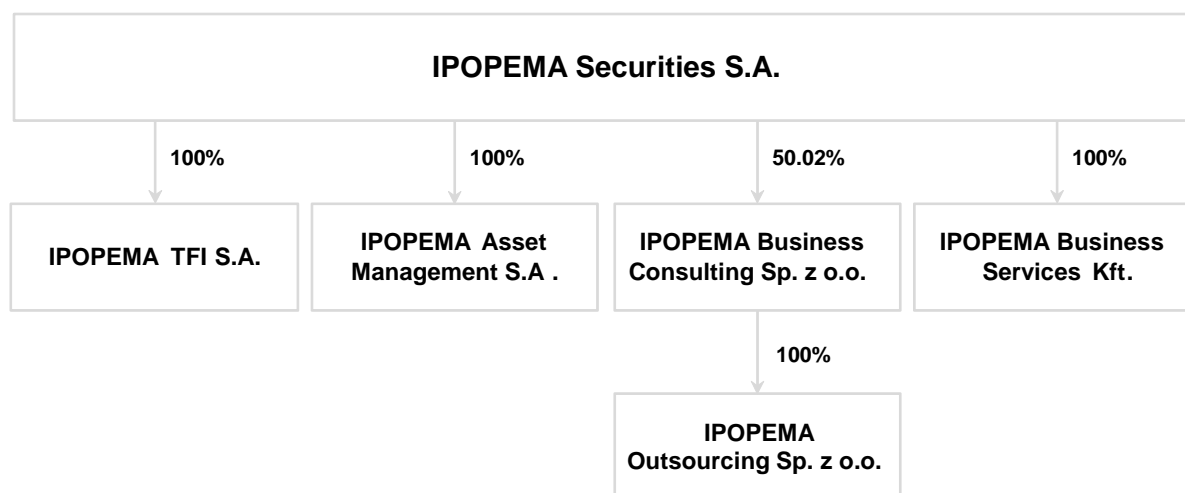
4. Performance against forecasts

The Company and the Group did not publish any performance forecasts.

PART II

1. Organisational structure of the IPOPEMA Securities Group

The Group of IPOPEMA Securities S.A. consists of IPOPEMA Securities S.A., which is the parent, and subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Asset Management S.A., IPOPEMA Business Services Kft, and IPOPEMA Outsourcing Sp. z o.o. – a subsidiary of IPOPEMA Business Consulting. IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Asset Management and IPOPEMA Business Consulting are consolidated, while IPOPEMA Business Services and IPOPEMA Outsourcing have been excluded from consolidation given the immateriality of their financial information.



2. Changes in the structure of the IPOPEMA Securities Group

In H1 2013, there were no changes in the structure of the IPOPEMA Securities Group.

3. Shareholder structure of IPOPEMA Securities S.A.

As at June 30th 2013, the shareholder structure of the Company (shareholders directly or indirectly holding 5% or more of the shares in IPOPEMA Securities S.A. and of the total vote at the Company's General Meeting) was as follows:

Shareholder	Number of shares and votes at GM	% of total vote at GM
OFE PZU Złota Jesień*	2,950,000	9.85%
IPOPEMA 10 FIZAN ¹	2,851,420	9.52%
Fundusz PRE-IPO FIZAN ²	2,188,370	7.31%
KL Lewandowska S.K.A. ³	2,086,749	6.97%
JLK Lewandowski S.K.A. ⁴	2,066,249	6.90%
JLS Lewandowski S.K.A. ⁴	2,066,249	6.90%
Aviva OFE Aviva BZ WBK*	1,815,000	6.06%
Total shareholders holding over 5% of the share capital	16,024,037	53.51%

* 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 Subsidiary of Katarzyna Lewandowska.

⁴ Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

Until the date of this report, no changes occurred in the group of shareholders directly or indirectly holding 5% or more of the Company shares and of the total vote at the Company's General Meeting

4. Changes in the number of shares held by members of the management and supervisory staff

As at March 31st 2013 and June 30th 2013, members of the management and supervisory staff held, directly or indirectly through their subsidiaries or related entities (including dedicated funds), the following shareholdings in IPOPEMA Securities S.A.

Person	No. of shares and votes	% of ownership interest and total vote
Jacek Lewandowski – President of the Management Board ¹	6,320,868	21.11%
Stanisław Waczkowski – Vice-President of the Management Board	3,142,855	10.50%
Mariusz Piskorski – Vice-President of the Management Board	965,000	3.22%
Mirosław Borys – Vice-President of the Management Board	696,428	2.33%
Bogdan Kryca – Member of the Supervisory Board	442,854	1.48%
Total	11,568,005	38.64%

¹ As stated in the table in Section 3, shares in IPOPEMA Securities S.A. are also held (indirectly, through a subsidiary) by Katarzyna Lewandowska, Jacek Lewandowski's wife.

5. Issue, redemption and repayment of equity and non-equity securities

In H1 2013, the Company issued shares under its Incentive Scheme (see Section 7 below).

In H1 2013, the Company issued registered bonds with a total nominal value of PLN 10 thousand, maturing in 2013–2015 (depending on the series). The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is immaterial for the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Resolution on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the

updated version of document "Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy", available on the Company's website.

Save for the above, no non-equity or equity securities of IPOPEMA Securities S.A. were issued, redeemed or repurchased in H1 2013 or in the comparative period.

6. Loans, guarantees, sureties

In H1 2013 and in the comparative period, the Company did not receive and did not provide any sureties or loans (other than loans to employees). In H1 2012, a bank guarantee for the total of EUR 268 thousand was provided to the Company by Nordea Bank Polska (in connection with lease of office space). The Company also received a guarantee from BRE Bank for the total amount of EUR 2.5m (issued in April 2012 and subsequently extended in March 2013), for the benefit of the Hungarian Branch of Deutsche Bank AG, which is the Company's clearing bank for transactions executed on the Budapest Stock Exchange.

7. Selected corporate events in H1 2013

Subscription for shares under the incentive scheme

The third subscription for shares under Share Option Plan II took place in February 2013. A total of 185,714 shares were subscribed for, which increased the share capital to PLN 2,993,783.60 (the first subscription for 212,500 shares took place in February 2011, the second subscription for 197,321 shares followed in February 2012). All the shares were issued within the limits of conditional share capital, and their issue price was PLN 5 per share. The shares were registered with the Polish NDS and introduced to trading on the Warsaw Stock Exchange, following assimilation with the existing Company shares.

Adoption of consolidated text of the Company's Articles of Association

After it received a court decision to enter the share capital increase resulting from the subscription of Series C shares issued out of conditional share capital (as described above) in the National Court Register on June 11th 2013, the Management Board drafted a consolidated text of the Company's Articles of Association to incorporate that alteration.

Awards and distinctions

In January 2013, the Research Department of IPOPEMA Securities took the first place in the ranking of top research teams compiled by the Parkiet and Rzeczpospolita dailies. The Company's analysts also won in two individual categories: "fuels" (Konrad Anuszkiewicz) and "market strategy" (Arkadiusz Chojnacki).

In February 2013, the Company came in first in the Parkiet's ranking of the best-performing capital market teams, based on the highest value of IPOs in 2012.

In the same month, IPOPEMA Securities received a certificate of merit from the Warsaw Stock Exchange for "floating shares of the highest value as part of IPOs on the main market in 2012".

In March 2013, the Research Department won yet again – this time in the Forbes' ranking (4/2013), taking the lead in four out of five categories, with as many as four IPOPEMA analysts making it to the top twenty in the individual ranking.

In July, IPOPEMA Securities was named *The Best Equity House* in the Euromoney Awards for Excellence 2013 in recognition of its significant contribution to the largest and most prestigious transactions of the past year.

Dividend from IPOPEMA TFI

In H1 2013, a resolution was adopted concerning IPOPEMA TFI's payment of dividend of PLN 1,000 thousand to IPOPEMA Securities. While the dividend amount is the Company's finance income and is disclosed in its separate financial statements, it is eliminated from the IPOPEMA Group's consolidated financial statements.

8. Litigations

The Company was a party to court actions before the Regional Court in Warsaw, 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 (1st 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 the course of subsequent proceedings, based on the findings of the related tax inspections, the Social Insurance Institution reversed the decisions appealed against, and the Company filed corrected declarations (in 2012, the Company recognised a provision of PLN 19 thousand for the projected amount of costs resulting from the correction of settlements for that period). Therefore, the above court actions were discontinued during the year.

9. Related-party transactions

In H1 2013, there were no material related party transactions. For details of related party-transactions, see Note 24 to the interim condensed consolidated financial statements.

10. Material events subsequent to the balance-sheet date

Execution of annexes to credit facility agreements with Alior Bank

After the balance-sheet date, the Company signed annexes to credit agreements with Alior Bank (executed in July 2009) providing for two credit facilities, contracted to finance the Company's current liabilities towards the Polish NDS in respect of settlement of transactions concluded by the Company on the WSE (PLN 10m) and to finance the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund (PLN 30m). The annexes extended the term of the agreements until July 18th 2014.

11. Risk factors

Below are presented risk factors specific to the business of the IPOPEMA Securities Group or its member companies, which the Management Board believes to be the most material and which – should they materialise – may have an adverse effect on the operations, financial standing, performance or development prospects of the Company and the IPOPEMA Securities Group.

Risk related to the situation on capital markets

The Company's financial results depend primarily on capital market conditions, especially in Poland. The economic slowdown is taking a toll on the performance of global stock exchanges, including the Warsaw Stock Exchange, Budapest Stock Exchange, and Prague Stock Exchange, where the Company operates. The capital market downturn affects the Company's revenue through lower trading value on the stock exchanges and challenging conditions for execution of public offerings. It is currently difficult to unambiguously predict how the situation on the Company's markets, now marked by investors' uncertainty, will develop in the coming months.

With respect to IPOPEMA TFI, the less favourable climate on the capital markets discourages investment in listed securities (mainly equities) and thereby affects revenue from active management services. To date, this has had a limited effect on the performance of IPOPEMA TFI, as it focuses on creating closed-end private equity funds. However, since the company is expanding its active management business, a prolonged market

downturn may erode revenues and earnings of IPOPEMA TFI (particularly due to difficulties in acquiring new assets for management or even maintaining their current volumes).

Similarly, for IPOPEMA Asset Management the market sentiment (which drives equity and debt instrument prices and thus the value of assets under management and, in effect, revenues from portfolio management services) is the primary factor affecting its business.

Risk related to competition in the services markets on which IPOPEMA Securities and other IPOPEMA Securities Group companies operate

In recent years, many new companies have entered the market on which IPOPEMA Securities S.A. operates. In addition to brokerage houses which have operated for a number of years and have successfully established a strong foothold on the capital market in Poland, some new entrants have appeared, providing brokerage and consultancy services on a limited scale. They are established by individuals with relevant professional experience, who can guarantee a standard of service comparable to that offered by Poland's leading brokerage institutions. Furthermore, the recent significant growth of the Polish capital market and the State Treasury's privatisation policy have translated into a surge of interest in the brokerage and consultancy business from foreign financial institutions, which establish or expand their offices in Warsaw. The growing competition, including from remote brokers operating at the WSE, may result in the Company losing part of its market share and in higher pressure on prices of the offered services, which may have an adverse effect on the Company's financial position.

Similarly, IPOPEMA TFI, IPOPEMA Asset Management and IPOPEMA Business Consulting compete against companies with established market positions and new market entrants. In nearly six years of its operation, IPOPEMA TFI has become one of the most active players on the Polish market in terms of creating closed-end investment funds, and continues to expand its offering and strengthen its position on the market of actively managed funds. IPOPEMA Asset Management is one of the longest-standing businesses on the Polish *asset management* market. After a dozen or so years of operations (formerly as Credit Suisse Asset Management (Polska) S.A.), the company holds a firm position and boasts extensive experience in the area of asset management for institutional and individual investors. IPOPEMA Business Consulting continues to grow dynamically in the fifth year of its active operation, consistently expanding its client base and order book. However, there can be no assurance that measures taken by competitors will not stand in the way of the development plans of IPOPEMA TFI, IPOPEMA Asset Management and IPOPEMA Business Consulting; if so, this may have an adverse effect on the future results of the IPOPEMA Securities Group as a whole.

Risk related to dependence on the management personnel, necessity to retain key employees, acquisition of highly qualified specialists and level of remuneration

The IPOPEMA Group's business and development prospects largely depend on the knowledge, experience and qualifications of the management personnel. Their work for the IPOPEMA Group has been a key factor behind its success to date. Hence, if any of the members of the IPOPEMA Group's management personnel decides to leave the Company, this may have an adverse effect on the business and financial standing of the Company and its subsidiaries, as well as on their financial performance and development prospects.

Furthermore, in order to deliver an adequate quality of service, the IPOPEMA Securities Group companies must retain highly qualified staff. The nature of the Company's business requires part of IPOPEMA Securities', IPOPEMA TFI's, or IPOPEMA Asset Management's employees to have relevant experience and to comply with formal requirements for the provision of brokerage or investment consultancy services. Besides, to ensure continued development of the Group, it is necessary to hire new employees with relevant competencies and experience.

Given the strong competition and a limited availability of qualified professionals that guarantee the required level of service, with a view to ensuring stability of the key staff, the Company's Management Board seeks to develop appropriate incentive mechanisms to motivate employees to link their future with the Group. One of the measures in this area is the incentive scheme and the employee remuneration system in place. However, the pursuit of those plans may require increased expenditure on employee remuneration, which, given the considerable share of salaries and wages in total operating expenses, may have an adverse effect on the financial results of the IPOPEMA Group companies in the future.

Risk related to settlement of stock exchange transactions

The Company is a clearing member of the Polish national securities depository KDPW_CCP, which means that on the clearing date it is required to pay for executed buy transactions and deliver securities in order to clear executed sell transactions. The Company executes transactions for clients (holding accounts with custodian banks), who should deliver cash for executed buy transactions or securities for executed sell transactions on the clearing date. However, a client may fail to provide the cash or securities on time. In such a case, until the client

has settled the relevant liabilities, for the purpose of the transaction clearing the Company must use its own resources (buy transactions) or deliver securities acquired on the market (sell transactions). Additionally, if the client fails to pay for a buy transaction, there is also a risk that the Company may acquire securities which it may be unable to sell on equally favourable terms or which it may be unable to sell at all. In the case of sell transactions, there is a risk that the Company may need to acquire the securities on the market at a price higher than the price at which the client was supposed to deliver such securities or that it will be impossible to acquire such securities. Such a situation does not limit the Company's right to assert claims against the client on account of the client's failure to perform obligations under an agreement (order) concerning a transaction in securities.

Risk related to the nature of investment banking services

The Company's services in the area of investment banking, in particular advisory services to companies seeking introduction of their shares to trading on the WSE as well as M&A transactions, are characterised by relatively long execution periods (typically not less than several months). Given the volatile nature of capital markets and changes of investment plans by the Company's clients, there is a risk that part of the projects commenced by the Company may be postponed or the clients may decide to abandon the process of introducing their shares to trading (in particular when faced with adverse market conditions). As success fees account for a substantial portion of the Company's consideration in the case of such projects, any such decisions may have an adverse effect on the Company's financial performance.

Risk related to the activities of the Market Making and Proprietary Trading Department

The nature of the operations of the Market Making and Proprietary Trading Department, that is entering into short-term transactions on the stock-exchange market for the Company's own account, exposes the Company to investment risk. In particular, there can be no assurance that decisions made by the Department's staff or the applied investment strategies will be successful, and therefore the Department's activities may bring unsatisfactory results or even result in losses.

Risk related to the level of equity and financial requirements of the Company and the IPOPEMA Group

In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund managed by KDPW_CCP. Currently, each day the Company makes a contribution to the Fund using a credit facility. In the case of any events with an adverse effect on the Company's financial performance, the Company's ability to use debt financing may be limited and it may be necessary for the Company to scale down its business or increase its equity base.

To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present level of the available credit facility ensures safe continuation of business on the current scale or even a substantial increase in business volumes. It should be also noted that, if the Company's clients fail to settle transactions concluded on the basis of their orders in a timely manner, the Company may be required to execute such transactions using its own funds if the available credit facility is not sufficient to cover the liabilities.

Moreover, as a brokerage house, the Company is obliged to meet the capital requirements, including the separate and consolidated capital adequacy requirements, which to a large extent depend on the scope and scale of brokerage activities. IPOPEMA's equity on a separate and consolidated basis (as at June 30th 2013: PLN 64,934 thousand and PLN 80,816 thousand, respectively) is maintained at a level ensuring an appropriate surplus over the capital requirements, however, it cannot be ruled out that a rapid expansion of the operations (particularly as regards potential new business projects) will require the equity to be significantly increased. The necessity to increase the equity base may also extend to other Group companies, namely IPOPEMA Asset Management, which, being a brokerage house, is subject to the same regulatory requirements as IPOPEMA Securities S.A., and IPOPEMA TFI S.A., which may be subject to additional risk estimation and capital requirement obligations as a result of potential regulatory changes affecting investment fund companies.

Risk related to the business of IPOPEMA TFI

Given the rising competition on the market of investment funds as well as the relationship between individual funds' performance and the economic situation, including in particular the situation on the capital markets, and the correctness of investment decisions made by the managers of IPOPEMA TFI funds, there is a risk that the funds may not yield the expected rate of return (or, in an extreme case, they may incur losses), the clients will lose confidence in the fund managers, which may eventually lead to some clients closing their relationship with the funds managed by IPOPEMA TFI. In connection with the above and the fact that in the case of selected

funds IPOPEMA TFI's consideration depends on the funds' performance against an agreed benchmark rate of return, the risk that the fund managers will not meet the targets and that the clients will discontinue their relationship with IPOPEMA TFI may cause IPOPEMA TFI to be unable to generate the assumed level of revenue.

Furthermore, while thus far the number of funds managed by IPOPEMA TFI has been growing dynamically, there can be no assurance that IPOPEMA TFI will be able to maintain its existing client base and acquire new clients in the future, which may have an adverse effect on revenue growth. Furthermore, IPOPEMA TFI is constantly expanding its offering addressed to a broad group of investors. There is a risk that - if IPOPEMA TFI fails to acquire clients and assets for the funds or if the funds fail to achieve adequate rates of return, subsequently leading to client churn and difficulties in winning new clients - the company will not be able to generate satisfactory revenue from these funds.

The rate of IPOPEMA TFI's business growth also depends to a certain extent on whether it is able to secure relevant administrative approvals (particularly to create new funds), as well as the direction of possible changes in the legal environment relevant to the business of investment funds and taxation of investment funds and unit holders.

Risk related to the business of IPOPEMA Asset Management

IPOPEMA Asset Management's business is primarily exposed to investment risk. It cannot be ruled out that the IPOPEMA Asset Management's managers will make wrong decisions or pursue wrong investment strategies, which may result in the loss of current clients and difficulties in winning new clients, and may thus have a negative effect on IPOPEMA Asset Management's performance.

Risk related to brokerage operations in Hungary and the Czech Republic

So far, the Company has managed to build a strong position on the stock exchange market in Budapest. However, due to economic and political instability in Hungary, at present it is difficult to predict how the conditions prevailing on the Budapest Stock Exchange will be shaping in the future, and eventually, what their impact on the performance of IPOPEMA on that market will be.

In Q1 2012, IPOPEMA Securities launched brokerage activities on the Prague Stock Exchange (PSE). Those activities have so far been conducted on a limited scale. At present, it is difficult to assess the impact of the Czech operations on the Company's performance in the future. It is possible, however, that the break-even point will be achieved later than expected and that the results will prove unsatisfactory.

Risk related to the function of Payment Bank

In order to be able to start and conduct operations on the WSE, the Company (as well as other brokerage houses which are direct members of the WSE) is required to have a valid agreement on Payment Bank services with a bank which is a member of the Polish NDS. The Company's Payment Bank is currently Alior Bank S.A. If the agreement on Payment Bank services was terminated, the Company would need to enter into a new agreement with another bank, which would take time and require the Company to agree new terms of business. Any difficulties in finding another Payment Bank could even pose a risk that the Company might have to temporarily suspend its brokerage or market making and proprietary trading activities on the WSE until a new agreement is signed.

A similar risk exists with respect to the Hungarian and Czech branches of Deutsche Bank, with which the Company executed agreements in relation to transactions executed on the Budapest Stock Exchange and the Prague Stock Exchange.

Risk related to the IT and telecommunications systems

A particularly sensitive area of the Company's activities is the necessity to ensure uninterrupted and secure operation of its IT and telecommunications systems. Any serious system failure may not only expose the Company to the risk of financial liability to clients for not executed or incorrectly executed orders, but may also undermine the client's confidence in the long term. The Company purchased and implemented a dedicated IT system for providers of brokerage services, which has been upgraded and modified on a continual basis. The objective behind the purchase of the system and the ongoing steps taken by the Company in order to ensure the best possible security solutions for its IT and telecommunications infrastructure, is to mitigate the risk of adverse effects of possible failure of the IT systems, unauthorised access to the data stored on the servers used by the Company, or loss of such data. However, there can be no assurance that the risk does not materialise despite the precautions taken by the Company.

Risk related to mistakes and errors of IPOPEMA's employees and breaches of law

The IPOPEMA Group's position on the markets on which it is present relies primarily on the degree of client confidence in the IPOPEMA Group and its employees. The nature and scope of the Group's services require its employees not only to possess the relevant expertise and experience, but also to comply with the procedures in place at each company of the Group, designed to limit the risk of mistakes and errors in the course of the Group's operations. Although each employee of the IPOPEMA Group is obliged to know and apply the operational procedures in effect at a given company, there can be no assurance that mistakes or errors will not occur in day-to-day operations. Any such errors or mistakes may, depending on their scale, affect the financial standing and financial performance of the IPOPEMA Group. Given the nature of the Company's operations, the risk of mistakes is particularly relevant in the case of staff operating directly on the secondary market.

Warsaw, August 22nd 2013

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