The
IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the three months ended March 31st 2012

Warsaw, May 10th 2012

ipopema

Contents

Financial highlights

Financial highlights	PLN '000 3 months ended		EUR '000 3 months ended	
	Mar 31 2012	Mar 31 2011	Mar 31 2012	Mar 31 2011
Revenue from core activities	24,173	26,328	5,790	6,625
Cost of core activities	19,118	18,080	4,579	4,549
Profit on core activities	5,055	8,248	1,211	2,075
Operating profit	5,382	7,586	1,289	1,909
Pre-tax profit	3,030	7,569	726	1,904
Net profit	2,833	6,063	679	1,526
Net earnings per ordinary share (weighted average) (PLN/EUR)	0.09	0.21	0.02	0.05
Net cash from (used in) operating activities	- 4,121	9,993	- 987	2,514
Total cash flows	- 2,601	11,603	- 623	2,920

Consolidated financial highlights	PLN '000		EUR '000	
	Mar 31 2012	Dec 31 2011	Mar 31 2012	Dec 31 2011
Total assets	584,520	631,175	140,456	142,903
Current liabilities	492,531	540,648	118,351	122,407
Equity	85,335	80,969	20,505	18,332
Number of shares	29,752,122	29,554,801	29,752,122	29,554,801
Book value per share (PLN/EUR)	2.88	2.74	0.69	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	Q1 2012	Q1 2011
EUR	4.1750	3.9742

- Items of the statement of financial position:

Exchange rate as at	Mar 31 2012	Dec 31 2011
EUR	4.1616	4.4168

Interim condensed consolidated statement of comprehensive income

for the three months ended March 31st 2012

	Note	Jan 1 2012 - Mar 31 2012	Jan 1 2011 - Mar 31 2011
CONTINUING OPERATIONS			
Revenue from core activities, including:	15	**24,173**	**26,328**
Revenue from brokerage activities		13,751	18,168
Revenue from management of investment funds and assets		6,680	4,986
Revenue from advisory services		3,742	3,174
Cost of core activities	15	**19,118**	**18,080**
Profit (loss) on core activities		**5,055**	**8,248**
Gain (loss) on transactions in financial instruments held for trading		306	-661
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		25	-
Other operating income		185	48
Other operating expenses		189	49
Operating profit (loss)		**5,382**	**7,586**
Finance income		815	889
Finance expenses		3,167	906
Pre-tax profit (loss)		**3,030**	**7,569**
Income tax	16	197	1,506
Net profit (loss) on continuing operations		**2,833**	**6,063**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**2,833**	**6,063**
Attributable to:			
Owners of the parent		2,588	5,853
Non-controlling interests		245	210
Earnings (loss) per share (PLN)		0.09	0.21
Diluted earnings (loss) per share (PLN)		0.09	0.20
Other comprehensive income		**524**	**340**
Gains and losses on revaluation of financial assets available for sale		647	420
Corporate income tax on items of other comprehensive income		123	80
Comprehensive income for period		**3,357**	**6,403**
Attributable to:			
Owners of the parent		3,112	6,193
Non-controlling interests		245	210

Warsaw, May 10th 2012

Jacek Lewandowski
President of the Management Board

Mariusz Piskorski
Vice-President of the Management Board

Stanisław Waczkowski
Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of financial position

as at March 31st 2012

ASSETS	Note	Mar 31 2012	Dec 31 2011
Cash and cash equivalents	12	97,063	100,491
Current receivables	12, 14	467,385	512,960
Current prepayments and accrued income		1,379	880
Financial instruments held for trading		1,925	1,521
Financial instruments held to maturity		-	-
Financial instruments available for sale		6,980	6,016
Investments in jointly controlled entities and associates		-	-
Non-current receivables		1,588	372
Non-current loans advanced		2,081	2,433
Property, plant and equipment		2,378	2,434
Investment property		-	-
Intangible assets		2,192	2,268
Inventories		-	26
Non-current prepayments and accrued income		1,549	1,774
TOTAL ASSETS		**584,520**	**631,175**

EQUITY AND LIABILITIES		Mar 31 2012	Dec 31 2011
Current liabilities	14	492,531	540,648
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	14	6,457	9,558
Accruals and deferred income		197	-
Total liabilities		**499,185**	**550,206**
Share capital	13	2,975	2,955
Other		13,430	11,917
Retained earnings		65,261	62,673
Total equity		**81,666**	**77,545**
Non-controlling interests		**3,669**	**3,424**
Total capital		**85,335**	**80,969**
TOTAL EQUITY AND LIABILITIES		**584,520**	**631,175**

Warsaw, May 10th 2012

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Chief Accountant

Interim condensed consolidated statement of cash flows

for the three months ended March 31st 2012

CASH FLOWS	Note	Jan 1 2012 - Mar 31 2012	Jan 1 2011 - Mar 31 2011
Cash flows from operating activities			
Pre-tax profit		**3,030**	**7,569**
Total adjustments:	25	**-7,151**	**2,424**
Depreciation and amortisation		461	304
Foreign exchange gains/(losses)		1,057	-172
Interest and dividends		239	42
Gain (loss) on investing activities		200	187
Change in financial instruments held for trading		-404	2,258
Change in financial instruments available for sale		-	1
Change in receivables		45,942	-212,488
Change in current liabilities (net of bank borrowings and other debt instruments)		-49,200	214,909
Change in provisions and impairment losses on receivables		-4,712	-1,010
Change in accruals and deferrals		-566	-513
Income tax		-220	-1,140
Other adjustments (including effect of incentive schemes and acquisition of CSAM)		52	46
Net cash from (used in) operating activities		**-4,121**	**9,993**
Cash flows from investing activities			
Increase in loans advanced		-	-
Decrease in loans advanced		2	3
Acquisition of property, plant and equipment and intangible assets		-325	-443
Cash provided by financial instruments available for sale and held to maturity		2,119	-
Acquisition of financial instruments available for sale and held to maturity		-2,445	-600
Other cash used in investing activities		-1,263	-
Other cash from investing activities		31	36
Net cash from (used in) investing activities		**-1,881**	**-1,004**
Cash flows from financing activities			
Proceeds from borrowings		2,752	1,720
Proceeds from issue of share capital		987	1,062
Interest paid		-338	-168
Repayment of borrowings		-	-
Dividends to owners of the parent		-	-
Net cash from (used in) financing activities		**3,401**	**2,614**
Total cash flows		**-2,601**	**11,603**
Net increase (decrease) in cash and cash equivalents		-3,478	11,776
Exchange differences on cash and cash equivalents		-877	173
Cash at beginning of the period	25	96,400	88,589
Cash at end of the period, including	25	**92,922**	**100,365**
restricted cash		*13,739*	-

Warsaw, May 10th 2012

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Interim condensed consolidated statement of changes in equity

for the three months ended March 31st 2012

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other			Retained earnings		
		Share premium	Revaluation capital reserve	Other			
As at Jan 1 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 31st 2012	**2,975**	**9,441**	**1,240**	**2,749**	**65,261**	**3,669**	**85,335**
As at Jan 1 2011	**2,934**	**7,433**	**972**	**2,565**	**53,554**	**1,793**	**69,251**
Profit for the period	-	-	-	-	5,853	210	6,063
Issue of shares	21	1,041	-	-	-	-	1,062
Costs of incentive scheme	-	-	-	46	-	-	46
Other comprehensive income	-	-	340	-	-	-	340
Dividend payment	-	-	-	-	-	-	-
As at Mar 31 2011	**2,955**	**8,474**	**1,312**	**2,611**	**59,407**	**2,003**	**76,762**

Warsaw, May 10th 2012

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Notes

1. Information on the IPOPEMA Securities Group

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

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

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

As at March 31st 2012, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its four 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, offeror and financial adviser, M&A deals and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The Company also provides advisory services related to corporate financial restructuring.

2. Composition of the Group

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

As at March 31st 2012, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

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

3. Basis for preparation of the interim condensed consolidated financial statements

3.1st 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 first quarter ended March 31st 2012 and contain comparative data for the first quarter ended March 31st 2011 and as at December 31st 2011.

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 2011.

3.2nd Measurement currency and reporting currency of the financial statements

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

3.3rd Going concern assumption

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

4. Changes in applied accounting policies

In the first quarter ended March 31st 2012, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2011, released on March 20th 2012. The consolidated financial statements for 2011 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

<u>Financial instruments</u>

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

Financial instruments are classified by the Group 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), and derivatives traded on the WSE. The Group has also entered into currency forward contracts. The Group does not apply hedge accounting.

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

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

Financial derivatives are carried at their fair values starting from the transaction date, and any gains or losses are disclosed under income or costs related to financial instruments held for trading. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the *forward* contracts entered into by the Company. Fair value is determined based on the price of a relevant instrument quoted on the Warsaw Stock Exchange or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data. Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Financial instruments and financial liabilities acquired or assumed as a result of transactions executed in regulated trading are recognised as at the transaction date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are initially recognised as at the contract date at the fair value of the amount or other assets received.

Financial instruments held to maturity

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

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

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

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms, not traded on an active market, are classified as loans and receivables. Loans and receivables with more than 12 months to maturity are measured at amortised cost using the effective interest rate method, less impairment losses. Interest income is recognised at the effective interest rate, save for current receivables where recognition of interest income would be immaterial. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly trade receivables, bank deposits and other cash equivalents, as well as loans and acquired unlisted debt securities not classified into other categories.

Loans advanced to IPOPEMA Securities's employees and business partners are classified under “Loans advanced”. Since three-year and five-year loans may be amortised after the repayment date, the Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance expenses.

Furthermore, under financial assets the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The value of the leased out property, plant and equipment and intangible assets amounted to PLN 363 thousand as at March 31st 2012 (December 31st 2011: PLN 393 thousand), including non-current receivables of PLN 240 thousand (December 31st 2011: PLN 272 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 taken to the revaluation capital reserve.

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

Shares in subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units are carried at fair value, based on the net value per certificate as published by the investment fund in consultation with the depositary. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.

Financial liabilities measured at amortised cost

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

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

Receivables

Current receivables

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

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

Impairment losses are recognised in particular for:

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

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

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

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

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

Non-current receivables

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

Impairment losses

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

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

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

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 2012

Standards and interpretations which have been issued and are effective for annual periods beginning on January 1st 2012:

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets;

  The amendments, published on October 7th 2010, change the requirements concerning disclosures on transfers of financial assets. The amendments will be effective for annual periods beginning on or after July 1st 2011;

The Company 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 2013;
- IFRS 11 “Joint Arrangements” – effective for annual periods beginning on or after January 1st 2013;
- IFRS 12 “Disclosure of Interests in Other Entities” - effective for annual periods beginning on or after January 1st 2013;
- IFRS 13 “Fair Value Measurement” – 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 IAS 27 “Separate Financial Statements” – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 28 “Investments in Associates and Joint Ventures” – 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;
- 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 2012;
- Amendments to IFRS 32 “Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities” – effective for annual periods beginning on or after January 1st 2014;
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” – effective for annual periods beginning on or after January 1st 2013.

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

8. Changes in estimates

In the first quarter of 2012, there were no changes to estimates, except the changes in provisions for and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

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

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

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

Currency	Mar 31 2012	Dec 31 2011
USD	3.1191	3.4174
EUR	4.1616	4.4168
HUF 100	1.4077	1.4196
GBP	4.9908	5.2691
UAH	0.3889	0.4255
CZK	0.1678	0.1711
CHF	0.1678	3.6333
INR 100	6.1140	6.4100

Source: National Bank of Poland.

10. Net earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company, to the extent it was implemented. To date, 1,880,952 shares have been allocated for subscription – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 197,321 shares were subscribed for in Q1 2012.

In line with the adopted methodology, for the purpose of computing diluted earnings, the number of the Company shares was increased by 91,468 shares.

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

	Q1 2012	Dec 31 2011
Number of shares	29,752,122	29,554,801
Weighted average number of shares	29,624,189	29,521,034
Diluted number of shares	29,715,657	29,754,097
Net earnings from continuing operations for the period per share		
- basic	0.09	0.83
- diluted	0.09	0.82

11. Operating segments

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

1. The segment of brokerage and related services, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (particularly equities) – where the Company acts as the coordinator, offering broker and financial adviser – M&A transactions and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The segment also provides consultancy services relating to corporate financial restructuring, and asset management services, which are planned to be transferred to IPOPEMA AM.
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 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 and expenses	**-9,913**	**-6,506**	**-3,146**	**-19,565**
- including costs of the incentive scheme	*-22*	-	-	***-22***
Intersegment eliminations	52	374	21	**447**
Segment's total costs and expenses	**-9,861**	**-6,132**	**-3,125**	**-19,118**
Segment's profit (loss)	**3,890**	**548**	**617**	**5,055**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance expenses	3,890	548	617	**5,055**
Interest income	293	57	-	**350**
Interest expenses	338	-	-	**338**
Other net finance income/expenses	-2,056	33	-9	**-2,032**
Other operating income/expenses	153	36	-1	**188**
Intersegment 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 Mar 31 2012				
Segment's assets	554,471	21,503	8,546	**584,520**
Unattributed assets	-	-	-	**-**
Total assets	**554,471**	**21,503**	**8,546**	**584,520**
Segment's liabilities	489,943	1,640	948	**492,531**
Provisions for liabilities and other provisions	3,753	2,608	293	**6,654**
Segment's net profit (loss)	1,530	867	436	**2,833**
Equity	69,502	9,214	117	**78,833**
Non-controlling interests	-	-	3,669	**3,669**
Total equity and liabilities	**564,728**	**14,329**	**5,463**	**584,520**

Operating segments	3 months ended Mar 31 2011			
	Continuing operations			
	Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients	18,168	4,986	3,174	**26,328**
Intersegment sales	-	-	-	**-**
Segment's total revenue	**18,168**	**4,986**	**3,174**	**26,328**
Segment's total costs and expenses	**11,681**	**3,691**	**2,708**	**18,080**
- including costs of the incentive scheme	*46*	-	-	***46***
Segment's profit (loss)	**6,137**	**1,295**	**466**	**7,898**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance expenses	6,487	1,295	466	**8,248**
Interest income	301	23	9	**333**
Interest expenses	168	-	-	**168**
Other net finance income/expenses	-856	1	13	**-842**
Other operating income/expenses	-3	1	-	**-2**
Profit before tax and non-controlling interests	5,761	1,320	488	**7,569**
Income tax	1,185	255	66	**1,506**
Net profit for the period	**4,576**	**1,065**	**422**	**6,063**
Net profit for the period (excluding costs of the incentive scheme)	***4,622***	***1,065***	***422***	***6,109***
Assets and liabilities as at Dec 31 2011				
Segment's assets	600,596	20,334	10,245	**631,175**
Unattributed assets	-	-	-	**-**
Total assets	**600,596**	**20,334**	**10,245**	**631,175**
Segment's liabilities	535,266	1,993	3,389	**540,648**
Provisions for liabilities and other provisions	6,715	2,843	-	**9,558**
Segment's net profit (loss)	19,080	3,851	3,187	**26,118**
Equity	49,423	4,829	-2,825	**51,427**
Non-controlling interests	-	-	3,424	**3,424**
Total equity and liabilities	**610,484**	**13,516**	**7,175**	**631,175**

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 2012	Dec 31 2011
Cash and other assets in the Group		
a) at banks and in hand	37,248	40,194
b) other	59,815	60,297
Total	**97,063**	**100,491**
Cash and other assets:		
a) cash and other assets of the Group	49,929	54,716
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	47,134	45,775
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**97,063**	**100,491**

Cash at banks bears interest at fixed and variable rates, except for non-interest bearing security for transactions on the Budapest Stock Exchange which was paid into a separate bank account. Short-term deposits are placed for various periods ranging from one day to several months, depending on the Group's current cash requirement, and bear interest at the agreed interest rates.

Receivables

As at March 31st 2012, current receivables were PLN 467,385 thousand, compared with PLN 512,960 thousand as at December 31st 2011.

Current receivables	Mar 31 2012	Dec 31 2011
From clients / trade receivables	170,853	212,713
- from clients under transactions executed on the Warsaw Stock Exchange	154,635	186,526
- from clients under transactions executed on the Budapest Stock Exchange	6,223	15,921
- other	9,995	10,266
From related entities	656	1,213
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	252,261	251,990
- under transactions executed on the Warsaw Stock Exchange	202,915	246,585
- under transactions executed on the Budapest Stock Exchange	49,346	5,405
From entities operating regulated markets and commodity exchanges	-	-
From the National Depository for Securities and exchange clearing houses	37,539	42,476
- from the settlement guarantee fund	37,539	42,476
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,648	3,577
From issuers of securities or selling shareholders	-	-
From commercial chamber	-	-
Taxes, subsidies and social security receivable	738	308
Other	690	683
Total current receivables	**467,385**	**512,960**

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities which have not yet been cleared.

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

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

In Q1 2012, the Group acquired property, plant and equipment and intangible assets for PLN 325 thousand (Q1 2011: PLN 443 thousand).

13. Notes to the statement of financial position – equity

Share capital

As at March 31st 2012, the Company's share capital was PLN 2,975,212.20, having risen by PLN 19,732.10 from December 31st 2011.

It was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,180,712 Series C ordinary bearer shares.

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

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

Change in provisions

	Jan 1 2012-Mar 31 2012	Jan 1 2011-Mar 31 2011	2011
As at beginning of reporting period	**9,558**	**7,422**	**7,422**
CSAM's provisions as at September 30th 2011	-	-	2,867
Provisions created in period	2,536	3,821	15,667
Provisions used	5,201	4,685	15,863
Provisions released	436	18	535
As at end of reporting period, including:	**6,457**	**6,540**	**9,558**
Deferred tax liability	927	768	1,051

Impairment losses on receivables

In Q1 2012, impairment losses on receivables fell by PLN 149 thousand. In the comparative period, i.e. Q1 2011, impairment losses on receivables fell by PLN 12 thousand, and over the entire year of 2011, impairment losses on receivables declined by PLN 689 thousand.

Provisions for litigations, fines and damages

In the periods covered by these financial statements the Company was not a defendant in any court proceedings. On January 13th 2009, IPOPEMA Securities S.A. filed with the Regional Court a suit for payment of past due receivables of PLN 891 thousand. By virtue of court's ruling of July 28th 2011, the suit was finally dismissed. Impairment losses were recognised (in 2008) for the full amount of the disputed receivables.

Liabilities (current)

Current liabilities	Mar 31 2012	Dec 31 2011
To clients	244,944	273,727
- under transactions executed on the Warsaw Stock Exchange	151,660	209,914
- under transactions executed on the Budapest Stock Exchange	36,884	2,005
- other	56,400	61,808
To related parties	-	389
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	223,139	240,732
- under transactions executed on the Warsaw Stock Exchange	205,440	221,519
- under transactions executed on the Budapest Stock Exchange	17,699	19,213
To entities operating regulated markets and commodity exchanges	718	836
To the National Depository for Securities and exchange clearing houses	3,132	3,912
Borrowings and other debt instruments	17,834	15,083
- from related parties	-	-
- other	17,834	15,083
Taxes, customs duties and social security payable	1,332	1,571
Salaries and wages	-	-
To investment and pension fund companies and to investment and pension funds	498	512
Other	934	3,886
a) dividends payable	-	-
b) other	934	3,886
- financial liabilities (valuation of futures and forward transactions)	31	54
- other liabilities	903	3,832
Total current liabilities	**492,531**	**540,648**

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

Interest-bearing bank borrowings and other debt instruments

Current liabilities under borrowings and other debt instruments	Mar 31 2012	Dec 31 2011
Bank borrowing	17,834	15,083
- outstanding amount	17,834	15,083
Current liabilities under borrowings and other debt instruments	**17,834**	**15,083**

As at March 31st 2012, the Parent's liabilities under borrowings related to its brokerage business amounted to PLN 17,834 thousand (December 31st 2011: PLN 15,083 thousand). The liabilities result from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance the payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – pursuant to annexes executed on July 20th 2011, the term of the two agreements described below was extended by one year, i.e. until July 19th 2012:

1. Agreement providing for a revolving credit facility of up to PLN 10m. The purpose of the facility is to finance the payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item 2.
2. Agreement providing for a revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish National Depository for Securities. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item 1 above, the two credit facilities are also secured with the joint collateral in the form of a PLN 4m security deposit established pursuant to the annex of July 20th 2011, which replaced the previous security in the form of a block on funds of PLN 10m.

15. Notes to the statement of comprehensive income

Revenue from core activities

Revenue from core activities	Q1 2012	Q1 2011
Revenue from trading in securities	11,797	15,481
Revenue from investment banking services	1,799	2,460
Revenue from management of investment funds and assets	6,680	4,986
Revenue from advisory services	3,742	3,174
Other revenue from core activities	155	227
Total revenue from core activities	**24,173**	**26,328**

Cost of core activities

Cost of core activities	Q1 2012	Q1 2011
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	2,822	3,183
Fees payable to commercial chamber	-	-
Salaries and wages	9,565	8,765
Social security and other benefits	703	515
Employee benefits	99	76
Materials and energy used	145	205
Costs of maintenance and lease of buildings	489	396
Depreciation and amortisation	461	304
Taxes and other public charges	446	348
Commissions and other charges	29	-
Other	4,359	4,288
Total cost of core activities	**19,118**	**18,080**

16. Income tax

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

	Q1 2012	Q1 2011
Current income tax		
Current income tax expense	220	1,140
Deferred income tax		
Relating to occurrence and reversal of temporary differences	-23	366
Deferred income tax affecting equity	123	80
Income tax expense disclosed in the statement of comprehensive income	**320**	**1,586**

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.

17. Employee benefits – employee share option plans

In Q1 2012, under Share Option Plan II, eligible persons acquired 197,321 shares. In the corresponding period of 2011, a total of 212,500 shares were acquired under the scheme.

The cost of the incentive schemes discussed above is not recognised in the separate financial statements, as the Accountancy Act stipulates no such requirement. This cost is recognised in the consolidated financial statements of the IPOPEMA Securities Group. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Group in the consolidated financial statements of the Group.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in Q1 2012 by PLN 22 thousand, affecting the net profit of IPOPEMA Securities S.A. In the comparative period, i.e. Q1 2011, the cost of these plans increased the cost of salaries and wages by PLN 46 thousand.

The option plans were valued using the Black-Scholes model, adjusted by continuous yield dividend and the dilution effect (decrease in the value of individual shares as a result of issuing new shares at a price below market).

18. Dividends paid and proposed

On April 23rd 2012, the General Meeting of IPOPEMA TFI S.A. resolved to dividend in a total amount of PLN 3.8m, which is approximately PLN 1.27 as the dividend per share. In Q1 2011, the Group neither paid nor resolved to pay any dividend.

On June 29th 2011, the General Meeting resolved to distribute the 2010 profit of PLN 15,431 thousand as dividend. The dividend per share was PLN 0.52. The dividend record date was set for July 15th 2011, and the dividend payment date for July 29th 2011. On the dividend payment date, a total of PLN 15,369 thousand was paid out to the shareholders. The distribution amount was lower than the 2010 profit by PLN 62 thousand, which was the effect of rounding off the dividend per share. Pursuant to the 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 Q1 2012 and 2011, the Company issued 197,321 and 212,500 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, was not consolidated in these condensed consolidated financial statements.

IPOPEMA Business Services Kft. (PLN '000)	
Balance-sheet total as at Mar 31 2012	982
% share in Parent's balance-sheet total	0.17%
Revenue for period Jan 1 – Mar 31 2012	244
% share in Parent's revenue	1.77%
Net assets as at Mar 31 2012	41
Net profit (loss) for period Jan 1 – Mar 31 2012	35

IPOPEMA Business Services Kft. (PLN '000)	
Balance-sheet total as at Dec 31 2011	750
% share in Parent's balance-sheet total	0.12%
Revenue for period Jan 1 – Mar 31 2011	0
% share in Parent's revenue	0.00%
Net assets as at Dec 31 2011	6
Net profit (loss) for period Jan 1 – Mar 31 2011	- 234

21. Seasonality

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

22. Contingent liabilities and contingent assets

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

23. Guarantees

In January 2012, Nordea Bank Polska S.A. provided a guarantee in respect for the Company's liabilities up to a total amount of EUR 268 thousand, which is secured with a cash deposit of PLN 1,239 thousand. The guarantee remains valid until April 15th 2018 and relates to the Company's liabilities under lease of 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 settlement 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 four subsidiaries. The composition of the Group and the equity interests are presented in Note 2.

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

Related party	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases
	Jan 1 – Mar 31 2012				Jan 1 – Mar 31 2011			
IPOPEMA Business Services Kft.	-	30	379	30	-	34	-	29
Members of the Management and Supervisory Boards	-	-	46	-	-	-	4	-
Other related parties	2	-	-	-	-	-	-	-
Total	**2**	**30**	**425**	**30**	**-**	**34**	**4**	**29**

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Mar 31 2012	Dec 31 2011	Mar 31 2012	Dec 31 2011
IPOPEMA Business Services Kft.	896	1,093	-	383
Members of the Management and Supervisory Boards	-	-	-	-
Other related parties	1	-	-	-
Total	**897**	**1,093**	**-**	**383**

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, acting as market maker to perform tasks related to the organisation of the regulated market, acquisition and disposal of securities in the capacity of a dealer, and investment fund management services.

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Mar 31 2012	Dec 31 2011	Mar 31 2012	Dec 31 2011
Cash and cash equivalents	**97,063**	**100,491**	**92,922**	**96,400**
1. In hand	13	15	13	15
2. At banks	37,235	40,179	37,235	40,179
3. Other cash	55,674	56,206	55,674	56,206
4. Cash equivalents (deposit for a period exceeding three months)	4,141	4,091	-	-
Exchange differences on cash and cash equivalents			-877	1,179

As at 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, and interest of PLN 143 thousand on the deposit, which – as unrealised interest – was excluded from cash flows from operating activities, as well as to foreign exchange gains of PLN 877 thousand.

As at December 31st 2011, the difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the recognition of a PLN 4m long-term deposit (maturing in more than three months from the end of the reporting period) under investing activities and interest of PLN 91 thousand on the deposit, which – as unrealised interest – was excluded from cash flows from operating activities, as well as to foreign exchange losses of PLN 1,179 thousand.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		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	515,036	45,942
Net receivables	468,973	513,332	
Impairment losses on receivables	1,556	1,704	
Provisions	6,457	9,558	
- deferred tax liabilities	927	1,051	
- other provisions	5,530	8,507	
Total change in impairment losses and provisions			**4,712**
Current prepayments and accrued income	1,379	880	
Non-current prepayments and accrued income	1,549	1,774	
- deferred tax assets	1,549	1,774	
- other prepayments and accrued income	-	-	
Accruals and deferred income	197	-	
Total accruals and deferrals (net of deferred tax assets)			**566**

	Presentation in the balance sheet		Presentation in the statement of cash flows – change
	Mar 31 2011	**31.12.2010**	**Mar 31 2011**
Gross (current and non-current) receivables	505,031	292,540	212,488
Net receivables	502,650	290,147	
Impairment losses on receivables	2,381	2,393	12
Provisions	6,540	7,422	
- deferred tax liability	768	652	-
- other provisions	5,772	6,770	998
Total change in impairment losses and provisions			**1,010**
Current prepayments and accrued income	1,378	768	513
Non-current prepayments and accrued income	1,119	1,449	-
- deferred tax assets	1,119	1,449	-
- other prepayments and accrued income	-	-	-
Accruals and deferred income	137	40	
Total accruals and deferrals (net of deferred tax assets)			**513**

Explanation to other items of the statement of cash flows

	Q1 2012	**Q1 2011**
Cash flows from operating activities		
Other adjustments	52	46
- incentive scheme	23	46
- other	29	-
Cash flows from investing activities		
Other cash used in investing activities	1,263	-
- cash deposit securing bank guarantee	1,247	-
- other	16	-
Other cash from investing activities	31	36
- decrease in lease receivables	31	30
- interest received	-	6

26. Information on court proceedings

In the periods covered by these financial statements the Company was not a defendant in any court proceedings. On January 13th 2009, IPOPEMA Securities S.A. filed with the Regional Court a suit for payment of past due receivables of PLN 891 thousand. By virtue of court's ruling of July 28th 2011, the suit was finally dismissed. Impairment losses were recognised (in 2008) for the full amount of the disputed receivables.

27. Material events and factors in Q1 2012

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

Although indices on the WSE and BSE exchanges were in an uptrend in Q1 2012, trading volumes were substantially lower than in the prior year (down by 14.1% and 22.9%, respectively, compared with Q1 2011). In addition, due to intensifying competition, the Company's market shares shrank slightly year on year, from 8.13% to 7.87% on the WSE and from 7.09% to 7.00% on the BSE. This eroded revenues from securities trading, which were down to PLN 11,797 thousand in Q1 2012, from PLN 15,481 thousand in Q1 2011.

Investment banking services

Q1 2012 was much less favourable for the capital raising business compared with the corresponding period of 2011. Although a modest recovery was seen after a complete freeze of market activity in the second half of 2011, investors' prevailing uncertainty as to further market developments contributed to lower company valuations, which discouraged new public offerings.

Due to a lower number of transactions in Q1 2012, during that period the Company's revenue from investment banking services was down by 26.9% on Q1 2011 (PLN 1,799 thousand against PLN 2,460 thousand a year earlier).

IPOPEMA TFI’s and IPOPEMA Asset Management's activities

The key drivers of the considerable increase in revenue from fund and portfolio management included an increase in the number of funds and a higher value of assets held by the funds managed by IPOPEMA TFI, and consolidation of revenues generated by IPOPEMA Asset Management (consolidated since Q4 2011). At the end of Q1 2011 IPOPEMA TFI had 55 funds and sub-funds under its management with an aggregate asset value of PLN 4,299 million. As at the end of March 2012, the number of funds rose to 63 (including subfunds), whereas the aggregate value of their assets grew to PLN 6,757 million. Despite a 34.0% growth of revenue, a major increase in cost of operations reported in Q1 2012 (by 66.2%) contributed to a slight decline in net profit (PLN 867 thousand relative to PLN 1,065 thousand in Q1 2011).

IPOPEMA Business Consulting

IPOPEMA Business Consulting's consistent efforts to build a stronger order book brought results in the form of revenue of PLN 3,742 thousand in Q1 2012, up by 17.9% on Q1 2011 when this figure was PLN 3,174 thousand. With costs of operations up by 15.4% and higher effective income tax rate, the segment's net profit was up by 3.3% year on year, to PLN 436 thousand.

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 2012. 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 10th 2012

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

Danuta Ciosek
Chief Accountant