

The IPOPEMA Securities Group

# **Interim Condensed Consolidated Financial Statements**

**For Q1 2010  
ended March 31st 2010**

Warsaw, May 7th 2010

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# Financial Highlights

Consolidated financial highlights	PLN '000		EUR '000	
	3 months ended		3 months ended	
	Mar 31 2010	Mar 31 2009	Mar 31 2010	Mar 31 2009
Revenue from core activities	20,602	9,476	5,193	2,060
Costs of core activities	15,055	10,702	3,795	2,327
Profit (loss) on core activities	5,547	-1,226	1,398	-267
Operating profit (loss)	5,406	-1,999	1,363	-435
Pre-tax profit (loss)	4,434	-1,668	1,118	-363
Net profit (loss) from continuing operations	3,576	-1,938	901	-421
Net profit (loss)	3,576	-1,938	901	-421
Net earnings (loss) from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.12	-0.07	0.03	-0.02
- diluted	0.12	-0.07	0.03	-0.02
Net cash flows from operating activities	73,075	-12,753	18,421	-2,773
Total cash flows	62,236	-2,349	15,698	-511

Consolidated financial highlights	PLN '000		EUR '000	
	Mar 31 2010	Dec 31 2009	Mar 31 2010	Dec 31 2009
Total assets	520,539	386,005	134,778	93,960
Current liabilities	463,937	330,449	120,122	80,436
Equity	53,265	48,540	13,791	11,815
Number of shares	28,928,553	28,928,553	28,928,553	28,928,553
Book value per share (PLN/EUR)	1.84	1.68	0.48	0.41

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 2010	Q1 2009
EUR	3.9669	4.5994

- Items of the statement of financial position:

Exchange rate as at:	Mar 31 2010	Dec 31 2009
EUR	3.8622	4.1082

These interim condensed consolidated financial statements for the three months ended March 31st 2010 were approved for publication by the Management Board on May 7th 2010.

# Interim Condensed Consolidated Statement of Comprehensive Income

for the three months ended March 31st 2010

	Note	Jan 1 2010 – Mar 31 2010	Jan 1 2009 – Mar 31 2009
<b>CONTINUING OPERATIONS</b>			
<b>Revenue from core activities, including:</b>	11.1	20,602	9,476
Revenue from brokerage activities		14,910	8,382
Revenue from management of investment funds		3,114	1,094
Revenue from advisory services		2,578	-
<b>Costs of core activities</b>	11.2	15,055	10,702
<b>Profit (loss) on core activities</b>		5,547	-1,226
Gain (loss) on transactions in financial instruments held for trading		-	-
Gain (loss) on transactions in financial instruments held to maturity		-143	-463
Gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income		44	2
Other operating expenses		42	312
<b>Operating profit (loss)</b>		5,406	-1,999
Finance income		423	571
Finance expenses		1,395	240
<b>Pre-tax profit (loss)</b>		4,434	-1,668
Corporate income tax		858	270
<b>Net profit (loss) on continuing operations</b>		3,576	-1,938
<b>DISCONTINUED OPERATIONS</b>			
<b>Net profit (loss) for period</b>		3,576	-1,938
<b>Attributable to:</b>			
Owners of the parent		3,449	-1,211
Minority interests		127	-727
Earnings (loss) per share (PLN)		0.12	-0.07
Diluted earnings (loss) per share (PLN)		0.12	-0.07
<b>Other comprehensive income</b>			
		848	-2
Gains and losses on revaluation of financial assets available for sale		1,047	-2
Corporate income tax on items of other comprehensive income		-199	-
<b>Comprehensive income for period</b>		4,424	-1,940
<b>Attributable to:</b>			
Owners of the parent		4,297	-1,213
Minority interests		127	-727

Warsaw, May 7th 2010

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 2010

ASSETS	Note	Mar 31 2010	Dec 31 2009
Cash and cash equivalents		109,450	47,216
Current receivables	8.1	399,316	328,904
Current prepayments and accrued income		614	500
Financial instruments held for trading		2,075	4,345
Financial instruments held to maturity		-	-
Financial instruments available for sale		1,667	420
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		100	111
Non-current loans advanced		3,319	-
Property, plant and equipment		1,795	1,576
Investment property		-	-
Intangible assets		1,514	1,486
Inventories		-	-
Non-current prepayments and accrued income		689	1,447
<b>TOTAL ASSETS</b>		<b>520,539</b>	<b>386,005</b>

EQUITY AND LIABILITIES		Mar 31 2010	Dec 31 2009
Current liabilities	10.4	463,937	330,449
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	10.1	3,337	7,016
Accruals and deferred income		-	-
<b>Total liabilities</b>		<b>467,274</b>	<b>337,465</b>
Share capital	9.1	2,893	2,893
Other capital reserves		9,868	8,719
Retained earnings		39,001	35,552
<b>Total equity</b>		<b>51,762</b>	<b>47,164</b>
<b>Minority interests</b>		<b>1,503</b>	<b>1,376</b>
<b>Total capital</b>		<b>53,265</b>	<b>48,540</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>520,539</b>	<b>386,005</b>

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# Interim Condensed Consolidated Statement of Cash Flows

for the three months ended March 31st 2010

CASH FLOWS	Jan 1 2010 – Mar 31 2010	Jan 1 2009 – Mar 31 2009
<b>Cash flows from operating activities</b>		
Pre-tax profit (loss)	4,434	-1,668
<b>Total adjustments:</b>	<b>68,641</b>	<b>-11,085</b>
Amortisation/depreciation	236	327
Interest and dividends	234	159
Profit (loss) on investment activities	-	-
Change in financial instruments held for trading	2,270	975
Change in receivables	-70,424	-229,342
Change in current liabilities (net of loans and borrowings)	140,241	218,072
Change in provisions and in impairment losses on receivables	-3,967	-1,476
Change in accruals and deferrals	-87	-131
Corporate income tax	-162	-
Other adjustments (effect of incentive schemes)	300	331
<b>Net cash provided by (used in) operating activities</b>	<b>73,075</b>	<b>-12,753</b>
<b>Cash flows from investing activities</b>		
Increase in loans advanced	-3,311	-
Decrease in loans advanced	3	-
Acquisition of property, plant and equipment and intangible assets	-484	-189
Acquisition of financial instruments available for sale and held to maturity	-200	-50
<b>Net cash provided by (used in) investing activities</b>	<b>-3,992</b>	<b>-239</b>
<b>Cash flows from financing activities</b>		
Increase in loans and borrowings	-	10,802
Interest paid	-234	-159
Repayment of loans and borrowings	-6,613	-
Dividends to owners of the parent	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>-6,847</b>	<b>10,643</b>
<b>Total cash flows</b>	<b>62,236</b>	<b>-2,349</b>
Net increase in cash and cash equivalents	62,236	-2,349
Cash at beginning of period	42,165	39,016
<b>Cash at end of period, including restricted cash</b>	<b>104,401</b>	<b>36,667</b>

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# Interim Condensed Consolidated Statement of Changes in Equity

for the three months ended March 31st 2010

	Equity attributable to owners of the parent					Equity attributable to minority interests	Total equity
	Share capital	Other capital reserves			Retained earnings		
		Share premium account	Revaluation capital reserve	Other			
<b>As at Jan 1 2010</b>	<b>2,893</b>	<b>7,280</b>	<b>-32</b>	<b>1,471</b>	<b>35,552</b>	<b>1,376</b>	<b>48,540</b>
Profit for Q1 2010	-	-	-	-	3,449	127	3,576
Costs of incentive scheme	-	-	-	301	-	-	301
Other comprehensive income	-	-	848	-	-	-	848
Dividend payment	-	-	-	-	-	-	-
<b>As at Mar 31 2010</b>	<b>2,893</b>	<b>7,280</b>	<b>816</b>	<b>1,772</b>	<b>39,001</b>	<b>1,503</b>	<b>53,265</b>
<b>As at Jan 1 2009</b>	<b>2,857</b>	<b>7,148</b>	<b>-35</b>	<b>763</b>	<b>33,632</b>	<b>-</b>	<b>44,365</b>
Profit for Q1 2009	-	-	-	-	-1,211	-727	-1,938
Issue of shares	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-	-	-
Other comprehensive income	-	-	-2	-	-	-	-2
Costs of incentive scheme	-	-	-	332	-	-	332
Change in value of IBC shares following dilution	-	-	-	-1,474	-	1,474	-
<b>As at Mar 31 2009</b>	<b>2,857</b>	<b>7,148</b>	<b>-37</b>	<b>-379</b>	<b>32,421</b>	<b>747</b>	<b>42,757</b>

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# NOTES

## 1. Information on the IPOPEMA Securities Group

The IPOPEMA Securities Group (“the Group”, “IPOPEMA Securities Group”) comprises undertakings which are controlled or jointly controlled by IPOPEMA Securities S.A. (“the Parent Undertaking” or “the Company”).

The Parent Undertaking’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 2010, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its three subsidiary undertakings (the subsidiaries are presented in Section 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 the creation and management of investment funds,
4. computer facilities management activities,
5. computer consultancy services.

## IPOPEMA Securities S. A. – the Parent Undertaking

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

The Parent Undertaking 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 Undertaking 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 Shareholders 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 Undertaking of the IPOPEMA Securities Group. Both the Parent Undertaking and the other Group undertakings have been established for indefinite time.

As at March 31st 2010 and December 31st 2009, the Group comprised IPOPEMA Securities S.A. and the following subsidiary undertakings:

Company name	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	<ul style="list-style-type: none"> <li>- operation of an investment fund company, as well as the creation and management of investment funds;</li> <li>- discretionary management of securities portfolios;</li> <li>- advisory services in the area of securities trading;</li> <li>- intermediation in the sale and redemption of investment fund units;</li> <li>- representation service for foreign funds.</li> </ul>	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	<ul style="list-style-type: none"> <li>- other business and management consulting services;</li> <li>- computer facilities management activities;</li> <li>- computer consultancy services;</li> <li>- software-related activities;</li> <li>- wholesale of computers, computer peripheral devices and software.</li> </ul>	full	50.02%	50.02%
IPOPEMA Business Services Kft.	<ul style="list-style-type: none"> <li>- office and business support</li> </ul>	unconsolidated (immaterial financial data)	100%	100%

## 3. Basis for Preparation of the Interim Condensed Consolidated Financial Statements

### 3.1. Compliance Statement

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 and the IFRS applicable to interim financial reporting endorsed by the European Union. The other standards, amendments to the applicable standards and the interpretations of the International Financial Reporting Interpretations Committee which have been endorsed recently or are pending endorsement are not connected with the Group's operations and their effect on the financial statements of the Group 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 period of three months ended March 31st 2010 and contain comparative data for three months ended March 31st 2009 and as at December 31st 2009.

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 the year ended December 31st 2009.

### 3.2. Measurement Currency and Reporting Currency of the Financial Statements

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

### 3.3. Going Concern Assumption

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

## 4. Changes in Applied Accounting Policies

In Q1 2010, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2009, released on March 19th 2010.

While preparing these interim condensed consolidated financial statements, the Group applied the same accounting policies as those presented in the consolidated financial statements for the year ended December 31st 2009. The consolidated financial statements for 2009 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. Changes in Estimates

In Q1 2010, estimates were not changed.

### 5.1. Translation of Foreign-Currency Items

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

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

As at the balance-sheet date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into the zloty 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 disclosed as finance income or expenses, as appropriate.

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

Exchange rate as at	Mar 31 2010	Dec 31 2009
USD	2.8720	2.8503
EUR	3.8622	4.1082

## 6. Net Earnings per Share

For each period, net earnings per share are computed as the quotient of the net profit 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, they 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 date, 1,880,952 shares have been allocated for subscription – subject to fulfilment of specified criteria – by the

## Consolidated Financial Statements of the IPOPEMA Securities Group for Q1 2010

eligible persons. Of that number, 357,143 shares were subscribed for in Q3 2009. The pool of shares remaining to be subscribed for was reduced by 467,204 due to non-fulfilment of all the required criteria.

Therefore, 1,056,605 shares remain to be subscribed for by persons covered by the Incentive Scheme to date, however, in accordance with the adopted methodology of calculating diluted profit, the number of the Company shares used for the purposes of the calculation was increased by 254,405.

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.

### 7. Operating Segments

For management purposes, the Group has been divided into separate segments based on products created and services provided. Thus the following reporting operating segments exist:

1. **IPOPEMA Securities segment (brokerage and related services):** brokerage activities and investment banking; the segment is focused on public offerings of securities (especially shares) – in which IPOPEMA Securities 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 segment also provides consultancy services relating to corporate financial restructuring and asset management services.
2. **IPOPEMA TFI segment (investment fund management):** mainly operation of an investment fund company, as well as creation and management of investment funds.
3. **IPOPEMA Business Consulting segment (consultancy services):** mainly business and management consulting services, computer facilities management activities, IT consultancy services and software-related activities.

Operating segments	3 months ended Mar 31 2010			
	Continuing operations			Total
	Brokerage and related services	Investment fund management	Consultancy services	
<b>Revenue</b>				
Sales to external clients, including:	14,910	3,114	2,578	20,602
Inter-segment sales	-	-	-	-
<b>Segment's total revenue</b>	<b>14,910</b>	<b>3,114</b>	<b>2,578</b>	<b>20,602</b>
<b>Segment's total costs and expenses</b>	<b>10,230</b>	<b>2,579</b>	<b>2,246</b>	<b>15,055</b>
- including costs of the incentive scheme	127	174	-	301
<b>Segment's profit (loss)</b>	<b>4,680</b>	<b>535</b>	<b>332</b>	<b>5,547</b>
Unattributed costs	-	-	-	-
Profit on continuing operations before tax and finance expenses	4,680	535	332	5,547
Interest income	155	12	5	172
Interest expenses	234	-	-	234
Other net finance income/expenses	-1,066	-	11	-1,055
Other operating income/expenses	-8	12	-	4
Profit before tax and minority interests	3,527	559	348	4,434
Corporate income tax	759	5	94	858
<b>Net profit for the period</b>	<b>2,768</b>	<b>554</b>	<b>254</b>	<b>3,576</b>
<b>Net profit for the period (excluding costs of the incentive scheme)</b>	<b>2,895</b>	<b>728</b>	<b>254</b>	<b>3,877</b>
<b>Assets and liabilities as at Mar 31 2010</b>				
Segment's assets	510,727	5,638	4,174	520,539
Unattributed assets	-	-	-	-
<b>Total assets</b>	<b>510,727</b>	<b>5,638</b>	<b>4,174</b>	<b>520,539</b>
Segment's liabilities	462,522	335	1,080	463,937
Provisions for liabilities and other provisions	2,883	367	87	3,337

**Consolidated Financial Statements of the IPOPEMA Securities Group for Q1 2010**

Equity	51,169	2,085	-1,492	51,762
Minority interests	-	-	1,503	1,503
<b>Total equity and liabilities</b>	<b>516,574</b>	<b>2,787</b>	<b>1,178</b>	<b>520,539</b>

Operating segments	3 months ended Mar 31 2009			Total
	Continuing operations			
	Brokerage and related services	Investment fund management	Consultancy services	
<b>Revenue</b>				
Sales to external clients, including:	8,382	1,094	-	9,476
Inter-segment sales	-	-	-	-
<b>Segment's total revenue</b>	<b>8,382</b>	<b>1,094</b>	<b>-</b>	<b>9,476</b>
<b>Segment's total costs and expenses</b>	<b>7,566</b>	<b>1,658</b>	<b>1,478</b>	<b>10,702</b>
- including costs of the incentive scheme	75	256	-	331
<b>Segment's profit (loss)</b>	<b>816</b>	<b>-564</b>	<b>-1,478</b>	<b>-1,226</b>
Unattributed costs	-	-	-	-
Profit (loss) on continuing operations before tax and finance expenses	816	-564	-1,478	-1,226
Interest income	412	6	30	448
Interest expenses	159	-	-	159
Other net finance income/expenses	-420	-	-1	-421
Other operating income/expenses	-309	-	-1	-310
Profit (loss) before tax and minority interests	340	-558	-1,450	-1,668
Corporate income tax	270	-	-	270
<b>Net profit (loss) for the period</b>	<b>70</b>	<b>-558</b>	<b>-1,450</b>	<b>-1,938</b>
<i>Net profit (loss) for the period (excluding costs of the incentive scheme)</i>	<i>145</i>	<i>-302</i>	<i>-1 450</i>	<i>-1 607</i>
<b>Assets and liabilities as at Mar31 2010</b>				
Segment's assets	360,846	1,831	1,870	364,547
Unattributed assets	-	-	-	-
<b>Total assets</b>	<b>360,846</b>	<b>1,831</b>	<b>1,870</b>	<b>364,547</b>
Segment's liabilities	320,282	115	259	320,656
Provisions for liabilities and other provisions	1,023	45	66	1,134
Equity	45,481	-1,273	-2,198	42,010
Minority interests	-	-	747	747
<b>Total equity and liabilities</b>	<b>366,786</b>	<b>-1,113</b>	<b>-1,126</b>	<b>364,547</b>

## 8. Notes to the Statement of Financial Position – Assets

### 8.1 Receivables

Current receivables stood at PLN 399,316 thousand as at March 1st 2010 and at PLN 328,904 thousand as at December 31st 2009.

Current receivables	Mar 31 2010	Dec 31 2009
From clients / trade receivables	196,779	155,007
- from clients under executed transactions	188,328	155,007
- other	8,451	-
From related undertakings	-	-
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	173,062	137,752
- under executed transactions	173,062	137,752
From entities operating regulated markets and commodity exchanges	23	16
From the National Depository for Securities and exchange clearing houses	26,988	32,669
- from the settlement guarantee fund	9,353	32,669
- other	17,635	-
From investment and pension fund companies and from investment and pension funds	1,245	1,439
From issuers of securities or selling shareholders	-	-
From commercial chamber	-	-
Taxes, subsidies and social security receivable	490	370
Other	729	1,651
<b>Total current receivables</b>	<b>399,316</b>	<b>328,904</b>

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the Polish National Depository for Securities. In the case of buy trades executed on the WSE 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 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.

### 8.2 Acquisition and Sale of Property, Plant and Equipment and Intangible Assets

In Q1 2010, the Group acquired property, plant and equipment and intangible assets for PLN 484 thousand, whereas in Q1 2009 the value of acquired property, plant and equipment and intangible assets amounted to PLN 189 thousand.

## 9. Notes to the Statement of Financial Position – Equity

### 9.1 Share Capital

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

As at March 31st 2010, the share capital amounted to PLN 2,892,855.30 and remained unchanged relative to December 31st 2009.

The share capital is divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 357,143 Series C ordinary bearer shares.

## 10. Notes to the Statement of Financial Position – Liabilities and Provisions

### 10.1 Change in Provisions

	Q1 2010	Q2 2009
<b>As at beginning of the reporting period</b>	<b>7,016</b>	<b>2,926</b>
Provisions created during the financial year	2,033	791
Provisions used	5,677	2,583
Provisions released	231	-
<b>As at end of the reporting period</b>	<b>3,141</b>	<b>1,134</b>
Deferred tax liability	196	-
<b>As at end of the reporting period</b>	<b>3,337</b>	<b>1,134</b>

### 10.2 Impairment Losses on Receivables

In Q1 2010, the Group recognised impairment losses on receivables in the total amount of PLN 42 thousand. In the comparative period, Q1 2009, the impairment losses on receivables totalled PLN 234 thousand.

### 10.3 Provisions for Court Proceedings, Fines and Damages

In the periods covered by these financial statements the Company was not a defendant in any court proceedings. On January 13th 2009, IPOPEMA Securities S.A. filed with the Regional Court a suit for payment of past due receivables. The receivables in the amount of PLN 891 thousand were fully covered with an impairment charge.

### 10.4 Liabilities (Current)

Current liabilities	Mar 31 2010	Dec 31 2009
To clients	194,011	142,003
To related undertakings	-	9
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	256,222	169,404
a) under transactions executed on WSE	157,223	169,404
b) under transactions executed on BSE	98,999	-
To entities operating regulated markets and commodity exchanges	838	698
To the National Depository for Securities and exchange clearing houses	2,639	1,570
Loans and borrowings	6,930	13,547
a) from related undertakings	-	-
b) other	6,930	13,547
Taxes, customs duties and social security payable	1,130	1,066
Salaries and wages	-	1
To investment and pension fund companies and to investment and pension funds	-	860
Other	2,167	1,291
a) dividends payable	-	-
b) other	2,167	1,291
<b>Total current liabilities</b>	<b>463,937</b>	<b>330,449</b>

With the exception of loans, the liabilities do not bear interest.

## 11. Notes to the Statement of Comprehensive Income

### 11.1 Revenue from Core Activities

Revenue from core activities	Jan 1 2010– Mar 31 2010	Jan 1 2009– Mar 31 2009
Revenue from trading in securities	11,846	6,962
Revenue from investment banking services	2,906	1,360
Revenue from management of investment funds	3,114	1,094
Revenue from advisory services	2,578	-
Other revenue from core activities	158	60
<b>Total revenue from core activities</b>	<b>20,602</b>	<b>9,476</b>

### 11.2 Costs of Core Activities

Costs of core activities	Jan 1 2010– Mar 31 2010	Jan 1 2009– Mar 31 2009
Affiliation	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	2,824	1,987
Fees payable to commercial chamber	-	17
Salaries and wages	7,548	6,002
Social security and other benefits	597	406
Employee benefits	48	74
Materials and energy used	122	92
Costs of maintenance and lease of buildings	381	343
Depreciation and amortisation	236	327
Taxes and other public charges	316	243
Other costs	2,983	1,211
<b>Total costs of core activities</b>	<b>15,055</b>	<b>10,702</b>

## 12. Employee Benefits – Employee Share Option Plans

To date, a number of persons from the IPOPEMA Securities Group were covered by the Incentive Scheme, including Members of the Management Board of IPOPEMA TFI S.A., who were entitled (subject to fulfilment of certain criteria) to subscribe for the total of 1,166,667 Series C shares at the issue price equal to PLN 0.47 per share ("Share Option Plan I"). The final tranche within this pool is to be exercised by 2011. On September 1st 2009, the persons subscribed for 357,143 shares as part of the first tranche from the pool available to them. Since not all of the required criteria were met, the pool of shares to be subscribed for was reduced by 324,347 shares. Within this pool, based on IPOPEMA TFI's performance in 2009, the persons will be entitled to subscribe for a total of 413,748 shares, while 71,429 shares will be settled based on the Company's performance in 2010. Taking into account the reduction of the pool, as at the date of these consolidated financial statements Share Option Plan I covers a total of 842,320 shares (including the shares subscribed for), instead of 1,166,667 shares as was originally assumed.

The other persons covered by the Incentive Scheme are entitled to subscribe for a total of 714,285 Series C shares, representing 2.50% of the current share capital and conferring the right to the same percentage of the total vote. The issue price per share at which the shares are to be subscribed for will be equal to the issue price of the Company shares sold in the private placement preceding the listing of the Company shares on the Warsaw Stock Exchange, that is PLN 5 ("Share Option Plan II"). The final tranche within this pool is to be exercised by January 2014. Since not all of the required criteria were met, the number of shares to be subscribed for fell to 571,428 (no shares have been subscribed for yet under Share Option Plan II).

The list of persons eligible to subscribe for the remainder of the Series C shares, that is 2,976,188 shares ("Share Option Plan III") has not yet been determined, neither have any decisions been made as to whether such shares will be offered.



In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Company in the financial statements of IPOPEMA Securities S.A. and IPOPEMA TFI S.A. At the consolidated level, in Q1 2010 the total costs related to those plans increased the cost of salaries and wages by PLN 301 thousand, of which PLN 174 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 127 thousand) which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of the abovementioned agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the consolidated result of the Company also in 2009. Despite the fact that the Company was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

In the comparative period, Q1 2009, costs related to the share option plans increased costs of salaries and wages at the consolidated level by PLN 331 thousand, with PLN 256 thousand allocated to IPOPEMA TFI S.A. and the remainder (PLN 75 thousand) charged to IPOPEMA Securities S.A.

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).

### 13. Dividends Paid and Proposed

Until the preparation of these interim consolidated financial statements, no final decision was taken by the Parent Undertaking's Management Board concerning the recommended distribution of the 2009 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the General Shareholders Meeting, which pursuant to the Commercial Companies Code must be convened within six months from the end of a given financial year.

### 14. Issue, Redemption and Repayment of Debt and Equity Securities

In Q1 2010, no debt or equity securities were issued, redeemed or repaid.

### 15. 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 undertaking of IPOPEMA Securities, was not included in these condensed consolidated financial statements.

<b>IPOPEMA Business Services Kft. – all figures in PLN</b>	
Balance-sheet total as at Mar 31 2010	PLN 87,817
% share in parent's balance-sheet total	0.02%
Revenue for period Jan 1 – Mar 31 2010	PLN 0
% share in parent's revenues	0.00%
Net assets as at Mar 31 2010	PLN -141,296
Net profit (loss) for period Jan 1 – Mar 31 2010	PLN -150,760

### 16. Seasonality

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

### 17. Contingent Liabilities and Contingent Assets

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



## 18. Related Party Transactions

In Q1 2010 and Q1 2009, the Parent Undertaking and the IPOPEMA Securities Group companies did not enter into any related party transactions which were not transactions at arm's length and which could have any material impact on the financial result of the Group.

## 19. Changes in the Group's Structure, Including Changes Resulting from Mergers, Acquisitions or Disposals of the Subsidiary Undertakings, as well as Long-Term Investments, Restructuring or Discontinued Operations

In Q1 2010 and Q1 2009, no changes in the Group's structure occurred.

## 20. Events Subsequent to the Balance-Sheet Date

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st – March 31st 2010. No events occurred after the balance-sheet date which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, May 7th 2010

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Jacek Lewandowski  
President of the  
Management Board

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Mariusz Piskorski  
Vice-President of the  
Management Board

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Stanisław Waczkowski  
Vice-President of the  
Management Board

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Mirosław Borys  
Vice-President of the  
Management Board

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Danuta Ciosek  
Chief Accountant