THE IPOPEMA GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30TH 2009

ALONG WITH THE AUDITOR'S REVIEW REPORT

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FINANCIAL HIGHLIGHTS

Consolidated Financial Highlights	*PLN '000* Jan 1 – Jun 30 2009	*PLN '000* Jan 1 – Jun 30 2008	*EUR '000* Jan 1 – Jun 30 2009	*EUR '000* Jan 1 – Jun 30 2008
Revenue from core activities	24,927	30,195	5,517	8,683
Costs of core activities	23,165	17,522	5,127	5,039
Profit (loss) on core activities	1,762	12,673	390	3,644
Operating profit (loss)	1,066	10,089	236	2,901
Pre-tax profit (loss)	1,542	10,324	341	2,969
Net profit (loss) from continuing operations	736	8,040	163	2,312
Net profit	736	8,040	163	2,312
Net earnings (loss) from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.03	0.28	0.01	0.08
- diluted	0.03	0.28	0.01	0.08
Net cash flows from operating activities	352	6,389	78	1,837
Total cash flows	789	1,881	175	541

Consolidated Financial Highlights	*PLN '000* Jun 30 2009	*PLN '000* Dec 31 2008	*EUR '000* Jun 30 2009	*EUR '000* Dec 31 2008
Total assets	206,936	139,073	46,299	33,332
Current liabilities	167,568	91,782	37,491	21,997
Equity	36,733	44,365	8,218	10,633
Number of shares (pcs.)	28,571,410	28,571,410	28,571,410	28,571,410
Book value per share (PLN/EUR)	1.29	1.55	0.29	0.37

The individual items of the financial highlights were translated into the euro using 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	*Jun 30 2009*	*Jun 30 2008*
EUR	4.5184	3.4776

- Items of the statement of financial position:

Exchange rate as at:	*Jun 30 2009*	*Dec 31 2008*
EUR	4.4696	4.1724

These interim condensed consolidated financial statements for the six months ended June 30th 2009 were approved for publication by the Management Board on August 24th 2009.

(All figures in PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended June 30th 2009

	Note	Jan 1 – Jun 30 2009	Jan 1 – Jun 30 2008
Continuing operations			
Revenue from core activities, including:	16.1	24,927	30,195
Revenue from brokerage activities		21,269	28,489
Revenue from management of investment funds		2,909	1,706
Revenue from advisory services		749	-
Costs of core activities	16.2	23,165	17,522
Profit (loss) on core activities		1,762	12,673
Gain (loss) on transactions in financial instruments held for trading		-218	-2,341
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income	16.3	2	60
Other operating expenses	16.3	480	303
Operating profit (loss)		1,066	10,089
Financial income	16.4	1,010	1,582
Financial expenses	16.4	534	1,347
Pre-tax profit (loss)		1,542	10,324
Corporate income tax	19	806	2,284
Net profit (loss) on continuing operations		736	8,040
Discontinued operations			
(Loss) for period on discontinued operations		-	-
Net profit (loss) for period		736	8,040
Attributable to:			
Owners of the Parent		1,521	8,040
Minority interests		-785	-
Earnings per share (PLN)	9	0.03	0.28
Diluted earnings per share (PLN)	9	0.03	0.28

Other comprehensive income	23	9	0
Change in revaluation surplus		-	-
Actuarial gains and losses on defined-benefit plan		-	-
Gains and losses on translation of items of financial statements of foreign operations		-	-
Gains and losses on revaluation of financial assets available for sale		11	-
Effective portion of gains and losses on hedging instrument under cash flow hedging		-	-
Share in other comprehensive income of associated undertakings and joint ventures valued with equity method		-	-
Corporate income tax on items of other comprehensive income		-2	-
Comprehensive income for period		745	8,040

Warsaw, August 24th 2009

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

(All figures in PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at June 30th 2009

ASSETS	Note	Jun 30 2009	Dec 31 2008
Cash and cash equivalents	13.1	39,805	39,016
Current receivables	13.2	160,888	93,578
Current prepayments and accrued income	13.3	463	646
Financial instruments held for trading		1,459	1,803
Financial instruments held to maturity		-	-
Financial instruments available for sale		387	357
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		100	-
Property, plant and equipment	13.4	1,496	1,683
Investment property		-	-
Intangible assets	13.5	1,339	1,318
Inventories		-	-
Non-current prepayments and accrued income		999	672
Total assets		206,936	139,073

EQUITY AND LIABILITIES		Jun 30 2009	Dec 31 2008
Current liabilities	15.3	167,568	91,782
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	15.1	2,613	2,926
Accruals and deferred income		22	0
Total liabilities		170,203	94,708
Share capital	14.1	2,857	2,857
Other capital reserves	14.2 i 3	8,034	7,876
Retained earnings	14.3	25,153	33,632
Total equity attributable to owners of the Parent		36,044	44,365
Equity attributable to minority interests		689	-
Total equity		36,733	44,365
Total equity and liabilities		206,936	139,073

Warsaw, August 24th 2009

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President of the Management Board

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Vice-President of the Management Board

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Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

(All figures in PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended June 30th 2009

	Jan 1 – Jun 30 2009	Jan 1 – Jun 30 2008
Cash flows from operating activities		
Pre-tax profit (loss)	1,542	10,324
Total adjustments:	-1,190	-3,935
Profit (loss) attributable to minority interests		
Amortisation/depreciation	506	593
Foreign-exchange gains (losses)	-	-
Interest and dividends	-	-12
Profit (loss) on investment activities	-10,029	-
Change in financial instruments available for sale	-	-
Change in financial instruments held for trading	345	33
Change in financial instruments held to maturity	-	-
Change in receivables	-67,715	-242,773
Change in current liabilities (net of loans and borrowings)	74,947	243,885
Change in provisions and in impairment charges for receivables	-25	-3,494
Change in accruals and deferrals	83	-1,019
Corporate income tax	-968	-1,289
Other adjustments (effect of incentive schemes)	1,666	141
Net cash provided by (used in) operating activities	352	6,389
Cash flows from investing activities		
Sale of property, plant and equipment and intangible assets	-	-
Proceeds from financial instruments held to maturity and available for sale	-	-
Decrease in loans granted	-	-
Other inflow	-	12
Acquisition of property, plant and equipment and intangible assets	-344	-1,017
Cash used on financial instruments held to maturity and available for sale	-58	-900
Increase in loans granted	-	-
Other outflow	-	-
Net cash provided by (used in) investing activities	-402	-1,905
Cash flows from financing activities		
Increase in loans and borrowings	839	-
Issue of debt securities	-	-
Issue of shares	-	300
Additional contributions to equity	-	-
Other inflow	-	-
Repayment of loans and borrowings	-	-2,903
Redemption of debt securities	-	-
Costs of shares issues	-	-
Dividends to owners of the Parent	-	-
Dividends to minority interests	-	-
Decrease in financed lease liabilities	-	-

Share in profit (loss) of associated undertakings valued with equity method	-	-
Other cash flows from financing activities	-	-
Net cash provided by (used in) financing activities	839	-2,603
Total net cash flows	789	1,881
Increase/decrease in net cash and cash equivalents	789	1,881
Net foreign exchange gains (losses)	-	-
Cash at beginning of period	39,016	33,124
Cash at end of period, including	39,805	35,005
- restricted cash	10,000	-

Warsaw, August 24th 2009

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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

(All figures in PLN '000)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended June 30th 2009

	Equity attributable to owners of the parent					Equity attributable to minority interests	Total equity
		Other components of equity					
	Share capital	Share premium account	Revaluation capital reserve	Other capital reserves	Retained earnings		
Balance at December 31st 2007	2,857	11,374	-	-	27,375	-	41,606
Correction of errors	-	-	-	-	-	-	-
Data restated as at Jan 1 2008 following transition to IAS	-	(4,226)	-	481	3,745	-	-
Balance at January 1st 2008 (after restatement)	2 857	7,148	-	481	31,120	-	41,606
Foreign exchange gains (losses) on consolidation	-	-	-	-	-	-	-
Profit (loss) for period	-	-	-	-	8,040	-	8,040
Costs of share-based payment plan	-	-	-	-	-	-	-
Costs of remuneration related to incentive scheme	-	-	-	141	-	-	141
Issue of shares	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	(10,000)	-	(10,000)
Measurement of financial assets available for sale	-	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-	-
Share of minority interests	-	-	-	-	-	-	-
Balance at June 30th 2008	2,857	7,148	-	622	29,160	-	39,787
Profit (loss) for H2 2008	-	-	-	-	4 472	-	4 472
Costs of share-based payment plan	-	-	-	141	-	-	141
Other comprehensive income	-	-	(35)	-	-	-	(35)
Balance at December 31st 2008	2,857	7,148	(35)	763	33,632	-	44,365
	-	-	-	-	-	-	-

Balance at December 31st 2008	2,857	7,148	(35)	763	33,632	-	44,365
Foreign exchange gains (losses) on consolidation	-	-	-	-	-	-	-
Profit (loss) for H1 2009	-	-	-	-	1,521	-785	736
Issue of shares	-	-	-	-	-	-	-
Cost of share issue	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	(10,000)	-	(10,000)
Other comprehensive income	-	-	(30)	-	-	-	(30)
Costs of remuneration related to incentive scheme	-	-	-	1,662	-	-	1,662
Change in value of IBC shares following dilution	-	-	-	-1,474	-	1,474	-
Balance at June 30th 2009	2,857	7,148	(65)	951	25,153	689	36,733

Warsaw, August 24th 2009

Jacek Lewandowski
President of the Management Board

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Vice-President of the Management Board

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Chief Accountant

SUPPLEMENTARY NOTES

1. Information on the IPOPEMA Group

The IPOPEMA Group ("the 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 Warsaw Stock Exchange.

As at June 30th 2009, the IPOPEMA Group comprised IPOPEMA Securities S.A. and its subsidiary undertakings.

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 for the Capital City of Warsaw, 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.

Composition of the Management Board

As at the date of these financial statements, the Company's Management Board was composed of:
- Jacek Lewandowski – President of the Management Board
- Mirosław Borys – Vice-President of the Management Board
- Mariusz Piskorski – Vice-President of the Management Board
- Stanisław Waczkowski – Vice-President of the Management Board.

The core business of the Group is:
1. Brokerage activities and
2. Business and management consultancy services.

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 brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team, which prepares analyst reports, recommendations, and comments on the issuers listed on the WSE (the largest ones but also the medium-sized and smaller companies).

February 2009 saw the establishment of the Market Making and Proprietary Trading Department at the Company, a consequence of the Company's decision to commence investment activities in the area of proprietary trading on the WSE. These activities focus on the most liquid instruments and consist in arbitrage transactions in shares and futures. Moreover, the creation of the Department enables IPOPEMA Securities to expand its offering for companies launching their IPOs in cooperation with IPOPEMA Securities S.A. by market making for their shares after the first listing at the WSE with a view to ensuring liquid trading.

(All figures in PLN '000)

2. Composition of the Group

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

The Group comprises IPOPEMA Securities S.A. and the following companies:

	Company name	*Business profile*	*Consolidation method*	*% of share capital held*	*% of total vote held*
Subsidiary undertakings					
1.	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of an investment fund company, as well as the creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units, and - representation service for foreign funds	full	100%	100%
2.	IPOPEMA Business Consulting Sp. z o. o.	- other business and management consulting services - computer facilities management activities - computer consultancy services - computer programming activities, and - wholesale of computers, computer peripheral equipment and software	full	50.02% *	100%

** According to IPOPEMA Business Consulting Sp. z o.o's. entry in the National Court Register, the Parent Undertaking's share in share capital of IPOPEMA Business Consulting Sp. z o.o. amounts to 100% as at June 30th 2009. However, given the provisions and nature of the investment agreement under which that company was established, the share of 50.02% was assumed for the consolidation purposes – the explanation is included below, in subsequent paragraphs of this Section 2 (see the description of IPOPEMA Business Consulting Sp. z o.o.).*

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI")

IPOPEMA TFI was established on March 14th 2007. IPOPEMA TFI was authorised to operate an investment fund company by the Polish Financial Supervision Authority (PFSA) on September 13th 2007.
IPOPEMA TFI's share capital amounts to PLN 3,000 thousand.

IPOPEMA TFI focuses its business activity on the creation and management of closed-end investment funds. They are dedicated funds addressed to groups of well-off retail and corporate clients. In 2008, IPOPEMA TFI created two active management funds. The launch of further active management funds, addressed to a broader range of investors, is planned for the future. In March 2009, the first open-end investment fund managed by IPOPEMA TFI was registered (Alior Specjalistyczny Fundusz Inwestycyjny Otwarty). The new fund is a result of the company's cooperation with a newly established retail bank and is principally addressed to the bank's clients.

The management board of IPOPEMA TFI is composed of Jarosław Wikaliński (President), Maciej Jasiński (Vice-President) and Marek Świętoń (Vice-President), who have many years of market practice and experience in asset management and creation of investment funds. The composition of the management board did not change in H1 2009.

IPOPEMA Business Consulting Sp. z o.o. („IBC") – Subsidiary

IPOPEMA Business Consulting Sp. z o.o. was established on August 26th 2008 for indefinite time and on October 2nd 2008 it was entered in the Register of Entrepreneurs at the National Court Register. IPOPEMA Business Consulting Sp. z o.o. focuses on consultancy services in the area of strategy and operating activities of enterprises, as well as on IT consultancy services. IBC was established in connection with the investment agreement concluded on August 26th 2008 between the Company and Ms Eliza Łoś-Strychowska and Mr Tomasz Rowecki (the

Partners"), which sets forth the rules of cooperation between the parties in connection with a plan to set up a company (joint venture) under the name of "IPOPEMA Business Consulting Sp. z o.o.". Pursuant to the agreement, IPOPEMA Securities agreed to establish a limited liability company under the name of IPOPEMA Business Consulting and pay PLN 50,000 to cover the company's share capital and acquire 100% of the shares with the par value of PLN 50 per share. The shares in the company were to be paid up with a cash contribution of PLN 3,000,000, of which PLN 2,950,000 was to be transferred to the statutory reserve funds. The Company performed these obligations on the date of the agreement.

IPOPEMA Securities further agreed to adopt – at the request of the Partners – a resolution on increasing the company's share capital to PLN 100,050 by way of the issue of new shares. The parties agreed to acquire the shares in the increased share capital in the following manner: each of the Partners would acquire shares representing 24.99% of the total vote at the company's general shareholders meeting, and IPOPEMA Securities would acquire one share. These obligations, as well as the contractual obligation to appoint Eliza Łoś-Strychowska and Tomasz Rowecki to the management board of IPOPEMA Business Consulting, were performed in July 2009, while the changes in the share capital were entered in the National Court Register on August 10th 2009.

Consequently, as at June 30th 2009 the Company formally held 100% shares in IBC. However, given the provisions of the investment agreement described above, the share of 50.02%, resulting from the investment agreement, was disclosed as at June 30th 2009. The resultant change in the interest in IBC, in the amount of PLN 1,474 thousand, did not result in the Company losing control over IBC and was disclosed as an equity transaction under "Other components of equity". Such approach is in particular justified by the fact that such was the Company's intended share in IBC at the time of the establishment of the joint venture, while the postponement of the change in shareholder structure was beyond the control of IPOPEMA Securities, which was obliged to issue new shares at the Partners' request.

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

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("the IFRS"), in particular with the International Accounting Standard 34 and the IFRS endorsed by the EU. 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 insignificant.
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 have been prepared on the assumption that the companies of the Group would continue as going concerns in the foreseeable future. As at the date of approval of these financial statements, there are no circumstances which would indicate any threat to the continuation of their business.

These interim condensed consolidated financial statements of the Group cover the period of six months ended June 30th 2009 and contain comparable data for the six months ended June 30th 2008 and as at December 31st 2008.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of annual financial statements and should be read in conjunction with the financial statements of IPOPEMA Securities S.A. and IPOPEMA TFI S.A. for the year ended December 31st 2008. These financial statements are the Company's first consolidated financial statements and the first financial statements prepared in accordance with the IFRS.

3.1. Measurement Currency and Reporting Currency of the Financial Statements

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

4. Changes in Applied Accounting Policies

These consolidated financial statements are the Group's first consolidated financial statements and the first financial statements prepared in accordance with the International Financial Reporting Standards. The date of transition to the IFRS is January 1st 2008.

The annual financial statements of the Parent Undertaking IPOPEMA Securities S.A. and the subsidiary undertakings, IPOPEMA TFI S.A. and IPOPEMA Business Consulting Sp. z o.o., for the financial year ended December 31st 2008 were prepared in accordance with the Polish Accounting Standards.

The International Accounting Standards Board issued International Financial Reporting Standard 1 ("IFRS 1") "First-Time Adoption of the International Financial Reporting Standards" which applies to preparation of financial statements for periods beginning on or after January 1st 2004. IFRS 1 applies to entities preparing their financial statements in accordance with the International Financial Reporting Standards for the first time. According to IFRS 1, the first financial statements prepared in accordance with the IFRS must be the annual financial statements in which a given entity applies all the IFRS and in which it makes a statement of full compliance with all the IFRS.

In accordance with IFRS 1, these financial statements have been prepared in such a manner as if the Group always applied the IFRS.

For information on the effect of these adjustments on the financial statements, see Note 10.

5. Material Accounting Policies

<u>Amendments to the published standards and interpretations which became effective as of January 1st 2009:</u>

- IFRS 8 *Operating Segments,* which replaced IAS 14 *Segment Reporting* as of its effective date. According to the standard, reportable operating segments should be identified and their performance measured in reliance on the same approach as the one adopted by the management.
- IAS 1 *Presentation of Financial Statements* (amended in September 2007) – this standard draws a distinction between changes in equity resulting from capital transactions executed with the owners and changes resulting from other transactions. Accordingly, a statement of changes in equity presents only details of the transactions with the owners, while all other changes are presented as one item. In addition, the standard introduces a statement of comprehensive income comprising all items of revenue and expenses recognised through profit or loss, and all other recognised revenue and expenses. It is possible to present all items in one statement or present two statements connected with each other. The Group chose to present all items in one statement.
- IAS 23 *Borrowing Costs* (amended in March 2007) – the amended standard requires that the borrowing costs attributable to the acquisition, construction or production of a qualifying asset are recognised as a part of the cost of acquisition or production of that asset. Application of this interpretation did not effect the Group's financial standing or result of operations as there occurred no events to which the interpretation would apply.
- IFRS 2 *Share-Based Payments – Vesting Conditions and Cancellations,* the amendment to this standard enhances the definition of a vesting condition and describes how cancellations of rights to awards should be recognized. Application of this interpretation did not effect the Group's financial standing or result of operations as there occurred no events to which the interpretation would apply.
- Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation* – the amendments introduce an exception, limited in scope, concerning puttable financial instruments which can be classified as equity provided they meet specific conditions. The amendments did not affect the financial standing or performance of the Group as the Group did not issue such instruments.
- IFRIC 13 *Customer Loyalty Programmes* – under this interpretation, the loyalty award credits must be recognised as a separate element of the sale transaction in which they were awarded. Application of this revision did not affect the Group's financial standing or result of operations as the Group does not operate any customer loyalty programmes.
- Amendments to IFRS 1 *First-Time Adoption of the International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements*: *Cost of an Investment in a Subsidiary, Jointly*

Controlled Entity or Associate – in accordance with the amendments to IFRS 1, an undertaking applying the IFRS for the first time will be able to present in its separate financial statements the cost of an investment in a subsidiary, jointly controlled entity or associate in accordance with IAS 27 or on the basis of deemed cost. According to the amended IAS 27, all dividends received from a subsidiary, jointly controlled entity or associate must be recognised in the income statement of the parent undertaking' separate financial statements. The amendment to IAS 27 is applied prospectively. The new requirements apply only to the separate financial statements of the parent and have no effect on consolidated financial statements.

- IFRIC 12 *Service Concession Arrangements* – IFRIC 12 explains how service concession operators should account for the obligations they undertake and rights they receive in service concession arrangements. The interpretation does not affect the Group's financial statements as no member of the Group is a service concession operator.
- Amendments to IFRS 7 *Financial Instruments: Disclosures* – the amendments require enhanced disclosures about fair value measurements and liquidity risk. For each class of financial instruments measured at fair value disclosures on the measurement must be made using a fair-value hierarchy that distinguishes fair value measurements by the significance of the inputs used. Moreover, for fair-value measurements classified as Level 3 of the fair-value hierarchy the entity should present a reconciliation between the opening and closing balances. The entity should also present any significant movements between Level 1 and Level 2 of the fair value hierarchy. The amendments do not have any material effect on the disclosures made by the Group.
- IFRIC 15 *Agreements for the Construction of Real Estate* – IFRIC 15 specifies how and when to recognise revenue from sales of real estate and the related costs if the agreement between the developer and the buyer is concluded before construction is complete. The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 or IAS 18. The application of IFRIC 15 will not affect the consolidated financial statements as the Group does not conduct such activities.
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* – the Interpretation provides guidance on recognition of hedges of a net investment in a foreign operation, and in particular on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation, where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting, and how an entity should determine the amount of positive or negative exchange difference, concerning both the net investment and the hedging instrument, to be reclassified from equity to profit or loss when the entity disposes of the investment. The application of IFRIC 16 will not affect the consolidated financial statements as the Group does not have any foreign operations.

<u>Standards and interpretations which have been published but are not yet effective and have not been applied earlier:</u>

- IFRIC 12 *Service Concession Arrangements*, effective for annual periods beginning on March 29th 2009. This interpretation has not yet been endorsed by the European Union.
- IFRIC 15 *Agreements for the Construction of Real Estate*, effective for annual periods beginning on or after January 1st 2009. This interpretation has not yet been endorsed by the European Union.
- IFRIC 17 *Distributions of Non-cash Assets to Owners*, effective for annual periods beginning after July 1st 2009. This interpretation has not yet been endorsed by the European Union.
- IFRIC 18 *Transfers of Assets from Customers*, effective for annual periods beginning after July 1st 2009. This interpretation has not yet been endorsed by the European Union.
- Amended IFRS 2 *Share-Based Payments*, effective for annual periods beginning on or after January 1st 2010. This amendment has not yet been endorsed by the European Union.
- Amended IFRS 3 *Business Combinations*, applies prospectively to business combinations in which the acquisition took place on or after July 1st 2009.
- Amended IFRS 7 *Financial Instruments: Disclosures*, effective for annual periods beginning on or after January 1st 2009. This amendment has not yet been endorsed by the European Union.
- Amended IAS 27 *Consolidated and Separate Financial Statements*, effective for annual periods beginning after July 1st 2009.

(All figures in PLN '000)

- Amended IAS 39 *Financial Instruments: Recognition and Measurement – Criteria for Classifying a Financial Instrument as a Hedge*, effective for annual periods beginning on or after July 1st 2009. This amendment has not yet been endorsed by the European Union.
- *Embedded Derivatives*, amendments to IFRIC 9 and IAS 39, effective for annual periods beginning after June 30th 2009. These amendments have not yet been endorsed by the European Union.
- Revision of IFRS 2009 which contain amendments to twelve standards, the majority of which is effective for annual periods beginning on January 1st 2010. The revision has not yet been endorsed by the European Union.

The Group believes that application of those standards and interpretations will not have a material bearing on the financial statements in the initial period of application.

The Group has not used the possibility of reclassifying financial instruments to other categories based on the amendments to IAS 39 and IFRS 7, effective as of July 1st 2008.

6. Material Amounts Based on Professional Judgments and Estimates

6.1. Professional Judgements

Where a given transaction does not fall within the scope of any standard or interpretation, the Management Board relies on its subjective judgements in the determination and application of accounting policies to ensure that the financial statements contain only appropriate and reliable information and that they:

- present a true, clear and fair picture of the Group's assets, its financial standing, results of operations and cash flows,
- reflect the economic substance of the transaction,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

The Group makes judgments and estimates which affect the value of assets and liabilities to be disclosed in the following period. The judgments and estimates are reviewed on an on-going basis and are based on past experience and other factors, including expectations as to future events which seem justified in a given situation.
For information on the subjective judgments made as at June 30th 2009 and details of estimates and judgments, see Note 6.2.

6.2. Estimation Uncertainty

The preparation of consolidated financial statements requires the Group to make estimates because a large amount of the reported data cannot be measured precisely. The Group reviews the adopted estimates based on changes in the factors underlying such estimates, as well as in the light of new information and past experience. Therefore, estimates made as at June 30th 2009 may be subject to future revision. For information on the key estimates, see the following Notes:

Note		Type of disclosure
8.6.1	Impairment charges on receivables	Main assumptions underlying determination of recoverable value
8.3 and 8.4	Useful life of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at least annually, at the end of the financial year
8.10	Provisions for expenses	Assumptions underlying creation of provisions

7. Changes in Estimates

Following a revision of the useful life of property, plant and equipment and intangible assets by the Parent Undertaking, the Company resolved that starting from 2009 the useful life of certain items of property, plant and equipment should be extended from three to five years, while the amortisation periods of certain intangible assets should be extended from two to five years.

(All figures in PLN '000)

The application of new useful life by the Parent Undertaking resulted in depreciation and amortisation of PLN 385 thousand for H1 2009, while under the policies applied for 2008 depreciation and amortisation would have amounted to PLN 757 thousand. The depreciation and amortisation rates for tax purposes have not changed. A deferred tax liability was created for the difference between the tax value and carrying value.

The Management Board believes that the change properly reflects the useful lives of the property, plant and equipment and intangible assets referred to above.

8. Key Accounting Policies

8.1. Consolidation Rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiary undertakings, in each case prepared for the six months ended June 30th 2009 and June 30th 2008 (in the case of the statement of comprehensive income and the statement of cash flows) or as at June 30th 2009 and December 31st 2008 (in the case of the statement of financial position and the statement of changes in equity).

The financial statements of the subsidiary undertaking and the financial statements of the parent undertaking were prepared for the same reporting period, using consistently applied accounting policies and with the same accounting policies applied to economic events and transactions of similar nature. Adjustments were made to eliminate any inconsistencies in the applied accounting policies.

Any balances and transactions of significant value between the Group companies, including unrealised gains arising from intra-Group transactions, were fully eliminated. Unrealised losses were eliminated unless they were evidence of impairment.

Subsidiary undertakings are consolidated from the date the Group assumes control over them, and cease to be consolidated from the date such control is lost. The Parent Company exercises control over a subsidiary when it holds, directly or indirectly through subsidiaries, more than half of voting rights in a given company, unless it is possible to demonstrate that the ownership of more than half of the voting rights does not constitute control. Control is exercised also when the Company has the power to govern the financial and operating policies of an undertaking.

8.2. 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 ("NBP") as at the date preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

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

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

Exchange rate as at	*Jun 30 2009*	*Dec 31 2008*	*Jun 30 2008*
USD	3.1733	2.9618	2.1194
EUR	4.4696	4.1724	3.3542

(All figures in PLN '000)

8.3. Property, Plant and Equipment

Property, plant and equipment are disclosed at acquisition or production cost less depreciation and impairment losses. Property, plant and equipment are initially disclosed at acquisition cost plus any costs directly related to the purchase of the assets and bringing them to working condition for their intended use. This cost also includes the cost of replacing component parts of plant and equipment, which is recognised as incurred if relevant recognition criteria are fulfilled. Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the consolidated statement of comprehensive income as incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.
Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

Depreciation (amortisation) is charged using the straight-line method over the estimated useful life of an asset. The estimated useful lives of particular assets are presented in the table below:

Type of asset	Period	Depreciation/amortisation rate
Plant and equipment	10 years	10%
Office equipment	5 years	20%
Computers	3–5 years	11%–30%
Leasehold improvements	10 years	10%
Intangible assets	2–5 years	6 %–50%

If during the preparation of financial statements there occur any circumstances indicating that the carrying value of an asset may not be recoverable, such assets are tested for impairment. If there is evidence of impairment and the carrying value of an asset exceeds its estimated recoverable amount, then the carrying value of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value-in-use. To calculate the value-in-use, the Group discounts the expected future cash flows to their present value using a pre-tax rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are charged to the consolidated statement of comprehensive income as other operating costs.
Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their further use. Gains or losses arising on derecognition of a given item from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying value of the asset) are included in the consolidated statement of comprehensive income in the period when the item was derecognised.

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

8.4. Intangible Assets

Intangible assets acquired in a separate transaction are initially carried at acquisition or production cost. Following initial recognition, intangible assets are carried at acquisition or production cost less accumulated amortisation and impairment losses.
Depending on the type of an asset, the amortisation period of intangible assets is two or five years.
The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with indefinite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at each financial year-end or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in the asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates.

8.5. Financial Instruments

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

Financial instruments are classified in 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 measured at fair value through profit or loss

A financial asset is designated as held for trading if it is acquired or incurred principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is evidence of a recent actual 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:

- it is classified as held for trading (i.e. it is acquired or incurred 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 (except for a derivative that is a designated as an effective hedging instrument), or
- upon initial recognition, it was designated by the entity as a financial asset/liability at fair value through profit or loss.

As far as the Group is concerned, the category includes primarily equity instruments and derivatives traded on the Warsaw Stock Exchange, acquired for resale in the near term. The Group does not apply hedge accounting.

As at each reporting date, financial instruments held for trading are measured at fair value, and any resultant gains or losses are disclosed under revenue or costs related to financial instruments held for trading.
As at the balance-sheet date and as at the end of each reporting period, derivatives are measured at fair value, based on stock-exchange prices effective on the balance-sheet date.

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 each reporting date, financial assets held to maturity are measured at amortised cost using the effective interest rate.
As at the balance-sheet date, the Group had no financial instruments held to maturity.

Financial instruments available for sale

Financial instruments available for sale are those non-derivative financial instruments that 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 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 balance-sheet date; otherwise, they are classified as current assets. As at each reporting date, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) increase or decrease (as the case may be) revaluation capital reserve.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are those liabilities which are classified as held for trading or measured at fair value through profit or loss. A financial liability is designated as held for trading if:

- it is incurred principally for the purpose of repurchasing it in the near term;
- it is part of a portfolio of identified financial instruments that are managed by the Group together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a designated as an effective hedging instrument).

Financial liabilities other than held for trading may be designated by the Group upon initial recognition as financial liabilities 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 evaluated 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; and
- 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 at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are carried at fair value, and any resultant financial gains or losses are disclosed in the income statement, taking into account interest paid on a given financial liability.

Financial liabilities at amortised cost

Other financial liabilities, including bank loans and borrowings, are initially measured at fair value less transaction costs and subsequently – at amortised historical cost using the effective interest method, with interest expense measured using the effective yield method. The effective interest 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 exactly discounts estimated future cash payments through the expected life of a given liability or, when appropriate, a shorter period.

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

Financial derivatives and hedge accounting

Financial derivatives are carried at fair value as of the transaction date, based on the price of a relevant instrument quoted on the Warsaw Stock Exchange. Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

The most reliable indicator of the fair value of a derivative upon initial recognition is the transaction price (i.e. the fair value of payment made or received). Changes in the fair value of derivatives not qualifying for hedge accounting are disclosed in the income statement for the current period.

In its derivatives portfolio, the Group holds the following:
a) futures contracts on indices and futures contracts on securities,
b) securities options and index options.

8.6. Receivables

8.6.1 Current Receivables

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

Receivables are initially recognised at nominal value and measured as at the balance-sheet date at amounts receivable. The amount of receivables is subsequently decreased by impairment charges. Receivables are revalued to account for the probability of their non-payment through the recognition of impairment charges. The Group makes impairment charges if there is objective evidence that it will not be able to recover all the amounts due under the original contractual terms.

Impairment charges are made, in particular, for:

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

Apart from the above general rule, the Group may also make impairment charges on an individual basis, when it believes that the recovery of the full amount of receivables is not likely.

Impairment charges for receivables are carried under other operating expenses. The cost connected with recognition of an impairment charge is not a tax-deductible expense. Impairment charges are reversed if the value impairment decreases in subsequent periods and the increase in the value of receivables may be attributed to events occurring after the impairment charge was recognised. Reversal of an impairment charge is recognised in the consolidated statement of comprehensive income under other operating income.

Current receivables from clients, current receivables from brokerage offices and other brokerage houses, current liabilities to clients and current liabilities to brokerage offices and other brokerage houses

Current receivables from clients, current receivables from brokerage offices and other brokerage houses, current liabilities to clients and current liabilities to brokerage offices 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 National Depository for Securities ("Polish NDS") due to the transaction settlement procedure in force (T+3). In the case of purchase transactions on the Warsaw Stock Exchange ("WSE") to execute orders placed by clients whose accounts are kept by custodian banks, the Company recognises current liabilities towards brokerage offices and brokerage houses (parties to the market transactions) and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions made on the WSE to execute orders placed by clients whose accounts are kept by custodian banks, the Company discloses current receivables from brokerage offices and other brokerage houses (parties to the market transactions) and current liabilities towards the clients for whom the sale transactions were executed.

8.6.2 Non-Current Receivables

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

8.7. Cash and Cash Equivalents

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and at banks, as well as short-term deposits, with original terms to maturity not exceeding three months, together with any interest accrued for the period.

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

8.8. Equity

Equity is recognised in the accounting books by individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry.

Share premium account – the amount of any surplus proceeds from share issues, less the costs of the share issues.

Other capital reserves include revaluation capital reserve and other capital reserves created in connection with the execution of the incentive schemes.

Retained earnings comprise: reserve funds created out of retained earnings, capital reserve, the aggregate equity adjustments resulting from the changes in accounting policies as at the transition to IAS/IFRS, retained earnings or deficit (accumulated profits/losses brought forward), net profit (loss) of the current financial year.

The Parent Undertaking is a brokerage house and as such it is obliged to meet the capital requirements set forth in the Minister of Finance's Regulation on the scope and detailed rules for determination of capital requirements and on the maximum ratio of loans and debt securities in issue to capital. Pursuant to the Regulation, the Company is required to compute its supervisory capital. The Company's supervisory capital is the sum of Tier 1 (core) capital and Tier 2 (supplementary) capital (explained below), less the value of shares of banks, other brokerage houses, foreign investment firms, credit and financial institutions, as well as subordinated loans granted to such institutions, which are included in their respective capitals.

The core capital established for the purpose of computing supervisory capital, comprises:
- share capital and statutory reserve funds
- other capital reserves
- other items of core capital, i.e. retained earnings and current period's profit (loss)
- items reducing core capital, i.e. called-up share capital not paid, treasury shares held by the brokerage house (valued at acquisition cost, less impairment charges), goodwill, intangible assets other than goodwill, retained deficit (including retained deficit pending approval) and loss for the current period

Tier 2 (supplementary) capital of the brokerage house comprises:
- revaluation capital reserve created under other regulations
- subordinated liabilities with original terms to maturity of five years or more, in the amount which is reduced at the end of each of the last five years of the agreement term by 20%
- liabilities under securities with unspecified maturity and other financial instruments with unspecified maturity

8.9. Liabilities

8.9.1 Current Liabilities

Current liabilities are liabilities which are payable within 12 months as from the balance-sheet date. Liabilities are measured at amounts payable.

Current liabilities include all liabilities to clients, liabilities to related undertakings, liabilities to brokerage offices, 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.

The recognition of current liabilities under executed transactions is discussed in item 8.6.1 above.

8.9.2 Non-Current Liabilities

Non-current liabilities are those whose payment date falls more that 12 months as from the balance-sheet date.

The following are disclosed under non-current liabilities:
- bank loans
- borrowings
- debt securities
- liabilities under other financial instruments
- finance lease liabilities

8.10. Provisions

Provisions are created if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.
If the Group anticipates that the costs for which provisions have been made will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate item of assets, but only when such recovery is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income, less any recoveries.

In the statement of financial position, provisions are further classified into non-current and current. Provisions are classified as non-current or current depending on when a given item will become an actual liability (whether within 12 months or more than 12 months as from the balance-sheet date).

8.11. Accrual Basis and Matching Principle

In determining its net profit (loss), the Company takes into account all generated revenues and incurred related expenses attributable to a given period, irrespective of the date of payment.
In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given month which have yet to be incurred are posted under assets or liabilities, as applicable, of

that month. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

8.12. Revenue from Core Activities

Revenue includes only received or receivable inflows of economic benefits, on a gross basis, by a business entity for its own account.
Revenue is recognised to the extent it is probable that the Group will obtain economic benefits from a given transaction and the amount of revenue can be reliably measured. Revenue is recognised net of value added tax. The amount of revenue is measured at fair value of the payment received or receivable.

If a service consists of an undeterminable number of activities performed over a specified period of time, then due to practical reasons revenue is recognised using the straight-line method (evenly) over the course of that period.

The Group's main sources of revenue include revenue on transactions in securities concluded for the clients and revenue on investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges collected for the creation of individual funds and issuing investment certificates of the funds. Revenue on transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as the intermediary in transactions concluded by institutional clients on the equity market of the Warsaw Stock Exchange. Revenue on transactions in securities depends on the trading volume and is recognised with each concluded transaction. Advisory revenue is recorded on a pro-rata basis in line with the progress of work under an advisory mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

8.12.1 Financial Income and Expenses

The Group's financial income includes interest on investments and deposits, interest on loans advanced, other interest and foreign-exchange gains. Interest income is recognised in the income statement as it accrues.
The Group classifies as financial expenses in particular: borrowing costs, interest on loans and borrowings, other interest, and foreign-exchange and financial transaction losses.
Foreign-exchange gains/losses on the collection or payment and balance-sheet measurement of trade receivables and liabilities are posted to financial income or expenses.

8.13. Corporate Income Tax

8.13.1 Current Income Tax

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

8.13.2 Deferred Income Tax

For the purposes of financial reporting, the Group creates a deferred tax liability using the balance-sheet liability method in relation to all temporary differences recorded as at the balance-sheet date between the value of assets and liabilities computed for tax purposes and their carrying amount disclosed in the financial statements.

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

Deferred tax assets are recognised in relation to all deductible temporary differences, unused tax assets, and unused tax losses brought forward, to the extent that it is probable that future taxable profits will be available against which the differences, assets and losses can be utilised.

The carrying value of a deferred tax asset is reviewed as at each balance-sheet date and is subject to appropriate reduction to the extent it is no longer probable that taxable profits sufficient for a partial or full realisation of this deferred tax asset would be generated.
Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or release of particular provision, based on tax rates (and tax legislation) effective as at the balance-sheet date or tax rates (and tax legislation) certain to be effective as at the balance-sheet date in the future.

(All figures in PLN '000)

9. Net Earnings per Share

For each period, net earnings per share are computed as the quotient of net profit for the period to 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 by 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 to be acquired – upon fulfilment of specified criteria – by the eligible persons. Of that number, 460,549 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share. Given the low number of diluting shares, basic earnings per share and diluted earnings per share are close to each other in the periods covered by these financial statements.

10. Effect of Applying New Accounting Standards and Changes in Accounting Policies

The table below presents the types of adjustments which the Group had to perform to fully apply the IFRS, as well their effect on the financial result and equity for the comparable periods.

	Equity as at Dec 31 2008	*Equity as at Jun 30 2008*	*Net profit for period Jan 1 – Dec 31 2008*	*Net profit for period Jan 1 – Jun 30 2008*
Data disclosed in the consolidated financial statements prepared in accordance with the Polish Accounting Standards	44,365	39,787	12,759	8,181
	-	-	-	-
Effect of applying IFRS 1:	-	-	-	-
Recognition of costs related to implementation of incentive schemes	(763)	(622)	(282)	(141)
Recognition of other components of equity related to implementation of incentive schemes	763	622	-	-
Measurement of financial instruments available for sale through equity	(43)	-	43	-
Recognition of deferred income tax under measurement of financial instruments available for sale	8	-	(8)	-
Data disclosed in these consolidated financial statements prepared in accordance with the IFRS	44,365	39,787	12,512	8,040

The amounts disclosed include the effect of deferred income tax.

The application of the IFRS did not affect the balance-sheet total. Changes caused by the application of the IFRS which affected the structure of equity include the recognition of incentive schemes. Quantitatively, the net result of the recognition is PLN 0, however, the presentation of equity changed: net profit was reduced following the recognition of remuneration cost, but simultaneously other capital reserves were recognised in the amount of the remuneration cost. The related values are presented in the table above.

10.1. Effect of Applying IFRS 1

As explained in Note 10, the Group applied IFRS 1 in the financial statements for the six months ended June 30th 2009. IFRS 1 requires the Group to recognise all assets and liabilities which fulfil the recognition criteria specified in the IFRS and to measure such assets in accordance with each of the IFRS. January 1st 2008 is the date of transition to the IFRS. The Group prepared these consolidated financial statements applying those provisions of each of the IRFS which were in effect on June 30th 2009, provided that such application was allowed.

10.1.1 Fair Value of Property, Plant and Equipment

Pursuant to IFRS 1, as at the date of the first application of the IFRS, an undertaking may measure property, plant and equipment, intangible assets and investment property at fair value and recognise the fair value as the deemed cost thereof as at the date of the first application of the IFRS or it may measure property, plant and equipment, intangible assets and investment property at acquisition or production cost.

The Group resolved to continue to measure property, plant and equipment, intangible assets and investment property at acquisition or production cost. Accordingly, their values were not adjusted as at the date of the first application of the IFRS.

10.1.2 Financial Instruments

The Group has changed the method of measurement of financial instruments available for sale. In the separate financial statements of the Group companies, prepared in accordance with the Polish Accounting Standards (PAS), financial instruments available for sale were measured through profit or loss. While preparing consolidated financial statements in accordance with the IFRS, the Group recognises the result of measurement of financial instruments available for sale in revaluation capital reserve. The measurement-related deferred income tax is also recognised in revaluation capital reserve.

10.1.3 Cost of Incentive Schemes

In accordance with IFRS 2, the Group recognises the cost of incentive schemes in the statement of comprehensive income. In the financial statements prepared in accordance with the PAS, the cost of incentive schemes was not recognised. The recognised incentive scheme cost amounted to PLN 282 thousand in 2008 and to PLN 1,662 thousand in H1 2009. The cost of incentive schemes recognised in equity in 2006 and 2007 amounted to PLN 481 thousand.
For detailed information on the incentive schemes, see Note 17.1.

10.1.4 Effect on Deferred Income Tax

The presented adjustments to the financial statements prepared in accordance with the PAS did not change the amount of deferred income tax. The portion of deferred income tax related to the measurement of financial instruments available for sale was reclassified from the income statement to the revaluation capital reserve.

Moreover, the items of financial statements prepared in accordance with the PAS and those prepared in accordance with the IFRS may differ materially. The scope of notes required under the PAS differs from the scope of notes required under the IFRS.

11. Seasonality

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

12. 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 activities, and business and management consulting services.

2. IPOPEMA TFI segment: mainly operation of an investment fund company, as well as creation and management of investment funds, intermediation in the sale and redemption of investment fund units, and representation service for foreign funds.

3. IPOPEMA Business Consulting Sp. z o.o. segment: mainly business and management consulting services, computer facilities management activities and IT consultancy services.

(All figures in PLN '000)

Jan 1 – Jun 30 2009	Continuing operations				Discontinued operations	Exclusions	Total operations	Total operations, including:	
	Brokerage and related services	Investment fund management	Consultancy services	Total				Poland	other
Revenue									
Sales to external clients, including:	21,269	2,909	749	24,927	-	-	24,927	24,927	-
- to clients for each of whom the value of transactions in period exceeds 10% of revenue	-	-	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-
Segment's total revenue	21,269	2,909	749	24,927	-	-	24,927	24,927	-
Segment's total cost and expenses	-15,896	-4,562	-2,707	-23,165	-,	-,	-23,165	-23,165	-
Segment's profit (loss)	5,373	-1,653	-1,958	1,762	-	-	1,762	1,762	-
Unattributed costs	-	-	-	-	-	-	-	-	-
Profit (loss) on continuing operations before tax and financial expenses	5,373	-1,653	-1,958	1,762	-	-	1,762	1,762	-
Interest income	730	8	36	774	-	-	774	774	-
Interest expenses	326	-	-	326	-	-	326	326	-
Other net financial income/(expenses)	-189	-	-1	-190	-	-	-190	-190	-
Other operating income/(expenses)	-398	-72	-8	-478	-	-	-478	-478	-
Profit (loss) before tax and minority interests	5,190	-1,717	-1,931	1,542	-	-	1,542	1,542	-
Corporate income tax	1,142	29	-365	806	-	-	806	806	-
Net profit (loss) for the year	4,048	-1,746	-1,566	736	-	-	736	736	-
Assets and liabilities as at Jun 30 2009									
Segment's assets	203,196	1,961	1,779	206,936	-	-	206,936	206,936	-
Unattributed assets	-	-	-	-	-	-	-	-	-
Total assets	203,196	1,961	1,779	206,936	-	-	206,936	206,936	-
Segment's liabilities	167,133	226	209	167,568	-	-	167,568	167,568	-
Provisions for liabilities and other provisions	2,366	127	142	2,635	-	-	2,635	2,635	-
Segment's profit (loss)	4,048	-1,746	-1,566	736	-	-	736	736	-

(All figures in PLN '000)

Equity attributable to owners of the Parent	35,576	423	-,691	35,308	-	-	35,308	35,308	-
Equity attributable to minority interests			689	689			689	689	
Total equity and liabilities	209,123	-970	-1,217	206,936	-	-	206,936	206,936	-
Other segment-related data for period Jan 1 – Jun 30 2009									
Capital expenditure, including on:									
property, plant and equipment	53	29	41	123	-	-	123	123	-
intangible assets	203	-	18	221	-	-	221	221	-
Depreciation of property, plant and equipment	203	77	26	306	-	-	306	306	-
Amortisation of intangible assets	182	18	-	200	-	-	200	200	-
Impairment charges	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Jan 1 – Jun 30 2008	Continuing operations				Discontinued operations	Exclusions	Total operations	Total operations, including:	
	Brokerage and related services	Investment fund management	Consultancy services	Total				Poland	other
Revenue									
Sales to external clients, including:	28,489	1,706	-	30,195	-	-	30,195	30,195	-
- to clients for each of whom value of transactions in period exceeds 10% of revenue	-	-	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-
Segment's total revenue	28,489	1,706	-	30,195	-	-	30,195	30,195	-
Segment's total cost and expenses	-15,620	-1,902	-	-17,522	-	-	-17,522	-17,522	-
Segment's profit (loss)	12,869	-196	-	12,673	-	-	12,673	12,673	-
Unattributed costs	-	-	-	-	-	-	-	-	-

Profit (loss) on continuing operations before tax and financial expenses	12,869	-196	-	12,673	-	-	12,673	12,673	-
Interest income	1,251	12	-	1,263	-	-	1,263	1,263	-
Interest expenses	-503	-	-	-503	-	-	-503	-503	-
Other net financial income/(expenses)	-2,867	-	-	-2,867	-	-	-2,867	-2,867	-
Other operating income/(expenses)	-242	-	-	-242	-	-	-242	-242	
Profit (loss) before tax and minority interests	10,508	-184	-	10,324	-	-	10,324	10,324	-
Corporate income tax	2,284	-	-	2,284	-	-	2,284	2,284	-
Net profit (loss) for the year	8,224	-184	-	8,040	-	-	8,040	8,040	-
Assets and liabilities as at Dec 31st 2008									
Segment's assets	133,606	2,361	3,106	139,073	-	-	139,073	139,073	-
Unattributed assets	-	-	-	-	-	-	-	-	-
Total assets	133,606	2,361	3,106	139,073	-	-	139,073	139,073	-
Segment's liabilities	91,372	303	107	91,782	-	-	91,782	91,782	-
Provisions for liabilities and other provisions	2,851	75	-	2,926	-	-	2,926	2,926	-
Segment's profit (loss)	12,207	306	-1	12,512	-	-	12,512	12,512	-
Equity	33,131	-1,278	-	31,853	-	-	31,853	31,853	-
Total equity and liabilities	139,561	-594	106	139,073	-	-	139,073	139,073	-
Other segment-related data	,		,	,			,	,	
Capital expenditure, including on:									
property, plant and equipment	563	144	128	835	-	-	835	835	-
intangible assets	1,573	-	16	1,589	-	-	1,589	1,589	-
Depreciation of property, plant and equipment	470	32	5	507	-	-	507	507	-
Amortisation of intangible assets	879	-	7	886	-	-	886	886	-
Impairment charges	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

(All figures in PLN '000)

13. Notes to the Statement of Financial Position – Assets

13.1. Cash and Cash Equivalents

For the purposes of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following items:

	Jun 30 2009	*Dec 31 2008*
Cash in hand	5	2
Cash at banks	13,140	9,865
Other cash (short-term deposits)	26,660	29,149
Cash equivalents	–	–
	39,805	39,016
Cash in hand and cash at banks attributed to discontinued operations	–	–
	39,805	39,016

Free cash is deposited in bank accounts and invested as term and overnight deposits.
Cash in hand and cash at banks bear interest at variable rates based on the rates applicable to overnight bank deposits. The periods of short-term deposits range from one day to one month, depending on the Group's demand for cash at any given time and bear interest at interest rates determined for them on a case by case basis.

13.2. Receivables

Current receivables stood at PLN 160,888 thousand as at June 30th 2009 and at PLN 93,578 thousand as at December 31st 2008.

Current receivables		*Jun 30 2009*	*Dec 31 2008*
1.	From clients / trade receivables, including:	81,459	70,363
a)	receivables with deferred payment date	-	-
b)	past due receivables and disputed claims for which no impairment charges were recognised	-	-
c)	from clients under executed transactions	79,864	68,629
d)	Other	1,595	1,734
2.	From related undertakings	-	-
3.	From brokerage offices, other brokerage houses and commodity brokerage houses	69,798	15,137
a)	under executed transactions	69,798	15,137
b)	Other	-	-
4.	From entities operating regulated markets and commodity exchanges	12	-
5.	from the National Depository for Securities and exchange clearing houses	7,451	6,655
	- from the settlement guarantee fund	7,451	6,655
6.	From investment and pension fund companies and from investment and pension funds	511	-
7.	From issuers of securities or selling shareholders	191	779
8.	From commercial chamber	-	-
9.	Taxes, subsidies and social security receivable	348	267
10.	Receivables under court proceedings for which no impairment charges were recognised	-	-
11.	Other	1,118	377
Total current receivables		160,888	93,578

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at the Polish NDS. 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 (brokerage offices and houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy transactions have been executed. In the event 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.

13.3. Property, Plant and Equipment

13.3.1 Purchase and Sale

During the six months ended June 30th 2009, the Group purchased property, plant and equipment with a value of PLN 123 thousand (PLN 242 thousand during the six months ended June 30th 2008).

13.3.2 Impairment Charges

During the six months ended June 30th 2009 and the six months ended June 30th 2008 the Group did not identify any impairment of its assets.

13.4. Intangible Assets

13.4.1 Purchase and Sale

During the six months ended June 30th 2009, the Group purchased intangible assets with a value of PLN 221 thousand (PLN 775 thousand during the six months ended June 30th 2008).

13.4.2 Impairment Charges

During the six months ended June 30th 2009 and the six months ended June 30th 2008 the Group did not identify any impairment of its assets.

14. Notes to the Statement of Financial Position – Equity

14.1. Share Capital

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

As at June 30th 2009, the registered share capital amounted to PLN 2,857,141.

In H1 2009, there were no changes in the share capital of the Parent Undertaking or the subsidiary undertaking.

The Company operates share option plans which entitle some of the management members and other senior staff to acquire shares in the Company (see 17.1 below).

Share par value
The par value of all issued shares amounts to PLN 0.10 per share. All issued shares have been paid for in full.

Shareholder rights
Each share of either series (A and B) grants the right to one vote. The shares of both series carry the same rights as regards dividend and return on equity.

14.2. Statutory Reserve Funds

Statutory reserve funds have been created from the share premium reduced by the share issue costs recognised as a decrease in statutory reserve funds. The share premium account less the issue costs amounted to PLN 7,148 thousand.

14.3. Other Capital Reserves

Capital reserve from revaluation of financial assets available for sale
This accounting category includes revaluations to fair value of financial assets available for sale.

Other capital reserves
Other capital reserves have been created in connection with the incentive scheme and the change in the value of shares in the subsidiary undertaking (dilution of the shares in IBC related to the investment agreement referred to in Note 2).

(All figures in PLN '000)

Retained earnings and capital restrictions

The statutory financial statements of IPOPEMA Securities S.A., IPOPEMA TFI and IPOPEMA Business Consulting Sp. z o.o. are prepared in accordance with Polish accounting standards.

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to make up the statutory reserve funds at the level defined as 1/3 of the share capital and should be used exclusively to cover potential financial losses. In the case of IPOPEMA Group this regulation applies to IPOPEMA Securities and IPOPEMA TFI. The Company has to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the balance-sheet date, the required amount is PLN 951 thousand.

Dividends

Dividends for a given year which have been approved by the General Shareholders Meeting and not paid by the end of the reporting period are disclosed as liabilities "under dividend" (PLN 10,000 thousand) under "other liabilities".

14.4. Capital Adequacy Requirements

IPOPEMA Securities, the Parent Undertaking, is a brokerage house and as such it is obliged to meet the capital requirements set forth in the Minister of Finance's Regulation on the scope and detailed rules for determination of capital requirements and on the maximum ratio of loans and debt securities in issue to capital.
The Company has complied with the externally imposed capital adequacy requirements. As at the date of these financial statements, the Company has not exceeded the level of supervisory capital.

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

15.1. Provisions

15.1.1 Change in Provisions

	bonuses	*holiday*	*other*	Total
As at Jan 1 2008	5,631	244	332	6,207
Created during the financial year	2,324	93	265	2,682
Provisions used	5,617	-	275	5,892
Provisions released	14	-	57	71
As at Dec 31 2008	2,324	337	265	2,926
	bonuses	*holiday*	*other*	Total
As at Jan 1 2009	2,324	337	265	2,926
Created during the financial year	1,542	27	655	2,224
Provisions used	2,323	-	213	2,536
Provisions released	1	-		1
As at Jun 30 2009	1,542	364	707	2,613

15.2. 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 in the amount of PLN 891 thousand. The amount of the disputed claim was fully covered with an impairment charge.

(All figures in PLN '000)

15.3. Liabilities (current)

Current liabilities	Jun 30 2009	Dec 31 2008
To clients	57,543	13,674
To related undertakings	-	-
To brokerage offices, other brokerage houses and commodity brokerage houses	90,351	69,647
a) under executed transactions	90,351	69,647
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	614	419
To the National Depository for Securities and exchange clearing houses	227	104
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Loans and borrowings	7,474	6,635
a) from related undertakings	-	-
b) Other	7,474	6,635
Debt securities	-	-
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	848	330
Salaries and wages payable	-	-
To investment and pension fund companies and to investment and pension funds	16	108
Under framework securities lending and short sale agreements	-	-
Special accounts	-	-
Other	10,495	865
a) dividends payable	10,000	-
b) other liabilities	495	865
Total current liabilities	167,568	91,782

With the exception of loans specified in Note 15.3.1 below the liabilities do not bear interest.

15.3.1 Interest-Bearing Bank Loans and Borrowings

As at June 30th 2009, the Company's liabilities under loans related to its brokerage business amounted to PLN 7,472 thousand and credit card liabilities amounted to PLN 2 thousand. In particular, the Company concluded two working-capital overdraft facility agreements (credit lines) to finance the payment of liabilities to the Polish NDS:

1) agreement providing for a short-term working capital overdraft facility of up to PLN 50m of July 25th 2007 (amended by an annex of July 28th 2008). The purpose of the facility is to secure supplementary payments to the Stock-Exchange Transactions Settlement Guarantee Fund (in accordance with the requirements of the Rules of the Polish NDS). The agreement was initially concluded for the period of 12 months, with an option to be extended – no more than 5 times – for further 12-month periods. The agreement was extended for another year by virtue of the annex of July 28th 2008, referred to above, with the repayment date set at July 22nd 2009.
2) agreement providing for a short-term working capital overdraft facility of up to PLN 20m of July 25th 2007 (amended by an annex of July 28th 2008). The purpose of the facility is to finance the payment of the Company's liabilities to the National Depository for Securities under transactions concluded by the Company on the regulated market of the WSE as part of its brokerage business. The agreement was initially concluded for the period of 12 months, with an option to be extended – no more than 5 times – for further 12-month periods. The agreement was extended for another year by virtue of the annex of July 28th 2008, referred to above, with the repayment date set at July 23rd 2009.

As at the date of these financial statements, the aforementioned credit facility agreements were repaid on the dates specified above and expired. They were replaced with credit facility agreements of July 22nd 2009 concluded with Alior Bank for the same purpose:

(All figures in PLN '000)

1) agreement providing for a revolving credit facility (credit line) of up to PLN 10m, available until July 21st 2010. 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. This agreement replaces the previous agreement providing for a working capital credit facility of up to PLN 20m concluded for the same purpose between the Company and Kredyt Bank S.A. for a period until July 23rd 2009.

2) agreement providing for a revolving credit facility (credit line) of up to PLN 30m, available until July 21st 2010. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish NDS. This agreement replaces the previous agreement providing for a working capital credit facility of up to PLN 50m concluded for the same purpose between the Company and Kredyt Bank S.A. for a period until July 22nd 2009.

16. Notes to the Statement of Comprehensive Income

16.1. Revenue from Core Activities

Revenue from core activities	Amounts for Jan 1–Jun 30 2009	Amounts for Jan 1–Jun 30 2008
Revenue from trading in securities	16,502	27,461
Revenue from investment banking services	4,617	1,028
Revenue from management of investment funds	2,909	1,706
Revenue from advisory services	749	-
Other revenue from core activities	150	-
Total revenue from core activities	24,927	30,195

16.2. Costs of Core Activities

Costs of core activities, including:	Amounts for Jan 1–Jun 30 2009	Amounts for Jan 1–Jun 30 2008
Affiliation	-	-
Fees payable to regulated securities markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	4,403	4,789
Fees payable to commercial chamber	17	-
Salaries and wages	10,519	8,165
Social security	659	490
Employee benefits	140	67
Materials and energy used	305	157
Costs of maintenance and lease of buildings	742	638
Other costs by type	-	556
Depreciation and amortisation	506	593
Taxes and other public charges	479	404
Other costs	5,395	1,663
Total costs of core activities	23,165	17,522

(All figures in PLN '000)

16.2.1 Costs of Employee Benefits

Costs of employee benefits (specification)	Amounts for Jan 1–Jun 30 2009	Amounts for Jan 1–Jun 30 2008
Salaries and wages	8,857	8,024
Social security and other benefits	659	490
Costs of future benefits (provisions) related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	1,662	141
Other costs of employee benefits	140	67
Total costs of employee benefits	11,318	8,722

16.3. Financial Income and Expenses

Financial income	Amounts for Jan 1 – Jun 30 2009	Amounts for Jan 1 – Jun 30 2008
1. Interest on loans advanced	-	-
2. Interest on time and other deposits, including:	774	1 265
a) from related undertakings	-	-
b) other	774	1 265
3. Other interest	-	-
4. Foreign exchange gains	26	35
5. Other	210	282
Total financial income	1,010	1,582

Financial expenses	Amounts for Jan 1 – Jun 30 2009	Amounts for Jan 1 – Jun 30 2008
1. Interest on loans and borrowings, including:	326	503
a) to related undertakings	-	-
- to subsidiary undertakings	-	-
- to jointly controlled undertakings	-	-
- to associated undertakings	-	-
- to Parent Undertaking	-	-
- to significant investor	-	-
b) other interest on loans and borrowings	326	503
2. Other interest	-	-
3. Foreign exchange losses	5	5
a) realised	-	5
b) unrealised	5	-
4. Other financial expenses	203	839
Total financial expenses	534	1,347

17. Employee Benefits

17.1. Employee Share Option Plans

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

(All figures in PLN '000)

To date, several persons from the IPOPEMA Group were included in the Incentive Scheme, including Members of the Management Board of IPOPEMA TFI S.A., who are entitled – upon fulfilment of certain criteria – to acquire in total 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 will be implemented in 2011. By the date of these financial statements, those persons are entitled to acquire – subject to fulfilment of a criterion – a total of 357,143 shares. The shares have not been acquired yet.

The other persons included in the Incentive Scheme will be entitled to acquire 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 acquired 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 will be implemented in January 2014.

The list of persons eligible to acquire 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 any such shares will be offered.

In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to include 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, the costs related to those plans increased the cost of wages and salaries by PLN 1,662 thousand, of which PLN 1,434 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 228 thousand), which includes also the valuation of options covered by the agreements executed in 2006 with 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 those agreements, the eligible persons acquired the 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 stated options was charged to the consolidated result of the Company for H1 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.

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

18. Dividends Paid and Proposed

Pursuant to Resolution No. 6 of the General Shareholders Meeting of June 30th 2009, the dividend on ordinary shares for 2008, in the amount of PLN 10,000 thousand, will be paid out on September 30th 2009 (dividend for 2007, in the amount of PLN 10,000 thousand, was paid out on September 3rd 2008).

Pursuant to the Resolution, the value of the 2008 dividend per share (based on the number of shares in the share capital as at the date of these financial statements) is PLN 0.35 (PLN 0.35 for 2007).

19. Income Tax

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

	6 months ended Jun 30 2009	*6 months ended Jun 30 2008*
Current income tax		
Current income tax expense	968	1 290
Deferred income tax		
Relating to origination and reversal of temporary differences	-162	994
Deferred income tax with effect on equity	-2	-
Income tax expense disclosed in the statement of comprehensive income	804	2 284

20. Contingent Liabilities and Contingent Assets

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

21. Business Combinations and Acquisitions of Minority Interests

21.1. Acquisition of Subsidiary Undertakings

In the period covered by these financial statements and the preceding periods, the Group did not acquire any businesses.

21.2. Disposal of Subsidiary Undertakings

In the period covered by these financial statements and the preceding periods, the Group did not dispose of any businesses.

22. Related Party Transactions

IPOPEMA Business Consulting Sp. z o.o. (IBC)

IBC was incorporated in 2008, but did not commence operations until 2009. As at June 30th 2009, the formal share of the Parent Undertaking in the company's share capital was 100%, however, due to the provisions and nature of the investment agreement under which the company was established the Company adopted a share of 50.02% for the purpose of consolidating financial data. For an explanation of this matter, see the remainder of this Section 2 (description of IPOPEMA Business Consulting Sp. z o.o.).

22.1. Terms of Related Party Transactions

Transactions with related parties are executed on arms' length terms.

22.2. Loans Advanced to the Management Board Members

In the periods covered by these financial statements, the Group did not advance any loans to the Members of the Management Board.

22.3. Transactions with Other Management Board Members

The Group did not execute any transactions with the Management Board Members, except those connected with the implementation of the incentive schemes.

23. Inspections

In the six months ended June 30th 2009, no inspections were conducted at the companies of the Group. In 2008, the Polish Financial Supervision Authority conducted an inspection at IPOPEMA Securities S.A.

24. Objectives and Principles of Financial Risk Management

The objective of the Group's equity management policy is to ensure that the undertakings of the Group continue as going concerns while profitability for the shareholders is maximised thanks to optimisation of the debt to equity ratio.
Apart from shares in the WSE-listed companies and derivatives listed on the WSE, the key financial instruments used by the Group are bank loans, cash and short-term deposits.
The primary purpose of holding those financial instruments is to secure resources necessary for the Group's operations. The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The key types of risk connected with the Group's financial instruments are: interest rate risk, liquidity risk and credit risk.

The Management Board reviews and defines the principles of managing each of the above risks. The principles are outlined below. In addition, the Group monitors the risk related to market prices of all the financial instruments it holds.

24.1. Interest Rate Risk

The Group has liabilities under working capital loans on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level effective as at the agreement date. Moreover, the Group allocates free cash to investments bearing interest at variable rates. If the interest rates fall, so will the Group's gains from such investments. For information on assets and liabilities subject to the interest rate risk, see Note 13.1 and Note 15.3.

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

24.2. Currency Risk

The Company is not exposed to the currency risk as it incurs most of its operating costs in the złoty. The Company does not have any foreign currency loans or borrowings, either. Currency risk is primarily related to the changes in the USD and EUR exchange rates. Exposure to risk connected with other foreign currencies is insignificant.

24.3. Other Risk Related to Prices

The Company is not exposed to other material risk related to prices of financial instruments as the Company invests only a relatively small portion of its cash in financial instruments listed on the WSE.

24.4. Credit Risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses for the Group.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group has many clients. As at the balance-sheet date, the share of the ten largest trade receivables in total current receivables was below 1%.

In view of the above, the Group believes that credit risk was accounted for in the financial statements through creation of valuation allowances.

Credit risk connected with bank deposits, derivatives and other investments is considered immaterial as the Group executed the transactions with institutions of sound financial standing.

24.5. Liquidity Risk

The Group is exposed to liquidity risk understood as the risk of failure to meet liabilities by specified deadlines. The risk is connected with a potentially limited access to financial markets, resulting in the Group's inability to raise new financing or refinance its debt.

In the Group's opinion, due to the significant amount of cash (PLN 39,805 thousand as at the balance-sheet date) (Note 13.1), access to credit facilities (Note 15.3.1) and the sound financial standing of the Company, the liquidity risk should be regarded as insignificant.

24.6. Risk Connected with the Operations of the Market Making and Proprietary Trading Department

The nature of operations carried out by the Market Making and Proprietary Trading Department, that is execution of short-term proprietary trades on the stock exchange market, results in exposure to investment risk. In particular, it cannot be ruled out that the team working in the Department may take wrong decisions or pursue wrong investment strategies. In consequence, the result of the Department's operations may not be satisfactory or may even result in losses.

(All figures in PLN '000)

25. Equity Management

As at June 30th 2009 and December 31st 2008, the Group's equity amounted to PLN 36,044 thousand and PLN 44,365 thousand, respectively.
As a brokerage house, IPOPEMA Securities is subject to the Regulation on capital requirements, obliging it to secure a sufficient level of equity. Despite a considerable increase in equity, the Company uses debt financing. Under the effective laws and regulations, the Company's total debt may not be higher than four times the supervisory capital level. Furthermore, the Company must satisfy capital adequacy requirements described in Note 14.4). In connection with its activity on the secondary market, the Company is obliged to secure sufficient contributions to the Guarantee Fund upon the closing of each session day. Currently, each day the Company makes a contribution to the Fund using a credit facility (see Note 15.3.1). There is a risk that the level of equity (and, thereby, the supervisory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Guarantee Fund, while the present level of the available credit facility ensures safe continuation of business at the current level or even a substantial increase of the business. There can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its activities using internally-generated funds; additionally, it will also take steps with a view to obtaining financing from another bank.

It should be also noted that if the Company's clients fail to settle transactions concluded at their order in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and scale of conducted business and the generated results, the current level of the Company's equity is sufficient. However, it is possible that business projects currently underway or planned in future may require a higher level of equity. It the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

Please note that in the case of any events with an adverse effect on the Company's financial performance and the resulting losses, the level of equity may be reduced, which may also limit the Company's ability to use debt financing and force the Company to scale down its business.

Another Group company, IPOPEMA TFI, as an investment fund management company, is also obliged to comply with the requirement to secure a sufficient level of equity, laid down in Art. 49 and Art. 50 of the Act on Investment Funds of May 27th 2004. The provisions of the aforementioned Act stipulate that the management company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 125,000. The management company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Furthermore, once the value of the assets of investment funds managed by the management company exceeds the złoty equivalent of EUR 250,000 thousand, the management company must immediately increase its equity by an additional amount equal to 0.02% of the difference between the sum of the value of the assets of all funds managed by the management company and the złoty equivalent of EUR 250,000 thousand. The management company is not obliged to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand.
Ipopema TFI maintains its equity at the level required by statutory provisions.

26. Employment Structure

In the period January–June 2009, the average headcount at the Group was as follows:

	Jan 1–Jun 30 2009	*Jan 1–Dec 31 2008*
Management Board of the Parent Undertaking	4	4
Management Boards of the Group companies	3	3
Administration	4	4
Secondary Market Department	7	7
Capital Markets Department	12	14
Settlement Registration Department	4	3
Research Office	7	4
Market Making and Proprietary Trading Department	2	-
Other	21	22
Total	64	61

(All figures in PLN '000)

27. Events Subsequent to the Balance-Sheet Date

New Loan Agreements

On July 22nd 2009, the Parent Undertaking executed loan agreements with Alior Bank S.A. For detailed information see Note 15.3.1.

Performance of the Investment Agreement between IPOPEMA Securities and the Investors

On July 6th 2009, a resolution was adopted to issue new shares in IPOPEMA Business Consulting, whereupon the shareholding of IPOPEMA Securities would decrease to 50.02%, as provided for in the investment agreement concluded in connection with the incorporation of IPOPEMA Business Consulting on August 26th 2008, discussed in Section 2 of these financial statements.

Warsaw, August 24th 2009

On behalf of the Management Board:

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

Danuta Ciosek
Chief Accountant