

**MANAGEMENT BOARD'S REPORT ON THE OPERATIONS
OF THE IPOPEMA GROUP IN H1 2009**

ipopema

CONTENTS

PART I

1. FINANCIAL PERFORMANCE
2. FINANCIAL PERFORMANCE DRIVERS
3. FACTORS WITH A POTENTIAL BEARING ON THE H2 2009 RESULTS
4. PERFORMANCE FORECAST

PART II

1. ORGANISATIONAL STRUCTURE OF THE IPOPEMA GROUP
2. CHANGES IN THE ORGANISATIONAL STRUCTURE OF THE IPOPEMA SECURITIES GROUP
3. SHAREHOLDER STRUCTURE OF IPOPEMA SECURITIES S.A.
4. CHANGES IN THE NUMBER OF SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY STAFF
5. COURT PROCEEDINGS
6. RELATED-PARTY TRANSACTIONS
7. SURETIES GRANTED
8. IMPORTANT CORPORATE EVENTS IN H1 2009
9. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL STATEMENTS DATE
10. RISK FACTORS

PART I

1. FINANCIAL PERFORMANCE

Revenue

In H1 2009, the most significant source of the IPOPEMA Group's ("the Group") revenue was securities trading, which reached PLN 16,502 thousand and accounted for 66.2% of total revenue from core activities. Compared with H1 2008, revenue from securities trading fell by 39.9% (from PLN 27,461 thousand), which was a direct consequence of the drop (by 14.1%) in the stock trading value on the Warsaw Stock Exchange (WSE) in the analysed period and the Company's reduced market share (8.35% in H1 2009 compared with 10.15% in H1 2008). The number of transactions in which the Group was involved as part of its investment banking services grew between 2008 and 2009. This drove up the Group's revenue from investment banking services to PLN 4,617 thousand (18.5% of total revenue) in H1 2009, which means an over fourfold increase from H1 2008 (PLN 1,028 thousand).

When compared with H1 2008, IPOPEMA TFI's revenue from management of investment funds soared by 70.5%, to PLN 2,909 thousand. The increase follows chiefly from the larger number of managed funds. IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") managed 41 investment funds (with the aggregate asset value of PLN 1,475m) as at June 30th 2009, while a year earlier it managed 20 funds (with the aggregate asset value of PLN 720m). This brought about an over 3.5-fold increase in recurring revenue from management fees, which offset the decrease in non-recurring revenue from creation of funds or fees for the issue of investment certificates (by approximately 80%, to PLN 202 thousand).

In H1 2009, IPOPEMA Business Consulting Sp. z o.o. ("IPOPEMA BC") recorded revenue from consultancy services, in the amount of PLN 749 thousand (3.0% of the IPOPEMA Group's total revenue), which is particularly noteworthy given the fact that IPOPEMA BC launched operations as recently as in January 2009.

Despite the higher revenue from investment banking services and management of investment funds, as well as the first revenue from consultancy services provided by IPOPEMA BC, the decrease in revenue from securities trading resulted in a 17.4% drop in total revenue, to PLN 24,927 thousand in H1 2009, from PLN 30,195 thousand in the corresponding period of 2008.

Costs of Operating Activities

In H1 2009, the total costs of operating activities amounted to PLN 23,165 thousand and were higher by 32.2% than in H1 2008, when they stood at PLN 17,522 thousand. This strong increase in the costs of the Group's operating activities was driven by several factors. One of the most important factors was the first-time recognition of operating costs of IPOPEMA BC, which amounted to PLN 2,707 thousand in the reporting period. Approximately 70% of that amount was costs of cooperation agreements with the company's permanent collaborators. As the company was established in August 2008, it did not incur any operating costs in the comparable period.

Another material issue affecting the Group's consolidated result is the valuation of options granted by the Company in performance of the share-based incentive scheme. The Group was obliged to recognise the related costs in connection with its transition to reporting in accordance with the International Financial Reporting Standards ("IFRS"). In accordance with the IFRS, the Group disclosed the cost of incentive scheme in the amount of PLN 1,662 thousand for H1 2009. Of that

amount, PLN 1,434 thousand was attributed to IPOPEMA TFI, and the balance – to IPOPEMA Securities.

The costs of operating activities were also driven by an increase in the costs incurred by IPOPEMA TFI, attributable chiefly to higher headcount (which as at the end of H1 2009 doubled to 20 persons – an optimum number given the company’s scale of business), and the cost of creation of new funds.

In H1 2009, IPOPEMA Securities’ operating costs amounted to PLN 15,896 thousand and remained almost unchanged from the comparable period (PLN 15,620 thousand). Neither did the structure of these costs change materially – in both periods, the largest item of operating costs (ca. 50%) were salaries and wages, followed by transaction costs connected with brokerage activities (ca. 30% of total operating costs).

Financial Performance

In H1 2009, the consolidated profit on core activities amounted to PLN 1,762 thousand, compared with PLN 12,673 thousand in H1 2008, while the net profit (after other operating and financial income and expenses, and corporate income tax) stood at PLN 736 thousand (before the cost related to the valuation of the option scheme, it would stand higher, at PLN 2,398 thousand). However, given the fact that for the purposes of the consolidated financial statements IPOPEMA Securities disclosed its shareholding in IPOPEMA BC at 50.02%, the profit attributable to owners of the Parent amounts to PLN 1,521 thousand, while a loss of PLN 785 thousand is disclosed as attributable to minority interests.

IPOPEMA Securities’ separate net profit for H1 2009 totalled PLN 4,333 thousand and was by almost 50% lower than the figure for H1 2008 (PLN 8,371 thousand). The fall is attributable to a material decline in revenue from brokerage activities, not offset by the higher revenue from investment banking services.

2. FINANCIAL PERFORMANCE DRIVERS

Downturn on the WSE Stock Trading Market

Among the consequences of the downturn on the WSE observed from July 2007 to February 2009 were decreasing trading values on the stock market. In H1 2009, the monthly average value of stock trading on the WSE amounted to PLN 24bn, compared with PLN 29bn in the corresponding period of 2008. In H1 2009, the total trading value on the WSE amounted to PLN 147bn, down by 14.1% from PLN 171bn recorded in H1 2008. Moreover, the decreased activity of domestic and international institutional investors (IPOPEMA Securities provides stock trading intermediation services only to institutional clients), whose share in total trading on the WSE declined from 82% in H1 2008 to 72% in H1 2009, brought about the drop in the Company’s share in stock trading on the WSE to 8.35% in H1 2009, from 10.15% in the corresponding period of 2008.

Increased Number of Transactions Handled

In H1 2009, IPOPEMA Securities was involved in the execution of several transactions (including the public offering of IPOPEMA Securities S.A. shares, directed issue of Kruszwicka S.A. shares, tender offer for Spray S.A. shares and advisory services for the acquirer, a company of the Vectra Group, buy-back programme for shares in GF Premium S.A., acquisition of 100% of shares in Zlomrex Steel Services S.A. by Cognor S.A., as well as financial restructuring programmes for PKM Duda S.A. and one other company). IPOPEMA Securities’ intensified activity in the area of investment banking services enabled the Company to considerably increase the revenue generated in this operating segment (to ca. 20% of the total revenue from operating activities).

Increase in the Number and Asset Values of Funds Managed by IPOPEMA TFI

IPOPEMA TFI's revenue was strongly impacted by an increase in the number and asset values of funds under management. In H1 2009, IPOPEMA TFI created ten new funds, while the aggregate value of assets under management rose from PLN 948m as at the end of December 2008 to PLN 1,475m as at the end of June 2009 (in H1 2008, the number of funds grew by 17, while the aggregate value of the assets grew from PLN 370m at the end of December 2007 to PLN 844m at the end of June 2008). Despite this activity, IPOPEMA TFI reported a loss in excess of PLN 300 thousand for the period under review. Taking into account the incentive scheme costs attributed to the company, the loss increased to PLN 1,746 thousand. In particular, despite the increase in the net asset value of the funds managed, in H1 2009 the company recorded a lower rate of acquiring new clients interested in dedicated funds. This was chiefly caused by the withholding of any material investment decisions or restructuring programmes due to the economic crisis. Nevertheless, until the date of this Report the company managed to finalise a number of negotiation rounds with investors, which should materially boost the assets of all or a majority of the aforementioned ten newly registered private equity funds.

Recognition of Incentive Scheme Costs

Following the transition to a financial reporting system compliant with the International Financial Reporting Standards, the effect of valuation of the option plans implemented by the Company had to be recognised in the consolidated financial statements. The total cost of these plans added PLN 1,662 thousand to the consolidated costs of salaries and wages. The effect of valuation of these plans in the past years was disclosed in the consolidated financial statements as a decrease in retained earnings by a total amount of PLN 763 thousand.

Consolidation of Income, Cost and Expenses of Subsidiary Undertakings

Since the beginning of 2009, the IPOPEMA Group has been preparing consolidated financial statements including the financial data of its subsidiary undertakings. Consequently, the Company's result was reduced by the loss recorded by IPOPEMA TFI (caused mainly by the recognition of the option plan following transition to the IFRS) and the loss incurred by IPOPEMA BC, which launched operations at the beginning of 2009.

3. FACTORS WITH A POTENTIAL BEARING ON THE H2 2009 RESULTS

Market Situation

The return of a lasting uptrend on the WSE will have a favourable effect on the IPOPEMA Group's main business areas and financial performance. The recovery observed on the secondary market in the recent months, as well as the announcements of IPOs to be carried out in H2 2009 encourage an optimistic outlook for the rest of the year. However, it is currently difficult to predict whether the current uptrend on the stock exchange will continue.

Consolidation of IPOPEMA Securities' Position on the Secondary Market

Consolidation of IPOPEMA Securities' position on the WSE's secondary market, combined with the recovery on the stock exchange and intensified investor activity should have a favourable effect on the Company's revenue. On the other hand, the Company has observed that certain foreign brokers which used to operate on the WSE through domestic brokerage houses, including IPOPEMA Securities, are now choosing to operate on the WSE directly, as 'remote WSE members', which might result in a lower number of transactions and reduce the value of trading.

Further Growth of IPOPEMA Securities' Involvement in Investment Banking Projects and Execution of Transactions under Preparation

Improved sentiment and increases in the WSE indices have spurred a slow rebound of interest in raising capital on the public market, also among unlisted companies. This creates better opportunities to return to the execution of public offerings: both new transactions for the Company and the existing projects which have been suspended due to the adverse market conditions.

Further Growth of IPOPEMA TFI

The recovery on the Warsaw Stock Exchange should translate into an increase in the value of the assets under management (shares listed on the WSE are frequently included in the funds' assets), as well as into greater interest from external clients in the funds offered by IPOPEMA TFI. In anticipation of such development, IPOPEMA TFI plans to submit to the Polish Financial Supervision Authority at least several requests for authorisation to create closed-end funds, which would then be gradually launched this year and in H1 2010.

Moreover, given the improving market climate the investment fund market may be expected to return, in a short term, onto the growth path in terms of the value of assets in the retail segment. For IPOPEMA TFI it might mean a relatively high growth of the value of assets of the ALIOR SFIO Fund managed by IPOPEMA TFI.

Growth of IPOPEMA Business Consulting

IPOPEMA Business Consulting launched operations in early 2009. In Q2 2009, the company managed to acquire its first clients, which should bring about increased revenue in H2 2009.

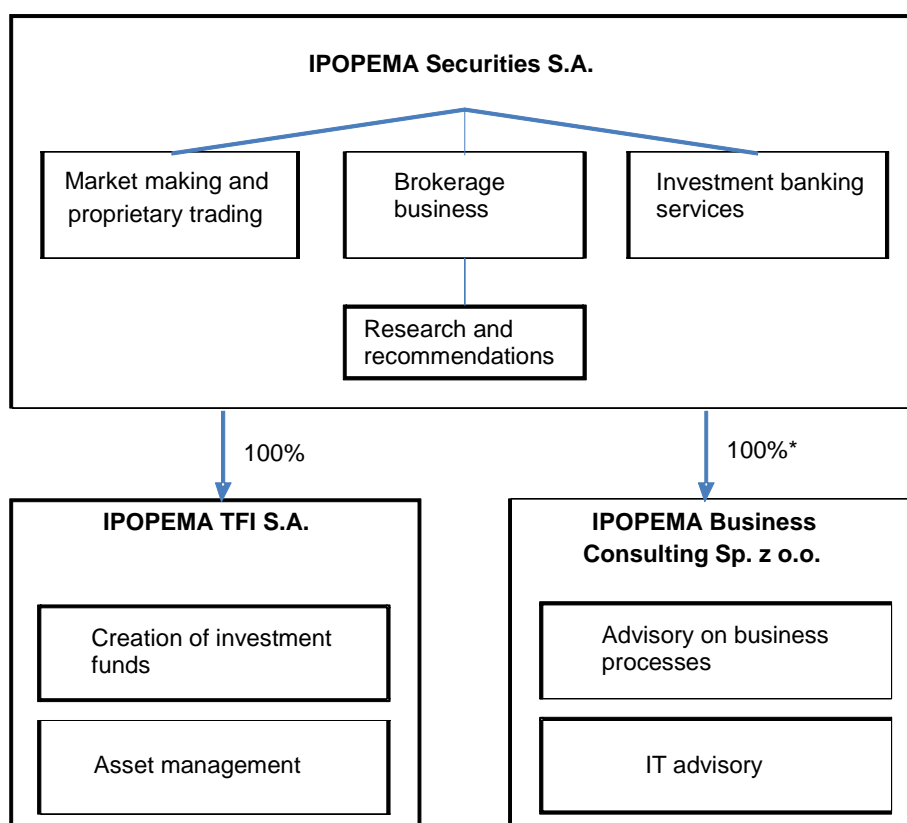
4. PERFORMANCE FORECAST

The Company has not published any performance forecasts.

PART II

1. ORGANISATIONAL STRUCTURE OF THE IPOPEMA GROUP

The Group of IPOPEMA Securities S.A. (“the Group” or “the IPOPEMA Group”) consists of IPOPEMA Securities S.A., which is the parent undertaking (“the Parent Undertaking” or “the Company”), and subsidiary undertakings: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. (“IPOPEMA TFI”) and IPOPEMA Business Consulting Sp. z o.o. (“IPOPEMA BC”).



* According to the entry in the National Court Register pertaining to IPOPEMA BC, as at June 30th 2009 the Parent Undertaking’s share in the share capital of IPOPEMA Business Consulting was 100%, but due to the provisions and nature of the investment agreement under which the IPOPEMA BC was established, a share of 50.02% was assumed for the purpose of the consolidating financial statements. For more details, see Section 9.

2. CHANGES IN THE ORGANISATIONAL STRUCTURE OF THE IPOPEMA SECURITIES GROUP

In the first half of 2009, no changes took place in the organisational structure of the IPOPEMA Group. However, in July 2009 a resolution was adopted concerning the issue of new shares in IPOPEMA Business Consulting Sp. z o.o., following which the shareholding of IPOPEMA Securities S.A. was reduced to 50.02%. For more details, see Section 9.

3. SHAREHOLDER STRUCTURE OF IPOPEMA SECURITIES S.A.

As at June 30th 2009, the shareholder structure of the Company was as follows:

Shareholder	No. of shares and votes at GM	% of total vote at GM
Manchester Securities Corp.	3,714,280	13.00%
IPOPEMA 10 FIZAN Fund ¹	2,851,420	9.98%
IPOPEMA PRE-IPO FIZAN Fund ²	2,851,120	9.98%
KL Lewandowska S.k.a. ³	2,749,500	9.62%
JLK Lewandowski S.k.a. ⁴	2,729,000	9.55%
JLS Lewandowski S.k.a. ⁴	2,729,000	9.55%
MJM Inwestycje Piskorski S.k.a. ⁵	1,285,713	4.50%
Futuro Capital Borys S.k.a. ⁶	928,571	3.25%
Stanisław Waczkowski	291,435	1.02%
Dominium Inwestycje Kryca S.k.a. ⁷	285,714	1.00%
JL S.A. ⁴	11,447	0.04%
Other shareholders ⁸	2,894,213	10.13%
Shares sold in a private placement ⁹	5,249,997	18.38%
Total number of shares	28,571,410	100.00%

¹ The only investor in IPOPEMA 10 FIZAN Fund (closed-end private equity fund) is Mr Stanisław Waczkowski, Vice-President of the Company's Management Board.

² The only investor in IPOPEMA PRE-IPO FIZAN Fund (closed-end private equity fund) is Mr Jacek Lewandowski, President of the Company's Management Board.

³ A subsidiary undertaking of Katarzyna Lewandowska; Katarzyna Lewandowska also holds 498 Shares representing less than 0.01% of all Company Shares, included in the "Other shareholders" item.

⁴ A subsidiary undertaking of Jacek Lewandowski, President of the Company's Management Board; Jacek Lewandowski also holds 860 Shares representing less than 0.01% of all Company Shares, included under "Other shareholders".

⁵ A subsidiary undertaking of Mr Mariusz Piskorski, Vice-President of the Company's Management Board.

⁶ A subsidiary undertaking of Mr Mirosław Borys, Vice-President of the Company's Management Board.

⁷ A subsidiary undertaking of Bogdan Kryca, Member of the Company's Supervisory Board.

⁸ Present and former employees of the Company or their subsidiary or related undertakings, including Jacek Lewandowski, who directly holds 860 Shares representing less than 0.01% of all Company Shares, and Katarzyna Lewandowska, who directly holds 498 Shares representing less than 0.01% of all Company Shares.

⁹ The private placement directly preceding the introduction of the Company Shares to trading on the Warsaw Stock Exchange.

4. CHANGES IN THE NUMBER OF SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY STAFF

As at December 31st 2008 and June 30th 2009, the members of the management and supervisory staff held, directly or indirectly through their subsidiary or related undertakings, the following shareholdings in the Company:

	No. of shares and votes	% of share capital and total vote
Jacek Lewandowski, President of the Management Board	8,321,427	29.125%
Stanisław Waczkowski, Vice-President of the Management Board	3,142,855	11.000%
Mariusz Piskorski, Vice-President of the Management Board	1,285,713	4.500%
Mirosław Borys, Vice-President of the Management Board	928,571	3.250%
Bogdan Kryca, Member of the Supervisory Board	285,714	1.000%
Total	13,964,280	48.875%

According to the data presented above, the indirect shareholdings held by the individuals listed above did not change. There was, however, a change in the direct shareholding of Mr Jacek Lewandowski. As at December 31st 2008, out of the total shareholding specified above Mr Lewandowski held directly 5,458,860 shares, representing 19.11% of the total number of shares and votes, while as at June 30th 2009 Mr Lewandowski held directly only 860 shares, representing less than 0.01% of the total number of shares and votes, with the remaining shares acquired by Mr Lewandowski's subsidiary undertakings.

For more information on the Company's shareholder structure, including shareholdings of the subsidiary or related undertakings of the above persons, see Section 3.

5. COURT PROCEEDINGS

The Company was not a party to any court proceedings; however, 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.

6. RELATED-PARTY TRANSACTIONS

In the first half of 2009, the Company did not enter into any material transactions with related parties.

7. SURETIES GRANTED

In the first half of 2009, no member of the IPOPEMA Group granted any sureties in respect of loans or borrowings.

8. IMPORTANT CORPORATE EVENTS IN H1 2009

Introduction of the Company Shares to Trading on the WSE

May 26th 2009 saw IPOPEMA Securities' debut as a public company on the main market of the Warsaw Stock Exchange (WSE). The debut was preceded by an offering for sale of a part of the shares held mainly by Manchester Securities Corp. (and to a small extent by certain employees of the Company), while the Company did not raise any proceeds as a result of share capital increase. In the

Company's opinion, the status of a public company certainly increases operational transparency and has a marketing effect. In the future, these factors should help it to win clients, especially for IPOs. Additionally, the status of a listed company will also enable the implementation of an incentive scheme based on the Company shares, designed to encourage the scheme participants to spend their professional careers with the IPOPEMA Group and enhance the possibility of acquiring new, qualified specialists, if needed.

Establishment of the Market Making and Proprietary Trading Department

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 by market making for their shares after the first listing at the WSE with a view to ensuring liquid trading.

Strengthening of the Research Unit

In early 2009, the Research Unit received a strong boost following the acquisition of a few recognised and experienced analysts, including Arkadiusz Chojnacki at the helm. Mr Chojnacki enjoys the reputation of one of the leading specialists in the Polish capital market. At IPOPEMA he is head of the listed companies research unit. The employment of Mr Chojnacki is very important for strengthening the Company's position as one of the leading brokerage offices in Poland, and the Management Board believe that it may make the Company more effective in securing engagements to introduce new companies to trading on the Stock Exchange.

Incentive Scheme

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). Pursuant to the approved terms of the Incentive Scheme and the aforementioned resolutions (as well as the resolutions, adopted on the same date, on the issue of subscription warrants and Series C Shares, amended by the resolutions of the Extraordinary General Shareholders Meeting of March 20th 2009), the Company is authorised to offer, free of charge, to the Incentive Scheme participants up to 4,857,140 subscription warrants giving their holders the right to acquire 4,857,140 Series C Shares. Series C Shares may be acquired by holders of subscription warrants by November 30th 2017.

To date, the incentive scheme has covered a few persons from the IPOPEMA Group, with whom the Company entered into agreements under which it agreed – subject to meeting the terms and conditions specified therein – to enable the persons to acquire the Company shares issued within the limits of conditional share capital. The persons include members of the Management Board of IPOPEMA TFI, who will be entitled (subject to meeting specified criteria) to acquire a total of 1,166,667 Series C Shares (4.08% of the current total vote at the Company's GM) at the issue price of PLN 0.47 per share ("Share Option Plan I"). By the date of this Report, those persons are entitled to acquire – subject to fulfilment of a criterion – a total of 357,143 shares, representing 1.25% of the

total vote and shares in the current share capital of the Company. The shares have not been acquired yet.

In addition, the Incentive Scheme also covers other persons who, subject to fulfilling specific conditions, will be entitled to acquire a total of 714,285 Series C Shares, representing 2.50% of the total vote and shares in the current share capital of the Company). The issue price at which the shares will be available for acquisition will be equal to the issue price of the Company shares sold in the private placement preceding the introduction of the shares to trading on the WSE, i.e. PLN 5 (“Share Option Plan II”).

With respect to the remaining 2,976,188 Series C Shares (“Share Option Plan III”), no list of persons entitled to acquire the shares has been drawn up, and no decisions on offering of the shares have been made by the date of this Report.

9. MATERIAL EVENTS SUBSEQUENT TO THE FINANCIAL STATEMENTS DATE

Conclusion of Credit Facility Agreements

On July 22nd 2009, the Company and Alior Bank S.A. concluded two credit facility agreements to finance the payment of liabilities to the Polish NDS:

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.

The above agreements also provided for a one-off partial drawdown under the credit lines to refinance the Company’s debt to Kredyt Bank S.A. resulting from the Company’s liabilities towards the Polish NDS, which had been previously financed by that bank. As of July 22nd 2009, all the Company’s liabilities towards the Polish NDS have been settled by Alior Bank S.A., and the previous agreements concluded with Kredyt Bank have been settled and expired.

Changes in IPOPEMA Business Consulting

On July 6th 2009, a resolution was adopted to approve an issue of new shares in IPOPEMA Business Consulting Sp. z o.o., which were offered to the Company’s partners in the project, Eliza Łoś-Strychowska and Tomasz Rowecki (“the Partners”). The resolution was adopted in performance of the Company’s obligations under the investment agreement concluded between the Company and the Partners on August 26th 2008 (as amended), which defined the rules of cooperation between the parties in connection with a plan to set up 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 also agreed to adopt, at the Partners' request, a resolution on increasing the company's share capital to PLN 100,050 by way of the issue of new shares. Each of the Partners agreed to acquire 500 shares with a par value of PLN 50 per share, representing 24.99% of the total vote at the company's general shareholders meeting, and IPOPEMA Securities will acquire one share with a par value of PLN 50. Following the share capital increase, the Company's shareholding in IPOPEMA BC was reduced from the existing 100% to 50.02%. In accordance with the information provided above, the resolution was adopted on July 6th 2009, and the changes in the share capital were entered in the National Court Register on August 10th 2009. On the same day, in accordance with the provisions of the investment agreement, Eliza Łoś-Strychowska and Tomasz Rowecki were appointed to the Management Board of IPOPEMA BC as Presidents, replacing the previous Management Board President, Ewa Malesza.

As a result of the performance of the investment agreement, the effect of the dilution of the shares in IPOPEMA BC, amounting to PLN 1,474 thousand, was disclosed under equity in the consolidated financial statements.

10. RISK FACTORS

Below are presented the most significant, in the Management Board's opinion, risk factors specific to the business of the IPOPEMA Group or its member companies, which – if realised – may have an adverse effect on the business, financial standing, results or development prospects of the Company and the IPOPEMA Group.

Risk Relating to the Situation on Capital Markets

The Company's financial results are primarily dependent on capital market conditions, especially the situation in Poland. In particular, the economic slowdown is causing a slump on global stock exchanges, including the Warsaw Stock Exchange, the market on which the Company operates. The downturn in the capital markets also affects the Company's revenue as a result of lower trading value on the stock exchange and difficulties in the execution of public offerings. Despite the recent clear improvement in the situation on the stock exchange, it is difficult to be certain whether it is a result of a sustained reversal of negative trends or a short-term recovery following the earlier declines. Continued negative investor sentiment in a long term may have an adverse effect on the Company's financial performance.

With respect to IPOPEMA TFI, less favourable conditions on the capital markets affect interest in investing in listed securities (mainly equities) and thereby reduce revenues on active management services. To date, this factor has had a limited impact on the results achieved by IPOPEMA TFI as its activities consisted mainly in creating closed-end private equity funds. However, since the company is expanding its active management services, continued downturn may lead to lower revenues and earnings of IPOPEMA TFI.

Risk Relating to Competition in the Services Markets on which IPOPEMA Operates

In recent years, many new companies have entered the market on which IPOPEMA Securities S.A. operates. In addition to brokerage houses already present on the market for several years, which have successfully established a strong foothold on the capital markets in Poland, some small brokerage

houses have appeared and provide brokerage and advisory services on a limited scale. They are created by individuals with relevant professional experience who can guarantee a standard of service similar to that offered by Poland's leading brokers. Furthermore, the recent significant growth of the Polish capital markets has translated into an increased interest in brokerage and advisory services, including services of intermediation in trading in securities provided by remote members of the WSE, from foreign financial institutions (including foreign brokers who previously operated on the Warsaw Stock Exchange through domestic brokerage houses, such as IPOPEMA Securities). The growing competition may result in the Company losing part of its market share and in increased downward pressures on prices of the offered services, which may ultimately have an adverse effect on the Company's financial standing.

By analogy, IPOPEMA TFI and IPOPEMA Business Consulting compete against companies with established market positions and new market entrants. In less than two years of its operations, IPOPEMA TFI has become one of the most active participants of the Polish market in establishing closed-end investment funds; in addition to establishing new closed-end investment funds, the company's development plans include expansion into the segment of actively managed funds. As far as IPOPEMA Business Consulting is concerned, it launched its activities only at the beginning of 2009. There can be no assurance that measures taken by competitors will not stand in the way of the development plans of both IPOPEMA TFI and IPOPEMA Business Consulting; if so, this may have an adverse effect on the future results of the IPOPEMA Group as a whole.

Risk Relating to Dependence on the Management Personnel, Necessity to Retain Key Employees, Acquisition of Highly Qualified Specialists and Level of Remuneration

The business of the IPOPEMA Group and its development prospects depend to a large extent on the knowledge, experience and qualifications of the management personnel. Their work for the IPOPEMA Group has been instrumental to its successes to date. Hence, if any of the members of IPOPEMA Group's management personnel leaves the Group, this may have an adverse effect on the business and financial standing of the Company and its subsidiaries, as well as on their financial performance and development prospects.

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

Given the increasing competition in the market on the one hand and a limited supply of persons having qualifications which will guarantee a specific level of service quality on the other, with a view to ensuring stability of the key staff, the IPOPEMA Group seeks to develop appropriate incentive mechanisms to motivate employees to build their future with the Group. One of the measures in this area is the Incentive Scheme currently underway and the applied remuneration system for employees and their participation in the share capital of the IPOPEMA Group companies. However, fulfilment of these plans requires increased expenditure on employee remuneration, which, due to a considerable share of salaries and wages in the operating cost structure, may have an adverse effect on the financial results of the IPOPEMA Group in the future.

Risk Relating to Settlement of Stock Exchange Transactions

The Company is a clearing member of the Polish NDS, which means that on the settlement date it is required to pay for executed buy transactions or deliver securities in order to settle executed sell

transactions. The Company executes transactions for clients (holding accounts at custodian banks), who should furnish cash on account of executed buy transactions or deliver securities under buy transactions on the settlement date. However, there is a risk that a client may fail to provide cash or securities on time. In such a case, until the client has settled relevant liabilities, the Company must settle transactions using its own resources (buy transactions) or deliver securities acquired on the market (sale transactions). Additionally, there is also a risk that in the event of failure by the client to pay for a buy transaction, the Company may have to acquire securities which can be sold on less favourable terms or which cannot be sold at all. In the case of sale transactions, there is a risk that the Company may be required to acquire securities on the market at a price higher than the price at which the client was supposed to deliver such securities or that it will be impossible to acquire such securities. In such a case, the Company's right to assert claims from the client on account of the failure to perform under the agreement (order) concerning a transaction on securities may not be prejudiced.

Risk Relating to the Nature of Investment Banking Services

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

Risk Relating to the Level of Equity and the Company's Financial Needs

As at June 30th 2009, the Company's equity was PLN 36,044 thousand, net of minority interests (PLN 44,365 thousand as at December 31st 2008). Despite the considerable level of equity, the Company uses debt financing. Under the applicable laws and regulations, the Company's total debt may not be higher than four times the Supervisory Capital Level. In connection with its activity on the secondary market, the Company is obliged to secure sufficient contributions to the Stock-Exchange Transactions Settlement Guarantee Fund, managed by the Polish NDS, upon the closing of each trading day. Currently, each day the Company makes a contribution to the Fund using a credit facility. 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.

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 if the available credit facility is not sufficient to cover the liabilities.

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. If 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.

Risk Relating to the Business of IPOPEMA TFI

Given the rising competition on the market of investment funds and the relationship between individual funds' performance and the economic situation, including in particular the situation on the capital markets, and the correctness of investment decisions made by managers of IPOPEMA TFI funds, there is a risk that the funds may not yield the expected rate of return (or, in an extreme case, they may incur losses) or that clients will lose confidence in fund managers, which may eventually lead to some clients closing their relationship with the funds managed by IPOPEMA TFI. Due to these factors and the fact that in the case of selected funds IPOPEMA TFI's consideration depends on the funds' results and performance against the agreed benchmarks, the risk that the fund managers will not meet the targets and that the clients will discontinue their relationship with IPOPEMA TFI, IPOPEMA TFI may not generate revenue as planned.

Furthermore, while thus far the number of funds managed by IPOPEMA TFI has been growing dynamically, there can be no assurance that IPOPEMA TFI will be able to maintain its existing client base and acquire new clients in future, which may have an adverse effect on revenue growth. Furthermore, in May 2008, IPOPEMA TFI and Alior Bank executed an agreement on creating and managing an open-end umbrella investment fund (launched in March 2009). However, there can be no assurance that – if the bank fails to acquire clients for the fund or if IPOPEMA TFI does not achieve adequate returns – the revenues derived from the cooperation will be satisfactory.

Growth of IPOPEMA TFI's business also depends on obtaining relevant administrative permits (including in particular authorisations to create new funds) and on the direction of possible changes in the law regulating the business activities of investment funds and taxation rules applicable to investment funds and their participants.

Regardless of the foregoing, it should be noted that the operating activities of IPOPEMA TFI require a professional and highly motivated staff having the necessary specialist knowledge and competencies in a still narrow segment of the financial market. Therefore, there is a risk that if the number of investment fund companies increases significantly, competition in retaining qualified staff of investment fund companies may increase, which may have an adverse effect on the financial performance of IPOPEMA TFI; this may also increase the operating risk.

Risk Relating to the Business of IPOPEMA Business Consulting

IPOPEMA Business Consulting was established in August 2008, with the share capital of PLN 3,000 thousand. IPOPEMA BC launched activities in January 2009 and has managed to execute a number of agreements with clients. However, it has not yet reached a break-even point; therefore, there can be no assurance that the company will acquire new clients or that starting cooperation with them will not be postponed (which can extend the period when IPOPEMA BC will continue to generate negative financial results). Consequently, there can be no assurance that due to longer than expected

time for reaching a break-even point by IPOPEMA BC, the company will need a contribution of additional capital.

Risk Relating to the Operations of the Market Making and Proprietary Trading Department

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

Risk Relating to the Function of the Payment Bank

It is a necessary condition for the beginning and maintenance of operations on the WSE by the Company (as well as other brokerage houses which are direct members of the WSE) that it has a valid agreement on Payment Bank services with a bank which is a member of the Polish NDS. The Company's Payment Bank is Alior Bank S.A. If an agreement on Payment Bank services was terminated, the Company would need to enter into a new agreement with another bank, which would take time and require agreeing on new terms of cooperation. Any difficulties in prompt commencement of cooperation with another bank could even pose a risk that the Company might have to temporarily suspend its brokerage activity or market making and proprietary trading activities on the WSE, as the case may be, until a new agreement is signed.

Risk Relating to the IT and Telecommunications Systems

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

Risk Relating to Mistakes and Errors of IPOPEMA's Employees and Breaches of Law

The IPOPEMA Group's position on the markets on which it is present relies primarily on the degree of confidence reposed in the IPOPEMA Group and its employees by the clients. The nature and scope of the Group's services requires not only employees' expertise and experience but also compliance with the procedures in place at each company of the Group, which are designed to limit the risk of mistakes and errors in the Group's operations. Although each employee of the IPOPEMA Group is obliged to know and apply the operational procedures in effect at a given company, there can be no assurance that no mistakes or errors occur in day-to-day operations. Any such errors or

mistakes may, depending on their scale, affect the financial standing and financial performance of the IPOPEMA Group. Given the nature of the Company's operations, the risk of mistakes is particularly relevant to the staff operating directly on stock-exchange markets, namely the Secondary Market Department and the Market Making and Proprietary Trading Department of IPOPEMA Securities.

In line with the applicable laws, a company authorised to conduct brokerage activity is required to have a unit which exercises ongoing supervision over compliance of the employees who provide brokerage and investment advice services with legal regulations and internal rules of procedure (including the rules for the protection of inside information and the procedure for counteracting and identifying instances of manipulation). In the case of the Company this responsibility is performed by the Compliance Office. Although as at date of this Report there have been no instances of criminal or unethical conduct on part of the Company's employees, there can be no assurance that such events do not occur in the future. Any such occurrence may expose the Company to adverse administrative consequences from the competent authorities, including the Polish Financial Supervision Authority, and may lead to financial losses to the Company, resulting from the necessity to pay compensations and loss of reputation.

Risk Relating to the Implementation of EU Directives on Capital Requirements for Brokerage Houses

In connection with the requirement to implement Directive 2006/48/EC and Directive 2006/49/EC by the member states of the European Union, a legislative process is underway in Poland to implement the abovementioned Directives into Polish legal system. This necessitates the implementation of secondary legislation to the amended Act on Trading in Financial Instruments. Their implementation will have an effect on how brokerage houses calculate their capital requirements, and thus on their capital needs, as well as the scope and form of reporting information to the competent authorities and the public. In particular, it is expected that the new regime under the abovementioned proposed legislation will result in increased capital requirements for brokerage houses, however, as the legislative process is still underway and the final shape of the regulations is uncertain, it is difficult to assess definitely how the proposed changes will affect the Company's operations.

Warsaw, August 24th 2009

The Management Board of IPOPEMA Securities S.A.:

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