



**THE IPOPEMA SECURITIES GROUP**

**MANAGEMENT BOARD'S REPORT ON THE OPERATIONS  
OF THE IPOPEMA SECURITIES GROUP IN Q3 2009**

Warsaw, November 10th 2009

## CONTENTS

|  |    |
|--|----|
| PART I.....  | 2  |
| 1. Financial Performance .....   | 2  |
| 2. Significant Events and Factors with a Bearing on the Financial Performance.....               | 4  |
| 3. Factors with a Potential Bearing on the Q4 2009 Results .....                                 | 5  |
| 4. Performance Forecast.....   | 6  |
| PART II.....   | 7  |
| 1. Organisational Structure of the IPOPEMA Securities Group.....                                 | 7  |
| 2. Changes in the Organisational Structure of the IPOPEMA Securities Group.....                  | 7  |
| 3. Shareholder Structure of IPOPEMA Securities S.A.....  | 8  |
| 4. Changes in the Number of Shares Held by Members of the Management and Supervisory Staff ..... | 8  |
| 5. Issue, Buyout and Redemption of Non-Equity and Equity Securities.....                         | 9  |
| 6. Sureties Granted .....  | 9  |
| 7. Important Corporate Events in Q3 2009.....  | 9  |
| 8. Court Proceedings.....  | 10 |
| 9. Related-Party Transactions.....   | 10 |
| 10. Selected Material Information .....  | 10 |

## PART I

### 1. Financial Performance

#### Revenue

In Q3 2009, the Group's revenue grew significantly relative to Q1 and Q2 2009, and totalled PLN 18,582 thousand, representing 75% of the combined revenue earned in Q1 and Q2 2009 (PLN 24,927 thousand). Thus, the Group recorded a 49% growth in revenue year on year (from PLN 12,446 thousand in Q3 2008). The following factors substantially contributed to the revenue growth:

- (i) Growth in investment banking services – in Q3 2009, revenue from investment banking services totalled PLN 3,607 thousand (19% of the Group's total revenue in Q3), compared with PLN 408 thousand in Q3 2008. Such a high difference results from a sudden deterioration of the market conditions in the second half of 2008, preventing the execution of public-market transactions planned for that period. In response to that, the Group put a greater emphasis on diversifying its services, which resulted in expansion into corporate financial restructuring and had a significant effect on the revenue generated in the reporting period.
- (ii) Development of the investment funds business – in Q3 2009, revenue from management of investment funds grew significantly (over 1.5-fold) relative to Q3 2008, from PLN 844 thousand in Q3 2008 to PLN 2,150 thousand (12% of the Group's total revenue) in Q3 of the current year. This follows from the higher number of managed funds and growth in the value of their assets. In particular, as at September 30th 2009 IPOPEMA Towarzystwo Funduszy Inwestycyjnych ("IPOPEMA TFI") managed 42 investment funds, with assets amounting to PLN 1.9bn, while as at the end of 2008 the funds' assets amounted to approximately PLN 1bn. Most importantly, the growth was attributable not only to the funds dedicated to individual investors but also the actively managed funds such as ALIOR SFIO and TOTAL FIZ Funds. As a result, in Q3 2009 the recurring revenue from management fees increased to PLN 1.8m relative to PLN 623 thousand in Q3 2008. As the business is maturing, the importance of up-front fees in IPOPEMA TFI's total revenue is decreasing. However, in Q3 2009 revenue from creation of funds amounted to PLN 170 thousand. Revenue earned by TFI in Q3 2009 represents 74% of the aggregate revenue earned in Q1 and Q2 2009.
- (iii) Commencement of operations by IPOPEMA Business Consulting Sp. z o.o. ("IBC") – the company has operated since January 2009 and its revenue in Q3 amounted to PLN 2,330 thousand, representing 13% of the Group's total revenue in that period. IBC's total revenue from the beginning of 2009 amounted to PLN 3,079.
- (iv) In Q3 2009, the key item of the IPOPEMA Securities Group's revenue was revenue from trading in securities, amounting to PLN 10,405 thousand (which represented 56% of the aggregate revenue from core activities), though, when compared with Q3 2008, revenue from trading in securities decreased by 7% (from PLN 11,194 thousand). The decrease occurred despite a 7% year-on-year growth in the value of the Company's trades on the WSE's equity market, which, however, was partly due to the activity of the team of market makers, operating since March 2009.

In the first nine months of 2009, the growth in the revenue from investment banking services and management of investment funds, as well as the first revenue from consultancy services provided by IPOPEMA BC, resulted in the total revenue for the first three quarters of 2009 being 2% higher than the figure for the corresponding period of 2008 (2009: PLN 43,510 thousand; 2008: PLN 42,641 thousand), despite the decrease in revenue from securities trading.

#### Cost of Operating Activities

In Q3 2009, the total costs of operating activities amounted to PLN 12,335 thousand and were higher by 40% than in Q3 2008 (PLN 8,782 thousand). The increase was driven by the following factors:

- (i) First-time recognition of IPOPEMA BC's operating costs, which in Q3 2009 amounted to PLN 1,939; approximately 70% of that amount represents the costs of cooperation agreements with the company's permanent collaborators.

As the company was established in August 2008 and commenced operating activities in January 2009, it did not incur any operating costs in the comparable period of 2008.

- (ii) Valuation of management stock options granted by the Company in performance of its 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 ("IRFS"). In accordance with the IRFS, in Q3 2009 the Group disclosed (non-monetary) costs related to the incentive scheme in the amount of PLN 423 thousand (Q3 2008: PLN 70 thousand).
- (iii) Significant (twofold) growth in the number of employees at IPOPEMA TFI, which at present has the optimum headcount given its scale of business.

In Q3 2009, the largest item of operating costs were salaries and wages, accounting for ca. 55% of the total costs, followed by transaction costs connected with brokerage activities (ca. 20% of total operating costs).

In the first nine months of 2009, costs related to IPOPEMA Securities Group's core activities amounted to PLN 35,501 thousand, compared with PLN 26,304 thousand in the corresponding period of 2008. The growth was driven by the same factors as those mentioned above. The costs of operating activities of IPOPEMA Business Consulting in the same period amounted to PLN 4,646 thousand, while the costs of the stock option schemes totalled PLN 2,085 thousand (of which PLN 1,704 thousand is attributable to IPOPEMA TFI, and the remaining PLN 381 thousand to IPOPEMA Securities). In the first three quarters of 2009, the costs of incentive schemes amounted to PLN 211 thousand, and were in whole attributable to IPOPEMA Securities.

#### Net profit (loss)

In Q3 2009, the Group's consolidated profit on core activities amounted to PLN 6,247 thousand, compared with PLN 3,664 thousand in Q3 2008 (up by 70% year on year), while the net profit (after other operating and financial income and expenses, and corporate income tax) stood at PLN 4,109 thousand, relative to PLN 3,121 thousand in Q3 2008. These figures take into account the recognised costs related to the valuation of the stock option scheme, which have a particularly significant influence on the net profit this year. Without the costs related to the valuation of the stock option scheme, the net profit for the period would increase to PLN 4,532 thousand (compared with PLN 3,191 thousand in Q3 2008).

The significant effect of the costs related to the stock option scheme on the net profit is particularly evident when looking at the first nine months of 2009. In that period, the consolidated profit on core activities amounted to PLN 8,009 thousand, while the net profit (after other operating and financial income and expenses, and corporate income tax) stood at PLN 4,845 thousand. Such a high difference was driven by the recognised costs related to the valuation of the stock option scheme, amounting to PLN 2,085 thousand; without those costs, the consolidated net profit after nine months would be PLN 6,930 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 statements after the first nine months of 2009 show a profit attributable to the parent undertaking in the amount of PLN 5,474 thousand, and a loss attributable to minority interests in the amount of PLN 629 thousand. In the corresponding period of 2008, the Group reported a profit on core activities of PLN 16,337 thousand, while its net profit stood at PLN 11,161 thousand.

IPOPEMA Securities' separate net profit for Q3 2009 totalled PLN 3,542 thousand and was PLN 372 thousand (12%) higher from Q3 2008 (net profit for Q3 2008 was PLN 3,170 thousand). The profit earned in Q3 2009 represents as much as 82% of the entire profit recorded in H1 2009, which was PLN 4,333 thousand. IPOPEMA Securities' separate net profit after the first three quarters of 2009 was PLN 7,875, down by nearly 32% from the first nine months of 2008 (PLN 11,546 thousand). The drop followed from a material decline in revenue from brokerage activities, which was not offset by the higher revenue from investment banking services.

In Q3 2009, IPOPEMA TFI recorded a net profit of PLN 695 thousand. Its net profit for the period January–September 2009 was PLN 340 thousand (compared with a PLN 15 thousand profit in Q3 2008 and a PLN 174 thousand loss for the nine months ended September 30th 2008). However, given the requirement to recognise costs related to the incentive scheme (in accordance with IFRS2), which in the first nine months of 2009 amounted to PLN 1,704 thousand, the accounting net result of IPOPEMA TFI for the first nine months of 2009 shrank to –PLN 1,364 thousand.

## 2. Significant Events and Factors with a Bearing on the Financial Performance

### Situation on the Equity Market of the WSE

In Q3 2009, the monthly average value of stock trading on the WSE was PLN 31.1bn, compared with PLN 25.2bn in the corresponding period of 2008. The value of stock trading recorded in Q3 2009 grew in comparison with H1 2009, when the monthly average was PLN 24bn. In Q3 2009, the total value of trading on the equity market of the WSE amounted to PLN 93.3bn, up by 23.7% from PLN 75.5bn recorded in Q3 2008. Despite improved conditions on the exchange, in Q3 2009 the Company's share in the total trading in stocks on the WSE declined to 7.9% from 9.1% in Q3 2008, which primarily resulted from the less intensive activity of domestic and foreign institutional investors which are the Company's clients (IPOPEMA Securities does not provide services to retail investors).

### Increased Number of Investment Banking Transactions

In Q3 2009, IPOPEMA Securities was involved in the execution of a number of transactions of various types. In Q3 2009, the Company's intensified activity in the area of investment banking services helped it considerably increase revenue generated from this operating segment in comparison with Q3 2008; it grew to ca. 26% of the Company's total revenue from operating activities.

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

In the first three quarters of 2009, the majority of TFI's activities consisted in the creation and management of dedicated closed-end investment funds, i.e. funds offered to a limited group of investors.

As at the end of September 2009, TFI managed 42 closed-end investment funds and one open-end specialised investment fund, ALIOR Specjalistyczny Fundusz Inwestycyjny Otwarty (ALIOR SFIOF). Within ALIOR SFIOF, two sub-funds were launched in the discussed period, out of the twelve sub-funds provided for in the funds' articles of association. The group of closed-end investment funds includes a securitisation fund.

The key events which occurred at IPOPEMA TFI in Q3 2009 include:

- 1) Placement of Series D certificates of TOTAL Fundusz Inwestycyjny Zamknięty, managed by Konrad Łapiński, resulting in approximately PLN 60m worth of new assets (as at the end of September 2009, the total value of the fund's assets exceeded PLN 110m),
- 2) Placement of Series B investment certificates of IPOPEMA 40, which engages in alternative asset investment projects, for an amount in excess of PLN 30m; the certificates were placed with institutional investors,
- 3) Over PLN 9m growth (to PLN 13.7m) in the total value of assets of open-end funds operating within ALIOR SFIO, representing a nearly threefold increase in its net asset value,
- 4) Successful subscription of investment certificates of Corpus Iuris Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (non-standard closed-end securitisation fund), resulting in new assets of approximately PLN 5.5m,
- 5) Four subscriptions for certificates of other closed-end investment funds managed by IPOPEMA TFI.

As at the end of September 2009, the total value of assets held by all the funds managed by IPOPEMA TFI reached PLN 1.9bn, and nearly doubled from the figure recorded as at December 31st 2008 (increase by PLN 937m).

### Development of IPOPEMA Business Consulting

IPOPEMA Business Consulting launched its operating activities in January 2009. In H1 2009, it focused on winning clients and contracts, as well as start-up activities. The work carried out in that period resulted in signing contracts which are presently being performed. Q3 2009 brought a number of new contracts for consultancy services, to be performed in the last months of 2009 and in 2010.

The contracts secured by IPOPEMA BC translated into significantly higher revenue in Q3 2009 (relative to H1 2009), and resulted in a net profit for the period (with pre-tax profit of PLN 388 thousand), which sends a very positive message given that the company has only operated for a few months now.

#### Recognition of Incentive Scheme Costs

Following transition to a financial reporting system compliant with the International Financial Reporting Standards, the effect of valuation of the stock option schemes implemented by the Company had to be recognised in the consolidated financial statements. In Q3 2009, the total cost of those schemes added PLN 423 thousand (of which PLN 270 thousand was attributable to IPOPEMA TFI and the balance to IPOPEMA Securities) to the consolidated costs of salaries and wages. In total, in the period January–September 2009 the costs amounted to PLN 2,085 thousand, of which over 80% (PLN 1,704 thousand) was attributable to IPOPEMA TFI. The effect of valuation of the schemes 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 for the years 2006–2008 (entirely attributable to IPOPEMA Securities).

#### Consolidation of Income, Cost and Expenses of Subsidiary Undertakings

Since the beginning of 2009, the IPOPEMA Securities Group has been preparing consolidated financial statements including the financial data of its subsidiary undertakings. Consequently, the Company's financial result was reduced by IPOPEMA BC's loss of PLN 1,258 thousand. IPOPEMA BC, which commenced operating activities at the beginning of 2009, is a relatively new company, still at the development stage. However, the Group has already seen the first effects of its operations: in Q3 2009, IPOPEMA BC's revenue totalled PLN 2,330 thousand, resulting in a positive net financial result for Q3 2009.

### **3. Factors with a Potential Bearing on the Q4 2009 Results**

#### Market Situation

The return of a lasting uptrend on the WSE will have a favourable effect on the IPOPEMA Securities Group's main business areas and financial performance. The recovery observed on the secondary market in the recent months, resulting in better prospects for public offerings to be carried out in Q4 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, 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 Which Are Currently at the Preparation Stage

Improved market sentiment and growth of 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: projects which are new business for the Company as well as projects which have already been initiated but 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 assets under management (the funds' assets frequently include shares listed on the WSE ), as well as into greater interest from external clients in the funds offered by IPOPEMA TFI. 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 ALIOR SFIO, which is managed by IPOPEMA TFI, and

IPOPEMA 8 FIZ. By the end of 2009, the company plans to carry out another issue of certificates of IPOPEMA 8 FIZ, addressed to retail investors. In addition, IPOPEMA TFI entered into a distribution agreement concerning another fund, which is expected to generate revenue as early as this year.

In view of the improved climate in the dedicated funds segment seen since July, TFI applied to the Polish Financial Supervision Authority for authorisations to create ten closed-end funds. The Management Board of IPOPEMA TFI expects to launch those funds successively until the end of the first half of 2010.

#### Growth of IPOPEMA Business Consulting

The situation on the market for consultancy services is anticipated to improve in the near future, and it is expected that the company will continue to expand and explore the market, which may potentially lead to a significant growth of business. At present, IPOPEMA Business Consulting is performing the contracts secured so far, and the advancement of their performance will be reflected in the revenue for Q4 2009.

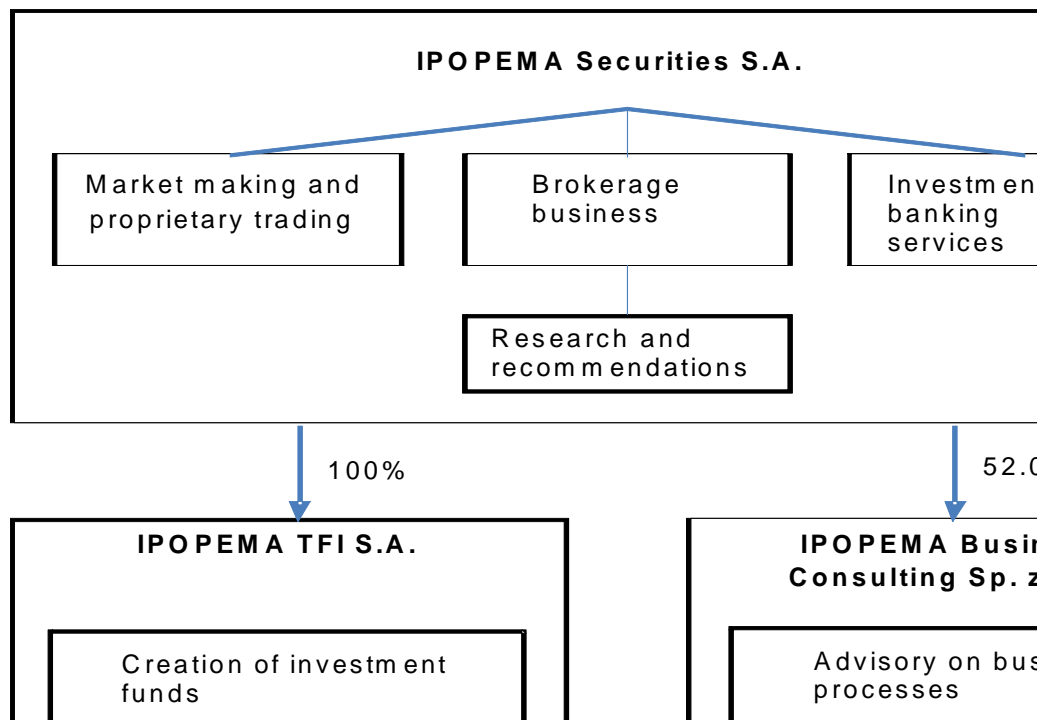
#### **4. Performance Forecast**

The Company has not published any performance forecasts.

## PART II

### 1. Organisational Structure of the IPOPEMA Securities Group

The Group of IPOPEMA Securities S.A. ("the Group" or "the IPOPEMA Securities 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").



### 2. Changes in the Organisational Structure of the IPOPEMA Securities Group

On July 6th 2009, a resolution was adopted to issue new shares in IPOPEMA Business Consulting Sp. z o.o., following which the equity interest of IPOPEMA Securities S.A. in IPOPEMA Business Consulting Sp. z o.o. was reduced from 100% to 50.02%. The new shares 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 the intended establishment 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, pay PLN 50,000 to cover the company's share capital, and subscribe for 100% of its shares with the par value of PLN 50 per share. The shares 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 in Q3 2008.

IPOPEMA Securities also agreed to adopt, at the Partners' request, a resolution on increasing the share capital of IPOPEMA Business Consulting to PLN 100,050, by way of issuing new shares, to be subscribed as follows: each of the Partners would subscribe for 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 would subscribe for 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%. As stated 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, PLN 1,474 thousand was disclosed under equity in the consolidated financial statements as the effect of dilution of the Company's interest in IPOPEMA BC.

On September 23rd 2009, Aleksander Widera was appointed Member of the Management Board of IPOPEMA TFI.

There were no changes in the Management Board and Supervisory Board of IPOPEMA Securities.

### 3. Shareholder Structure of IPOPEMA Securities S.A.

As at September 30th 2009, the shareholder structure of the Company (shareholders holding more than 5% of shares in IPOPEMA Securities S.A.) was as follows:

| Shareholder                             | No. of shares and votes at GM | % of total vote at GM |
|---|-------------------------------|-----------------------|
| Manchester Securities Corp.             | 3,714,280                     | 12.84%                |
| IPOPEMA 10 FIZAN Fund <sup>1</sup>      | 2,851,420                     | 9.86%                 |
| IPOPEMA PRE-IPO FIZAN Fund <sup>2</sup> | 2,851,120                     | 9.86%                 |
| KL Lewandowska S.k.a. <sup>3</sup>      | 2,749,500                     | 9.50%                 |
| JLK Lewandowski S.k.a. <sup>4</sup>     | 2,729,000                     | 9.43%                 |
| JLS Lewandowski S.k.a. <sup>4</sup>     | 2,729,000                     | 9.43%                 |

<sup>1</sup> The only investor in the Fund is Mr Stanisław Waczkowski, Vice-President of the Company's Management Board.

<sup>2</sup> The only investor in the Fund is Mr Jacek Lewandowski, President of the Company's Management Board.

<sup>3</sup> 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.

<sup>4</sup> 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".

### 4. Changes in the Number of Shares Held by Members of the Management and Supervisory Staff

As at September 30th 2009, members of the management and supervisory staff held, directly or indirectly through their subsidiary or related undertakings (including dedicated funds), the following shareholdings in IPOPEMA Securities:

|  | No. of shares and votes | % of share capital and total vote |
|--|-------------------------|-----------------------------------|
| Jacek Lewandowski, President of the Management Board <sup>1</sup>      | 8,321,427               | 28.765%                           |
| Stanisław Waczkowski, Vice-President of the Management Board           | 3,142,855               | 10.864%                           |
| Mariusz Piskorski, Vice-President of the Management Board              | 1,285,713               | 4.444%                            |
| Mirosław Borys, Vice-President of the Management Board                 | 928,571                 | 3.210%                            |
| Bogdan Kryca, Member of the Supervisory Board                          | 285,714                 | 0.988%                            |
| Maciej Jasiński, Vice-President of the Management Board of IPOPEMA TFI | 142,857                 | 0.494%                            |
| Jarosław Wikaliński – President of the Management Board of IPOPEMA TFI | 142,857                 | 0.494%                            |
| Marek Świętoń – Vice-President of the Management Board of IPOPEMA TFI  | 71,429                  | 0.247%                            |
| <b>Total</b>   | <b>14,321,423</b>       | <b>49.506%</b>                    |

<sup>1</sup> As presented in the table in Section 3, shares in IPOPEMA Securities S.A. are also held by KL Lewandowska S.k.a., a subsidiary undertaking of Katarzyna Lewandowska, Jacek Lewandowski's wife.

In Q3 2009, the number of the Company shares held by members of the management staff increased by 357,143 shares relative to June 30th 2009 and December 31st 2008. This followed from the acquisition of 357,143 Series C new-issue shares by three members of the Management Board of IPOPEMA TFI in September 2009. The shares were issued as part of a conditional share capital increase in connection with the incentive scheme operated by the Company (from the total pool of 1,166,667 shares comprising Share Option Plan I for members of the Management Board of IPOPEMA TFI).

Consequently, the amount of the Company's share capital was increased to PLN 2,892,855.30 (from PLN 2,857,141) and is presently divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 357,143 Series C ordinary bearer shares. For further details on changes in the capital see Section 5.

## 5. Issue, Buyout and Redemption of Non-Equity and Equity Securities

On September 1st 2009, within the framework of a conditional share capital increase performed on the basis of Resolution No.3 of the Company's Extraordinary General Shareholders Meeting of December 5th 2007, concerning a conditional share capital increase in connection with an Incentive Scheme for the key employees of the Company and its subsidiary, IPOPEMA TFI, as well as other persons of key importance to the execution of the IPOPEMA Securities Group's strategy and amendment to the Company's Articles of Association, as amended by Resolution No.4 of the Extraordinary General Shareholders Meeting of March 20th 2009 (the "Incentive Scheme"), 357,143 Series C ordinary registered shares were subscribed for in exchange for 357,143 subscription warrants issued by the Company on the basis of Resolution No.4 on an issue of subscription warrants, adopted by the Extraordinary General Shareholders Meeting on December 5th 2007 (as amended by the Extraordinary General Shareholders Meeting's Resolution No 4 of March 20th 2009). The subscribed shares had been a part of a pool of 1,166,667 shares separated under the Incentive Scheme as Share Option Plan I for members of the Management Board of the subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. The shares were registered in the Polish National Depository for Securities, and as a result, in accordance with the Company's Articles of Association, were converted into bearer shares and admitted to stock-exchange trading.

Consequently, the Company's share capital was increased to PLN 2,892,855.30 (in comparison with PLN 2,857,141 before September 1st 2009) and is currently divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares and 357,143 Series C ordinary bearer shares.

With respect to the Series C shares the Company signed lock-up agreements, whose terms are identical to the terms of analogous agreements executed with the previous shareholders immediately before the Company's listing on the stock exchange. In particular, under the agreements, the sale of 25% of the abovementioned pool of Series C shares is prohibited for the period of 12 months from the date of introduction of the Company shares to stock-exchange trading (May 25th 2010) and the sale of the remaining 75% of the shares is banned for the period of 24 months (until May 25th 2011). The Management Board may resolve to lift the restrictions in the event of:

- (i) a compulsory buyout offer in respect of the Company shares,
- (ii) a tender offer, and
- (iii) with respect to the 25% of the shares subject to the 12-month lock up, if the closing price of the Company shares at any trading session on the Warsaw Stock Exchange exceeds by at least 100% their closing price as of the date of the Company's first time listing on the WSE.

The abovementioned 357,143 Series C shares conferred the right to dividend for 2008.

## 6. Sureties Granted

In the third quarter of 2009 and in the comparable period, no member of the IPOPEMA Securities Group granted any sureties in respect of loans or borrowings.

## 7. Important Corporate Events in Q3 2009

### Incentive Scheme

In the third quarter of 2009, in connection with the implementation of the Company's Incentive Scheme, new-issue Series C shares were subscribed for. The shares were subscribed for by members of the Management Board of IPOPEMA TFI (for more information see Section 5 above).

Within the framework of the Incentive Scheme the Company may offer up to 4,857,140 subscription warrants issued gratuitously to the eligible persons; the warrants will entitle their holders to subscribe for 4,857,140 Series C shares no later than on November 30th 2017. The abovementioned 357,143 shares subscribed for on September 1st 2009 constituted the first pool subscribed for as part of the Incentive Scheme, and specifically as part of Share Option Plan I. The Plan covers a total of 1,166,667 series C shares, which after fulfilling certain criteria could or may be subscribed for (at the issue price of PLN 0.47 per share) by selected members of the Management Board of IPOPEMA TFI.

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 2.47% 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 subscribe for the shares has been drawn up, and no decisions on offering of the shares have been made by the date of this Report.

#### 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 (the agreements replaced the previous credit facility agreements with Kredyt Bank):

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. The agreement replaced 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. The agreement replaced 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 with the credit facility granted by that bank. Since 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.

## **8. Court Proceedings**

The Company was not a party to any court proceedings in Q3 2009.

## **9. Related-Party Transactions**

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

## **10. Selected Material Information**

### Planned Commencement of Operations in Hungary

In accordance with previously published information, the Company prepares to commence brokerage activities in Hungary. IPOPEMA Securities already enjoys the status of a remote member of the Budapest Stock Exchange; however, it is also considering the provision of services on the Hungarian market through intermediaries. In order to do it, it submitted a relevant statement to the Polish Financial Supervision Authority, which at the meeting on October 29th 2009 took a decision concerning the transfer of the information on the Company's intention to conduct such activities to the Hungarian regulator.

### Commencement of Asset Management Activities

In connection with the implementation of a strategy which provides for the broadening of the scope of the Company's business and services, IPOPEMA Securities took a decision to commence asset management activities, which formally took place on October 21st 2009 (date of relevant notification to the Polish Financial Supervision Authority, referring also to investment consultancy services). Currently, the services will be provided by IPOPEMA Securities; however, it is planned

that in the future they will be offered by IPOPEMA TFI. Given the initial stage of development of this business segment, it is not expected to generate revenue that would have significant influence on the financial result of the IPOPEMA Securities Group.

#### Ranking of Brokerage Houses

In this year's ranking published by the Forbes magazine and prepared on the basis of the institutional clients' ratings (No.10/2009), IPOPEMA Securities came third in the combined classification. It needs to be emphasised that IPOPEMA was the highest-ranking brokerage house in terms of flexibility of the customer service, and that its Research and Recommendations department also scored high (second position). Furthermore, IPOPEMA topped the ranking in the category of separate evaluation of broker teams, and three brokers of IPOPEMA Securities were placed among the best five traders in the individual ranking.

Warsaw, November 10th 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