The IPOPEMA Securities Group

Interim Condensed Consolidated Financial Statements

for the third quarter of 2010, ended September 30th 2010

Warsaw, November 9th 2010

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Financial Highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	3 months ended Sep 30				9 months ended Sep 30			
	2010	2009	2010	2009	2010	2009	2010	2009
Revenue from core activities	23,450	18,582	5,863	4,466	73,695	43,510	18,411	9,890
Costs of core activities	16,224	12,335	4,057	2,964	51,196	35,501	12,790	8,070
Profit on core activities	7,226	6,247	1,807	1,501	22,499	8,009	5,621	1,821
Operating profit	7,038	5,507	1,760	1,323	21,062	6,574	5,262	1,494
Pre-tax profit	7,211	4,996	1,803	1,201	19,970	6,539	4,989	1,486
Net profit from continuing operations	5,626	4,109	1,407	988	15,738	4,845	3,932	1,101
Net profit	5,626	4,109	1,407	988	15,738	4,845	3,932	1,101
Net earnings per ordinary share (weighted average) (PLN/EUR)								
- basic	0.19	0.14	0.05	0.03	0.54	0.17	0.14	0.04
- diluted	0.19	0.14	0.05	0.03	0.53	0.17	0.13	0.04
Net cash provided by/(used in) operating activities	12,068	-14,443	3,017	-3,471	59,905	-14,091	14,966	-3,203
Total cash flows	168	-9,869	42	2,329	43,016	-8,900	10,747	-2,023

Selected consolidated financial data	PLN '000		EUR '000	
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Dec 31 2009
Total assets	654,824	386,005	164,240	93,960
Current liabilities	582,396	330,449	146,074	80,436
Equity	65,970	48,540	16,546	11,815
Number of shares	28,928,553	28,928,553	28,928,553	28,928,553
Book value per share (PLN/EUR)	2.28	1.68	0.57	0.41

The individual items of the financial highlights were translated into the euro at the following exchange rates:

- Items of the statement of comprehensive income and statement of cash flows:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted for the last day of each month in a given period	Jan 1 - Sep 30 2010	Jan 1 - Sep 30 2009
EUR	4.0027	4.3993

- Items of the statement of financial position:

Exchange rate as at	Sep 30 2010	Dec 31 2009	Sep 30 2009
EUR	3.9870	4.1082	4.2226

These interim condensed consolidated financial statements for the nine months ended September 30th 2010 were approved for publication by the Management Board on November 9th 2010.

Interim Condensed Consolidated Statement of Comprehensive Income

for the 9 months ended September 30th 2010

	Note	Jan 1 – Sep 30 2010	Jul 1 – Sep 30 2010	Jan 1 – Sep 30 2009	Jul 1 – Sep 30 2009
CONTINUING OPERATIONS					
Revenue from core activities, including:	**15**	**73,695**	**23,450**	**43,510**	**18,582**
Revenue from brokerage activities		51,929	16,000	35,371	14,101
Revenue from management of investment funds		11,621	4,625	5,060	2,151
Revenue from advisory services		10,145	2,825	3,079	2,330
Costs of core activities	**15**	**51,196**	**16,224**	**35,501**	**12,335**
Profit (loss) on core activities		**22,499**	**7,226**	**8,009**	**6,247**
Gain (loss) on transactions in financial instruments held for trading		- 1,363	-209	-806	-588
Gain (loss) on transactions in financial instruments held to maturity		-	-	-	-
Gain (loss) on transactions in financial instruments available for sale		-	-	-	-
Other operating income		207	71	10	8
Other operating expenses		281	50	639	160
Operating profit (loss)		**21,062**	**7,038**	**6,574**	**5,507**
Finance income		1,489	-135	1,366	356
Finance expenses		2,581	-308	1,401	867
Pre-tax profit (loss)		**19,970**	**7,211**	**6,539**	**4,996**
Corporate income tax	16	4,232	1,585	1,694	887
Net profit (loss) on continuing operations		**15,738**	**5,626**	**4,845**	**4,109**
DISCONTINUED OPERATIONS					
Net profit (loss) for period		**15,738**	**5,626**	**4,845**	**4,109**
Attributable to:					
Owners of the parent		15,270	5,483	5,474	3,953
Non-controlling interests		468	143	-629	156
Earnings (loss) per share (PLN)		0.54	0.19	0.17	0.14
Diluted earnings (loss) per share (PLN)		0.53	0.19	0.17	0.14
Other comprehensive income		**905**	**89**	**26**	**17**
Gains and losses on revaluation of financial assets available for sale		1,117	109	32	21
Corporate income tax on items of other comprehensive income		-212	-20	-6	-4
Comprehensive income for period		**16,643**	**5,715**	**4,871**	**4,126**
Attributable to:					
Owners of the parent		16,175	5,572	5,500	3,970
Non-controlling interests		468	143	-629	156

Warsaw, November 9th 2010

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Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Interim Condensed Consolidated Statement of Financial Position

as at September 30th 2010

ASSETS	Note	Sep 30 2010	Dec 31 2009
Cash and cash equivalents	12	95,204	47,216
Current receivables	12.14	544,687	328,904
Current prepayments and accrued income		1,226	500
Financial instruments held for trading		4,124	4,345
Financial instruments held to maturity		-	-
Financial instruments available for sale		2,175	420
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		100	111
Non-current loans advanced		3,044	-
Property, plant and equipment		1,437	1,576
Investment property		-	-
Intangible assets		1,622	1,486
Inventories		-	-
Non-current prepayments and accrued income		1,205	1,447
TOTAL ASSETS		**654,824**	**386,005**

EQUITY AND LIABILITIES		Sep 30 2010	Dec 31 2009
Current liabilities	14	582,396	330,449
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	14	6,458	7,016
Accruals and deferred income		-	-
Total liabilities		**588,854**	**337,465**
Share capital	13	2,893	2,893
Other capital reserves		10,411	8,719
Retained earnings		50,822	35,552
Total equity		**64,126**	**47,164**
Non-controlling interests		**1,844**	**1,376**
Total capital		**65,970**	**48,540**
TOTAL EQUITY AND LIABILITIES		**654,824**	**386,005**

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Interim Condensed Consolidated Statement of Cash Flows

for the 9 months ended September 30th 2010

CASH FLOWS	Note	Jan 1 - Sep 30 2010	Jan 1 - Sep 30 2009
Cash flows from operating activities			
Pre-tax profit		**19,970**	**6,539**
Total adjustments:		**39,935**	**-20,630**
Depreciation and amortisation		716	747
Foreign exchange gains/(losses)		-8	-
Interest and dividends		483	-
Profit (loss) on investment activities		453	-51
Change in financial instruments held for trading		221	-4,159
Change in receivables		-215,341	-356,172
Change in current liabilities (net of loans and borrowings)		258,137	338,007
Change in provisions and impairment losses on receivables		-676	659
Change in accruals and deferrals		-704	193
Corporate income tax		-4,133	-1,943
Other adjustments (effect of incentive schemes)		787	2,089
Net cash provided by (used in) operating activities		**59,905**	**-14,091**
Cash flows from investing activities			
Increase in loans advanced		-3,445	-
Decrease in loans advanced		159	-
Acquisition of property, plant and equipment and intangible assets		-713	-704
Cash provided by financial instruments available for sale and held to maturity		5,001	-
Acquisition of financial instruments available for sale and held to maturity		-10,639	-58
Other expenses		-671	-
Other income		211	13
Net cash provided by (used in) investing activities		**-10,097**	**-749**
Cash flows from financing activities			
Increase in loans and borrowings		-	15,519
Proceeds from issue of own shares		-	218
Other cash provided by financing activities		-	39
Interest paid		-692	-
Repayment of loans and borrowings		-6,100	-
Dividends to owners of the parent		-	-9,836
Net cash provided by (used in) financing activities		**-6,792**	**5,940**
Total cash flows		**43,016**	**-8,900**
Net increase (decrease) in cash and cash equivalents		43,014	-8,900
Change in cash resulting from currency exchange differences		-2	-
Cash at beginning of period	24	42,169	39,016
Cash at end of period, including	**24**	**85,183**	**30,116**
restricted cash		*9,170*	*5,000*

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Interim Condensed Consolidated Statement of Changes in Equity

for the 9 months ended September 30th 2010

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other capital reserves					
	Share capital	Share premium account	Revaluation capital reserve	Other	Retained earnings		
As at Jan 1 2010	**2,893**	**7,280**	**-32**	**1,471**	**35,552**	**1,376**	**48,540**
Profit for the period	-	-	-	-	15,270	468	15,738
Costs of incentive scheme	-	-	-	787	-	-	787
Other comprehensive income	-	-	905	-	-	-	905
Dividend payment	-	-	-	-	-	-	-
As at Sep 30 2010	**2,893**	**7,280**	**873**	**2,258**	**50,822**	**1,844**	**65,970**
As at Jan 1 2009	**2,857**	**7,148**	**-35**	**763**	**33,632**	**-**	**44,365**
Profit for the period	-	-	-	-	5,474	-629	4,845
Issue of shares	36	132	-	-	-	50	218
Dividend payment	-	-	-	-	-9,836	-	-9,836
Other comprehensive income	-	-	16	-	-	-	16
Costs of incentive scheme	-	-	-	2,085	-	-	2,085
Change in value of IBC shares following dilution	-	-	-	-1,474	-	1,474	-
As at Sep 30 2009	**2,893**	**7,280**	**-19**	**1,374**	**29,270**	**895**	**41,693**

Warsaw, November 9th 2010

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NOTES

1. Information on the IPOPEMA Securities Group

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

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

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

As at September 30th 2010, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its three subsidiary undertakings (the subsidiaries are presented in Section 2).

The Group's core business comprises:

1. brokerage activities,
2. business and management consultancy services,
3. operation of investment fund companies, as well as the creation and management of investment funds,
4. computer facilities management activities,
5. computer consultancy services.

IPOPEMA Securities S. A. – the Parent Undertaking

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

The Parent Undertaking is entered in the Register of Entrepreneurs at the National Court Register maintained by the District Court, XII Commercial Division of the National Court Register, under entry No. KRS 0000230737.

The Parent Undertaking was assigned Industry Identification Number (REGON)140086881.

On June 30th 2005, the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) granted a brokerage licence to the Company, authorising it to conduct brokerage activities in the scope specified in the decision.

The name of the Company was changed from Dom Maklerski IPOPEMA S.A. to IPOPEMA Securities Spółka Akcyjna under Resolution No. 5 of the Extraordinary General Shareholders Meeting held on August 10th 2006.

As part of its brokerage business IPOPEMA Securities S.A. provides comprehensive services for institutional clients in the area of intermediation in securities trading on the secondary market. The Company's partners are both high-profile international financial institutions and the majority of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers.

The Company's investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities(especially shares) – in which it acts as the coordinator, offeror and financial adviser, M&A deals and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The Company also provides advisory services related to corporate financial restructuring.

2. Composition of the Group

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

As at September 30th 2010 and December 31st 2009, the Group comprised IPOPEMA Securities S. A. and the following subsidiary undertakings:

Company name	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- 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; - representation service for foreign funds.	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consulting services; - computer facilities management activities; - computer consultancy services; - software-related activities; - wholesale of computers, computer peripheral devices and software.	full	50.02%	50.02%
IPOPEMA Business Services Kft.	- office and business support	unconsolidated (immaterial financial data)	100%	100%

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

3.1st Compliance Statement

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and the IFRS applicable to interim financial reporting, endorsed by the European Union. 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 or their effect on the financial statements of the Group would be immaterial.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements of the Group cover the period of nine months ended September 30th 2010 and contain comparative data for nine months ended September 30th 2009 and as at December 31st 2009.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for the year ended December 31st 2009.

3.2nd Measurement Currency and Reporting Currency of the Financial Statements

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

3.3rd Going Concern Assumption

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

4. Changes in Applied Accounting Policies

In the first nine months of 2010, there were no changes in the applied accounting policies compared with the policies applied in the consolidated financial statements for the year 2009, released on March 19th 2010. The consolidated financial statements for 2009 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected Accounting Policies

Financial Instruments

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

Financial instruments are classified 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 and Financial Liabilities Measured at Fair Value through Profit or Loss

A financial asset is designated as held for trading if it is acquired principally for the purpose of selling it in the near term, if it is part of a portfolio in respect of which there is 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), and/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 acquired for resale in the near term. They comprise shares traded on the Warsaw and Budapest Stock Exchanges and derivatives traded on the Warsaw Stock Exchange. In the first nine months of 2010, the Group also entered into a currency forward contract. The Group does not apply hedge accounting.

Financial liabilities other than held for trading may be designated by the Group upon initial recognition as financial liabilities 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 derivatives are carried at fair value as of the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the forward contract entered into by the Company. The fair value is determined based on the price of a relevant instrument quoted on the Warsaw Stock Exchange or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data. Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial instruments are carried at acquisition cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount received or the value of other assets received.

Financial instruments held for trading are measured as at the end of each reporting period at fair value and any resultant gains or losses are disclosed under income or costs related to financial instruments held for trading. As at the end of each reporting period, derivatives are measured at fair value, based on stock-exchange prices on that day or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market data.

Financial Instruments Held to Maturity

Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturities, which the Group has the positive intent and ability to hold to maturity.

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

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

Loans and Receivables

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

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

Furthermore, under financial assets the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The value of the leased out property, plant and equipment and intangible assets amounts to PLN 597 thousand as at September 30th 2010.

Financial Instruments Available for Sale

Financial instruments available for sale are those non-derivative financial instruments which are designated as available for sale or are not classified into any of the other categories.

Financial assets available for sale include mainly investment certificates acquired in order to invest cash surplus, other than investment certificates which have been designated as financial assets at fair value through profit or loss since the Group intends to sell them in the near term.

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) increase or decrease (as the case may be) revaluation capital reserve.

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

Shares in subsidiary undertakings not subject to consolidation are measured at acquisition cost less impairment losses. Investment certificates are carried at fair value based on the net value per certificate as published by the investment fund upon consultation with the depositary. Valuation results increase or decrease (as the case may be) revaluation capital reserve.

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 cost (interest expense is measured using the effective cost 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 over the expected life of a given liability or, when appropriate, a shorter period.

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

Receivables

Current Receivables

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

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

Impairment losses are recognised in particular for:

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

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that the recovery of the full amount of receivables is subject to significant risk.

Impairment losses on receivables are recognised under other operating expenses. Impairment losses on receivables are reversed if the value impairment decreases in subsequent periods and the increase in the value of the financial asset may be attributed to events occurring after the impairment loss was recognised. Reversal of an impairment loss is recognised in the consolidated statement of comprehensive income under other operating income.

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

Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses arise in connection with the executed transactions of purchase and sale of securities which have not yet been settled at the National Depository for Securities ("Polish NDS") due to the applicable transaction settlement procedure (T+3). In the case of purchase transactions on the Warsaw Stock Exchange ("WSE") made to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities 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 banks conducting brokerage activities and other brokerage houses (parties to the market transactions) and current liabilities towards the clients for whom the sale transactions were executed.

Non-Current Receivables

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

Impairment

As at the end of each reporting period the Group evaluates whether there is any indication of impairment of an asset. Tests for three groups of assets: goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use – are made on an annual basis, regardless of whether there is an indication of impairment. Those types of assets may be tested for impairment at any time during the year.

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

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

Liabilities

Current Liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at amounts payable.

Current liabilities include all liabilities to clients, liabilities to related undertakings, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the National Depository for Securities and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Current liabilities also include overdrafts, measured as described in the item "Financial Liabilities at Amortised Cost" above.

The recognition of current liabilities under executed transactions is discussed in item "Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses" above.

Non-Current Liabilities

Non-current liabilities are those whose payment date falls more that 12 months from the end of the reporting period.

6. Accounting Policies Introduced in the First Nine Months of 2010

In 2010, the Group introduced the following accounting policies:

- Amendments to IFRS 2009 – on April 16th 2009 International Accounting Standards Board published "Amendments to IFRS", which contain changes to 12 standards.

They include changes to presentation, recognition and measurement as well as terminology and editing changes. The majority of changes apply to annual periods beginning on January 1st 2010, although some amendments became effective on or after July 1st 2009.

- Amendments to IFRS 2 Share-based Payments – Cash-settled Share-based Payment Transactions – published on June 18th 2009,
- Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards – published on November 27th 2008 and July 23rd 2009,
- Revised IAS 39 Eligible Hedged Items. Amendments to IAS 39 Financial Instruments: Recognition and Measurement – published on July 31st 2008,
- IFRIC 12 Service Concession Arrangements – issued on November 30th 2006,
- IFRIC 15 Agreements for the Construction of Real Estate – issued on July 3rd 2008,
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation – issued on July 3rd 2008,
- IFRIC 17 Distributions of Non-cash Assets to Owners – issued on November 27th 2008,
- Amendment to IAS 32 Classification of Rights Issues – effective for annual periods beginning on or after February 1st 2010,
- IFRIC 18 Transfers of Assets from Customers – issued on January 29th 2009.

These changes did not affect the Group's financial statements.

The Group chose to apply early the following standards:

- IFRS 3 (revised) Business Combinations – published on January 10th 2008 and effective for reporting periods beginning on or after July 1st 2009. Earlier application is permitted under certain circumstances. The revised IFRS 3 requires that all acquisition-related costs be recognised as expense when incurred. Under the revised IFRS 3 and related revisions to IAS 27, the acquisition accounting for business combinations is only applied at the time control is obtained and in consequence goodwill is measured only as at that moment. IFRS 3 puts greater emphasis on fair value as at the acquisition date, defining the relevant accounting method. According to the revised standard, the non-controlling interest in the acquiree may be measured either at fair value, or the non-controlling interest's proportionate share of net identifiable assets of the acquiree. Moreover, the modified standard requires that consideration for acquisition be measured at fair value as at the acquisition date. This requirement applies also to the fair value of all contingent considerations. IFRS 3 (as revised in 2008) permits only few changes to the valuation established upon initial recognition of a business combination, and only if they result from new information obtained about facts and circumstances that existed at the acquisition date. All other changes are recognised in profit or loss. The standard defines the impact on acquisition accounting in the case when the acquirer and the acquiree were parties to a pre-existing relation. IFRS 3 (as revised in 2008) requires that an entity should classify all contractual terms at the acquisition date. There are, however, two exceptions to this principle: lease contracts and insurance contracts. The acquirer applies its own accounting principles and makes its choices as if it assumed the contractual relations irrespective of the business combination.
- IAS 27 (revised) Consolidated and Separate Financial Statements – published on January 10th 2008 and effective for reporting periods beginning on or after July 1st 2009. Earlier application is permitted under certain circumstances. The revised standard clarifies that any changes in the parent's interests in its subsidiary that do not involve a loss of control are accounted for as equity transactions with owners. Gain or loss is not recognised and goodwill is not remeasured. Any difference between the change in the non-controlling interest and the fair value of paid or received consideration is recognised directly in equity and attributed to parent's owners. The standard provides for accounting policies to be applied by the parent in case of a loss of control over subsidiary. Amendments to IAS 28 and IAS 31 extend the requirements concerning accounting for a loss of control. If an investor loses significant influence over an associate, it derecognises that associate and recognises in profit or loss the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate as at the date significant influence is lost. A similar accounting policy is applied when an investor loses joint control over an entity.

The above standards have been applied to these consolidated financial statements for H1 2010. In 2009, a change in the Group's interest in the share capital of IPOPEMA BC took place. The transaction did not result in the loss of control and has been recognised in the consolidated financial statements as an equity transaction.

7. New Standards and Interpretations which Have Been Issued but Are Not Effective Yet

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but are not effective yet:

- Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters

  Amendments were published on January 28th 2010. The amendments will apply to annual periods beginning on or after July 1st 2010. The amendments will not affect the Group's consolidated financial statements.

- Annual Improvements to IFRSs

  On May 6th 2010, The International Accounting Standards Board published Amendments to IFRS containing changes to six standards and one interpretation. They include changes to the scope, presentation, disclosure, recognition and measurement as well as terminology and editing changes. The majority of changes will apply to annual periods beginning on January 1st 2011, though some amendments became effective for periods beginning on July 1st 2010. Currently, the Group is reviewing the impact of the changes on the consolidated financial statements.

- Amendments to IFRS 7 Disclosures – Transfers of Financial Assets

  The amendments, published on October 7th 2010, change the requirements concerning disclosures on transfers of financial assets. The amendments will apply to annual periods beginning on or after July 1st 2011. The amendments will not affect the Group's consolidated financial statements.

Furthermore, the following standards and IFRIC interpretations were issued prospectively; they were discussed in the Group's financial statements for the year ended December 31st 2009:

- Amendments to IFRS 2 – Share-based Payments – Cash-settled Share-based Payment Transactions apply to annual periods beginning on or after January 1st 2010;
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – effective for annual periods beginning on or after July 1st 2010;
- Revised IAS 24 Related Party Disclosures – effective for annual periods beginning on or after January 1st 2011;
- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement – effective for annual periods beginning on or after January 1st 2011;
- IFRS 9 Financial Instruments – effective for annual periods beginning on or after January 1st 2013;
- Improvements to IFRSs (issued in May 2010) – some improvements are effective for annual periods beginning on July 1st 2010, the rest are effective for annual periods beginning on January 1st 2011 – as at the date of approval of these financial statements the standard had not been endorsed by the European Union.

8. Changes in Estimates

In the first nine months of 2010, there were no changes to estimates, except for provisions for and impairment losses on receivables, which are discussed in Note 14.

9. Translation of Foreign-Currency Items

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

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

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

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

Exchange rate as at	Sep 30 2010	Dec 31 2009
USD	2.9250	2.8503
EUR	3.9870	4.1082
HUF 100	1.4373	1.5168

10. Net Earnings per Share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, they are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company. To date, 1,880,952 shares have been allocated for subscription – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 357,143 shares were subscribed for in Q3 2009. The pool of shares remaining to be subscribed for was reduced by 467,204 due to non-fulfilment of all the required criteria.

Therefore, 1,056,605 shares remain to be subscribed for by persons covered by the Incentive Scheme to date, however, in accordance with the adopted methodology of calculating diluted profit, the number of the Company shares used for the purposes of the calculation was increased by 644,698.

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

	Jan 1 - Sep 30 2010	Jan 1 - Sep 30 2009
Number of shares according to the National Court Register (KRS)	28,928,553	28,928,553
Weighted average number of shares	28,928,553	28,610,656
Diluted number of shares	29,573,251	29,017,304
Net earnings from continuing operations		
- basic	0.54	0.17
- diluted	0.53	0.17

11. Operating Segments

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

1. IPOPEMA Securities segment (brokerage and related services): brokerage activities and investment banking; the segment is focused on public offerings of securities (especially shares) – in which IPOPEMA Securities acts as the coordinator, offeror and financial adviser, M&A deals and management buy-outs, as well as advisory on the raising of financing on the private market, including from *private* equity funds and through *pre-IPO placements*. The segment also provides consultancy services relating to corporate financial restructuring and *asset management services*.
2. IPOPEMA TFI segment (investment fund management): mainly operation of an investment fund company, as well as creation and management of investment funds.
3. IPOPEMA Business Consulting segment (consultancy services): mainly business and management consulting services, computer facilities management activities, IT consultancy services and software-related activities.

Operating segments	9 months ended Sep 30 2010 Continuing operations Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients, including:	51,929	11,621	10,145	**73,695**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	51,929	11,621	10,145	**73,695**
Segment's total costs and expenses	**-33,242**	**-8,989**	**-8,965**	**-51,196**
- including costs of the incentive scheme	*-316*	*-471*	-	***-787***
Segment's profit (loss)	**18,687**	**2,632**	**1,180**	**22,499**
Unattributed costs	-	-	-	**-**
Profit on continuing operations before tax and finance expenses	18,687	2,632	1,180	**22,499**
Interest income	706	31	25	**762**
Interest expenses	738	-	-	**738**
Other finance income/expenses, net	-2,477	-	-2	**-2,479**
Other operating income/expenses	-22	-52	-	**-74**
Profit before tax and non-controlling interests	16,156	2,611	1,203	**19,970**
Corporate income tax	3,377	588	267	**4,232**
Net profit for the period	**12,779**	**2,023**	**936**	**15,738**
Net profit for the period (excluding costs of the incentive scheme)	***13,095***	***2,494***	***936***	***16,525***
Assets and liabilities as at Sep 30 2010				
Segment's assets	641,981	8,202	4,641	**654,824**
Unattributed assets	-	-	-	**-**
Total assets	**641,981**	**8,202**	**4,641**	**654,824**
Segment's liabilities	580,597	990	809	**582,396**
Provisions for liabilities and other provisions	5,736	579	143	**6,458**
Equity	61,414	3,863	-1,151	**64,126**
Non-controlling interests	-	-	1,844	**1,844**
Total equity and liabilities	**647,747**	**5,432**	**1,645**	**654,824**

Operating segments	9 months ended Sep 30 2009 Continuing operations Brokerage and related services	Investment fund management	Consultancy services	Total
Revenue				
Sales to external clients, including:	35,371	5,060	3,079	**43,510**
Inter-segment sales	-	-	-	**-**
Segment's total revenue	**35,371**	**5,060**	**3,079**	**43,510**
Segment's total costs and expenses	**-24,597**	**-6,258**	**-4,646**	**-35,501**
Segment's profit (loss)	**10,744**	**-1,198**	**-1,567**	**8,009**
Unattributed costs	-	-	-	**-**
Profit (loss) on continuing operations before tax and finance expenses	10,744	-1,198	-1,567	**8,009**

Interest income	979	12	39	**1,030**
Interest expenses	765	-	-	**765**
Other finance income/expenses, net	-1,103	-	-3	**-1,106**
Other operating income/expenses	-554	-64	-11	**-629**
Profit (loss) before tax and non-controlling interests	9,331	-1,250	-1,542	**6,539**
Corporate income tax	1,951	31	-288	**1,694**
Net profit (loss) for period	**7,380**	**-1,281**	**-1,254**	**4,845**
Net profit (loss) for the period (excluding costs of the incentive scheme)	***7,761***	***423***	***-1,254***	***6,930***
Assets and liabilities as at Dec 31 2009				
Segment's assets	377,288	4,798	3,919	**386,005**
Unattributed assets	-	-	-	**-**
Total assets	**377,288**	**4,798**	**3,919**	**386,005**
Segment's liabilities	328,206	1,315	928	**330,449**
Provisions for liabilities and other provisions	6,676	102	238	**7,016**
Equity	48,263	520	-1,619	**47,164**
Non-controlling interests	-	-	1,376	**1,376**
Total equity and liabilities	**383,145**	**1,937**	**923**	**386,005**

12. Notes to the Statement of Financial Position – Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	**Sep 30 2010**	**Dec 31 2009**
Cash and other assets of brokerage house clients		
a) at banks and in hand	50,488	11,431
b) other	-	-
Total cash and other assets of brokerage house clients	**50,488**	**11,431**
Cash and other assets:		
a) cash and other assets of the Group	44,716	35,785
b) Cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	50,488	11,431
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	**95,204**	**47,216**

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

Receivables

Current receivables stood at PLN 544,687 thousand as at September 30th 2010 and at PLN 328,904 thousand as at December 31st 2009.

Current Receivables	Sep 30 2010	Dec 31 2009
From clients / trade receivables	246,130	155,007
- from clients under executed transactions on the Warsaw Stock Exchange	183,255	147,447
- from clients under executed transactions on the Budapest Stock Exchange	56,560	-
- other	6,315	7,560
From related undertakings	1,090	-
- financial assets held for lease	597	-
- other receivables from related undertakings	493	-
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	273,447	137,752
- under transactions executed on the Warsaw Stock Exchange	221,344	137,752
- under transactions executed on the Budapest Stock Exchange	52,103	-
From entities operating regulated markets and commodity exchanges	14	16
From the National Depository for Securities and exchange clearing houses	16,493	32,669
- from the settlement guarantee fund	16,493	32,669
- other	-	-
From investment and pension fund companies and from investment and pension funds	3,053	1,439
From issuers of securities or selling shareholders	-	-
From commercial chamber	-	-
Taxes, subsidies and social security receivable	47	370
Other	4,413	1,651
Total current receivables	**544,687**	**328,904**

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, which were not yet cleared. In the case of buy trades executed on the WSE or the Budapest Stock Exchange on behalf of clients whose accounts are maintained by custodian banks, the Company recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on the WSE or the Budapest Stock Exchange on behalf of clients whose accounts are maintained by custodian banks, the Company recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

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

In the first nine months of 2010, the Group acquired property, plant and equipment and intangible assets for PLN 713 thousand. In the first nine months of 2009, the Group acquired property, plant and equipment and intangible assets for PLN 704 thousand.

13. Notes to the Statement of Financial Position – Equity

Share Capital

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

As at September 30th 2010, the share capital amounted to PLN 2,892,855.30 and remained unchanged relative to December 31st 2009.

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

In Q3 2010, the shareholder structure of IPOPEMA Securities changed materially following sale of the holding of the Company shares by Manchester Securities Corp. As a result, the group of shareholders holding 5%or more of the total number of shares and total vote at the General Shareholders Meeting was expanded by the addition of three financial institutions: Otwarty Fundusz Emerytalny PZU Złota Jesień, funds managed by TFI Allianz Polska S.A., and Pioneer Pekao Investment Management S.A. (on behalf of their clients through the managed accounts).

On September 2009, 357,143 new Series C shares, issued within the limits of the conditional share capital, were subscribed for under Resolution No 4 on the 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.

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

Change in Provisions

	Jan 1 - Sep 30 2010	Jan 1 - Sep 30 2009	2009
As at beginning of the reporting period	**7,016**	**2,926**	**2,926**
Provisions created during the financial year	9,893	4,966	10,811
Provisions used	9,803	4,762	6,686
Provisions released	648	8	35
As at end of the reporting period, including:	**6,458**	**3,122**	**7,016**
Deferred tax liability	619	118	211

Impairment losses on receivables

In the first nine months of 2010, impairment losses on receivables increased by PLN 110 thousand (in Q3 2010 they decreased by PLN 21 thousand). PLN 21 thousand constituted a decrease in impairment losses on receivables in Q3 2010) In the comparative period, i.e. in the first nine months of 2009, impairment losses on receivables increased by PLN 523 thousand (by PLN 147 thousand in Q3 2009), whereas in 2009 the increase in impairment losses amounted to PLN 1,144 thousand.

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. Impairment losses were recognised for the full amount of the receivables, i.e. PLN 891 thousand.

Liabilities (Current)

Current liabilities	**Sep 30 2010**	**Dec 31 2009**
To clients	258,896	142,003
- under transactions executed on the Warsaw Stock Exchange	179,418	116,395
- under transactions executed on the Budapest Stock Exchange	23,598	-
- other	55,880	25,608
To related undertakings	-	9
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	309,165	169,404
- under transactions executed on the Warsaw Stock Exchange	224,147	169,404
- under transactions executed on the Budapest Stock Exchange	85,018	-
To entities operating regulated markets and commodity exchanges	944	698
To the National Depository for Securities and exchange clearing houses	1,644	1,570
Loans and borrowings	7,489	13,547
- from related undertakings	-	-
- other	7,489	13,547
Taxes, subsidies and social security payable	1,277	1,066
Salaries and wages	-	1
To investment and pension fund companies and to investment and pension funds	-	860

Other	2,981	1,291
a) dividends payable	-	-
b) other	2,981	1,291
- financial liabilities (valuation of futures and forward transactions)	51	75
- other liabilities	2,930	1,216
Total current liabilities	**582,396**	**330,449**

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

Interest-Bearing Bank Loans and Borrowings

Current liabilities under loans and borrowings	Sep 30 2010	Dec 31 2009
Bank loan	7,489	13,547
- outstanding amount	7,489	13,547
Current liabilities under loans and borrowings	**7,489**	**13,547**

As at September 30th 2010, the Group's liabilities under loans related to its brokerage business amounted to PLN 7,489 thousand, compared with PLN 13,547 thousand as at December 31st 2009.

The abovementioned liabilities result from two working-capital overdraft facility agreements concluded by the parent undertaking in order to finance the payment of liabilities to the National Depository for Securities:

- Agreement providing for a revolving credit facility 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 clearing of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note and a power of attorney to the bank accounts held with the Bank.
- Agreement providing for a revolving credit facility 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 facility is secured with a blank promissory note, a power of attorney to the bank accounts held with the Bank, and a block on a term deposit of PLN 10m placed with the Bank.

On July 21st 2010, the Company executed annexes to the agreements, under which the term of the agreements was extended by one year, i.e. until July 20th 2011.

Furthermore, Deutsche Bank made available to the Company an overdraft facility in a HUF account up to the amount of EUR 1,150 thousand. As at June 30th 2010, PLN 0 was drawn under the facility.

Interest on loans and borrowings pertains only to current loans.

15. Notes to the Statement of Comprehensive Income

Revenue from Core Activities

Revenue from core activities	Jan 1 - Sep 30 2010	Jul 1 - Sep 30 2010	Jan 1 - Sep 30 2009	Jul 1 - Sep 30 2009
Revenue from trading in securities	38,313	12,583	26,907	10,405
Revenue from investment banking services	13,094	3,273	8,225	3,607
Revenue from management of investment funds	11,621	4,626	5,059	2,150
Revenue from advisory services	10,145	2,825	3,079	2,330
Other revenue from core activities	522	143	240	90
Total revenue from core activities	**73,695**	**23,450**	**43,510**	**18,582**

Costs of Core Activities

Costs of core activities	Jan 1 - Sep 30 2010	Jul 1 - Sep 30 2010	Jan 1 - Sep 30 2009	Jul 1 - Sep 30 2009
Affiliation	-	-	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	8,938	2,829	6,814	2,411
Fees payable to commercial chamber	-	-	17	-
Salaries and wages	25,036	8,509	19,313	6,774
Social security and other benefits	1,072	91	833	174
Employee benefits	147	49	196	56
Materials and energy used	386	134	731	426
Costs of maintenance and lease of buildings	1,161	397	1,033	291
Depreciation and amortisation	716	251	747	241
Taxes and other public charges	937	294	753	274
Other	12,803	3,670	5,064	1,688
Total costs of core activities	**51,196**	**16,224**	**35,501**	**12,335**

16. Income Tax

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

	Jan 1 - Sep 30 2010	Jul 1 - Sep 30 2010	Jan 1 - Sep 30 2009	Jul 1 - Sep 30 2009
Current income tax				
Current income tax expense	3,820	1,625	1,943	975
Deferred income tax				
Relating to occurrence and reversal of temporary differences	412	-22	-249	-88
Deferred income tax affecting equity	-212	-20	-6	-4
Income tax expense disclosed in the statement of comprehensive income	**4,020**	**1,583**	**1,688**	**884**

Tax Settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant penalties and other sanctions. As there is no possibility of referring to an established legal framework in Poland, the applicable regulations lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with better developed tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities for the Group.

17. Employee Benefits – Employee Share Option Plans

Relative to December 31st 2009 and June 30th 2010, no changes occurred in the number share options exercised or exercisable within the framework of the incentive schemes operated by the Company. In the comparative period, i.e. in Q3 2009, 357,143 shares were subscribed for by persons entitled to the first tranche under "Share Option Plan I".

The cost of the share option plans is not recognised in the separate financial statements, as the Polish Accountancy Act does not require such recognition. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the share option plans implemented by the Company in the consolidated financial statements of the Group.

At the consolidated level, the total costs related to the share option plans increased the cost of salaries and wages by PLN 787 thousand (PLN 228 thousand in Q3 2010) of which PLN 471 thousand was allocated to IPOPEMA TFI S.A. (out of which PLN 168 thousand relates to Q3 2010). The remainder (PLN 316 thousand), which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of the abovementioned agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the consolidated result of the Company also in 2010. Despite the fact that the Company was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

In the comparative period, the costs of those plans increased the cost of salaries and wages by PLN 2,085 thousand (in Q3 2009 by PLN 423 thousand), of which PLN 1,704 thousand was allocated to IPOPEMA TFI S.A. (out of which PLN 270 thousand relates to Q3 2009). The remaining amount (PLN 381 thousand) was charged to IPOPEMA Securities S.A.

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

18. Dividends Paid and Proposed

In the first nine months of 2010, the Group did not pay or resolve to pay any dividend. In the comparative period, i.e. in the first nine months of 2009, the General Shareholders Meeting of the Company resolved to pay dividend from the 2008 profit in the total amount of PLN 10m (PLN 0.35 per share). The dividend record date was set for September 15th 2009. However, as the number of shares carrying the right to dividend increased to 28,928,553 following the registration of 357,143 Series C shares with the National Depository for Securities on September 8th 2009, the following changes occurred:

- the dividend per share fell from PLN 0.35 to PLN 0.34; and
- the total amount of dividend fell from PLN 10m to PLN 9,836 thousand.

In accordance with Resolution No. 6 of the Company's Annual General Shareholders Meeting of June 30th 2009, the difference of PLN 164 thousand (and the balance of the 2008 profit, amounting to PLN 2,499 thousand) was allocated to the Company's reserve funds.

19. Issue, Redemption and Repayment of Debt and Equity Securities

In the first nine months of 2010 and in 2009, the Group companies had not issued, redeemed, or repaid any securities.

20. Exclusions of Companies from Consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., a subsidiary undertaking of IPOPEMA Securities, was not included in these condensed consolidated financial statements.

IPOPEMA Business Services Kft. – all figures in PLN '000	
Balance-sheet total as at Sep 30 2010	814
% share in parent's balance-sheet total	0.13
Revenue for period Jan 1 – Sep 30 2010	783
% share in parent's revenues	1.51
Net assets as at Sep 30 2010	251
Net profit (loss) for period Jan 1 – Sep 30 2010	246

21. Seasonality

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

22. Contingent Liabilities and Contingent Assets

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

23. Related Party Transactions

In the first nine months of 2010 and 2009, the Parent Undertaking and the IPOPEMA Securities Group companies did not enter into any related party transactions which were not transactions at arm's length and which could have any material impact on the net profit or loss of the Group.

Related Party Transactions – Income and Expenses (PLN '000)

Related party	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases
	Jan 1 – Sep 30 2010				Jan 1 – Sep 30 2009			
IPOPEMA BC	-	-	-	-	-	15	-	-
IPOPEMA TFI	-	92	-	-	-	83	-	-
IPOPEMA BS	-	23	558	-	-	-	-	-
Members of the Management Board and supervisory	-	-	739	-	-	-	113	-
Other related parties	-	-	26	11	850	-	7	3
Total	**-**	**115**	**1,323**	**11**	**850**	**98**	**120**	**3**

Related Party Transactions – Receivables and Liabilities

Related party	Receivables		Liabilities	
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Dec 31 2009
IPOPEMA BC	-	-	-	-
IPOPEMA TFI	-	-	-	-
IPOPEMA BS	1,090	-	-	-
Members of the Management Board and supervisory bodies	-	-	-	-
Other related parties	-	-	-	9
Total	**1,090**	**-**	**-**	**9**

IPOPEMA Securities provides brokerage services to funds managed by IPOPEMA TFI S.A., but transaction costs are charged directly to the funds.

24. Items of the Statement of Cash Flows

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

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

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

Structure of Cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Dec 31 2009
Cash and cash equivalents	**95,204**	**47,216**	**85,183**	**42,168**
1. Cash in hand	6	4	6	4
2. Cash at banks	27,595	3,606	27,595	3,606
3. Other cash	57,582	38,558	57,582	38,558
4. Cash equivalents (deposit for a period exceeding three months)	10,021	5,048	-	-
5. Change in cash resulting from currency exchange differences	-	-	-2	-

The difference between the presentation of cash in the balance sheet and the statement of cash flows, as at September 30th 2010, is related to foreign exchange losses of PLN 2 thousand and to the disclosure of a PLN 10m long-term deposit (maturing in more than three months after the balance-sheet date) in the amount of under investing activities and elimination of the accrued interest on the deposit in the amount of PLN 21 thousand.

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2009 is attributable to the disclosure of a PLN 5m long-term deposit (maturing in more than three months after the balance-sheet date) under investing activities and elimination of the accrued interest on the deposit in the amount of PLN 48 thousand.

Differences in Changes in Balance-Sheet Items

	Presentation in the balance sheet		Balance-sheet change	Presentation in the statement of cash flows – change
	Sep 30 2010	Dec 31 2009	Sep 30 2010	Sep 30 2010
Gross (current and non-current) receivables	550,192	331,266	-218,926	-215,341
Net receivables	547,831	329,015		
Impairment losses on receivables	2,361	2,251	110	
Provisions	6,458	7,016	-558	
- deferred tax liability	619	211		
- other provisions	5,839	6,805		
Deferred income tax charged to equity	13	5	-8	
Total change in impairment losses and provisions				**-676**
Current prepayments and accrued income	1,226	500	-726	
Non-current prepayments and accrued income	1,205	1,447		
- deferred tax assets	1,205	1,422		
- other prepayments and accrued income	-	25	25	
Deferred income tax charged to equity	-	3	-3	
Prepayments and accrued income (net of deferred tax asset)	**1,226**	**525**	**-704**	**-704**

The difference between the balance-sheet change in gross receivables and the amount recognised in the statement of cash flows is attributable to elimination from receivables of receivables under loans advanced, which were recorded in investing activities, and dividends receivable.

Explanation to Other Items of the Statement of Cash flows

	Jan 1 - Sep 30 2010	Jan 1 - Sep 30 2009
Cash flows from investing activities		
Other cash used in investing activities	671	-
- current loans advanced	671	-
Other cash provided by investing activities	211	13
- distributions from profit (dividends) received	74	-
- interest received	137	13

25. Information on Court Proceedings

On January 13th 2009, IPOPEMA Securities S.A. filed with the Regional Court a suit for payment of past due receivables of PLN 891 thousand. Impairment losses were recognised for the full amount of the disputed receivables. In the periods covered by these financial statements, the Group was not a party to any other court proceedings.

26. Material Events and Factors with a Bearing on the Financial Performance

Situation on the Equity Markets of the Warsaw and Budapest Stock Exchanges

In Q3 2010, the WIG index of the Warsaw Stock Exchange continued its upward trend started in March 2009. As regards trading on the WSE, Q3 2010 has been the weakest quarter of 2010 so far (the monthly average of trading values amounted to PLN 30.2bn, whereas in Q1 and Q2 it equalled PLN 30.7bn and PLN 36.0bn, respectively), which followed primarily from a considerable decrease in trading values in holiday months. In the first three quarters of 2010, the trading volume on the WSE grew by 21.0% relative to the corresponding period of 2009, and the Company slightly increased its share in stock trading (from 8.17% to 8.39%).

A similar situation holds for the Budapest Stock Exchange; following a better H1, Q3 2010 saw a considerable fall in trading values (the average monthly stock trading values amounted to EUR 2.7bn, compared with EUR 4.0bn in H1). The adverse effect of lower trading values was to some extent offset by the Company's improved share in stock trading on the BSE. In Q3 2010, the Company's average monthly share was 7.81% relative to 6.83% in Q2 2010.

Investment Banking Services

In the first three quarters of 2010, IPOPEMA Securities recorded a significantly improved performance in the area of investment banking activities. Revenue from this segment increased by 59.2% (to PLN 13,094 thousand as compared with PLN 8,225 thousand in Q1-Q3 2009), which resulted from a higher number of transactions handled and completed.

IPOPEMA TFI’s Business

The key factors that contributed to the considerably higher revenue from fund management were an increase in the number of funds under management and a higher value of assets held by the managed funds. It should be highlighted that the value of assets managed by Alior SFIO increased substantially (PLN 109.4m as at the end of September 2010 against PLN 13.7m a year earlier). Moreover, in Q3 2010, IPOPEMA TFI launched a new fund targeting a broad range of retail investors (IPOPEMA m-Indeks FIO), whose units are currently being distributed in cooperation with the BRE Bank Group.

IPOPEMA Business Consulting’s Business

In the first nine months of 2010, IPOPEMA Business Consulting recorded much better performance than in the corresponding period of 2009, with revenue growing three-fold, to PLN 10,145 thousand. However, it should be noted that 2009 was the first year of operations for IPOPEMA BC, and that the revenue generated in Q3 2009, amounting to PLN 2,330 thousand, was three times higher than the aggregate revenue in Q1 and Q2 2009 (PLN 749 thousand). The team of consultants had to be significantly expanded to handle the growing number of contracts (from 21 persons as at the end of September 2009 to 35 persons as at the end of September 2010), which involved an increase in salaries and wages and the cost of subcontracted services, resulting in a nearly two-fold increase in total cost of operations.

27. Events Subsequent to the End of Reporting Period

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st – September 30th 2010. No events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, November 9th 2010

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

Danuta Ciosek
Chief Accountant