The IPOPEMA
Securities Group

Consolidated Financial Statements

for the year ended december 31st 2009

along with the auditor's opinion

Contents

Compliance statement

The Management Board of IPOPEMA Securities S.A. represents that:

- to the best of its knowledge, the annual consolidated financial statements prepared as at December 31st 2009 and the comparable data have been prepared in compliance with the accounting principles in force and give a true, reliable and clear view of the assets, financial standing and financial performance of the IPOPEMA Securities Group;
- the Directors' Report on the Group's Operations in 2009 gives a fair view of the development and achievements of the Group, as well as describes the underlying risks and threats;
- BDO Sp. z o.o., registered office at Postępu 12, Warsaw, an entity qualified to audit financial statements, entered in the list of entities qualified to audit financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, the auditor of the annual non-consolidated and consolidated financial statements of the IPOPEMA Securities Group, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the annual consolidated financial statements of the IPOPEMA Securities Group as at December 31st 2009 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.

Warsaw, March 19th 2010

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

Financial Highlights

	PLN '000		EUR '000	
Consolidated Financial Highlights	**2009**	**2008**	**2009**	**2008**
Revenue from core activities	70,503	53,639	16,243	15,186
Costs of core activities	53,148	35,152	12,244	9,952
Profit (loss) on core activities	**17,355**	**18,487**	**3,999**	**5,234**
Operating profit (loss)	15,144	14,391	3,489	4,074
Pre-tax profit (loss)	**15,172**	**15,834**	**3,495**	**4,483**
Net profit (loss) from continuing operations	11,608	12,512	2,674	3,542
Net profit	**11,608**	**12,512**	**2,674**	**3,542**
Net earnings (loss) from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.40	0.44	0.09	0.12
- diluted	0.40	0.44	0.09	0.12
Net cash flows from operating activities	12,918	19,591	2,976	5,547
Total cash flows	**3,152**	**5,892**	**726**	**1,668**

	PLN '000		EUR '000	
Consolidated financial highlights	**Dec 31 2009**	**Dec 31 2008**	**Dec 31 2009**	**Dec 31 2008**
Total assets	386,005	139,073	93,960	33,332
Current liabilities	330,449	91,782	80,436	21,997
Equity	48,540	44,365	11,815	10,633
Number of shares (pcs.)	28,928,553	28,571,410	28,928,553	28,571,410
Book value per share (PLN/EUR)	1.68	1.55	0.41	0.37

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2009	2008
EURO	4.3406	3.5321

• Items of the statement of financial position:

Exchange rate as at:	*Dec 31 2009*	*Dec 31 2008*
EURO	4.1082	4.1724

These consolidated financial statements for the year ended December 31st 2009 were approved for publication by the Management Board on March 19th 2010.

Consolidated Statement of Comprehensive Income

for the year ended December 31st 2009

	Note	Jan 1 - Dec 31 2009	Jan 1 - Dec 31 2008
CONTINUING OPERATIONS			
Revenue from core activities, including:	18.1	70,503	53,639
Revenue from brokerage activities		55,320	49,219
Revenue from management of investment funds		8,832	4,420
Revenue from advisory services		6,351	-
Costs of core activities	18.2	53,148	35,152
Profit (loss) on core activities		**17,355**	**18,487**
Gain (loss) on transactions in financial instruments held for trading	18.4	- 880	- 2,440
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income	18.5	122	133
Other operating expenses	18.5	1,453	1,789
Operating profit (loss)		**15,144**	**14,391**
Finance income	18.3	1,982	3,223
Finance expenses	18.3	1,954	1,780
Pre-tax profit (loss)		**15,172**	**15,834**
Corporate income tax	21	3,564	3,322
Net profit (loss) on continuing operations		**11,608**	**12,512**
DISCONTINUED OPERATIONS		**-**	**-**
Profit (loss) for period on discontinued operations		**11,608**	**12,512**
Attributable to:			
Owners of the Parent		11,756	12,512
Minority interests		- 148	-
Earnings per share (PLN)	11	0.40	0.44
Diluted earnings per share (PLN)	11	0.40	0.44
Other comprehensive income		**3**	**35**
Gains and losses on revaluation of financial assets available for sale		4	43
Corporate income tax on items of other comprehensive income		- 1	- 8
Comprehensive income for period		**11,611**	**12,547**
Attributable to:			
Owners of the Parent		11,759	-
Minority interests		- 148	-

Warsaw, March 19th 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

Consolidated Statement of Financial Position

as at December 31st 2009

ASSETS	Note	Dec 31 2009	Dec 31 2008	Jan 1 2008
Cash and cash equivalents	15.1	47,216	39,016	33,124
Current receivables	15.2	328,904	93,578	22,465
Current prepayments and accrued income	15.3	500	646	652
Financial instruments held for trading	15.4	4,345	1,803	4,553
Financial instruments held to maturity		-	-	-
Financial instruments available for sale	15.5	420	357	-
Investments in jointly controlled and associated undertakings		-	-	-
Non-current receivables		111	-	-
Property, plant and equipment	15.6	1,576	1,683	1,355
Investment property		-	-	-
Intangible assets	15.7	1,486	1,318	615
Inventories		-	-	-
Non-current prepayments and accrued income	21.1	1,447	672	1,362
TOTAL ASSETS		**386,005**	**139,073**	**64,126**

EQUITY AND LIABILITIES		Dec 31 2009	Dec 31 2008	Jan 1 2008
Current liabilities	17.3	330,449	91,782	16,313
Other financial liabilities		-	-	-
Non-current liabilities		-	-	-
Provisions	17.1	7,016	2,926	6,207
Accruals and deferred income		-	-	-
Total liabilities		**337,465**	**94,708**	**22,520,**
Share capital	16.1	2,893	2,857	2,857
Other capital reserves	16.2 and 3	8,719	7,876	7,629
Retained earnings	16.3	35,552	33,632	31,120
Total equity		**47,164**	**44,365**	**41,606**
Equity attributable to minority interests	16.4	**1,376**	**-**	**-**
Total equity		**48,540**	**44,365**	**41,606**
TOTAL EQUITY AND LIABILITIES		**386,005**	**139,073**	**64,126**

Warsaw, March 19th 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

Consolidated Statement of Cash Flows

for the year ended December 31st 2009

		Jan 1 - Dec 31 2009	Jan 1 - Dec 31 2008
Cash flows from operating activities			
Pre-tax profit		**15,172**	**15,834**
Total adjustments:		**-2,254**	**3,757**
Profit (loss) attributable to minority interests		-	-
Amortisation/depreciation		1,021	1,394
Foreign-exchange gains (losses)		-	-
Interest and dividends		847	-62
Profit (loss) on investment activities		-	-
Change in financial instruments held for sale		-	-
Change in financial instruments held for trading		-2,542	2,749
Change in receivables		-236,161	-71,113
Change in current liabilities (net of loans and borrowings)		231,756	76,406
Change in provisions and in impairment losses on receivables		4,678	-3,380
Change in accruals and deferrals		119	52
Corporate income tax		-4,154	-2,571
Other adjustments (effect of incentive schemes)		2,182	282
Net cash provided by (used in) operating activities		**12,918**	**19,591**
Cash flows from investing activities			
Sale of financial instruments available for sale		7	200
Decrease in loans granted		7	-
Acquisition of property, plant and equipment and intangible assets		-1,081	-2,425
Acquisition of financial instruments available for sale		-5,067	-3,900
Increase in loans granted		-30	-
Other outflow		-	-
Net cash provided by (used in) investing activities		**-6,164**	**-6,125**
Cash flows from financing activities			
Increase in loans and borrowings		6,911	-
Issue of shares		218	3,300
Other inflow		87	62
Repayment of loans and borrowings		-	-936
Dividends to minority interests		-9,836	-10,000
Interest paid		-982	-
Other		-	-
Net cash provided by (used in) financing activities		**-3,602**	**-7,574**
Total cash flows		**3,152**	**5,892**
Increase in net cash and cash equivalents		3,152	5,892
Cash at beginning of period		**39,016**	**33,124**
Cash at end of period, including	**Note 27**	**42,168**	**39,016**
restricted cash		**-**	**-**

Warsaw, March 19th 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

Consolidated Statement of Changes In Equity

for the year ended December 31st 2009

	Equity attributable to owners of the Parent					Equity attributable to minority interests	Total equity
		Other components of equity					
	Share capital	Share premium account	Revaluation capital reserve	Other capital reserves	Retained earnings		
Balance at December 31st 2007	**2,857**	**11,374**	**-**	**-**	**27,375**	**-**	**41,606**
Data restated as at Jan 1 2008 following transition to IAS	-	-4,226	-	481	3,745	-	-
Balance at January 1st 2008 following transition	**2,857**	**7,148**	**-**	**481**	**31,120**	**-**	**41,606**
Profit for period	-	-	-	-	12,512	-	12,512
Costs of remuneration related to incentive scheme	-	-	-	282	-	-	281
Dividend payment	-	-	-	-	-10,000	-	-10,000
Other comprehensive income	-	-	-35	-	-	-	-35
Balance at December 31st 2008	**2,857**	**7,148**	**-35**	**763**	**33,632**	**-**	**44,365**
Balance at January 1st 2009	**2,857**	**7,148**	**-35**	**763**	**33,632**	**-**	**44,365**
Profit for period	-	-	-	-	11,756	-148	11,608
Issue of shares	36	132	-	-	-	50	218
Dividend payment	-	-	-	-	-9,836	-	-9,836
Other comprehensive income	-	-	3	-	-	-	3
Costs of remuneration related to incentive scheme	-	-	-	2,182	-	-	2,182
Change in value of IBC shares following dilution	-	-	-	-1,474	-	1,474	-
Balance at December 31st 2009	**2,893**	**7,280**	**-32**	**1,471**	**35,552**	**1,376**	**48,540**

Warsaw, March 19th 2010

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President of the Management Board

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Vice-President of the Management Board

Stanisław Waczkowski
Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Supplementary Notes

1. Information on the IPOPEMA Securities Group

The IPOPEMA Securities Group ("the Group") comprises undertakings which are 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 December 31st 2009, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its three subsidiary undertakings (the subsidiaries are presented in Section 2).

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.

Composition of the Management Board

As at the date of these financial statements, the Company's Management Board was composed of:

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

Composition of the Supervisory Board

As at the date of these financial statements, the Company's Supervisory Board was composed of

- Jacek Jonak – Chairman of the Supervisory Board
- Roman Miler – Deputy Chairman of the Supervisory Board
- Janusz Diemko – Secretary of the Supervisory Board
- Bogdan Kryca – Member of the Supervisory Board
- Wiktor Sliwinski – Member of the Supervisory Board

In 2009 and as at the date of these financial statements, there were no changes in the composition of the Management Board and the Supervisory Board of the Parent Undertaking.

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.

According to the sector/industry classification of the Warsaw Stock Exchange, the Group is classified as other finance (fin).

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.

The brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team, which prepares analyst reports, recommendations, and comments on the issuers listed on the WSE (the largest ones but also the medium-sized and smaller companies). The company has also established the Market Making and Proprietary Trading Department. Its activities focus on the most liquid instruments and consist in arbitrage transactions in shares and futures. Moreover, the Market Making Department offers market making for shares after first listing on the WSE with a view to ensuring liquid trading. The Department also makes proprietary investments within an assigned budget.

Further, Q4 2009 saw the launch of the Company's asset management service. It is currently offered by IPOPEMA Securities, but is planned to be transferred to IPOPEMA TFI in the future.

2. Composition of the Group

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

As at December 31st 2009, the Group comprised IPOPEMA Securities S.A. and the following companies:

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

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

IPOPEMA TFI was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iv) intermediation in the sale and redemption of investment fund units, and (v) representation service for foreign funds. IPOPEMA TFI's share capital amounts to PLN 3,000 thousand. Its Management Board is composed of Jarosław Wikaliński (President), Maciej Jasiński (Vice-President) and Marek Świętoń (Vice-President), who have many years of market practice and experience in the financial market, including in the area of asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Shareholders Meeting of IPOPEMA TFI.

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

IPOPEMA Business Consulting Sp. z o.o. was established on August 26th 2008. As at December 31st 2009, its share capital amounted to PLN 100,050 and was divided into 2,001 shares, of which 1,001 were held by IPOPEMA Securities S.A., and the remaining 1,000 shares were held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company's business profile comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) computer consultancy services, (iv) computer programming activities, (v) wholesale of computers, computer peripheral equipment and software.

In 2009, changes were made in IBC's share capital. The changes were entered in the National Court Register on August 10th 2009. The resultant change in the interest in IBC, in the amount of PLN 1,474 thousand, did not cause a loss of control over IBC and was disclosed as an equity transaction under "Other components of equity".

IPOPEMA Business Services Kft. ("IBS") – Subsidiary

IPOPEMA Business Services Kft. is a commercial company under Hungarian law, established on December 10th 2009, with registered offices in Budapest, Hungary. Its founder and sole shareholder is IPOPEMA Securities S.A. IBS's share capital totals HUF 500,000 (PLN 8,000). The core business of the subsidiary is the provision of office and business support services, e.g. for IPOPEMA Securities agents, who are planned to be involved in brokerage activities to be conducted at the Budapest Stock Exchange (BSE).The company has a single-person Management Board: Marcin Kurowski, IPOPEMA Securities S.A.'s employee with a long record of service, in the capacity of President.

As at December 31st 2008, the Group comprised IPOPEMA Securities S.A. and the following companies:

	Company name	Business profile	Consolidation method	% of share capital held	% of total vote held
Subsidiaries					
1.	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of an investment fund company, as well as the creation and management of investment funds; - discretionary management of securities portfolio; - 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%
2.	IPOPEMA Business Consulting Sp. z o. o.	- other business and management consulting services; - computer facilities management activities; - computer consultancy services; - computer programming activities; - wholesale of computers, computer peripheral equipment and software.	full	100%	100%

3. Basis for Preparation of the Consolidated Financial Statements

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

These consolidated financial statements were prepared in accordance with the historical cost convention, save for financial assets available for sale and financial assets and financial liabilities held for trading, which are measured at fair value.

These consolidated financial statements cover the year ended December 31st 2009 and contain comparable data for the year ended December 31st 2008.

These financial statements are the first annual consolidated financial statements of the Group and the first annual statements prepared according to the IFRS.

3.1. Compliance Statement

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (the "IFRS"). The other standards, amendments to the applicable standards and the interpretations of the International Financial Reporting Interpretations Committee which have been endorsed recently or are pending endorsement are not connected with the Group's operations and their effect on the financial statements of the Group would be insignificant.

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

The Group keeps its accounting books in accordance with the accounting principles set forth by the Polish Accountancy Act of September 29th 1994 (the “Act”) and its related regulations (“Polish Accounting Standards”). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group undertakings but which are made to achieve compliance of the undertakings’ financial statements with the IFRS.

3.2. Measurement Currency and Reporting Currency of the Financial Statements

The measurement currency and the reporting currency of these consolidated financial statements is the Polish złoty. These consolidated financial statements are presented in the złoty (“PLN”) and all the data herein is presented in thousands of Polish złoty, unless stated otherwise.

4. Material Accounting Policies

These consolidated financial statements have been prepared in accordance with the following International Financial Reporting Standards which took effect in 2009 (the standards are applied retrospectively):

- Amendments to IAS 1 Presentation of Financial Statements – published on September 6th 2007 and endorsed by the European Union on December 17th 2008. The amendments apply to financial statements for periods beginning on or after January 1st 2009. The amended IAS 1 prescribes changes in the titles of basic financial statements and in the presentation of the balance sheet, statement of comprehensive income, and changes in equity. The Group prepared these consolidated financial statements applying the amended standard retrospectively.
- IFRS 8 Operating Segments, which replaced IAS 14 Segment Reporting as of its effective date. According to the standard, reportable operating segments should be identified and their performance measured in reliance on the same approach as the one adopted by the management. The standard has been applied retrospectively, in compliance with transitional requirements.
- Amendments to IFRS 1 First-Time Adoption of the International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate - in accordance with the amendments to IFRS 1, an undertaking applying the IFRS for the first time will be able to present in its separate financial statements the cost of an investment in a subsidiary, jointly controlled entity or associate in accordance with IAS 27 or on the basis of deemed cost. According to the amended IAS 27, all dividends received from a subsidiary, jointly controlled entity or associate must be recognised in the statement of comprehensive income of the parent undertaking’ separate financial statements. The new requirements apply only to the separate financial statements of the parent and have no effect on consolidated financial statements.
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation – the amendments introduce an exception, limited in scope, concerning puttable financial instruments which can be classified as equity provided they meet specific conditions. The amendments did not affect the financial standing or performance of the Group, as the Group did not issue such instruments.
- Amendments to IFRS 2 Share-Based Payments: Vesting Conditions and Cancellations – published on January 17th 2008 and endorsed by the European Union on December 16th 2008. The amendment is effective for annual periods beginning on or after January 1st 2009. Changes resulting from the amendment according to transitional provisions did not affect the consolidated financial performance or the value of equity.
- Amendments to IFRS 7 Financial Instruments: Disclosures – the amended standard provides for enhanced disclosure concerning financial instruments. It was published on March 5th 2009 and is effective for reporting periods beginning on or after January 1st 2009. The Group changed the presentation in accordance with the revised requirements.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – published on July 4th 2007 and endorsed by the European Union on December 16th 2008. The interpretation is effective for annual periods beginning on or after January 1st 2009. The amendments did not affect the consolidated financial performance or the value of equity.

- IFRIC 17 Distribution of Non-cash Assets to Owners – published on November 27th 2008. The interpretation provides guidance on the accounting treatment of distributions of non-cash assets to owners. In particular, it clarifies that a dividend should be measured at the fair value of the assets distributed, and that any difference between this amount and the previous carrying amount of the assets distributed should be recognised in profit or loss when the entity settles the dividend payable. The interpretation does not apply to distributions of non-cash assets where no changes in control over these assets occur. IFRIC 17 applies prospectively to annual periods beginning on or after July 1st 2009. The interpretation did not affect the consolidated financial statements.
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation – the Interpretation provides guidance on recognition of hedges of a net investment in a foreign operation, and in particular on identifying the foreign currency risks that qualify as a hedged risk in the hedge of a net investment in a foreign operation, where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting, and how an entity should determine the amount of positive or negative exchange difference, concerning both the net investment and the hedging instrument, to be reclassified from equity to the statement of comprehensive income when the entity disposes of the investment. The application of IFRIC 16 did not affect the consolidated financial statements. The Group does not apply hedge accounting.
- IFRS (2008) Improvements to International Financial Reporting Standards - published on May 22nd 2008 and endorsed by the European Union on January 23rd 2009. The majority of improvements are effective for annual periods beginning on or after January 1st 2009, with earlier application permitted provided that the requirements specified in the standard are met. The amendments introduced have clarified the required accounting treatment where previously practice had varied. Principal among these are new or revised requirements regarding: (i) classification as held for sale of assets and liabilities of a subsidiary where the parent entity is committed to a plan to sell its controlling interest but intends to retain a non-controlling interest, (ii) reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale, and the recognition of income from disposal of such assets as revenue, (iii) recognition of a government grant arising from government loans at below-market interests, (iv) classification of property under construction for investment purposes as investment property under IAS 40, which results in the property being measured at fair value if that complies with the entity's general accounting policy and the fair value of the property under construction may be measured reliably. Changes resulting from the amendment according to transitional provisions did not affect the Group's consolidated financial performance and the value of its equity.
- Amendments to IAS 23 Borrowing Costs – published on March 29th 2007 and endorsed by the European Union on December 10th 2008. The amendments should be applied to preparation of financial statements for periods beginning on or after January 1st 2009. According to the revised standard, it is no longer possible to recognise borrowing costs directly in the statement of comprehensive income. The amendments to this standard did not affect the Group's consolidated financial performance and the value of its equity. Moreover, they had no significant bearing on the Group's financial statements since the Group did not incur any liabilities financing the production or acquisition of fixed assets.
- IFRIC 15 Agreements for the Construction of Real Estate - the interpretation concerns accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 "Construction Contracts" or IAS 18 "Revenue". The interpretation did not affect the Group's financial statements.
- Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives – the amendments clarify principles of accounting for embedded derivatives in case of reclassification of financial instruments. The amendments did not affect the Group's financial statements.

5. 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 ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC"), but are not effective yet:

- Improvements to IFRS 2009 – on April 16th 2009 the International Accounting Standards Board published "Improvements to IFRS", which revise 12 standards. The improvements include changes to presentation, recognition and measurement as well as terminology and editing changes. The majority of changes will be effective for annual periods beginning on January 1st 2010, though some amendments will become effective on or after July 1st 2009. The Group is currently assessing the impact of these improvements on its financial statements.
- Amendments to IFRS 2 Share-based Payment – Cash-settled Share-based Payment Transactions – published on June 18th 2009. The amendments clarify accounting principles for group cash-settled share-based payment transactions applicable to non-consolidated financial statements of the entity which receives goods or services but is not required to settle share-based payment transactions. The amendments are affective for annual periods beginning on or after January 1st 2010. The amendments will not affect the Group's financial statements.
- Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters – published on July 23rd 2009. The amendments will be effective for annual periods beginning on or after January 1st 2010. They will not affect the Group's financial statements.
- Amendments to IAS 32 Classification of Rights Issues – published on October 8th 2009. The amendment addresses the classification of instruments, which entitle the holders to purchase the entity's equity instruments at a fixed price, when the price is given in a currency other than the functional currency of the entity. The amendment will be effective for annual periods beginning on or after February 1st 2010. They will not affect the Group's financial statements.
- Revised IAS 24 Related Party Disclosures – published on November 4th 2009. The revised standard simplifies the definition of related party, clarifies its intended meanings and provides a partial exemption from the disclosure requirements of IAS 24 for government-related entities. The revised standard will be effective for annual periods beginning on or after January 1st 2011. The Group is currently assessing the impact of the revised standard on its financial statements.
- IFRS 9 Financial Instruments – published on November 12th 2009, replaces IAS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classifying and measuring financial assets, including some hybrid financial instruments. The standard requires that all financial assets are:
  - classified based on the entity's business model and the contractual cash flow characteristics of the financial assets,
  - measured at fair value plus transaction costs in the case of financial assets not measured at fair value through profit or loss,
  - measured at amortised cost or at fair value.

The new requirements improve and simplify the classification and measurement of financial assets as compared with IAS 39. The standard introduces a unified classification method, replacing many financial asset categories to which specific classification criteria applied under IAS 39. New requirements introduce also a single impairment testing method instead of many different impairment testing methods under IAS 39 which resulted from different classification categories. The standard will be effective for annual periods beginning on or after January 1st 2013. The Group is currently assessing the impact of the new standard on its financial statements.

- Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement - published on November 26th 2009. The amendments correct an unintended consequence arising from the treatment of prepayment of future contributions when there is a minimum funding requirement. The amendment applies only when:
  - an entity is subject to minimum funding requirements, and
  - makes prepayment to cover those requirements.

The amended IFRIC 14 permits an entity to recognise the benefit from prepayment of contributions as an asset. The amendments will be effective for annual periods beginning on or after January 1st 2011. The Group is currently assessing the impact of the amended standard on its financial statements.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments - published on November 26th 2009. The interpretation clarifies accounting requirements when an entity renegotiates the terms of a financial liability with its creditor and issues equity instruments in order to settle, in full or in part, the financial liability. It does not address accounting for the transaction by the creditor. The interpretation will be effective for annual periods beginning on or after July 1st 2010. The Group is currently assessing the impact of the interpretation on its financial statements.
- IAS 39 (amended) Financial Instruments: Recognition and Management – published on July 31st 2008, applied retrospectively to annual periods beginning on or after July 1st 2009. Earlier application is permitted. The amendments provide clarification on two issues in relation to hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options. The amendments make clear that inflation may only be hedged if changes in inflation are a contractually specified portion of cash flows of a recognised financial instrument. The amendments also clarify that a risk-free or benchmark interest rate portion of the fair value of a fixed-rate financial instrument may normally be separately identified and reliably measured and therefore may be hedged. The revised IAS 39 permits an entity to designate purchased (or net purchased) options as a hedging instrument in a hedge of financial or non-financial item. An entity may designate an option as a hedge of changes in cash flows or fair value of a hedged item above or below a specified price or other variable (one-sided risk). The amendments will not affect the Group's financial statements.
- IFRIC 12 Service Concession Arrangements - the interpretation was published on November 30th 2006 and is effective for annual periods beginning on or after January 1st 2008. The interpretation provides guidance on how service concession operators should account for the obligations they undertake in service concession arrangements. IFRIC 12 addresses those arrangements where the grantor controls or regulates what services the operator must provide using the asset, and also controls any significant residual interest in the asset at the end of the term of the arrangement. The amendments will not affect the Group's financial statements.

The Group believes that the application of those standards and interpretations will not have a material bearing on the financial statements in the initial period of application, unless indicated otherwise in the descriptions of particular amendments.

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

6. Earlier Application of Standards and Interpretations

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 in the initial accounting for a business combination, resulting from the 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 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. 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 consolidated financial statements as an equity transaction. Details concerning the transaction are presented in Note 2 to the consolidated financial statements.

7. First-Time Adoption of the International Financial Reporting Standards

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

The annual financial statements of the Parent Undertaking IPOPEMA Securities S.A. and the subsidiary undertaking IPOPEMA TFI S.A. for the financial year ended December 31st 2008 were prepared in accordance with the Polish Accounting Standards defined in the Polish Accountancy Act.

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

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

For information on the effect of these adjustments on the financial statements, see Note 12.

8. Material Amounts Based on Professional Judgments and Estimates

8.1. Professional Judgements

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

– present a true, clear and fair picture of the Group's assets, its financial standing, results of operations and cash flows,

– reflect the economic substance of the transaction,

– are objective,

– conform with the principles of prudent valuation,

– are complete in all material respects.

The Group makes judgments and estimates which affect the value of assets and liabilities to be disclosed in the following period. The judgments and estimates are reviewed on an on-going basis and are based on past experience and other factors, including expectations as to future events which seem justified in a given situation.

For information on the subjective judgments made as at December 31st 2009 and details of estimates and judgments, see Note 8.2.

8.2. Estimation Uncertainty

The preparation of consolidated financial statements requires the Group to make estimates because a large amount of the reported data cannot be measured precisely. The Group reviews the adopted estimates based on changes in the factors underlying such estimates, as well as in the light of new information and past experience. Therefore, estimates made as at December 31st 2009 may be subject to future revision. For information on the key estimates, see the following Notes:

Note		Type of disclosure
10.7.1	Impairment losses on receivables	Main assumptions underlying determination of recoverable value
10.4 and 10.5	Useful life of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at least annually, at the end of the financial year
10.12	Provisions for expenses	Assumptions underlying creation of provisions

9. Changes in Estimates

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

The application of new useful life by the Parent Undertaking resulted in depreciation and amortisation of PLN 785 thousand for 2009, while under the policies applied for 2008 depreciation and amortisation would have amounted to PLN 1,550 thousand. The depreciation and amortisation rates for tax purposes have not changed. A deferred tax liability was created for the difference between the tax value and carrying value.

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

10. Key Accounting Policies

10.1. Consolidation Rules

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

The subsidiary undertaking IPOPEMA Business Services Kft. ("IBS") was excluded from consolidation for 2009 due to insignificance of its financial data in relation to the Group's financial data and due to the short period of its operations (IBS was incorporated on December 10th 2009).

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

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

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

10.2. Correction of errors

There are no error corrections in these financial statements.

10.3. Translation of Foreign-Currency Items

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

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,

2) the mid-exchange rate quoted for a given currency by the National Bank of Poland ("NBP") as at the date preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1) is not justified, and in the case of other transactions.

As at the 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	Dec 31 2009	Dec 31 2008
USD	2.8503	2.9618
EURO	4.1082	4.1724
100 HUF	1.5168	1.5757
GBP	4.5986	4.2913

10.4. Property, Plant and Equipment

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

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.

Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

Depreciation (amortisation) is charged using the straight-line method over the estimated useful life of an asset. The depreciation (amortization) rates applied by the Group are presented in the table below.

Type of asset	Depreciation/amortisation rate
Plant and equipment	10%
Office equipment	20%
Computers	11% - 30%
Leasehold improvements	10%
Intangible assets	6% - 50%

If during the preparation of financial statements there occur any circumstances indicating that the carrying value of an asset may not be recoverable, such assets are tested for impairment. If there is evidence of impairment and the carrying value of an asset exceeds its estimated recoverable amount, then the carrying value of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value-in-use. To calculate the value-in-use, the Group discounts the expected future cash flows to their present value using a pre-tax rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are charged to the consolidated statement of comprehensive income as other operating costs.

Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their further use. Gains or losses arising on derecognition of a given item from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying value of the asset) are included in the consolidated statement of comprehensive income in the period when the item was derecognised.

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

10.5. Intangible Assets

Intangible assets acquired in a separate transaction are initially carried at acquisition or production cost. Following initial recognition, intangible assets are carried at acquisition or production cost less accumulated amortisation and impairment losses.

Depending on the type of an asset, the amortisation period of intangible assets is two or five years.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with indefinite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at each financial year-end or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in the asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates.

10.6. Financial Instruments

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

Financial instruments are classified in the following categories:

Financial assets

- financial assets at fair value through profit or loss (including financial instruments held for trading)
- loans and receivables
- financial instruments held to maturity
- financial instruments available for sale

Financial liabilities

- financial liabilities at fair value through profit or loss (including financial instruments held for trading),
- financial liabilities at amortised cost

The Group classifies each financial instrument into a given category upon initial recognition.

Financial instruments and financial liabilities measured at fair value through profit or loss

A financial asset is designated as held for trading if it is acquired or incurred principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking or if it is a derivative with positive fair value.

The Group designates a financial asset/liability as measured at fair value through profit or loss if:

- it is classified as held for trading (i.e. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative (except for a derivative that is a designated as an effective hedging instrument), or
- upon initial recognition, it was designated by the entity as a financial asset/liability at fair value through profit or loss.

As far as the Group is concerned, the category includes primarily equity instruments acquired for resale in the near term. They comprise shares and derivatives traded on the Warsaw Stock Exchange. 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. The fair value is determined based on the price of a relevant instrument quoted on the Warsaw Stock Exchange. Derivatives with positive fair values are disclosed in the statement of financial position as assets, while those with negative fair values – as liabilities.

Financial instruments and financial liabilities acquired through 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 at fair value as at each reporting date, and any gains or losses are carried as income or expenses related to financial instruments held for trading. Valuation of derivatives at fair value is made as at the end of a reporting period, based on the then-current stock exchange quotations.

Financial instruments held to maturity

Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturities that the Group intends and is able to hold to maturity.

As at each reporting date, financial assets held to maturity are measured at amortised cost using the effective interest rate.

At the end of the reporting period, the Group had no financial instruments held to maturity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms not traded on the 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 insignificant. 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 elsewhere.

Financial instruments available for sale

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

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

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

Acquisition and sale of financial instruments available for sale are recognized as at the transaction date. At the initial recognition, they are measured at acquisition price (fair value), including the transaction costs. Investment fund participation units are measured at current price, i.e. the net asset value per participation unit last published by the investment fund. Shares in subsidiary undertakings not subject to consolidation are evaluated at the acquisition cost less impairment losses. Investment certificates are carried at fair value based on the net value published by the investment fund upon agreement 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 through the expected life of a given liability or, when appropriate, a shorter period.

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

10.7. Receivables

10.7.1 Current Receivables

Current receivables include all the 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 as of 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 revalued to account for the probability of their non-payment through the recognition of impairment losses. The Group makes impairment charges if there is objective evidence that it will not be able to recover all the amounts due under the original contractual terms.

Impairment charges are made, in particular, for:

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

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

Impairment losses on receivables are carried under other operating expenses. Where a receivable is confirmed to be unrecoverable, the cost connected with recognition of an impairment loss is a tax-deductible expense; otherwise, it is not a tax-deductible expense. Impairment losses are reversed if the value impairment decreases in subsequent periods and the increase in the value of receivables may be attributed to events occurring after the impairment 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 cleared at the National Depository for Securities ("Polish NDS") due to the transaction settlement procedure in force (T+3). In the case of purchase transactions on the Warsaw Stock Exchange ("WSE") to execute orders placed by clients whose accounts are kept by custodian banks, the Company recognises current liabilities towards 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.

10.7.2 Non-Current Receivables

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

10.8. Impairment

As at each reporting date the Group evaluates whether there is objective evidence of impairment of an asset. Tests for three groups of assets: goodwill, intangible assets without a specified useful life, and intangible assets not yet available for use – are made on an annual basis, regardless of whether there is any objective evidence of impairment. These types of assets may be tested for impairment at any time during the year.

The following evidence 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 be 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 return on investment rates 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,
- evidence originating from internal reporting exists for poorer than expected, current or future, economic performance of a particular asset type.

10.9. Cash and Cash Equivalents

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

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

10.10. Equity

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

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

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

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

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

The core capital established for the purpose of computing regulatory capital, comprises:

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

Tier 2 (supplementary) capital of the brokerage house comprises:

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

Capital requirements were met in the current and in the previous year.

10.11. Liabilities

10.11.1 Current Liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting periods. 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 section 10.6 above.

The recognition of current liabilities under executed transactions is discussed in item 10.7.1 above.

10.11.2 Non-current liabilities

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

10.12. Provisions

Provisions are created if as a result of a past event the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the Group anticipates that the costs for which provisions have been made will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate item of assets, but only when such recovery is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income, less any recoveries.

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

10.13. Accrual Basis and Matching Principle

In determining its net profit (loss), the Group takes into account all generated revenues and incurred related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which have yet to be incurred are posted under assets or liabilities, as applicable, of that period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

10.14. Revenue from Core Activities

Revenue includes only received or receivable inflows of economic benefits, on a gross basis, by a business entity for its own account.

Revenue is recognised to the extent it is probable that the Group will obtain economic benefits from a given transaction and the amount of revenue can be reliably measured. Revenue is recognised net of value added tax. The amount of revenue is measured at fair value of the payment received or receivable.

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

The Group's main sources of revenue include revenue on transactions in securities concluded for the clients and revenue on investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges collected for the creation of individual funds and issuing investment certificates of the funds, revenue from consultancy services in the area of strategy and operating activities of enterprises, as well as from IT consultancy services.

Revenue on transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as the intermediary in transactions concluded by institutional clients on the equity market of the Warsaw Stock Exchange. Revenue on transactions in securities depends on the trading volume and is recognised with each concluded transaction. Advisory revenue is recorded on a pro-rata basis in line with the progress of work under an advisory mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

10.15. Gain (loss) on Financial Instruments

10.15.1 Gain (loss) on transactions in financial instruments held for trading

Gain (loss) on transactions in financial instruments held for trading includes dividends and other distributions from profit, interest, valuation adjustments and gain on sale/redemption. Costs related to financial instruments held for trading include valuation adjustments and loss on sale/redemption.

10.15.2 Gain (loss) on transactions in financial instruments held to maturity

Gain (loss) on transactions in financial instruments held to maturity includes interests, valuation adjustments, discount deduction from debt securities and gain on sale/redemption. Costs related to financial instruments held to maturity include valuation adjustments, depreciation of premiums on debt securities and loss on sale/redemption.

10.15.3 Gain (loss) on transactions in financial instruments available for sale

Gain (loss) on transactions in financial instruments available for sale includes dividends and other distributions from profit, interest, valuation adjustments, discount deduction from debt securities and gain on sale/redemption. Costs related to financial instruments available for sale include impairment losses, depreciation of premiums on debt securities and loss on sale/redemption.

10.16. Share-based payments

Equity-settled share-based payments for employees and other persons providing similar services are measured at the fair value of equity instruments as at the grant date.

The fair value of equity-settled share-based payments measured as at the grant date is recognised as an expense during the vesting period using the straight-line method, based on the Group's estimates regarding equity instruments to be granted. At the end of each reporting period the Group revises its estimates of the number of equity instruments to be granted. Potential impact of this revision is recognised in the statement of comprehensive income over the remaining period of granting, with relevant adjustments made in the provision for equity-settled employee benefits.

10.17. Finance Income and Expenses

The Group's finance income includes interest on investments and deposits, interest on loans advanced, other interest and foreign-exchange gains. Interest income is recognised in the statement of comprehensive income as it accrues.

The Group classifies as finance expenses in particular: borrowing costs, interest on loans and borrowings, other interest, and foreign-exchange and financial transaction losses.

Foreign-exchange gains/losses on the collection or payment and balance-sheet measurement of trade receivables and liabilities are posted to finance income or expenses.

Borrowing costs are measured at amortised cost.

The Group capitalises borrowing costs as expenses incurred in connection with obtaining loans granted for periods exceeding 12 months. Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are capitalised. Borrowing costs eligible for capitalisation are recognised in periods in which they are incurred.

The Group does not incur borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

10.18. Corporate Income Tax

10.18.1 Current Income Tax

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

10.18.2 Deferred Income Tax

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

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

Deferred tax assets are recognised in relation to all deductible temporary differences and unused tax assets.

The carrying value of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable profits sufficient for a partial or full realisation of this deferred tax asset would be generated.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or release of particular provision, based on tax rates (and tax legislation) effective as at the end of the reporting period or tax rates (and tax legislation) which as at the end of the reporting period are certain to be effective in the future. The carrying value of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable profits sufficient for a partial or full realisation of this deferred tax asset would be generated. [zaznaczony na zielono fragment jest taki sam, jak na początku tego akapitu]

11. Net Earnings per Share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted by all potentially dilutive ordinary shares. In the Company's case, they are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company. To date, 1,880,952 shares have been allocated to be acquired – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 345,232 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share. Given the low number of dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these financial statements are similar.

	Dec 31 2009	Dec 31 2008
Number of shares according to the National Court Register (KRS)	28,928,553	28,571,410
Weighted average number of shares	28,690,784	28,571,410
Diluted number of shares	28,999,944	28,571,410
Net earnings from continuing operations		
- basic	0.40	0.44
- diluted	0.40	0.44

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

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

	Equity as at Dec 31 2008	Equity as at Jan 1 2008	Net profit for period Jan 1 - Dec 31 2008
Data disclosed in the consolidated financial statements prepared in accordance with the Polish Accounting Standards	44,365	41,606	12,759
Effect of applying IFRS 1:	**-**	**-**	**-**
Recognition of costs related to implementation of incentive schemes	-763	-481	-282
Recognition of other components of equity related to implementation of incentive schemes	763	481	-
Measurement of financial instruments available for sale through equity	-43	-	43
Recognition of deferred income tax under measurement of financial instruments available for sale	8	-	-8
Data disclosed in these consolidated financial statements prepared in accordance with the IFRS	**44,365**	**41,606**	**12,512**

The amounts disclosed include the effect of deferred income tax.

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

12.1. Effect of Applying IFRS 1

As explained in Note 12, the Group applied IFRS 1 in the financial statements for the year ended December 31st 2009. IFRS 1 requires the Group to recognise all assets and liabilities which fulfil the recognition criteria specified in the IFRS and to measure such assets in accordance with each of the IFRS. January 1st 2008 is the date of transition to the IFRS. The Group prepared these consolidated financial statements applying the provisions of each IRFS which was in effect on December 31st 2009, provided that such application was allowed.

12.1.1 Fair Value of Property, Plant and Equipment

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

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

12.1.2 Financial Instruments

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

12.1.3 Cost of Incentive Schemes

In accordance with IFRS 2, the Group recognises the cost of incentive schemes in the statement of comprehensive income. In the financial statements prepared in accordance with the PAS, the cost of incentive schemes was not recognised. The recognised incentive scheme cost amounted to PLN 282 thousand in 2008 and to PLN 2,182 thousand in 2009. The cost of incentive schemes recognised in equity in 2006 and 2007 amounted to PLN 481 thousand.

For detailed information on the incentive schemes, see Note 19.1.

12.1.4 Effect on Deferred Income Tax

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

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

13. Seasonality

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

14. 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. IPOPEMASecurities segment: brokerage activities and investment banking; the segment is focused 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. Other services provided by the segment are corporate financial restructuring and asset management.
2. IPOPEMATFI segment: mainly operation of an investment fund company, as well as creation and management of investment funds.
3. IPOPEMA Business Consulting Sp. z o.o. segment: mainly business and management consulting services, computer facilities management activities, IT consultancy services and software-related activities.

Jan 1 - Dec 31 2009	Continuing operations *				Discontinued operations	Exclusions	Total operations	Total operations, including:	
	Brokerage and related services	Investment fund management	Consultancy services	Total				Poland	Other
Revenue:									
Sales to external clients, including:	55,320	8,832	6,351	70,503	-	-	70,503	70,503	-
- to clients for each of whom the value of transactions in period exceeds 10% of revenue	-	-	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-
Segment's total revenue	**55,320**	**8,832**	**6,351**	**70,503**	**-**	**-**	**70,503**	**70,503**	**-**
Segment's total costs and expenses	**- 37,774**	**- 8,648**	**- 6,726**	**- 53,148**	**-**	**-**	**- 53,148**	**- 53,148**	**-**
Segment's profit (loss)	**17,546**	**184**	**- 375**	**17,355**	**-**	**-**	**17,355**	**17,355**	**-**
Unattributed costs	-	-	-	-	-	-	-	-	-
Profit (loss) on continuing operations before tax and finance expenses	17,546	184	- 375	17,355	-	-	17,355	17,355	-
Interest income	1,468	19	44	1,531	-	-	1,531	1,531	-
Interest expenses	-982	-	-	-982	-	-	-982	-982	-
Other net finance income/expenses	- 1,399	-	- 1	- 1,400	-	-	- 1,400	- 1,400	-
Other operating income/expenses	- 1,222	- 95	- 15	- 1,332	-	-	- 1,332	- 1,332	-
Profit (loss) before tax and minority interests	15,411	108	- 347	15,172	-	-	15,172	15,172	-
Corporate income tax	-3,302	-317	- 55	-3,564	-	-	-3,564	-3,564	-
Net profit (loss) for the financial year	**12,109**	**- 209**	**- 292**	**11,608**	**-**	**-**	**11,608**	**11,608**	**-**
Assets and liabilities as at Dec 31 2009									
Segment's assets	377,288	4,798	3,919	386,005	-	-	386,005	386,005	-
Unattributed assets	-	-	-	-	-	-	-	-	-
Total assets	**377,88**	**4,798**	**3,919**	**386,005**	**-**	**-**	**386,005**	**386,005**	**-**
Segment's liabilities	328,206	1,315	928	330,449	-	-	330,449	330,449	-
Provisions for liabilities and other provisions	6,676	102	238	7,016	-	-	7,016	7,016	-
Segment's profit (loss)	12,109	- 209	- 292	11,608	-	-	11,608	11,608	-
Equity attributable to owners of the Parent	36,154	729	- 1,327	35,556	-	-	35,556	35,556	-
Equity attributable to minority interests	-	-	1,376	1,376	-	-	1,376	1,376	-
Total equity and liabilities	**383,145**	**1,937**	**923**	**386,005**	**-**	**-**	**386,005**	**386,005**	**-**

Other segment-related data for period Jan 1 - Dec 31 2009									
Capital expenditure, including on:	902	56	123	1,081			1,081	1,081	
property, plant and equipment	354	49	86	489	-	-	489	489	-
intangible assets	548	7	37	592	-	-	592	592	-
Depreciation of property, plant and equipment	409	66	122	597	-	-	597	597	-
Amortisation of intangible assets	377	7	40	424	-	-	424	424	-
Impairment losses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

Jan 1 – Dec 31 2008	Continuing operations *				Discontinued operations	Exclusions	Total operations	Total operations, including:	
	Brokerage and related services	Investment fund management	Consultancy services	Total				Poland	Other
Revenue:									
Sales to external clients, including:	49,219	4,420	--	53,639	-	-	53,639	53,639	-
- to clients for each of whom value of transactions in period exceeds 10% of revenue	-	-	-	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-	-	-	-
Segment's total revenue	**49,219**	**4,420**	**-**	**53,639**	**-**	**-**	**53,639**	**53,639**	**-**
Segment's total cost and expenses	**- 31,139**	**- 3,964**	**- 49**	**- 35,152**	**-**	**-**	**- 35,152**	**- 35,152**	**-**
Segment's profit (loss)	**18,080**	**456**	**- 49**	**18,487**	**-**	**-**	**18,487**	**18,487**	**-**
Unattributed costs	-	-	-	-	-	-			-
Profit (loss) on continuing operations before tax and finance expenses	18,080	456	- 49	18,487	-	-	18,487	18,487	-
Interest income	2,578	18	48	2,644	-	-	2,644	2,644	-
Interest expenses	-1,189	-	-	-1,189	-	-	-1,189	- 1,189	-
Other net finance income/expenses	- 2,452	-	-	- 2,452	-	-	- 2,452	- 2,452	-
Other operating income/expenses	- 1,483	- 173	-	- 1,656	-	-	- 1,656	- 1,656	-
Profit (loss) before tax and minority interests	15,534	301	- 1	15,834	-	-	15,834	15,834	-
Corporate income tax	-3,327	5	-	-3,322	-	-	-3,322	-3,322	-

Net profit (loss) for the financial year	**12,207**	**306**	**- 1**	**12,512**	**-**	**-**	**12,512**	**12,512**	**-**
Assets and liabilities as at Dec 31 2008	**133,606**	**2,361**	**3,106**	**139,073**	**-**	**-**	**139,073**	**139,073**	**-**
Segment's assets	-	-	-	-	-	-	-	-	-
Unattributed assets	133,606	2,361	3,106	139,073	-	-	139,073	139,073	-
Total assets	**133,606**	**2,361**	**3,106**	**139,073**	**-**	**-**	**139,073**	**139,073**	**-**
Segment's liabilities	91,372	303	107	91,782	-	-	91,782	91,782	-
Provisions for liabilities and other provisions	2,851	75	-	2,926	-	-	2,926	2,926	-
Segment's profit (loss)	12,207	306	-1	12,512	-	-	12,512	12,512	-
Equity attributable to owners of the Parent	33,131	-1,278	-	31,853	-	-	31,853	31,853	-
Total equity and liabilities	**139,561**	**-594**	**106**	**139,073**	**-**	**-**	**139,073**	**139,073**	**-**
Other segment-related data									
Capital expenditure, including on:	2,136	144	144	2,424			2,424	2,424	
property, plant and equipment	563	144	128	835	-	-	835	835	-
intangible assets	1,573	-	16	1,589	-	-	1,589	1,589	-
Depreciation of property, plant and equipment	470	32	5	507	-	-	507	507	-
Amortisation of intangible assets	879	-	7	886	-	-	886	886	-
Impairment losses	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-

** Particular segment items include consolidation adjustments.*

15. Notes to the Statement of Financial Position – Assets

15.1. Cash and Cash Equivalents

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

	Dec 31 2009	Dec 31 2008
Cash in hand	4	2
Cash at banks	3,606	9,865
Other cash (short-term deposits)	38,558	29,149
Cash equivalents	5,048	–
	47,216	39,016
Cash in hand and cash at banks attributed to discontinued operations	–	–
	47,216	**39,016**

	Dec 31 2009	Dec 31 2008
Cash in PLN	47,211	38,903
Cash in EUR	3	113
Cash in GBP	-	
Cash in HUF	-	
Cash (other currencies)	2	–
Total cash	**47,216**	**39,016**

	Dec 31 2009	Dec 31 2008
Cash and cash equivalents of the brokerage house	35,785	39,016
Cash and cash equivalents of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	11,431	-
Cash and cash equivalents transferred from the settlement guarantee fund	-	-
Total cash	**47,216**	**39,016**

Free cash is deposited in bank accounts and invested as term and overnight deposits. The periods of short-term deposits range from one day to a few months, depending on the Group's demand for cash at any given time, and bear interest at fixed and variable rates. Deposits are presented under "Other cash".

Clients' cash deposited in the Parent Undertaking's bank account, in the amount of PLN 11,431 thousand, is also disclosed under "Other cash".

Cash at banks bears interest at fixed and variable rates based on the rates applicable to overnight bank deposits.

15.2. Receivables

Current receivables stood at PLN 328,904 thousand as at December 31st 2009 and at PLN 93,578 thousand as at December 31st 2008.

Current receivables		Dec 31 2009	Dec 31 2008
1.	From clients / trade receivables	155,007	70,363
a)	receivables with deferred payment date	-	-
b)	past due receivables and disputed claims for which no impairment losses were recognised	-	-
c)	from clients under executed transactions	155,007	68,629
d)	other	-	1,734
2.	From related undertakings	-	-
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	137,752	15,137
a)	under executed transactions	137,752	15,137
b)	other	-	-
4.	From entities operating regulated markets and commodity exchanges	16	-
5.	From the National Depository for Securities and exchange clearing houses	32,669	6,655
	- from the settlement guarantee fund	32,669	6,655
6.	From investment and pension fund companies and from investment and pension funds	1,439	-
7.	From issuers of securities or selling shareholders	-	779
8.	From commercial chamber	-	-
9.	Taxes, subsidies and social security receivable	370	267
10.	Receivables under court proceedings for which no impairment losses were recognised	-	-
11.	Other	1,651	377
Total current receivables		**328,904**	**93,578**

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

Impairment losses reduce the carrying value of receivables which they concern.

	Dec 31 2009	Dec 31 2008
Receivables from executed stock-exchange transactions:	137,752	15,137
- Warsaw Stock Exchange	137,752	15,137
Receivables from executed OTC transactions	-	-
Other	-	-
Receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**137,752**	**15,137**

Gross current receivables by currency	Dec 31 2009	Dec 31 2008
a) in Polish currency	330,903	94,928
b) in foreign currencies (restated in PLN)	251	153
Total gross current receivables	**331,154**	**95,081**

15.2.1 Receivables by Maturity

Current and non-current receivables by maturity as from the end of the reporting period	**Dec 31 2009**	**Dec 31 2008**
a) up to 1 month	323,901	92,045
b) over 1 month to 3 months	1,342	628
c) over 3 months to 1 year	3,219	-
d) over 1 year to 5 years	111	-
e) over 5 years	-	-
f) past due	2,692	2,408
Total gross receivables	**331,265**	**95,081**
g) impairment losses on receivables (negative value)	- 2,250	- 1,503
Total net receivables	**329,015**	**93,578**

Gross past due receivables by period of delay:	**Dec 31 2009**	**Dec 31 2008**
a) up to 1 month	338	382
b) over 1 month to 3 months	262	65
c) over 3 months to 1 year	365	1,507
d) over 1 year to 5 years	1,727	454
e) over 5 years	-	-
Total gross receivables	**2,692**	**2,408**
g) impairment losses on receivables (negative value)	- 2,250	- 1,503
Total net receivables	**442**	**905**

15.3. Current prepayments and accrued income

	Dec 31 2009	**Dec 31 2008**
a) prepayments, including:	500	629
cost of news service	14	35
administrative costs and expenses of the funds	99	224
input VAT to be settled in 2010	64	36
membership fees	103	231
expenses to be re-invoiced	56	30
Other	164	73
b) other prepayments and accrued income, including:	-	17
revenue invoiced in subsequent period	-	17
Total current prepayments and accrued income	**500**	**646**

15.4. Financial instruments held for trading

	Dec 31 2009	**Dec 31 2008**
- equities	4,293	1,803
- derivatives (futures)	52	-
Total financial instruments held for trading	**4,345**	**1,803**

All the financial instruments are traded in PLN and have been acquired in PLN.

The value of financial instruments held for trading at acquisition cost totalled PLN 4,117 thousand. As at the end of the reporting period, financial instruments held for trading were valued at PLN 228 thousand.

15.5. Financial instruments available for sale

As at December 31st 2009, the Group held financial instruments available for sale with a value of PLN 420 thousand (investment certificates of PLN 412 thousand and shares in a non-consolidated subsidiary undertaking, worth PLN 8 thousand). As at December 31st 2008, financial instruments available for sale were valued at PLN 357 thousand and comprised only investment certificates.

In 2009 and 2008, the Group did not recognise any impairment losses on financial instruments available for sale.

15.6. Property, Plant and Equipment

As at December 31st 2009

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	TOTAL
a) gross value of property, plant and equipment at beginning of period	**-**	**43**	**2,279**	**-**	**419**	**-**	**2,741**
b) increase, including:	**-**	**-**	**203**	**-**	**40**	**301**	**544**
- purchase	-	-	157	-	32	301	490
- from investments	-	-	46	-	8	-	54
- modernisation	-	-	-	-	-	-	-
c) decrease, including:	**-**	**-**	**-**	**-**	**-**	**54**	**54**
- reclassification to another category	-	-	-	-	-	54	54
d) gross value of property, plant and equipment at end of period	**-**	**43**	**2,482**	**-**	**459**	**247**	**3,231**
e) accumulated depreciation at beginning of period	**-**	**6**	**903**	**-**	**149**	**-**	**1,058**
f) depreciation for period, including:	**-**	**5**	**550**	**-**	**42**	**-**	**597**
- annual depreciation charge	-	5	550	-	42	-	597
g) accumulated depreciation at end of period	**-**	**11**	**1,453**	**-**	**191**	**-**	**1,655**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning end of period	**-**	**37**	**1,376**	**-**	**270**	**-**	**1,683**
k) Net value of property, plant and equipment at end of period	**-**	**32**	**1,029**	**-**	**268**	**247**	**1,576**

As at December 31st 2008

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other tangible assets	Tangible assets under construction	TOTAL
a) gross value of property, plant and equipment at beginning of period	**-**	**5**	**1,661**	**-**	**240**	**-**	**1,906**
b) increase, including:	**-**	**38**	**618**	**-**	**179**	**-**	**835**
- purchase	-	38	618	-	179	-	835
c) decrease	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) gross value of property, plant and equipment at end of period	**-**	**43**	**2,279**	**-**	**419**	**-**	**2,741**
e) accumulated depreciation at beginning of period	**-**	**-**	**430**	**-**	**121**	**-**	**551**
f) depreciation for period, including:	**-**	**6**	**473**	**-**	**28**	**-**	**507**
- annual depreciation charge	-	6	473	-	28	-	507
g) accumulated depreciation at end of period	**-**	**6**	**903**	**-**	**149**	**-**	**1,058**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
increase	-	-	-	-	-	-	-
decrease	-	-	-	-	-	-	-
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning end of period	**-**	**5**	**1,231**	**-**	**119**	**-**	**1,355**
k) Net value of property, plant and equipment at end of period	**-**	**37**	**1,376**	**-**	**270**	**-**	**1,683**

15.6.1 Impairment Losses

In 2009 and 2008, the Group did not identify any impairment of its assets.

15.7. Intangible assets

As at December 31st 2009

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO2 emission allowances	Other intangible assets	TOTAL
a) gross value of intangible assets at beginning of period	**-**	**-**	**-**	**2,765**	**-**	**-**	**2,765**
b) increase, including:	**-**	**-**	**13**	**579**	**-**	**-**	**592**
- purchase	-	-	13	579	-	-	592
c) decrease	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) gross value of intangible assets at end of period	**-**	**-**	**13**	**3,344**	**-**	**-**	**3,357**
e) accumulated amortisation at beginning of period	**-**	**-**	**-**	**1,447**	**-**	**-**	**1,447**
f) amortisation for period, including:	**-**	**-**	**7**	**417**	**-**	**-**	**424**
- amortisation (annual charge)	-	-	7	417	-	-	424
g) accumulated amortisation at end of period	**-**	**-**	**7**	**1,864**	**-**	**-**	**1,871**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of intangible assets at beginning of period	**-**	**-**	**-**	**1,318**	**-**	**-**	**1,318**
k) net value of intangible assets at end of period	**-**	**-**	**6**	**1,480**	**-**	**-**	**1,486**

As at December 31st 2008

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO2 emission allowances	Other intangible assets	TOTAL
a) gross value of intangible assets at beginning of period	**-**	**-**	**-**	**1,176**	**-**	**-**	**1,176**
b) increase, including:	**-**	**-**	**-**	**1,589**	**-**	**-**	**1,589**
- purchase	-	-	-	1,589	-	-	1,589
c) decrease	**-**	**-**	**-**	**-**	**-**	**-**	**-**
d) gross value of intangible assets at end of period	**-**	**-**	**-**	**2,765**	**-**	**-**	**2,765**
e) accumulated amortisation at beginning of period	**-**	**-**	**-**	**561**	**-**	**-**	**561**
f) amortisation for period, including:	**-**	**-**	**-**	**886**	**-**	**-**	**886**
- amortisation (annual charge)	-	-	-	886	-	-	886
- liquidation	-	-	-	-	-	-	-
- sale	-	-	-	-	-	-	-
g) accumulated amortisation at end of period	**-**	**-**	**-**	**1,447**	**-**	**-**	**1,447**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value of intangible assets at beginning of period	**-**	**-**	**-**	**615**	**-**	**-**	**615**
k) net value of intangible assets at end of period	**-**	**-**	**-**	**1,318**	**-**	**-**	**1,318**

15.7.1 Purchase and Sale

In 2009 the Group purchased intangible assets with a value of PLN 592 thousand (PLN 1,589 thousand in 2008).

15.7.2 Impairment Losses

In 2009 and 2008, the Group did not identify any impairment of its assets.

15.7.3 Amortisation of intangible assets

Amortisation of intangible assets is recognised in costs of core activities under “Amortisation”. Amortisation totalled PLN 424 thousand in 2009 and PLN 886 thousand in 2008.

The Group does not hold any internally generated intangible assets.

16. Notes to the Statement of Financial Position – Equity

16.1. Share Capital

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

As at December 31st 2009, the registered share capital amounted to PLN 2,892,855.30 and comprised 28,928,553 shares.

Parent Undertaking's shareholder structure as at December 31st 2009:

Shareholder	No. of shares	Series	Amount of contri-butions	Value of acquired shares (PLN)
Manchester Securities Corp.	3,714,280	B	Shares fully paid up	371,428
IPOPEMA 10 FIZAN [1]	2,851,420	A	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZ AN [2]	2,851,120	B	Shares fully paid up	285,112
KL Lewandowska S.k.a. [3]	2,749,500	B	Shares fully paid up	274,950
JLK Lewandowski S.k.a. [4]	2,729,000	B	Shares fully paid up	272,900
JLS Lewandowski S.k.a. [4]	2,729,000	B	Shares fully paid up	272,900
MJM Inwestycje Piskorski S.K.A. [5]	1,285,713	A	Shares fully paid up	128,571
Futuro Capital Borys S.K.A. [6]	928,571	A	Shares fully paid up	92,857
Stanisław Waczkowski	291,435	A	Shares fully paid up	29,143
Dominium Inwestycje Kryca S.K.A. [7]	285,714	A, B	Shares fully paid up	28,571
JL S.A. [4]	11,447	A	Shares fully paid up	1,145
Jacek Lewandowski	860	B	Shares fully paid up	86
Other shareholders * [8]	8,500,493	A, B, C	Shares fully paid up	850,049

** Other shareholders hold directly or indirectly through subsidiaries less than 5% of the total vote at the Company's GM*

[1] The only investor in IPOPEMA 10 FIZAN (closed-end private equity fund) is Mr Stanisław Waczkowski
[2] The investors in IPOPEMA PRE-IPO FIZAN FIZAN (closed-end private equity fund) are Mr Jacek Lewandowski and Ms Katarzyna Lewandowska
[3] A subsidiary undertaking of Ms Katarzyna Lewandowska. NB: Katarzyna Lewandowska holds 498 Company shares, representing less than 0.01% of the Company's share capital (the shareholding is disclosed under "Other shareholders")
[4] A subsidiary undertaking of Mr Jacek Lewandowski
[5] A subsidiary undertaking of Mr Mariusz Piskorski
[6] A subsidiary undertaking of Mr Mirosław Borys
[7] A subsidiary undertaking of Mr Bogdan Kryca
[8] Other shareholders including employees of the Company or their subsidiary or related undertakings

Share capital structure as at December 31st 2008:

Shareholder	No. of shares	Series	Amount of contributions	Value of acquired shares (PLN)
Manchester Securities Corp.	8,571,420	B	Shares fully paid up	857,142
Jacek Lewandowski	5,458,860	B	Shares fully paid up	545,886
IPOPEMA 10 FIZAN [1]	2,851,420	A	Shares fully paid up	285,142
IPOPEMA PRE-IPO FIZ AN [2]	2,851,120	B	Shares fully paid up	285,112
Katarzyna Lewandowska	2,749,998	B	Shares fully paid up	275,000
MJM Inwestycje Piskorski S.K.A. [3]	1,285,713	A	Shares fully paid up	128,571
Futuro Capital Borys S.K.A. [4]	928,571	A	Shares fully paid up	92,857
Stanisław Waczkowski	291,435	A	Shares fully paid up	29,143
Dominium Inwestycje Kryca S.K.A. [5]	285,714	A, B	Shares fully paid up	28,571
JL S.A. [6]	11,447	A	Shares fully paid up	1,145
Other shareholders * [7]	3,285,712	A, B	Shares fully paid up	328,572

** Other shareholders hold directly or indirectly through subsidiaries less than 5% of the total vote at the Company's GM*

[1] The only investor in IPOPEMA 10 FIZAN (closed-end private equity fund) is Mr Stanisław Waczkowski
[2] The only investor in IPOPEMA PRE-IPO FIZAN (closed-end private equity fund) is Mr Jacek Lewandowski
[3] A subsidiary undertaking of Mr Mariusz Piskorski
[4] A subsidiary undertaking of Mr Mirosław Borys
[5] A subsidiary undertaking of Mr Bogdan Kryca
[6] A subsidiary undertaking of Mr Jacek Lewandowski
[7] Current and former employees of the Company or their subsidiary or related undertakings

In 2009, the Parent Undertaking's share capital was increased by PLN 36 thousand through the issue of new ordinary shares with a par value of PLN 0.10 per share. As at December 31st 2009, the Company's share capital amounted to PLN 2,893 thousand (relative to PLN 2,857 thousand as at December 31st 2008) and comprised:

- 7,000,000 Series A ordinary bearer shares,

- 21,571,410 Series B ordinary bearer shares, and

- 357,143 Series C ordinary bearer shares.

The share capital increase was connected with the acquisition of Series C new shares by three members of the Management Board of IPOPEMA TFI in September 2009. The shares were issued as part of the conditional share capital for the purposes of the Incentive Scheme implemented at the Company. The acquired shares represented part of the block of 1,166,667 shares pooled within the Incentive Scheme as Plan I, to be acquired by the members of the Management Board of IPOPEMA TFI (see Note. 19.1).

Share par value

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

All series A, B and C shares grant the right to one vote. The shares of both series carry the same rights as regards dividend and return on equity. The shares are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

16.2. Statutory Reserve Funds

Statutory reserve funds have been created from the share premium reduced by the share issue costs. As at December 31st 2009, the share premium account less the issue costs amounted to PLN 7,280 thousand. As at December 31st 2008, statutory reserve funds amounted to PLN 7,148 thousand.

16.3. Other Capital Reserves

Capital reserve from revaluation of financial assets available for sale

This accounting category includes revaluations to fair value of financial assets available for sale. As at December 31st 2009, the revaluation capital reserve stood at PLN -32 thousand, relative to PLN -35 thousand as at December 31st 2008.

Other capital reserves

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

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to make up the statutory reserve funds at the level defined as 1/3 of the share capital and should be used exclusively to cover potential financial losses. In the case of IPOPEMA Group this regulation applies to IPOPEMA Securities and IPOPEMA TFI. The Company has to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the end of the reporting period, statutory reserve funds amounted to PLN 964 thousand.

Retained earnings	**Dec 31 2009**	**Dec 31 2008**
Retained earnings/deficit from previous years	-1,018	-1,278
Net profit/loss for period	11,756	12,512
Aggregate equity adjustments resulting from transition to IAS/IFRS	24,814	22,298
Total retained earnings	**35,552**	**33,632**

Dividends

Dividends for a given year which have been approved by the General Shareholders Meeting and not paid by the end of the reporting period are disclosed as liabilities under “Dividend” under “Other liabilities”. No unpaid dividends were recognised as at the end of the reporting period.

16.4. Minority Interest

In 2009, the minority shareholders’ share in net profit of the Company’s subsidiary undertakings amounted to PLN 1,376 thousand. No minority interests were recognised in 2008.

16.5. Capital Adequacy Requirements

IPOPEMA Securities, the Parent Undertaking, is a brokerage house and as such it is obliged to meet the capital requirements set forth in the Minister of Finance’s Regulation on the scope and detailed rules for determination of capital requirements and on the maximum ratio of loans and debt securities in issue to capital.

The Company has complied with the externally imposed capital adequacy requirements. As at the date of these financial statements, the Company has not exceeded the level of regulatory capital.

As disclosed in the monthly report for December 2009 filed with the Polish Financial Supervision Authority, the Company’s regulatory capital stood at PLN 38,568 thousand as at December 31st 2009, relative to PLN 39,996 thousand as at December 31st 2008.

The table below presents monthly details of regulatory capital and capital requirements.

Date	Share capital	Tier 2 capital	Tier 3 capital	Shares in banks, other brokerage houses, foreign investment firms, credit institutions or financial institutions	Subordinated loans advanced to banks, other brokerage houses, foreign investment firms, credit institutions or financial institutions, which increase their equity	Total regulatory capital	Total capital requirement	Capital requirement for fixed operating costs
Dec 31 2008	39,996	-	-	-	-	39,996	2,707	5,520
Jan 31 2009	39,804	-	-	-	-	39,804	3,093	5,520
Feb 28 2009	38,999	-	-	-	-	38,999	3,658	5,520
Mar 31 2009	39,948	-	-	-	-	39,948	4,092	5,520
Apr 30 2009	39,970	-	-	-	-	39,970	4,636	5,520
May 31 2009	39,995	-	-	-	-	39,995	4,905	5,520
Jun 30 2009	34,053	-	-	-	-	34,053	2,857	4,496
Jul 31 2009	33,910	-	-	-	-	33,910	4,449	4,496
Aug 31 2009	38,240	-	-	-	-	38,240	4,807	4,496
Sep 30 2009	38,496	-	-	-	-	38,496	5,447	4,496
Oct 31 2009	38,543	-	-	-	-	38,543	5,265	4,496
Nov 30 2009	38,541	-	-	-	-	38,541	4,588	4,496
Dec 31 2009	38,568	-	-	-	-	38,568	6,111	4,496

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

17.1. Provisions

17.1.1 Change in Provisions

	2009	2008
As at beginning of reporting period	2,926	6,207
Created during the financial year	10,811	2,682
Provisions used	6,686	5,892
Provisions released	35	71
As at end of reporting period	**7,016**	**2,926**

17.1.2 Provisions as at the end of the reporting period

	Dec 31 2009	Dec 31 2008
Employee benefits*	6,271	2,661
Other	534	213
Deferred income tax	211	52
Total	**7,016**	**2,926**

**As provided for in IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-monetary benefits for current employees.*

The Group creates provisions according to its best knowledge at the time of preparing the financial statements. Provisions are marked by uncertainty as to their timing and amount. The provision for bonuses will be utilised within 12 months from the end of the reporting period. The provision for paid annual leaves is created as at the end the reporting period, but the timing of cash outflow under the provision is difficult to predict. The provision is utilised upon termination of employment relationship with the employee. Other provisions are current provisions, i.e. the cash outflow is expected to occur within several months from the end of the reporting period.

17.2. Provisions for court proceedings, fines and damages

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

17.3. Liabilities (current)

Current liabilities	Dec 31 2009	Dec 31 2008
To clients	142,003	13,674
To related undertakings	9	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	169,404	69,647
a) under executed transactions	169,404	69 647
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	698	419
To the National Depository for Securities and exchange clearing houses	1,570	104
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Loans and borrowings	13,547	6,635
a) from related undertakings	-	-
b) other	13,547	6 635
Debt securities	-	-
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,066	330
Salaries and wages payable	1	-
To investment and pension fund companies and to investment and pension funds	860	108
Under framework securities lending and short sale agreements	-	-
Special accounts	-	-
Other	1,291	865
a) dividends payable	-	-
b) other liabilities	1,291	865
-financial liabilities (valuation of futures),*	75	-
-other liabilities	1,216	-
Total current liabilities	**330,449**	**91,782**

** Methods of valuation of financial liabilities (valuation of futures) are described in Note 10.6.*

Terms and conditions of related-party transactions are presented in Note 26.1.

With the exception of loans specified in Note 17.3.2 below the liabilities do not bear interest.

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

	Dec 31 2009	Dec 31 2008
Liabilities under executed stock-exchange transactions:	169,404	69,647
- including transactions on Warsaw Stock Exchange	169,404	69,647
Liabilities under executed OTC transactions	-	-
Other	-	-
Liabilities to banks conducting brokerage activities, other brokerage houses or commodity brokerage houses	**169,404**	**69,647**

Gross current liabilities (by currency)	Dec 31 2009	Dec 31 2008
a) in PLN	330,261	91,714
b) in foreign currencies (restated in PLN)	188	68
Total current liabilities	**330,449**	**91,782**

17.3.1 Maturity structure of liabilities

Maturity of (current and non-current) liabilities as from the end of the reporting period	Dec 31 2009	Dec 31 2008
a) up to 1 month	329,547	91,674
b) over 1 month to 3 months	827	108
c) over 3 months to 1 year	-	-
d) over 1 year to 5 years	-	-
e) over 5 years	-	-
f) past due	75	-
Total liabilities	**330,449**	**91,782**

17.3.2 Interest-bearing bank loans and borrowings

Current liabilities under loans and borrowings	Dec 31 2009	Dec 31 2008
a) bank loan	13,547	6,635
- outstanding amount	13,547	6,635
Current liabilities under loans and borrowings	**13,547**	**6,635**

As at December 31st 2009, the Group's liabilities under loans related to its brokerage business amounted to PLN 13,547 thousand. The Parent Undertaking concluded two working-capital overdraft facility agreements (credit lines) to finance the payment of liabilities to the Polish NDS:

1) agreement providing for a revolving credit facility (credit line) of up to PLN 10m, available until July 21st 2010. The purpose of the facility is to finance the payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note and a power of attorney to the bank accounts held with the Bank.

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 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 5m placed with the Bank.

Interest on loans and borrowings pertains only to current loans and has been paid in full.

As no evidence of impairment of loans and borrowings was identified in 2009 and 2008, the Group did not recognise any impairment losses on loans and borrowings.

18. Notes to the Statement of Comprehensive Income

18.1. Revenue from Core Activities

Revenue from core activities	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Revenue from trading in securities	41,862	47,013
Revenue from investment banking services	13,006	2,146
Revenue from management of investment funds	8,832	4,420
Revenue from advisory services	6,351	-
Other revenue from core activities	452	60
Total revenue from core activities	**70,503**	**53,639**

Custody services	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Revenue from custody services	7,866	4,026
Costs associated with custody services	1,723	633

Custody services include fund management services and maintenance of securities accounts.

18.2. Costs of Core Activities

Costs of core activities	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Affiliation	-	-
Fees payable to regulated securities markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	9,855	8,796
Fees payable to commercial chamber	17	35
Salaries and wages	29,255	16,704
Social security	1,160	885
Employee benefits	249	152
Materials and energy used	950	302
Costs of maintenance and lease of buildings	1,377	1,320
Other costs by type	-	1,138
Depreciation and amortisation	1,021	1,394
Taxes and other public charges	1,030	852
Other costs	8,234	3,574
Total costs of core activities	**53,148**	**35,152**

18.2.1 Costs of Employee Benefits

Costs of employee benefits (specification)	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Salaries and wages	27,073	16,422
Social security and other benefits	1,160	885
Costs of future benefits (provisions) related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	2,182	282
Other costs of employee benefits	249	152
Total costs of employee benefits	**30,664**	**17,741**

18.3. Finance Income and Expenses

Finance income	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
1. Interest on loans advanced	-	-
2. Interest on time and other deposits, including:	1,531	2,473
a) from related undertakings	-	-
b) other	1,531	2,473
3. Other interest	-	170
4. Foreign exchange gains	27	46
5. Other	424	534
Total finance income	**1,982**	**3,223**

Finance expenses	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
1. Interest on loans and borrowings, including:	**982**	**888**
a) to related undertakings	-	-
b) other interest on loans and borrowings	982	888
2. Other interest	**-**	**301**
3. Foreign exchange losses	30	41
a) realised	1	41
b) unrealised	29	-
4. Other finance expenses	**942**	**550**
Total finance expenses	**1,954**	**1,780**

In 2009 and 2008, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

18.4. Gains (losses) on Financial Instruments Held for Trading

In 2009, gains (losses) on financial instruments held for trading amounted to PLN -880 thousand (relative to PLN -2,440 thousand in 2008). The result includes dividend income of PLN 87 thousand in 2009 and PLN 44 thousand in 2008.

18.5. Operating Income and Expenses

Other operating income	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
a) gains on disposal of property, plant and equipment, and intangible assets	-	-
b) released provisions	-	71
c) reversed impairment losses on receivables	120	-
d) other, including:	2	62
- VAT adjustment	-	16
- other	2	46
Total	**122**	**133**

Other operating expenses	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
a) loss on disposal of property, plant and equipment, and intangible assets	-	-
b) impairment losses on property, plant and equipment, and intangible assets	-	-
c) impairment losses on receivables	1,144	1,424
d) other, including:	309	365
- membership fees	14	-
- donations	250	218
- other	45	147
Total	**1,453**	**1,789**

19. Employee Benefits

19.1. Employee Share Option Plans

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

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

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

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

In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to include the effect of valuation of the option plans implemented by the Group in the financial statements of IPOPEMA Securities S.A. and IPOPEMA TFI S.A. At the consolidated level, the costs related to those plans increased the cost of wages and salaries by PLN 2,182 thousand, of which PLN 1,717 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 465 thousand) which includes also the valuation of options covered by the agreements executed in 2006 with the then sole shareholder of the Parent Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of those agreements, the eligible persons acquired the existing Parent Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above stated options was charged to the consolidated result of the Group also in 2009. Despite the fact that the Parent Company was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

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

20. Dividends Paid and Proposed

On September 30th 2009, IPOPEMA Securities S.A paid out dividend from the 2008 profit. The dividend record date was set for September 15th 2009. In accordance with Resolution No. 6 of the Company's Annual General Shareholders Meeting, PLN 10m was allocated to dividend payments (PLN 0.35 per share). 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 0.35 to 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 statutory reserve funds.

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

21. Income Tax

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

	Year ended Dec 31 2009	**Year ended Dec 31 2008**
Current income tax		
Current income tax expense	4,154	2,571
Deferred income tax		
Relating to origination and reversal of temporary differences	- 590	751
Deferred income tax with effect on equity	- 1	- 8
Income tax expense disclosed in the statement of comprehensive income	**3,563**	**3,314**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose penalties and other sanctions. Owing to absence of reference to established legal regulations in Poland, the applicable regulations lack clarity and consistency. Frequent discrepancies of 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 the five-year period starting from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities for the Group.

The table below sets forth the reconciliation of corporate income tax on pre-tax profit/loss, computed at the statutory tax rate, with corporate income tax computed at the effective tax rate:

	Jan 1 2009 –Dec 31 2009	Jan 1 2008 –Dec 31 2008
Gross profit (loss)	**15,172**	**15,834**
Consolidation adjustments and IBC's profit (loss)	2,537	239
Pre-tax profit (loss) on continuing operations	17,709	16,073
Pre-tax profit (loss) on discontinued operations	-	-
Pre-tax profit (loss)	**17,709**	**16,073**
Adjustments related to current income tax brought forward	- 3 144	- 6 134
Tax losses in connection with which no deferred tax asset was recognised	-	-
Use of tax losses not recognised previously	- 679	-450
Deductions from income	- 250	- 218
Non-tax-deductible costs	8,555	4,892
Deductible temporary differences in connection with which no deferred tax asset was recognised	-	-
Non-taxable income	- 384	- 660
Other	- 21	- 15
Tax base for current and deferred income tax	21,786	13,488
Income tax disclosed in the consolidated statement of comprehensive income	**4,154**	**2,571**
including tax on dividend	15	8
Income tax attributable to discontinued operations	-	-
Corporate income tax at the effective tax rate: 19% (2008: 19%)	4,139	2,643

21.1. Deferred Corporate Income Tax

Temporary differences related to deferred tax assets, as at December 31st 2009 and December 31st 2008, concern the following items:

	Dec 31 2009	Dec 31 2008
Financial instruments available for sale	7	24
Current receivables	21	-
Provisions	1,294	519
Other	99	129
Total deferred tax assets	**1,421**	**672**

Temporary differences related to deferred tax liabilities as at December 31st 2009 and December 31st 2008 concern the following items:

	Dec 31 2009	Dec 31 2008
Financial instruments available for sale	33	-
Property, plant and equipment	144	-
Current receivables	9	52
Provisions	2	-
Other	23	-
Total deferred income tax liabilities	**211**	**52**

22. Additional Information on Financial Instruments

22.1. Fair Value of Instruments Not Measured at Fair Value

Instrument category and item in the statement of financial position	Carrying value	Fair value
Loans and receivables:	**375,861**	**375,845**
- cash and cash equivalents	47,216	47,216
- current and non-current receivables	328,645	328,629
Financial liabilities measured at amortised cost:	**329,382**	**329,382**
- current liabilities (loan)	13,547	13,547
- current liabilities (other than loan)	315,835	315,835

Cash bears interest at fixed and variable interest rates. In 2009 and 2008, the Group did not make any impairment charges on loans. Impairment losses on receivables are described in Note 15.21. Income from interest on loans and receivables amounted to PLN 1,531 thousand in 2009 (of which PLN 52 thousand is interest accrued but not received), and PLN 2,473 thousand in 2008 (of which PLN 276 thousand is interest accrued but not received).

Expenses related to interest on loans amounted to PLN 982 thousand in 2009, as compared to PLN 888 thousand in 2008. Interest on loans and borrowings results only from current loans and has been paid in full.

22.2. Financial Assets and Liabilities Recognised in the Statement of Financial Position at Fair Value

The table below sets forth financial instruments classified in a three-level fair value hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 - where fair value is measured based on inputs observable in the market, other than quoted market prices (e.g. estimated through direct or indirect comparison to similar instruments in the market),

Level 3 – where fair value is measured using valuation techniques which are not based on observable market data.

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	52	-	-	52
Financial assets held for trading (other than derivatives)	4,293	-	-	4,293
Total financial assets at fair value through profit or loss	**4,345**	**-**	**-**	**4,345**
Financial liabilities at fair value through profit or loss				
Derivatives	75	-	-	75
Total financial liabilities at fair value through profit or loss	**75**	**-**	**-**	**75**
Available-for-sale financial assets recognised in equity				
Certificates	-	412	-	412
Total available-for-sale financial assets recognised in equity	**-**	**412**	**-**	**412**

In the current period the Group did not identify any transfers between Level 1 and Level 2.

23. Exclusions of Companies from Consolidation

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

	IPOPEMA Business Services Kft. – all figures in PLN
Balance sheet total as at Dec 31 2009	PLN 7,581.04
% share in Parent's balance sheet total	0.00 %
Revenue for period Jan 1 – Dec 3 2009	PLN 0.00
% share in Parent's revenues	0.00 %
Net assets as at Dec 31 2009	PLN 7,254.93
Net profit (loss) for period Jan 1 – Dec 31 2009	PLN - 329.07

24. Contingent Liabilities and Contingent Assets

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

25. Business Combinations and Acquisitions of Minority Interests

25.1. Acquisition of Subsidiary Undertakings

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

25.2. Disposal of Subsidiary Undertakings

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

26. Related Party Transactions

Related party transactions – income and expenses

Related party	Sales revenue	Purchases	Sales revenue	Purchases
	Jan 1 – Dec 31 2009		Jan 1 – Dec 31 2008	
IPOPEMA BC	94	-	45	-
IPOPEMA TFI	5	-	45	-
IPOPEMA Business Services Kft.	-	-	-	-
Members of the Management Board and supervisory bodies	-	483	-	-
Other related parties	850	19	170	49
Total	**949**	**502**	**260**	**49**

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2009	Dec 31 2008	Dec 31 2009	Dec 31 2008
IPOPEMA BC	-	-	-	-
IPOPEMA TFI	-	-	-	-
IPOPEMA Business Services Kft.	-	-	-	-
Members of the Management Board and supervisory bodies	-	-	-	-
Other related parties	-	-	9	-
Total	**-**	**-**	**9**	**-**

Under IAS 24, related parties include also Members of the Management Board and the Supervisory Board and their related parties. For information on the remuneration of the above persons, see Note 26.4. For information on the Incentive Scheme for the above persons, see Note 19.1

26.1. Terms of Related Party Transactions

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

26.2. Loans Advanced to the Management Board Members

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

26.3. Transactions with Other Management Board Members

The Group did not execute any transactions with the Management Board Members, except those connected with the implementation of the incentive schemes, as described in Note 19.1.

26.4. Remuneration of Senior Management Staff of the Group

The table below presents the remuneration of the Management Board and the Supervisory Board for the current year. It should be noted that the remuneration for 2009 includes both remuneration paid and allocated for payment in 2010 (but concerning 2009).

	2009	**2008**
Supervisory Board of the parent undertaking	23	14
Management Board of the parent undertaking	6,688	5,616
Management Board – subsidiary undertakings	472	905
Supervisory Board – subsidiary undertakings	-	-
Total	**7,183**	**6,535**

Benefits to the Key Management Staff

2008 and 2009 did not see any payments made in respect of post-employment benefits, employment termination benefits or any other long-term benefits. As at December 31st 2009, the provision for unused holidays of the members of the Management Board of the parent undertaking amounted to PLN 30 thousand, whereas as at December 31st 2008, it was PLN 28 thousand. The benefit was not included in the table above. Some Members of the Management Board of IPOPEMA TFI participate in the incentive scheme based on IPOPEMA Securities shares (for more information, see Note 19.1).

Agreement with Mariusz Piskorski and Mirosław Borys, dated November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, have entered into agreements with the Company, under which each of them is entitled to compensation amounting to three monthly salaries if they are removed from the Management Board, are not appointed to the Management Board for another term of office (subject to conditions set forth in the agreement) or their remuneration terms are changed to less favourable.

27. Items of the Statement of Cash Flows

Breakdown of the Company's activities as disclosed in the statement of cash flows:

Operating activities – provision of brokerage and consulting services and fund management, 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.

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 statement of financial position		**Presentation in statement of cash flows**	
		Dec 31 2009	**Dec 31 2008**	**Dec 31 2009**	**Dec 31 2008**
Cash and cash equivalents		**47,216**	**39,016**	**42,168**	**39,016**
1.	Cash in hand	4	2	4	2
2.	Cash at banks	3,606	9,865	3,606	9,865
3.	Other cash	38,558	29,149	38,558	29,149
4.	Other cash equivalents (deposit for periods exceeding three months)	5,048	-	-	-

The difference between the presentation of cash in the statement of financial position and the statement of cash flows is attributable to the disclosure of a PLN 5m long-term deposit (with maturity falling more than three months after the end of the reporting period) under investing activities and the amount of PLN 48 thousand in interest accrued on the deposit, which – as unrealised interest – was subject to elimination in cash flows from operating activities.

Differences in changes in balance-sheet items

	Presentation in statement of financial position		Presentation in statement of cash flows – change
	Dec 31 2009	Dec 31 2008	2009
Gross (current and non-current) receivables	331,265	95,081	236,161
Net receivables	329,015	93,578	
Impairment losses on receivables	2,250	1,503	747
Provisions	6,805	2,874	3,931
Total change in impairment losses and provisions			**4,678**

28. Lease

The Group did not enter into any finance lease agreements in 2009 or 2008.

29. Foreign Exchange Differences

In 2009 and 2008, there were no foreign exchange differences disclosed in the statement of comprehensive income, other than the differences resulting from financial instruments measured at fair value through profit or loss and foreign exchange differences from translation of transactions in foreign currencies.

30. Security over the Assets of the IPOPEMA Securities Group

Save for the funds of PLN 5m blocked in the bank account, blank promissory notes issued by IPOPEMA Securities S.A. together with promissory note declarations, and powers of attorney to bank accounts held with the Bank (intended to secure an overdraft facility), as at December 31st 2009 the Group did not have any liabilities secured with its assets. As at December 31st 2008, the Group did not have any liabilities secured with its assets.

31. Inspections

In the period covered by these financial statements, the Polish Financial Supervision Authority conducted an inspection at the Parent Undertaking. The Company was also subject to regular inspections by the Polish NDS, the Warsaw Stock Exchange, and the General Inspector for Financial Information.

32. Objectives and Principles in Financial Risk Management

Operations on capital markets inherently involve various risks which can have a material bearing on the Group's business, as outlined below.

All types of risk are monitored and controlled with respect to the profitability of the conducted activities and the level of capital necessary to ensure security of executed transactions from the perspective of capital requirements.

32.1. Market Risk

The IPOPEMA Securities Group identifies the following types of market risk: interest rate risk, currency risk, credit risk, liquidity risk and price risk understood as the risk of fluctuations in the prices of financial instruments linked to share prices.

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange and derivative instruments traded on the WSE. The Group executes transactions involving derivative contracts in connection with acting as a futures market maker; open positions on equity-based futures are usually hedged with an offsetting position in equities (arbitrage transactions); therefore the risk exposure is low.

The Group also uses bank loans, cash and short-term deposits. The primary purpose of holding those financial instruments is to effectively use financial resources to finance the Group's operations.

The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The assumptions adopted in the sensitivity analysis as at December 31st 2009 are described in the table next to each type of risk.

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on pre-tax profit/(loss)		Effect on pre-tax profit/(loss)		Effect on pre-tax profit/(loss)		Effect on equity	
		+ 100 bps in PLN / USD/ EUR thousand	- 100 bps in PLN / USD/ EUR thousand	+ 10%	- 10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	42,168	422	-422	1	- 1	-	-	-	-
Bank deposits	5,048	50	-50	-	-	-	-	-	-
Trade and other receivables	328,904	-	-	25	- 25	-	-	-	-
Financial instruments held for trading *	1,117	-	-	-	-	112	-112	-	-
Financial instruments available for sale	412	-	-	-	-	-	-	41	- 41
Financial liabilities									
Trade and other payable	316,902	-	-	-19	+19	-	-	-	-
Loans and borrowings	13,547	-135	+135	-	-	-	-	-	-
Total		**337**	**-337**	**7**	**-7**	**112**	**-112**	**41**	**-41**

** Financial instruments held for trading indicated in the sensitivity analysis include broker-traded instruments. The analysis does not include financial instruments created as a result of the dealer's activities since in the majority of cases, these are arbitrage transactions (hedged with derivative contracts linked to equities and exchange indexes). As a result, increases/decreases in exchange indexes have no influence on the Group's pre-tax profit (loss) or equity.*

The assumptions adopted in the sensitivity analysis as at December 31st 2008 are described in the table next to each type of risk

Item of the financial statements	Value of the item in PLN thousand according to the consolidated statement of financial	Interest rate risk		Currency risk		Other price risk			
		Effect on pre-tax profit/(loss)		Effect on pre-tax profit/(loss)		Effect on pre-tax profit/(loss)		Effect on equity	
		+ 100 bps in PLN / USD/ EUR thousand	- 100 bps in PLN / USD/ EUR thousand	+ 10%	- 10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	39,016	390	-390	11	- 11	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	93,578	-	-	15	-15	-	-	-	-
Financial instruments held for trading *	1,803	-	-	-	-	180	-180	-	-
Financial instruments available for sale	357	-	-	-	-	-	-	36	- 36
Financial liabilities									
Trade and other payable	85,147	-	-	-7	+7	-	-	-	-
Loans and borrowings	6,635	-66	+66	-	-	-	-	-	-
Total		**324**	**-324**	**19**	**-19**	**180**	**-180**	**36**	**-36**

** Financial instruments held for trading indicated in the sensitivity analysis include broker-traded instruments. The analysis does not include financial instruments created as a result of the dealer's activities since in the majority of cases, these are arbitrage transactions (hedged with derivative contracts linked to equities and exchange indexes). As a result, increases/decreases in exchange indexes have no influence on the Group's pre-tax profit (loss) or equity.*

32.2. Interest Rate Risk

The Group has liabilities under working capital loans on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level effective as at the agreement date. Moreover, the Group allocates free cash to investments bearing interest at variable rates. If the interest rates fall, so will the Group's gains from such investments. For information on assets and liabilities subject to the interest rate risk, see Note 15.1 and Note 17.3.

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

	2009			
Variable interest rate	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	42,168			42,168
Overdraft facilities	-13,547			-13,547
Total	**33,669**	**-**	**-**	**33,669**

	2009			
Fixed interest rate	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	5,048			5,048
Total	**5,048**	**-**	**-**	**5,048**

	2008			
Variable interest rate	**<1 year**	**1–5 years**	**>5 years**	**Total**
Cash assets	39,016			39,016
Overdraft facilities	-6,635			-6,635
Total	**32,381**	**-**	**-**	**32,381**

32.3. Currency Risk

The Group is exposed to insignificant currency risk as it incurs most of its operating costs in the złoty. The Group does not have any foreign currency loans or borrowings, either. Currency risk is primarily related to the changes in the USD, EUR and HUF exchange rates, but in 2009, the majority of operating expenses were incurred in the złoty. The Group did not have any foreign currency loans or borrowings, either, so its exposure to currency risk was insignificant. Assessment of the effect of foreign exchange fluctuations as at December 31st 2009 and December 31st 2008 is presented in Note 32.1.

	Dec 31 2009	Dec 31 2008
Receivables in currency		
- EUR	18	36,600
- HUF	11,600	-
Liabilities in currency		
- USD	4	22
- EUR	42	-
- HUF	80	-
Cash		
- CZK	2	2
- EUR	1	27
- HUF	70	21

32.4. Price Risk

The Group holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE). The Group identifies the risk connected with the volatility of prices of financial instruments listed on the WSE. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Group also holds investment certificates, which are exposed to the risk of volatility of certificate current price.

However, the Group considers the risk related to prices of financial instruments immaterial, as the Group invests only a relatively small portion of its cash in financial instruments. Such investments are mainly performed as part of brokerage activities, whose strategy provides for the hedging of the Group's own positions, whenever possible, through arbitrage transactions; an open position on an equity contract is usually hedged by an offsetting transaction in shares. Consequently, the risk exposure is minimised.

Note 32.1 includes an impact assessment for changes in prices of the financial instruments held by the Group as at December 31st 2009.

32.5. Credit Risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses for the Group. In view of the above, the Group believes that credit risk was accounted for in the financial statements through creation of valuation allowances. Receivables by maturity and amounts of the created valuation allowances are presented in Note 15.2.1.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group has many clients. No client's share in the Group's total revenue exceeds 10%.

With respect to the Group's other financial assets, such as cash and cash equivalents, financial assets available for sale and certain derivatives, credit risk to which the Group is exposed arises when the counterparty is unable to make a due payment, and the maximum exposure to the risk is equal to the carrying value of those instruments. Credit risk connected with bank deposits, financial instruments, derivatives and other investments is considered low as the Group executed the transactions with institutions of sound financial standing.

32.6. Liquidity Risk

The Group is exposed to liquidity risk understood as the risk of failure to meet liabilities by specified deadlines. The risk is connected with a potentially limited access to financial markets, resulting in the Group's inability to raise new financing or refinance its debt. The Group strives to strike balance between the continuity and flexibility of financing through the management of receivables, liabilities and financial instruments, as well as through debt financing, that is short-term bank loans.

In the Group's opinion, due to the significant amount of cash (PLN 35,785 thousand as at the end of reporting period) (Note 15.1), access to credit facilities financing the Groups' activity on the WSE (Note 17.3.2) and the sound financial standing of the Group, the liquidity risk should be regarded as insignificant.

Note 17.3.1 includes a table setting forth liabilities by maturity. The vast majority of liabilities (94.4%) relate to transactions executed on the WSE, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus a liability under a stock exchange transaction is to a large extent offset by a transaction generating a receivable. As at December 31st 2009, the balance of stock exchange transactions (receivables less liabilities) stood at negative PLN 600 thousand and represented the amount of liabilities not offset by receivables. Transactions executed on the WSE may be financed from the available credit facilities. In such circumstances, the liquidity risk is considered low.

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

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

33. Equity Management

The objective of the Group's equity management policy is to ensure that the undertakings of the Group continue as going concerns while profitability for the shareholders is maximised thanks to optimisation of the debt to equity ratio. As at December 31st 2009 and December 31st 2008, the Group's equity amounted to PLN 47,164 thousand and PLN 44,365 thousand, respectively.

As a brokerage house, IPOPEMA Securities is subject to the Regulation on capital requirements, obliging it to secure a sufficient level of equity. Despite a considerable increase in equity, the Company uses debt financing. Under the effective laws and regulations, the Company's total debt may not be higher than four times the regulatory capital level. Furthermore, the Company must satisfy capital adequacy requirements described in Note 16.5). In connection with its activity on the secondary market, the Company is obliged to secure sufficient contributions to the Guarantee Fund upon the closing of each session day. Currently, each day the Company makes a contribution to the Fund using a credit facility (see Note 17.3.2). There is a risk that the level of equity (and, thereby, the regulatory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Guarantee Fund, while the present level of the available credit facility ensures safe continuation of business at the current level or even a substantial increase of the business. There can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its activities using internally-generated funds; additionally, it will also take steps with a view to obtaining financing from another bank.

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

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

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

IPOPEMA TFI, as an investment fund management company, is also obliged to comply with the requirement to secure a sufficient level of equity, laid down in Art. 49 and Art. 50 of the Act on Investment Funds of May 27th 2004.

The provisions of the aforementioned Act stipulate that the management company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 125,000. The management company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Furthermore, once the value of the assets of investment funds managed by the management company exceeds the złoty equivalent of EUR 250,000 thousand, the management company must immediately increase its equity by an additional amount equal to 0.02% of the difference between the sum of the value of the assets of all funds managed by the management company and the złoty equivalent of EUR 250,000 thousand. The management company is not obliged to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand.

Ipopema TFI maintains its equity at the level required by statutory provisions.

34. Employment Structure

In 2009, the average headcount at the IPOPEMA Securities Group was as follows:

	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Management Board of the Parent Undertaking	4	4
Management Boards of the Group companies	4	3
Other	70	54
Total	**78**	**61**

35. Fee of the Auditor or Entity Qualified to Audit Financial Statements

Under an agreement dated July 27th 2009, the entity qualified to audit the Company's annual separate and consolidated financial statements for 2009 and to review financial statements for H1 2009 is BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland. The agreement provides for the provision of the aforementioned services for annual and semi-annual periods of 2009.

	Jan 1–Dec 31 2009	Jan 1–Dec 31 2008
Mandatory audit/review of financial statements	72	52
Other certifying services	52	25
Other services	15	37
Total	**139**	**114**

36. Discontinued Operations

Both in 2009 and in 2008, the Group did not disclosed discontinued operations. Accordingly, all information presented in the financial statements relates to continued operations.

37. Events Subsequent to the End of the Reporting Period

All events with a bearing on the financial statements for 2009 were disclosed in the accounting books for 2009.

Warsaw, March 19th 2010

On behalf of the Management Board:

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

Danuta Ciosek
Chief Accountant