The IPOPEMA
Securities Group

Condensed Consolidated Financial Statements

for H1 2010
ended June 30th 2010

Warsaw, August 24th 2010

IPOPEMA Securities S.A.

Spis treści

COMPLIANCE STATEMENT

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

- to the best of our knowledge, the condensed consolidated semi-annual financial statements as at June 30th 2010 and the comparative information have been prepared in accordance with the applicable accounting policies, and give a true, clear and fair view of the assets, financial position and profit or loss of the IPOPEMA Securities Group;
- The Directors' Report on the Group's operations in H1 2010 gives a true picture of the Grop's development, achievements and standing; it also includes a description of risks and threats;
- BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland, a qualified auditor of financial statements entered in the list of entities qualified to audit financial statements maintained by the National Chamber of Chartered Auditors under Reg. No. 3355, which reviewed the separate semi-annual financial statements and the consolidated semi-annual financial statements, was appointed in compliance with applicable laws. Both BDO Sp. z o.o. and the qualified auditor who performed the review of the condensed consolidated financial statements of the IPOPEMA Securities Group as at June 30th 2010 met the conditions required to issue an impartial and independent report on the reviewed financial statements, in accordance with the applicable laws and professional standards.

Warsaw, August 24th 2010

The Management Board of IPOPEMA Securities S.A.:

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

Financial Highlights

Consolidated financial highlights	PLN '000 6 months ended		EUR '000 6 months ended	
	Jun 30 2010	Jun 30 2009	Jun 30 2010	Jun 30 2009
Revenue from core activities	50,245	24,927	12,548	5,517
Costs of core activities	34,972	23,165	8,734	5,127
Profit on core activities	15,273	1,762	3,814	390
Operating profit	14,024	1,066	3,502	236
Pre-tax profit	12,759	1,542	3,186	341
Net profit from continuing operations	10,112	736	2,525	163
Net profit	10,112	736	2,525	163
Net earnings from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.35	0.03	0.09	0.01
- diluted	0.34	0.03	0.08	0.01
Net cash provided by operating activities	47,837	352	11,947	78
Total cash flows	42,848	789	10,701	175

Consolidated financial highlights	PLN '000		EUR '000	
	Jun 30 2010	Dec 31 2009	Jun 30 2010	Dec 31 2009
Total assets	748,808	386,005	180,618	93,960
Current liabilities	683,144	330,449	164,780	80,436
Equity	60,026	48,540	14,479	11,815
Number of shares	28,928,553	28,928,553	28,928,553	28,928,553
Book value per share (PLN/EUR)	2.07	1.68	0.50	0.41

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	H1 2010	H1 2009
EUR	4.0042	4.5184

- Items of the statement of financial position:

Exchange rate as at:	Jun 30 2010	Dec 31 2009
EUR	4.1458	4.1082

These interim condensed consolidated financial statements for the six months ended June 30th 2010 were approved for publication by the Management Board on August 24th 2010.

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30th 2010

	Note	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
CONTINUING OPERATIONS			
Revenue from core activities, including:	**15**	**50,245**	**24,927**
Revenue from brokerage activities		35,929	21,269
Revenue from management of investment funds		6,996	2,909
Revenue from advisory services		7,320	749
Costs of core activities	**15**	**34,972**	**23,165**
Profit (loss) on core activities		**15,273**	**1,762**
Gain (loss) on transactions in financial instruments held for trading		- 1,154	-218
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		-	-
Other operating income		136	2
Other operating expenses		231	480
Operating profit (loss)		**14,024**	**1,066**
Finance income		1,624	1,010
Finance expenses		2,889	534
Pre-tax profit (loss)		**12,759**	**1,542**
Corporate income tax	16	2,647	806
Net profit (loss) on continuing operations		**10,112**	**736**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit (loss) for period		**10,112**	**736**
Attributable to:			
Owners of the parent		9,787	1,521
Non-controlling interests		325	-785
Earnings (loss) per share (PLN)		0.35	0.03
Diluted earnings (loss) per share (PLN)		0.34	0.03
Other comprehensive income		**816**	**9**
Gains and losses on revaluation of financial assets available for sale		1,008	11
Corporate income tax on items of other comprehensive income		-192	-2
Comprehensive income for period		**10,928**	**745**
Attributable to:			
Owners of the parent		10,603	**1,530**
Non-controlling interests		**325**	**-785**

Warsaw, August 24th 2010

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Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Interim Condensed Consolidated Statement of Financial Position

as at June 30th 2010

ASSETS	Note	Jun 30 2010	Dec 31 2009
Cash and cash equivalents	12	86,692	47,216
Current receivables	12	648,263	328,904
Current prepayments and accrued income		375	500
Financial instruments held for trading		3,956	4,345
Financial instruments held to maturity		-	-
Financial instruments available for sale		1,867	420
Investments in jointly controlled and associated undertakings		-	-
Non-current receivables		100	111
Non-current loans advanced		3,484	-
Property, plant and equipment		1,408	1,576
Investment property		-	-
Intangible assets		1,580	1,486
Inventories		-	-
Non-current prepayments and accrued income		1,083	1,447
TOTAL ASSETS		**748,808**	**386,005**

EQUITY AND LIABILITIES		Jun 30 2010	Dec 31 2009
Current liabilities	14	683,144	330,449
Other financial liabilities		-	-
Non-current liabilities		-	-
Provisions	14	5,638	7,016
Accruals and deferred income		-	-
Total liabilities		**688,782**	**337,465**
Share capital	13	2,893	2,893
Other capital reserves		10,093	8,719
Retained earnings		45,339	35,552
Total equity		**58,325**	**47,164**
Non-controlling interests		**1,701**	**1,376**
Total capital		**60,026**	**48,540**
TOTAL EQUITY AND LIABILITIES		**748,808**	**386,005**

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Interim Condensed Consolidated Statement of Cash Flows

for the 6 months ended June 30th 2010

CASH FLOWS	Note	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Cash flows from operating activities			
Pre-tax profit		**12,759**	**1,542**
Total adjustments:		**35,078**	**-1,190**
Amortisation/depreciation		465	506
Foreign exchange gains/(losses)		- 664	-
Interest and dividends		289	-
Profit (loss) on investment activities		260	-10,029
Change in financial instruments available for sale		-	
Change in financial instruments held for trading		390	345
Change in receivables		- 318,860	-67,715
Change in current liabilities (net of loans and borrowings)		356,376	74,947
Change in provisions and in impairment losses on receivables		-,1,691	-25
Change in accruals and deferrals		150	83
Corporate income tax		-,2,195	-968
Other adjustments (effect of incentive schemes)		558	1,666
Net cash provided by (used in) operating activities		**47,837**	**352**
Cash flows from investing activities			
Increase in loans advanced		-3,445	-
Decrease in loans advanced		6	-
Acquisition of property, plant and equipment and intangible assets		- 391	-344
Proceeds from financial instruments available for sale and held to maturity		5,001	--
Acquisition of financial instruments available for sale and held to maturity		- 440	-58
Other cash used in investing activities		- 568	-
Other cash provided by investing activities		152	-
Net cash provided by (used in) investing activities		**315**	**-402**
Cash flows from financing activities			
Increase in loans and borrowings		-	839
Interest paid		-405	-
Repayment of loans and borrowings		- 4,899	-
Dividends to owners of the parent		-	-
Net cash provided by (used in) financing activities		**- 5,304**	**839**
Total cash flows		**42,848**	**789**
Net increase in cash and cash equivalents		42,848	789
Change in cash resulting from foreign exchange differences		388	-
Cash at beginning of period	24	42,168	39,016
Cash at end of period, including	**24**	**85,016**	**39,805**
restricted cash		*9,535*	*10,000*

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Interim Condensed Consolidated Statement of Changes in Equity

for the 6 months ended June 30th 2010

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other capital reserves					
	Share capital	Share premium account	Revaluation capital reserve	Other	Retained earnings		
As at Jan 1 2010	**2,893**	**7,280**	**-32**	**1,471**	**35,552**	**1,376**	**48,540**
Profit for H1 2010	-	-	-	-	9,787	325	10,112
Costs of incentive scheme	-	-	-	558	-	-	558
Other comprehensive income	-	-	816	-	-	-	816
Dividend payment	-	-	-	-	-	-	-
As at Jun 30 2010	**2,893**	**7,280**	**784**	**2,029**	**45,339**	**1,701**	**60,026**
As at Jan 1 2009	**2,857**	**7,148**	**-35**	**763**	**33,632**	**-**	**44,365**
Profit for H1 2009	-	-	-	-	1,521	-785	736
Issue of shares	-	-	-	-	-	-	-
Dividend payment	-	-	-	-	-10,000	-	-10,000
Other comprehensive income	-	-	-30	-	-	-	-30
Costs of incentive scheme	-	-	-	1,662	-	-	1,662
Change in value of IBC shares following dilution	-	-	-	-1,474	-	1,474	-
As at Jun 30 2009	**2,857**	**7,148**	**-65**	**951**	**25,153**	**689**	**36,733**

Warsaw, August 24th 2010

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IPOPEMA Securities S.A.

NOTES

1.Information on the IPOPEMA Securities Group

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

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

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

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

The Group’s core business comprises:

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

IPOPEMA Securities S. A. – the Parent Undertaking

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

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

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

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

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

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

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

2. Composition of the Group

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

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

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

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

3.1. Compliance Statement

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard 34 and the IFRS applicable to interim financial reporting endorsed by the European Union. The other standards, amendments to the applicable standards and the interpretations of the International Financial Reporting Interpretations Committee which have been endorsed recently or are pending endorsement are not connected with the Group's operations and their effect on the financial statements of the Group would be immaterial.

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

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

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

3.2. Measurement Currency and Reporting Currency of the Financial Statements

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

3.3. Going Concern Assumption

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

4. Changes in Applied Accounting Policies

In H1 2010, there were no changes in the applied accounting policies compared with the policies applied in the consolidated financial statements for 2009, released on March 19th 2010.

While preparing these interim condensed consolidated financial statements, the Group applied the same accounting policies as those presented in the consolidated financial statements for the year ended December 31st 2009. The consolidated financial statements for 2009 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected Accounting Policies

<u>Financial Instruments</u>

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

Financial instruments are classified in the following categories:

Financial assets

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

Financial liabilities

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

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

Financial Instruments and Financial Liabilities Measured at Fair Value through Profit or Loss

A financial asset is designated as held for trading if it is acquired 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. In H1 2010, the Group also entered into a currency forward contract. The Group does not apply hedge accounting.

Financial liabilities other than held for trading may be designated by the Group upon initial recognition as financial liabilities at fair value through profit or loss if:

- the designation will eliminate or significantly reduce a measurement or recognition inconsistency; or
- a group of financial assets or liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy applied by the Group, whereunder information regarding asset grouping is exchanged internally; and
- they constitute part of a contract with one or more embedded derivatives, and IAS 39 permits that the entire contract (an asset or a liability) be designated at fair value through profit or loss.

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

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

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

Financial Instruments Held to Maturity

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

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

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

Loans and Receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms not traded on 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 to other categories.

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

Furthermore, under financial assets the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services. The value of the leased out property, plant and equipment and intangible assets amounts to PLN 594 thousand as at June 30th 2010.

Financial Instruments Available for Sale

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

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

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

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

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

Financial Liabilities at Amortised Cost

Other financial liabilities, including bank loans and borrowings, are initially measured at fair value less transaction costs and subsequently – at amortised cost (interest expense is measured using the effective cost method). The effective interest method is a method of calculating the amortised cost of a liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of a given liability or, when appropriate, a shorter period.

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

Receivables

Current Receivables

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

Receivables are initially recognised at nominal value and measured as at the end of the reporting period. The amount of receivables is subsequently decreased by impairment losses. Receivables are remeasured to account for the probability of their non-payment through the recognition of impairment losses. The Group 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 losses are recognised in particular for:

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

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

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

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

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

In the case of sale transactions made on the WSE to execute orders placed by clients whose accounts are kept by custodian banks, the Company discloses current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions) and current liabilities towards the clients for whom the sale transactions were executed.

Non-Current Receivables

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

Impairment

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

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

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

Liabilities

Current Liabilities

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

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

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

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

Non-Current Liabilities

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

6. Accounting Policies Introduced in H1 2010

In 2010, the Group introduced the following accounting policies:

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

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

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

The Group chose to apply early the following standards:

- IFRS 3 (revised) Business Combinations – published on January 10th 2008 and effective for reporting periods beginning on or after July 1st 2009. Earlier application is permitted under certain circumstances. The revised IFRS 3 requires that all acquisition-related costs be recognised as expense when incurred. Under the revised IFRS 3 and related revisions to IAS 27, the acquisition accounting for business combinations is only applied at the time control is obtained and in consequence goodwill is measured only as at that moment. IFRS 3 puts greater emphasis on fair value as at the acquisition date, defining the relevant accounting method. According to the revised standard, the non-controlling interest in the acquiree may be measured either at fair value, or the non-controlling interest’s proportionate share of net identifiable assets of the acquiree. Moreover, the modified standard requires that consideration for acquisition be measured at fair value as at the acquisition date. This requirement applies also to the fair value of all contingent considerations. IFRS 3 (as revised in 2008) permits only few changes to the valuation established upon initial recognition of a business combination, and only if they result from new information obtained about facts and circumstances that existed at the acquisition date. All other changes are recognised in profit or loss. The standard defines the impact on acquisition accounting in case when the acquirer and the acquiree were parties to a pre-existing relation. IFRS 3 (as revised in 2008) requires that an entity should classify all contractual terms at the acquisition date. There are, however, two exceptions to this principle: lease contracts and insurance contracts. The acquirer applies its own accounting principles and makes its choices as if it assumed the contractual relations irrespective of the business combination.

- IAS 27 (revised) Consolidated and Separate Financial Statements – published on January 10th 2008 and effective for reporting periods beginning on or after July 1st 2009. Earlier application is permitted under certain circumstances. The revised standard clarifies that any changes in the parent's interests in its subsidiary that do not involve a loss of control are accounted for as equity transactions with owners. Gain or loss is not recognised and goodwill is not remeasured. Any difference between the change in the non-controlling interest and the fair value of paid or received consideration is recognised directly in equity and attributed to parent's owners. The standard provides for accounting policies to be applied by the parent in case of a loss of control over subsidiary. Amendments to IAS 28 and IAS 31 extend the requirements concerning accounting for a loss of control. If an investor loses significant influence over an associate, it derecognises that associate and recognises in profit or loss the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate as at the date significant influence is lost. A similar accounting policy is applied when an investor loses joint control over an entity.

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

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

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

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

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

- Annual Improvements to IFRSs

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

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

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

8. Changes in Estimates

In H1 2010, there were no changes to estimates, except for provisions and impairment losses on receivables, as referred to in Note 14.

9. Translation of Foreign-Currency Items

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

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

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

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

Exchange rate as at	Jun 30 2010	Dec 31 2009
USD	3.3946	2.8503
EUR	4.1458	4.1082
100 HUF	1.4473	1.5168

10. Net Earnings per Share

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

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

Therefore, 1,056,605 shares remain to be subscribed for by persons covered by the Incentive Scheme to date, however, in accordance with the adopted methodology of calculating diluted profit, the number of the Company shares used for the purposes of the calculation was increased by 569,960.

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.

	H1 2010	H1 2009
Number of shares according to the National Court Register (KRS)	28,928,553	28,571,410
Weighted average number of shares	28,928,553	28,571,410
Diluted number of shares	29,498,513	29,031,959
Net earnings from continuing operations		
- basic	0.35	0.03
- diluted	0.34	0.03

11. Operating Segments

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

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

Operating segments	**6 months ended Jun 30 2010**			
	Continuing operations			
	Brokerage and related services	**Investment fund management**	**Consultancy services**	**Total**
Revenue				
Sales to external clients, including:	35,930	6,995	7,320	50,245
Inter-segment sales	-	-	-	-
Segment's total revenue	35,930	6,995	7,320	50,245
Segment's total costs and expenses	-22,445	-6,024	-6,503	- 34,972
- including costs of the incentive scheme	- 256	- 302	-	-558
Segment's profit (loss)	13,485	971	817	15,273
Unattributed costs	-	-	-	-
Profit on continuing operations before tax and finance expenses	13,485	971	817	15,273
Interest income	422	22	13	457
Interest expenses	-470	-	-	-470
Other finance income/expenses, net	-2,417	-	11	-2,406
Other operating income/expenses	-42	- 53	-	-,95
Profit before tax and non-controlling interests	10,978	940	841	12,759
Corporate income tax	2,222	235	190	2,647
Net profit for the period	8,756	705	651	10,112
Net profit for the period (excluding costs of the incentive scheme)	9,012	1,007	651	10,670

Assets and liabilities as at Jun 30 2010				
Segment's assets	**735,489**	**6,624**	**6,695**	**748,808**
Unattributed assets	**-**	**-**	**-**	**-**
Total assets	**735,489**	**6,624**	**6,695**	**748,808**
Segment's liabilities	**679,275**	**817**	**3,052**	**683,144**
Provisions for liabilities and other provisions	**4,775**	**624**	**239**	**5,638**
Equity	**57,277**	**2,341**	**-1,293**	**58,325**
Non-controlling interests	**-**	**-**	**1,701**	**1,701**
Total equity and liabilities	**741,327**	**3,782**	**3,699**	**748,808**

Operating segments	**6 months ended June 30 2010 Continuing operations**			
	Brokerage and related services	**Investment fund management**	**Consultancy services**	**Total**
Revenue				
Sales to external clients, including:	21,269	2,909	749	24,927
Inter-segment sales	-	-	-	-
Segment's total revenue	21,269	2,909	749	24,927
Segment's total costs and expenses	- 15,896	- 4,562	- 2,707	- 23,165
- including costs of the incentive scheme	-,228	-1,434	-	-1,662
Segment's profit (loss)	5,373	-1,653	-1,958	1,762
Unattributed costs	-	-	-	-
Profit (loss) on continuing operations before tax and finance expenses	5,373	-1,653	-1,958	1,762
Interest income	730	8	36	774
Interest expenses	-326	-	-	-326
Other finance income/expenses, net	-189	-	-1	-190
Other operating income/expenses	-398	-72	-8	-478
Profit (loss) before tax and non-controlling interests	5,190	-1,717	-1,931	1,542
Corporate income tax	1,142	29	-365	806
Net profit (loss) for the period	4,048	-1,746	-1,566	736
Net profit (loss) for the period (excluding costs of the incentive scheme)	4,276	- 312	- 1,566	2,398
Assets and liabilities as at Dec 31 2009				
Segment's assets	377,288	4,798	3,919	386,005
Unattributed assets	-	-	-	-
Total assets	377,288	4,798	3,919	386,005
Segment's liabilities	328,206	1,315	928	330,449
Provisions for liabilities and other provisions	6,676	102	238	7,016
Equity	48,263	520	- 1,619	47,164
Non-controlling interests	-	-	1,376	1,376
Total equity and liabilities	383,145	1,937	923	386,005

12. Notes to the Statement of Financial Position – Assets

Cash and Cash Equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	Jun 30 2010	Dec 31 2009
Cash and other assets of brokerage house clients		
a) at banks and in hand	44,232	11,431
b) other	-	-
Total cash and other assets of brokerage house clients	**44,232**	**11,431**
Cash and other assets:		
a) cash and other assets of the Group	42,460	35,785
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	44,232	11,431
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	**86,692**	**47,216**

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

Receivables

Current receivables stood at PLN 648,263 thousand as at June 30th 2010 and at PLN 328,904 thousand as at December 31st 2009.

Current receivables	Jun 30 2010	Dec 31 2009
From clients / trade receivables	280,423	155,007
- from clients under executed transactions on the Warsaw Stock Exchange	257,322	155,007
- from clients under executed transactions on the Budapest Stock Exchange	18,413	-
- other	4,688	-
From related undertakings	991	-
- financial assets held for lease	594	-
- other receivables from related entities	397	-
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	331,806	137,752
- under transactions executed on the Warsaw Stock Exchange	275,986	137,752
- under transactions executed on the Budapest Stock Exchange	55,820	-
From entities operating regulated markets and commodity exchanges	28	16
From the National Depository for Securities and exchange clearing houses	24,681	32,669
- from the settlement guarantee fund	24,681	32,669
- other	-	-
From investment and pension fund companies and from investment and pension funds	2,662	1,439
From issuers of securities or selling shareholders	-	-
From commercial chamber	-	-
Taxes, subsidies and social security receivable	-	370
Other	7,672	1,651
Total current receivables	**648,263**	**328,904**

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

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

In H1 2010, the Group acquired property, plant and equipment and intangible assets for PLN 391 thousand, whereas in H1 2009 the value of acquired property, plant and equipment and intangible assets amounted to PLN 344 thousand.

13. Notes to the Statement of Financial Position – Equity

Share Capital

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

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

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

Subsequently to the end of the reporting period, there were changes in the structure of shareholders holding over 5% of IPOPEMA Securities. For details see Note 28.

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

Change in Provisions

	H1 2010	H1 2009	2009
As at beginning of the reporting period	**7,016**	**2,926**	**2,926**
Provisions created during the financial year	6,684	2,224	10,811
Provisions used	7,705	2,536	6,686
Provisions released	357	1	35
As at end of the reporting period, including:	**5,638**	**2,613**	**7,016**
Deferred tax liability	518	144	211

Impairment Losses on Receivables

In H1 2010, the Group recognised impairment losses on receivables in the total amount of PLN 221 thousand. In the comparative period, H1 2009, the impairment losses on receivables totalled PLN 377 thousand, while in 2009, the Group recognised impairment losses on receivables in the total amount of PLN 1,144 thousand.

Provisions for Court Proceedings, Fines and Damages

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

Liabilities (Current)

Current liabilities	Jun 30 2010	Dec 31 2009
To clients	334 919	142 003
- under transactions executed on the Warsaw Stock Exchange	262 952	116 395
- under transactions executed on the Budapest Stock Exchange	17 140	-
- other	54 827	25 608
To related undertakings	18	9
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	324 569	169 404
- under transactions executed on WSE	271 860	169 404
- under transactions executed on Budapest Stock Exchange	52 709	-
To entities operating regulated markets and commodity exchanges	800	698
To the National Depository for Securities and exchange clearing houses	887	1 570
Loans and borrowings	9 998	13 547
a) from related undertakings	-	-
b) other	9 998	13 547
Taxes, customs duties and social security payable	1 459	1 066
Salaries and wages	-	1
To investment and pension fund companies and to investment and pension funds	303	860
Other	10 191	1 291
a) dividends payable	-	-
b) other	10 191	1 291
- finacial liabilities (valuation of futures and forward transactions)	138	75
- other liabilities	10 053	1 216
Total current liabilities	**683 144**	**330 449**

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

Interest-Bearing Bank Loans and Borrowings

Current liabilities under loans and borrowings	Jun 30 2010	Dec 31 2009
bank loan	9,998	13,547
- outstanding amount	9,998	13,547
Current liabilities under loans and borrowings	**9,998**	**13,547**

As at June 30th 2010, the Group's liabilities under loans related to its brokerage business amounted to PLN 9,998 thousand, compared with PLN 13,547 thousand as at December 31st 2009.

The Parent Undertaking concluded two working-capital overdraft facility agreements to finance the payment of liabilities to the Polish National Depository for Securities. On July 21st 2010, the Company executed annexes to the loan agreements, under which the term of the agreements was extended by one year, i.e. until July 20th 2011.

- Agreement providing for a revolving credit facility of up to PLN 10m, available until July 21st 2010. The purpose of the facility is to finance the payment of the Company's liabilities to the NDS 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.
- Agreement providing for a revolving credit facility of up to PLN 30m, available until July 21st 2010. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish NDS. The facility is secured with a blank promissory note, a power of attorney to the bank accounts held with the Bank, and a block on a term deposit of PLN 5m placed with the Bank (PLN 10m from July 21st 2010 to July 20th 2011).

Furthermore, Deutsche Bank made available to the Company an overdraft facility in an HUF account up to the maximum amount of EUR 1,150 thousand. As at June 30th 2010, PLN 1.288 thousand was drawn under the facility.

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

15. Notes to the Statement of Comprehensive Income

Revenue from Core Activities

Revenue from core activities	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Revenue from trading in securities	25,730	16,502
Revenue from investment banking services	9,821	4,617
Revenue from management of investment funds	6,995	2,909
Revenue from advisory services	7,320	749
Other revenue from core activities	379	150
Total revenue from core activities	**50,245**	**24,927**

Costs of Core Activities

Costs of core activities	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Affiliation	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	6,110	4,403
Fees payable to commercial chamber	-	17
Salaries and wages	16,527	10,519
Social security and other benefits	981	659
Employee benefits	98	140
Materials and energy used	252	305
Costs of maintenance and lease of buildings	764	742
Depreciation and amortisation	465	506
Taxes and other public charges	643	479
Other costs	9,132	5,395
Total costs of core activities	**34,972**	**23,165**

16. Income Tax

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

	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Current income tax		
Current income tax expense	2,195	968
Deferred income tax		
Relating to occurrence and reversal of temporary differences	452	-,162
Deferred income tax affecting equity	-192	-,2
Income tax expense disclosed in the statement of comprehensive income	**2,455**	**804**

Tax Settlements

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

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

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 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Pre-tax profit (loss)	**12,759**	**1,542**
Consolidation adjustments and profit (loss) of subsidiary undertakings	1,576	3,935
Pre-tax profit (loss) on continuing operations	14,335	5,477
Pre-tax profit (loss) on discontinued operations	-	-
Pre-tax profit (loss) on continuing and discontinued operations	14,335	5,477
Adjustments related to current income tax brought forward	-8,090	-2,491
Tax losses in connection which no deferred tax asset was recognised	-146	-
Use of tax losses not recognised previously	-	-
Deductions from income	-	-
Non-tax-deductible costs	7,684	2,542
Deductible temporary differences in connection with which no deferred tax asset was recognised	4	-
Non-taxable income	-1,974	-591
Other	-341	158
Tax base for current and deferred income tax	11,472	5,095
Income tax disclosed in the consolidated statement of comprehensive income	**2,195**	**968**
including tax on dividend and other	15	-
Income tax attributable to discontinued operations	-	-
Corporate income tax at the effective tax rate: 19% (2009: 19%)	2,180	968

17. Employee Benefits – Employee Share Option Plans

On March 23rd 2009, by virtue of a resolution, the Company's Management Board adopted the Rules of the Incentive Scheme (as amended), which were also subsequently approved by the Company's Supervisory Board. The Rules were adopted as a result of a resolution adopted by the Extraordinary General Shareholders Meeting on December 5th 2007 (and amended by a resolution of March 20th 2009) 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 to the execution of the IPOPEMA Group's strategy. 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 scheme is equity-settled.

To date, a number of persons from the IPOPEMA Securities Group were covered by the Incentive Scheme, including members of the Management Board of IPOPEMA TFI S.A., who were entitled (subject to fulfilment of certain criteria) to subscribe for the total of 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 is to be exercised by 2011. To date the persons acquired in total 357,143 shares. Since not all of the required criteria were met, the number of shares to be acquired fell by 324,347. Within this pool, based on IPOPEMA TFI's performance in 2009, the persons will be entitled to subscribe for a total of 413,748 shares, while 71,429 shares will be settled based on the Company's performance in 2010. Taking into account the reduction of the pool, as at the date of these financial statements

Share Option Plan I covers a total of 842,320 shares (including the shares subscribed for), instead of 1,166,667 shares as was originally assumed.

The other persons covered by the Incentive Scheme are entitled to subscribe for 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 subscribed for 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 is to be exercised by January 2014. Since not all of the required criteria were met, the number of shares to be subscribed for fell to 571,428 (no shares have been subscribed for yet under Share Option Plan II).

The list of persons eligible to subscribe for 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 such shares will be offered.

In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Company in the consolidated financial statements of the Group. At the consolidated level, in H1 2010 the total costs related to those plans increased the cost of salaries and wages by PLN 558 thousand, of which PLN 302 thousand was allocated to IPOPEMA TFI S.A. The remainder (PLN 256 thousand) which includes also the valuation of options covered by the agreements executed in 2006 between the then sole shareholder of the Company and some of the Company's current employees and members of the Management and Supervisory Boards, was charged to IPOPEMA Securities S.A. In performance of the abovementioned agreements, the eligible persons acquired existing Company shares. Given that certain conditions which had to be fulfilled remained valid in the period covered by these financial statements, the cost resulting from the valuation of the above options was charged to the consolidated result of the Group also in H1 2010. Despite the fact that the Company was not a party to the acquisition transactions, and thus did not issue any new shares, pursuant to the adopted accounting standards the cost should be allocated to the issuer.

In the comparative period, H1 2009, costs of incentive schemes amounted to PLN 1,662 thousand, with PLN 1,434 thousand of this amount charged to IPOPEMA TFI S.A. and the remainder (PLN 228 thousand) charged to IPOPEMA Securities S.A.

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

18. Dividends Paid and Proposed

In H1 2010, the Group did not pay or resolve to pay any dividend. In the comparative period, i.e. H1 2009, the General Shareholders Meeting of the Company resolved to pay dividend from the 2008 profit in the total amount of PLN 10m (PLN 0.35 per share). The dividend record date was set for September 15th 2009. However, as the number of shares carrying the right to dividend increased to 28,928,553 following the registration of 357,143 Series C shares with the National Depository for Securities on September 8th 2009, the following changes occurred:

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

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

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

In H1 2010 and H1 2009, the Group companies did not issue, redeem or repay any securities.

20. Exclusions of Companies from Consolidation

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

IPOPEMA Business Services Kft. – all figures in PLN '000	
Balance-sheet total as at Jun 30 2010	94
% share in parent's balance-sheet total	0.01 %
Revenue for period Jan 1 – Jun 30 2010	-
% share in parent's revenues	0.00%
Net assets as at Jun 30 2010	- 326
Net profit (loss) for period Jan 1 – Jun 30 2010	- 333

21. Seasonality

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

22. Contingent Liabilities and Contingent Assets

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

23. Related Party Transactions

In H1 2010 and H1 2009, the Parent Undertaking and the IPOPEMA Securities Group companies did not enter into any related party transactions which were not transactions at arm's length and which could have any material impact on the financial result of the Group.

Related party transactions – income and expenses (PLN '000)

Related party	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating income	Purchases – core activities	Other purchases
	Jan 1 – Jun 30 2010				Jan 1 – Jun 30 2009			
IPOPEMA BC	-	-	-	-	-	5	-	-
IPOPEMA TFI	-	81	-	-	-	43	-	-
IPOPEMA BS	-	23	-	-	-	-	-	-
Members of the Management Board and supervisory bodies	-	-	708	-	-	-	20	-
Other related parties	-	-	17	4	850	-	3	3
Total	**-**	**104**	**725**	**4**	**850**	**48**	**23**	**3**

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Jun 30 2010	Dec 31 2009	Jun 30 2010	Dec 31 2009
IPOPEMA BC	-	-	-	-
IPOPEMA TFI	61	-	-	-
IPOPEMA BS	991	-	-	-
Members of the Management Board and supervisory bodies	-	-	18	-
Other related parties	-	-	-	9

Total	**1,052**	**-**	**18**	**9**

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

24. Items of the Statement of Cash Flows

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Jun 30 2010	**Dec 31 2009**	**Jun 30 2010**	**Dec 31 2009**
Cash and cash equivalents	**86,692**	**47,216**	**85,016**	**42,168**
1. Cash in hand	4	4	4	4
2. Cash at banks	11,193	3,606	9,899	3,606
3. Other cash	75,495	38,558	75,113	38,558
4. Cash equivalents (deposit for a period exceeding three months)	-	5,048	-	-
5. Change in cash resulting from currency exchange differences			388	-

The difference between the presentation of cash in the balance sheet and the statement of cash flows, as at June 30th 2010, is attributable to currency exchange differences of PLN 388 thousand and a decrease in cash on account of 1,288 debit in a foreign currency current account as at June 30th 2010.

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

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Balance-sheet change	Presentation in the statement of cash flows – change
	Jun 30 2010	**Dec 31 2009**	**Jun 30 2010**	**Jun 30 2010**
Gross (current and non-current) receivables	654,229	331,266	322,963	318,860
Net receivables	651,847	329,015		
Impairment losses on receivables	2,382	2,251		131
Provisions	5,637	7,016		
- including deferred tax liability	518	211		
Other provisions	5,119	6,805		- 1,686
Total change in impairment losses and provisions				**- 1,691**
Current prepayments and accrued income	375	500		
Non-current prepayments and accrued income	1,083	1,447		
- including deferred tax asset	1,083	1,422		
Prepayments and accrued income (net of deferred tax asset)	**375**	**525**	**150**	**150**

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

Explanation to other items of the statement of cash flows

	Jan 1 2010 – Jun 30 2010	Jan 1 2009 – Jun 30 2009
Cash flows from investing activities		
Other cash used in investing activities	568	-
- current loans granted	568	-
Other cash provided by investing activities	152	-
- distributions from profit (dividends) received	18	-
- interest received	134	-

25. Information on Court Proceedings

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

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

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

A steady increase in the WIG index, a trend continuing since March 2009, could be seen on the WSE in H1 2010. An upward trend was also recorded in monthly trading values – PLN 33.3bn in the period from January to June 2010 against PLN 24.5bn in the same period of 2009. The Company's market share also improved slightly – 8.47% in H1 2010 against 8.35% in H1 2009.

On the Budapest Stock Exchange, monthly equity trading values grew during the period from January to August 2009 (from EUR 1.9bn in January to EUR 4.5bn in August), which was followed by a slowdown continuing until December 2009 (a drop to EUR 2.2bn). Since the beginning of 2010, monthly trading values began growing again (an increase to EUR 4.5bn in June 2010). IPOPEMA Securities became active on the Hungarian market in March 2010, gaining a monthly market share of 5.91% (ranking 6th) and steadily strengthening its position to gain a 7.86% market share in June 2010 (ranking 4th).

As a result, the Company's revenue from trading in securities grew by 55.9% to PLN 25,730 thousand (from PLN 16,502 thousand in H1 2009).

Handling of Investment Banking Transactions

H1 2010 was also a much more successful period for the Company's investment banking. Revenue from this business segment more than doubled (PLN 9,821 thousand in H1 2010 against PLN 4,617 thousand in H1 2009), driven by an increased number of transactions handled and transactions completed.

IPOPEMA TFI's Business

The key factors that contributed to the considerably higher revenue from fund management were an increase in the number of funds and a higher value of assets held by the funds managed by IPOPEMA TFI. As at the end of June 2009, IPOPEMA TFI managed 41 funds, while the aggregate value of assets under management was PLN 1,475m. As at the end of June 2010, the number of funds rose to 51 (including subfunds), whereas the aggregate value of their assets grew to PLN 3,009m. An over two-fold increase in revenue, combined with a limited and incommensurate growth (32.1%) in costs of operations, allowed the Company to generate a net profit of PLN 1,007 thousand in H1 2010 in the investment fund management segment. However, after taking into account the incentive scheme costs charged to IPOPEMA TFI (PLN 302 thousand), the segment's profit was reduced to PLN 705 thousand.

IPOPEMA Business Consulting's Business

H1 2010 was significantly more favourable compared with the corresponding period of 2009 also in the case of IPOPEMA Business Consulting. However, it must be borne in mind that 2009 was the first year of IPOPEMA BC's operating activity. In the first six months of 2009 the consultancy services segment posted revenue of PLN 749 thousand, with costs of operations at PLN 2,707 thousand. Still, contracts won by IPOPEMA BC in 2009 translated into revenue of PLN 7,320 thousand in H1 2010. This allowed the segment to generate a net profit of PLN 651 thousand, in spite of a two-fold rise in the costs of operations (which is attributable primarily to the higher employment costs connected with a markedly increased number of the company's consultants).

Recognition of Incentive Scheme Costs

As the Company adopted a reporting system compliant with the International Financial Reporting Standards (the "IFRS"), it had to recognise the effect of valuation of the stock option plans implemented by the IPOPEMA Securities Group in the consolidated financial statements. In H1 2010, the related costs totalled PLN 558 thousand (PLN 256 thousand at IPOPEMA Securities and PLN 302 thousand at IPOPEMA TFI), while in H1 2009 they amounted to PLN 1,662 thousand (PLN 228 thousand at IPOPEMA Securities and PLN 1,434 thousand at IPOPEMA TFI).

27. Objectives and Principles in Financial Risk Management

Under its risk management policy, the IPOPEMA Group incurs risks in a controlled manner in order to achieve its assumed business plans (including financial targets), while permanently meeting appropriate capital adequacy requirements. However, the Group's risk appetite is very low and in its operations it always follows a policy of minimising risk.

Apart from shares in the WSE-listed companies and derivatives listed on the WSE, the key financial instruments used by the Group are bank loans and own cash. The primary purpose of holding those financial instruments is to secure resources necessary for the Group's operations. The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

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

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 and fixed rates. For information on assets and liabilities subject to the interest rate risk, see Note 12 Cash and Cash Equivalents and Note 14 Interest-Bearing Bank Loans and Borrowings.

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.

Currency Risk

The Group has moderate exposure to currency risk. The Group commenced brokerage activity on the Hungarian market (Budapest Stock Exchange) in 2010, and all the settlements related to transactions executed on the Budapest Stock Exchange are performed in the Hungarian forint (HUF). The Parent Undertaking executes transactions on behalf of its clients, therefore each trade results in receivables from and payables to the parties to the transaction, which helps mitigate the HUF currency risk. Settlements with clients are performed in the transaction currency.

The Group has advanced foreign currency loans and holds cash in euro-denominated bank accounts. Currency risk is primarily related to the changes in the EUR, USD and HUF exchange rates. In order to minimise the exposure to currency risk, the Group entered into a forward contract, which allows it to offset excessive fluctuations of the EUR exchange rate.

Exposure to risk connected with other foreign currencies is insignificant.

Other 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 dealing 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.

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.

There is no significant concentration of credit risk at the Group as the Group has many clients. The share of any single client in the Group's revenue does not exceed 10%.

In view of the above, the Group believes that credit risk was accounted for in the financial statements through recognition of impairment losses.

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

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 86,692 thousand as at the balance-sheet date) (Note 12 Cash and Cash Equivalents), access to credit facilities (Note 14 Interest-Bearing Bank Loans and Borrowings) and the sound financial standing of the Group companies, the liquidity risk should be regarded as insignificant.

28. Events Subsequent to the End of Reporting Period

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

Change in the Company's Shareholder Structure

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

Signing Annexes to Credit Facility Agreements with Alior Bank

After the end of the reporting period, the Company signed annexes to the credit facility agreements with Alior Bank. The annexes extended the term of the agreements until July 20th 2011. For more details see Note 14 to these condensed consolidated financial statements.

Warsaw, August 24th 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