X-TRADE BROKERS DOM MAKLERSKI S.A. GROUP

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON DECEMBER 31, 2011

xtb
online trading

Contents

I. Consolidated statement of comprehensive income

	Note	Year ended December 31, 2011 PLN	Year ended December 31, 2010 PLN
Result of operations on financial instruments	5	232,244,051	177,516,554
Commission and fee revenue	6	6,301,671	3,741,978
Other revenue		706,011	224,289
Total operating revenue		**239,251,733**	**181,482,821**
Remuneration and employee benefits	7	(42,372,289)	(27,632,689)
Marketing		(41,760,186)	(35,885,553)
Other outsourced services	8	(14,216,394)	(11,971,296)
Building maintenance and lease costs		(4,402,602)	(3,199,284)
Depreciation and amortization		(2,503,108)	(2,100,746)
Taxes and charges		(2,429,269)	(3,714,656)
Commission costs	9	(23,255,908)	(8,718,705)
Other costs		(7,801,576)	(3,703,225)
Total costs of operating activities		**(138,741,332)**	**(96,926,154)**
Operating profit		**100,510,401**	**84,556,667**
Financial revenues	10	23,496,084	3,582,094
Financial costs	11	(778,898)	(2,608,904)
Profit before tax		**123,227,587**	**85,529,857**
Income tax	26	(18,534,553)	(18,936,696)
Net Profit		**104,693,034**	**66,593,161**
Net profit per:			
Owners of the parent company:		*104,693,034*	*66,593,161*
Non-controlling interests		–	–
Other comprehensive income			
FX differences from translation of foreign operations		(1,801,919)	1,241,295
Total comprehensive income		**102,891,115**	**67,834,456**
Total comprehensive income per:			
Owners of the parent company		*102,891,115*	*67,834,456*
Non-controlling interests		–	–

II. Consolidated statement of financial position

	Note	December 31, 2011 PLN	December 31, 2010 PLN	January 1, 2010 PLN
ASSETS				
Cash	12	428,686,584	254,922,742	224,911,246
Financial assets held for trading	13	32,551,814	34,263,144	19,951,334
Financial assets held to maturity	14	15,041,709	–	–
Income tax receivables		3,725,600	943,273	512,167
Loans granted and other receivables	15	41,081,955	14,690,102	5,583,684
Prepaid expenses		2,293,312	4,038,477	578,962
Intangible assets	16	4,050,829	2,367,417	600,767
Fixed assets	17	3,902,322	3,877,891	3,120,631
Deferred tax assets	27	11,457,066	2,394,137	2,610,141
Total assets		**542,791,191**	**317,497,183**	**257,868,932**
EQUITY AND LIABILITIES				
Liabilities				
Liabilities to clients	18	188,396,064	148,346,906	117,498,853
Financial liabilities held for trading	19	5,015,411	4,500,967	–
Income tax liabilities		161,893	335,073	3,480,180
Other liabilities	20	21,319,368	13,850,705	12,879,219
Provisions for liabilities	23	645,377	37,782	15,941
Deferred tax liability	27	8,900,040	4,963,762	4,095,679
Total liabilities		**224,438,153**	**172,035,195**	**137,969,872**
Equity				
Share capital	24	5,520,625	5,520,625	5,510,214
Supplementary capital	24	1,850,000	1,850,000	1,850,000
Other reserve capitals	24	138,070,425	71,336,469	65,716,386
Non-registered contribution towards equity	24	69,999,935	–	–
FX differences from translation	24	(1,640,430)	161,489	(1,079,806)
Retained earnings		104,552,239	66,593,161	47,902,266
Equity of owners of the parent company		**318,352,794**	**145,461,744**	**119,899,060**
Non-controlling interests		244	244	–
Total equity		**318,353,038**	**145,461,988**	**119,899,060**
Total equity and liabilities		**542,791,191**	**317,497,183**	**257,868,932**

III. Consolidated statement of changes in equity

Consolidated statement of changes in equity for the period from January 1, 2011 to December 31, 2011

	Share capital PLN	Supplementary capital PLN	Other reserve capitals PLN	Non-registered contribution towards equity PLN	FX differences from translation PLN	Retained earnings PLN	Equity of owners of the parent company PLN	Non-controlling interests PLN	Total equity PLN
As at January 1, 2011	**5,520,625**	**1,850,000**	**71,336,469**	**–**	**161,489**	**66,593,161**	**145,461,744**	**244**	**145,461,988**
									–
Comprehensive income for the reference year									–
Net Profit	–	–	–	–	–	104,693,034	**104,693,034**	–	**104,693,034**
Other comprehensive income:	–	–	–	–	(1,801,919)	–	**(1,801,919)**	–	**(1,801,919)**
Total comprehensive income for the reference year	**–**	**–**	**–**	**–**	**(1,801,919)**	**104,693,034**	**102,891,115**	**–**	**102,891,115**
									–
Transactions with owners of the Parent company recognized directly in equity									–
Profit appropriation	–	–	66,733,956	–	–	(66,733,956)	–	–	–
Contribution towards equity	–	–	–	69,999,935	–	–	**69,999,935**	–	**69,999,935**
									–
As at December 31, 2011	**5,520,625**	**1,850,000**	**138,070,425**	**69,999,935**	**(1,640,430)**	**104,552,239**	**318,352,794**	**244**	**318,353,038**

Consolidated statement of changes in equity for the period from January 1, 2010 to December 31, 2010

	Share capital PLN	Supplementary capital PLN	Other reserve capitals PLN	FX differences from translation PLN	Retained earnings PLN	Equity of owners of the parent company PLN	Non-controlling interests PLN	Total equity PLN
As at January 1, 2010	**5,510,214**	**1,850,000**	**65,716,386**	**(1,079,806)**	**47,902,266**	**119,899,060**	**–**	**119,899,060**
								–
Comprehensive income for the reference year								–
Net Profit	–	–	–	–	66,593,161	**66,593,161**	–	**66,593,161**
Other comprehensive income:	–	–	–	1,241,295	–	**1,241,295**	–	**1,241,295**
Total comprehensive income for the reference year	**–**	**–**	**–**	**1,241,295**	**66,593,161**	**67,834,456**	**–**	**67,834,456**
								–
Transactions with owners of the Parent company recognized directly in equity								–
Acquisition of non-controlling interests							244	**244**
Profit appropriation	–	–	37,902,266	–	(37,902,266)	**–**	–	**–**
Increase of share capital	1,436,875	–	(1,436,875)	–	–	**–**	–	**–**
Repurchase and redemption of own shares	(1,426,464)	–	(30,573,878)	–	–	**(32,000,342)**	–	**(32,000,342)**
Payment of tax on increase of share capital	–	–	(271,430)	–	–	**(271,430)**	–	**(271,430)**
Dividend payment	–	–		–	(10,000,000)	**(10,000,000)**	–	**(10,000,000)**
As at December 31, 2010	**5,520,625**	**1,850,000**	**71,336,469**	**161,489**	**66,593,161**	**145,461,744**	**244**	**145,461,988**

TRANSLATION
This document is a translation of the Polish original

IV. Consolidated statement of cash flows

	Note	Year ended December 31, 2011 PLN	Year ended December 31, 2010 PLN
Cash flows from operating activities			
Profit before tax		123,227,587	85,529,857
Adjustments:			
Minority profit (loss)		–	244
(Profit)/Loss on sales or disposal of items of fixed assets		298,050	19,630
Depreciation and amortization		2,503,108	2,100,746
(Positive)/negative FX differences from cash translation		(11,407,357)	1,052,161
Other adjustments	29	(1,998,451)	1,289,302
Change in balance			
Change in provisions		607,595	21,841
Change in assets and liabilities held for trading		2,225,774	(9,810,843)
Change in loans granted and other receivables	29	(5,095,834)	(2,934,893)
Change in prepaid expenses		1,745,165	(3,459,515)
Change in liabilities towards the clients		40,049,158	30,848,053
Change in other liabilities	29	7,577,039	693,461
Cash from operating activities		**159,731,834**	**105,350,044**
Income tax paid		(26,616,711)	(21,428,822)
Interests		33,605	44,389
Net cash from operating activities		**133,148,728**	**83,965,611**
Net cash flows from investment activities			
Proceeds from sale of fixed assets		103,695	367,735
Payment for fixed assets	17	(1,887,800)	(2,203,100)
Payment for intangible assets	16	(2,244,764)	(2,143,609)
Proceeds/(outflows) from bank deposits		229,925	(229,925)
Loans granted	15	(21,525,944)	(5,941,600)
Acquisition of financial assets held to maturity	14	(15,041,709)	–
Net cash from investment activities		**(40,366,597)**	**(10,150,499)**
Cash flows from financial activities			
Proceeds from issue of own shares	24	69,999,935	–
Payment due to repurchase of shares		–	(32,000,342)
Payment of liabilities due to finance lease contracts		(391,976)	(435,294)
Paid interests on lease		(33,605)	(44,389)
Dividends paid to the owners		–	(10,000,000)
Other expenses		–	(271,430)
Net cash from financial activities		**69,574,354**	**(42,751,455)**

Consolidated statement of cash flows (cont.)

	Note	Year ended December 31, 2011 PLN	12/31/2010 PLN
Net increase of cash and cash equivalents:		**162,356,485**	**31,063,657**
Cash and cash equivalents as at the beginning of the financial year		254,922,742	224,911,246
Impact of FX differences on cash balance in foreign currencies		11,407,357	(1,052,161)
Cash and cash equivalents as at the end of the financial year		**428,686,584**	**254,922,742**
including restricted access funds:			
- cash and cash equivalents of clients		*185,538,986*	*147,681,752*
- funds of the Company's Social Fund		*3,440*	*10,567*

V. Additional information

1. Data of the parent company and composition of the Group

The parent company of X-Trade Brokers Dom Maklerski S.A. Group ("Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter referred to as the: "Parent company", "Broker ") with its head office in Warsaw, ul. Ogrodowa 58, 00-876 Warsaw.

X-Trade Brokers Dom Maklerski S.A. is entered into the Register of Entrepreneurs of the National Court Register kept by the District Court for the city of Warsaw, 12th Commercial Division, under KRS (National Court Register) number 0000217580. The Parent company has been given a state statistical number REGON and tax identification number NIP 527-24-43-955.

The Parent company's line of business is related to brokerage activities on the stock exchange and OTC market (derivatives for currencies, commodities, indices, equities and bonds). The Parent company is governed by the Polish Financial Supervision Authority and operates on the basis of permission dated November 8, 2005 no DDM-M-4021-57-1/2005.

1.1. Information on reporting entities in the Parent company's structure

The following foreign branches of the Parent company are covered by the financial statements:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačni složka – a branch established on March 7, 2007 in the Czech Republic. The branch was entered into the commercial register kept by the Municipal Court in Prague under number 56720 and tax identification number CZK 27867102,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on December 19, 2007 in Spain. On January 16, 2008, the branch was registered under Spanish law and given tax identification number ES W0601162A,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačná zložka – a branch established on July 1, 2008 in the Slovak Republic. On August 6, 2008, the branch was entered into the commercial register kept by the Municipal Court in Bratislava under number 36859699 and tax identification number SK4020230324,
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) - a branch established on July 31, 2008 in Romania. On August 4, 2008, the branch was entered into the Register of Entrepreneurs under number 402030 and tax identification number CUI 24270192,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, German Branch – a branch established on September 5, 2008 in the Federal Republic of Germany. On October 24, 2008, the branch was entered into the Register of Entrepreneurs under number HRB 84148 and tax identification number 4721939029,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Magyarorszagi Fioktelepe (branch in Hungary) – a branch established on April 21, 2010 in the Republic of Hungary. On May 11, 2010 the branch was entered into the Register of Entrepreneurs under number 0117000638 and tax identification number HU22691631.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, French Branch – a branch established on April 21, 2010 in the Republic of France. On May 31, 2010, the branch was entered into the Register of Entrepreneurs under number 522758689.
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal Portugesa – a branch established on July 7, 2010 in Portugal. On July 7, 2010, the branch was entered into the Register of Entrepreneurs under number 980436613.

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Succursale in Italia (branch in Italy) – a branch established on July 28, 2010 in Italy. On July 28, 2010, the branch was entered into the Register of Entrepreneurs under number 07115880960.

1.2. Group Composition

The X-Trade Brokers Dom Maklerski S.A. Group is composed of X-Trade Brokers Dom Maklerski S.A. as the parent company and the following subsidiaries:

		Share in the capital %	
Company name	**Registered office**	**December 31, 2011**	**December 31, 2010**
XTB UK Ltd	Great Britain	100%	100%
X-Trade Brokers Asesores Bursatiles S.A.	Mexico	98%	98%

The company X-Trade Brokers Asesores Bursatiles S.A. in Mexico has not started its operating activities.

In 2011 the Parent company acquired shares in the subsidiary XTB Chile Agente de Valores Limitad with its registered office in Chile and subsequently disposed of the shares at a profit on sales in the amount of 227,396 (see note 5).

X Trade Brokers Asesores Bursatiles S.A. in Mexico did not take any operating activities in 2010, and XTB UK Ltd in Great Britain started its operating activities in November 2010.

As at December 31, 2011 all subsidiaries were included in consolidation for the first time. In the consolidated financial statements of the Group all information on the subsidiaries was disclosed in the comparable data.

2. Basis of preparation

2.1 Declaration of conformity

The consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group, prepared for the financial year from January 1, 2011 to December 31, 2011, include financial data of the Parent company and subsidiaries constituting the "Group".

The financial statements were prepared in accordance with International Financial Reporting Standards in the wording approved by the European Union (IFRS).

The financial statements are the first consolidated financial statements of the Group. The Group did not prepare the consolidated financial statements for the financial year ended on December 31, 2010, as pursuant to Article 58 sec. 1 of the Act of 29 September 1994 on Accounting (Journal of Laws of 2009, no 152, item 1223, as amended) (hereinafter referred to as the "Act") and pursuant to the secondary legislation to the Act, on the basis of which the financial statements for 2010 of the parent company were made, the subsidiaries were considered insignificant for the obligation as defined in Article 4 sec. 1 of the Act.

The comparable data as for the day and financial year ending on December 31, 2010 were presented on the basis of converted separate financial statements of the parent company and subsidiaries, made as for the day and financial year ending on December 31, 2011.

2.2 Earlier application of standards and interpretations

When preparing the financial statements, the Parent company decided that none of the Standards will be applied earlier. A list of standards and interpretations pending for approval by the European Union, including the position of the Parent company with respect to their application, is contained in appendix 1 to the financial statements.

3. Adopted accounting principles

3.1 Consolidation principles

The consolidated financial statements include financial data of the Parent company and subsidiaries as for December 31, 2011. The financial statements of subsidiaries are made for the same day as the financial statement of the parent company and, in all important aspects, according to the same accounting principles.

3.1.1 Business combinations

The acquisition of entities and selected parts of business is settled on the basis of the acquisition method. Each time the payment due to business combinations is measured at aggregate fair value (as at the payment date) of transferred assets, incurred or assumed liabilities and equity instruments issued in exchange for control over the acquired entity. The costs directly related to business combination are recognized in the profit and loss account at the time of their incurring.

In certain cases, the payment also includes assets or liabilities resulting from the contingent payment measured at the date of acquisition at fair value. Changes in fair value of the contingent payment in the subsequent periods are disclosed as changes in merger costs if they may be classified as changes in the measurement period. All other changes are settled in accordance with appropriate provisions of the IFRS. Changes in fair value of the contingent payment qualified as equity element are not disclosed.

Identifiable assets, liabilities and contingent liabilities of the acquired entity, which fulfill the requirements for disclosure in accordance with IFRS 3 "Business Combinations", are recognized at fair value at the date of acquisition, including exceptions define din IFRS 3.

In case of gaining control due to several subsequent transactions, the shares held at the date of gaining control are measured at fair value with respect to effects on revenue or costs of the financial period. The amounts accrued due to shares in such entity previously charged to other items of the comprehensive income are transferred to the revenue or costs of the financial period.

The goodwill arising from the acquisition is disclosed in assets and initially disclosed at costs as the value of the acquisition costs exceeding the interests in the net fair value of the identifiable disclosed assets, liabilities and contingent liabilities. If after revaluation, the interests of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity exceed the cost of business combination, the surplus will be recognized in the profit and loss account forthwith.

3.1.2 Investment in the subsidiaries

Subsidiaries will be deemed to mean entities controlled by the parent company (including also special purpose entities). It is acknowledged that the control takes place in the event when the parent company is able to influence financial and operating policy of the subordinate entity in order to derive profits from its operations.

Financial results of the subsidiaries, acquired or sold within a year, are recognized in the consolidated financial statements from/until the time of their effective acquisition or sale.

In relevant cases, certain adjustments are made in the financial statements of the subsidiaries in order to unify the accounting principles applied by a given entity with the principles applied by other entities of the Group.

Any transactions, balances, revenues and costs between the related entities under the consolidation process are subject to complete consolidation elimination.

The non-controlling interests are disclosed separately from the equity of the owners of the parent company. The non-controlling interests may be initially measured either at fair value or proportionally to the net fair value of the acquired assets. The abovementioned options are available for each business combination. In the subsequent periods, the value of the non-controlling interests includes the recognition value initially adjusted by changes in the equity of a given entity proportionally to the shares held. The comprehensive income is allocated to the non-controlling interests even if it causes negative value of such interests.

Changes in the interests of the subsidiary that do not cause loss of control are recognized as capital transactions. The carrying value of shares held by the owners of the parent company as well as non-controlling interests are appropriately modified in order to reflect the changes in the share structure. The difference between the value by which the value of the non-controlling interests is modified and fair value of payment, received or transferred, is directly recognized in equity.

In case of the loss of control of a subsidiary, profit or loss due to sale is established as the difference between: (i) total fair value of the received payment and fair value of shares in an entity remaining in the Parent company, and (ii) carrying value of assets (including goodwill), liabilities and non-controlling interests. The amounts disclosed with respect to the sold entity, in other items of the comprehensive income, are subject to reclassification to revenues or costs of the financial period. The fair value of shares in the entity remaining in the Parent company after sale, is considered the initial fair value for the purpose of their later disclosure in accordance with IAS 39, or the initial cost of shares in the associated entities or joint undertakings.

3.1.3 Goodwill

The goodwill arising after acquisition results from the surplus, as at the date of acquisition, of the transferred payment, the amount of the non-controlling interests and fair value of the previously held shares in the acquired entity over the shares in the Parent company at net fair value of identifiable assets, liabilities and contingent liabilities of the entity, disclosed as at the date of acquisition.

In case of negative value, another review of the process of assigning fair values to particular items of the acquired net assets takes place. If, despite such review, the value remains negative, it is disclosed in the profit and loss account forthwith.

The goodwill is initially disclosed as an item of assets at cost, and then measured according to the cost decreased by accumulated loss due to impairment.

In order to test impairment, the goodwill is allocated to particular centers generating cash flows, which should bring profits due to synergies resulting from business combination. The entities generating cash flows, where the goodwill is allocated, are tested once per year or more often with respect to impairment if there are any justified reasons to assume that impairment has occurred. If the recoverable value of the center generating cash flows is lower than its balance value, the loss due to impairment is first allocated in order to reduce the balance amount of the goodwill allocated to such center, and then to the remaining assets of such center proportionally to the balance sheet value of particular items of assets of the entity. Loss due to impairment recognized for the goodwill is not reversed in the subsequent period.

At the time of sale of a subsidiary or entity subject to joint control, a part of goodwill falling thereupon is taken into account when calculating profit/loss due to sale.

The goodwill due to purchase of an entity located abroad is treated as an item of assets of the entity located abroad and is subject to translation using exchange rate valid on the balance sheet date.

3.2 Functional currency and presentation currency

The financial statements were prepared in Polish Zlotys (PLN). The amounts presented in the financial statements were rounded to full amounts of Polish Zlotys.

Polis Zloty is the Group's presentation current and the Parent company's functional currency. Foreign branches of the Parent company prepare their statements in the functional currency, which is the currency of the primary economic environment in which each foreign branch of the Parent company operates .

When preparing the financial statements of the Group, assets and liabilities of entities located abroad are converted according to the average exchange rate of the National Bank of Poland (NBP) valid as at the end of the reporting period. Revenue and costs are converted according to the average exchange rate of NBP for a given reporting period, except fro the situations when FX differences are significant (then the exchange rate binding at transaction dates is applied).

FX differences emerged due to translation are recognized in other comprehensive income and presented in equity as FX differences due to translation of entities operating abroad. Such FX differences are recognized as revenue or cost in the period, in which the entity located abroad is sold.

3.3 Transactions in foreign currency

The transactions made in currency other than the functional currency are recognized in exchange rate valid as at the date of transaction. As at the balance sheet date, assets and liabilities denominated in foreign currencies are converted according to the average exchange rate of NBP announced on that day. Non-cash items are measured according to historical cost.

FX differences are recognized in revenue or costs in the period in which they occur, except for:

- FX differences concerning assets under construction, which are included in the costs of such assets and treated as adjustments of interests costs of loans in foreign currencies;
- FX differences resulting from cash items of receivables or liabilities towards foreign entities, with which no settlements are planned or such settlements are improbable, constituting part of the net investments into an entity located abroad and disclosed in the reserve capital due to translation of foreign operations and in the profit/loss due to sale of the net investment.

The following exchange rates have been adopted for the purpose of valuation of assets and liabilities as at the balance sheet date and translation of positions of the financial statements of comprehensive income:

	December 31, 2011		December 31, 2010		January 1, 2010	
Currency	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income
USD	3.4174	–	2.9641	–	2.8503	–
EUR	4.4168	4.1401	3.9603	4.0044	4.1082	4.3406
CZK	0.1711	0.1682	0.1580	0.1585	0.1554	0.1639
RON	1.0226	0.9773	0.9238	0.9502	0.9698	1.0255
HUF	0.0142	0.0148	0.0142	0.0145	–	–
CLP	0.0059	0.0058	–	–	–	–
MXN	0.2440	–	0.2393	–	–	–
GBP	5.2691	4.7537	4.5938	4.6901	–	–

3.4 Cash

Cash consists of cash in hand and bank deposits payable upon demand. Other cash equivalents are short-term investments of high liquidity, easily convertible into certain cash amounts and slightly at risk of change in value. The Group includes investments in cash equivalents if they are easily convertible into a certain amount of cash, slightly at risk of change in value and have a three-month or shorter pay period calculated from the date of their acquisition.

Cash flows constitute inflows and outflows of cash and cash equivalents. The Group indicates cash flows due to operating activities, using indirect method, which allows to adjust profit or loss by effects of transactions of non-cash nature, by prepaid expenses regarding past or future proceeds or cash payments concerning operating activities, and by income and cost positions related to proceeds due to investment or financial activities. The proceeds due to interests on cash and cash equivalents as well as costs due to interests paid to clients are classified in the operating activities, whereas costs due to interests paid due to financial lease are classified in the financial activities.

Cash includes the Group's own cash and the clients' cash. The clients' cash are deposited on bank accounts separately from the Group's cash.

3.5 Assets and liabilities

The investments are recognized on the purchase date and excluded from the financial statements on the sale date (transactions recognized as at the date of their execution) if the agreement requires their delivery within the deadline stipulated by a relevant market, and their initial value is measured at fair value. The transaction costs concerning acquisition of assets and liabilities measured at fair value through profit and loss are recognized at cost of the financial period, whereas transaction costs regarding other category of assets and liabilities are included in the initial value of such assets and liabilities.

The financial assets are classified into the following categories:

- financial assets assessed according to the fair value by the financial result,
- financial assets kept until maturity,
- financial assets available for sale and

- loans and receivables.

The financial assets are classified as:

- financial liabilities at fair value through profit or loss and
- other financial liabilities.

The classification depends on the type and purpose of the financial assets and liabilities, and is determined at initial disclosure.

3.5.1 Financial assets at fair value through profit or loss

This group of financial assets includes financial assets held for trading or classified as measured at fair value through profit or loss at initial disclosure.

The Group includes in this category mainly OTC derivatives, publicly traded derivatives and publicly traded equities.

The financial asset is classified as held for sale, if:

- it was purchased primarily to be resold in the near future; or
- it is a part of a specific portfolio of financial instruments jointly managed by the Group in accordance with the current and actual model of generating short-term profits; or
- it is an unclassified derivative not serving as collateral.

The financial asset other than one designated for sale may be initially recognized at fair value through profit and loss, if:

- such recognition eliminates or considerably reduces a non-cohesive measurement or the disclosures made in other circumstances; or
- belongs to the Group's financial assets subject to management, and its results are recognized at fair value according to the Group's documented risk management or investment management strategy under which information on asset groupings are conveyed internally; or
- the asset is part of a contract containing one or more embedded derivatives, and IAS 39 "Financial instruments: Recognition and Measurement" allows the classification of the entire contract (item of assets or liabilities) at fair value through profit and loss.

Financial assets recognized at fair value through profit and loss are disclosed at their fair value, whereas profits and losses are recognized in the statement of comprehensive income. A net profit or loss in the statement of comprehensive income takes into account the dividends or interests generated by a particular item of financial assets

3.5.2 Financial assets held to maturity

Investments and other financial assets, except for derivatives, with established or possible to be established cash flows and terms of fixed maturity, which the Group wishes and is able to maintain until maturity, are classified as held to maturity investments. They are recognized at amortized cost by the effective interests method, taking into account impairment.

The Group includes in this category acquired debt securities.

3.5.3 Loans and receivables

Trade receivables, loans and other receivables, with established or possible to be established cash flows, not traded on the active market, are classified as loans and receivables. They are recognized at amortized cost by the effective interests method, taking into account impairment. Income earned from interests is determined by applying the effective interests rate, except for current short-term receivables, where interests recognition is insignificant.

The Group includes in this category mainly granted loans and receivables from clients and contractors.

3.5.4 Financial assets available for sale

The financial assets available for sale include other than derivative financial assets designated for sale or not classified into any of the abovementioned categories.

Profits and losses resulting from changes in adjustment to fair value are recognized in other comprehensive income, except for impairment write-downs, interests calculated by applying effective interests rate, and negative and positive FX differences regarding cash equivalents, which are recognized directly in the revenue or costs of the financial period. If an investment is sold or recognized as impaired, the accumulated profit or loss previously disclosed in other comprehensive income is now disclosed in the revenue or costs of the given financial period.

Dividends on capital instruments available for sale are recognized in the revenue when the Group earns the right to receive them.

3.5.5 Measurement at fair value

Fair value is the amount for which a given asset could be exchanged and a liability regulated on the conditions of market transactions between the interested and well-informed, non-affiliated parties.

In case of financial instruments available on the active market, fair value is measured on the basis of quoted market prices. A market is considered active if the quoted prices are common and directly available and if they represent current and actual transactions between non-affiliated parties.

If no active market exists for a given financial instrument, fair value is determined on the basis of valuation models. The valuation models are used for vanilla option measurement based on the Black-Scholes model and for binary options based on probability distribution as regards occurrence of a given price value of the underlying instrument at the time of option expiration. The probability distribution is designated based on translation from the market-related volatility surface, using the Black-Scholes model.

Fair value of a financial instrument at initial disclosure constitutes transaction price, i.e. fair value of the amount paid or received.

3.5.6 Loss of financial assets value

Financial assets, except for those recognized at fair value through profit and loss, are examined with respect to impairment as at each balance sheet date. Financial assets lose value when objective circumstances suggest that events which occurred after initial disclosure of the asset have negatively affected estimated future cash inflows associated with such asset.

In the case of shares quoted on the stock exchange and classified as available for sale, a considerable or long-term decrease of the price of shares below their cost is considered objective proof of impairment.

In the case of some categories of financial assets, e.g. trade receivables, individual assets deemed valid will be examined with respect to joint impairment. The objective proof of impairment of portfolio of receivables includes the Group's experience in the process of debt collection; increase in the number of late payments on average over 90 days, and observable changes in national or local economy, which are connected with case of late payments of receivables.

In the case of financial assets disclosed at amortized cost, the impairment write-down is equal to the difference between the balance sheet value of the asset and the current estimated value of future cash inflows discounted on the basis of the initial effective rate of interests on the financial assets.

In the case of financial assets disclosed at cost, the impairment write-down is equal to the difference between the balance sheet value of the asset and the current estimated value of future cash inflows discounted on the basis of the initial effective rate of interests on the financial assets.

In case of debt instruments classified as available for sale, if in the following accounting period the impairment write-down is decreased and such decrease may be reasonably referred to an event after recognition of the impairment, the previously disclosed impairment write-down is reversed into revenue of the period.

In case of capital instruments classified as available for sale, the impairment write-downs previously disclosed through profit and loss are not subject to reversal. All increases in fair value after an impairment are recognized in other comprehensive income.

3.5.7 Exclusion of financial assets from the balance sheet

The Group excludes an item of financial assets from the balance sheet only in the event when contractual rights to cash flows generated by such item of financial assets expire or when the item of financial assets substantially with all risk and benefits related thereto are transferred to another entity. If the Group does not transfer or substantially retain all risk and benefits related to the item of assets held and maintains control over such item of assets, the retained interests in the said item of assets as well as obligations connected therewith due to potential profits are recognized. However, if the Group retains substantially all risk and benefits related to the transferred item of assets, it still recognizes the appropriate item of financial assets. At the time when the item of financial assets was wholly excluded, the difference between (i) balance sheet value and (ii) the amount of the received payment as well as any accumulated profits and losses disclosed in other comprehensive income, is recognized in the revenue or costs of the financial period.

3.5.8 Financial liabilities at fair value through profit or loss

This category of financial liabilities includes financial liabilities held for trading or classified as measured at fair value through profit or loss at initial disclosure.

A financial liability is classified as held for sale, if:

- it was primarily entered into in order to be repurchased in the near future;
- it is a part of a specific portfolio of financial instruments jointly managed by the Group in accordance with the current and actual model of generating short-term profits; or
- it is an unclassified derivative not serving as collateral.

A financial liability other than one designated for sale may be classified as initially recognized at fair value through profit and loss, if:

- such recognition eliminates or considerably reduces non-cohesiveness of valuation or disclosure that would be made in other circumstances; or
- the financial liability belongs to the Group's financial liabilities subject to management, and its results are recognized at fair value according to the Group’s documented risk management or investment management strategy under which information on asset groupings are conveyed internally; or
- it is part of a contract containing one or more embedded derivatives, and IAS 39 allows the classification of the entire contract (asset or liability) at fair value through profit and loss.

The financial liability measured at fair value through profit and loss is disclosed at fair value, whereas profits and losses are recognized in the revenue or costs of the financial period, taking into account any interests paid on a given financial liability.

3.5.9 Other financial liabilities

Other financial liabilities, including bank credits and loans, are initially measured at fair value less transaction costs.

Then they are measured at amortized cost by effective interests method.

The effective interests rate method is used to calculate the amortized cost of a liability and to allocate the interests costs to the relevant period. The effective interests rate is the rate actually discounting future cash flows in the predicted economic lifetime of a given liability or, if necessary, in a shorter period of time.

3.5.10 Exclusion of financial liabilities from the balance sheet

The Group excludes financial liabilities from the balance sheet only in the event when the relevant liabilities of the Group are executed, invalidated or when they expire. At the time of exclusion of an item of financial liabilities, the difference between (i) balance sheet value and (ii) the amount of the payment made, is recognized in the revenue or costs of the financial period.

3.6 Settlements with the National Depository for Securities (KDPW)

The receivables from the National Depository for Securities consist of receivables from companies belonging to the KDPW Group due to settlement guarantee fund, margin deposits, due to transactions in derivatives and services rendered by the KDPW Group for the benefit of the Group.

The KDPW Group is composed of:

- The National Depository for Securities (Krajowy Depozyt Papierów Wartościowych S.A.) "KDPW" - responsible for settlements of transactions entered into on the regulated market and in the alternative trade system, as well as for maintaining central depository for securities;
- KDPW_CCP S.A. "KDPW_CCP - functions as the clearing house based on the function of a central counter partner, its task is to settle transactions entered into on the regulated market and in the alternative trade system, as well as to maintain a system for securing liquidity of settlements.

3.6.1 Receivables from settlement guarantee fund

The Parent company makes obligatory contributions to the settlement guarantee fund kept by KDPW_CCP, which are recognized as receivables from KDPW. The settlement guarantee fund is a guarantee of due performance of liabilities as resulting from the settlements by KDPW_CCP with respect to transactions entered into on the regulated market.

3.6.2 Receivables from margin deposits

Under the system for securing liquidity of transaction settlements, the Parent company puts margin deposits into KDPW_CCP, which are recognized as receivables from KDPW. The margin deposits protect against the risk of changing value of portfolio of transactions entered into on the spot market and forward market within the specified time horizon.

3.6.3 Contributions to the investor compensation scheme

The Parent company makes obligatory contributions to the investor compensation scheme, maintained by KDPW, which constitute non-current liabilities of a participant of the investor compensation scheme from KDPW.

In compliances with the requirements of the Act of July 29, 2005 on Trading in Financial Instruments (Journal of Laws No 183, item 1538, as amended, hereinafter referred to as the "Act"), the Parent company participates in the obligatory investor compensation scheme. The aim of the investor compensation scheme maintained by KDPW is to secure assets deposited on cash accounts and securities accounts held by clients of brokerage houses and banks operating securities accounts, in the event of their loss, pursuant to terms and conditions as stipulated in the Act. The investor compensation scheme is created due to contributions made by its participants and benefits derived therefrom. The contributions to the investor compensation scheme may be returned to the brokerage house only in the event when the brokerage house is released from participation in the investor compensation scheme (discontinuation of business as defined in the decision on withdrawal, revocation of permission to perform brokerage activities or expiration of such permission) and on the condition that the said funds have not been previously used in accordance with their intended use. KDPW informs the participants of the investor compensation scheme in quarterly periods about the accrued benefits.

The contributions made by the Parent company to the investor compensation scheme are charged to costs, in the position "Other costs" of the statement of comprehensive income.

The Parent company keeps a record of contributions made to the investor compensation scheme and benefits accrued due to management of cash in the investor compensation scheme gathered by KDPW, in a manner allowing to establish balances of amounts contributed to the scheme and accrued benefits.

3.6.4 Settlement guarantee fund

In accordance with the binding provisions of law, the Parent company makes also obligatory contributions to the settlement guarantee fund managed by KDPW, which ensures due performance of liabilities resulting from the transactions entered into on the regulated market, settled by KDPW.

3.7 Intangible assets

Intangible assets include the Group's assets which are identifiable, non-physical, may be reliably valued and which will provide the entity with economic advantages in the future.

Intangible assets are initially disclosed at their acquisition or production cost. As at the balance sheet date the intangible assets are measured according to the cost after amortization charge and possible impairment write-downs.

Intangible assets created during research and development are included in the financial statements of financial position once the following conditions have been satisfied:

- from the technical point of view, it is possible to complete the intangible asset so that it is fit for sale or use,
- it is possible to prove an intention of completing the asset as well as its use and sale,
- the asset will be fit for use or sale,
- the manner in which the asset is to generate possible future commercial benefits is known,
- technical and financial resources required to complete the research and development activities and to make the asset available for use and sale will be ensured,
- it is possible to reliably determine the outlay on the research and development.

Outlays incurred during the period of research and development and outlays that fail to satisfy the abovementioned conditions are recognized as costs in the statement of comprehensive income on the date they were incurred.

Intangible assets are amortized at a rate reflecting their expected economic lifetime. The Group does not have any intangible assets with an indefinite economic lifetime. Intangible assets with a definite economic lifetime are amortized by the straight-line method. The economic lifetime of the individual items of intangible assets is the following:

Type	**Amortization period**
Software license	5 years

Intangible assets are tested for impairment and if there are any circumstances suggesting this possibility, whereas in case of intangible assets any impairment during their period of their economic lifetime is recognized as at each balance sheet date. The effects of impairment or amortization of intangible assets are charged to basic operating costs.

Intangible assets maintained under financial lease contract are amortized during their expected economic lifetime under the same principles as own assets, however, not longer than the period of lease.

Profits or losses from the sale / liquidation or discontinued use of intangible assets are determined as the difference between revenue on sales and the balance sheet value of these assets and recognized in the statement of comprehensive income.

3.8 Fixed assets

Fixed assets include fixed assets and outlays on assets under construction, which the entity plans to use in its business and for the administrative purpose for more than 1 year and which will result in economic advantages for the entity in the future. Outlays on fixed assets include incurred investment outlays and outlays on future deliveries of machinery, equipment and services for the establishment of fixed assets (down payments). Fixed assets include important specialist spare parts which form part of the property plant and equipment.

Fixed assets as well as outlays on assets under construction are initially recognized at their purchase price or cost of manufacture. Additionally, significant components are also disclosed as separate positions of fixed assets. As at the balance sheet date the fixed assets are measured according to the cost after amortization charge and possible impairment write-downs.

The amortization of fixed assets, including components, takes place according to rates reflecting the expected period of their economic lifetime and starts in a month following the beginning of their use. The estimated economic lifetime is reviewed each year. For the purpose of amortization of fixed assets, the straight-line method is applied. The economic lifetimes of particular items of fixed assets are the following:

Type	**Amortization period**
Computers	3 years
Vehicles	5 years
Furniture and office equipment	5 years

The assets maintained under financial lease contract are amortized during their expected economic lifetime under the same principles as own assets, however, not longer than the period of lease.

Profits or losses from the sale / liquidation or discontinued use of fixed assets are determined as the difference between revenue on sales and the balance sheet value of these assets and recognized in the statement of comprehensive income.

3.9 Leasing

A lease is classified as a financial lease if, under the terms of the lease contract, all the potential benefits and risks associated with ownership of the leased object are transferred to the lessee. All the remaining types of lease are considered operating lease.

The assets used under the finance lease contract are treated as the Group's assets and measured at fair value at the moment of their purchase, however, not higher than the current value of the minimum lease charges. The consequent liabilities towards the lessor are disclosed in the statement of financial position as other liabilities.

Lease charges are divided into an interests part and a part that reduces leasing liabilities in such a manner that the interests rate of the remaining liability is a fixed amount. The financial costs are directly charged to the statement of comprehensive income unless they may be directly allocated to relevant assets - in such case, the financial costs are capitalized in accordance with the accounting principles of the Group with respect to the debt service costs. Contingent lease charges are recognized in costs in the period in which they were incurred.

Operating lease charges are charged to the costs of the financial period by the straight-line method during the lease period, except when a different consistent basis of calculation is more representative of the economic benefits earned from leasing of a given asset. Contingent lease charges are recognized in costs in the period in which they were incurred.

In case of any incentives with respect to entering into a financial lease agreement, such incentives are recognized as liabilities. The aggregated benefits due to such incentives are recognized as decrease of lease costs by the straight-line method, except when a different consistent basis of calculation is more representative of the economic benefits earned from leasing of a given asset.

3.10 Impairment of fixed assets and intangible assets, except for goodwill

As at each balance sheet date, the Group reviews the balance sheet value of its non-current and intangible assets to see whether there are any factors suggesting their impairment. If such factors are found, the recoverable value of an asset is estimated in order to establish a possible write-down. Where the asset does not generate cash flows that are largely independent of the flows generated by other assets, the analysis is performed for the Group's assets generating cash flows to which a given asset belongs. If it is possible to determine a reliable and consistent basis of allocation, the Group's assets are allocated to individual entities generating cash flows or to the smallest groups of entities generating such flows, for which a credible and uniform basis for allocation may be shown.

In the case of intangible assets of an indefinite economic lifetime, an impairment test is performed each year and additionally when there are factors suggesting a possible impairment.

A recoverable value is determined as higher of the two values: fair value decreased by costs of sale and use value. The latter value corresponds to the current estimate of future cash flows discounted using a discount rate before tax, including the current market value of cash in time and the specific risk for a given asset.

If the recoverable value is lower than the balance sheet value of an asset (or the unit generating cash flows), the balance sheet value of such asset or unit is reduced to the recoverable value. Loss due to impairment is disclosed immediately as the cost of the financial period, in which such loss occurred.

If an impairment is subsequently reversed, the net value of the asset (or of the unit generating cash flows) is raised to the new estimated recoverable value, which is not higher than the balance sheet value of such asset that would have been determined if no impairment of the asset / unit generating cash flows had been accounted for in previous years. A reversal of loss due to impairments is disclosed immediately in the statement of comprehensive income.

3.11 Provisions for liabilities

Provisions for liabilities are created in the event when the Group has an existing obligation, legal or customary, resulting from past events, and when it is probable that fulfillment of such obligation will cause a need for an outflow of resources embodying economic benefits, and when a reliable estimation may be made of the amount of such obligation, whereas the amount of such obligation and the date of its enforceability remain uncertain.

The recognized cost of the provision reflects the most possible accurate estimate of the amount needed to settle the current liability as at the balance sheet date, including the risk and uncertainty of such liability. If the provision is measured by the method of estimated cash flows required to settle the current liability, its balance sheet value corresponds to the current value of these cash flows.

If there is a likelihood that some or all of the economic benefits required to settle the provision will be recovered from a third party, the receivable is recognized as an item of assets, if the probability of recovery of this amount is sufficiently high and may be measured in a reliable manner.

3.11.1 Interest-bearing contracts

Current liabilities due to interest-bearing contracts are recognized as provisions. An interest-bearing contract is considered a contract concluded by the Group, which forces unavoidable costs of performance of contractual obligations, whose value exceeds economic benefits as expected under the contract.

3.12 Equity

The equity consists of capitals and funds established in compliance with the binding provisions of law, i.e. relevant acts and articles of association. The equity includes also indivisible profit from previous years. Share capital is recognized at value resulting from the articles of association of the Parent company. Non-registered contributions to share capital are recognized in the equity of the Parent company and presented at nominal value of the received payment.

3.13 Off-balance-sheet positions

The following positions are disclosed as off-balance-sheet:

- nominal values of derivatives in transactions entered into with clients and brokers on the OTC market,
- values of the financial instruments of the Group's clients acquired in regulated exchange trading and deposited on accounts held by the Group's clients.

3.14 Result of operations on financial instruments

The result of operations on financial instruments includes all realized and unrealized revenues and costs related to trading in financial instruments, including dividends, interests and exchange rate fluctuations. The result of operations on financial instruments is calculated as the difference in the value of the instrument between the sale price and purchase price.

The following positions consist of the result of operations on financial instruments:

- Profit or loss from financial assets held for trading: profit or loss from financial instruments due to transactions with the clients and brokers;
- Profit or loss from financial assets held to maturity: profit or loss from debt securities (interests result calculated by the effective interests method);
- Profit on sale of investments in the subsidiary.

3.15 Commission and fee revenue and costs

The revenue on commission and fee include brokerage commission and other charges for financial services from clients; they are recognized at the date of entering into a transaction by the client.

The costs due to commission and fees are connected with financial agency services ordered by the Group and recognized in the period in which such services are rendered.

3.16 Employee benefits costs

Short-term employee performances, including payments to contribution-based programs, are recognized in the period when the Group has received such performances from an employee, and in case of benefits paid out of profits or premiums, when the following conditions have been satisfied:

- the entity is obliged to fulfill the expected legal or customary obligation to make payouts as a result of a past events, and
- this obligation may be reliably evaluated.

In the case of performances for paid absences, employee performances are recognized to the amount of accumulated paid absences at the time of work performance, which increases entitlement to future paid absences (i.e. provision for unused holiday). In the event of non-accumulated paid absences, performances are recognized when they emerge.

Performances after the period of employment in the form of benefit programs (retirement severance pays) and other long-term benefits (service anniversary awards, etc.) are determined with the aid of the method of forecast individual entitlements, including actuarial measurement at each balance sheet date. Actuarial profit and losses are wholly recognized in the statement of comprehensive income. The costs of former employment are immediately recognized within the scope in which they refer to benefits already acquired, and in other cases they are amortized by the straight-line method in the average period, after which the benefits are acquired.

3.17 Revenue and financial costs

The financial revenue includes interests revenue related to the funds invested by the Group. The financial costs include the interests cost paid to clients, interests paid on financial lease and other interests on liabilities.

Revenue and interests cost are recognized in profit or loss in the current period using the effective rate method.

Revenue due to dividends are recognized at the time when shareholders' right to receive payment is established.

Revenue and financial costs include also profits and losses due to FX differences, disclosed in net amount.

3.18 Taxation

Income tax of the entity includes current tax to be paid and deferred tax.

3.18.1 Current tax

The current tax burden is calculated on the basis of the taxable result (taxable base) for the given financial year. Taxable profit (loss) differs from the accounting net profit (loss) in connection with excluding the non-taxable revenue and costs not constituting tax deductible expenses. Tax burden is calculated on the basis of tax rates in force in the given financial year.

3.18.2 Deferred tax

Deferred tax is calculated using the balance sheet method, based on the differences between balance sheet values of assets and liabilities and their corresponding tax values used to calculate the taxable basis.

Deferred tax liability is credited to all positive temporary differences that are taxable, whereas deferred tax assets are recognized up to the amount, in which it is probable that it will be possible to reduce future tax profits by recognized negative temporary values and tax losses or tax deductions which the Group may benefit from.

The value of deferred tax asset is verified at each balance sheet date and if the expected future taxable income proves insufficient to complete the asset or its part, the asset is written down.

Deferred tax is measured by applying the tax rates expected to be in effect when the asset is completed or liability becomes due and payable. In the statement of financial position, the deferred tax is recognized upon set-off within the scope in which it refers to the same tax residence.

3.18.3 Current tax and deferred tax for the current reporting period

Current tax and deferred tax are recognized in the statement of comprehensive income, except for the case when it refers to the position crediting or directly charging other comprehensive income, as in such case the tax is also directly charged to other comprehensive income in the statement of comprehensive income, or when it results from the initial settlement of business combination.

4. Information on significant estimates and measurements

Preparation of the financial statements in compliance with IFRS requires making of certain estimates by the Group and adoption of certain assumptions, which have impact on the amounts disclosed in the financial statements. The estimates and assumptions, subject to continuous review by the Group's management, are based on historical experiences and other factors, including expectations regarding future events, which in a given situation seem justified. The results create basis for estimates with respect to balance sheet values of assets and liabilities. Even though the estimates are based on the best knowledge on the current conditions and activities taken by the Group, the actual results may differ from such estimates. Adjustments of estimates are recognized in the reporting period, during which the estimate has been changed if the adjustment refers only the said period, or in future period if the adjustment impacts both current and future periods. The most important fields estimated by the Group are presented below.

4.1. Impairment of assets

At each balance sheet date, the Group determines whether impairment prerequisites with respect to a given financial asset or a group of financial assets exist. In particular, the Group evaluates impairment of the overdue receivables and writes down the estimated value of debts at risk or bad debts.

4.2. Deferred tax assets

At each balance sheet date, the Group determines probability of settlement of unsettled tax losses by means of the estimated future taxable income and recognizes deferred tax assets only within the scope in which it is probable that future taxable income, from which it will be possible to deduct unsettled tax losses, will be available.

4.3. Measurement at fair value

The information on estimates related to the measurement at fair value was included in note 34 - Risk management.

4.4. Other estimate values

Provision for liabilities connected with retirement severance pays, pensions and death benefits is calculated by the actuarial method by an independent actuary as the current value of future liabilities of the Group towards its employees according to the employment and remuneration status at the balance sheet date. Calculation of provisions is based on a number of assumptions with respect to both macroeconomic conditions and employee rotation, death risk and other.

Provision for unused holiday is calculated based on the estimated holiday pay in accordance with the number of days of unused holiday and remuneration at the balance sheet date.

Provisions for legal risk are calculated based on the estimated amount of the cash outflows in the event when it is probable that due to unfavorable judgment such outflow will occur.

5. Result of operations on financial instruments

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Profit from financial assets held for trading		
CFD derivatives		
CFD for currencies	135,932,034	123,617,185
CFD for commodities	58,214,799	34,224,132
CFD for indices	34,197,353	17,759,585
CFD for bonds	433,683	802,363
CFD for equities	2,111,301	336,807
CFD derivatives in total	**230,889,170**	**176,740,072**

Options derivatives	**1,021,499**	**496,223**
Equities and stock exchange derivatives	**58,955**	**280,259**
Profit due to financial assets held for trading in total	**231,969,624**	**177,516,554**
Profit from financial assets held to maturity		
Debt securities	**47,031**	**–**
Profit on sale of investments in subsidiaries	**227,396**	**–**
Result of operations on financial instruments	**232,244,051**	**177,516,554**

6. Commission and fee revenue

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Brokerage commission due to operations on financial instruments	6,213,047	3,683,982
Other commission and fees	88,624	57,996
Commission and fee revenue in total	**6,301,671**	**3,741,978**

Brokerage commission due to operations on financial instruments refer to the entirety of commissions obtained due to exchange trading on the Warsaw Stock Exchange, in own name to the account of the ordering party.

7. Remuneration and employee benefits

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Remuneration	35,148,564	23,268,611
Social security and other benefits	5,650,111	3,466,964
Employee benefits	1,573,614	897,114
	42,372,289	**27,632,689**

8. Other outsourced services

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
IT services	1,554,799	103,303
database system services	1,437,386	1,326,974
provision of market data	2,021,880	1,361,644
Internet and telecommunications connectivity	2,393,368	1,511,825
legal and advisory services	2,910,437	2,509,180
accounting services and audits of financial statements	1,164,627	803,843
postal and courier services	361,955	418,174
recruitment	606,049	422,098
conferences and training	480,288	406,702
other outsourced services	1,285,605	3,107,553
	14,216,394	**11,971,296**

9. Commission costs

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Commission for introducing brokers	18,504,006	6,407,124
Commission and stock fees	3,399,581	1,972,541
Other commission	1,352,321	339,040
Commission costs in total	**23,255,908**	**8,718,705**

10. Financial revenues

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Interests revenue		
Interests on own cash	3,118,722	1,441,485
Interests on the clients' cash	3,301,104	2,140,609
Interests revenue in total	**6,419,826**	**3,582,094**
Positive FX differences	16,580,097	–
Other financial revenue	496,161	–
Financial revenue in total	**23,496,084**	**3,582,094**

11. Financial costs

	Year ended December 31, 2011 PLN	Year ended December 31, 2010 PLN
Interests cost		
Interests paid to clients	(660,555)	(380,102)
Interests paid due to lease contracts	(37,616)	(44,389)
Other interests	(78,447)	(48,812)
Interests cost in total	**(776,618)**	**(473,303)**
Negative FX differences	–	(1,974,774)
Other financial costs	(2,280)	(160,827)
Financial costs in total	**(778,898)**	**(2,608,904)**

12. Cash

structure by type

	December 31, 2011 PLN	December 31, 2010 PLN
In hand	30,197	46,347
On current bank accounts	287,328,555	204,815,074
Short-term deposits in bank	141,327,832	50,061,321
Cash in total	**428,686,584**	**254,922,742**

Own cash and the clients' cash

	December 31, 2011 PLN	December 31, 2010 PLN
Clients' cash	185,538,986	147,681,752
Own cash	243,147,598	107,240,990
Cash in total	**428,686,584**	**254,922,742**

13. Financial assets held for trading

	December 31, 2011 PLN	December 31, 2010 PLN
Equities and stock exchange contracts	**–**	**8,689,017**
CFD derivatives		
CFD for currencies	16,134,141	10,732,318
CFD for commodities	5,644,083	6,570,726
CFD for indices	7,230,949	7,291,008
CFD for equities	1,568,778	593,525
CFD for bonds	185,879	44,515
	30,763,830	**25,232,092**
Options derivatives	**1,787,984**	**342,035**
Financial assets held for trading in total	**32,551,814**	**34,263,144**

14. Financial assets held to maturity

	December 31, 2011 PLN	December 31, 2010 PLN
Debt securities	15,041,709	–
Financial instruments held to maturity in total	**15,041,709**	**–**

Debt securities include Polish treasury bills.

15. Loans granted and other receivables

	December 31, 2011 PLN	December 31, 2010 PLN
Gross receivables from clients	7,653,723	2,839,144
Receivable write-downs	(308,339)	(308,339)
Receivables from clients in total	**7,345,384**	**2,530,805**
Receivables from KDPW		
Receivables from settlement guarantee fund	2,431,510	2,185,178
Receivables from margin deposits	627,933	1,655,062
Receivables from KDPW in total	**3,059,442**	**3,840,240**
Bank deposits having over 3 months	–	229,925
Loans granted to affiliated entities	27,467,544	5,941,600
Other receivables	3,209,584	2,147,532
Other receivables in total	**41,081,955**	**14,690,102**

Movements within the position of receivable write-downs

	December 31, 2011 PLN	December 31, 2010 PLN
Write-downs charged to receivables as at the beginning of the reporting period	**(308,339)**	**(242,983)**
creation of write-downs	–	(88,965)
use	–	23,610
Write-downs charged to receivables as at the end of the reporting period	**(308,339)**	**(308,339)**

16. Intangible assets

Intangible assets for the period of January 1, 2011 to December 31, 2011

	Licenses	Advance payments for intangible assets	In total
Gross value as for January 1, 2011	**1,748,839**	**1,455,174**	**3,204,013**
Acquisition	1,180,658	1,064,107	2,244,765
Transfer from advance payments towards intangible assets	2,683	(2,683)	–
Sale and liquidation	(335)	–	(335)
Net FX differences	47,146	–	47,146
Gross value as for December 31, 2011	**2,978,991**	**2,516,598**	**5,495,589**
Depreciation as for January 1, 2011	**(836,596)**	**–**	**(836,596)**
Depreciation for the current period	(597,456)	–	(597,456)
Net FX differences	(10,708)	–	(10,708)
Depreciation as for December 31, 2011	**(1,444,760)**	**–**	**(1,444,760)**
Net book value as for January 1, 2011	**912,243**	**1,455,174**	**2,367,417**
Net book value as for December 31, 2011	**1,534,231**	**2,516,598**	**4,050,829**

Intangible assets for the period of January 1, 2010 to December 31, 2010

	Licenses	Advance payments for intangible assets	In total
Gross value as for January 1, 2010	**1,074,122**	**–**	**1,074,122**
Acquisition	688,435	1,455,174	2,143,609
Sale and liquidation	(8,768)	–	(8,768)
Net FX differences	(4,950)	–	(4,950)
Gross value as for December 31, 2010	**1,748,839**	**1,455,174**	**3,204,013**
Depreciation as for January 1, 2010	**(473,355)**	**–**	**(473,355)**
Depreciation for the current period	(365,128)	–	(365,128)
Sale and liquidation	264	–	264
Net FX differences	1,623	–	1,623
Depreciation as for December 31, 2010	**(836,596)**	**–**	**(836,596)**
Net book value as for January 1, 2010	**600,767**	**–**	**600,767**
Net book value as for December 31, 2010	**912,243**	**1,455,174**	**2,367,417**

17. Fixed assets

Fixed assets for the period from January 1, 2011 to December 31, 2011

	Computer units	Other fixed assets	Fixed assets under construction	In total
Gross value as for January 1, 2011	**2,748,756**	**4,181,147**	**237,530**	**7,167,433**
Acquisition	1,375,432	480,047	32,321	1,887,800
Take on financial lease	–	283,600	–	283,600
Transfer from fixed assets under construction	237,530	–	(237,530)	–
Sale and liquidation	(5,560)	(425,831)	–	(431,391)
Net FX differences	90,187	181,779	–	271,966
Gross value as for December 31, 2011	**4,446,345**	**4,700,742**	**32,321**	**9,179,408**
Depreciation as for January 1, 2011	**(1,722,366)**	**(1,567,176)**	**–**	**(3,289,542)**
Depreciation for the current period	(1,048,241)	(857,411)	–	(1,905,652)
Sale and liquidation	1,563	28,417	–	29,980
Net FX differences	(45,403)	(66,469)	–	(111,872)
Depreciation as for December 31, 2011	**(2,814,447)**	**(2,462,639)**	**–**	**(5,277,086)**
Net book value as for January 1, 2011	**1,026,390**	**2,613,971**	**237,530**	**3,877,891**
Net book value as for December 31, 2011	**1,631,898**	**2,238,103**	**32,321**	**3,902,322**

Fixed assets for the period from January 1, 2010 to December 31, 2010

	Computer units	Other fixed assets	Fixed assets under construction	In total
Gross value as for January 1, 2010	**2,187,527**	**3,585,957**	**–**	**5,773,484**
Acquisition	881,376	1,084,194	237,530	2,203,100
Take on financial lease	–	713,319	–	713,319
Sale and liquidation	(304,671)	(1,150,936)	–	(1,455,607)
Net FX differences	(15,476)	(51,387)	–	(66,863)
Gross value as for December 31, 2010	**2,748,756**	**4,181,147**	**237,530**	**7,167,433**
Depreciation as for, January 1, 2010	**(1,288,002)**	**(1,364,851)**	**–**	**(2,652,853)**
Depreciation for the current period	(708,600)	(1,027,020)	–	(1,735,620)
Sale and liquidation	268,633	808,115	–	1,076,748
Net FX differences	5,605	16,578	–	22,183
Depreciation as for December 31, 2010	**(1,722,364)**	**(1,567,178)**	**–**	**(3,289,542)**
Net book value as for January 1, 2010	**899,525**	**2,221,106**	**–**	**3,120,631**
Net book value as for December 31, 2010	**1,026,392**	**2,613,969**	**237,530**	**3,877,891**

18. Liabilities to clients

	December 31, 2011 PLN	December 31, 2010 PLN
Liabilities to clients	188,396,064	148,346,906

Liabilities to clients represent cash deposited on the clients' accounts.

19. Financial liabilities held for trading

	December 31, 2011 PLN	December 31, 2010 PLN
Equities and stock exchange contracts	–	161,221
CFD derivatives		
CFD for currencies	1,141,291	730,512
CFD for commodities	427,953	1,628,177
CFD for indices	1,440,121	1,452,875
CFD for equities	212,614	187,579
CFD for bonds	26,760	6,875
CFD derivatives in total	**3,248,739**	**4,006,018**
Options derivatives	**1,766,672**	**333,728**
Financial liabilities held for trading in total	**5,015,411**	**4,500,967**

20. Other liabilities

	December 31, 2011 PLN	December 31, 2010 PLN
Liabilities towards brokers	776,987	1,598,402
Liabilities towards KDPW	516,598	635,290
Statutory charges	2,053,881	1,849,311
Liabilities due to remuneration	265,086	272,171
Liabilities due to financial lease	392,666	501,042
Liabilities due to employee benefits	8,591,854	5,508,933
Trade receivables	8,722,296	3,485,556
Other liabilities in total	**21,319,368**	**13,850,705**

Liabilities due to employee benefits include payment of bonuses for the reporting period estimated as for the balance sheet date and provisions for unused holiday, created in the amount of expected benefits that the Group is obliged to pay in case of holiday pays.

21. Liabilities due to financial lease

The Group entered into financial lease contracts for cars. Upon termination of the lease contract, the Group may repurchase the leased cars for the amount as specified in the contract.

Liabilities due to financial lease

	Minimal leasing fees December 31, 2011 PLN	Present value of minimum leasing fees December 31, 2011 PLN	Minimal leasing fees December 31, 2010 PLN	Present value of minimum leasing fees December 31, 2010 PLN
up to 1 year	275,571	258,398	271,835	235,605
from 1 to 5 years	140,854	134,268	278,561	265,437
over 5 years	–	–	–	–
Liabilities due to financial lease in total	**416,425**	**392,666**	**550,396**	**501,042**

Net book value of fixed assets in financial lease

	December 31, 2011 PLN	December 31, 2010 PLN
Fixed assets in financial lease	621,298	675,836

22. Operating lease contracts

The Group is a party to a contract for lease of office space, classified as operating lease. The minimal payments due to non-revocable operating lease contracts are the following:

Future liabilities due to lease according to maturity dates

	December 31, 2011 PLN	December 31, 2010 PLN
Not longer than 1 year	3,732,663	2,847,620
From 1 to 5 years	2,891,411	6,698,017
Over 5 years	–	312,101
Minimal payments due to non-revocable operating lease contracts:	**6,624,074**	**9,723,783**

In 2011 the Group suffered losses due to rents connected with the abovementioned contracts in the amount of PLN 3 732 663.

23. Provisions for liabilities

	December 31, 2011 PLN	December 31, 2010 PLN
Provisions for retirement benefits	93,917	37,782
Provisions for legal risk	551,460	–
Provisions in total	**645,377**	**37,782**

Provisions for retirement benefits are created based on actuarial valuations based on the binding provisions of law and contracts related to obligatory retirement benefits to be paid by the employer.

Provisions for legal risk include the expected amounts of fees to be paid in litigation to which the Group is a party.

Movements within the position of provisions for the period from January 1, 2011 to December 31, 2011

	Value as for December 31, 2010 PLN	Increases	Decreases		Value as for December 31, 2011 PLN
			Use	Reversal	
Provisions for retirement benefits	37,782	56,135	–	–	93,917
Provisions for legal risk	–	551,460	–	–	551,460
Provisions in total	**37,782**	**607,595**	**–**	**–**	**645,377**

24. Equity

Share capital structure of the Parent company

Series /issue	Number of shares	Nominal value of shares PLN	Nominal value of issue PLN
A, B, C, D Series	302,500	18.25	5,520,625

All shares in the Parent company are shares having equal nominal value, fully paid, with equal voting rights and participation in profits based on the same principles. No privileges connected with any of share series occur.

Shareholder structure of the Parent company

	December 31, 2011			December 31, 2010		
	number of shares	nominal value of shares	interest	number of shares	nominal value of shares	interest
XXZW Investment Group Limited	259,945	4,743,996	85.93%	301,950	5,510,587	99.82%
Systexan Limited	42,005	766,591	13.89%	–	–	–
Other shareholders	550	10,038	0.18%	550	10,038	0.18%
In total	**302,500**	**5,520,625**	**100.00%**	**302,500**	**5,520,625**	**100.00%**

In 2010 the Parent company purchased from the minority shareholders 105,664 registered shares to be redeemed, of a total nominal value of PLN 1,426,464. Purchase of own shares of PLN 32,000,342 was covered from the reserve capital of the Parent company. Redemption of the purchased own shares was made pursuant to the resolution of the Extraordinary General Meeting dated July 8, 2010. Additionally, the Extraordinary General Meeting decided to decrease the share capital by PLN 1,426,464 and increase the Group's share capital from reserve capitals by PLN 1,436,875.

In 2011 Systexan Limited acquired from XXZW Investment Group Limited 42,005 shares in the Parent company of a total nominal value of PLN 766,591.

On the basis of the resolution by the Management Board of the Parent company dated November 22, 2011, the Parent company issued 19,099 E series shares of a nominal value of PLN 18,25 and total nominal value of issue of PLN 348,557. Contribution towards shares amounting to PLN 69,999,935 was received by the Parent company in 2011, however, the issue of shares was registered in the National Court Register (KRS) after the balance sheet date on January 9, 2012. Due to the registration of the capital issue at KRS after the balance sheet date, as for December 31, 2011 the total value of share issue amounting to PLN 69,999,935 was disclosed in the Group's equity as non-registered contribution towards equity.

Other capitals

Other capitals include:

- supplementary capital, statutorily created from annual profit write-offs intended for covering losses that may result due to business activity of the Parent company, up to the amount of at least one third of the Parent company's share capital,
- reserve capital, created from annual profit write-offs adopted by the General Meeting intended for financing further business activity of the Group or payment of dividend,
- FX differences from translation, including FX differences from translation of balances in currencies of entities operating abroad.

25. Division of profit and dividend

Following the decision of the General Meeting of the Parent company, the net profit of the Parent company for 2010 in the amount of PLN 66,733,956 was allocated for the increase of the reserve capital.

The Management Board of the Parent company will propose the General Meeting of Shareholders of the Parent Company to pay the dividend for 2011 in the total amount of PLN 90,000,000 (PLN 298 per one share) and allocate the remaining part of profit for the increase of the reserve capital.

26. Income tax

Income tax recognized in profit or loss in the current period

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Income tax - current part		
Income tax for the reporting period	(23,661,204)	(17,852,609)
Income tax - deferred part		
Origination/reversal of temporary differences	5,126,651	(1,084,087)
Income tax in total	**(18,534,553)**	**(18,936,696)**

Reconciliation of actual tax burden

	December 31, 2011 PLN	December 31, 2010 PLN
Profit before tax	**123,227,587**	**85,529,857**
Tax based on valid tax rate of 19%	**(23,413,242)**	**(16,250,673)**
Difference due to application of tax rates valid in other countries	1,324,490	711,975
Use of tax losses not recognized in deferred tax	916,746	728,167
Activation of tax losses from previous periods	3,207,414	–
Non-tax revenue	37,493	–
Costs not being tax deductible expenses	(569,409)	(767,039)
Tax losses for the reporting period not recognized in deferred tax	–	(3,359,126)
Other positions influencing the amount of tax burden	(38,045)	–
Income tax in total	**(18,534,553)**	**(18,936,696)**

27. Deferred tax

27.1 Not recognized deferred tax assets

Deferred tax was not recognized with respect to the following positions:

	December 31, 2011 PLN	December 31, 2010 PLN
Tax losses	3,281,951	6,848,437

As for December 31, 2011, tax losses in foreign entities were recognized in deferred tax assets for the purpose of settlement in future periods in the amount of PLN 9,355,471, since the management of the Group decided that due to business development and increase of sales on foreign markets, it should be possible to charge unsettled losses to taxable income in future periods.

Additionally, taking into account the risk connected with further business development on foreign market, the management of the Group states that as regards part of tax losses of foreign entities, it is uncertain whether the taxable income allowing to settle negative temporary differences will be obtained and thus the deferred tax assets have not been deducted from the said tax losses amounting to PLN 3,281,951 as for December 31, 2011.

With respect to unused tax losses as for December 31, 2011 in the total amount of PLN 3,281,951, the right to use PLN 447,231 expires in 2015, the right to use PLN 666,194 expires in 2027 and the period for using other losses is unlimited,

27.2 Deferred tax assets and deferred tax liability

Change of temporary difference for the year ended on December 31, 2011

	As at January 1, 2011	Recognized in the statement of comprehensive income	As at December 31, 2011
Temporary differences concerning deferred tax assets:			
Cash	298,502	(298,502)	–
Fixed assets	18,382	4,868	23,250
Loans granted and other receivables	58,584	(58,584)	–
Liabilities to clients	55,334	(31,337)	23,997
Financial liabilities held for trading	842,493	12,880	855,373
Provisions for liabilities	17,839	85,226	103,065
Other liabilities	1,103,003	(7,093)	1,095,910
Tax losses to be settled in future periods	–	9,355,471	9,355,471
In total	**2,394,137**	**9,062,929**	**11,457,066**
Temporary differences concerning deferred tax liabilities:			
Cash	–	2,762,691	2,762,691
Financial assets held for trading	4,859,085	1,227,938	6,087,023
Financial assets held to maturity	–	8,936	8,936
Loans granted and other receivables	71,466	(71,466)	–
Fixed assets	33,211	8,179	41,390
In total	**4,963,762**	**3,936,278**	**8,900,040**
Deferred tax assets (liabilities)	**(2,569,625)**	**5,126,651**	**2,557,026**

Change of temporary difference for the year ended on December 31, 2010

	As at January 1, 2010	Recognized in the statement of comprehensive income	As at December 31, 2010
Temporary differences concerning deferred tax assets:			
Cash	828,494	(529,992)	298,502
Fixed assets	–	18,382	18,382
Loans granted and other receivables	46,167	12,417	58,584
Liabilities to clients	53,802	1,532	55,334
Financial liabilities held for trading	621,808	220,685	842,493
Provisions for liabilities	51,290	(33,451)	17,839
Other liabilities	1,008,580	94,423	1,103,003
In total	**2,610,141**	**(216,004)**	**2,394,137**
Temporary differences concerning deferred tax liabilities:			
Cash	729,903	(729,903)	–
Financial assets held for trading	3,164,939	1,694,146	4,859,085
Loans granted and other receivables	159,589	(88,123)	71,466
Fixed assets	41,248	(8,037)	33,211
In total	**4,095,679**	**868,083**	**4,963,762**
Deferred tax assets (liabilities)	**(1,485,538)**	**(1,084,087)**	**(2,569,625)**

28. Transactions with related parties

28.1 Parent company

The major shareholder of the Parent company is XXZW Investment Group Limited with its registered office in Limassol, Cyprus, which holds 85.93% of shares and votes at the General Meeting. XXZW Investment Group Limited prepares consolidated financial statements.

Mr Jakub Zabocki is the ultimate parent entity in the Group and XXZW Investment Group Limited.

28.2 Figures related to transactions with affiliated entities

Transaction value and balance of receivables and liabilities towards affiliated entities:

28.2.1 Revenue and receivables

	Description of transaction	December 31, 2011 Revenue PLN	December 31, 2011 Receivables PLN	December 31, 2010 Revenue PLN	December 31, 2010 Receivables PLN
Parent company	–	–	–	–	–
Key management staff of the Group	Loan contract	128,344	27,467,544	–	5,941,600
Other affiliated entities	–	–	–	–	–

28.2.2 Costs and liabilities

	Description of transaction	December 31, 2011 Costs PLN	December 31, 2011 Liabilities PLN	December 31, 2010 Costs PLN	December 31, 2010 Liabilities PLN
Parent company	–	–	–	–	–
Key management staff of the Group	–	–	–	–	–
Other affiliated entities					
X-Trade Brokers Menkul Degerler A.S *	Brokerage services	252,516	252,516	–	–

* The category other affiliated entities includes X-Trade Brokers Menkul Degerler A.S., in which a Board Member of the Parent Company holds 99.99% of shares.

28.3 Benefits for Members of the Management Board and Supervisory Board

	Year ended December 31, 2011 PLN	Year ended December 31, 2010 PLN
Benefits for management board members	4,261,123	3,112,609
Benefits for supervisory board members	31,500	46,000
Benefits for Members of the Management Board and Supervisory Board in total	**4,292,623**	**3,083,849**

The benefits include basic salaries, bonuses, social insurance premium contributions paid by the employer and additional benefits (cash vouchers, health care, holiday pay).

28.4 Loans granted to Members of the Management Board and Supervisory Board

As for December 31, 2011, the Group granted a loan to the President of the Management Board of the Parent company amounting to PLN 27,467,544 along with accrued interests (2010: PLN 5,491,600), bearing interests of 1% p.a. The interests accrued on the abovementioned loan were PLN 128,334 (2010: zero) as for December 31, 2011.

29. Additional information and explanation to the statement of cash flows

29.1 Change in loans granted and other receivables

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Balance sheet change in loans granted and other receivables	(26,391,853)	(9,106,418)
Loans granted recognized in investment operations	21,525,944	5,941,600
Bank deposits recognized in investment operations	(229,925)	229,925
Change in loans granted and other receivables in the statement of cash flows	**(5,095,834)**	**(2,934,893)**

29.2 Change in other liabilities

	Year ended	
	December 31, 2011 PLN	December 31, 2010 PLN
Balance sheet change of other liabilities	7,468,663	971,486
Acquisition of fixed assets under financial lease	(283,600)	(713,319)
Payment of liabilities under financial lease contracts recognized in the financial activities	391,976	435,294
Change in other liabilities in the statement of cash flows	**7,577,039**	**693,461**

29.3 Other adjustments

The following adjustments were disclosed in the position "other adjustments" in the statement of cash flows:

	Year ended December 31, 2011 PLN	Year ended December 31, 2010 PLN
FX differences from translation of balances of foreign entities	(1,801,919)	1,239,369
FX difference from translation of values on movements of fixed assets and intangible assets	(196,532)	49,933
Other adjustments in total	**(1,998,451)**	**1,289,302**

FX differences from translation of values on the movements of fixed assets and intangible assets consist of a difference between the exchange rate at the opening balance and exchange rate of the closing balance adopted for measurement of gross value of fixed assets and intangible assets in foreign entities of the Group and difference between exchange rate applied for measurement of amortization cost of fixed assets and intangible assets in foreign entities of the Group, and exchange rate of translation of depreciation amounts of such assets. The amount results from the table of movements of fixed assets and intangible assets.

30. Events after the balance sheet date

On January 9, 2012 the acquisition of shares of a total amount of PLN 69,999,935 by the shareholders of the Parent company was registered at KRS.

31. Off-balance-sheet positions

31.1 Nominal value of derivatives

	December 31, 2011 PLN	December 31, 2010 PLN
CFD derivatives		
CFD for currencies	826,550,639	559,841,812
CFD for commodities	102,249,756	136,643,519
CFD for indices	224,089,259	207,201,138
CFD for bonds	19,829,592	3,485,029
CFD for equities	17,458,292	27,584,122
CFD derivatives in total	**1,190,177,537**	**934,755,620**
Options derivatives	142,987,433	51,472,131
Derivatives in total	**1,333,164,971**	**986,227,751**

The nominal value of derivatives presented in the above table includes transactions with clients and brokers. As for December 31, 2011, transactions with brokers constitute 6% of the entire nominal value of the instruments (2010: 2% of the entire nominal value of instruments).

31.2 Financial instruments of clients

The list of the clients' instruments deposited on accounts held by the Brokerage House is the following:

	December 31, 2011 PLN	December 31, 2010 PLN
Quoted equities and stock options recorded on stock accounts	56,654,617	61,439,654
Other securities recorded on the clients' stock accounts	7,416,752	1,949,861
Other financial instruments of clients	6,304,530	7,551,095
Financial instruments of clients in total	**70,375,899**	**70,940,610**

32. Positions regarding investor compensation scheme

	December 31, 2011 PLN	December 31, 2010 PLN
1. Contributions to the investor compensation scheme		
a) balance at the beginning of the period	338,269	146,854
- increases	*255,737*	*191,416*
b) balance at the end of the period	594,006	338,269
2. Share of XTB in profits from the investor compensation scheme	25,461	11,326

33. Capital management

The principles of capital management in the Group are regulated in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A." of the Parent company. The document is approved by the Supervisory Board of the Parent company. The policy defines basic concepts, objectives and rules, which constitute capital strategy of the Parent company. In particular, it defines long-term capital objectives, current and preferred capital structure, capital contingency plan and basic elements of the process of estimating internal capital. The policy is appropriately updates in order to reflect the changes within the Group and business environment.

The aim of the capital policy is to actively ensure sustainable long-term increase of value for the shareholders and maintain capital at a level that enables the Group to act in a careful, yet efficient, manner. The abovementioned goal may be accomplished by maintaining appropriate capital base, considering the risk profile of the Group and prudence provisions as well as capital management based on the risk within the scope of the planned objectives in business activity.

Determination of capital goals is essential for capital management and constitutes basic reference in the context of capital planning, capital allocation and capital contingency plans. The Group defines capital goals which provide stable capital base, allow implementation of capital strategy (in line with its general principles) and are in accordance with the Group's risk appetite. When establishing capital goals, the Group takes into account its strategic plans, expected business development and external conditions, including macroeconomic situation and other factors of business environment.. The capital goals have similar horizon as the business strategy and are approved by the Management Board.

The capital planning is concentrated on evaluation of current and forecast capital requirements of the Group (both regulatory and internal) as well as on comparison thereof with current and forecast available capital. The Group has capital contingency plans in case of the crisis of capital adequacy, described in detail in the "Capital management policy of X-Trade Brokers Dom Maklerski S.A.”.

During the ICAAP process the Parent company estimates internal capital in order to determine total capital level as required to cover all significant risk types occurring in the business activity of the Group and performs quality evaluation thereof. The Parent company estimates internal capital for covering identified significant risks in accordance with the procedures adopted in the Group, including the results of stress tests.

In compliance with Act of July 29, 2005 on Trading in Financial Instruments (Journal of Laws of 2005, No. 183, item 1538, as amended), the Parent company is obliged to maintain the level of supervised capitals for the purpose of covering the higher of the following values:

- total capital requirements calculated in accordance with the Regulation of Minister of Finance on the scope and detailed rules for determination of total capital requirements, including capital requirements for brokerage houses, and on maximum ratio of loans and debt securities in issue to capital, dated November 18, 2009 (Journal of Laws of 2009, No. 204, item 1571, as amended); and
- internal capital estimated in accordance with the Ministry of Finance Regulation of November 23, 2009 on defining specific technical and organizational conditions for the investment companies, banks, as referred to in Article 70 sec. 2 of the Act on Trading in Financial Instruments, and custodian banks as well as conditions on estimating internal capital by a Brokerage House (Journal of Laws of December 2, 2009, no. 204, item 1579, as amended).

The principles of calculation of supervised capitals are regulated in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A." of the Parent company.

Level of key values with respect to capital management

	December 31, 2011 PLN	December 31, 2010 PLN
Supervised capitals of the Parent company		
Base capital	211,390,156	144,526,447
Amount of capitals of category 2	(2,006,594)	159,563
Amount of capitals of category 3 included on the level of supervised capitals	39,718,957	32,914,916
Supervised capitals of the Parent company in total	**249,102,519**	**177,600,926**
Total capital requirement of the Parent company	**75,368,437**	**53,257,085**

In the period covered by the financial statements no infringement of the capital adequacy occurred.

34. Risk management

The Group is subject to a number of risks related to current activities. The aim of risk management is to ensure that the Group takes risk in a planned and controlled manner. The risk management policies are formulated in order to identify and measure the risk being taken and to establish relevant limits reducing the scale of such risk.

At the strategic level, the Management Board of the Parent company is responsible for formulating and monitoring of risk management policies. All types of risk are monitored and controlled with respect to profitability of business activity as well as level of capital necessary to ensure safety of operations as far as the capital requirements are concerned.

The Committee for Risk Management has been established in the Parent company, whose main scope of duties includes controlling, consultancy and advisory services rendered to the statutory bodies of the Parent company with respect to the capital management strategy, risk management policy, risk measurement methodologies, capital plans and evaluation of capital adequacy of the Group. In particular, the Committee supports the Risk Control Department in identification of significant risks faced the Group and creation of risk catalog, adopts policies and procedures for management of particular risks and ICAAP process, verifies and adopts analyses conducted by particular risk owners and the Risk Control Department under the risk management system and ICAAP process.

The Risk Control Department supports the Management Board in shaping, reviewing and updating of ICAAP principles in case of emergence of new risks, significant amendments to the strategy and action plans in external environment, in which the Group operates, monitors adequacy and efficiency of the implemented risk management system, identifies, monitors and controls the market of own investments of the Group, determines total capital requirement and estimates internal capital. Within the framework of the Management Board, a board member directly responsible for the functioning of the Risk Control Department has been appointed.

The Supervisory Board of the Parent company adopts procedures regarding processes of internal capital estimations, management and planning.

34.1 Fair value

34.1.1 Comparison of balance sheet value and fair value

The following table presents a comparison of the balance sheet value and fair value of financial assets and liabilities.

	December 31, 2011		December 31, 2010	
	Value balance sheet PLN	Value fair PLN	Value balance sheet PLN	Value fair PLN
Financial assets				
Cash	428,686,584	428,686,584	254,922,742	254,922,742
Financial assets held for trading	32,551,814	32,551,814	34,263,144	34,263,144
Financial assets held to maturity	15,041,709	15,042,771	–	–
Loans granted and other receivables	41,081,955	40,002,170	14,690,102	14,687,401
Financial liabilities				
Liabilities to clients	188,396,064	188,396,064	148,346,906	148,346,906
Financial liabilities held for trading	5,015,411	5,015,411	4,500,967	4,500,967
Other liabilities	21,319,369	21,319,369	13,850,705	13,850,705

Fair value of treasury bills classified in financial assets held to maturity is based on evaluations from the active market. Fair value of loans granted and other receivables is based on measurement of the discounted cash flows using market interests rate.

Fair value of lease liabilities classified as "Other liabilities" is estimated as equal to the balance sheet value due to volatility of interests rate of lease contracts and unchanged market margins of the lessor.

Fair value of other liabilities and liabilities to clients is estimated as similar to their balance sheet value due to short maturity dates of such liabilities up to 3 months.

34.1.2 Hierarchy of fair value

The Group presents measurement at fair value of financial instruments measured at fair value using the following hierarchy of fair value, which reflects significance of input data used for measurement at fair value:

- **Level 1**: quoted prices (not adjusted) from active markets for identical assets and liabilities,
- **Level 2**: input data other than quoted prices included on Level 1, which are observable for an item of assets or liabilities in a direct manner (i.e. as prices) or in an indirect manner (i.e. based on prices). This category includes financial assets and liabilities measured using quoted prices from active markets for identical assets, quoted prices from active market for identical assets, which are considered less active or other measurement methods where all significant input data come directly or indirectly from markets;
- **Level 3**: input data for the measurement of an item of assets or liabilities, which are not based on market data possible to be observed (non-observable input data).

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
OTC derivatives	–	32,551,814	–	**32,551,814**
Financial assets held for trading in total	**–**	**32,551,814**	**–**	**32,551,814**
Financial liabilities held for trading				
OTC derivatives	–	5,015,411		**5,015,411**
Financial liabilities held for trading in total	**–**	**5,015,411**	**–**	**5,015,411**

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
equities and stock contracts	8,689,017	–	–	8,689,017
OTC derivatives	–	25,574,127	–	25,574,127
Financial assets held for trading in total	**8,689,017**	**25,574,127**	**–**	**34,263,144**
Financial liabilities held for trading				
OTC derivatives	–	4,500,967	–	4,500,967
Financial liabilities held for trading in total	**–**	**4,500,967**	**–**	**4,500,967**

34.2 Market risk

The Group executes contracts for difference (CFD), vanilla options and digital options on the market. The Group may also acquire securities and execute forward contracts on its own account on the regulated stock markets.

The following risks may be outlined taking into account base instrument:

- Currency risk related to FX differences
- Risk of interests rate
- Risk of commodities price changes
- Risk of capital instruments price changes

Global net position calculated as an absolute value between the sum of long net positions and sum of short net positions has been presented below. The position for interests rates for 2011 includes the Group's investment into treasury bills.

	December 31, 2011 PLN	December 31, 2010 PLN
currency risk	212,517,683	157,820,161
risk of commodities prices	16,750,498	31,962,408
risk of capital instruments prices	5,287,498	45,189,870
risk of interests rates	31,921,946	1,479,207

The average value of open position understood as measurement of open position as for the end of the day on derivatives (CFD + options) was PLN 25 million in 2011 (2010: 18 million PLN), and maximum value of the open position was PLN 32 million in 2011 (2010: PLN 27 million.

The major goal of the Group within the scope of market risk management is limitation of impact of such risk on the business profitability. The Group's practice in that respect is in line with the following principles:

- The Management Board of the Parent company determines in the investment strategy: short-term, medium-term and long-term investment goals, principles of building investment portfolio and methods of management thereof, the amount of funds allocated for investment as well as principles and mechanisms protecting against exceeding limits of exposure concentration and large exposures. The resolution is adopted by the Supervisory Board.

  The limits reducing market risk related to maintenance of the open position on financial instruments are applied within the framework of internal procedures. The above include, in particular: limits of maximum open position on a given financial instrument, limits of currency exposures, limit of value of single order for instruments based on equities. The Trading Department of the Parent company regularly monitors the limited open positions and in the event when they are exceeded, it enters into appropriate hedging transactions. The Risk Control Department of the Parent company regularly verifies the use of limits and grounds for any possible hedging transactions.

- From July 1, 2011, the transactions on vanilla options are covered "back-to-back" (opposite trade concluded simultaneously, each time and immediately) with market contractors.

34.2.1 Currency risk

The Group concludes transactions mainly on the currency market. Apart from transactions, whose base instrument is exchange rate, the Group offers instruments expressed in foreign currency. Additionally, the Group manages market risk generated by assets maintained in foreign currencies, i.e. currency positions. The currency positions include own funds of the brokerage house nominated in foreign currencies for the purpose of transaction settlement on foreign markets and related to operations of foreign branches.

The balance sheet value of assets and liabilities of the Group in foreign currencies at the balance sheet date has been presented below. The values disclosed for particular base currencies are expressed in PLN:

Assets and liabilities in foreign currencies as for December 31, 2011

	Balance sheet value	Values in foreign currencies converted into PLN							
		USD	EUR	GBP	CZK	HUF	RON	Other currencies	In total
Assets									
Cash and cash equivalents	428,686,584	31,194,288	112,384,706	2,139,809	41,719,675	3,585,542	7,749,246	12,200	**198,785,466**
Financial assets held for trading	32,551,814	10,112,424	14,979,772	778,267	348,594	558	–	4,722,532	**30,942,147**
Financial assets held to maturity	15,041,709	–	–	–	–	–	–	–	**–**
Income tax receivables	3,725,600	–	–	–	455,533	–	–	–	**455,533**
Loans granted and other receivables	41,081,955	27,487,422	2,706,433	266,067	123,947	201,632	22,596	2,229	**30,810,326**
Prepaid expenses	2,293,312	–	552,428	240,094	586,462	–	91,432	–	**1,470,416**
Intangible assets	4,050,829	–	94,133	–	552,223	–	16,555	–	**662,911**
Fixed assets	3,902,322	–	1,040,144	227,975	106,871	115,984	109,888	–	**1,600,862**
Deferred tax assets	11,457,066	–	7,786,168	714,800	88,131	434,018	429,369	–	**9,452,486**
Total assets	**542,791,191**	**68,794,134**	**139,543,784**	**4,367,012**	**43,981,436**	**4,337,734**	**8,419,086**	**4,736,961**	**274,180,147**
Liabilities									
Liabilities to clients	188,396,064	6,960,359	58,048,178	404,922	24,788,783	1,958,873	3,288,984	–	**95,450,099**
Financial liabilities held for trading	5,015,411	1,080,489	3,545,718	53,050	1,634	–	–	196,092	**4,876,983**
Income tax liabilities	161,893	–	156,068	–	–	5,825	–	–	**161,893**
Other liabilities	21,319,368	76,703	6,516,090	86,590	1,711,621	143,818	401,886	12,921	**8,949,629**
Provisions for liabilities	645,377	–	62,074	–	–	–	251,460	–	**313,534**
Deferred tax liability	8,900,040	–	–	–	3,251	–	–	–	**3,251**
Total liabilities	**224,438,153**	**8,117,551**	**68,328,128**	**544,562**	**26,505,289**	**2,108,516**	**3,942,330**	**209,013**	**109,755,389**

Assets and liabilities in foreign currencies as for December 31, 2010

	Balance sheet value	Values in foreign currencies converted into PLN							
		USD	EUR	GBP	CZK	HUF	RON	Other currencies	In total
Assets									
Cash and cash equivalents	254,922,742	29,506,659	67,107,012	178,187	24,263,901	436,051	3,676,115	12,200	**125,180,125**
Financial assets held for trading	34,263,144	16,044,252	6,096,093	1,012,953	16,963	106	–	1,803,254	**24,973,621**
Financial assets held to maturity	–	–	–	–	–	–	–	–	**–**
Income tax receivables	943,273	–	–	–	196,457	–	–	–	**196,457**
Loans granted and other receivables	14,690,102	6,622,544	1,703,001	76,566	474,597	242,210	38,003	–	**9,156,921**
Prepaid expenses	4,038,477	–	883,384	–	601,109	25,530	50,745	–	**1,560,768**
Intangible assets	2,367,417	–	63,574	323	272,527	–	2,257	–	**338,681**
Fixed assets	3,877,891	–	1,092,560	–	122,382	164,041	112,678	–	**1,491,661**
Deferred tax assets	2,394,137	–	3,860	–	9,166	–	–	–	**13,026**
Total assets	**317,497,183**	**52,173,455**	**76,949,484**	**1,268,029**	**25,957,102**	**867,938**	**3,879,798**	**1,815,454**	**162,911,260**
Liabilities									
Liabilities to clients	148,346,906	7,082,727	38,301,171	–	16,426,482	331,635	1,844,567	–	**63,986,582**
Financial liabilities held for trading	4,500,967	3,512,026	400,663	66,321	5,387	–	–	201,069	**4,185,466**
Income tax liabilities	335,073	–	335,073	–	–	–	–	–	**335,073**
Other liabilities	13,850,705	406,268	3,937,399	220,397	712,667	130,157	258,434	12,921	**5,678,243**
Provisions for liabilities	37,782	–	12,444	–	–	–	–	–	**12,444**
Deferred tax liability	4,963,762	–	–	–	–	–	–	–	**–**
Total liabilities	**172,035,195**	**11,001,021**	**42,986,750**	**286,718**	**17,144,536**	**461,792**	**2,103,001**	**213,990**	**74,197,808**

Translation of PLN into foreign currencies influences balance sheet measurement of the Group's financial instruments as well as the result due to translation of currency balances for other balance sheet positions. The sensitivity level with respect to the change in exchange rates was calculated with the assumption of parallel change of all foreign currencies to PLN by +5%. The balance sheet value of financial instruments was measured again, whereas in case of option transactions, such as vanilla option, which as of July 1, 2011 were covered "back to back", the value included the difference between the outcome of the transaction concluded with the clients and the outcome of the hedging transactions.

The sensitivity level of the Group at 5% increase or decrease of PLN exchange rate into foreign currencies on the equity and profit before tax presented below:

	December 31, 2011 PLN		December 31, 2011 PLN	
	Increase of exchange rate by 5%	Decrease of exchange rate by 5%	Increase of exchange rate by 5%	Decrease of exchange rate by 5%
Profits/(costs) of the period	10,612,788	(10,614,985)	5,575,996	(5,633,744)
Equity, including	(945,971)	936,640	(957,714)	941,110
FX differences from translation	(945,971)	936,640	(957,714)	941,110

The sensitivity of equity is connected with FX differences from translation of value in functional currencies of foreign entities.

34.2.2 Risk of interests rate

The risk of interests rate is the risk resulting from current and future exposure of the Group's profit and loss as well as its capital to the detrimental impact of interests rate fluctuations that may be due to contracts executed by the Group, from which result the receivables or liabilities dependent on the interests rate as well as holding of assets or liabilities in financial instruments dependent on interests rates.

Basic source of the risk of interests rate faced by the Group is lack of adjustment of interests rates:

- which the Group pays the clients for keeping their funds on accounts in the Group, and
- bank account and bank deposits, where the Group invests the clients' cash.

Basically, the change in the amount of bank interests rates has no significant influence on the financial standing of the Group, since the Group determines the interests rate of cash on the clients' accounts based on variable formula, in the amount not exceeding the interests rate obtained by the Group from the bank operating the bank account, on which the clients' funds are accumulated.

The interests rate on accounts is a floating rate connected with WIBID/WIBOR/LIBOR/EURIBOR, therefore, any occurrence of lack of adjustment of interests rates unfavorable for the brokerage house is minimal.

Taking into account the fact that the Group maintains low level of duration of assets and liabilities as well as reduces the duration gap, the market sensitivity of the value of assets and liabilities to market interests rate fluctuations is minimal.

The Committee for Risk Management decided with respect to identification of significant risks that the risk of interests rate is insignificant for the business activity of the Group.

Analysis of sensitivity of financial assets and liabilities, whose cash flows are at risk of interests rate fluctuations

The structure of financial assets and liabilities, whose cash flows are at risk of interests rate fluctuations is the following:

	December 31, 2011 PLN	December 31, 2010 PLN
Financial assets		
Cash	428,686,584	254,922,742
Total financial assets	**428,686,584**	**254,922,742**
Financial liabilities		
Liabilities to clients	23,969,011	26,022,395
Other liabilities	392,666	501,042
Total financial liabilities	**24,361,677**	**26,523,436**

The impact of interests rate fluctuations by 50 base points (bp) on profit before tax has been presented below. The following analysis is based on the assumption that other variables, in particular exchange rates, will remain at the same level. The analysis was conducted on the basis of average cash balances from 2011 , using average interests rate 1M WIBOR.

	December 31, 2011 PLN		December 31, 2010 PLN	
	Increase by 50 bp	Decrease by 50 bp	Increase by 50 bp	Decrease by 50 bp
Profits/(costs) of the period	1,567,037	(1,567,037)	846,085	(846,085)

Analysis of sensitivity of financial assets and liabilities, whose fair value is at risk of interests rate fluctuations

The structure of financial assets and liabilities, whose fair value is at risk of interests rate fluctuations has been presented in the following table.

	December 31, 2011 PLN	December 31, 2010 PLN
Financial assets		
Financial assets held for trading	1,787,984	342,035
Total financial assets	**1,787,984**	**342,035**
Financial liabilities		
Financial liabilities held for trading	1,766,672	333,728
Total financial liabilities	**1,766,672**	**333,728**

The impact of interests rate fluctuations by 50 base points (bp) on profit before tax has been presented below. The following analysis is based on the assumption that other variables, in particular exchange rates, will remain at the same level.

	December 31, 2011 PLN		December 31, 2010 PLN	
	Increase by 50 bp	Decrease by 50 bp	Increase by 50 bp	Decrease by 50 bp
Profits/(costs) of the period	28	(30)	(237)	231

34.2.3 Other price risk

Other price risk includes exposure of the financial standing of the Group to unfavorable changes in the prices of commodities, capital instruments (equities, indices) and debt instruments (bonds).

The balance sheet value of financial assets at risk of other price risk has been presented below:

	December 31, 2011 PLN	December 31, 2010 PLN
Financial assets held for trading		
Commodities		
Noble metals	3,291,426	2,183,685
Base metals	149,616	566,528
Other	2,217,122	3,941,489
Total commodities	**5,658,164**	**6,691,702**
Capital instruments		
Equities	1,730,535	9,317,000
Indices	7,235,454	7,353,336
Total capital instruments	**8,965,989**	**16,670,336**
Debt securities	**185,879**	**44,515**
Total financial assets held for trading	**14,810,032**	**23,406,553**
Financial liabilities held for trading		
Commodities		
Noble metals	281,689	1,352,519
Base metals	6,837	62,322
Other	172,285	332,278
Total commodities	**460,811**	**1,747,119**
Capital instruments		
Equities	518,729	409,258
Indices	1,486,793	8,753,721
Total capital instruments	**2,005,522**	**9,162,979**
Debt securities	**26,760**	**6,875**
Total financial assets held for trading	**2,493,093**	**10,916,973**

The Group's sensitivity level to price change of particular commodities and capital instruments by +5% has been presented below.

	December 31, 2011 PLN		December 31, 2010 PLN	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
Profits/(costs) of the period				
Commodities				
Noble metals	(910,062)	912,309	71,220	(165,015)
Base metals	(17,659)	17,659	464,240	(444,507)
Other	87,808	(86,494)	1,171,136	(1,222,242)
Total commodities	**(839,913)**	**843,474**	**1,706,596**	**(1,831,764)**
Capital instruments				
Equities	(467,308)	467,308	(125,501)	125,501
Indices	(188,545)	206,865	2,402,103	(2,302,114)
Total capital instruments	**(655,853)**	**674,173**	**2,276,602**	**(2,176,613)**
Debt securities	**839,041**	**(839,041)**	**74,290**	**(74,290)**
Total profits/(costs) of the period	**(656,725)**	**678,606**	**4,057,488**	**(4,082,667)**

34.3 Liquidity risk

The Group identifies the liquidity risk with the risk of insolvency, i.e the risk of losing the capability of financing assets and timely performing liabilities in the course of ordinary activities or in other circumstances, which may be predicted, without suffering a loss. In the liquidity analysis, obtaining of the liquid assets, future needs, alternative scenarios and contingency plans with respect to maintaining liquidity are applied.

Currently, the amount of the most liquid assets substantially exceeds the liabilities in the Group, therefore, the liquidity risk is minimal.

The contractual deadlines for payment of the financial assets and liabilities have been presented below. For particular maturity dates, partial and accumulated contractual liquidity gap, calculated as the difference between total assets and total liabilities and calculated for each maturity bracket, was provided.

The contractual deadlines for payment of assets and liabilities as for December 31, 2011

	Balance sheet value	Cash flows resulting from the contract	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	without specified maturity date
Financial assets							
Cash	428,686,584	428,686,584	428,686,584	–	–	–	–
Financial assets held for trading							
Equities and stock contracts	–	–	–	–	–	–	–
CFD derivatives	30,763,830	30,763,830	30,763,830	–	–	–	–
Options derivatives	1,787,984	1,799,180	576,412	1,222,768	–	–	–
Total financial assets held for trading	32,551,814	32,563,010	31,340,242	1,222,768	–	–	–
Financial assets held to maturity	15,041,709	15,100,000	15,100,000	–	–	–	–
Loans granted and other receivables	41,081,955	41,081,955	12,221,055	27,467,544	–	–	1,393,356
Total financial assets	**517,362,062**	**517,431,549**	**487,347,881**	**28,690,312**	**–**	**–**	**1,393,356**
Financial liabilities							
Liabilities to clients	188,396,064	188,396,064	188,396,064	–	–	–	–
Financial liabilities held for trading							
CFD derivatives	3,248,739	3,248,739	3,248,739	–	–	–	–
Options derivatives	1,766,672	1,777,410	605,257	1,172,153	–	–	–
Total financial liabilities held for trading	5,015,411	5,026,149	3,853,996	1,172,153	–	–	–
Other liabilities	21,319,369	21,343,128	20,995,596	206,678	140,854	–	–
Total financial liabilities	**214,730,844**	**214,765,341**	**213,245,656**	**1,378,831**	**140,854**	**–**	**–**

Contractual deadlines for payment of assets and liabilities as for December 31, 2011 (cont.)

	Balance sheet value	Cash flows resulting from the contract	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	without specified maturity date
Contractual liquidity gap in the maturity periods			274,102,225	27,311,481	(140,854)	–	1,393,356
Accumulated contractual liquidity gap			274,102,225	301,413,706	301,272,852	301,272,852	302,666,208

Contractual deadlines for payment of assets and liabilities as for December 31, 2010

	Balance sheet value	Cash flows resulting from the contract	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	without specified maturity date
Financial assets							
Cash	254,922,742	254,922,742	254,922,742	–	–	–	–
Financial assets held for trading							
Equities and stock contracts	8,689,017	8,689,017	8,689,017	–	–	–	–
CFD derivatives	25,232,092	25,232,092	25,232,092	–	–	–	–
Options derivatives	342,035	343,046	149,110	193,936	–	–	–
Total financial assets held for trading	34,263,144	34,264,155	34,070,219	193,936	–	–	–
Loans granted and other receivables	14,690,102	14,910,046	7,848,439	6,391,469	–	–	670,138
Total financial assets	**338,139,132**	**338,361,098**	**330,911,619**	**6,779,341**	**–**	**–**	**670,138**
Financial liabilities							
Liabilities to clients	148,346,906	148,346,906	148,346,906	–	–	–	–
Financial liabilities held for trading							
Equities and stock contracts	161,221	161,221	161,221	–	–	–	–
CFD derivatives	4,006,018	4,006,018	4,006,018	–	–	–	–
Options derivatives	333,728	334,024	305,289	28,735	–	–	–
Total financial liabilities held for trading	4,500,967	4,501,263	4,472,528	28,735	–	–	–
Other liabilities	13,850,705	13,900,059	13,417,622	203,876	278,561	–	–
Total financial liabilities	**171,199,545**	**171,249,491**	**170,709,584**	**261,346**	**278,561**	**–**	**–**

Contractual deadlines for payment of financial assets and liabilities as for Friday, December 31, 2010 (cont.)

	Balance sheet value	Cash flows resulting from the contract	Up to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	without specified maturity date
Contractual liquidity gap in the maturity periods			160,202,035	6,517,995	(278,561)	–	670,138
Accumulated contractual liquidity gap			160,202,035	166,720,030	166,441,469	166,441,469	167,111,607

The Group does not expect that cash flows as disclosed in the analysis of maturity dates will occur significantly earlier or in significantly different amounts.

34.4 Credit risk

The following table shows the balance sheet value of financial assets corresponding to the Group's exposure to credit risk:

	December 31, 2011		December 31, 2010	
	Balance sheet value PLN	Maximum exposure to credit risk PLN	Balance sheet value PLN	Maximum exposure to credit risk PLN
Financial assets				
Cash	428,686,584	428,686,584	254,922,742	254,922,742
Financial assets held for trading *	32,551,814	1,905,368	34,263,144	9,554,196
Financial assets held to maturity	15,041,709	15,041,709	–	–
Loans granted and other receivables	41,081,955	41,081,955	14,690,102	14,690,102
Total financial assets	**517,362,062**	**–**	**303,875,988**	**–**

* Maximum exposure to credit risk for financial assets held for trading, excluding received collaterals, was PLN 32,551,814 as for December 31, 2011 (2010: PLN 34,263,144,34). Collateral for the exposure was in the form of the clients' cash, which as for December 31, 2011 provided collateral for exposure of PLN 30,646,446 (2010: PLN 24,708,948). The exposure to credit risk resulting from the transactions concluded with brokers as well as exposures towards the Warsaw Stock Exchange was not subject to collateral.

Cash

The credit risk with respect to cash and cash equivalents is connected with maintaining of both own cash and the clients' cash on bank accounts. The credit risk with respect to cash is limited by the choice of banks of high credit rating assigned by the international rating agencies as well as by the diversification of banks, in which the accounts are opened.

As for December 31, 2011, the Group has bank accounts in 27 banks and institutions (2010: 24 banks and institutions). 10 largest exposures have been presented in the following table:

December 31, 2011		December 31, 2010	
Entity	**PLN**	**Entity**	**PLN**
Bank 1	90,930,161	Bank 1	120,092,319
Bank 2	45,135,597	Bank 2	35,095,972
Bank 3	41,633,407	Bank 3	24,733,342
Bank 4	35,377,433	Bank 4	22,014,794
Bank 5	35,072,521	Bank 5	16,202,150
Bank 6	35,047,188	Bank 6	10,151,663
Bank 7	35,006,545	Bank 7	6,907,448
Bank 8	30,644,311	Bank 8	5,104,023
Bank 9	22,033,387	Bank 9	3,646,549
Bank 10	11,805,389	Bank 10	2,968,218
In total	**382,685,940**		**246,916,478**

Financial assets held for trading

The financial assets held for trading constitute transactions in financial instruments concluded with the Group's clients.

The credit risk with respect to financial assets held for trading is connected with the client's insolvency risk. As far as the transactions concluded with the clients on the OTC market are concerned, the Group implements the policy of covering the contractor's credit risk by applying the so-called "margin call" mechanism. Cash deposited in the brokerage house constitutes the said coverage. If the client's current balance is equal to or lower than 30% of the paid risk coverage blocked under a given transaction system, the position generating the largest loss is automatically closed at current market price. The amount of the initial collateral deposit is determined as percentage of the transaction nominal value depending on the type of the client's account, its currency and balance amount in the transaction system. The detailed mechanism has been set forth in the binding regulations for the clients. Additionally, in order to cover the contractor's credit risk, the Group applies in the contracts executed with the clients other clauses, in particular requirements regarding minimum account balance.

The transactions entered into by the clients on the regulated market practically do not generate any significant credit risk, as the clients' orders are covered on the cash account or securities account. The Group applies coverage methods and conditions for allowing orders in compliance with the binding provisions.

As for December 31, 2011, 10 largest credit exposures of the Group, including collateral (net exposure), have been presented in the following table:

Entity	December 31, 2011 PLN net exposure	Entity	December 31, 2010 PLN net exposure
Entity 1	1,158,149	Entity 1	7,134,484
Entity 2	95,347	Entity 2	1,528,534
Entity 3	84,912	Entity 3	361,393
Entity 4	53,824	Entity 4	145,159
Entity 5	45,583	Entity 5	51,803
Entity 6	36,136	Entity 6	47,980
Entity 7	34,238	Entity 7	28,458
Entity 8	29,969	Entity 8	18,648
Entity 9	24,868	Entity 9	16,924
Entity 10	22,828	Entity 10	16,436
In total	**1,585,854**		**9,349,819**

The largest net exposure as for December 31, 2010 in the amount of PLN 7,134,484 includes investments in stock equities in the Warsaw Stock Exchange.

Financial assets held to maturity

As for December 31, 2011, the financial assets held to maturity include treasury bills issued by the State Treasury.

Other receivables

The largest exposure in other receivables as for December 31, 2011 includes the loan with due interests amounting to PLN 27,467,544 granted to a board member of the Parent company.

Other receivables include mostly receivables from the National Depository for Securities, clients and selected contractors (margin deposits for performance of contractual duties) and do not show significant concentration.

35. First-time Adoption of International Financial Reporting Standards

The Group prepares its first consolidated financial statements in compliance with the International Financial Reporting Standards in the form as adopted by the European Union (IFRS) for the year ended on December 31, 2011.

The IFRS principles have been applied in the preparation:

- of the consolidated statement of financial position as for December 31, 2011 including comparatives as for December 31, 2010 and opening statement of financial position as for January 1, 2010 (date of transition to IFRS), in compliance with the data recognized in modified separate financial statements of the parent company and subsidiaries prepared on and for the financial year ended on December 31, 2011.
- of the consolidated statement of comprehensive income for the year ended December 31, 2011, including comparatives for the year ended on December 31, 2010, in compliance with

the data recognized in modified separate financial statements of the parent company and subsidiaries prepared as at and for the financial year ended on December 31, 2011.

- of the consolidated statement of cash flows as for the year ended on December 31, 2011, including comparatives for the year ended on December 31, 2010, in compliance with the data recognized in modified separate financial statements of the parent company and subsidiaries prepared as at and for the financial year ended on December 31, 2011.

The impact of transition from the previous accounting principles to the IFRS on the financial statements of the Group has been described below:

35.1.1 Reconciliation of the consolidated statement of financial position

Reconciliation of the consolidated statement of financial position disclosed in accordance with the previously applied generally accepted accounting principles and the consolidated financial statements disclosed in accordance with the IFRS:

	Note	previous accounting principles	impact of transition to IFRS	IFRS	previous accounting principles	impact of transition to IFRS	IFRS
		January 1, 2010			December 31, 2010		
		PLN	PLN	PLN	PLN	PLN	PLN
ASSETS							
Cash		224,911,246	–	224,911,246	254,922,742	–	254,922,742
Financial assets held for trading		19,951,334	–	19,951,334	34,263,144	–	34,263,144
Financial assets held to maturity		–	–	–	–	–	–
Income tax receivables		512,167	–	512,167	943,273	–	943,273
Loans granted and other receivables	*(b), (c)*	5,362,988	220,696	5,583,684	14,519,571	170,531	14,690,102
Prepaid expenses	*(a)*	578,962	–	578,962	5,490,968	(1,452,491)	4,038,477
Intangible assets	*(a)*	600,767	–	600,767	914,926	1,452,491	2,367,417
Fixed assets		3,120,631	–	3,120,631	3,877,891	–	3,877,891
Deferred tax assets		2,610,141	–	2,610,141	2,394,137	–	2,394,137
Total assets		**257,648,236**	**220,696**	**257,868,932**	**317,326,652**	**170,531**	**317,497,183**

	Note	previous accounting principles	impact of transition to IFRS	IFRS	previous accounting principles	impact of transition to IFRS	IFRS
			January 1, 2010			December 31, 2010	
		PLN	PLN	PLN	PLN	PLN	PLN
EQUITY AND LIABILITIES							
Liabilities							
Liabilities to clients		117,498,853	–	117,498,853	148,346,906	–	148,346,906
Financial liabilities held for trading		–	–	–	4,500,967	–	4,500,967
Income tax liabilities	*(d)*	1,149,180	2,331,000	3,480,180	335,073	–	335,073
Other liabilities	*(b), (c)*	12,658,523	220,696	12,879,219	13,680,174	170,531	13,850,705
Provisions for liabilities		15,941	–	15,941	37,782	–	37,782
Deferred tax liability	*(d)*	6,426,679	(2,331,000)	4,095,679	4,963,762	–	4,963,762
Total liabilities		**137,749,176**	**220,696**	**137,969,872**	**171,864,664**	**170,531**	**172,035,195**
Equity							
Share capital		5,510,214	–	5,510,214	5,520,625	–	5,520,625
Supplementary capital		1,850,000	–	1,850,000	1,850,000	–	1,850,000
Other reserve capitals		65,716,386	–	65,716,386	71,336,469	–	71,336,469
FX differences from translation		(1,079,806)	–	(1,079,806)	161,489	–	161,489
Retained earnings		47,902,266	–	47,902,266	66,593,161	–	66,593,161
Equity of owners of the parent company		**119,899,060**	**–**	**119,899,060**	**145,461,744**	**–**	**145,461,744**
Non-controlling interests		–	–	–	244	–	244
Total equity		**119,899,060**	**–**	**119,899,060**	**145,461,988**	**–**	**145,461,988**
Total equity and liabilities		**257,648,236**	**220,696**	**257,868,932**	**317,326,652**	**170,531**	**317,497,183**

Adjustments due to change of accounting policy to IFRS

(a) R&D expenditures

As for December 31, 2010, the Company incurred R&D expenses with respect to IT amounting to PLN 1,452,491, which pursuant to the IFRS were reclassified in assets due to prepaid expenses to intangible assets.

(b) Exclusion of the investor compensation scheme values from the balance sheet

Assets and liabilities related to the investor compensation scheme have been excluded from the consolidated statement of financial position, as they do not meet the IFRS definition of assets and liabilities. Due to the adjustments made, other receivables and other liabilities have been decreased by PLN 9,941 as for December 31, 2009 and by PLN 7,681 as for December 31, 2010.

Adjustments due to errors under previously applied generally adopted accounting principles

(c) Separate disclosure of settlements with KDPW

The Group adjusted disclosure of settlements with KDPW related to the settlement of stock sessions at the Warsaw Stock Exchange and hence receivables and liabilities towards KDPW respectively have been increased respectively by the amounts earlier set-off against each other: PLN 180,472 as at December 31, 2010 and PLN 228,377 as at January 1, 2010.

(d) Classification of income tax liabilities

The Group adjusted disclosure of income tax liabilities as for January 1, 2010 amounting to PLN 2,331,000, which have been previously disclosed as deferred tax liability.

35.1.2 Reconciliation of the consolidated statement of comprehensive income

Reconciliation of the consolidated statement of comprehensive income disclosed in accordance with the previously applied generally accepted accounting principles and the consolidated statement of comprehensive income disclosed in accordance with the IFRS:

	Note	previous accounting principles	impact of transition to IFRS	IFRS
			December 31, 2010	
		PLN	PLN	PLN
Result of operations on financial instruments		177,516,554	–	177,516,554
Commission and fee revenue		3,741,978	–	3,741,978
Other revenue		224,289	–	224,289
Total operating revenue		**181,482,821**	**–**	**181,482,821**
Remuneration and employee benefits		(27,632,689)	–	(27,632,689)
Marketing		(35,885,553)	–	(35,885,553)
Other outsourced services		(11,971,296)	–	(11,971,296)
Building maintenance and lease costs		(3,199,284)	–	(3,199,284)
Amortization		(2,100,746)	–	(2,100,746)
Taxes and charges		(3,714,656)	–	(3,714,656)
Commission costs		(8,718,705)	–	(8,718,705)
Other costs		(3,703,225)	–	(3,703,225)
Total costs of operating activities		**(96,926,154)**	**–**	**(96,926,154)**
Operating profit		**84,556,667**	**–**	**84,556,667**
Financial revenues	*(a)*	4,066,400	(484,306)	3,582,094
Financial costs	*(a)*	(3,093,210)	484,306	(2,608,904)
Profit before tax		**85,529,857**	**–**	**85,529,857**
Income tax		(18,936,696)	–	(18,936,696)
Net Profit		**66,593,161**	**–**	**66,593,161**
Net profit per:				
Owners of the parent company		66,593,161	–	*66,593,161*
Non-controlling interests		–	–	–
Other comprehensive income				
FX differences from translation of foreign operations		1,241,295	–	1,241,295
Total comprehensive income		**67,834,456**	**–**	**67,834,456**
Total comprehensive income per:				
Owners of the parent company		*67,834,456*		*67,834,456*
Non-controlling interests		–		–

Adjustments due to change of accounting policy to IFRS

(a) Set-off of revenue and costs due to FX differences

Due to disclosure of revenue and costs resulting from FX differences set-off against each other ("net-out") in the consolidated statement of comprehensive income in accordance with the IFRS, the revenue and financial costs for 2010 have been set off in the consolidated statement of comprehensive income by the amount of FX difference of PLN 484,306.

35.1.3 Reconciliation of the consolidated statement of cash flows

The structure of the consolidated statement of cash flows has been adapted to the requirements of IAS 7 - Statements of cash flows. In accordance with the previous accounting principles, the cash flows disclosed in the consolidated statement of cash flows were higher than the cash flows disclosed in the consolidated statement of financial position by the amount of PLN 1,571,064 as for December 31, 2010 and PLN 518,903 as for January 1, 2010. The above difference was due to adjustment of values of cash assets adopted for the group account of cash flows to the amount of unrealized FX differences on cash, in accordance with the previous accounting principles.

Signatures of all Members of the Management Board of the Parent Company

June 18, 2012	*Signed on the Polish original*
Date	Jakub Zabłocki President of the Management Board
June 18, 2012	*Signed on the Polish original*
Date	Ewa Stefaniak Member of the Management Board Chief Accountant
June 18, 2012	*Signed on the Polish original*
Date	Piotr Baszak Member of the Management Board
June 18, 2012	*Signed on the Polish original*
Date	Rafał Skiba Member of the Management Board

VI. APPENDIX NO. 1

Standards and interpretations awaiting approval by the EU

IFRS in the shape approved by the European Union does not currently significantly differ from the regulations adopted by the International Accounting Standards Board (IASB), except the below interpretations, which according to the balance as at the day of publication of the financial statements have not yet been approved for application:

- **IFRS 9 Financial instruments** (in force with respect to annual periods beginning on January 1, 2015 or thereafter)

  The new standard supersedes guidelines contained in IAS 39, Financial Instruments: Recognition and Measurement, regarding classification and measurement of financial assets. The standard eliminated the categories existing in IAS 39: held to maturity, available for sale and loans and receivables.

  At the time of initial disclosure, the financial assets will be classified into one of the two categories:

  - financial assets measured according to amortized cost; or
  - financial assets measured at fair value.

  The item of financial assets is measured according to amortized cost if the following conditions are met:

  - assets are held under the business model aimed at holding assets in order to obtain cash flows resulting from the contract; and,
  - the contractual terms and conditions cause cash flows at certain moments, which constitute exclusively capital and interests repayment due to unpaid share of capital.

  Profits and losses due to measurement of financial assets measured at fair value are disclosed in the financial statements for the current period, except for the situation when an investment into the capital instruments is not designated for sale. IFRS 9 allows to decide on the measurement of such financial instruments, at the time of their initial disclosure, at fair value by other comprehensive income. Such decision is irrevocable. The aforesaid choice may be made with respect to any instrument separately. The values disclosed in other comprehensive income may not be re-qualified in the subsequent periods in the statement of comprehensive income.

  The Group has not finished analyzing the impact of the new standard on the financial statements and is not able to determine the impact thereof.

- **Amendments to IFRS 9 Financial instruments - classification and measurement of financial liabilities** (in force with respect to annual periods beginning on January 1, 2015 or thereafter)

  Amendments to IFRS 9 from 2010 change the guidelines contained in IAS 39 Financial Instruments: Disclosure and measurement with respect to classification and measurement of financial liabilities and exclusions of financial assets and financial liabilities.

  The standard retains almost all previous requirements of IAS 39 within the scope of classification and measurement of financial liabilities and exclusion of financial assets and financial liabilities.

The standard requires that the change of fair value regarding change of credit risk of the financial liability set at the time of initial disclosure as measured at fair value through financial profit or loss was recognized as other comprehensive income. The remaining part of profit or loss due to measurement at fair value is recognized in profit or loss in the current period. In the event when the application of this requirement results in lack of matching of revenue and costs, the entire change of fair value is disclosed in profit and loss in the current period.

The values disclosed in other comprehensive income may not be reclassified later to profit or loss in the current period. However, they may be reclassified to equity.

In accordance with IFRS 9, the derivatives which are related to each other and need to be regulated by providing unlisted capital instruments, whose value may not be reliably established, should be measured at fair value.

The Group does not expect that the amendments to IFRS 9 will have material effect on the financial statements. However, it is expected that due to specificity of activities of the Group and the type of financial liabilities held, the principles of classification and measurement of financial liabilities of the Group will not be changed due to application of IFRS 9.

- **Amendments to IFRS 9 Financial instruments - disclosures and transformations of comparatives concerning the initial application of IFRS 9** (in force with respect to annual periods beginning on January 1, 2015 or thereafter)

  The amendments change the requirements for disclosures and transformation of comparatives concerning initial application of IFRS 9 Financial instruments (2009) and IFRS 9 (2010).

  Amendments to *IFRS 7 - Financial instruments of disclosure of information* require disclosure of details on effects of the initial application of IFRS 9 in case when an entity does not transform comparatives in accordance with the requirements of the amended IFRS 9.

  If the entity applies IFRS 9 as of January 1, 2013 or later, then the transformation of comparatives for periods before the date of initial application is not required.

  If the entity applies IFRS 9 before January 1, 2015, then it may choose whether transform comparatives or present additional disclosures in accordance with the requirements of the amended IFRS 9.

  If the entity applies IFRS 9 before 2012, then it is not obliged to transform the comparatives or present any additional disclosures as required by the amended IFRS 7.

  The Group has not finished analyzing the impact of the new standard on the financial statements and is not able to determine the impact thereof.

- **The amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Hyperinflation and removal of fixed dates for first-time adopters** (in force with respect to annual periods beginning on July 1, 2011 or thereafter)

  The amendment adds release which may be applied on the transition date to IFRS by entities operating in hyperinflationary economies. Such release enables the entity to measure assets and liabilities held before the stabilization of functional currency at fair value, and then apply the fair value as the assumed cost of the said assets and liabilities for the purpose of preparing the first statement of financial position according to IFRS.

  The amendments are not applicable to the financial statements of the Group.

- **Amendments to IFRS 7 Financial instruments: disclosure of information - Set-off of financial assets and liabilities** (in force with respect to annual periods beginning on July 1, 2013 or thereafter)

The amendments include new requirements with respect to disclosures of financial assets and liabilities, which:

- are set off in the statement of financial situation, or
- are subject to framework contract for set-off or other similar contracts.

The Group does not expect the amended standard to have any impact on the financial statements, since it does not apply the set-off principles with respect to the financial assets and liabilities held and the Group has not concluded any framework contracts for set-off.

- **Amendments to IFRS 7 Financial instruments: disclosure of information - Transfer of financial assets** (in force with respect to annual periods beginning on July 1, 2011 or thereafter)

  The amendment requires disclosure of the information that enables the users of the financial statements to:

  - understand the connection between the transferred item of financial assets, which has not been entirely excluded from the financial statements, and the financial liabilities related thereto; and
  - evaluate the nature, risk connected therewith as well as level of exposure maintained by the company in the excluded item of assets.

  The amendment defines "maintained exposure in order to apply requirements concerning disclosures".

  The Group does not expect the amendment to IFRS 7 have significant impact on the financial statements due to specificity of the Group's business and type of the financial assets held.

- **IFRS 10 Consolidated financial statements and IFRS 27 (2011) Separate financial statements** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

  IFRS 10 provides for one new model of control analysis with respect to all entities, into which the investments were made, excluding entities which currently as special-purpose entities are within the scope of SKI-12 -*Consolidation of special purpose entity*. IFRS 10 introduces new requirements with respect to control assessment, which differ from the previous requirements of IFRS 27 (2008). According to the new control model, the investor controls the entity into which it has invested if (1) it is at risk or has the right to floating returns due to exposure in such entity, (2) it has capability to influence such returns by authority and (3) there is a link between authority and returns.

  The new standard includes also requirements for disclosures and requirements related to the preparation of consolidated financial statements. The requirements have been transferred from IFRS 27 (2008).

  The Group has not finished analyzing the impact of the new standard on the financial statements and is not able to determine the impact thereof.

- **IFRS 11 Joint arrangements** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

  IFRS 11 Joint arrangements supersedes IAS 31 Interests in joint ventures. IFRS 11 does not introduce any fundamental amendments to the general definition of arrangement under joint control, even though the definition of control and indirectly co-control were changed due to IFRS 10.

  In accordance with the new standard, the joint arrangements are divided into 2 types, for which the following models of disclosure have been defined:

- joint undertaking is an activity during which the co-controlling entities, called co-managers, have rights to assets and obligations with respect of liabilities connected with the undertaking.
- joint venture is an activity in which the co-controlling entities, called partners of the undertaking, have rights to net assets of the agreement.

IFRS 11 excludes from IAS 31 these cases when the separation of joint ventures is ineffective in a certain manner, even though they are separate entities. Such arrangements are treated similarly to the co-controlled assets/undertakings in accordance with IAS 31 and are currently called joint undertaking. The equity method needs to be applied to other co-controlled entities from IAS 31, which are now called joint ventures. It is not possible to apply proportional consolidation

The Group does not expect IFRS 11 to have material effect on the financial statements, since the Group is not party to any joint arrangements.

- **IFRS 12 Disclosure of Interests in Other Entities** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

  IFRS 12 includes additional requirements for disclosures concerning significant judgments and assumptions when determining the type of investments into an entity or arrangement, in subsidiaries, joint arrangement, associated entities and/or non-consolidated structured entities.

  The Group expects that IFRS 12 will not have any material effect on the financial statements.

- **IFRS 13 Measurement at fair value** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

  IFRS 13 will supersede the guidelines on measurement at fair value included in different standards and will be the only source of guidelines on measurement at fair value. It defines fair value, establishes the framework for measurement at fair value an specifies requirements with respect to measurement at fair value. IFRS 13 explains how to establish fair value, if require or allowed by other standards. IFRS 13 does not introduce any new requirements with respect to measurements of assets or liabilities at fair value and does not eliminate exceptions of impracticability when measuring at fair value, which currently exist in certain standards.

  The standard includes detailed structure of disclosures, which adds disclosures to the existing requirements in order to provide information, which will enable the users of the financial statements to evaluate methods an data used for the purpose of measurement at fair value, and in case of repeatable measurements at fair value, which use unavailable data, adds impact of such measurements on profit or loss or other comprehensive income.

  The Group has not finished analyzing the impact of the new standard on the financial statements and is not able to determine the impact thereof.

- **Amendments to IAS 1 Presentation of financial statements - Presentation of positions and other comprehensive income** (in force with respect to annual periods beginning on Sunday, July 1, 2012 or thereafter)

  The amendments require that:

  - the entity discloses the positions of other comprehensive income, which may be reclassified in the future to profit or loss, separately from those which will never be reclassified to profit or loss. If the positions of other comprehensive income are disclosed before the corresponding tax effects, the total tax amounts should be allocated to particular parts of other comprehensive income.

- the entity changes the name of the statement of comprehensive income to profit and loss account and other comprehensive income, other titles may also be used.

The influence of earlier application of amendments will depend on specific positions of other comprehensive income existing as at the date of earlier application. If the Group adopts the amendments as of January 1, 2012, the following positions of other comprehensive income will be presented as the positions which may be reclassified to profit and loss account in the future: PLN -1 801 919 recognizes as FX difference from translation of entities operating abroad in 2011 and accordingly the tax effect concerning the above position recognized in other comprehensive income. Other amounts and positions of other comprehensive income will never be reclassified to profit and loss account.

- **Amendments to IAS 12 Taxes - Deferred income tax - Future realization of asset** (in force with respect to annual periods beginning on January 1, 2012 or thereafter)

The amendment from 2010 introduces an exception to the current principles of measurement of deferred tax contained in paragraph 52 IAS 12, based on the manner of realization. The exception refers to the deferred tax on investment real properties measured according to the model of fair value pursuant to IAS 40, by introducing an assumption that the balance sheet value of such assets will be realized only through sale. The intentions of the management board will be of no significance unless the investment real property is subject to amortization and is maintained under the business model aimed at consumption of basically all economic gains derived from a given item of assets throughout its economic lifetime. It is the only case when this assumption may be rejected.

The abovementioned amendments do not refer to the financial statements of the Group due to the fact that the Group did not have investment real properties measured according to the model of fair value pursuant to IAS 40.

- **IAS 19 (2011) Employee benefits** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

The amendments require that the actuarial profits and losses are directly disclosed in other comprehensive income:

- the amendments remove the corridor methods applied in the past for the purpose of disclosure of actuarial profits and losses, and
- eliminate a possibility of disclosing all amendments to the liabilities due to specified benefits and to the assets of the employee benefits scheme in profit and loss, which is currently allowed in accordance with the requirements of IAS 19. The amendments require also that the expected return on assets of the scheme recognized in the statement of comprehensive income was calculated based on ratio applied to discount the liability due to specific benefits.

The Group does not expect the above amendment to have material effect on the financial statements.

- **IAS 27 (2011) Separate financial statements** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

IAS 27 (2011) leaves the existing requirements of IAS 27 (2008) with respect to accounting and disclosures in separate financial statements, including several minor specifications. Additionally, the existing requirements of IAS 28 (2008) and IAS 31 on separate financial statements have been included in IAS 27 (2011). The standard does not contain anymore the principles of control and requirements concerning preparation of the consolidated financial statements, which were transferred to IFRS 10 Consolidated financial statements.

The Group does not expect the above amendment to have material effect on the financial statements, since it does not result in change of the entity's accounting policy.

- **IAS 28 (2011) Investments in Associates and Joint Ventures** (in force with respect to annual period beginning on January 1, 2013 or thereafter)

  The Group does not expect the amended standard to have material effect on the financial statements, since it does not have any investments in associated entities or joint ventures, which the said amendments could influence.

- **Amendments to IFRS 32 Financial instruments: presentation - Setting off financial assets and liabilities** (in force with respect to annual periods beginning on January 1, 2014 or thereafter)

  The amendments do not introduce new principles regarding setting off financial assets and liabilities, but explain set-off criteria, which is aimed at eliminating inconsistencies in their application.

  The amendments explain that an entity holds a legal title to set-off if such title:

  - is not dependent on future events, and
  - is enforceable both in the ordinary course of business and in case of failure to perform the contract, insolvency or bankruptcy of an entity and all third parties.

  The Group does not expect the amended standard to have any impact on the financial statements, since it does not apply the set-off principles with respect to the financial assets and liabilities held and the Group has not concluded any framework contracts for set-off.

- **Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Government loans** (in force with respect to annual periods beginning on January 1, 2013 or thereafter)

  The amendments are not applicable to the financial statements of the Group.