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IDMSA Brokerage House Group
Posted Net Profit of PLN 18m (EUR 4.5m) in Q1 2011

Press Release

The net profit of the IDMSA Brokerage House Group attributable to shareholders of the parent undertaking amounted to PLN 18m (EUR 4.5m) after three first months of 2011, relative to PLN 16.4m (EUR 4.1m) in the same period last year and PLN 7.8m (EUR 1.9m) in the last quarter of 2010. The separate net profit of the Brokerage House totalled PLN 35.1m (EUR 8.8m) in Q1 2011.

"Like in previous periods, when analysing results of IDMSA Brokerage House it is important to remember about consolidation eliminations which amounted to PLN 19.6m (EUR 4.9m) in Q1. They include among others eliminations due to the continued performance of an investment agreement with Supernova IDM Fund," Mr Grzegorz Leszczyński, the President of the Management Board of IDMSA Brokerage House, explains.

One of the most important events in Q1 2011 in the IDMSA Brokerage House Group was the highly successful initial public offering of IDEA TFI's shares with the value of PLN 24.8m (EUR 6.2m). As part of the offering, IDMSA Brokerage House sold the portion of its block of shares held in the company for PLN 15.8m (EUR 4.0m). The net profit on the operation totalled PLN 12.3m (EUR 3.1m) and increased the capital in the consolidated financial statements, but is not included in the net profit at a consolidated level.

"A public offering which comprises not only a new share issue but also the disposal of shares held by one of shareholders is particularly difficult to sell. Therefore, I am even more satisfied with the fact that in case of our own company we managed to attain the goal in its entirety; what is more, the open offering saw a reduction," explains Mr Leszczyński.

When purchasing the shares of current IDEA TFI in 2006 (then operating still under the name GTFI S.A.) (75%) and in 2008 (remaining 25%), IDMSA BH invested in total over PLN 5m (EUR 1.2m). The investment entirely paid off already upon the sale of 5.4% of the company's shares to Quercus Absolute Return FIZ in the pre-IPO.

"In total, we received over PLN 20m (EUR 5m) from the sale of IDEA TFI's shares in the pre-IPO and IPO. What is equally important, at present we continue to be the owner of 80% of IDEA TFI's shares,

and the market value of the block of shares approximates PLN 120m (EUR 30.5m)," explains Mr Leszczyński.

On 12 May 2011, IDEA TFI paid dividend in the amount of PLN 0.43 per share. The company's shares held by IDMSA Brokerage House on the record date produced the revenue of nearly PLN 5.5m (EUR 1.4m) for the Brokerage House. The dividend yield amounted to over 4%.

"The extent to which the acquisition of IDEA TFI proved to be a good decision is evidenced by the fact that with this year's dividend itself our investment in the company was entirely paid off. After Gwarant Agencja Ochrony and SprintAir, IDEA TFI is the subsequent company in the broadly understood IDMSA Brokerage House Group to share its profit with the shareholders. In line with IDEA TFI's dividend policy for future, also in next years the company will pay the profit to its shareholders, either in whole or in part," explains Mr Leszczyński.

Plans of the IDMSA Brokerage House Group for 2011 provide for, among others, the implementation by IDMSA Brokerage House of projects in the area of capital operations with the total value of PLN 2bn (EUR 500m), introduction of five companies from Supernova IDM Fund's portfolio to public trading, and the pre-IPO of the Fund itself. Also IDEA TFI continues to expand its range of products while Polski Bank Przedsiębiorczości intends to grant loans totalling PLN 1.2bn (EUR 300m) this year.

"The IDMSA Brokerage House Group is an entity whose results are being made increasingly independent from the stock exchange performance. Following the inclusion of Supernova IDM Fund, a private equity fund, and Polski Bank Przedsiębiorczości into the Group's structure, we are the first institution in Poland to cover the entire capital market with its services. This provides the Group and all the Group undertakings with a significant competitive advantage," says Mr Leszczyński.

Currently, IDMSA Brokerage House's value on the Warsaw Stock Exchange is approx. PLN 600m (EUR 152.6m) and the Company's P/BV ratio (price to book value) is only 0.85.

"P/BV ratio demonstrates that IDMSA Brokerage House's shares are clearly underestimated, in particular when compared to competition listed on the stock exchange. I believe that the current year in which we will be able to show results of the IDMSA Brokerage House Group in a new, changed composition will alter this state of affairs. Observing the market developments, I have grounds to say that subsequent quarters of this year will also be good for the entire Group," says Mr Rafał Abratański, the Vice-President of the Management Board of IDMSA Brokerage House.

"As of Q2, we will consolidate Supernova IDM Fund's results, as well as results of eFund, a venture capital fund set up at the end of March. The commencement of consolidating SNF and eFund as of Q2 results from court registration procedures," explains Mr Abratański.

In April, IDMSA Brokerage House organised bond issues amounting to PLN 232.6m (EUR 58.6m). With the above, as results from the comparison published by *Rzeczpospolita* daily on 10 May 2011, the Brokerage House ranked seventh in Poland in terms of the value of performed issues of non-treasury securities, at the same time being the highest ranking non-banking entity. The value of bond issues carried out by IDMSA Brokerage House in which it acted as offeror exceeded PLN 506m (EUR 128m) in the first four months of the current year. In comparison, 2010, which was record-breaking for IDMSA Brokerage House in terms of the completed bond issues, saw their value standing at PLN 400m (EUR 100m).

"2011 will bring a new record as regards the value of the bond issues completed by IDMSA Brokerage House. Previously, the Company was associated mostly with the IPOs of small and medium enterprises, yet for several years we are also increasingly present on the corporate bond market due to its development," comments Mr Abratański.

In connection with the low market valuation, since mid-2010 IDMSA Brokerage House has implemented the treasury share buy-back programme with the view to reselling the shares. Due to restricted periods related to the publication of periodic reports – first the annual one, followed by the quarterly one – the buy-back was suspended.

"After the publication of the report for Q1 there are no further impediments to continue the treasury share buy-back at even more attractive prices. I am convinced that in the long term this will bring benefits to the Company and thus to all its shareholders," adds Mr Abratański.

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About the Company:

IDMSA Brokerage House is a parent undertaking in the Group operating in the area of financial services. IDMSA Brokerage House is an independent, non-banking, dynamically developing brokerage office. The Company is the first broker listed on the Warsaw Stock Exchange.

The activities of IDMSA Brokerage House are focused in four main areas:

- brokerage services,
- asset management,
- forex,
- corporate services – capital transactions and operations, and securing capital for enterprises.

Crucial skills behind the Company's value include know-how and experience which allows IDMSA Brokerage House to provide its Clients with tailored solutions; flexibility which enables to quickly react to market needs, and independence.