

The IPOPEMA
Securities Group

Consolidated financial statements

**for the year ended
December 31st 2014**

Warsaw, March 20th 2015

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Statement of compliance

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

- to the best of our knowledge, the consolidated financial statements for the year ended December 31st 2014 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial standing and financial performance of the IPOPEMA Securities Group;
- the Directors' Report on the operations of the IPOPEMA Securities Group in 2014 gives a true picture of the Group's development, achievements and standing; it also includes a description of risks and threats;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which audited the full-year separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the full-year consolidated financial statements of the IPOPEMA Securities Group as at December 31st 2014 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.

Warsaw, March 20th 2015

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Financial highlights

Consolidated financial highlights	PLN '000		EUR '000	
	2014	2013	2014	2013
Revenue from core activities	104,182	106,671	24,869	25,332
Cost of core activities	93,059	91,904	22,213	21,825
Profit on core activities	11,123	14,767	2,655	3,507
Operating profit	9,074	11,816	2,166	2,806
Profit before tax	7,157	12,223	1,708	2,903
Net profit on continuing operations	5,293	9,370	1,263	2,225
Net profit	5,293	9,370	1,263	2,225
Earnings from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.15	0.28	0.04	0.07
- diluted	0.15	0.28	0.04	0.07
Net cash from operating activities	- 522	- 173,616	- 125	- 41,229
Net cash from investing activities	- 205	- 1,421	- 49	- 337
Net cash from financing activities	- 1,607	- 23,012	- 384	- 5,465
Total cash flows	- 2,334	- 198,049	- 557	- 47,031

Consolidated financial highlights	PLN '000		EUR '000	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
Total assets	324,660	352,513	76,170	85,000
Current liabilities, including current tax liability	235,768	257,382	55,315	62,062
Total equity	80,723	85,343	18,939	20,578
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.70	2.85	0.63	0.69

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2014	2013
EUR	4.1893	4.2110

- Items of the consolidated statement of financial position:

Exchange rate as at	Dec 31 2014	Dec 31 2013
EUR	4.2623	4.1472

These consolidated financial statements for the year ended December 31st 2014 were authorised for issue by the Management Board on March 20th 2015.

- The lowest and the highest EUR exchange rate in the period:

EUR	2014	2013
Lowest exchange rate	4.0998	4.0671
Highest exchange rate	4.3138	4.3432

Consolidated statement of comprehensive income

for the year ended December 31st 2014

	Note	2014	2013
CONTINUING OPERATIONS			
Revenue from core activities, including:	16.1	104,182	106,671
Revenue from brokerage activities		46,627	57,699
Revenue from investment fund and asset management		42,054	35,825
Revenue from consultancy services		15,501	13,147
Cost of core activities	16.2	93,059	91,904
Profit/(loss) on core activities		11,123	14,767
Gain (loss) on transactions in financial instruments held for trading	16.4	- 1,429	- 3,026
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		294	811
Other income	16.5	1,205	1,000
Other expenses	16.5	2,119	1,736
Operating profit/(loss)		9,074	11,816
Finance income	16.3	2,025	3,273
Finance costs	16.3	3,942	2,866
Profit/(loss) before tax		7,157	12,223
Income tax	19	1,864	2,853
Net profit/(loss) on continuing operations		5,293	9,370
DISCONTINUED OPERATIONS		-	-
Net profit/(loss) for period		5,293	9,370
Attributable to:			
Owners of the parent		4,623	8,366
Non-controlling interests		670	1,004
Earnings (loss) per share (PLN)	10	0,15	0,28
Diluted earnings (loss) per share (PLN)	10	0,15	0,28
Net profit for period		5,293	9,370
Other comprehensive income		- 39	- 478
Gains and losses on remeasurement of financial assets available for sale		- 48	- 590
Corporate income tax on items of other comprehensive income	19	9	112
Comprehensive income for period		5,254	8,892
Attributable to:			
Owners of the parent		4,584	7,888
Non-controlling interests		670	1,004

Warsaw, March 20th 2015

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
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Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of financial position

As at Dec 31 2012

ASSETS	Note	Dec 31 2014	Dec 31 2013
Cash and cash equivalents	13.1	50,708	52,749
Current receivables	13.2, 26	249,771	274,950
Current tax assets		1,188	86
Inventories		-	-
Current prepayments and accrued income	13.3	1,356	1,316
Financial instruments held for trading	13.4, 20.2	1,463	218
Financial instruments held to maturity		-	-
Financial instruments available for sale	13.5, 20.2	8,727	9,479
Investments in jointly controlled entities and associates		-	-
Non-current receivables	27	2,348	2,336
Non-current loans advanced	20.1	364	794
Property, plant and equipment	13.6	4,568	5,611
Investment property		-	-
Intangible assets	13.7	2,752	3,101
Deferred tax assets	19.1	1,415	1,873
Non-current prepayments and accrued income		-	-
TOTAL ASSETS		324,660	352,513
EQUITY AND LIABILITIES		Dec 31 2014	Dec 31 2013
Current liabilities	15.3	235,603	256,891
Current tax liabilities		165	491
Other financial liabilities		-	-
Non-current liabilities		444	600
Deferred tax liabilities	19.1	100	29
Accruals and deferred income	15.1	7,625	9,159
Provisions		-	-
Total liabilities		243,937	267,170
Share capital	14.1	2,994	2,994
Other capital reserves	14.2	13,570	13,502
Retained earnings	14.2	60,328	64,686
Total equity		76,892	81,182
Non-controlling interests	14.3	3,831	4,161
Total equity		80,723	85,343
TOTAL EQUITY AND LIABILITIES		324,660	352,513

Warsaw, March 20th 2015

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Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of cash flows

for the year ended December 31st 2014

CASH FLOWS	Note	2014	2013
Cash flows from operating activities	26		
Profit before tax		7,157	12,223
Total adjustments:		- 7,679	- 185,839
Depreciation and amortisation expenses		2,529	2,174
Foreign exchange gains/(losses)		- 333	- 132
Interest and dividends		681	901
Gain (loss) on investing activities		743	899
Increase/(decrease) in financial instruments available for sale		- 223	- 729
Increase/(decrease) in financial instruments held for trading		- 1,246	112
Increase/(decrease) in receivables		23,822	242,562
Increase/(decrease) in current liabilities (net of borrowings)		- 31,630	- 430,427
Increase/(decrease) in provisions and impairment losses on receivables		681	255
Increase/(decrease) in accruals and deferrals		- 1,413	475
Income tax		- 1,397	- 2,194
Other adjustments (including effect of incentive schemes)		107	265
Net cash from operating activities		- 522	- 173,616
Cash flows from investing activities			
Increase in loans advanced		- 869	- 30
Profit distributions (dividends) received		126	52
Interest received		190	438
Decrease in loans advanced		324	561
Acquisition of property, plant and equipment and intangible assets		- 1,111	- 3,175
Acquisition of financial instruments available for sale and held to maturity		- 925	- 6,322
Proceeds from financial instruments available for sale and held to maturity		2,044	7,916
Sale of property, plant and equipment and intangible assets		1	8
Other cash from investing activities		15	131
Other cash used in investing activities		-	- 1,000
Net cash from investing activities		- 205	- 1,421
Cash flows from financing activities			
Proceeds from borrowings		9,617	-
Proceeds from issue of securities		6	7
Repayment of debt securities		- 4	- 4
Proceeds from issue of share capital		-	929
Other cash from/used in financing activities		-	-
Interest paid		- 1,028	- 1,106
Repayment of finance lease liabilities		- 217	- 214
Repayment of borrowings		-	- 22,624
Dividends to owners of the parent		- 8,981	-
Dividends to non-controlling interests		- 1,000	-
Net cash from financing activities		- 1,607	- 23,012
Total cash flows		- 2,334	- 198,049

Consolidated financial statements of the IPOPEMA Securities Group for 2014

Net increase in cash and cash equivalents	- 2,042	- 197,941
Effect of exchange rate fluctuations on cash held	292	108
Cash at beginning of period	53,041	251,090
Cash at end of period, including	50,707	53,041
<i>restricted cash</i>	<i>4,270</i>	<i>4,154</i>

Warsaw, March 20th 2015

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Danuta Ciosek
Chief Accountant

Consolidated statement of changes in equity

for the year ended December 31st 2014

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other components of equity			Retained earnings		
		Share premium	Revaluation capital reserve	Other capital reserves			
As at Jan 1 2014	2,994	10,351	92	3,059	64,686	4,161	85,343
Profit for 2014	-	-	-	-	4,623	670	5,293
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	107	-	-	107
Other comprehensive income	-	-	- 39	-	-	-	- 39
Dividend payment	-	-	-	-	- 8,981	- 1,000	- 9,981
Other adjustments	-	-	-	-	-	-	-
As at Dec 31 2014	2,994	10,351	53	3,166	60,328	3,831	80,723
As at Jan 1 2013	2,975	9,441	570	2,831	56,255	3,157	75,229
Profit for 2013	-	-	-	-	8,366	1,004	9,370
Issue of shares	19	910	-	-	-	-	929
Costs of incentive scheme	-	-	-	228	-	-	228
Other comprehensive income	-	-	- 478	-	-	-	- 478
Dividend payment	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	65	-	65
As at Dec 31 2013	2,994	10,351	92	3,059	64,686	4,161	85,343

Warsaw, March 20th 2015

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Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant

Notes

1. The IPOPEMA Securities Group

The IPOPEMA Securities Group ('the Group') comprises entities controlled by IPOPEMA Securities S.A. (the 'Parent' or 'Company').

The Parent's registered office is at ul. Próżna 9, Warsaw, Poland.

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

As at December 31st 2014, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2). All the companies comprising the IPOPEMA Securities Group have been established for indefinite time. The financial statements of all subordinated entities were prepared for the same period as the Parent's financial statements and in accordance with uniform accounting principles.

IPOPEMA Securities S. A. – the Parent

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

The Parent is entered in the Register of Entrepreneurs at the National Court Register maintained by the District Court, 12th Commercial Division of the National Court Register, under entry No. KRS 0000230737.

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

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

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

Composition of the Management Board

As at the date of these consolidated financial statements, the composition of the Company's Management Board was as follows:

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

There were no changes in the composition of the Management Board in 2014 or 2013.

Composition of the Supervisory Board

As at the date of these consolidated financial statements, the composition of the Company's Supervisory Board was as follows:

Jacek Jonak – Chairman of the Supervisory Board,
Janusz Diemko – Secretary of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Zbigniew Mrowiec – Member of the Supervisory Board,
Michał Dobak – Member of the Supervisory Board.

Małgorzata Adamkiewicz was a member of the Supervisory Board until August 31st 2013, when her mandate expired following her resignation. On February 10th 2014, the Extraordinary General Meeting appointed Mr Michał Dobak as member of the Supervisory Board.

Business profile

The Group's principal business activities are:

- 1 brokerage activities,
- 2 business and management consultancy services,
- 3 operation of investment fund companies, as well as creation and management of investment funds,
- 4 management of portfolios of broker-traded financial instruments,
- 5 computer facilities management activities,
- 6 computer consultancy services.

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

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

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

The brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team which prepares analyst reports, recommendations and comments regarding large, medium-sized and small companies listed on the Warsaw and Budapest Stock Exchanges (the 'WSE' and 'BSE').

2. Composition of the Group

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

As at December 31st 2014, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

Name of subsidiary	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	<ul style="list-style-type: none"> - operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds 	full	100%	100%
IPOPEMA Asset Management S.A.	<ul style="list-style-type: none"> - management of portfolios of broker-traded financial instruments 	full	100%	100%

IPOPEMA Business Consulting Sp. z o.o.	<ul style="list-style-type: none"> - other business and management consultancy services - computer facilities management activities - computer consultancy services - software-related activities - wholesale of computers, computer peripherals and software 	full	50.02%	50.02%
<i>indirect subsidiary (through IPOPEMA Business Consulting Sp. z o.o., the sole shareholder of the company)</i>				
IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	50.02%
IPOPEMA Business Services Srl.	- office and business support	not consolidated (immaterial financial data)	95% held directly 5% indirectly	95% held directly 5% indirectly
IPOPEMA Business Services Kft.	- office and business support	not consolidated (immaterial financial data)	100%	100%

In 2014, IPOPEMA Business Services Srl of Romania joined the Group.

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') - a subsidiary

IPOPEMA TFI was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iv) intermediation in the sale and redemption of investment fund units, and (v) representation service for foreign funds. IPOPEMA TFI's share capital amounts to PLN 5,000,001.00 thousand and comprises 1,666,667 registered shares. The composition of the Management Board is as follows: Jarosław Wikaliński (President), Maciej Jasiński, Aleksander Widera and Jarosław Jamka (Vice-Presidents). The board members have many years of practice and experience in the financial market, including in asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Asset Management S.A. ('IAM') – a subsidiary

IPOPEMA Asset Management S.A. ('IAM') was established on August 28th 1996 as a limited liability company. Pursuant to a resolution of the General Meeting of December 11th 1998, the company was transformed into a joint-stock company. IAM's share capital is PLN 5,600 thousand and comprises 56,000 registered shares. The company joined the IPOPEMA Securities Group on September 30th 2011, when IPOPEMA Securities acquired 100% of its shares. The company's business consists in management of portfolios of broker-traded financial instruments. IAM conducts brokerage activities on the basis of a licence granted by the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) on October 9th 2001. The company's Management Board comprises Jarosław Wikaliński (President), and Aleksander Widera, Maciej Jasiński and Jarosław Jamka (Vice-Presidents).

IPOPEMA Business Consulting Sp. z o.o. ('IBC') – a subsidiary

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

IPOPEMA Outsourcing Sp. z o.o. ('IO') – a wholly-owned subsidiary of IBC, which was established to provide operational support to IPOPEMA Business Consulting Sp. z o.o.

IPOPEMA Business Services Kft. ('IBS') – a subsidiary

IPOPEMA Business Services Kft. is a commercial company under Hungarian law, established on December 10th 2009, with registered office in Budapest, Hungary. Its founder and sole shareholder is IPOPEMA Securities S.A. IBS's share capital totals HUF 500,000 (PLN 7,000). The core business of the subsidiary is the provision of office and business support services, e.g. for IPOPEMA Securities agents involved in brokerage activities on the Budapest Stock Exchange (BSE). The company has a single-person Management Board: its President is Marcin Kurowski, IPOPEMA Securities S.A.'s employee with a long record of service for the Company.

IPOPEMA Business Services SRL ('IBS SRL') of Bucharest, Romania, is a commercial company under Romanian law, established on September 24th 2014. 95% of its share capital is held by IPOPEMA Securities S.A., with a 5% interest held by IBS. The share capital of IBS Srl amounts to RON 200 (PLN 196). The company's principal business consists in the provision of office and business support services, e.g. for IPOPEMA Securities S.A. agents involved in IPOPEMA Securities S.A.'s activities on the Romanian market. The company has a one-person Management Board, with Marcin Kurowski as its President.

3. Basis of preparation

3.1. Going concern assumption

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

3.2. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2014 and contain comparative data for the year ended December 31st 2013.

Unless stated otherwise, all figures are presented in PLN '000.

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

3.3. Statement of compliance

These consolidated financial statements were prepared in accordance with the International Accounting Standards/International Financial Reporting Standards ('IFRS') and related interpretations as endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), which have been endorsed recently or are pending endorsement, are not relevant to the Group's operations or their effect on the Group's financial statements would be immaterial.

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

The Group companies keep their accounting books in accordance with the accounting principles set forth in the Polish Accountancy Act of September 29th 1994 (the 'Act') and the subsidiary regulations issued thereunder ('Polish Accounting Standards'). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group entities but which have been made to achieve compliance of the entities' financial statements with the IFRS.

3.4. Measurement currency and reporting currency of the financial statements

The measurement currency and the reporting currency of these consolidated financial statements is the Polish złoty ('PLN') and all figures in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.5. Comparability of data

There were no material changes in presentation in 2014 and 2013.

4. Material accounting policies

4.1. Changes in accounting policies following amendments to IFRS

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2014:

- IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 27 'Separate Financial Statements' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – effective for annual periods beginning on or after January 1st 2014;
- IAS 32 'Financial Instruments: Offsetting Financial Assets and Financial Liabilities' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' – effective for annual periods beginning on or after January 1st 2014;

The Group believes that the above standards and interpretations did not have a material effect on its consolidated financial statements when first adopted, resulting only in changes to applied accounting policies or broadening the scope of required disclosure.

5. New standards and interpretations which have been issued but are not yet effective

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

- IAS 19 'Defined Benefit Plans – Employee Contributions' – effective for annual periods beginning on or after February 1st 2015;
- IFRIC 21 'Levies' – effective for annual periods beginning on or after January 1st 2014. In the European Union, this interpretation is effective for annual periods beginning on or after June 17th 2014;
- Improvements to IFRS (2010-2012) – effective for annual periods beginning on or after January 1st 2015;
- Improvements to IFRS (2011-2013) – effective for annual periods beginning on or after July 1st 2014;

The Group will apply the amended provisions of the standards as of January 1st 2015, unless a different effective date for the amended provisions is provided. When first adopted, the amended standards will have no material effect on the Group's consolidated financial statements.

The Group did not opt for early application the above standards, amendments, and interpretations.

6. Standards adopted by the International Financial Reporting Standards Board but not yet endorsed by the European Union

- IFRS 9 'Financial Instruments' – the standard's final version superseding the previous published versions of IFRS 9 – effective for annual periods beginning on or after January 1st 2018;
- IFRS 14 'Regulatory Deferral Accounts' – effective for annual periods beginning on or after January 1st 2016;
- IFRS 15 'Revenue from Contracts with Customers' published on May 28th 2014 – effective for annual periods beginning on or after January 1st 2017 (earlier application is permitted);
- Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations' – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 16/IAS 38 'Acceptable methods of depreciation and amortisation' – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants' – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 27: Equity Method in Separate Financial Statements – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' – effective for annual periods beginning on or after January 1st 2016;
- Amendments to various standards made as part of an annual IFRS improvement cycle: Annual Improvements 2012-2014 published on September 25th 2014 – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 1 'Disclosure Initiative' – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities: Applying the Consolidation Exception' – effective for annual periods beginning on or after January 1st 2016;

The Group believes that application of the amended standards will not have any material effect on its financial statements when first adopted.

7. Material judgements and estimates

7.1. Professional judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Company's Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the consolidated financial statements contain only relevant and reliable information and that they:

- give a clear, true and fair view of the Group's assets, its financial standing, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

The Group makes estimates and assumptions which affect the amounts of assets and liabilities disclosed in the subsequent period. The estimates and assumptions are subject to ongoing review and are based on past experience and other factors, including expectations as to future events, which seem justified in a given situation.

The subjective judgements made as at December 31st 2014 and details regarding estimates and judgements are presented in Note 7.2.

7.2. Estimation uncertainty

As many items presented in the consolidated financial statements cannot be measured accurately, certain estimates need to be made by the Group in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2014 may be changed if their underlying assumptions change or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

Note		Type of disclosure
9.7.1	Impairment losses on receivables	Main assumptions underlying the computation of recoverable amount
9.4 and 9.5	Useful lives of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at the end of each reporting period or more frequently
9.12.1	Accruals and deferred income	Assumptions underlying the liability amount estimates

8. Changes in estimates

In the period covered by these consolidated financial statements, there were no changes in estimates other than changes in accruals and deferred income, impairment losses on receivables and depreciation/amortisation, as discussed in Notes 15.1.1, 13.2.1, 13.6 and 13.7.

9. Material accounting policies

9.1. Consolidation rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the year ended December 31st 2014 and December 31st 2013 (in the case of the statement of comprehensive income and the statement of cash flows) and as at December 31st 2014 and December 31st 2013 (in the case of the statement of financial position and the statement of changes in equity). Subsidiaries IPOPEMA Business Services Kft. ('IBS'), IPOPEMA Business Services Srl and IPOPEMA Outsourcing Sp. z o.o. were excluded from consolidation for 2014 and 2013 due to immateriality of their financial data in relation to the Group's financial data.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the Parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies.

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

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

9.2. Correction of errors

No corrections of errors have been made in these consolidated financial statements.

9.3. Translation of foreign-currency items

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

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

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

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

Currency	Dec 31 2014	Dec 31 2013
USD	3.5072	3.0120
EUR	4.2623	4.1472
HUF 100	1.3538	1.3969
GBP	5.4648	4.9828
UAH	0.2246	0.3706
CZK	0.1537	0.1513
CHF	3.5447	3.3816
RON	0.9510	0.9262
TRY	1.5070	1.4122
SEK	0.4532	0.4694
DKK	0.5725	0.5560
GEL	1.8727	1.7360
INR 100	5.5473	4.8757

Source: National Bank of Poland.

9.4. Property, plant and equipment

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

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

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

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

Type of asset	Depreciation/amortisation rate
Plant and equipment	10%
Office equipment	20%
Computers	30%
buildings and premises	14.29%
Intangible assets	20%–50%

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

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

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

9.5. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

The amortisation periods of intangible assets range from two to five years, depending on the type of an asset.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates. The Group does not carry any intangible assets with indefinite useful lives. Consequently, all intangible assets are amortised.

9.6. Financial instruments

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

Financial instruments are classified by the Group into the following categories:

Financial assets

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

Financial liabilities

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

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

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

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

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

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

As far as the Group is concerned, the category includes primarily equity instruments acquired for resale in the near term. They comprise shares and derivatives traded on the Warsaw Stock Exchange and the Budapest Stock Exchange as well as FX swap and forward contracts. The Group does not apply hedge accounting.

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

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

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

Financial instruments held for trading are measured at fair value as at each reporting date, and any resultant gains or losses are disclosed under revenue or costs related to financial instruments held for trading.

Financial derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the FX swap/forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the reporting date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market inputs as at the valuation date (reporting date). Derivatives with positive fair values are disclosed in the consolidated statement of financial position as assets, while those with negative fair values – as liabilities.

Other holdings of financial instruments held for trading comprise shares listed on the Warsaw and Budapest Stock Exchanges. For the purpose of the measurement, the Group takes into account closing prices quoted by the Warsaw Stock Exchange ('WSE') and Budapest Stock Exchange ('BSE') on the last business day of the reporting period.

Financial instruments held to maturity

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

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

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

Loans and receivables

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

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

Loans and receivables further include cash held mainly in bank deposits, trade receivables described in Note 9.7, as well as receivables on lease of items of property, plant and equipment and intangible assets to IPOPEMA Business Services (the lease meets the finance lease criteria). The leasing receivables were PLN 14 thousand as at December 31st 2014 (December 31st 2013: PLN 145 thousand), of which non-current receivables were PLN 0 thousand (December 31st 2013: PLN 14 thousand).

Financial instruments available for sale

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

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

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) are recognised under other comprehensive income. In the case of bonds, the gain or loss to be recognised under other comprehensive income comprises the difference between the measurement-date fair value of the assets less interest accrued up until that date at the contractual interest rate, and the value of the assets at adjusted cost.

Acquisition and sale of financial instruments available for sale are recognised as at the transaction date. On initial recognition, they are measured at fair value, including the transaction costs.

Shares in subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units are recognised at fair value, based on the net value per certificate as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income.

Financial liabilities measured at amortised cost

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

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

9.7. Receivables

9.7.1. Current receivables

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

Receivables are initially recognised at nominal value and then measured at amounts due as at the end of the reporting period. Receivables are remeasured to account for the probability of their payment and impairment losses are recognised where necessary. The Group recognises impairment losses if there is objective evidence that it will not be able to recover all the amounts due in line with the original contractual terms.

Impairment losses are recognised in particular for:

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

receivables past due by more than 1 year - impairment loss of 100% of the receivables amount is recognised.

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that there is considerable risk that the full amount of a receivable may not be recovered. Such impairment losses were recognised on loans and trade receivables.

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses are recognised under other income.

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

Current receivables from clients, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been cleared at the clearing houses due to the transaction settlement procedure (T+3; as of October 6th 2014 the settlement period is T+2). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and brokerage houses (parties to the market transactions)* and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

** Pursuant to Art. 45h of the amended Act on Trading in Financial Instruments, in the case of transactions executed on the WSE, KDPW CCP (the clearing agent) assumed the rights and obligations of the parties to the market transactions.*

9.7.2. Non-current receivables

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

9.8. Impairment losses

As at the end of each reporting period the Group evaluates whether there is any indication of impairment of an asset. Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

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

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

9.9. Cash and cash equivalents

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

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

9.10. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Other components of equity include: statutory reserve funds, revaluation capital reserve and other capital reserves.

The statutory reserve funds comprise share premium, that is the amount of issue proceeds in excess of the par value of the issued shares, less the share issue costs.

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

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

9.11. Liabilities

9.11.1. Current liabilities

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

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

Current liabilities also include overdrafts, measured as described in Note 9.6 above.

The recognition of current liabilities under executed transactions is discussed in Note 9.7.1 above.

9.11.2. Non-current liabilities

Non-current liabilities are liabilities which are payable within more than 12 months from the end of the reporting period.

9.12. Provisions, accruals and deferred income

9.12.1. Accruals and deferred income

Accruals comprise liabilities in respect of goods or services which have been provided or rendered but have not been paid for, invoiced or formally agreed with the supplier, including amounts due to employees.

While in certain situations it is necessary to make an estimate of the amount or payment date for an item of accruals and deferred income, in general the degree of uncertainty is much smaller than in the case of provisions. The items recognised by the Group under accruals and deferred income include in particular: settlements relating to employee holidays or bonuses, as well as costs incurred but not invoiced or settled as at the reporting date.

9.12.2. Provisions

Provisions are recognised if the Group has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

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

9.13. Accrual basis of accounting and matching principle

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

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses attributable to a given reporting period which are yet to be incurred are recognised as liabilities (under accruals and deferred income).

9.14. Revenue from core activities

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

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

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

The Group's main sources of revenue are revenue from transactions in securities executed for clients and revenue from investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges relating to the creation of individual funds and issuance of investment certificates of the funds, revenue from asset management and consultancy services in the area of corporate strategy and operations, as well as from IT consultancy services.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed by institutional clients on the equity market of the Warsaw and Budapest Stock Exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction. Revenue from consultancy services is recorded in line with the progress of work under a consultancy mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

9.15. Gain (loss) on transactions in financial instruments

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

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

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

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

9.16. Share-based payments

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

The fair value of equity-settled share-based payments measured as at the grant date is recognised as an expense with the straight-line method during the vesting period, based on the Group's estimates regarding equity instruments to be vested. At the end of each reporting period the Group reviews its estimates of the number of equity instruments to be granted. The impact of such review, if any, is recognised in the consolidated statement of comprehensive income over the remaining grant period, with relevant adjustments made to employee benefit obligations related to equity-settled employee benefits.

9.17. Finance income and costs

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

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

Foreign-exchange gains/losses on the collection or payment, as appropriate, and balance-sheet measurement of trade receivables and payables are posted to finance income or costs.

Borrowing costs are measured at amortised cost.

The Group capitalises borrowing costs relating to borrowings obtained for periods exceeding 12 months. Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised. Capitalised borrowing costs are recognised in the periods to which they relate.

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

9.18. Income tax

9.18.1. Current income tax

Current tax assets and current tax liabilities for the current period and for previous periods are measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the end of the reporting period.

9.18.2. Deferred income tax

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

Deferred tax liabilities are recognised in relation to all taxable temporary differences.

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

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

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or reversal of particular liability, based on tax rates and fiscal regulations effective as at the end of the reporting period or tax rates and fiscal regulations which as at the end of the reporting period are certain to be effective in the future. The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the Incentive Scheme adopted at the Company, to the extent it is implemented. To date, 1,880,952 shares have been allocated to be subscribed for by the eligible persons after certain criteria are met. Given the low number of dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these consolidated financial statements are similar.

	Dec 31 2014	Dec 31 2013
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,915,703
Diluted number of shares	29,937,836	29,978,582
Earnings from continuing operations		
- basic	0.15	0.28
- diluted	0.15	0.28

11. Seasonality

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

12. Operating segments

For management purposes, the Group is divided into separate segments based on types of products and services. The following reporting operating segments have been identified:

- 1) **The segment of brokerage and related services**, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (particularly equities) – where the Company acts as the coordinator, offering broker and financial adviser – issue of debt instruments, M&A transactions and management buy-outs, as well as advisory mandates concerning the raising of financing on the private market, including from private equity funds and through pre-IPO placements. The segment also includes advisory services related to corporate financial restructuring.
- 2) **The segment of investment fund and portfolio management**, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
- 3) **The segment of consultancy services**, comprising services of IPOPEMA Business Consulting, which focuses on business and management consultancy, computer facilities management, computer consultancy and software-related activities.

Jan 1–Dec 31 2014	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	46,627	44,881	15,545	107,053	-	107,053
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	-	- 2,827	- 44	- 2,871	-	- 2,871
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	46,627	42,054	15,501	104,182	-	104,182
Segment's costs						
Segment's costs – purchases from external suppliers	- 42,274	- 39,779	- 13,979	- 96,032	-	- 96,032
Segment's costs – intersegment purchases	-	-	-	-	-	-
Consolidation eliminations	44	2,929	-	2,973	-	2,973
Segment's total costs	- 42,230	- 36,850	- 13,979	- 93,059	-	- 93,059
Segment's profit/(loss) on core activities	4,397	5,204	1,522	11,123	-	11,123
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	4,397	5,204	1,522	11,123	-	11,123
Interest income	486	176	44	706	-	706
Interest expenses	- 1,151	- 35	-	- 1,186	-	- 1,186
Other net finance income/expenses	160	250	17	427	-	427
Other income/expenses	- 230	- 622	41	- 811	-	- 811
Consolidation eliminations	- 3,085	- 17	-	- 3,102	-	- 3,102
Profit/(loss) before tax and non-controlling interests	577	4,956	1,624	7,157	-	7,157
Income tax	499	1,028	328	1,855	-	1,855
Consolidation eliminations	-	9	-	9	-	9
Total corporate income tax	499	1,037	328	1,864	-	1,864
Net profit/(loss) for the financial year	78	3,919	1,296	5,293	-	5,293
Net profit for the year (excluding costs of incentive scheme)	185	3,919	1,296	5,400	-	5,400

Consolidated financial statements of the IPOPEMA Securities Group for 2014

Assets and liabilities as at Dec 31 2014

Segment's assets	284,037	29,868	10,755	324,660	-	324,660
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	284,037	29,868	10,755	324,660	-	324,660
Segment's liabilities	228,948	4,220	3,144	236,312	-	236,312
Accruals and deferred income	3,581	4,044	-	7,625	-	7,625
Segment's net profit/(loss)	78	3,919	1,296	5,293	-	5,293
Equity (net of profit/loss for current period)	54,275	15,761	1,563	71,599	-	71,599
Non-controlling interests	-	-	3,831	3,831	-	3,831
Total equity and liabilities	286,882	27,944	9,834	324,660	-	324,660

Other segment-related data for 2014

Capital expenditure, including:	845	103	163	1,111	-	1,111
Property, plant and equipment	247	103	131	481	-	481
Intangible assets	598	-	32	630	-	630
Depreciation of property, plant and equipment	1,002	465	82	1,549	-	1,549
Amortisation of intangible assets	688	263	28	979	-	979
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

The Group does not report financial information by geographical area as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2014 did not exceed 4% of total revenue (PLN 3,746 thousand). The Group's property, plant and equipment as well as intangible assets are located in Poland.

Jan 1–Dec 31 2013	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	57,699	39,503	13,147	110,349	-	110,349
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	-	- 3,678	-	- 3,678	-	- 3,678
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	57,699	35,825	13,147	106,671	-	106,671
Segment's costs and expenses						
Segment's costs – purchases from external suppliers	- 48,407	- 36,577	- 10,907	- 95,891	-	- 95,891
Segment's costs – intersegment purchases	-	-	-	-	-	-
Consolidation eliminations	-	3,987	-	3,987	-	3,987
Segment's total costs and expenses	- 48,407	- 32,590	- 10,907	- 91,904	-	- 91,904
Segment's profit/(loss) on core activities	9,292	3,235	2,240	14,767	-	14,767
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	9,292	3,235	2,240	14,767	-	14,767
Interest income	709	97	217	1,023	-	1,023
Interest expenses	- 1,363	- 37	- 5	- 1,405	-	- 1,405
Other net finance income/costs	- 1,337	807	105	- 425	-	- 425
Other income/expenses	- 398	- 186	7	- 577	-	- 577
Consolidation eliminations	- 1,084	- 76	-	- 1,160	-	- 1,160
Profit/(loss) before tax and non-controlling interests	5,819	3,840	2,564	12,223	-	12,223
Income tax	1,512	677	555	2,744	-	2,744
Consolidation eliminations	-	109	-	109	-	109
Total corporate income tax	1,512	786	555	2,853	-	2,853
Net profit/(loss) for the financial year	4,307	3,054	2,009	9,370	-	9,370
Net profit for the year (excluding costs of incentive scheme)	4,535	3,054	2,009	9,598	-	9,598

Consolidated financial statements of the IPOPEMA Securities Group for 2014

Assets and liabilities as at Dec 31 2013

Segment's assets	315,527	26,332	10,654	352,513	-	352,513
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	315,527	26,332	10,654	352,513	-	352,513
Segment's liabilities	249,872	5,810	2,300	257,982	-	257,982
Accruals and deferred income	6,395	2,764	29	9,188	-	9,188
Segment's net profit/(loss)	4,307	3,054	2,009	9,370	-	9,370
Equity (net of profit/loss for current period)	58,858	12,731	223	71,812	-	71,812
Non-controlling interests	-	-	4,161	4,161	-	4,161
Total equity and liabilities	319,432	24,359	8,722	352,513	-	352,513

Other segment-related data for 2013

Capital expenditure, including:	2,461	581	132	3,174	-	3,174
Property, plant and equipment	1,833	284	125	2,242	-	2,242
Intangible assets	626	297	7	932	-	932
Depreciation of property, plant and equipment	765	552	47	1,364	-	1,364
Amortisation of intangible assets	719	82	10	810	-	810
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

The Group does not report financial information by geographical area as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2013 did not exceed 5% of total revenue (PLN 4,533 thousand). The Group's property, plant and equipment as well as intangible assets are located in Poland.

13. Notes to the consolidated statement of financial position – assets

13.1. Cash and cash equivalents

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

	Dec 31 2014	Dec 31 2013
Cash in hand	3	7
Cash at banks	20,895	24,205
Other cash (short-term deposits)	29,810	28,537
Cash equivalents	-	-
Total cash	50,708	52,749
Including cash in hand and cash at banks attributed to discontinued operations	-	-

	Dec 31 2014	Dec 31 2013
Cash in PLN	37,008	36,600
Cash in EUR	9,100	12,833
Cash in USD	2,658	1,766
Cash in HUF	360	1,001
Cash in TRY	854	263
Cash in RON	456	-
Cash in other currencies	272	286
Total cash	50,708	52,749

	Dec 31 2014	Dec 31 2013
Cash and other assets	33,133	34,309
Cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	17,575	18,440
Cash and other assets transferred from the settlement guarantee fund	-	-
Total cash	50,708	52,749

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for various periods, ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates, set by reference to the interest rate for overnight bank deposits. Short-term deposits are presented under 'Other cash'. Deposits maturing in more than three months are presented under 'Other cash equivalents'.

Clients' cash deposited in the Parent's bank account, in the amount of PLN 17,575 thousand as at December 31st 2014 and PLN 18,440 thousand as at December 31st 2013, is also disclosed under 'Other cash'.

13.2. Receivables

As at December 31st 2014, current receivables amounted to PLN 249,771 thousand (PLN 274,950 thousand as at December 31st 2013).

Current receivables	Dec 31 2014	Dec 31 2013
1. From clients / trade receivables	132,595	96,726
a) under deferred payment arrangements	-	-
b) under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c) from clients under executed transactions	121,041	86,169
- transactions on the Warsaw Stock Exchange	113,368	58,527
- transactions on the Budapest Stock Exchange	1,239	27,504
- executed on the Paris Stock Exchange	18	-
- transactions on the Prague Stock Exchange	-	138
- executed on the Frankfurt Stock Exchange	6,407	-
- executed on the Amsterdam Stock Exchange	9	-
- other	-	-
d) other	11,554	10,557
2. From related entities	162	276
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	75,448	132,899
a) under transactions	75,009	131,223
- transactions on the Warsaw Stock Exchange*	74,537	93,891
- transactions on the Budapest Stock Exchange	-	5,396
- transactions on the New York Stock Exchange	372	31,789
- transactions on the London Stock Exchange	-	92
- transactions on the Stockholm Stock Exchange	-	55
- executed on the Frankfurt Stock Exchange	100	-
- transactions on over-the-counter market	-	-
b) other	439	1,676
4. From entities operating regulated markets and commodity exchanges	-	-
5. From the National Depository for Securities and exchange clearing houses	30,197	34,693
- from the clearing guarantee fund	30,197	34,693
6. From investment and pension fund companies and from investment and pension funds	4,099	5,456
7. From issuers of securities or selling shareholders	141	2,078
8. From commercial chamber	-	-
9. Taxes, subsidies and social security receivable	34	176
10. Under court proceedings, not covered by recognised impairment losses on receivables	-	-
11. Other	7,095	2,646
Total current receivables	249,771	274,950

* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following balance sheet items: current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where they relate to transactions executed on the WSE, include receivables from KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

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

Impairment losses reduce the carrying amount of the impaired receivables.

Gross current receivables by currency	Dec 31 2014	Dec 31 2013
a) in PLN	242,018	208,539
b) in other currencies (translated into PLN)	9,041	67,018
Total gross current receivables	251,059	275,557

13.2.1. Receivables by maturity

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2014	Dec 31 2013
a) up to 1 month	245,942	269,244
b) over 1 month to 3 months	-	-
c) over 3 months to 1 year	1,000	1,014
d) over 1 year to 5 years	1,348	1,322
e) over 5 years	-	-
f) past due	5,117	6,313
Total gross receivables	253,407	277,893
g) impairment losses on receivables (negative value)	- 1,288	- 607
Total net receivables	252,119	277,286

Gross past due receivables by period of delay:	Dec 31 2014	Dec 31 2013
a) up to 1 month	1,253	3,508
b) over 1 month to 3 months	1,454	948
c) over 3 months to 1 year	1,657	1,410
d) over 1 year to 5 years	753	447
e) over 5 years	-	-
Total gross receivables	5,117	6,313
f) impairment losses on receivables (negative value)	- 1,288	- 607
Total net receivables	3,829	5,706

13.3. Current prepayments and accrued income

	Dec 31 2014	Dec 31 2013
a) prepayments, including:	1,303	1,316
cost of information service	37	68
administrative costs and expenses of funds	-	380
cost of office space lease	296	213
input VAT to be settled in 2015/2014	44	13
membership fees	24	25
expenses to be re-invoiced	1	17
other	901	600
b) other prepayments and accrued income, including:	53	-
revenue to be invoiced in subsequent period	53	-
Total prepayments and accrued income	1,356	1,316

13.4. Financial instruments held for trading

	Dec 31 2014	Dec 31 2013
- equities	1,463	5
- derivative instruments (<i>FX swaps, forwards</i>)	-	213
Total financial instruments held for trading	1,463	218

All financial instruments held for trading by the Group as at December 31st 2014 and as at December 31st 2013 are traded in PLN and were acquired in PLN, save for the *FX swap and forward contracts*.

The value of financial instruments held for trading at cost was PLN 1,500 thousand as at December 31st 2014, compared with PLN 5 thousand as at December 31st 2013. Impairment losses on financial instruments held for trading as at the end of the reporting periods were, respectively, PLN (-)36 thousand and PLN 0 thousand.

13.5. Financial instruments available for sale

As at December 31st 2014, the value of financial instruments available for sale held by the Group amounted to PLN 8,727 thousand, compared with PLN 9,479 thousand as at December 31st 2013. As at December 31st 2014, the financial instruments available for sale included investment certificates and investment fund units of PLN 1,610 thousand (December 31st 2013: PLN 2,364 thousand), government bonds of PLN 7,105 thousand (December 31st 2013: PLN 7,092), and shares in non-consolidated subsidiaries in the amount of PLN 12 thousand (December 31st 2013: PLN 23 thousand).

Shares in non-consolidated subsidiaries are not traded on an active market. They are measured at cost less impairment losses. In 2014, an impairment loss of PLN 11 thousand was recognised on financial instruments available for sale, while in 2013 no impairment losses were recognised for this item.

13.6. Property, plant and equipment

As at December 31st 2014

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of period	-	839	5,775	1,096	1,822	85	9,617
b) Increase, including:	-	-	489	105	56	268	918
- purchase	-	-	175	105	38	268	586
- transfer from investments	-	-	314	-	18	-	332
c) decrease	-	-	180	92	100	332	704
- liquidation	-	-	180	92	100	-	372
- reclassification to another category	-	-	-	-	-	332	332
d) gross value of property, plant and equipment at end of period	-	839	6,084	1,109	1,778	21	9,831
e) accumulated depreciation at beginning of period	-	99	2,845	297	765	-	4,006
f) Depreciation for period, including:	-	120	802	212	123	-	1,257
- annual depreciation charge	-	120	976	232	221	-	1,549
- liquidation	-	-	174	20	98	-	292
g) accumulated depreciation at end of period	-	219	3,647	509	888	-	5,263
h) impairment losses at beginning of period	-	-	-	-	-	-	-
i) impairment losses at end of period	-	-	-	-	-	-	-
j) Net value of property, plant and equipment at beginning of period	-	740	2,930	799	1,057	85	5,611
k) Net value of property, plant and equipment at end of period	-	620	2,437	600	890	21	4,568

As at December 31st 2013

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of period	-	1,347	4,270	805	1,077	2,255	9,754
b) Increase, including:	-	839	2,470	291	1,102	1,833	6,535
- purchase	-	10	90	-	307	1,833	2,240
- transfer from investments	-	829	2,379	-	795	-	4,003
- accepted under a lease	-	-	-	291	-	-	291
- other	-	-	1	-	-	-	1
c) decrease	-	1,347	965	-	357	4,003	6,672
- liquidation	-	1,346	3	-	198	-	1,547
- reclassification to another category	-	1	962	-	159	4,003	5,125
d) gross value of property, plant and equipment at end of period	-	839	5,775	1,096	1,822	85	9,617
e) accumulated depreciation at beginning of period	-	1,228	2,877	88	878	-	5,071
f) Depreciation for period, including:	-	- 1,129	- 32	209	- 113	-	- 1,065
- annual depreciation charge	-	193	761	209	201	-	1,364
- liquidation	-	- 962	- 797	-	- 310	-	- 2,069
- other	-	- 360	4	-	- 4	-	- 360
g) accumulated depreciation at end of period	-	99	2,845	297	765	-	4,006
h) impairment losses at beginning of period	-	41	-	-	-	-	41
i) impairment losses at end of period	-	-	-	-	-	-	-
j) Net value of property, plant and equipment at beginning of period	-	78	1,393	717	199	2,255	4,642
k) Net value of property, plant and equipment at end of period	-	740	2,930	799	1,057	85	5,611

13.6.1. Impairment losses

In 2014, no impairment losses were recognised with respect to property, plant and equipment.

13.7. Intangible assets

As at December 31st 2014

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	co2 emission allowances	Other intangible assets/p repayments	TOTAL
a) Gross value of intangible assets at beginning of period	440	-	124	7,210	-	45	7,819
b) Increase, including:	-	-	33	597	-	-	630
- purchase / transfer from investments	-	-	-	-	-	-	-
- expansion of the Group	-	-	-	-	-	-	-
- completed development work	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-
c) decrease	-	-	-	-	-	-	-
d) Gross value of intangible assets at end of period	440	-	157	7,807	-	45	8,449

e) Accumulated amortisation at beginning of period	40	-	77	4,601	-	-	4,718
f) amortisation for period:	88	-	28	863			979
- annual amortisation charge	88	-	28	863	-	-	979
g) accumulated amortisation at end of period	128	-	105	5,464		-	5,697
h) impairment losses at beginning of period	-	-	-	-	-	-	-
i) impairment losses at end of period	-	-	-	-	-	-	-
j) Net value of intangible assets at beginning of period	400	-	47	2,609	-	45	3,101
k) Net value of intangible assets at end of period	312	-	52	2,343	-	45	2,752

As at December 31st 2013

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	co2 emission allowances	Other intangible assets/p repayments	TOTAL
a) Gross value of intangible assets at beginning of period	73	-	77	6,197	-	592	6,939
b) Increase, including:	367	-	47	1,014	-	45	1,473
- purchase / transfer from investments	-	-	7	1,054	-	45	1,106
- completed development work	367	-	-	-	-	-	367
- other	-	-	40	- 40	-	-	-
c) decrease	-	-	-	1	-	592	593
d) Gross value of intangible assets at end of period	440	-	124	7,210	-	45	7,819
e) Accumulated amortisation at beginning of period	25	-	67	3,780	-	-	3,872
f) amortisation for period	15	-	10	821	-	-	846
- annual amortisation charge	15	-	10	821	-	-	846
g) accumulated amortisation at end of period	40	-	77	4,601	-	-	4,718
h) impairment losses at beginning of period	-	-	-	-	-	-	-
i) impairment losses at end of period	-	-	-	-	-	-	-
j) Net value of intangible assets at beginning of period	48	-	10	2,417	-	592	3,067
k) Net value of intangible assets at end of period	400	-	47	2,609	-	45	3,101

13.7.1. Purchases and sales

In 2014, the Group purchased intangible assets of PLN 630 thousand (2013: PLN 1,473 thousand). In 2014 and 2013, the Group did not sell any intangible assets.

The Group recognised development work of PLN 312 thousand as intangible assets as at December 31st 2014 and PLN 400 thousand as at December 31st 2013.

13.7.2. Impairment losses

In 2014 and 2013, the Group did not identify any impairment of its assets.

13.7.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under 'Amortisation'. Amortisation was PLN 979 thousand in 2014 (2013: PLN 846 thousand).

14. Notes to the consolidated statement of financial position – equity

14.1. Share capital

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

As at December 31st 2014 and December 31st 2013, the registered share capital was PLN 2,993,783.60 and comprised 29,937,836 shares.

Share capital (structure) – as at Dec 31 2014

Shareholder	Number of shares and voting rights at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	Shares fully paid up	299,079
JLC Lewandowski S.K.A. ²	2,990,789	Shares fully paid up	299,079
OFE PZU Złota Jesień*	2,950,000	Shares fully paid up	295,000
IPOPEMA 10 FIZAN ³	2,851,420	Shares fully paid up	285,142
Katarzyna Lewandowska	2,136,749	Shares fully paid up	213,675
Quercus Parasolowy SFIO*	1,754,164	Shares fully paid up	175,416
Total shareholders holding over 5% of the share capital	15,673,911		1,567,391

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the Fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

Share capital (structure) – as at Dec 31 2013

Shareholder	Number of shares and voting rights at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	Shares fully paid up	299,079
Meritum 1 Nova SPV Sp. z o.o. S.K.A. ²	2,990,789	Shares fully paid up	299,079
OFE PZU Złota Jesień*	2,950,000	Shares fully paid up	295,000
IPOPEMA 10 FIZAN ³	2,851,420	Shares fully paid up	285,142
Katarzyna Lewandowska	2,086,749	Shares fully paid up	208,675
Aviva OFE Aviva BZ WBK*	1,815,000	Shares fully paid up	181,500
Quercus Parasolowy SFIO*	1,754,164	Shares fully paid up	175,416
Total shareholders holding over 5% of the share capital	17,438,911		1,743,891

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska, his wife.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the Fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

In 2014, there were no changes in the Parent's share capital. As at December 31st 2014 and December 31st 2013, the share capital was PLN 2,994 thousand and comprised:

- 7,000,000 Series A ordinary bearer shares,
- 21,571,410 Series B ordinary bearer shares, and
- 1,366,426 Series C ordinary bearer shares.

In 2013, the Parent's share capital was increased by PLN 19 thousand (to PLN 2,994 thousand) through the issue of new Series C shares. The increase was a result of subscription for 185,714 new Series C shares in February 2013. The shares were issued within the limit of conditional share capital for the purposes of the Company's Incentive Scheme (Note 17.1).

Share par value

The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Shareholder rights

Each share of each series (A, B and C) confers the right to one vote. The shares of all series are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

14.2. Other components of equity

Statutory reserve funds

Statutory reserve funds comprise share premium. The share premium reduced by the amount of the issue costs was PLN 10,351 thousand as at December 31st 2014 and as at December 31st 2013.

Revaluation capital reserve from revaluation of financial assets available for sale

Revaluation capital reserve is created from fair value measurement of financial assets available for sale. In the event of sale or impairment of a financial asset measured at fair value, the effectively realised part of revaluation capital reserve related to this asset is reclassified to profit or loss.

	As at	
	Dec 31 2014	Dec 31 2013
Revaluation capital reserve from revaluation of financial assets available for sale at beginning of period	92	570
Amount recognised in equity in the reporting period	- 48	- 590
Amount reclassified to profit or loss in the reporting period	-	-
Deferred income tax	9	112
Accumulated profit/(loss) on financial assets available for sale at end of reporting period	53	92

Other capital reserves

Other capital reserves have been created in connection with the Incentive Scheme and a change in the value of shares held in a subsidiary. As at December 31st 2014, other capital reserves amounted to PLN 3,166 thousand (December 31st 2013: PLN 3,059 thousand).

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Securities Group this regulation applies to IPOPEMA Securities, IPOPEMA TFI and IPOPEMA AM. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the end of the reporting period and as at December 31st 2013, the statutory reserve funds amounted to PLN 998 thousand.

Retained earnings	Dec 31 2014	Dec 31 2013
Retained earnings/deficit	30,891	31,506
Net profit/loss for period	4,623	8,366
Aggregate capital adjustments resulting from transition to IAS/IFRS	24,814	24,814
Total retained earnings	60,328	64,686

Dividend

Dividend for a given year which has been approved by the General Meeting and not paid as at the end of the reporting period is disclosed as liabilities under dividend under 'Other liabilities'. As at the end of the reporting period there were no unpaid dividends.

14.3. Non-controlling interests

As at December 31st 2014, non-controlling interests (held by the shareholders of IPOPEMA Business Consulting) amounted to PLN 3,831 thousand (December 31st 2013: PLN 4,161 thousand).

14.4. Capital adequacy requirements

The Parent IPOPEMA Securities is the institution, and the subsidiary IPOPEMA Asset Management is the company referred to in Art. 95 of Regulation No. 575/2013 of the European Parliament and of the EU Council of June 26th 2013 on prudential requirements for investment institutions and firms, amending Regulation (EU) No. 648/2012 (OJ L of June 27th 2013, as amended) ("CRR") , and as such it is subject in the reporting period to the capital adequacy requirements set forth in the CRR.

IPOPEMA Securities S.A. meets the conditions to be recognised as an EU parent institution and therefore, in addition to the capital adequacy requirements on a separate basis, the Company is also obliged to meet the capital adequacy requirements on a consolidated basis.

Failure to meet capital adequacy requirements

In the period covered by these consolidated financial statements, the Company did not record any instances of non-compliance with the capital adequacy requirements on a consolidated basis. Key data is presented in the tables below.

Item	Dec 31 2014	Average quarterly data			
		Q1 2014	Q2 2014	Q3 2014	Q4 2014
Own funds – (PLN '000)	69,361	69,542	69,114	69,352	69,361
Tier 1 Capital	69,361	69,542	69,114	69,352	69,361
Common Equity Tier 1	69,361	69,542	69,114	69,352	69,361
Additional Tier 1 Capital	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-
Total risk exposure (PLN '000)	313,436	334,878	353,253	332,698	313,436
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	128,138	156,249	169,652	148,811	128,138
Total exposure to settlement/delivery risk	-	-	-	-	-
Total exposure to position risk, currency risk and commodity price risk	13,539	6,863	11,842	12,128	13,539
Total exposure to operational risk	171,759	171,759	171,759	171,759	171,759
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	-	-	-	-	-
Total exposure to risk related to large exposures in the trading book	-	-	-	-	-
Other exposures to risk	-	-	-	-	-
Tier 1 common equity ratio	22,21	20,77	19,57	20,85	22,21
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	55,383	54,566	53,218	54,381	55,383
Tier 1 capital ratio	22,21	20,77	19,57	20,85	22,21
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	50,691	49,542	47,919	49,380	50,691
Total capital adequacy ratio	22,21	20,77	19,57	20,85	22,21
Total capital surplus(+)/shortfall(-) (PLN '000)	44,435	42,844	40,854	42,736	44,435

Item	Dec 31 2014
Initial capital	3,149
Deviation of own funds from initial capital	66,212

15. Notes to the consolidated statement of financial position – liabilities and accruals and deferred income

15.1. Accruals and deferred income

15.1.1. Increase/(decrease) in accruals and deferred income

	2014	2013
As at beginning of reporting period	9,159	7,980
Recognised during the financial year	17,162	19,249
Used	18,473	17,488
Reversed	223	582
As at end of reporting period	7,625	9,159

15.1.2. Accruals and deferred income at end of the reporting period

	Dec 31 2014	Dec 31 2013
Employee benefits*	5,525	7,211
Other	2,100	1,948
Total	7,625	9,159

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

The Group estimates the liabilities according to its best knowledge at the time of preparing the consolidated financial statements. The amounts and time of realisation of accruals and deferred income are subject to uncertainty. The liability relating to bonuses will be realised within 12 months from the end of the reporting period. The liabilities relating to paid annual leaves are computed as at the end of the reporting period, but the timing of cash outflow under the liabilities is difficult to predict. The liability is realised upon termination of employment relationship with an employee. Other accruals are current liabilities, i.e. the cash outflow is expected to occur within several months from the end of the reporting period.

15.2. Provisions for litigations, fines and damages

None of the Group companies was party to any litigation or court proceedings in 2014 or 2013.

15.3. Liabilities (current)

Current liabilities	Dec 31 2014	Dec 31 2013
To clients	88,991	146,317
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	129,333	103,140
a) under executed transactions*	129,333	103,140
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	672	844
To the National Depository for Securities and exchange clearing houses	198	249
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Borrowings	12,206	2,589
a) from related entities	-	-
b) other	12,206	2,589
Debt securities	6	4
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,261	1,339
Salaries and wages	3	-

To investment and pension fund companies and to investment and pension funds	1,908	1,281
Under framework securities lending and short sale agreements	-	-
Other	1,025	1,128
a) dividends payable	-	-
b) other	1,025	1,128
- other liabilities	1,025	1,128
Total current liabilities	235,603	256,891

* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following balance sheet items: current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where they relate to transactions executed on the WSE, include receivables from and liabilities to KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).

Terms and conditions of related-party transactions are presented in Note 25.1.

With the exception of the borrowings specified in Note 15.3.2, the liabilities do not bear interest.

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

	Dec 31 2014	Dec 31 2013
Liabilities under executed stock-exchange transactions:	129,333	103,140
- transactions on the Warsaw Stock Exchange	121,673	74,326
- transactions on the Budapest Stock Exchange	1,238	28,676
- transactions on the Paris Stock Exchange	18	-
- transactions on the Prague Stock Exchange	-	138
- transactions on the Frankfurt Stock Exchange	6,395	-
- transactions on the Amsterdam Stock Exchange	9	-
Liabilities under transactions executed on over-the-counter market	-	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	129,333	103,140

Gross current liabilities (by currency)	Dec 31 2014	Dec 31 2013
a) in PLN	226,199	182,329
b) in other currencies (translated into PLN)	9,404	74,562
Total current liabilities	235,603	256,891

15.3.1. Maturity structure of liabilities

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2014	Dec 31 2013
a) up to 1 month	235,155	256,697
b) over 1 month to 3 months	147	110
c) over 3 months to 1 year	173	57
d) over 1 year to 5 years	444	600
e) over 5 years	-	-
f) past due	128	27
Total liabilities	236,047	257,491

The above analysis is based on discounted values, as the difference between the discounted and non-discounted values was immaterial and related mainly to liabilities under leases and bank borrowings. Liabilities under bank borrowings comprise an overdraft facility (as described below) and their amount varies from period to period.

15.3.2. Interest-bearing borrowings

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2014	Dec 31 2013
a) credit facility	12,206	2,589
- outstanding amount	12,206	2,589
Current liabilities under borrowings	12,206	2,589

As at December 31st 2014, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 12,206 thousand (December 31st 2013: PLN 2,589 thousand). The liabilities result from two overdraft facility agreements executed by the Company on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on September 16th 2015:

1. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item 2.
2. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Polish National Depository for Securities. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item 1 above, both credit facilities are jointly secured by a PLN 4m security deposit.

Interest on borrowings pertains only to short-term facilities. Interest due on borrowings for December 2014, totalling PLN 51 thousand, was not realised in 2014 and was paid in 2015. As at December 31st 2013, unrealised interest on borrowings amounted to PLN 102 thousand and was paid in 2014.

15.4. Bonds

In 2014, the Company issued registered bonds with a total par value of PLN 6.4 thousand (2013: PLN 10 thousand), maturing between 2014 and 2017, depending on the series. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Resolution on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website. In 2014, the Company redeemed PLN 4.4 thousand worth of bonds (2013: PLN 4 thousand).

16. Notes to the consolidated statement of comprehensive income

16.1. Revenue from core activities

Revenue from core activities	2014	2013
Revenue from trading in securities	34,861	45,148
Revenue from investment banking services	11,735	12,196
Revenue from management of investment funds and clients' assets	42,054	35,825
Revenue from consultancy services	15,501	13,147
Other revenue from core activities	31	355
Total revenue from core activities	104,182	106,671

16.2. Cost of core activities

Cost of core activities	2014	2013
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	10,481	13,645
Salaries and wages	39,790	42,240
Social security	2,347	2,108
Employee benefits	509	524
Raw material and consumables used	702	643
Costs of maintenance and lease of buildings	3,893	3,757
Depreciation and amortisation expenses	2,529	2,174
Taxes and other public charges	2,068	1,995
Other	30,740	24,818
Total cost of core activities	93,059	91,904

16.2.1. Employee benefits expense

Employee benefits expense (itemised)	2014	2013
Salaries and wages	39,683	42,012
Social security and other benefits	2,347	2,108
Costs of future benefits related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	107	228
Other employee benefits expense	509	524
Total employee benefits expense	42,646	44,872

16.3. Finance income and costs

Finance income	2014	2013
1. Interest on loans advanced	76	73
2. Interest on deposits	626	764
a) from related entities	-	-
b) other	626	764
3. Other interest	4	185
4. Foreign exchange gains	502	316
a) realised	213	82
b) unrealised	289	234
5. Other	817	1,935
Total finance income	2,025	3,273

Finance costs	2014	2013
1. Interest on borrowings, including:	977	1,203
a) to related entities	-	-
b) other	977	1,203
2. Other interest	209	203
3. Foreign exchange losses	55	367
a) realised	55	360
b) unrealised	-	7
4. Other	2,701	1,093
Total finance costs	3,942	2,866

In 2014 and 2013, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

16.4. Gain (loss) on financial instruments held for trading

In 2014, loss on financial instruments held for trading amounted to PLN 1,429 thousand (2013: PLN -3,026 thousand). The result includes dividend income of PLN 227 thousand in 2014 (2013: PLN 52 thousand).

16.5. Operating income and expenses

Other income	2014	2013
a) gain on disposal of property, plant and equipment and intangible assets	1	1
b) reversed accruals and deferred income	200	144
c) reversed impairment losses on receivables	198	175
d) income from re-invoicing	463	207
e) other	343	473
Total other income	1,205	1,000

Other expenses	2014	2013
a) loss on disposal of property, plant and equipment and intangible assets	5	42
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) recognition of accruals and deferred income	126	-
c) impairment losses on receivables	1,192	483
d) other, including:	796	1,211
- membership fees	40	30
- re-charged costs	462	147
- other	294	1,034
Total other expenses	2,119	1,736

17. Employee benefits

17.1. Employee share option plans

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

There was no subscription of shares as part of the Incentive Scheme at the Company in 2014, while in 2013 eligible persons subscribed for 185,714 shares under Share Option Plan II.

In addition to the completed Share Option Plan I and Share Option Plan II, the Company has also granted conditional rights to subscribe for 297,522 shares by December 31st 2015. The shares are from the remainder of the Series C shares pool covered by the conditional share capital, amounting to 2,976,188 ('Share Option Plan III'). The issue price of those shares is PLN 6.01, as determined in accordance with the terms and conditions of the Incentive Scheme for Share Option Plan III as the average of Company stock prices on the WSE over a specified period. As at the date of these consolidated financial statements, the list of persons eligible to subscribe for the remainder of the Series C shares under Share Option Plan III had not been determined, neither had any decisions been made as to whether such shares would be offered.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in 2014 by PLN 107 thousand. The amount was charged to the *Brokerage and Related Services* segment. In 2013, the cost of these plans increased the cost of salaries and wages by PLN 228 thousand.

Share Option Plan I-II was measured using the Black-Scholes model, adjusted by continuous yield dividend and the dilution effect (decrease in the value of individual shares as a result of issuing new shares at a price below market). Share Option Plan III was measured using the binomial tree model.

18. Dividends paid and proposed

On June 17th 2014, the General Meeting of the Company resolved to distribute dividend of PLN 9m. The 2013 profit of PLN 5,619 thousand and PLN 3,381 thousand of reserve funds were allocated to dividend payment. The dividend per share was PLN 0.30. The dividend record date was set for June 25th 2014, and the dividend payment date – for July 9th 2014. On the dividend payment date, a total of PLN 8,981 thousand was paid out to the shareholders. The distribution amount was PLN 19 thousand lower than the PLN 9m approved by the General Meeting as a result of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's reserve funds.

On May 13th 2014, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend of PLN 2m, i.e. PLN 35.71 per share. As at the date of these consolidated financial statements, the full amount of the dividend was paid out to the Company.

On May 19th 2014, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2013 in the amount of PLN 2m, i.e. approximately PLN 999.50 per share. The full amount of the dividend was paid out.

On May 23rd 2013, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 1m, i.e. PLN 1 per share, which was paid out in 2013.

As at the date of these consolidated financial statements, no final decision had been made by the Parent's Management Board concerning the recommended distribution of the 2014 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

19. Income tax

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

	For the year ended Dec 31 2014	For the year ended Dec 31 2013
Current income tax		
Current income tax expense	1,326	2,194
Adjustments related to current income tax brought forward	-	-
Deferred income tax		
Relating to temporary differences and their reversal	538	659
Income tax expense disclosed in the consolidated statement of comprehensive income	1,864	2,853
Tax on unrealised gain/(loss) on financial assets available for sale	- 9	- 112
Tax on cash flow hedges settled during the year	-	-
Tax benefit/tax expense recognised in equity	9	112

Tax settlements

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

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

	2014	2013
Profit/(loss) before tax	7,157	12,223
Corporate income tax at the statutory rate applicable in Poland: 19%	1,360	2,322
Consolidation adjustments and profit/(loss) of IAM (subsidiary) and TFI (subsidiary)	583	- 480
Non-taxable income – dividend	- 25	- 10
Use of tax losses not recognised previously	- 413	- 659
Tax losses in connection with which no deferred tax asset was recognised	99	640
Non-tax-deductible costs	316	577
Deductible temporary differences in connection with which no deferred tax asset was recognised	-	-
Non-taxable income (mainly dividend)	- 594	- 196
Current income tax disclosed in the consolidated statement of comprehensive income	1326	2,194
Corporate income tax at the effective tax rate: 19%	1,326	2,194

19.1. Deferred income tax

Temporary differences related to deferred tax assets as at December 31st 2014 and December 31st 2013 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2014	Dec 31 2013
Financial instruments available for sale and held for trading	142	125
Property, plant and equipment	11	14
Current receivables	156	105
Accruals and deferred income	1,470	1,743
Tax loss brought forward	104	417
Other	25	35
Total deferred tax asset	1,908	2,439

Deferred tax liabilities	Dec 31 2014	Dec 31 2013
Financial instruments available for sale	162	275
Property, plant and equipment	249	208
Current receivables	38	62
Accruals and deferred income	-	-
Other	44	21
Total deferred tax liabilities	493	566
Net deferred tax assets	1,415	1,873

Temporary differences related to deferred tax liabilities as at December 31st 2014 and December 31st 2013 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2014	Dec 31 2013
Financial instruments available for sale and held for trading	-	-
Property, plant and equipment	-	-
Current receivables	-	-
Accruals and deferred income	-	-
Tax loss brought forward	-	-
Other	6	9
Total deferred tax asset	6	9

Deferred tax liabilities	Dec 31 2014	Dec 31 2013
Financial instruments available for sale	-	-
Property, plant and equipment	-	-
Current receivables	100	34
Accruals and deferred income	-	-
Other	6	4
Total deferred tax liabilities	106	38
Net deferred tax liabilities	100	29

20. Additional information of financial instruments

20.1. Fair value of instruments not measured at fair value

As at Dec 31 2014

Instrument category and item of the consolidated statement of financial position	carrying amount	fair value
Loans and receivables	303,191	303,191
- cash and cash equivalents	50,708	50,708
- current and non-current receivables	252,483	252,483
Financial liabilities at amortised cost:	234,342	234,342
- current liabilities (credit facility)	12,206	12,206
- current liabilities (other than credit facility)	222,136	222,136

As at Dec 31 2013

Instrument category and item of the consolidated statement of financial position	carrying amount	fair value
Loans and receivables	330,829	330,829
- cash and cash equivalents	52,749	52,749
- current and non-current receivables	278,080	278,080
Financial liabilities at amortised cost:	255,552	255,552
- current liabilities (credit facility)	2,589	2,589
- current liabilities (other than credit facility)	252,963	252,963

Cash bears interest at fixed and variable interest rates. In 2014 and 2013, the Group did not recognise any impairment losses on loans. Impairment losses on receivables are described in Note 13.2.1. Income from interest on loans and receivables amounted to PLN 706 thousand in 2014 (of which PLN 29 thousand was interest accrued but not received) (2013: PLN 1,022 thousand, of which PLN 105 thousand was interest accrued but not received).

Impairment losses pertain only to instruments that are recognised under loans and receivables.

In 2014, expenses related to interest on a credit facility amounted to PLN 977 thousand (2013: PLN 1,203 thousand). Interest on borrowings pertains only to short-term facilities. In 2014, realised interest expenses related to bank borrowings amounted to PLN 926 thousand (2013: PLN 1,101 thousand), and unrealised interest, to be paid in 2015, totalled PLN 51 thousand (2013: PLN 102 thousand).

20.2. Financial assets and liabilities recognised in the consolidated statement of financial position at fair value

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

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

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

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

As at Dec 31 2014

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Financial assets held for trading other than derivative instruments	1,463	-	-	1,463
Total financial assets measured at fair value through profit or loss	1,463	-	-	1,463
Financial liabilities measured at fair value through profit or loss	-	-	-	-
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	1,610*	-	1,610
Debt instruments	7,105	-	-	7,105
Total financial assets available for sale measured through equity	7,105	1,610*	-	8,715

* The amount does not include the value of shares in IBS Kft, IBS Srl, and IPOPEMA Outsourcing Sp. z o.o., as they are measured at cost (according to IAS 39).

As at Dec 31 2013

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	213	-	-	213
Financial assets held for trading other than derivative instruments	5	-	-	5
Total financial assets measured at fair value through profit or loss	218	-	-	218
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	2,364*	-	2,364

Debt instruments	7,092	-	-	7,092
Total financial assets available for sale measured through equity	7,092	2,364*	-	9,456

* The amount does not include the value of shares in IBS Kft and IPOPEMA Outsourcing Sp. z o.o. as they are measured at cost (according to IAS 39).

In the current period there were no transfers between Level 1 and Level 2.

21. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., IPOPEMA Business Services Srl, and IPOPEMA Outsourcing Sp. z o.o. were not consolidated in these consolidated financial statements.

	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Srl.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2014	1	50	220
% share in Parent's total assets	-	-	0.08
Revenue for period Jan 1 – Dec 31 2014	-	127	877
% share in Parent's revenue	-	0.27	1.88
Net assets as at Dec 31 2014	1	50	53
Net profit/(loss) for period Jan 1 – Dec 31 2014	-	32	41

	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2013	2	182
% share in Parent's total assets	-	0.06
Revenue for period Jan 1 – Dec 31 2013	-	1,037
% share in Parent's revenue	-	1.8
Net assets as at Dec 31 2013	2	12
Net profit/(loss) for period Jan 1 – Dec 31 2013	- 2	98

22. Contingent liabilities and contingent assets

In the reporting period, the Group did not carry any contingent liabilities other than under lease agreements (Note 27). No contingent assets were recognised as at December 31st 2014. As at December 31st 2013, contingent assets amounted to PLN 34 thousand.

In 2015, the Company will incur a cost of up to CZK 1,650 thousand, or PLN 254 thousand (against CZK 1,650 thousand, or PLN 250 thousand, posted as at December 31st 2013), under an agreement with the clearing bank in the Czech Republic if the minimum amount of transaction costs specified in the agreement is not reached, which is a condition for incurring that cost.

23. Guarantees

In January 2012, Nordea Bank Polska S.A. (currently PKO Bank Polski S.A.) issued to the Company a guarantee of up to EUR 268 thousand, secured with a security deposit of PLN 1,239 thousand. Under an annex executed in 2014, the guarantee amount was increased to EUR 273 thousand. The guarantee, provided until April 15th 2018, secures liabilities under lease of new office space.

In April 2012, mBank S.A. (formerly BRE Bank S.A.) issued a guarantee in respect of the Company's liabilities for the benefit of the Hungarian Branch of Deutsche Bank AG, which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on the Budapest Stock Exchange. The guarantee was issued for the amount of EUR 2.5m, and secures the Company's timely payment of its liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearance of BSE transactions. Under amendments made to the guarantee agreement in 2014, the guarantee was extended until April 1st 2015. In particular cases specified in the agreement, the guarantee expires on July 1st 2015. The guarantee is secured with a PLN 2.5m cash deposit.

24. Business combinations and acquisitions of non-controlling interests

24.1. Acquisition of subsidiaries

In 2014 and 2013, Group companies did not acquire any subsidiaries.

24.2. Disposal of subsidiaries

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

25. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue		Purchases	
	Jan 1–Dec 31 2014		Jan 1–Dec 31 2013	
IPOPEMA Business Services Kft.	139	732	126	821
IPOPEMA Business Services Srl	79	128	-	-
Members of the Management and Supervisory Boards	101	10	97	13
Total	319	870	223	834

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
IPOPEMA Business Services Kft.	82	280	-	-
IPOPEMA Business Services Srl	80	-	-	-
Members of the Management and Supervisory Boards	11	77	-	-
Total	173	357	-	-

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 25.5. For information on the Incentive Scheme for the above persons, see Note 17.1

Related-party transactions and outstanding balances of the Group's receivables and liabilities are excluded during preparation of the Group's consolidated financial statements.

25.1. Terms of related-party transactions

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

25.2. Loan advanced to members of the Management Board

The Group did not advance any loans to members of the Management Board.

25.3. Transactions involving members of the Management and Supervisory Boards

Members of the Management and Supervisory Boards executed (through their subsidiaries) transactions in securities on the regulated market and outside the stock-exchange market, with Group companies acting as intermediaries. The total turnover between the Group and those persons under the transactions was PLN 101 thousand in 2014 and PLN 97 thousand in 2013.

Additionally, the Group used legal advisory services of the law firm of Jacek Jonak, Chairman of the Supervisory Board. The value of the transactions in 2014 was PLN 10 thousand, against PLN 13 thousand in 2013.

25.4. Transactions with subsidiaries

Transactions with IPOPEMA Business Services Kft.

In connection with the operations in Hungary, conducted together with local partners acting as investment firm agents, in 2010 the Company entered into the following agreements with IPOPEMA Business Services Kft. ('IBS'): (i) Services Agreement, whereby IBS provides the Company and its Hungarian partners with office and equipment support services, and (ii) Equipment Lease Agreement, whereby IBS leases computer hardware and software from the Company, in order to properly support the Company's partners operating on the Hungarian market within the scope of their activities performed for the Company. In 2014, the total value of transactions under those agreements was PLN 863 thousand (expense) and PLN 139 thousand (income) (2013: PLN 948 thousand (expense) and PLN 152 thousand (income)).

Transactions with IPOPEMA Business Services Srl

In connection with the launch of operations in Romania, conducted in cooperation with local partners acting as investment firm agents, in 2014 the Company entered into an agreement with IPOPEMA Business Services Srl. ('IBS Srl') for the provision of services ("Services Agreement"), whereby IBS provides the Company and its Romanian partners with office and equipment support services. The Company also made settlements of incurred expenses. In 2014, the total value of transactions under those agreements was PLN 128 thousand (expense) and PLN 79 thousand (income).

Transactions with IPOPEMA TFI

In 2014 and 2013, the Company made settlements with IPOPEMA TFI related to the IT services provided to the subsidiary and expenses incurred by the Company. In 2014, the total value of the Company's turnover from such services was PLN 150 thousand (income) and PLN 0 thousand (expense) (2013: PLN 318 thousand (income) and PLN 2 thousand (expense)). The Company also provides services in the area of intermediation in securities trading to funds managed by IPOPEMA TFI.

In 2014, the Company did not receive dividend from IPOPEMA TFI, while in 2013 the dividend was PLN 1m.

Transactions with IPOPEMA Business Consulting

In 2014 and 2013, transactions between the Company and IPOPEMA BC involved settlements of expenses. Mutual settlements amounted to PLN 8 thousand (income) and PLN 44 thousand (expense) in 2014 (2013: PLN 8 thousand (income) and PLN 0 thousand (expense)).

In 2014, the Company received dividend of PLN 1m from IBC.

Transactions with IPOPEMA Asset Management

In 2014 and 2013, transactions between the Company and IPOPEMA AM involved settlements of IT services provided by the Company and related expenses. In 2014, the total value of settlements related to the provision of such services was PLN 109 thousand (income) and PLN 74 thousand (expense) (2013: PLN 104 thousand (income) and PLN 74 thousand (expense)).

25.5. Remuneration of the Group's senior management staff

The table below presents the amount of remuneration paid and potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company) received from IPOPEMA Securities Group companies:

Total remuneration (including bonuses)	2014	2013
Management Board	2,086	2,049
Jacek Lewandowski	484	589
Mirosław Borys	363	552
Mariusz Piskorski	363	447
Stanisław Waczkowski	876	461
Supervisory Board	85	37
Jacek Jonak	25	16
Janusz Diemko	20	6
Bogdan Kryca	16	12
Michał Dobak	20	-
Małgorzata Adamkiewicz	-	3
Zbigniew Mrowiec	4	-

Members of the IPOPEMA Securities Management and Supervisory Boards did not receive remuneration from the subsidiaries.

Benefits to the key management staff

In 2014 and 2013, there were no payments under post-employment benefits, termination benefits, or other long-term benefits. The liabilities under holiday benefits payable to the Parent's Management Board stood at PLN 1 thousand as at December 31st 2014 and December 31st 2013. The holiday benefits were not included in the table above.

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

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

26. Items of the consolidated statement of cash flows

Breakdown of the Group's activities as assumed for the consolidated statement of cash flows:

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

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

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

Structure of cash

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows	
	Dec 31 2014	Dec 31 2013	Dec 31 2014	Dec 31 2013
Cash and cash equivalents	50,708	52,749	50,707	53,041
1. In hand	3	7	3	7
2. At banks	20,895	24,205	20,895	24,205
3. Other cash	29,810	28,537	29,810	28,537
4. Cash equivalents (deposit for a period exceeding three months)	-	-	-	-
5. Accrued foreign exchange differences	-	-	- 1	292

The difference between the presentation of cash in the statement of financial position and the statement of cash flows in 2014 and in 2013 follows from presentation of cash net of the effect of foreign exchange differences.

Cash at the end of the period comprises the Group's own and its clients' cash and cash equivalents - for more information on the structure of cash see Note 13.1.

Differences in changes in balance-sheet items

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2014	Dec 31 2013	2014
Gross current and non-current receivables	253,407	277,893	23,822
Net receivables	252,119	277,286	
Impairment losses on receivables	1,288	607	681
Accruals and deferred income	7,625	9,159	- 1,413
Total increase/(decrease) in impairment losses and accruals and deferrals			- 750

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at December 31st 2014 net of the amount of receivables under loans advanced, not received dividends, interest receivable from security deposits, and lease receivables (non-current portion) disclosed under investing activities.

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2013	Dec 31 2012	2013
Gross current and non-current receivables	277,893	520,308	242,562
Net receivables	277,286	519,956	
Impairment losses on receivables	607	352	255
Accruals and deferrals	9,159	7,980	475
Total change in impairment losses and accruals and deferrals			730

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2013 by the amount of receivables under loans advanced and receivables as well as the amount of lease receivables (non-current portion) disclosed under investing activities.

In 2014, the Company did not recognise 'Other cash used in investing activities', while in 2013 'Other cash used in investing activities' comprised a deposit provided to secure Deutsche Bank Polska S.A.'s claims arising from the settlement of purchases of foreign securities.

27. Leases

The Group as a lessor

Lease receivables	Dec 31 2014	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	14	14
Within 1 to 5 years	-	-
Over 5 years	-	-
Total lease receivables	14	14

Lease receivables	Dec 31 2013	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	131	134
Within 1 to 5 years	14	15
Over 5 years	-	-
Total lease receivables	145	149

In 2010, the Parent entered into a finance lease agreement with a non-consolidated subsidiary. In 2014, unrealised finance income amounted to PLN 1 thousand (2013: PLN 8 thousand). The Group did not recognise provisions for unrecoverable receivables under minimum lease payments. There are no contingent lease payments or not guaranteed residual values attributable to the lessor.

The lease agreement was executed for one year and will be automatically extended for further 12-month periods, unless terminated by either of the parties on prior notice, as stipulated in the agreement.

The gross value of lease investment as at December 31st 2014 was PLN 14 thousand (December 31st 2013: PLN 145 thousand). The lease agreement will expire in 2015, unless terminated earlier.

The Group as a lessee – right to use a building

Group companies lease office space under lease agreements. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2014	Dec 31 2013
	Present value of minimum lease payments	
Within 1 year *	3,063	2,613
Within 1 to 5 years *	12,254	10,372
Over 5 years *	124	2,699
Total lease liabilities	15,441	15,684

* Average annual value during the lease term.

28. Foreign exchange differences

Exchange differences disclosed in the consolidated statement of comprehensive income, other than differences resulting from financial instruments measured at fair value, are presented in Note 16.3. In 2014 and 2013, there were no exchange differences disclosed in other comprehensive income as a component of equity.

29. Security over assets of the IPOPEMA Securities Group

Both in 2014 and 2013, the Group's assets were used as security for working capital overdraft facilities (see Note 15.3.2).

In 2014 and 2013, save for a security deposit of PLN 4m in a bank account, blank promissory notes with promissory note declarations, powers of attorney over bank accounts held with the lending bank (securing an overdraft facility), security deposits securing guarantees (see Note 23), and the security deposit of PLN 1m paid in 2013 to secure settlement of transactions executed on foreign stock exchanges, the Group did not have any liabilities secured with its assets as at December 31st 2014.

30. Pending court or administrative proceedings and inspections at the Group companies

30.1. Pending court or administrative proceedings

In May 2014, the President of the Office of Competition and Consumer Protection issued a final decision imposing a fine of PLN 17.7 thousand (EUR 4 thousand) on IPOPEMA Asset Management S.A. The fine was related to procedural irregularities which took place prior to the acquisition of Credit Suisse Asset Management (Polska) S.A. ('CSAM') by IPOPEMA Securities S.A. (CSAM belonged then to the Credit Suisse Group). As at the date of this report, the fine had been paid.

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance with the provisions of its Articles of Association by one of the funds. On February 24th 2015, the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) issued a decision imposing a fine of PLN 50 thousand on IPOPEMA TFI for non-compliance with investment restrictions between September 2012 and July 2013. IPOPEMA TFI filed a request for re-examination of the case.

30.2. Inspections

In H1 2014, an inspection by the Polish Financial Supervision Authority was carried out at the Company, with respect to the Company's brokerage services business. The Company received an inspection report together with follow-up recommendations and notified the Polish Financial Supervision Authority of the implementation of the recommendations before the end of 2014.

In July 2014, a second inspection was carried out at the Company by the Polish Financial Supervision Authority, to verify the performance of obligations under the Act on Countering Money Laundering and the Financing of Terrorism. Also in this case the Company received follow-up recommendations and notified the Polish Financial Supervision Authority of their implementation.

In October 2014, the National Depository for Securities carried out an inspection at the Company, concerning record keeping of securities, and IT systems used for that purpose. Follow-up recommendations were implemented by the end of 2014.

In December 2014, an inspection was carried out at the Company by the National Bank of Poland (NBP) regarding the performance of obligations under Art. 30.1 of the Foreign Exchange Act. Information on the implementation of follow-up recommendations was provided to the NBP in February 2015.

In H1 2014, an inspection was carried out at IAM by the Polish Financial Supervision Authority, to verify whether the Company complies with the provisions of law and internal regulations in terms of: (i) provision of brokerage services consisting in portfolio management, (ii) procedures and conditions to be followed in relations with clients, as well as organisation and functioning of the internal control system, the compliance monitoring system, and the internal audit system. The Company received an inspection report together with follow-up recommendations and notified the Polish Financial Supervision Authority of the implementation of the recommendations before the end of 2014.

From June to August 1st 2014, the Polish Financial Supervision Authority carried out an inspection at IPOPEMA TFI, concerning management of funds and representation of funds before third parties. The Company received an inspection report together with follow-up recommendations. The recommendations were fully implemented by the Company in 2014.

In May 2013, an external inspection was carried out by the National Depository for Securities at the Company's headquarters. The inspection covered records of financial instruments, and the operation of the IT systems used to maintain the records. The Company complied with the recommendation issued by the NDS.

In April 2013, the Polish Financial Supervision Authority carried out an inspection at IPOPEMA TFI to verify whether the company complies with the obligations under the Act on Countering Money Laundering and the Financing of Terrorism. IPOPEMA TFI complied with the post-inspection recommendations.

Since 2010, the Company and IAM (as regulated entities) have been subject to annual evaluation carried out by the Polish Financial Supervision Authority as part of the Supervisory Review and Evaluation Process (SREP).

31. Objectives and principles of financial risk management

Operations on capital markets inherently involve various risks which may have a material effect on the Group's operations, as outlined below.

All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

31.1. Market risk

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

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange, as well as *FX swaps* and *forwards*. As at December 31st 2014, their value stood at PLN 1,463 thousand (as at December 31st 2013: PLN 218 thousand). Principal trading in shares is limited, therefore the risk exposure is low.

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

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

The assumptions adopted in the sensitivity analysis as at December 31st 2014 are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit/(loss) and equity within one year from the end of the reporting period. The analysis presented below did not include the impact of tax.

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/E UR '000)	- 100 bps (PLN/USD/E UR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	33,133	331	- 331	1,364	- 1,364	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	249,737	-	-	919	- 919	-	-	-	-
Financial instruments held for trading*	1,463	-	-	-	-	146	- 146	-	-
Financial instruments available for sale**	8,715	-	-	65	- 65	-	-	872	-872
Financial liabilities									
Trade and other payables	223,397	-	-	- 1,002	1,002	-	-	-	-
Borrowings	12,206	- 122	122	-	-	-	-	-	-
Other financial liabilities									
Total	57,445	209	- 209	1,347	- 1,347	146	- 146	872	- 872

* Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities.

** The amount does not include the value of shares in IBS Kft, IBS Srl, and IO, as they are measured at cost (according to IAS 39).

The assumptions adopted in the sensitivity analysis as at December 31st 2013 are described in the table next to each type of risk.

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/E UR '000)	- 100 bps (PLN/USD/E UR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	30,216	302	- 302	1,231	- 1,231	-	-	-	-
Bank deposits	4,094	41	- 41	-	-	-	-	-	-
Trade and other receivables	274,774	-	-	6,780	- 6,780	-	-	-	-
Financial instruments held for trading*	218	-	-	- 415	413	-	-	-	-
Financial instruments available for sale**	9,457	-	-	622	- 622	-	-	946	- 946
Financial liabilities									
Trade and other payables	254,302	-	-	- 7,072	7,072	-	-	-	-
Borrowings	2,589	- 26	26	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Total	61,867	317	- 317	1,146	- 1,148	-	-	946	- 946

* Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities.

** The amount does not include the value of shares in IBS Kft and IO as they are measured at cost (according to IAS 39).

The assumptions adopted in the sensitivity analysis as at December 31st 2013 are described in the table next to each type of risk.

31.2. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase in relation to their level as at the agreement date. Moreover, the Group invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 13.1 and Note 15.3.

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

2014				
Variable interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	46,686	-	-	46,686
Overdraft facilities	12,206	-	-	12,206
Total	58,892	-	-	58,892

2014				
Fixed interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	4,015	-	-	4,015
Total	4,015	-	-	4,015

	2013			
Variable interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	25,622	-	-	25,622
Overdraft facilities	2,589	-	-	2,589
Total	28,211	-	-	28,211

	2013			
Fixed interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	8,687	-	-	8,687
Total	8,687	-	-	8,687

31.3. Currency risk

The Group is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is primarily related to changes in the USD, EUR, HUF, CZK, and RON exchange rates, however both in 2014 and 2013 most of operating expenses were incurred in the złoty. The Group did not have any foreign-currency borrowings, however due to its operations in Hungary and in the Czech Republic it uses foreign currencies (HUF and CZK) to settle stock-exchange transactions and other operating expenses in those markets (including fees payable to the clearing bank and stock exchanges, as well as the costs of associates). Owing to the nature of the transaction settlements (with the Parent acting as an intermediary), the share of this risk in the Group's overall risk is immaterial. As at December 31st 2014, the value of foreign-currency loans advanced by the Company was PLN 283 thousand (December 31st 2013: PLN 794 thousand). The Company also holds deposits and cash in a foreign-currency bank account. In order to minimise the currency risk, the Company entered into FX contracts, which mitigate the results of possible exchange rate fluctuations. Assessment of the effect of foreign exchange fluctuations as at December 31st 2014 and December 31st 2013 is presented in Note 31.1.

	Dec 31 2014	Dec 31 2013
Foreign-currency receivables		
- EUR	1,639	227
- HUF	91,613	2,355,313
- USD	238	10,893
- CZK	1,000	2,040
- SEK	-	116
- RON	49	-
Foreign-currency liabilities		
- EUR	1,663	1,785
- HUF	102,947	2,364,020
- USD	251	11,021
- CZK	211	1,040
- SEK	-	116
- GBP	1	2
- RON	3	-
Cash		
- CZK	764	1,503
- EUR	2,135	3,094
- HUF	26,604	71,628
- RON	479	-
- USD	758	586
- GBP	15	7
- SEK	6	-
- JPY	230	3
- DKK	53	19
- CHF	10	5
- TRY	566	186

31.4. Price risk

The Group holds financial instruments which are traded on a regulated market: the Warsaw Stock Exchange (WSE), except for FX swaps and forwards. The Group is exposed to the risk connected with the volatility of prices of financial instruments listed on the WSE. Such instruments are disclosed as financial instruments held for trading in the consolidated financial statements. The Group also holds investment certificates and investment fund units, which are exposed to the risk of volatility of certificate current price, but the aggregate value of the certificates and fund units is immaterial.

The risk related to prices of financial instruments is limited, as the Group invests only a relatively small portion of its cash in financial instruments.

Assessment of the effect of changes in financial instrument prices as at December 31st 2014 and December 31st 2013 is presented in Note 31.1.

31.5. Credit risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses to the Group. In view of the above, the Group believes that credit risk was accounted for in the consolidated financial statements through recognition of impairment losses. Receivables by maturity and amounts of recognised impairment losses are presented in Note 13.2.1.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group renders services to a large number of clients. None of the clients' accounts for more than 10% of the Group's revenue.

With respect to the Group's other financial assets, such as cash and cash equivalents, financial assets available for sale and certain derivatives, credit risk is related to the potential inability of a counterparty to meet its payment obligation, and the maximum exposure to the risk is equal to the carrying amount of those assets. Credit risk connected with bank deposits, financial instruments, derivatives and other investments is considered low as the Group executed the transactions with institutions of sound financial standing.

As at December 31st 2014, the maximum value at risk under credit risk for instruments carried as loans advanced and receivables (Note 20.1) was PLN 303,191 thousand (December 31st 2013: PLN 330,829 thousand).

31.6. Liquidity risk

The Group is exposed to liquidity risk understood as the risk of failure to meet its liabilities as they fall due. The risk is connected with a potentially limited access to financial markets, resulting in the Group's inability to raise new financing or refinance its debt. The Group's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

In the Group's opinion, given the significant amount of cash held as at the end of the reporting period (Note 13.1), access to credit facilities to finance the Groups' operations on the WSE (Note 15.3.2), and the sound financial standing of the Group, the liquidity risk is insignificant.

Note 15.3.1 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (93%) relate to transactions executed on stock exchanges, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2014, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN 878 thousand (December 31st 2013: PLN 3,963 thousand). Principal transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

32. Capital management

The objective of the Group's capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for the shareholders. As at December 31st 2014 and December 31st 2013, the Group's equity was PLN 76,892 thousand and PLN 81,182 thousand, respectively.

As brokerage houses, IPOPEMA Securities and IPOPEMA Asset Management are subject to the Regulation on capital adequacy requirements, obliging the Group and its companies to maintain a sufficient level of equity.

Despite the considerable increase in its equity, the Company uses debt financing. In accordance with applicable regulations, the Company must satisfy capital adequacy requirements, as described in Note 14.4. In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund. Currently, the Company transfers contributions to the Fund using proceeds from a credit facility (for details see Note 15.3.2). There is a risk that the level of equity (and, thereby, the regulatory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. However, there can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank.

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

Given the scope and nature of the Company's business, the current level of the Company's equity is sufficient. However, it is possible that the current or planned business projects will require a higher level of equity. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

If any events with an adverse effect on the Company's financial performance occur or if the Company incurs losses, the level of equity may be reduced, which may also limit the Company's ability to use debt financing and force the Company to scale down its business.

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

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

33. Workforce structure

In 2014 and 2013, the average number of employees at the IPOPEMA Securities Group was as follows:

	2014	2013
Management Board of the Parent	4	4
Management Boards of the Group companies	5	5
Other	180	150
Total	189	159

34. Clients' financial instruments

As at December 31st 2014, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 21,863 thousand (292 instruments) (December 31st 2013: PLN 143,748 thousand (5,295 instruments)). As at December 31st 2014, the Company kept 52.8 thousand clients' bonds in certificated form, valued at PLN 52.8m. In the comparative period, i.e. as at December 31st 2013, the Company kept 64 thousand clients' bonds in certificated form, valued at PLN 64m.

The Company also maintains an "issue sponsor account". The value of 291,000 WSE-listed financial instruments in book-entry form registered in the account as at December 31st 2014 was PLN 1,145 thousand (December 31st 2013: 2,480 thousand instruments with the value of PLN 19,045 thousand).

35. Auditor's fees

Under an agreement of July 7th 2014, the entity authorised to audit the Company's full-year separate and consolidated financial statements for 2014 and to review financial statements for H1 2014 is BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland. The auditor was contracted to perform the audit and review services with respect to the full year and half year of 2014.

	2014	2013
Mandatory audit of financial statements	109	109
Other assurance services	48	48
Other services	-	-
Total	157	157

36. Discontinued operations

In 2014, the Group did not identify any discontinued operations. Accordingly, all information presented in these consolidated financial statements relates to continuing operations.

37. Events subsequent to the end of reporting period

All events with effect on the 2014 consolidated financial statements are disclosed in the accounting books for 2014.

Warsaw, March 20th 2015

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant