The
IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the nine months ended September 30th 2015

Warsaw, November 5th 2015

Contents

Financial highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	3 months ended Sep 30				9 months ended Sep 30			
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from core activities	24,576	24,184	5,841	5,780	70,479	77,956	16,948	18,648
Cost of core activities	22,061	20,713	5,244	4,950	65,714	66,418	15,802	15,888
Profit on core activities	2,515	3,471	598	830	4,765	11,538	1,146	2,760
Operating profit	2,868	2,578	682	616	4,745	10,313	1,141	2,467
Profit before tax	2,126	1,915	505	458	3,718	8,447	894	2,021
Net profit on continuing operations	1,869	1,238	444	296	2,548	6,287	613	1,504
Net profit	1,869	1,238	444	296	2,548	6,287	613	1,504
Earnings per ordinary share (weighted average) (PLN/ EUR)								
- basic	0.06	0.03	0.01	0.01	0.08	0.20	0.02	0.05
- diluted	0.06	0.03	0.01	0.01	0.08	0.20	0.02	0.05
Net cash from operating activities	-24,540	3,143	-5,833	751	11,192	-13,173	2,691	-3,151
Total cash flows	-35,215	-6,398	-8,370	-1,529	1,303	-14,985	313	-3,585

Consolidated financial highlights	PLN '000			EUR '000		
	Sep 30 2015	Jun 30 2015	Dec 31 2014	Sep 30 2015	Jun 30 2015	Dec 31 2014
Total assets	244,144	325,625	324,660	57,600	77,633	76,170
Current liabilities	153,477	238,394	235,768	36,209	56,836	55,315
Equity	82,906	81,038	80,723	19,560	19,321	18,939
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.77	2.71	2.70	0.65	0.65	0.63

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

- Items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated 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	Jan–Sep 2015	Jan–Sep 2014
EUR	4.1585	4.1803

- Items of the interim condensed consolidated statement of financial position:

Exchange rate as at	Sep 30 2015	Dec 31 2014	Sep 30 2014
EUR	4.2386	4.2623	4.1755

Interim condensed consolidated statement of comprehensive income

for the nine months ended September 30th 2015

	Note	Jan 1–Sep 30 2015	Jul 1–Sep 30 2015	Jan 1–Sep 30 2014	Jul 1–Sep 30 2014
CONTINUING OPERATIONS					
Revenue from core activities, including:	15	**70,479**	**24,576**	**77,956**	**24,184**
Revenue from brokerage activities		33,200	13,298	36,218	9,557
Revenue from investment fund and asset management		28,303	8,485	31,506	10,538
Revenue from consultancy services		8,976	2,793	10,232	4,089
Cost of core activities	15	**65,714**	**22,061**	**66,418**	**20,713**
Profit/(loss) on core activities		**4,765**	**2,515**	**11,538**	**3,471**
Gain (loss) on transactions in financial instruments held for trading		-94	285	-1,073	-600
Gain (loss) on transactions in financial instruments held to maturity		-	-	-	-
Gain (loss) on transactions in financial instruments available for sale		111	39	138	52
Other income		539	215	724	127
Other expenses		576	186	1,014	472
Operating profit/(loss)		**4,745**	**2,868**	**10,313**	**2,578**
Finance income		1,050	449	1,346	470
Finance costs		2,077	1,191	3,212	1,133
Profit/(loss) before tax		**3,718**	**2,126**	**8,447**	**1,915**
Income tax	16	1,170	257	2,160	677
Net profit/(loss) on continuing operations		**2,548**	**1,869**	**6,287**	**1,238**
DISCONTINUED OPERATIONS		-	-	-	-
Net profit/(loss) for period		**2,548**	**1,869**	**6,287**	**1,238**
Attributable to:					
Owners of the parent		2,527	1,869	5,927	936
Non-controlling interests		21	-	360	302
Earnings (loss) per share (PLN)		0.08	0.06	0.20	0.03
Diluted earnings (loss) per share (PLN)		0.08	0.06	0.20	0.03
Other comprehensive income		**-13**	**-14**	**20**	**-2**
Gains and losses on remeasurement of financial assets available for sale		-16	-17	25	-2
Corporate income tax on items of other comprehensive income		3	3	-5	-
Comprehensive income for period		**2,535**	**1,855**	**6,307**	**1,236**
Attributable to:					
Owners of the parent		2,514	1,855	5,947	934
Non-controlling interests		21	-	360	300

Warsaw, November 5th 2015

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Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Daniel Ścigała
Member of the Management Board

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of financial position

as at September 30th 2015

ASSETS	Note	Sep 30 2015	Jun 30 2015	Dec 31 2014	Sep 30 2014
Cash and cash equivalents	12	52,076	87,219	50,708	37,936
Current receivables	12, 14	165,007	209,542	249,771	456,746
Current tax assets		182	216	1,188	894
Current prepayments and accrued income		1,668	1,094	1,356	1,274
Financial instruments held for trading		2,419	2,927	1,463	369
Financial instruments held to maturity		-	-	-	-
Financial instruments available for sale		11,767	10,697	8,727	9,705
Investments in jointly controlled entities and associates		-	-	-	-
Non-current receivables		2,362	5,858	2,348	2,343
Non-current loans advanced		218	253	364	306
Property, plant and equipment		4,983	4,488	4,568	4,807
Investment property		-	-	-	-
Intangible assets		2,344	2,396	2,752	2,707
Deferred tax assets		1,118	935	1,415	831
Non-current prepayments and accrued income		-	-	-	-
TOTAL ASSETS		**244,144**	**325,625**	**324,660**	**517,918**

EQUITY AND LIABILITIES	Note	Sep 30 2015	Jun 30 2015	Dec 31 2014	Sep 30 2014
Current liabilities	14	153,255	238,309	235,603	430,550
Current tax liabilities		222	85	165	202
Other financial liabilities		-	-	-	-
Non-current liabilities		633	570	444	492
Deferred tax liabilities	16	170	31	100	100
Accruals and deferred income	14	6,958	5,592	7,625	4,809
Total liabilities		**161,238**	**244,587**	**243,937**	**436,153**
Share capital	13	2,994	2,994	2,994	2,994
Other capital reserves		13,605	13,606	13,570	13,618
Retained earnings		62,855	60,986	60,328	61,632
Total equity		**79,454**	**77,586**	**76,892**	**78,244**
Non-controlling interests		**3,452**	**3,452**	**3,831**	**3,521**
Total equity		**82,906**	**81,038**	**80,723**	**81,765**
TOTAL EQUITY AND LIABILITIES		**244,144**	**325,625**	**324,660**	**517,918**

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Interim condensed consolidated statement of cash flows

for the nine months ended September 30th 2015

CASH FLOWS	Note	Jan 1–Sep 30 2015	Jul 1–Sep 30 2015	Jan 1–Sep 30 2014	Jul 1–Sep 30 2014
Cash flows from operating activities					
Profit before tax		**3,718**	**2,126**	**8,447**	**1,915**
Total adjustments:	25	**7,474**	**-26,666**	**-21,620**	**1,228**
Depreciation and amortisation expenses		1,868	617	1,909	647
Foreign exchange gains/(losses)		126	-81	-188	-97
Interest and dividends		616	288	488	125
Gain (loss) on investing activities		-121	9	575	198
Increase/(decrease) in financial instruments held for trading		-956	508	-152	4,719
Increase/(decrease) in financial instruments available for sale		-105	-49	-116	-51
Increase/(decrease) in receivables		87,733	47,654	-182,192	-97,520
Increase/(decrease) in current liabilities (net of borrowings)		-79,241	-76,086	162,893	94,246
Change in provisions and impairment losses on receivables		-719	-40	368	201
Increase/(decrease) in accruals and deferrals		-965	800	-4,250	-1,014
Income tax		-800	-297	-1,051	-254
Other adjustments (including the cost of incentive schemes)		38	11	96	28
Net cash from operating activities		**11,192**	**-24,540**	**-13,173**	**3,143**
Cash flows from investing activities					
Increase in loans advanced		-	-	-728	-378
Decrease in loans advanced		145	49	184	16
Acquisition of property, plant and equipment and intangible assets		-1,489	-947	-683	-181
Disposal of property, plant and equipment		5	-	1	1
Cash provided by financial instruments available for sale and held to maturity		7,198	13	456	-
Acquisition of financial instruments available for sale and held to maturity		-10,391	-1,170	-350	-25
Other cash used in investing activities		-1,000	-	-	-
Other cash from investing activities		363	168	230	102
Net cash from investing activities		**-5,169**	**-1,887**	**-890**	**-465**
Cash flows from financing activities					
Proceeds from borrowings		-	-	9,856	312
Proceeds from issue of debt securities		6	2	6	1
Repayment of debt securities		-5	-2	-4	-2
Proceeds from issue of share capital		-	-	-	-
Interest paid		-730	-296	-822	-355
Repayment of finance lease liabilities		-203	-64	-167	-51
Repayment of borrowings		-3,388	-8,028	-	-
Dividends to owners of the parent		-	-	-8,981	-8,981
Dividends distributed to non-controlling interests		-400	-400	-810	-
Net cash from financing activities		**-4,720**	**-8,788**	**-922**	**-9,076**
Total cash flows		**1,303**	**-35,215**	**-14,985**	**-6,398**

Net increase (decrease) in cash and cash equivalents		1,368	-35,143	-14,813	-6,309
Effect of exchange rate fluctuations on cash held		65	72	172	89
Cash at beginning of period	25	50,707	87,225	53,041	44,454
Cash at end of period, including	25	**52,010**	**52,010**	**38,056**	**38,056**
restricted cash		*4,246*	*4,246*	*4,183*	*4,183*

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Interim condensed consolidated statement of changes in equity

for the nine months ended September 30th 2015

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other components of equity					
	Share capital	Share premium	Revaluation capital reserve	Other capital reserves	Retained earnings		
as at Jan 1 2015	**2,994**	**10,351**	**53**	**3,166**	**60,328**	**3,831**	**80,723**
Profit for period	-	-	-	-	2,527	21	2,548
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	48	-	-	48
Other comprehensive income	-	-	-13	-	-	-	-13
Dividend payment	-	-	-	-	-	-400	-400
as at Sep 30 2015	**2,994**	**10,351**	**40**	**3,214**	**62,855**	**3,452**	**82,906**
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
Costs of incentive scheme	-	-	-	107	-	-	107
Other comprehensive income	-	-	-39	-	-	-	-39
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
as at Dec 31 2014	**2,994**	**10,351**	**53**	**3,166**	**60,328**	**3,831**	**80,723**
as at Jan 1 2014	**2,994**	**10,351**	**92**	**3,059**	**64,686**	**4,161**	**85,343**
Profit for period	-	-	-	-	5,927	360	6,287
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	96	-	-	96
Other comprehensive income	-	-	20	-	-	-	20
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
as at Sep 30 2014	**2,994**	**10,351**	**112**	**3,155**	**61,632**	**3,521**	**81,765**

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Notes

1. The IPOPEMA Securities Group

The IPOPEMA Securities Group (the ‘IPOPEMA Securities Group’ or 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 September 30th 2015, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2).

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.

IPOPEMA Securities S.A. – the Parent

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

IPOPEMA Securities S.A. conducts brokerage activities in accordance with relevant brokerage licences granted by the Polish Financial Supervision Authority (formerly the Polish Securities and Exchange Commission).

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.

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.

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 September 30th 2015, 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.	- 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.	- management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- 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%
indirect subsidiary (through IPOPEMA Business Consulting Sp. z o.o., the sole shareholder of the company)				
IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	
IPOPEMA Business Services Kft.	- office and business support	not consolidated (immaterial financial data)	100%	100%
IPOPEMA Business Services Srl.	- office and business support	not consolidated (immaterial financial data)	95% by IPOPEMA, 5% by IBS Kft	100%

3. Basis of preparation

3.1. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and the IFRS applicable to interim financial reporting, 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').

These interim condensed consolidated financial statements of the Group cover the nine months ended September 30th 2015 and contain comparative data for the nine months ended September 30th 2014 and as at December 31st 2014.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2014.

3.2. Measurement currency and reporting currency of the financial statements

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

3.3. Going-concern assumption

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

3.4. Comparability of data

There were no significant presentation changes in the nine months ended September 30th 2015.

4. Changes in applied accounting policies

In the nine months ended September 30th 2015, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2014, issued on March 20th 2015. The consolidated financial statements for 2014 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

<u>Financial instruments</u>

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

Financial instruments are classified 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:

- an asset/liability qualifies as held for trading (i.e. it has been acquired or assumed 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 (other than a derivative which has been designated as, or is, 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, this category includes primarily equity instruments acquired for resale in the near term, such as shares listed on the Warsaw Stock Exchange (WSE) and the Budapest Stock Exchange (BSE), as well as FX swaps and FX forwards . 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 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. Financial assets are carried at cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount 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. The fair value is determined based on recognised valuation models using 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 the end of each reporting period, financial assets held to maturity are measured at amortised cost with the effective interest rate.

As at the end of the reporting period 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’.

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 non-consolidated subsidiaries are measured at cost less impairment losses. Investment certificates and investment fund units are recognised at fair value, based on the net asset 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.

Receivables

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 measured as at the end of the reporting period at amounts receivable. 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 settled at the clearing houses due to the transaction clearing procedure (T+2; until October 5th 2014 the clearing period was T+3). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity 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, other brokerage houses and commodity 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.*

Non-current receivables

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

Impairment losses

As at the end of each reporting period the Group evaluates whether there is any indication that an asset may be impaired. 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.

Liabilities

Current liabilities

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

Current liabilities include all liabilities to clients, liabilities to non-consolidated related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the Central Securities Depository of Poland 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 whose measurement is discussed above in ‘Financial liabilities at amortised cost’.

Current liabilities under executed transactions are presented above in ‘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’.

Non-current liabilities

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

6. Accounting policies introduced in the first nine months of 2015

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2015:

- Annual Improvements to IFRSs cycle 2011−2013 – effective for annual periods beginning on or after July 1st 2014. They concern IFRS 3: Scope exceptions for joint ventures, IFRS 13: Scope of paragraph 52 (portfolio exception), IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property;
- IFRIC 21 ‘Levies’ – effective for annual periods beginning on or after June 17th 2014;

The Group believes that the above standards and interpretations did not have a material effect on its financial statements when first adopted.

7. 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:

- IFRS 9 ‘Financial Instruments’ – published by the International Accounting Standards Board on July 24th 2014; the standard’s final version supersedes previous versions of IFRS 9, completing the Board’s project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The new standard regulates classification and measurement of financial assets and liabilities, as well as impairment and hedge accounting. IFRS 9 does not include guidelines on hedge accounting of portfolios of financial assets and liabilities, since these matters are covered by a separate project of the International Accounting Standards Board. The standard is effective for annual periods beginning on or after January 1st 2018;
- IFRS 14 ‘Regulatory Deferral Accounts’ – published by the International Accounting Standards Board on January 30th 2014, effective for annual periods beginning on or after January 1st 2016. The standard permits an entity which is a first-time adopter of IFRS to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of other comprehensive income;
- IFRS 15 ‘Revenue from Contracts with Customers’ − published by the International Accounting Standards Board on May 28th 2014, effective for annual periods beginning on or after January 1st 2018;
- Amendments to IAS 19 ‘Employee Benefits’ – effective for annual periods beginning on or after February 1st 2015;
- Amendments to IFRS 11 ‘Joint Arrangements’ – effective for annual periods beginning on or after January 1st 2016; The amendments introduce new requirements concerning disclosure of acquisition of an interest in a joint operation and provides guidance on how to account for such acquisition;
- Amendments to IAS 16 and IAS 38 – effective for annual periods beginning on or after January 1st 2016; Amendments to IAS 16 and IAS 38 introduced the rule related to ‘consumption of the economic benefits’ with respect to recognition of depreciation and amortisation. The IASB has clarified that revenue-based methods should not be used to calculate depreciation or amortisation;
- Amendments to IAS 27: Equity Method in Separate Financial Statements – effective for annual periods beginning on or after January 1st 2016. The amendment permits the use of the equity method as one of optional methods of accounting for investments in subsidiaries, associates and jointly-controlled entities in separate financial statements;
- 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. The amendments clarify the manner of accounting for a transaction in which a parent loses control over its subsidiary that does not constitute a business as defined in IFRS 3 Business Combinations through a sale or contribution of all or a part of shares in that subsidiary to an equity-accounted associate or joint venture;

- Amendments to IAS 1 'Disclosures' – effective for annual periods beginning on or after January 1st 2016;
- Annual Improvements to IFRSs cycle 2010–2012 – effective for annual periods beginning on or after February 1st 2015. They concern IFRS 2: Definition of 'vesting conditions', IFRS 3: Accounting for contingent consideration in a business combination, IFRS 8: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets, IFRS 13: Short-term receivables and payables, IAS 7: Interest paid that is capitalised, IAS 16/IAS 38: Revaluation method − proportionate restatement of accumulated depreciation, IAS 24: Key management personnel;
- Amendments to various standards made as part of an annual IFRS improvement cycle: *Annual Improvements* 2012–2014 – effective for annual periods beginning on or after January 1st 2016. They concern IFRS 5 Change of disposal method, IFRS 7 Servicing contracts, IAS 19 Discount rate: regional market issue, IAS 34 Disclosure of information 'elsewhere in the interim financial report'.

The Group believes that the other standards and interpretations will not have any material effect on its financial statements when first adopted.

8. Changes in estimates

In the first nine months of 2015, there were no changes to estimates, except changes in accruals and deferred income, depreciation/amortisation and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,
2) the mid-exchange rate quoted for a given currency by the National Bank of Poland (the 'NBP') on the day preceding the transaction date – in the case of payment of receivables or liabilities where the application of the exchange rate referred to 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	Sep 30 2015	Dec 31 2014	Sep 30 2014
USD	3.7754	3.5072	3.2973
EUR	4.2386	4.2623	4.1755
HUF 100	1.3529	1.3538	1.3452
RON	0.9600	0.9510	0.9469
GBP	5.7305	5.4648	5.3549
UAH	0.1774	0.2246	0.2554
CZK	0.1560	0.1537	0.1518
CHF	3.8785	3.5447	3.4600
TRY	1.2477	1.5070	1.4491
INR 100	5.7469	5.5473	5.3535

Source: National Bank of Poland.

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.

	Jan 1–Sep 30 2015	Jan 1–Sep 30 2014
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Diluted number of shares	29,937,836	29,937,836
Net earnings from continuing operations for period per share		
- basic	0.08	0.20
- diluted	0.08	0.20

11. Operating segments

For management purposes, the Group is divided into separate segments, based on types of services rendered. 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.

Operating segments	for the nine months ended September 30th 2015			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	33,200	30,039	9,006	**72,245**
Intersegment sales	-	-1,736	-30	**-1,766**
Sales to external clients	**33,200**	**28,303**	**8,976**	**70,479**
Segment's costs				
Segment's costs – purchases from external suppliers	-31,209	-27,430	-8,916	**-67,555**
Segment's costs – intersegment purchases				
Consolidation eliminations	30	1,811	-	**1,841**
Segment's total costs	**-31,179**	**-25,619**	**-8,916**	**-65,714**
Segment's profit/(loss) on core activities	**2,021**	**2,684**	**60**	**4,765**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	2,021	2,684	60	**4,765**
Interest income	382	135	15	**532**
Interest expenses	-806	-26	-1	**-833**
Other net finance income/costs	568	114	8	**690**
Other income/expenses	75	-30	-1	**44**
Consolidation eliminations	-1,463	-17	-	**-1,480**
Profit before tax and non-controlling interests	**777**	**2,860**	**81**	**3,718**
Income tax	202	899	70	**1,171**
Consolidation eliminations	-	-1	-	**-1**
Total corporate income tax	**202**	**898**	**70**	**1,170**
Net profit for period	**575**	**1,962**	**11**	**2,548**
Net profit for period, excluding costs of the incentive scheme	***623***	***1,962***	***11***	***2,596***
Assets and liabilities as at Sep 30 2015				
Segment's assets	207,384	28,935	7,825	**244,144**
Unallocated assets	-	-	-	**-**
Total assets	**207,384**	**28,935**	**7,825**	**244,144**
Segment's liabilities	149,844	3,481	955	**154,280**
Accruals and deferred income	4,071	2,887	-	**6,958**
Segment's net profit/(loss)	575	1,962	11	**2,548**
Equity (net of profit/loss for current period)	54,408	19,660	2,838	**76,906**
Non-controlling interests	-	-	3,452	**3,452**
Total equity and liabilities	**208,898**	**27,990**	**7,256**	**244,144**

Operating segments	for the nine months ended September 30th 2014 Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	36,218	33,781	10,232	**80,231**
Intersegment sales	-	-2,275	-	**-2,275**
Sales to external clients	**36,218**	**31,506**	**10,232**	**77,956**
Segment's costs				
Segment's costs – purchases from external suppliers	-31,481	-27,861	-9,424	**-68,766**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	2,348	-	**2,348**
Segment's total costs	**-31,481**	**-25,513**	**-9,424**	**-66,418**
Segment's profit/(loss) on core activities	**4,737**	**5,993**	**808**	**11,538**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	4,737	5,993	808	**11,538**
Interest income	385	114	38	**537**
Interest expenses	-901	-28	-	**-929**
Other net finance income/costs	487	96	8	**591**
Other income/expenses	-67	-192	42	**-217**
Consolidation eliminations	-3,063	-10	-	**-3,073**
Profit before tax and non-controlling interests	**1,578**	**5,973**	**896**	**8,447**
Income tax	723	1,265	176	**2,164**
Consolidation eliminations	-	-4	-	**-4**
Total corporate income tax	**723**	**1,261**	**176**	**2,160**
Net profit for period	**855**	**4,712**	**720**	**6,287**
Net profit for period, excluding costs of the incentive scheme	***951***	***4,712***	***720***	***6,383***
Assets and liabilities as at Dec 31 2014				
Segment's assets	284,037	29,868	10,755	**324,660**
Unallocated assets	-	-	-	**-**
Total assets	**284,037**	**29,868**	**10,755**	**324,660**
Segment's liabilities	228,948	4,220	3,144	**236,312**
Accruals and deferred income	3,581	4,044	-	**7,625**
Segment's net profit/(loss)	78	3,919	1,296	**5,293**
Equity (net of profit/loss for current period)	54,275	15,761	1,563	**71,599**
Non-controlling interests	-	-	3,831	**3,831**
Total equity and liabilities	**286,882**	**27,944**	**9,834**	**324,660**

12. Notes to the interim condensed consolidated statement of financial position – assets

Cash and cash equivalents

Cash and other assets	Sep 30 2015	Dec 31 2014
Cash and other assets of the Group		
a) at banks and in hand	27,576	20,898
b) other	24,500	29,810
Total	**52,076**	**50,708**
Cash and other assets:		
a) cash and other assets of the Group	36,758	33,133
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	15,318	17,575
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**52,076**	**50,708**

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 requirements 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 15,318 thousand as at September 30th 2015, and PLN 17,575 thousand as at December 31st 2014, is also disclosed under other cash.

Receivables

Current receivables	Sep 30 2015	Dec 31 2014
From clients / trade receivables	82,001	132,595
- under transactions executed on the Warsaw Stock Exchange	58,305	113,368
- under transactions executed on the Budapest Stock Exchange	11,077	1,239
- under transactions executed on the London Stock Exchange	111	-
- under transactions executed on the Paris Stock Exchange	745	18
- under transactions executed on the New York Stock Exchange	3,370	-
- under transactions executed on the Amsterdam Stock Exchange	738	9
- other	7,655	11,554
From related entities	80	162
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	44,939	75,448
- under transactions executed on the Warsaw Stock Exchange*	23,799	74,537
- under transactions executed on the Paris Stock Exchange	376	-
- under transactions executed on the Frankfurt Stock Exchange	7,653	100
- under transactions executed on the New York Stock Exchange	3,564	372
- under transactions executed on Nasdaq	83	-
- other	9,464	439
From entities operating regulated markets and commodity exchanges	-	-
From the Central Securities Depository of Poland and exchange clearing houses	22,968	30,197
- from the settlement guarantee fund	22,968	30,197
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,111	4,099
From issuers of securities or selling shareholders	2,761	141
From commercial chamber	-	-

Taxes, subsidies and social security receivable	201	34
Other	7,946	7,095
Total current receivables	**165,007**	**249,771**

** In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, 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 Company recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on 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.

Financial assets

In the first nine months of 2015 and in the comparative period, there were no changes in the policies regarding measurement of financial assets at fair value or classification of financial assets.

Recognition and reversal of impairment losses on financial assets, property, plant and equipment, intangible assets or other assets

In the first nine months of 2015, the Group did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 14). In 2014, an impairment loss of PLN 11 thousand was recognised on financial instruments available for sale.

Acquisition and sale of property, plant and equipment and intangible assets

In the first nine months of 2015, the Group acquired property, plant and equipment and intangible assets for PLN 1,483 thousand (the first nine months of 2014: PLN 683 thousand).

Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2015 and in 2014, the Group did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchase of property, plant and equipment

The Group has no material liabilities under purchases of property, plant and equipment

13. Notes to the interim condensed consolidated statement of financial position – equity

Share capital

As at September 30th 2015, the Company's share capital was PLN 2,993,783.60 (no change on December 31st 2014).

It was divided into 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.

14. Notes to the interim condensed statement of financial position – liabilities and accruals and deferred income

Change in accruals and deferred income

	Jan 1–Sep 30 2015	Jan 1–Sep 30 2014	2014
As at beginning of reporting period	**7,625**	**9,159**	**9,159**
Provisions recognised in period	11,156	10,636	17,162
Used	11,823	14,763	18,473
Reversed	-	223	223
As at end of reporting period	**6,958**	**4,809**	**7,625**

Impairment losses on receivables

In the first nine months of 2015, impairment losses on receivables fell by PLN 719 thousand (with a decrease of PLN 40 thousand in Q3 2015), following reversal or use of impairment losses. In the corresponding period of 2014, impairment losses on receivables rose by PLN 368 thousand (with an increase of PLN 201 thousand in Q3 2014).

Liabilities (current)

Current liabilities	**Sep 30 2015**	**Dec 31 2014**
To clients	58,865	88,991
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	78,142	129,333
- to the Warsaw Stock Exchange *	61,956	121,673
- to the Budapest Stock Exchange	11,070	1,238
- to the London Stock Exchange	111	-
- to the New York Stock Exchange	3,363	-
- to the Frankfurt Stock Exchange	-	6,395
- to the Amsterdam Stock Exchange	736	9
- to the Paris Stock Exchange	744	18
- other	162	-
To entities operating regulated markets and commodity exchanges	474	672
- liabilities to the Warsaw Stock Exchange	381	574
- liabilities to the Budapest Stock Exchange	15	39
- liabilities to the Prague Stock Exchange	34	17
- liabilities to the Vienna Stock Exchange	42	42
- liabilities to the Chicago Stock Exchange	2	-
To the Central Securities Depository of Poland and exchange clearing houses	3,378	198
Borrowings	8,819	12,206
- from related entities	-	-
- other	8,819	12,206
Debt securities	6	6
Taxes, customs duties and social security payable	729	1,261
Salaries and wages	-	3
To investment and pension fund companies and to investment and pension funds	1,748	1,908
Other	1,094	1,025
a) dividends payable	-	-
b) other	1,094	1,025
- financial liabilities (lease)	196	178
- other liabilities	898	847

Total current liabilities	**153,255**	**235,603**

** In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following items of the statement of financial position: 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 liabilities to KDPW CCP (the agent clearing the transactions which has assumed the rights and obligations of the parties to the transactions).*

With the exception of bank borrowings, the liabilities do not bear interest.

Interest-bearing borrowings

Current liabilities under borrowings	Sep 30 2015	Dec 31 2014
Credit facility	8,819	12,206
- outstanding amount	8,819	12,206
Current liabilities under borrowings	**8,819**	**12,206**

As at September 30th 2015, the Group's liabilities under borrowings related to its brokerage business amounted to PLN 8,819 thousand (December 31st 2014: PLN 12,206 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 Central Securities Depository of Poland in connection with the brokerage activities and are renewed on an annual basis – their current term expires on September 15th 2016:

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 Central Securities Depository of Poland 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 Central Securities Depository of Poland. 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.

Bonds

In the first nine months of 2015, the Company issued registered bonds with a total par value of PLN 5.7 thousand (compared with PLN 6.4 thousand in the corresponding period of 2014), maturing in 2014–2018 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 Regulation 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.

By the date of issue of these financial statements, in 2015 the Company has redeemed PLN 5.2 thousand worth of bonds (including PLN 4.5 thousand in the first nine months of 2015), compared with PLN 4 thousand worth of bonds redeemed in the first nine months of 2014.

Defaults under credit facilities or loans or breach of material credit covenants, with respect to which no remedial action was taken by the end of the reporting period

none

15. Notes to the interim condensed consolidated statement of comprehensive income

Revenue from core activities

Revenue from core activities	Jan 1–Sep 30 2015	Jul 1–Sep 30 2015	Jan 1–Sep 30 2014	Jul 1–Sep 30 2014
Revenue from trading in securities	22,311	7,500	27,773	7,931
Revenue from investment banking services	10,761	5,697	8,418	1,614
Revenue from management of investment funds and clients’ assets	28,303	8,485	31,506	10,537
Revenue from consultancy services	8,976	2,793	10,232	4,089
Other revenue from core activities	128	101	27	13
Total revenue from core activities	**70,479**	**24,576**	**77,956**	**24,184**

Operating expenses

Cost of core activities	Jan 1–Sep 30 2015	Jul 1–Sep 30 2015	Jan 1–Sep 30 2014	Jul 1–Sep 30 2014
Affiliation costs	-	-	-	-
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	6,798	2,234	8,038	2,772
Salaries and wages	27,201	9,606	27,946	8,591
Social security and other benefits	2,152	520	2,023	409
Employee benefits	366	120	380	111
Raw material and consumables used	580	191	542	157
Costs of maintenance and lease of buildings	3,013	1,009	2,915	983
Depreciation and amortisation expenses	1,868	617	1,909	647
Taxes and other public charges	1,365	444	1,597	454
Other	22,371	7,320	21,068	6,589
Total cost of core activities	**65,714**	**22,061**	**66,418**	**20,713**

16. Income tax

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

	Jan 1–Sep 30 2015	Jul 1–Sep 30 2015	Jan 1–Sep 30 2014	Jul 1–Sep 30 2014
Current income tax				
Current income tax expense	800	298	1,051	254
Deferred income tax				
Relating to temporary differences and their reversal	373	-38	1,109	423
Income tax expense disclosed in the interim condensed consolidated statement of comprehensive income	**1,173**	**260**	**2,155**	**677**
Tax on unrealised gain/(loss) on financial assets available for sale	3	3	-5	-
Tax on cash flow hedges settled during the year	-	-	-	-
Tax benefit/tax expense recognised in equity	**3**	**3**	**-5**	**-**

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 Group companies.

Deferred tax

In the first nine months of 2015, deferred tax liabilities increased by PLN 70 thousand (with an increase of PLN 139 thousand in Q3 2015). In the first nine months of 2014, deferred tax liabilities increased by PLN 71 thousand (with an increase of PLN 64 thousand in Q3 2014). In the first nine months of 2015, deferred tax assets fell by PLN 297 thousand, including an increase of PLN 183 thousand in Q3 2015. In the first nine months of 2014, deferred tax assets fell by PLN 1,042 thousand, including a decrease of PLN 358 thousand in Q3 2014.

17. Employee benefits – employee share option plans

No eligible persons subscribed for any shares under the Company's incentive scheme in the first nine months of 2015 or in the comparative period.

In total, on a consolidated basis, the cost of the Group's option plans increased the cost of salaries and wages in the first nine months of 2015 by PLN 48 thousand (including PLN 12 thousand in Q3 2015); the amount was charged against IPOPEMA Securities S.A.'s profit. In the comparative period, that is in the first nine months of 2014, the cost of the Group's option plans increased the cost of salaries and wages by PLN 96 thousand (including PLN 27 thousand in Q3 2014); the amount was charged against IPOPEMA Securities S.A.'s profit.

The share option plan under which the above cost of salaries and wages was recognised was measured using the binomial tree model.

18. Dividends paid and proposed

On June 19th 2015, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend of PLN 1m, i.e. approximately PLN 17.85 per share. The dividend was paid out to the Company in full.

On June 30th 2015, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2014 of PLN 800 thousand, i.e. approximately PLN 400 per share. The full amount of the dividend was paid out.

On June 17th 2014, the General Meeting 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. The dividend was paid out to the Company in full.

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.

19. Issue, redemption and repayment of debt and equity securities

The Group companies issued no equity or non-equity securities in the first nine months of 2015 or in 2014.

The Company did however issue bonds in those periods, as discussed in detail in Note 14.

20. Exclusions of companies from consolidation

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

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Sep 30 2015	1	107	141
% share in Parent's total assets	-	0.05	0.07
Revenue for period Jan 1–Sep 30 2015	-	186	380
% share in Parent's revenue	-	0.56	1.14
Net assets as at Sep 30 2015	1	71	15
Net profit (loss) for period Jan 1–Sep 30 2015	- 1	37	- 17

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Dec 31 2014	1	220	50
% share in Parent's total assets	-	0.08	-
Revenue for period Jan 1–Sep 30 2014	-	668	-
% share in Parent's revenue	-	1.84	-
Net assets as at Dec 31 2014	1	53	50
Net profit (loss) for period Jan 1–Sep 30 2014	- 1	15	-

21. Seasonality

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

22. Contingent liabilities and contingent assets

In the period covered by these condensed consolidated financial statements, the Company carried contingent liabilities under lease agreements. 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	Sep 30 2015	Dec 31 2014
	Present value of minimum lease payments	
Within 1 year	3,097	3,063
Within 1 to 5 years	10,189	12,254
Over 5 years	-	124
Total lease liabilities	**13,286**	15,441

** Value calculated by recognising the cost on a straight-line basis over the lease term.*

In Q4 2015, the Company will incur a cost of up to CZK 261 thousand (PLN 41 thousand) under an agreement with the clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement is not reached, which is a condition for incurring that cost. In the corresponding period of 2014, the cost was CZK 413 thousand (PLN 63 thousand).

In addition to the above and the guarantees specified in Note 23, the Company also issued promissory notes as security for a credit facility (for a detailed description see Note 14), and paid a deposit of PLN 1m as security in the settlement of transactions on foreign stock exchanges.

23. Guarantees

In January 2012, PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) issued to the Company a guarantee of up to EUR 268 thousand, secured by a security deposit with a current value of PLN 1,362 thousand. Under annexes executed in 2014 and in 2015 by the date of these financial statements, the guarantee amount was increased to EUR 277 thousand (as at September 30th 2015, the amount was EUR 273 thousand). The guarantee, provided until April 15th 2018, secures liabilities related to the lease of 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 EUR 2.5m (the guarantee amount was changed on April 2nd 2015 to EUR 1.5m) and secures the Company's timely payment of liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearing of BSE transactions. Under amendments made to the guarantee agreement in 2015, the guarantee was extended until April 1st 2016. In particular cases specified in the agreement, the guarantee expires on July 1st 2016. The guarantee is secured with a PLN 3.5m cash deposit.

24. Related-party transactions

IPOPEMA Securities is the Parent of the Group. The composition of the Group and the equity interests are presented in Note 2.

In the first nine months of 2015 and in 2014, the Group did not conclude any material transactions with related parties other than on an arm's length basis.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Sep 30 2015				Jan 1–Sep 30 2014			
IPOPEMA Business Services Kft.	-	-	184	-	-	102	550	98
IPOPEMA Business Services Srl.	-	-	377	-	-	-	-	-
IPOPEMA Outsourcing Sp. z o.o.	-	-	-	-	-	-	-	-

Members of the Management and Supervisory Boards	3	19	23	-	60	31	10	-
Other related entities	-	-	-	-	-	-	-	-
Total	**3**	**19**	**584**	**-**	**60**	**133**	**560**	**98**

Related party	**Revenue from core activities**	**Other income**	**Purchases – core activities**	**Other purchases**	**Revenue from core activities**	**Other income**	**Purchases – core activities**	**Other purchases**
	Jul 1–Sep 30 2015				**Jul 1–Sep 30 2014**			
IPOPEMA Business Services Kft.	-	-	-	-	-	33	180	33
IPOPEMA Business Services Srl.	-	-	128	-	-	-	-	-
IPOPEMA Outsourcing Sp. z o.o.	-	-	-	-	-	-	-	-
Members of the Management and Supervisory Boards	-	-	-	-	1	4	3	-
Other related entities	-	-	-	-	-	-	-	-
Total	**-**	**-**	**128**	**-**	**1**	**37**	**183**	**33**

Related party transactions – receivables and liabilities

Related party	**Receivables**		**Liabilities**	
	Sep 30 2015	**Dec 31 2014**	**Sep 30 2015**	**Dec 31 2014**
IPOPEMA Business Services Kft.	-	82	-	-
IPOPEMA Business Services Srl.	79	80	-	-
Members of the Management and Supervisory Boards	6	11	-	-
Other related entities	-	-	-	-
Total	**85**	**173**	**-**	**-**

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

25. Items of the consolidated statement of cash flows

Operating activities – provision of brokerage and consulting services, fund and asset management services and 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 condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows	
	Sep 30 2015	**Dec 31 2014**	**Sep 30 2015**	**Dec 31 2014**
Cash and cash equivalents	**52,076**	**50,708**	**52,010**	**50,707**
1. In hand	2	3	2	3
2. At banks	27,574	20,895	27,574	20,895
3. Other cash	24,461	29,810	24,461	29,810
4. Cash equivalents	39	-	39	-
Accrued foreign exchange differences	-	-	- 66	- 1

As at September 30th 2015 and December 31st 2014, the difference between the presentation of cash in the statement of financial position and the statement of cash flows 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 12.

Differences in changes in balance-sheet items

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Sep 30 2015	**Dec 31 2014**	**Sep 30 2015**
Gross current and non-current receivables	167,938	253,407	87,733
Net receivables	167,369	252,119	
Impairment losses on receivables	569	1,288	-719
Current prepayments and accrued income	1,668	1,356	
Accruals and deferred income (net of deferred tax related to equity and unpaid interest)	6,920	7,573	
Increase/(decrease) in accruals and deferrals			**- 965**

The difference between 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 September 30th 2015 net of receivables under loans advanced, receivables under sale of investment certificates, receivables under payment to increase a security deposit made in 2015, and interest on a security deposit receivable, disclosed under investing activities.

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Sep 30 2014	**Dec 31 2013**	**Sep 30 2014**
Gross current and non-current receivables	460,064	277,893	-182,192
Net receivables	459,089	277,286	
Impairment losses on receivables	975	607	368
Current prepayments and accrued income	1,274	1,316	
Non-current prepayments and accrued income	-	-	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	4,765	9,057	
Increase/(decrease) in accruals and deferrals			**-4,250**

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 September 30th 2014 net of the amount of receivables under dividend, loans advanced, security deposit receivable, receivables under sale of investment certificates, and non-current receivables, disclosed under investing activities, and the amount of lease receivables (non-current portion) disclosed under financing activities.

Explanation concerning other items of the consolidated statement of cash flows

	Jan 1–Sep 30 2015	Jan 1–Sep 30 2014
Cash flows from operating activities		
Other adjustments	38	96
- incentive scheme	48	96
- other	- 10	-
Cash flows from investing activities		
Other cash from investing activities	363	230
- decrease in lease receivables	-	14
- dividend received	190	26
- interest received	173	190
Other cash used in investing activities	1,000	-
- increase in security deposit	1,000	-

26. Pending court or administrative proceedings

None of the Group companies was party to any litigation or court proceedings in the first nine months of 2015 or in 2014.

In July 2015, proceedings were instigated against IPOPEMA TFI by the General Inspector for Financial Information to impose a fine for failure to meet the obligation to register a transaction, provided for in Art. 8.1 of the Act on Countering Money Laundering and the Financing of Terrorism dated November 16th 2000, and failure to implement follow-up recommendations issued by the Polish Financial Supervision Authority within the set time limit. On September 29th 2015, the General Inspector for Financial Information imposed a financial penalty of PLN 5 thousand on IPOPEMA TFI for failure to meet these obligations. IPOPEMA TFI appealed the decision to the Ministry of Finance.

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.

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). The fine was paid in full.

27. Material events and factors in the first nine months of 2015

Situation on equity markets

While the value of trading at the WSE in the first three quarters of 2015 was lower than a year earlier (down 2.3%), the value of trading on the stock exchanges in Budapest and Prague was higher than in the first nine months of 2014 – by 6.7% and 13.7%, respectively. Over the same period, the Company's market share shrank to 5.89% on the WSE and 2.21% on the BSE (from 7.10% and 3.51% in Q1−Q3 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from trading in securities in January−September 2015 was down 19.7% year on year (PLN 22.311 thousand vs PLN 27,773 thousand).

Investment banking services

While in the first months of 2015 the equity market practically came to a standstill, the second quarter saw a slight recovery. Unfortunately, the tense economic situation in Greece at the end of June and beginning of July and the related uncertainty among investors led to the halting of two transactions handled by the Company. The end of summer vacation brought some improvement in market sentiment with several successful transactions handled by the Company. As a result, revenue from investment banking services in January–September 2015 came to PLN 10,761 thousand, having grown by nearly 30% year on year (PLN 8,418 thousand).

Activities of IPOPEMA TFI and IPOPEMA Asset Management

Despite an increase in the total value of assets under management (to PLN 33.6bn at the end of September 2015 vs PLN 26.4bn in the previous year), a decline in assets of actively managed funds (from PLN 706m to PLN 608m) translated into a decrease in revenue of the fund and portfolio management segment (by 10.2%, to PLN 28,303 thousand). Coupled with practically unchanged operating expenses, this resulted in a lower net profit of the segment (PLN 1,961 thousand vs PLN 4,712 thousand a year earlier).

IPOPEMA Business Consulting

A decrease in the number of consulting projects in the first nine months of 2015 relative to the corresponding period of 2014 brought about a 12.3% decline in IPOPEMA Business Consulting’s revenue, which translated into a lower net profit (PLN 12 thousand vs PLN 720 thousand in Q1-Q3 2014) despite a 5.4% drop in operating expenses.

28. Events subsequent to the end of reporting period

All events related to the reporting period were disclosed in the accounting books and the condensed consolidated financial statements for the period January 1st–September 30th 2015.

No material events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, November 5th 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

Daniel Ścigała
Member of the
Management Board

Danuta Ciosek
Chief Accountant