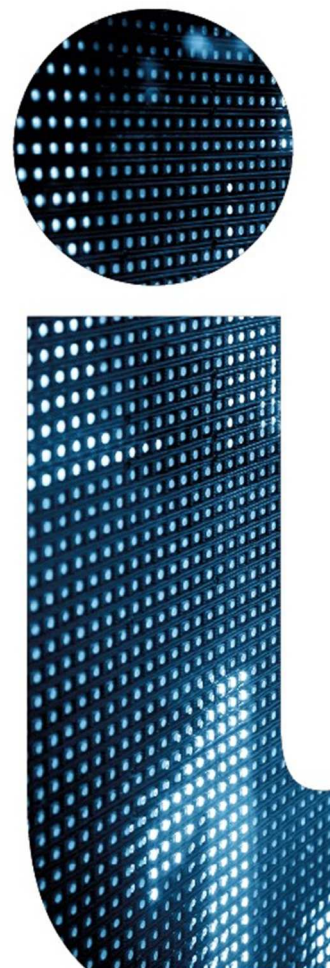


IPOPEMA Securities S.A.

Interim condensed financial statements

for the nine months ended
September 30th 2017

Warsaw, November 16th 2017



Financial highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	Three months ended September 30th				Nine months ended September 30th			
	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from core activities	10,909	8,485	2,552	1,953	33,761	25,464	7,931	5,829
Cost of core activities	9,151	8,088	2,141	1,861	29,100	26,080	6,836	5,970
Profit on core activities	1,758	397	411	91	4,661	- 616	1,095	- 141
Operating profit	401	319	94	73	4,252	765	999	175
Profit before tax	362	- 378	85	- 87	2,788	89	655	20
Net profit	128	- 282	30	- 65	2,308	328	542	75
Earnings per ordinary share (weighted average) (PLN/ EUR)	0.01	- 0.01	0.00	0.00	0.08	0.01	0.02	0.00
Net cash flow from operating activities	- 13,631	13,103	- 3,188	3,015	17,866	- 100,022	4,197	- 22,895
Total cash flows	- 8,579	3,212	- 2,007	739	13,915	- 107,280	3,269	- 24,556

Financial highlights	PLN '000			EUR '000		
	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2017	Jun 30 2017	Dec 31 2016
Total assets	424,277	327,683	305,012	98,461	77,531	68,945
Current liabilities	357,020	259,994	239,162	82,853	61,515	54,060
Equity	62,935	62,615	61,405	14,605	14,815	13,880
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)	2.10	2.09	2.05	0.49	0.49	0.46

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

- For the statement of profit or loss and statement of cash flows items:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	1-9.2017	1-9.2016
EUR	4.2566	4.3688

- For the balance sheet:

Exchange rate as at	Sep 30 2017	Dec 31 2016	Sep 30 2016
EUR	4.3091	4.4240	4.3120

Introduction to the interim condensed financial statements

Information about the Company

The Company was established on March 2nd 2005 (as Dom Maklerski IPOPEMA S.A.), in accordance with Notaries Deed – Repertory No. A 2640/2005, including the Company's Articles of Association, drawn up by Janusz Rudnicki, Notary Public in Warsaw, ul. Marszałkowska 55/73, suite 33. According to the Articles of Association, the Company was established for indefinite time.

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

Pursuant to a decision issued by the District Court for the Capital City of Warsaw, 19th (currently 12th) Commercial Division of the National Court Register, on March 22nd 2005 the Company was entered into the Business Register of the National Court Register under KRS No. 0000230737.

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

The Company conducts brokerage activities pursuant to a brokerage licence granted by the Polish Securities and Exchange Commission (currently, the Polish Financial Supervision Authority, or the „PFSA”) on June 30th 2005, and other authorisations which it was required to obtain in connection with subsequent amendments to applicable laws and regulations. Currently, the Company holds licences for a majority of the activities specified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.2.4 and 69.2.8, Art. 69.4.2 and 69.4.8, and Art. 69a.1 of the Act.

The Company's principal business activities comprise brokerage activities and the provision of business and management advisory services.

All Company shares (a total of 29,937,836 shares) outstanding as at the date of publication of these interim condensed financial statements are admitted to trading on the regulated market operated by the Warsaw Stock Exchange and have been introduced to trading on the main market. May 26th 2009 was the first listing date.

Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these interim condensed financial statements, no circumstances were identified which would threaten the Company's ability to continue as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is September 30th 2017.

Composition of the Management Board and the Supervisory Board

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

Jacek Lewandowski – CEO and President of the Management Board,
Miroslaw Borys – Vice President of the Management Board,
Mariusz Piskorski – Vice President of the Management Board,
Stanislaw Waczkowski – Vice President of the Management Board.

On January 4th 2017, Mr Ścigała tendered his resignation as a Management Board Member, with effect as of January 31st 2017.

As at the date of these interim condensed 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,
Michał Dobak – Member of the Supervisory Board,
Piotr Szczepiórkowski – Member of the Supervisory Board.

In connection with the expiry in 2017 of the statutory mandate of the Supervisory Board, on June 27th 2017 the Annual General Meeting elected the Supervisory Board for the next term of office. Mr Zbigniew Mrowiec, who resigned as candidate for the new term, was replaced on the Supervisory Board by Piotr Szczepiórkowski.

Basis of preparation of the interim condensed financial statements

These interim condensed financial statements ("condensed financial statements", "financial statements") cover the period from January 1st to September 30th 2017 and include comparative data for the period from January 1st to September 30th 2016 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2016 (for the balance sheet and the statement of changes in equity).

These interim condensed financial statements were prepared in compliance with the Polish Accounting Standards ('PAS').

As at the date of these condensed financial statements, the Company was the parent of a group comprising the following companies:

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., ('IPOPEMA TFI') of Warsaw – 100% interest;
- IPOPEMA Business Consulting Sp. z o.o., ('IBC') of Warsaw – 50.02% interest;
- IPOPEMA Financial Advisory Sp. z o.o. ('IFA') of Warsaw – 100% interest; in May 2016, the Company purchased from IBC all shares in IPOPEMA Outsourcing Sp. z o.o.; in August 2016, the company's name was changed to IPOPEMA Financial Advisory Sp. z o.o.
- IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK') of Warsaw – in July 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa, with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company's maximum liability for IFA SK's liabilities to creditors is PLN 7,750. The structure comprising IFA and IFA SK was established in connection with the transfer to IFA SK of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, previously provided by IPOPEMA Securities. The transfer was effected in February 2017 (Jarosław Błaszczak, the current limited partner in IFA SK, had already worked with the Company in this area of business).
- IPOPEMA Business Services Srl ('IBS Srl') of Bucharest, Romania – wholly owned by IPOPEMA Securities S.A. Following the change of the business model for foreign markets, the process of winding up IBS Srl. began in 2016.

The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'Group'). IBS Srl and IFA were not consolidated due to the immateriality of their financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

Identification of the interim condensed financial statements

All financial data contained in these interim condensed financial statements is presented in PLN '000.

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

Selected accounting policies

Receivables

Short-term receivables

Short-term receivables include all receivables from clients, related entities, banks conducting brokerage activity, other brokerage houses and commodity brokerage houses under executed transactions, as well as all or part of receivables related to other items, which are not classified as financial assets, in each case maturing within 12 months after the reporting date.

Receivables are measured at amounts receivable, subject to the prudent valuation principle. The amount of receivables is subsequently decreased by impairment losses, if any, which are recognised based on the analysis of collectability of receivables from individual debtors.

Impairment losses on receivables are estimated in the event of an increase in the risk that it will not be possible to collect the full amount receivable. Taking into consideration the nature of its business, the Company has adopted the following rules for estimating impairment losses on past due receivables:

- for receivables past due by up to 6 months – no impairment loss is recognised,
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised,
- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

The Company may also recognise impairment losses based on an individual assessment of a receivable.

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.

Short-term receivables from clients, short-term 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

Short-term receivables from clients, short-term 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). In the case of buy trades executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients on behalf of whom such buy trades have been 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 short-term 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.*

Long-term receivables

Long-term receivables are receivables whose terms to maturity are longer than 12 months from the reporting date.

Financial instruments

Financial instruments are classified into the following categories:

1. Financial assets

- financial assets held for trading,
- loans and receivables,
- financial assets held to maturity,
- financial assets available for sale.

2. Financial liabilities

- financial liabilities held for trading,
- other financial liabilities.

Financial assets and liabilities held for trading

- Financial assets and liabilities held for trading are financial instruments acquired for the Company's own account in connection with executed transactions, and are measured at fair value, determined by reference to their market value as at the reporting date.

Financial instruments held for trading include shares in companies listed on the Warsaw and Budapest Stock Exchanges.

Financial assets are recognised as at the contract 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 records at the contract date at the fair value of the amount or other assets received. When determining the fair value as at the contract date, the Company takes into account transaction costs. For the purpose of the measurement, the Company takes into account the closing prices quoted by the Warsaw Stock Exchange (the 'WSE') and the Budapest Stock Exchange (the 'BSE') on the last business day of the reporting period. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

The Company does not apply hedge accounting.

Loans advanced and receivables

Loans and receivables include financial assets arising when the Company delivers cash directly to the counterparty, irrespective of the maturity date of such assets. Loans advanced and receivables are measured at adjusted cost, which is estimated using the effective interest rate method. Non-interest bearing short-term receivables are measured at amounts receivable, subject to the prudent valuation principle. In this category, the Group includes mainly trade receivables, bank deposits and other cash, as well as loans granted to employees and associates of IPOPEMA Securities and of a related company. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans advanced comprise loans advanced to employees and associates of IPOPEMA Securities and to a related company.

Financial assets held to maturity

Financial assets held to maturity are investments with fixed or determinable payments and fixed maturities that the Company intends and is able to hold to maturity. Financial assets held to maturity are measured at amortised cost with the effective interest rate method.

Financial assets held to maturity are classified as non-current assets if their terms to maturity are longer than 12 months from the reporting date. The Company had no financial assets held to maturity in the reporting or in the comparative period.

Financial assets available for sale

All other financial instruments are classified as financial assets available for sale. Financial assets available for sale are carried at fair value (without deducting the transaction costs), determined by reference to their market value as at the reporting date. Under financial assets available for sale the Company recognises investment certificates, investment fund units and bonds, as well as, pursuant to the regulation on special accounting policies for brokerage houses, shares in subsidiaries.

Investment certificates and investment fund units are carried at fair value based on the net asset value per certificate/investment fund unit as published by the investment fund. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

In this category, the Company classifies mainly bank borrowings, including overdrafts. Other financial liabilities are measured at amortised cost.

Financial instruments are derecognised when the Company loses control over the contractual rights constituting the given financial instrument; that usually happens when an instrument is sold or when all the cash flows attributable to an instrument are transferred onto an independent third party.

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

Impairment of financial instruments

As at each reporting date, the Company assesses whether there are objective indications of impairment of a financial instrument or a group of financial instruments.

Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include all liabilities to clients, liabilities to 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.

Liabilities are measured at amounts due. Recognition of current liabilities under executed transactions is discussed above, in the description of short-term receivables.

Non-current liabilities

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

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

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

Currency	September 30th 2017	December 31st 2016	September 30th 2016
USD	3.6519	4.1793	3.8558
EUR	4.3091	4.4240	4.3120
100 HUF	1.3846	1.4224	1.3947
GBP	4.8842	5.1445	4.9962
UAH	0.1373	0.1542	0.1488
CZK	0.1655	0.1637	0.1596
CHF	3.7619	4.1173	3.9802
TRY	1.0269	1.1867	1.2822
100 JPY	3.2439	3.5748	3.8171
NOK	0.4594	0.4868	0.4796
CAD	2.9383	3.0995	2.9290
SEK	0.4492	0.4619	0.4487
DKK	0.5790	0.5951	0.5786
AUD	2.8625	3.0180	2.9339
RON	0.9368	0.9749	0.9675

Source: National Bank of Poland.

Changes in estimates

In the reporting period, there were no changes in estimates other than changes in depreciation and amortisation, provisions, and impairment losses on receivables, as discussed in Note 7.

Changes in applied accounting policies

The policies applied in the reporting period are described in detail in the full-year financial statements for 2016, issued on March 21st 2017. In the first nine months of 2017, the Company did not change its accounting policies.

Comparability of the reported data

These interim condensed financial statements were presented in a manner ensuring data comparability by applying uniform accounting policies in all the presented periods, consistent with the accounting policies applied by the Company.

In 2016, the Ministry of Finance amended the Regulation of the Minister of Finance on special accounting principles for brokerage houses, dated December 28th 2009. One of the amendments was a change of the presentation of certain items of the balance sheet and the statement of profit or loss.

The effect of these amendments on items of the balance sheet as at September 30th 2016 is presented in the table below.

	Sep 30 2016 (approved)	Presentation change	Sep 30 2016 (restated)
Short-term receivables	361,406	- 161	361,245
including:			
From the Central Securities Depository of Poland and from settlement and clearing houses	43,208	- 43,002	206
From CCP	-	43,002	43,002
Other	15,787	- 161	15,626
Short-term loans advanced	-	161	161
Current liabilities	351,411	-	351,411
including:			
To the Central Securities Depository of Poland and to settlement and clearing houses	11,355	- 11,331	24
To CCP	-	11,331	11,331

The tables below present the effect of the amendments on the statement of profit or loss for the first nine months of 2016.

	Sep 30 2016 (approved)	Sep 30 2016 (restated) (designation according to the numbering in the statement of profit or loss)				
		1 a)	1 b)	1 c)	1 d)	1 e)
Revenue from brokerage activities, including:	25,464	4	16,524	3,283	9	5,644
1. Fee and commission income	16,568					
from transactions in financial instruments made in the name of the Company but for the account of the party placing an order						
a) from offering financial instruments	15,190	4	15,186	-	-	-
b) from offering financial instruments	1,378	-	-	1,378	-	-
2. Other income	8,896					
a) from offering financial instruments	9	-	-	-	9	-
b) from maintenance of clients' securities accounts and cash accounts	1,905	-	-	1,905	-	-
c) other	6,982	-	1,338	-	-	5,644

	Sep 30 2016 (approved)	Presentation change	Sep 30 2016 (restated)
Cost of core activities	26,080	-	26,080
including:			
Services	-	5,286	5,286
Other	5,776	- 5,286	490
Other income	429	33	462
including:			

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

Decrease in impairment losses on receivables	-	33	33
Other expenses	418	70	488
including:			
Increase in impairment losses on receivables	-	70	70
Difference between provisions for and impairment losses on receivables	- 37	37	-
Decrease in impairment losses on receivables	33	- 33	-
Increase in impairment losses on receivables	70	- 70	-

Seasonality of operations

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

Correction of prior period errors

No corrections of prior period errors were made in these financial statements.

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

ASSETS		Note	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
I.	Cash and cash equivalents	1	41,044	49,585	27,119	28,427
1.	In hand		-	-	1	1
2.	At banks		2,560	4,690	11,466	7,006
3.	Other cash		38,453	44,890	15,644	21,414
4.	Cash equivalents		31	5	8	6
II.	Short-term receivables	2, 7	355,267	254,560	255,106	361,245
1.	From clients		135,818	93,876	124,551	88,715
2.	From related entities	19	430	267	209	41
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		166,333	111,028	73,232	213,613
a)	under executed transactions		145,726	95,211	72,031	209,724
b)	other		20,607	15,817	1,201	3,889
4.	From entities operating regulated markets and commodity		-	-	-	-
5.	From the Central Securities Depository of Poland and exchange		211	206	213	206
5.a.	From CCP		33,684	29,882	34,694	43,002
6.	From investment and pension fund companies and from investment and pension funds		642	1,324	15	6
7.	From issuers of securities or selling shareholders		10	-	-	-
8.	Taxes, subsidies and social security receivable		9	10	40	36
9.	Other		18,130	17,967	22,152	15,626
III.	Financial instruments held for trading	3, 4	7,381	2,712	126	2,450
1.	Equities		7,381	2,712	126	2,450
IV.	Current prepayments and accrued income		792	759	663	722
IV.a.	Short-term loans advanced		1,019	689	149	161
1.	To subordinated entities	19	936	606	-	-
2.	Other		83	83	149	161
V.	Financial instruments held to maturity		-	-	-	-
VI.	Financial instruments available for sale	3, 4	13,009	12,955	12,853	12,862
1.	Equities		8,639	8,639	8,631	8,631
	- shares in subordinated entities		8,639	8,639	8,631	8,631
2.	Debt securities		10	10	10	10
3.	Investment fund units		4,160	4,106	4,019	4,030
4.	Investment certificates		200	200	193	191
VII.	Long-term receivables		-	-	1,384	1,380
VIII.	Long-term loans advanced		53	25	54	88
1.	Other		53	25	54	88
IX.	Intangible assets	4	1,891	2,074	2,475	2,170
1.	Acquired permits, patents, licences and similar assets, including:		1,891	2,074	2,475	2,170
	- software		1,891	2,074	2,475	2,170
X.	Property, plant and equipment	4, 5	2,637	3,046	3,746	4,089
1.	Tangible assets, including:		2,625	3,046	3,736	3,411
a)	buildings and premises		414	431	464	481
b)	computer assemblies		1,459	1,726	2,265	1,858
c)	other tangible assets		752	889	1,007	1,072
2.	Tangible assets under construction		12	-	10	678
XI.	Non-current prepayments and accrued income		1,184	1,278	1,337	1,428
1.	Deferred tax assets	14	1,046	1,102	1,093	1,262
2.	Other non-current prepayments and accrued income		138	176	244	166

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

XII.	Called-up share capital not paid	-	-	-	-
XIII.	Treasury shares	-	-	-	-
Total assets		424,277	327,683	305,012	415,022

Warsaw, November 16th 2017

 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

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

EQUITY AND LIABILITIES		Note	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
I.	Current liabilities	6	357,020	259,994	239,162	351,411
1.	To clients		174,368	131,761	89,490	194,474
2.	To related entities	19	5	13	20	11
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		160,630	109,574	130,250	127,352
a)	under executed transactions		160,630	109,574	130,250	127,352
4.	To entities operating regulated markets and commodity exchanges		539	564	602	543
5.	To the Central Securities Deposit of Poland and to settlement and clearing houses		33	55	62	24
5.a.	To CCP		4,399	3,038	1,982	11,331
6.	Borrowings		12,995	10,478	14,784	15,394
a)	other		12,995	10,478	14,784	15,394
7.	Debt securities	11	3	4	3	4
7.a.	Negative fair value of financial instruments held for trading		-	-	-	-
8.	Taxes, customs duties and social security payable		601	1,471	535	421
9.	Salaries and wages		-	-	1	-
10.	To investment and pension fund companies and to investment and pension funds		207	218	154	118
11.	Other		3,240	2,818	1,279	1,739
II.	Non-current liabilities		44	139	158	167
1.	Debt securities	11	1	2	2	2
2.	Finance lease liabilities	10	43	137	156	165
	- from other entities		43	137	156	165
III.	Accruals		-	-	-	8
IV.	Provisions for liabilities	7	4,278	4,935	4,287	2,743
1.	Deferred tax liabilities	14	306	330	412	364
2.	Other		3,972	4,605	3,875	2,379
a)	non-current		130	136	382	292
b)	current		3,842	4,469	3,493	2,087
V.	Subordinated liabilities		-	-	-	-
VI.	Equity		62,935	62,615	61,405	60,693
1.	Share capital	8	2,994	2,994	2,994	2,994
2.	Reserve funds		57,500	57,352	57,352	57,352
a)	share premium		10,351	10,351	10,351	10,351
b)	statutory reserve funds		998	998	998	998
c)	reserve funds created pursuant to the Articles of Association		46,151	46,003	46,003	46,003
3.	Revaluation capital reserve		133	89	13	19
4.	Retained earnings		-	-	-	-
5.	Net profit	15	2,308	2,180	1,046	328
Total equity and liabilities			424,277	327,683	305,012	415,022
Book value (PLN '000)			62,935	62,615	61,405	60,693
Number of shares as at end of period			29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.10	2.09	2.05	2.03
Diluted number of shares			29,937,836	29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2.10	2.09	2.05	2.03

Warsaw, November 16th 2017

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant

OFF-BALANCE-SHEET ITEMS	Note	Sep 30 2017	Jun 30 207	Dec 31 2016	Sep 30 2016
I. Contingent liabilities	9	-	-	-	-
II. Third-party assets used		-	-	-	-
III. Futures/forwards purchased or issued in the name and for the account of the brokerage house		-	-	-	-
IV. Other off-balance sheet items		-	-	-	-

Warsaw, November 16th 2017

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Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

Statement of profit or loss	Note	Jul 1-Sep 30 2017	Jan 1 -Sep 30 2017	Jul 1-Sep 30 2016	Jan 1-Sep 30 2016
I. Revenue from core activities, including:		10,909	33,761	8,485	25,464
- from related entities	19	118	314	1	1
1. Revenue from brokerage activities, including:		10,792	33,448	8,485	25,464
a) acceptance and transfer of orders to buy and sell financial instruments		68	104	-	4
b) execution of orders to buy and sell financial instruments for the account of clients		5,794	17,884	5,796	16,524
c) offering of financial instruments		2,465	8,603	431	3,283
d) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		18	53	3	9
e) other		2,447	6,804	2,255	5,644
2. Revenue from other core activities		117	313	-	-
II. Cost of brokerage activities		9,151	29,100	8,088	26,080
- from related entities	19	9	51	12	314
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,745	5,456	1,442	4,324
2. Payments to CCP		211	487	131	376
3. Fees payable to trade organisation		11	30	-	-
4. Salaries and wages		3,626	10,284	3,157	10,338
5. Social security and other benefits		293	1,142	246	1,148
6. Employee benefits		67	273	76	243
7. Raw material and consumables used		40	134	44	173
8. Services		1,792	7,093	1,527	5,286
9. Costs of maintenance and lease of buildings		396	1,212	393	1,151
10. Depreciation and amortisation		541	1,612	460	1,389
11. Taxes and other public charges		277	963	473	1,162
12. Other		152	414	139	490
III. Profit/(loss) on core activities		1,758	4,661	397	- 616
IV. Income from financial instruments held for trading		502	1,322	77	570
1. Dividends and other profit distributions		12	19	-	52
2. Revaluation adjustments		- 25	7	25	42
3. Gain on sale/redemption		515	1,296	52	476
V. Cost related to financial instruments held for trading		652	979	119	672
1. Revaluation adjustments		445	472	- 35	26
2. Loss on sale/redemption		207	507	154	646
VI. Gain/(loss) on transactions in financial instruments held for trading		- 150	343	- 42	- 102
VII. Income from financial instruments available for sale		-	900	-	1,509
1. Dividends and other profit distributions		-	900	-	1,470
- from related entities		-	900	-	1,470
2. Gain on sale/redemption		-	-	-	39
VIII. Cost related to financial instruments available for sale		-	-	-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		-	900	-	1,509
X. Other income		160	387	183	462
1. Reversal of provisions		-	3	-	-
2. Decrease in impairment losses on receivables		27	97	-	33
3. Other		133	287	183	429
XI. Other expenses		1,367	2,039	219	488
1. Impairment losses on receivables		1,318	1,379	36	70
2. Other		49	660	183	418
XII. Operating profit/(loss)		401	4,252	319	765

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

XIII. Finance income	131	456	- 328	494
1. Interest on loans granted, including	10	19	4	12
- from related entities	10	16	-	-
2. Interest on deposits	43	146	56	174
- from related entities	-	-	-	-
3. Foreign exchange gains	-	-	- 465	34
a) realised	-	-	- 53	31
b) unrealised	-	-	- 412	3
4. Other	78	291	77	274
XIV. Finance costs	170	1,920	369	1,170
1. Interest on borrowings, including:	250	827	293	953
- to related entities	-	-	-	-
2. Other interest	20	82	24	94
3. Foreign exchange losses	- 266	426	-	-
a) realised	- 59	116	-	-
b) unrealised	- 207	310	-	-
4. Other	166	585	52	123
XV. Profit before tax	362	2,788	- 378	89
XVI. Income tax	234	480	- 96	- 239
XVII. Net profit	128	2,308	- 282	328
Weighted average number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Earnings per ordinary share (PLN)	0.01	0.08	- 0.01	0.01
Weighted average diluted number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)	0.01	0.08	- 0.01	0.01

Warsaw, November 16th 2017

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Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

STATEMENT OF CASH FLOWS	Note	Jul 1- Sep 30 2017	Jan 1- Sep 30 2017	Jul 1- Sep 30 2016	Jan 1- Sep 30 2016
A. NET CASH FROM OPERATING ACTIVITIES					
I. Net profit		128	2,308	- 282	328
II. Total adjustments:		- 13,759	15,558	13,385	- 100,350
1. Depreciation and amortisation		541	1,612	460	1,389
2. Foreign exchange gains/(losses)		- 12	12	324	220
3. Interest and profit distributions (dividends)		221	- 123	286	- 588
4. Gain/(loss) on investing activities		-	455	- 1	- 40
5. Change in provisions and impairment losses on receivables		577	1,274	- 516	- 2,806
6. Increase/(decrease) in financial instruments held for trading		- 4,670	- 7,256	- 1,170	- 1,236
7. Increase/(decrease) in receivables		- 105,998	- 100,059	- 96,319	- 193,938
8. Change in current liabilities (net of borrowings), including special accounts		95,579	119,671	110,591	96,890
9. Increase/(decrease) in accruals and deferrals		61	24	- 275	- 266
10. Other		- 58	- 52	5	25
III. Net cash from operating activities (I + II)		- 13,631	17,866	13,103	- 100,022
B. CASH FLOWS FROM INVESTING ACTIVITIES					
I. Cash from investing activities		4,042	5,056	345	1,966
1. Decrease in loans advanced		22	119	293	397
2. Profit distributions (dividends) received		2	910	52	1,522
3. Interest received		18	27	-	-
4. Disposal of financial instruments available for sale		4,000	4,000	-	47
II. Cash used in investing activities		399	5,434	821	5,218
1. Acquisition of intangible assets		-	396	166	199
2. Acquisition of property, plant and equipment		31	62	595	744
3. Purchase of financial instruments available for sale		-	4,008	-	4,012
4. Loans advanced		368	968	60	263
III. Net cash from investing activities (I - II)		3,643	- 378	- 476	- 3,252
C. NET CASH FROM FINANCING ACTIVITIES					
I. Cash from financing activities		-	3	-	258
1. Increase in short-term borrowings		-	-	-	256
2. Proceeds from issue of long-term debt securities		-	1	-	1
3. Proceeds from issue of short-term debt securities		-	2	-	1
II. Cash used in financing activities		- 1,409	3,576	9,415	4,264
1. Decrease in short-term borrowings		- 2,517	1,791	5,843	-
2. Repayment of short-term debt securities		2	4	1	6
3. Dividends and other payments to owners		898	898	3,293	3,293
4. Payment of finance lease liabilities		6	27	12	32
5. Interest paid		202	856	266	933
III. Net cash from financing activities (I - II)		1,409	- 3,573	- 9,415	- 4,006

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2017

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		- 8,579	13,915	3,212	- 107,280
E. NET CHANGE IN CASH, including:		- 8,567	13,903	2,896	- 107,500
- effect of exchange rate fluctuations on cash held		12	- 12	- 316	- 220
F. CASH AT BEGINNING OF PERIOD	20	49,609	27,115	25,335	135,827
G. CASH AT END OF PERIOD (F +/- D), including:	20	41,030	41,030	28,547	28,547
- restricted cash*		38,150	38,150	19,815	19,815

* Restricted cash includes primarily clients' funds held by the Company.

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STATEMENT OF CHANGES IN EQUITY	Jan 1–Sep 30 2017	2016	Jan 1– Sep 30 2016
I. EQUITY AT BEGINNING OF PERIOD	61,405	63,627	63,627
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	61,405	63,627	63,627
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,352	57,152	57,152
2.1. Changes in reserve funds	148	200	200
a) increase	148	200	200
- distribution of profit (above statutory minimum)	148	200	200
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,500	57,352	57,352
3. Revaluation capital reserve at beginning of period	13	- 12	- 12
3.1. Changes in revaluation capital reserve	120	25	31
a) increase	148	116	65
- remeasurement of financial instruments	148	116	65
b) decrease	28	91	34
- remeasurement of financial instruments	28	91	34
3.2. Revaluation capital reserve at end of the period	133	13	19
4. Retained earnings/(accumulated deficit) at beginning of period	1,046	3,493	3,493
4.1. Retained earnings at beginning of period	1,046	3,493	3,493
a) increase	-	-	-
b) decrease	1,046	3,493	3,493
- distribution of retained earnings (dividend)	898	3,293	3,293
- distribution of retained earnings (increase in reserve funds)	148	200	200
4.2. Retained earnings at end of period	-	-	-
5. Net profit/(loss)	2,308	1,046	328
a) net profit	2,308	1,046	328
b) net loss	-	-	-
II. EQUITY AT END OF PERIOD	62,935	61,405	60,693
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	62,935	61,405	60,693

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Notes to the interim financial statements

Note 1

Cash and other assets	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
Cash and other assets of clients				
a) other cash	38,150	39,166	12,411	19,815
Total cash and other assets of clients	38,150	39,166	12,411	19,815
Cash and other assets				
a) cash and other assets of the brokerage house, including:	2,894	10,419	14,708	8,612
- in hand	-	-	1	1
- at banks	2,560	4,690	11,466	7,006
- other cash*	303	5,724	3,233	1,599
- cash equivalents	31	5	8	6
b) cash and other assets of clients deposited in cash accounts	38,150	39,166	12,411	19,815
- at the brokerage house and paid towards acquisition of securities	38,150	39,166	12,411	19,815
- in an IPO or on the primary market	-	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-	-
Total cash and other assets	41,044	49,585	27,119	28,427

* 'Other' and 'Other cash' items include cash in bank deposits and interest accrued on those deposits.

Note 2

Selected short-term receivables	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
1. Selected short-term receivables	315,869	219,442	231,698	341,688
a) from clients, including:	135,818	93,876	124,551	88,715
- under transactions executed on the Warsaw Stock Exchange	118,093	78,925	89,043	73,110
- under transactions executed on the Budapest Stock Exchange	11,340	5,015	21,049	3,949
- under transactions executed on the Prague Stock Exchange	2,419	-	2,674	-
- under transactions executed on the Prague Stock Exchange	-	106	-	-
- under transactions executed on the Vienna Stock Exchange	-	-	-	119
- under transactions executed on the London Stock Exchange	78	5,380	116	210
- under transactions executed on the Zurich Stock Exchange	83	-	-	-
- under transactions executed on the Madrid Stock Exchange	137	-	-	-
- under transactions executed on the Frankfurt Stock Exchange	194	820	2,252	-
- under transactions executed on the New York Stock Exchange	1,765	175	7,065	7,414
- other	1,709	3,455	2,352	1,278
b) from related entities, including:	430	267	209	41
- from subsidiaries	430	267	209	41
- from other related entities	-	-	-	-
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions	145,726	95,211	72,031	209,724
- on the Warsaw Stock Exchange*	137,847	87,116	40,067	192,277
- on the Budapest Stock Exchange	6,461	4,812	6,163	13,871
- on the Prague Stock Exchange	-	-	3,121	-
- on the New York Stock Exchange	-	1,144	16,410	543

- on the Amsterdam Stock Exchange	-	-	6,270	-
- on the Milan Stock Exchange	-	449	-	-
- on the London Stock Exchange	1,334	1,203	-	-
- on the Frankfurt Stock Exchange	39	461	-	883
- on the Istanbul Stock Exchange	-	-	-	2,150
- on the Paris Stock Exchange	45	5	-	-
- on the Zurich Stock Exchange	-	21	-	-
d) from entities operating regulated markets and commodity exchanges	-	-	-	-
e) from the Central Securities Depository of Poland and exchange clearing houses, including	211	206	213	206
- from the settlement guarantee fund and deposits	211	206	213	206
- other	-	-	-	-
f) receivables from CCP	33,684	29,882	34,694	43,002
- from the settlement guarantee fund	33,684	29,882	34,694	43,002
- other	-	-	-	-
g) under court proceedings, for which no impairment losses were recognised	-	-	-	-
2. Short-term-receivables, net	355,267	254,560	255,106	361,245
- impairment losses on short-term receivables (positive value)	1,589	298	307	296
Gross short-term receivables	356,856	254,858	255,413	361,541

* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where such transactions are executed on the WSE, include receivables from KDPW CCP (the clearing agent, which has assumed the rights and obligations of the parties to the transactions).

The items: short-term receivables from clients under executed transactions and short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses represent the value of concluded and not cleared purchase and sale transactions in securities.

Note 3

Financial assets

In the first nine months of 2017 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

Note 4

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

In the first nine months of 2017 and in 2016, the Company 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 7).

Note 5

Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2017 and in 2016, the Company did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchases of property, plant and equipment

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

Note 6

Selected current liabilities	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
Selected current liabilities	168,846	116,062	134,195	141,000
1. To related entities	5	13	20	11
a) to subsidiaries	5	13	20	11
b) to other related entities	-	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	160,630	109,574	130,250	127,352
a) to the Warsaw Stock Exchange *	144,610	97,295	97,968	112,441
b) to the Budapest Stock Exchange	11,352	5,807	20,191	4,542
c) to the Prague Stock Exchange	2,415	-	2,670	-
d) to the London Stock Exchange	78	5,372	116	210
e) to the Stockholm Stock Exchange	-	106	-	-
f) to the New York Stock Exchange	1,762	175	7,055	7,407
g) to the Frankfurt Stock Exchange	193	819	2,250	-
h) to the Zurich Stock Exchange	83	-	-	-
i) to the Madrid Stock Exchange	137	-	-	-
j) to the Vienna Stock Exchange	-	-	-	118
k) to the Istanbul Stock Exchange	-	-	-	2,634
3. To entities operating regulated markets	539	564	602	543
a) to the Warsaw Stock Exchange	457	480	536	541
b) to the Budapest Stock Exchange	29	16	16	-
c) to the Vienna Stock Exchange	53	68	44	-
d) to the Chicago Mercantile Exchange	-	-	6	2
4. To the Central Securities Depository of Poland and exchange clearing houses	33	55	62	24
a) under additional payments to the settlement guarantee fund	-	-	-	-
b) other	33	55	62	24
4a. To CCP	4,399	3,038	1,982	11,331
a) under additional payments to the settlement guarantee fund	4,322	2,961	1,881	11,250
b) other	77	77	101	81
5. Other	3,240	2,818	1,279	1,739
a) dividends payable	-	1,046	-	-
b) other liabilities, including:	3,240	1,772	1,279	1,739
- finance lease liabilities	12	38	37	36
- other liabilities	3,228	1,734	1,242	1,703

* 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 such transactions are executed on the WSE, include liabilities to KDPW CCP (the clearing agent which has assumed the rights and obligations of the parties to the transactions).

As at September 30th 2017, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 12,995 thousand (December 31st 2016: PLN 14,784 thousand). The liabilities arose under:

1. Two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland in connection with the brokerage activities. Their current term expires on September 14th 2018:
 - i. 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 ii.

- ii. 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 i above, both credit facilities are also jointly secured with a security deposit of PLN 4m under the HUF 409m current account overdraft facility from Raiffeisen Bank Zrt, used to settle transactions on the Budapest Stock Exchange in connection with brokerage activities, expiring on March 14th 2018.

2. The facility is secured with a security deposit of HUF 409m.

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.

Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	Jul 1–Sep 30 2017	Jan 1–Sep 30 2017	Jul 1–Sep 30 2016	Jan 1–Sep 30 2016
Provisions at beginning of period	4,469	3,493	2,495	4,775
a) recognised	1,472	4,364	586	1,501
b) used	2,099	4,012	994	4,189
c) reversed	-	3	-	-
Provisions at end of period	3,842	3,842	2,087	2,087

In Q3 2017, impairment losses on receivables rose by PLN 1,291 thousand from their value as at June 30th 2017, while in the first nine months of 2017 they rose by PLN 1,282 thousand compared with December 31st 2016. In the comparative period, i.e. Q3 2016, impairment losses on receivables rose by PLN 36 thousand from the level recorded as at June 30th 2016, while in the first nine months of 2016 they rose by PLN 37 thousand compared with December 31st 2015.

Note 8

Share capital	Sep 30 2017	Jun 30 2017	Dec 31 2016	Sep 30 2016
a) par value per share (PLN)	0.10	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none	none
e) restrictions on rights attached to shares	none	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994	2,994
h) type of contribution	cash	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2016 and 2017	the shares carry the right to profit distribution for 2016 and 2017	the shares carry the right to profit distribution for 2016	the shares carry the right to profit distribution for 2016 and 2015

There were no changes in the Company's share capital in the first nine months of 2017 or in 2016. As at September 30th 2017, the share capital amounted to PLN 2,993,783.60 and 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.

The Company's Articles of Association provide for a conditional share capital increase for the purpose of implementation of the Company's incentive scheme, for the maximum amount of PLN 485,714, through the issue of up to 4,857,140 shares. A total of 1,366,426 shares had been issued for the purpose of the incentive scheme by September 30th 2017, of which 185,714 shares were issued in February 2013, 197,321 shares were issued in

2012, 212,500 shares were issued in 2011, 413,748 shares were issued in 2010, and 357,143 shares were issued in 2009. For more information on the Company's incentive scheme, see Note 13.

Note 9

Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (for a detailed description see Note 6).

Note 10

Leases

The Company as a lessee – right to use a building

The Company leases office space under a lease contract. The right to use the building for the term of the contract was classified by the Company as operating lease. The lease contract 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. Pursuant to an annex to the contract, executed in January 2016, the lease was extended until January 2023.

Minimum lease payments are presented in the table below.

Lease liabilities	Sep 30 2017	Dec 31 2016
	Present value of minimum lease payments	
Within 1 year	1,050*	1,070*
Within 1 to 5 years	4,199*	4,281*
Over 5 years	308*	1,116*
Total lease liabilities	5,557	6,467

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

The Company as a lessee – finance leases

The Company is party to vehicle lease contracts. The financing party has the right to recalculate its fee in the event of changes in the 1M EURIBOR/WIBOR interest rate or regulatory changes (notably tax regime changes). The agreements provide for a mileage limit for the vehicles, which will be accounted for in respect of the entire lease term. If the mileage limit agreed by the parties is exceeded, the lessee has to pay an additional excess mileage charge.

The lease contracts were classified as finance leases. Minimum lease payments are presented in the table below.

Finance lease liabilities	Sep 30 2017	Dec 31 2016
Net carrying amount	43	165
Present value of minimum lease payments	55	193
Within 1 year *	12	37
Within 1 to 5 years *	43	156
Over 5 years *	-	-
Contingent lease payments recognised as expense in the period	27	42

Note 11

Bonds

In the first nine months of 2017, the Company issued 16 registered bonds with a total nominal amount of PLN 3.2 thousand, maturing in 2017–2020 (depending on the series). In the first nine months of 2016, the Company issued 10 registered bonds with a total nominal amount of PLN 2 thousand, maturing in 2016–2019 (depending on the series). The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy implemented by the Company. 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 issue date of these financial statements, the Company redeemed PLN 4.9 thousand worth of bonds (including PLN 1.5 thousand worth of bonds redeemed in Q3 2017), compared with PLN 6.4 thousand redeemed in the first nine months of 2016.

Note 12

Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured with a security deposit with a current value of PLN 1,398 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

In March 2016, mBank S.A. issued a guarantee in respect of the Company's liabilities for the benefit of Raiffeisen Polbank S.A., which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on foreign stock exchanges. The guarantee was issued for EUR 1.5m and secures timely payment of the Company's liabilities towards Raiffeisen Polbank arising in connection with the services provided by the bank, consisting in settlement and clearing of stock exchange transactions. The guarantee, expiring on March 31st 2018, is secured with a security deposit of EUR 1.5m.

Note 13

Incentive scheme

No shares were acquired as part of the incentive scheme in the first nine months of 2017 or in the comparative period.

The cost of the share option plans is not recognised in the separate financial statements as the Polish Accounting Act stipulates no such requirement. To ensure compliance of financial reporting with the International Financial Reporting Standards, it is necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements. No such costs were incurred in the first nine months of 2017 or in 2016.

Note 14

Deferred tax

Deferred tax liabilities went down by PLN 24 thousand in Q3 2017 and by PLN 106 thousand in the first nine months of 2017. In the comparative period, deferred tax liabilities went down by PLN 96 thousand in Q3 2016 and by PLN 29 thousand in the first nine months of 2016.

Deferred tax assets went down by PLN 56 thousand in Q3 2017. In the first nine months of 2017, they fell by PLN 47 thousand. In the comparative period, deferred tax assets went down by PLN 6 thousand in Q3 2016 and rose by PLN 212 thousand in the first nine months of 2016.

Note 15

Distribution of profit

On June 27th 2017, the Annual General Meeting of the Company resolved to allocate the entire profit for 2016, of PLN 1,046 thousand, to dividend. For details, see Note 17.

Note 16

Issue, redemption and repayment of equity and non-equity securities

The Company did not issue any equity securities in the first nine months of 2017 or in 2016.

In the first nine months of 2017 and by the date of these interim condensed financial statements, the Company had issued bonds, as described in Note 11.

Note 17

Dividends paid and proposed

On June 27th 2017, the Annual General Meeting of the Company resolved to allocate the entire profit for 2016, of PLN 1,046 thousand, to dividend. The dividend per share was PLN 0.03. The dividend record date was set for July 7th 2017, and the dividend payment date – for July 18th 2017. On the dividend payment date, a total of PLN 898 thousand was paid out to the shareholders. The difference between the distributed amount and the PLN 1m approved by the General Meeting results from rounding off the amount of dividend per share. Pursuant to the General Meeting's resolution, the difference was allocated to the Company's reserve capital.

In the second half of 2016, the Company paid the dividend for 2015 of PLN 3,293 thousand.

Note 18

Material related-party transactions (including their amounts) other than arm's length transactions

In the periods covered by these financial statements, the Company did not enter into any material related-party transactions which were not transactions at arm's length.

Note 19

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

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases
	Jan 1–Sep 30 2017				Jan 1–Sep 30 2016			
IBC	-	2	50	-	-	29	52	-
IPOPEMA TFI	1	90	1	-	-	151	-	-
IBS Srl	-	-	-	-	-	-	262	-
IFA	-	-	-	-	-	-	-	-
IFA SK	313	19	-	-	-	-	-	-
Total	314	111	51	-	-	180	314	-

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases
	Jul 1–Sep 30 2017				Jul 1–Sep 30 2016			
IBC	-	1	8	-	-	1	12	-
IPOPEMA TFI	1	33	1	-	-	52	-	-
IBS Srl	-	-	-	-	-	-	-	-
IFA	-	-	-	-	-	-	-	-
IFA SK	117	11	-	-	-	-	-	-
Total	118	45	9	-	-	53	12	-

Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Sep 30 2017	Dec 31 2016	Sep 30 2016	Sep 30 2017	Dec 31 2016	Sep 30 2016
IBC	-	-	-	3	20	11
IPOPEMA TFI	2	209	41	2	-	-
IBS Srl	-	-	-	-	-	-
IFA	7	-	-	-	-	-
IFA SK	1,357	-	-	-	-	-
Total	1,366	209	41	5	20	11

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

Note 20

Items of the statement of cash flows

Operating activities – provision of brokerage and advisory services, acquisition and disposal of securities.

Investing activities – purchase and sale 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 balance sheet		Presentation in the statement of cash flows	
	Sep 30 2017	Sep 30 2016	Sep 30 2017	Sep 30 2016
Cash and cash equivalents	41,044	28,427	41,030	28,547
1. In hand	-	1	-	1
2. At banks	2,560	7,006	2,560	7,006
3. Other cash	38,453	21,414	38,453	21,414
4. Cash equivalents	31	6	-	-
Accrued foreign exchange differences			17	126

The difference between the presentation of cash in the balance sheet and in the statement of cash flows as at September 30th 2017 and September 30th 2016 follows from adjusting cash for the effect of foreign exchange differences and from gift cards received from a telecom operator and presented under cash.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Sep 30 2017	Dec 31 2016		
Gross short- and long-term receivables	356,856	256,797	100,059	100,059
Net receivables	355,267	256,490		
Impairment losses on receivables	1,589	307		1,282
Provisions (net of deferred tax related to equity and provision for unpaid interest)	4,198	4,206		- 8
Total change in impairment losses and provisions				1,274

Note 21

Clients' financial instruments

As at September 30th 2017, the amount of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 525,041 thousand (28,355 thousand instruments) (December 31st 2016: PLN 408,272 thousand (24,434 thousand instruments)). The value of shares held in certificated form was PLN 233,838 thousand (203,142 thousand shares) and PLN 16,258 thousand (162,583 thousand shares), respectively. As at September 30th 2017 and December 31st 2016, the Company kept 40 thousand bonds in certificated form as a custodian for its clients, for a total amount of PLN 44.2m as at September 30th 2017 and PLN 40m as at December 31st 2016.

The Company also operates an issue sponsor's account. As at September 30th 2017, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 411 thousand (December 31st 2016: 291 thousand shares with a value of PLN 560 thousand).

Note 22

Operating segments

The Company does not identify separate operating segments within its structure, and operates as a single segment. The IPOPEMA Securities segment comprises brokerage activities, as well as business and management advisory services. Information disclosed in these financial statements comprises information regarding this operating segment.

Note 23

Pending court or administrative proceedings

In April 2016, the Company filed a suit for payment under writ-of-payment proceedings against one of its clients. The amount of the claim is PLN 49.2 thousand. The proceedings are pending.

In May 2017, the Company filed two further suits against its customers. In each case, the amount of the claim is PLN 30 thousand. In one case, the court issued a payment order, which is not yet final. The proceedings are pending.

Note 24

Material events and factors in the first nine months of 2017

In the first three quarters of 2017, only the Prague Stock Exchange saw investor activity decrease compared with the first three quarters of 2016 (down 7.9%), while the trading volumes in Warsaw and Budapest were higher by 35.3% and 12.0%, respectively. Over the same period, IPOPEMA strengthened its position both on the WSE, where its market share rose to 5.06% (from 4.66%), and on the BSE (in January–September 2017 its market share was 2.75%, compared with 2.18% a year earlier). As a result, in January–September 2017 the Company's revenue from securities trading rose by 10.9% year on year, to PLN 17,949 thousand (Q1–Q3 2016: PLN 16,185 thousand).

Conditions on the capital market were equally challenging as in the first three quarters of 2016. Nevertheless, the Company's revenue from investment banking business increased in the reporting period by 56.3% (PLN 14,226 thousand vs PLN 9,101 thousand in the same period of 2016).

In Q1–Q3 2017, the Company also recorded a significant increase in other revenue from core activities (PLN 1,586 thousand vs PLN 177 thousand a year earlier), mainly on higher revenue from the retail business.

Note 25

Items affecting assets, liabilities, equity, net profit or cash flows that are non-typical due to their nature, value or frequency.

None.

Note 26

Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–September 30th 2017. No material events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, November 16th 2017

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