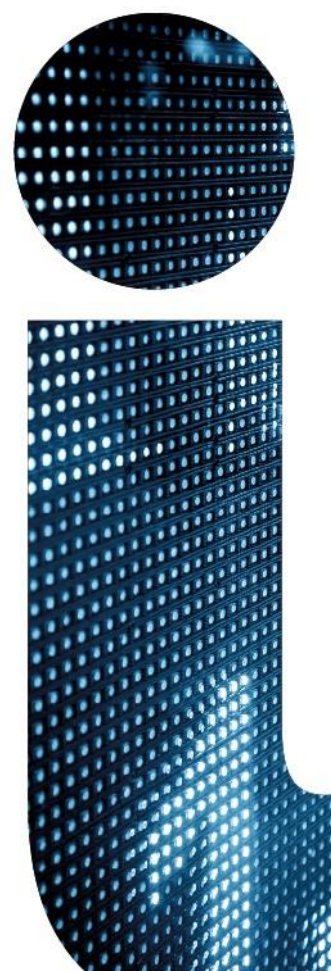


IPOPEMA Securities S.A.

Interim condensed financial statements

**for the nine months
ended September 30th 2018**

Warsaw, November 15th 2018



Financial highlights

Financial highlights	PLN '000 3 months ended Sep 30		EUR '000 3 months ended Sep 30		PLN '000 9 months ended Sep 30		EUR '000 9 months ended Sep 30	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from core activities	5,827	10,909	1,361	2,552	23,911	33,761	5,621	7,931
Cost of core activities	7,406	9,151	1,730	2,141	25,636	29,100	6,027	6,836
Profit/(loss) on core activities	- 1,579	1,758	- 369	411	- 1,725	4,661	- 406	1,095
Operating profit/(loss)	- 1,664	401	- 389	94	- 2,284	4,252	- 537	999
Profit/(loss) before tax	- 2,619	362	- 612	85	- 3,541	2,788	- 832	655
Net profit/(loss)	- 2,157	128	- 504	30	- 2,758	2,308	- 648	542
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	- 0.07	0.01	- 0.02	0.00	- 0.09	0.08	- 0.02	0.02
Net cash from operating activities	- 24,302	- 13,631	- 5,676	- 3,188	1,387	17,866	326	4,197
Total cash flows	- 23,891	- 8,579	- 5,580	- 2,007	- 10,274	13,915	- 2,415	3,269

Financial highlights	PLN '000			EUR '000		
	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2018	Jun 30 2018	Dec 31 2017
Total assets	301,295	365,963	322,325	70,538	83,906	77,279
Current liabilities	240,688	302,582	256,697	56,349	69,374	61,545
Equity	57,848	59,995	61,756	13,543	13,755	14,806
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)	1.93	2.00	2.06	0.45	0.46	0.49

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	1-9.2018	1-9.2017
EUR	4.2535	4.2566

- For the balance sheet:

Exchange rate as at	Sep 30 2018	Dec 31 2017	Sep 30 2017
EUR	4.2714	4.1709	4.3091

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 Notary Deed – Rep. 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 issue 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 2018.

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,
Mirosław Borys – Vice President of the Management Board,
Mariusz Piskorski – Vice President of the Management Board,
Stanisław Waczkowski – Vice President of the Management Board.

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,
Michał Dobak – Member of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Piotr Szczepiórkowski – Member of the Supervisory Board.

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 2018 and include comparative data for the period from January 1st to September 30th 2017 (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 2017 (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% equity interest;
- IPOPEMA Business Consulting Sp. z o.o., ('IBC') of Warsaw – 50.02% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. ('IFA') of Warsaw – 100% equity interest;
- 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 (IFA SK), 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 towards creditors is PLN 7,750, while its share in IFA SK's revenue is 77% (a 1% share in IFA SK's revenue is held by IFA).

The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'IPOPEMA Group', the 'Group'). IFA was not consolidated due to the immateriality of its 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 reduced 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 transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients for whom such buy transactions 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.

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.

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 to an independent third party.

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 assets held for trading include shares in companies listed on the Warsaw and Budapest Stock Exchanges ('WSE' and 'BSE', respectively).

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 WSE and 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. Short-term receivables include mainly bank deposits, cash and loans advanced. Loans advanced include loans to IPOPEMA Securities employees and associates and loans to a subsidiary.

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. Revaluation gains or losses 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.

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-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 used to determine the carrying amounts:

Currency	Sep 30 2018	Dec 31 2017	Sep 30 2017
USD	3.6754	3.4813	3.6519
EUR	4.2714	4.1709	4.3091
100 HUF	1.3191	1.3449	1.3846
GBP	4.8055	4.7001	4.8842
CZK	0.1664	0.1632	0.1655
CHF	3.7638	3.5672	3.7619
TRY	0.6134	0.9235	1.0269
100 JPY	3.2403	3.0913	3.2439
NOK	0.4503	0.4239	0.4594
CAD	2.8257	2.7765	2.9383
SEK	0.4149	0.4243	0.4492
DKK	0.5728	0.5602	0.5790
AUD	2.6551	2.7199	2.8625
RON	0.9157	0.8953	0.9368

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 financial statements for 2017, issued on March 27th 2018. In the first nine months of 2018, 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 2017, the Company changed the method of recognising non-deductible VAT (accounted for based on the sales structure and related to exempt activities), which is now recorded in natural expense accounts together with the cost of the underlying item (gross cost).

The table below presents the effect of the changes on the statement of profit or loss for the first six months of 2018.

	As at Sep 30 2017 (approved)	Presentation change	As at Sep 30 2017 (restated)
Cost of core activities	29,100	-	29,100
<i>including:</i>			
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	5,456	25	5,481
Payments to CCP	487	5	492
Employee benefits	273	30	303
Raw material and consumables used	134	27	161
Services	7,093	484	7,577
Costs of maintenance and lease of buildings	1,212	248	1,460
Taxes and other public charges	963	- 826	137
Other	414	7	421

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 2018

ASSETS		Note	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
I.	Cash and cash equivalents	1	38,506	62,413	48,730	41,044
1.	In hand		-	1	1	-
2.	At banks		4,967	8,650	5,891	2,560
3.	Other cash		33,518	53,739	42,811	38,453
4.	Cash equivalents		21	23	27	31
II.	Short-term receivables	2, 7	235,397	279,372	251,613	355,267
1.	From clients		70,789	104,663	88,422	135,818
2.	From related entities	19	1,065	1,140	502	430
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		130,401	134,839	118,139	166,333
a)	under executed transactions		93,540	88,536	82,254	145,726
b)	other		36,861	46,303	35,885	20,607
4.	From entities operating regulated markets and commodity		-	-	-	-
5.	From the Central Securities Depository of Poland and exchange		45	214	209	211
5.a.	From CCP		28,440	31,605	43,299	33,684
6.	From investment and pension fund companies and from investment and pension funds		29	18	22	642
7.	From issuers of securities or selling shareholders		342	-	-	10
8.	Taxes, subsidies and social security receivable		272	343	15	9
9.	Under framework securities lending and short sale agreements		516	5,950	-	-
10.	Other		3,498	600	1,005	18,130
III.	Financial instruments held for trading	3, 4	8,584	5,023	3,009	7,381
1.	Equities		8,522	5,023	3,009	7,381
2.	Derivative instruments		62	-	-	-
IV.	Current prepayments and accrued income		812	1,029	986	792
IV.a.	Short-term loans advanced		209	420	1,004	1,019
1.	To subordinated entities	19	106	315	947	936
2.	Other		103	105	57	83
V.	Financial instruments held to maturity		-	-	-	-
VI.	Financial instruments available for sale	3, 4	10,705	10,693	10,844	13,009
1.	Equities		8,638	8,638	8,638	8,639
	- shares in subordinated entities		8,638	8,638	8,638	8,639
2.	Debt securities		10	10	10	10
3.	Investment fund units		2,057	2,045	2,000	4,160
4.	Investment certificates		-	-	196	200
VII.	Long-term receivables		1,416	1,412	-	-
VIII.	Long-term loans advanced		63	88	35	53
1.	Other		63	88	35	53
IX.	Intangible assets	4	1,620	1,773	2,102	1,891
1.	Acquired permits, patents, licences and similar assets, including:		1,620	1,773	2,102	1,891
	- software		1,620	1,773	2,102	1,891
X.	Property, plant and equipment	4, 5	1,693	1,950	2,287	2,637
1.	Tangible assets, including:		1,693	1,950	2,287	2,625
a)	buildings and premises		348	364	398	414
b)	computer assemblies		633	815	1,185	1,459
c)	other tangible assets		712	771	704	752
2.	Tangible assets under construction		-	-	-	12
XI.	Non-current prepayments and accrued income		2,290	1,790	1,715	1,184
1.	Deferred tax assets	14	2,135	1,593	1,374	1,046
2.	Other non-current prepayments and accrued income		155	197	341	138

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2018

XII.	Called-up share capital not paid	-	-	-	-
XIII.	Treasury shares	-	-	-	-
Total assets		301,295	365,963	322,325	424,277

Warsaw, November 15th 2018

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 2018

EQUITY AND LIABILITIES		Note	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
I.	Current liabilities	6	240,688	302,582	256,697	357,020
1.	To clients		129,885	161,381	134,284	174,368
2.	To related entities	19	-	-	204	5
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		87,385	118,459	91,401	160,630
a)	under executed transactions		87,361	118,409	91,053	160,630
b)	other		24	50	348	-
4.	To entities operating regulated markets and commodity exchanges		329	468	505	539
5.	To the Central Securities Deposit of Poland and to settlement and clearing houses		44	56	43	33
5.a.	To CCP		1,191	1,652	86	4,399
6.	Borrowings		16,911	16,386	27,351	12,995
a)	other		16,911	16,386	27,351	12,995
7.	Debt securities	11	2	3	5	3
7.a.	Negative fair value of financial instruments held for trading		-	103	-	-
8.	Taxes, customs duties and social security payable		467	651	665	601
9.	To investment and pension fund companies and to investment and pension funds		121	112	183	207
10.	Other		4,353	3,311	1,970	3,240
II.	Non-current liabilities		168	177	40	44
1.	Debt securities	11	1	1	-	1
2.	Finance lease liabilities	10	167	176	40	43
	- from other entities		167	176	40	43
III.	Accruals		488	488	-	-
IV.	Provisions for liabilities	7	2,103	2,721	3,832	4,278
1.	Deferred tax liabilities	14	260	244	337	306
2.	Other		1,843	2,477	3,495	3,972
a)	non-current		59	59	126	130
b)	current		1,784	2,418	3,369	3,842
V.	Subordinated liabilities		-	-	-	-
VI.	Equity		57,848	59,995	61,756	62,935
1.	Share capital	8	2,994	2,994	2,994	2,994
2.	Reserve funds		57,566	57,566	57,500	57,500
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		46,217	46,217	46,151	46,151
3.	Revaluation capital reserve		46	36	- 1	133
4.	Net profit/(loss)	15	- 2,758	- 601	1,263	2,308
Total equity and liabilities			301,295	365,963	322,325	424,277
Book value (PLN '000)			57,848	59,995	61,756	62,935
Number of shares at end of period			29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN)			1.93	2.0	2.06	2.10
Diluted number of shares			29,937,836	29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			1.93	2.0	2.06	2.10

Warsaw, November 15th 2018

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
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Stanisław Waczkowski
Vice President of the
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Mirosław Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant

OFF-BALANCE SHEET ITEMS		Note	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
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*		6,485	6,456	-	-
IV.	Other off-balance sheet items		-	-	-	-

* Notional amounts of purchased forward contracts.

Warsaw, November 15th 2018

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Danuta Ciosek
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2018

Statement of profit or loss	Note	Jul 1-Sep 30 2018	Jan 1-Sep 30 2018	Jul 1-Sep 30 2017	Jan 1-Sep 30 2017
I. Revenue from core activities, including:		5,827	23,911	10,909	33,761
- from related entities	19	172	855	118	314
1. Revenue from brokerage activities, including:		5,699	23,527	10,792	33,448
a) acceptance and transfer of orders to buy and sell financial instruments		6	24	68	104
b) execution of orders to buy and sell financial instruments for the account of clients		5,322	17,693	5,794	17,884
c) offering of financial instruments		35	3,049	2,465	8,603
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		28	77	18	53
e) other		308	2,684	2,447	6,804
2. Revenue from other core activities		128	384	117	313
II. Cost of core activities		7,406	25,636	9,151	29,100
- from related entities	19	-	-	9	51
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,235	4,185	1,751	5,481
2. Payments to CCP		63	227	212	492
3. Fees payable to trade organisation		11	34	11	30
4. Salaries and wages		3,017	9,400	3,626	10,284
5. Social security and other benefits		248	1,168	293	1,142
6. Employee benefits		50	154	97	303
7. Raw material and consumables used		54	153	48	161
8. Services		1,542	6,848	1,937	7,577
9. Costs of maintenance and lease of buildings		484	1,423	468	1,460
10. Depreciation and amortisation		418	1,363	541	1,612
11. Taxes and other public charges		139	234	13	137
12. Other		145	447	154	421
III. Profit/(loss) on core activities		- 1,579	- 1,725	1,758	4,661
IV. Income from financial instruments held for trading		718	3,604	502	1,322
1. Dividends and other profit distributions		348	348	12	19
2. Revaluation adjustments		75	2,279	- 25	7
3. Gain on sale/redemption		295	977	515	1,296
V. Cost related to financial instruments held for trading		825	4,817	652	979
1. Revaluation adjustments		- 477	1,418	445	472
2. Loss on sale/redemption		1,302	3,399	207	507
VI. Gain/(loss) on transactions in financial instruments held for trading		- 107	- 1,213	- 150	343
VII. Income from financial instruments available for sale		-	600	-	900
1. Dividends and other profit distributions		-	600	-	900
- from related entities		-	600	-	900
VIII. Cost related to financial instruments available for sale		-	8	-	-
1. Loss on sale/redemption		-	8	-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		-	592	-	900
X. Other income		112	386	160	387
1. Reversal of provisions		-	-	-	3
2. Decrease in impairment losses on receivables		33	112	27	97
3. Other		79	274	133	287
XI. Other expenses		90	324	1,367	2,039
1. Increase in impairment losses on receivables		5	105	1,318	1,379

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2018

2. Other	85	219	49	660
XII. Operating profit/(loss)	- 1,664	- 2,284	401	4,252
XIII. Finance income	291	1,018	131	456
1. Interest on loans granted, including	5	20	10	19
- from related entities	3	16	10	16
2. Interest on deposits	51	137	43	146
- from related entities	-	-	-	-
3. Other interest	9	35	-	-
4. Foreign exchange gains	145	554	-	-
a) realised	- 60	-	-	-
b) unrealised	205	554	-	-
5. Other	81	272	78	291
XIV. Finance costs	1,246	2,275	170	1,920
1. Interest on borrowings, including:	347	878	250	827
- to related entities	-	-	-	-
2. Other interest	27	74	20	82
3. Foreign exchange losses	385	385	- 266	426
a) realised	385	385	- 59	116
b) unrealised	-	-	- 207	310
4. Other	487	938	166	585
XV. Profit before tax	- 2,619	- 3,541	362	2,788
XVI. Income tax	- 462	- 783	234	480
XVII. Net profit	- 2,157	- 2,758	128	2,308
Weighted average number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Earnings per ordinary share (PLN)	- 0.07	- 0.09	0.01	0.08
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)	- 0.07	- 0.09	0.01	0.08

Warsaw, November 15th 2018

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President of the
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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

STATEMENT OF CASH FLOWS		Note	Jul 1-Sep 30 2018	Jan 1-Sep 30 2018	Jul 1-Sep 30 2017	Jan 1-Sep 30 2017
A. NET CASH FROM OPERATING ACTIVITIES						
I.	Net profit		- 2,157	- 2,758	128	2,308
II.	Total adjustments:		- 22,145	4,145	- 13,759	15,558
1.	Depreciation and amortisation		418	1,363	541	1,612
2.	Foreign exchange gains/(losses)		15	- 54	- 12	12
3.	Interest and profit distributions (dividends)		331	841	221	- 123
4.	Gain/(loss) on investing activities		-	8	-	455
5.	Change in provisions and impairment losses on receivables		- 649	- 1,748	577	1,274
6.	Increase/(decrease) in financial instruments held for trading		- 3,561	- 5,575	- 4,670	- 7,256
7.	Increase/(decrease) in receivables		44,000	14,808	- 105,998	- 100,059
8.	Change in current liabilities (net of borrowings), including special accounts		- 62,418	- 5,591	95,579	119,671
9.	Increase/(decrease) in accruals and deferrals		- 282	87	61	24
10.	Other		1	6	- 58	- 52
III.	Net cash from operating activities (I + II)		- 24,302	1,387	- 13,631	17,866
B. CASH FLOWS FROM INVESTING ACTIVITIES						
I.	Cash from investing activities		252	1,125	4,042	5,056
1.	Decrease in loans advanced		239	915	22	119
2.	Profit distributions (dividends) received		7	7	2	910
3.	Interest received		5	14	18	27
4.	Disposal of financial instruments available for sale		1	189	4,000	4,000
II.	Cash used in investing activities		8	246	399	5,434
1.	Acquisition of intangible assets		-	-	-	396
2.	Acquisition of property, plant and equipment		8	117	31	62
3.	Purchase of financial instruments available for sale		-	-	-	4,008
4.	Loans advanced		-	129	368	968
III.	Net cash from investing activities (I - II)		244	879	3,643	- 378
C. NET CASH FROM FINANCING ACTIVITIES						
I.	Cash from financing activities		-	2	-	3
1.	Proceeds from issue of long-term debt securities		-	1	-	1
2.	Proceeds from issue of short-term debt securities		-	1	-	2
II.	Cash used in financing activities		- 167	12,542	- 1,409	3,576
1.	Decrease in short-term borrowings		- 518	10,437	- 2,517	1,791
2.	Repayment of short-term debt securities		1	4	2	4
3.	Dividends and other payments to owners		-	1,197	898	898
4.	Payment of finance lease liabilities		11	23	6	27
5.	Interest paid		339	881	202	856
III.	Net cash from financing activities (I - II)		167	- 12,540	1,409	- 3,573

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2018

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		- 23,891	- 10,274	- 8,579	13,915
E. NET CHANGE IN CASH, including:		- 23,905	- 10,219	- 8,567	13,903
- effect of exchange rate fluctuations on cash held		- 14	55	12	- 12
F. CASH AT BEGINNING OF PERIOD	20	62,369	48,752	49,609	27,115
G. CASH AT END OF PERIOD (F +/- D), including:	20	38,478	38,478	41,030	41,030
- restricted cash*		27,127	27,127	38,150	38,150

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

Warsaw, November 15th 2018

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Danuta Ciosek
Chief Accountant

STATEMENT OF CHANGES IN EQUITY		Jan 1–Sep 30 2018	2017	Jan 1–Sep 30 2017
I. EQUITY AT BEGINNING OF PERIOD		61,756	61,405	61,405
- changes in adopted accounting policies		-	-	-
- correction of errors		-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS		61,756	61,405	61,405
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		57,500	57,352	57,352
2.1. Changes in reserve funds		66	148	148
a) increase		66	148	148
- distribution of profit (above statutory minimum)		66	148	148
b) decrease		-	-	-
2.2. Reserve funds at end of period		57,566	57,500	57,500
3. Revaluation capital reserve at beginning of period		- 1	13	13
3.1. Changes in revaluation capital reserve		47	- 14	120
a) increase		54	125	148
- remeasurement of financial instruments		54	125	148
b) decrease		7	139	28
- remeasurement of financial instruments		7	139	28
3.2. Revaluation capital reserve at end of period		46	- 1	133
4. Retained earnings/(accumulated deficit) at beginning of period		1,263	1,046	1,046
4.1. Retained earnings at beginning of period		1,263	1,046	1,046
a) increase		-	-	-
b) decrease		1,263	1,046	1,046
- distribution of retained earnings (dividend)		1,197	898	898
- distribution of retained earnings (increase in reserve funds)		66	148	148
4.2. Retained earnings at end of period		-	-	-
5. Net profit/(loss)		- 2,758	1,263	2,308
a) net profit		-	1,263	2,308
b) net loss		2,758	-	-
II. EQUITY AT END OF PERIOD		57,848	61,756	62,935
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT		57,848	61,756	62,935

Warsaw, November 15th 2018

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Notes to the interim financial statements

Note 1

Cash and other assets	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
Cash and other assets of clients				
a) at banks and in hand	27,127	53,033	39,778	38,150
Total cash and other assets of clients	27,127	53,033	39,778	38,150
Cash and other assets				
a) cash and other assets of the brokerage house, including:	11,379	9,380	8,952	2,894
- in hand	-	1	1	-
- at banks	4,967	8,650	5,891	2,560
- other cash*	6,391	706	3,033	303
- cash equivalents	21	23	27	31
b) cash and other assets of clients deposited in cash accounts	27,127	53,033	39,778	38,150
- at the brokerage house and paid towards acquisition of securities	27,127	53,033	39,778	38,150
- in an IPO or on the primary market	-	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-	-
Total cash and other assets	38,506	62,413	48,730	41,044

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

Note 2

Selected short-term receivables	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
1. Selected short-term receivables	230,740	272,461	250,571	336,476
a) from clients, including:	70,789	104,663	88,422	135,818
- under transactions executed on the Warsaw Stock Exchange	61,361	87,240	63,584	118,093
- under transactions executed on the Budapest Stock Exchange	7,091	-	12,898	11,340
- under transactions executed on the Prague Stock Exchange	-	-	6,547	2,419
- under transactions executed on the London Stock Exchange	171	73	-	78
- 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	539	11,656	375	194
- under transactions executed on the New York Stock Exchange	95	3,347	1,295	1,765
- under transactions executed on the Istanbul Stock Exchange	-	-	1,097	-
- other	1,532	2,347	2,626	1,709
b) from related entities, including:	1,065	1,140	502	430
- from subsidiaries	1,065	1,140	502	430
- from other related entities	-	-	-	-
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions	130,401	134,839	118,139	166,333
- on the Warsaw Stock Exchange*	63,436	72,926	73,764	137,847
- on the Budapest Stock Exchange	-	1,188	1,604	6,461
- on the Prague Stock Exchange	448	735	879	-
- on the New York Stock Exchange	1,033	2,668	1,449	-
- on the London Stock Exchange	1,370	4,897	4,132	1,334
- on the Frankfurt Stock Exchange	199	5,008	426	39

- on the Zurich Stock Exchange	70	-	-	-
- on the Paris Stock Exchange	26,984	1,114	-	45
- other	36,861	46,303	35,885	20,607
d) from entities operating regulated markets and commodity exchanges	-	-	-	-
e) from the Central Securities Depository of Poland and exchange clearing houses, including	45	214	209	211
- from the settlement guarantee fund and deposits	45	214	209	211
- other	-	-	-	-
f) receivables from CCP	28,440	31,605	43,299	33,684
- from the settlement guarantee fund	28,440	31,605	43,299	33,684
- other	-	-	-	-
g) under court proceedings, for which no impairment losses were recognised	-	-	-	-
2. Short-term receivables, net	235,397	279,372	251,613	355,267
- impairment losses on short-term receivables (positive value)	1,561	1,590	1,569	1,589
Gross short-term receivables	236,958	280,962	253,182	356,856

** 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 2018 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 2018 and in 2017, 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 2018 and in 2017, 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 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
Selected current liabilities	93,769	124,597	94,874	169,447
1. To related entities	-	-	204	5
a) to subsidiaries	-	-	204	5
b) to other related entities	-	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	87,385	118,459	91,401	160,630
a) to the Warsaw Stock Exchange *	79,482	98,581	68,858	144,610
b) to the Budapest Stock Exchange	7,074	-	12,889	11,352
c) to the Prague Stock Exchange	-	-	6,543	2,415
d) to the London Stock Exchange	171	-	-	78
f) to the New York Stock Exchange	95	3,176	1,293	1,762
g) to the Frankfurt Stock Exchange	538	16,652	374	193
h) to the Zurich Stock Exchange	-	-	-	83
i) to the Madrid Stock Exchange	-	-	-	137
j) to the Istanbul Stock Exchange	-	-	1,096	-
k) other	25	50	348	-
3. To entities operating regulated markets and commodity exchanges	329	468	505	539
a) to the Warsaw Stock Exchange	329	465	397	457
b) to the Budapest Stock Exchange	-	3	41	29
c) to the Vienna Stock Exchange	-	-	67	53
4. To the Central Securities Depository of Poland and exchange clearing houses	44	56	43	33
a) under additional payments to the settlement guarantee fund	-	-	-	-
b) other	44	56	43	33
4a. To CCP	1,191	1,652	86	4,399
a) under additional payments to the settlement guarantee fund	1,142	1,591	-	4,322
b) other	49	61	86	77
5. Taxes, customs duties and social security payable	467	651	665	601
- including under ownership right to buildings and structures	-	-	-	-
6. Other	4,353	3,311	1,970	3,240
a) dividends payable	-	-	-	-
b) other liabilities, including:	4,353	3,311	1,970	3,240
- lease liabilities	37	36	12	12
- other liabilities	4,316	3,275	1,958	3,228

* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following items of the balance sheet: 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 2018, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 16,911 thousand (December 31st 2017: PLN 27,351 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 16th 2019:
 - 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 for clearance 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 item i above, both credit facilities are also jointly secured with a security deposit of PLN 4m.
2. Current account overdraft facility of HUF 409m from Raiffeisen Bank Zrt, used to settle stock-exchange transactions on the Budapest Stock Exchange in connection with brokerage activities. The facility was secured with a security deposit of HUF 409m. Following a change in the model of operating on the Hungarian market, the facility agreement was terminated in July 2018.

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 2018	Jan 1–Sep 30 2018	Jul 1–Sep 30 2017	Jan 1–Sep 30 2017
Provisions at beginning of period	2,418	3,369	4,469	3,493
a) recognised	367	2,901	1,472	4,364
b) used	1,001	4,486	2,099	4,012
c) reversed	-	-	-	3
Provisions at end of period	1,784	1,784	3,842	3,842

In Q3 2018, impairment losses on receivables fell by PLN 29 thousand from the level recorded as at June 30th 2018, while in the first nine months of 2018 they fell by PLN 8 thousand compared with December 31st 2017. In the comparative period of Q3 2017, impairment losses on receivables rose by PLN 1,291 thousand from the level recorded 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.

Note 8

Share capital	Sep 30 2018	Jun 30 2018	Dec 31 2017	Sep 30 2017
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 2018 and 2017	the shares carry the right to profit distribution for 2018 and 2017	the shares carry the right to profit distribution for 2017 and 2016	the shares carry the right to profit distribution for 2016 and 2017

There were no changes in the Company's share capital in the first nine months of 2018 or in 2017. As at September 30th 2018, 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.

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). The Company also paid a security deposit to secure a guarantee (see Note 12) and a security deposit of EUR 1.5m as security for cleared stock-exchange transactions.

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 2018	Dec 31 2017
	Present value of minimum lease payments	
Within 1 year	1 063*	1 016*
Within 1 to 5 years	3 499*	4 064*
Over 5 years	-	44*
Total lease liabilities	4,562	5,124

* 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 2018	Dec 31 2017
Net carrying amount	178	38
Present value of minimum lease payments	204	52
Within 1 year *	37	12
Within 1 to 5 years *	167	40
Over 5 years *	-	-
Contingent lease payments recognised as expense in the period	23	32

Note 11

Bonds

In the first nine months of 2018, the Company issued 12 registered bonds with a total nominal amount of PLN 2.4 thousand, maturing in 2017–2020 (depending on the series). 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). 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 as part of its risk management system, in compliance with the applicable regulations. 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 these financial statements, the Group redeemed PLN 4.8 thousand worth of bonds (including PLN 0.8 thousand worth of bonds redeemed in Q3 2018), compared with PLN 4 thousand redeemed in the first nine months of 2017.

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 1,416 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, 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 secured 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, valid until April 30th 2018, was secured by a EUR 1.5m security deposit. The agreement expired on April 3rd 2018.

Note 13

Incentive scheme

No shares were subscribed for in the first nine months of 2018 or in the comparative period. During the term of the scheme, a total of 1,880,952 Series C shares were subscribed for. Following the end of the subscription period for Series C shares, as defined in the Company's Articles of Association, on November 30th 2017 the scheme expired.

Note 14

Deferred tax

Deferred tax liabilities rose by PLN 16 thousand in Q3 2018 and fell by PLN 77 thousand in the first nine months of 2018. In the comparative period, deferred tax liabilities went down by PLN 24 thousand in Q3 2017 and by PLN 106 thousand in the first nine months of 2017.

Deferred tax assets rose by PLN 542 thousand in Q3 2018. In the first nine months of 2018, they rose by PLN 761 thousand. In the comparative period, deferred tax assets went down by PLN 56 thousand in Q3 2017 and by PLN 47 thousand in the first nine months of 2017.

Note 15

Distribution of profit

On June 6th 2018, the General Meeting of the Company resolved to distribute a dividend from the 2017 profit of PLN 1,263 thousand. The dividend per share was PLN 0.04. The dividend record date was set for June 15th 2018, and the dividend payment date – for June 27th 2018. On the dividend payment date, a total of PLN 1.197 thousand was paid out to the shareholders. The difference (PLN 66 thousand) between the distributed amount and the PLN 1,263 thousand approved by the General Meeting resulted 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.

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 2018 or in 2017.

In the first nine months of 2018, the Company issued bonds, as described in Note 11.

Note 17

Dividends paid and proposed

In June 2018, the Company paid a dividend of PLN 1,197 thousand. For more information on profit distribution, see Note 15.

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**

Related party	Revenue from core activities	Other operating and finance income Jan 1–Sep 30 2018	Purchases – core activities	Other purchases	Revenue from core activities	Other operating and finance income Jan 1–Sep 30 2017	Purchases – core activities	Other purchases
IBC	-	2	-	-	-	2	50	-
IPOPEMA TFI	502	34	-	-	1	90	1	-
IFA	-	-	-	-	-	-	-	-
IFA SK	353	24	-	-	313	19	-	-
Total	855	60	-	-	314	111	51	-

Related party	Revenue from core activities	Other operating and finance income Jul 1–Sep 30 2018	Purchases – core activities	Other purchases	Revenue from core activities	Other operating and finance income Jul 1–Sep 30 2017	Purchases – core activities	Other purchases
IBC	-	1	-	-	-	1	8	-
IPOPEMA TFI	54	10	-	-	1	33	1	-
IFA	-	-	-	-	-	-	-	-
IFA SK	118	9	-	-	117	11	-	-
Total	172	20	-	-	118	45	9	-

Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Sep 30 2018	Dec 31 2017	Sep 30 2017	Sep 30 2018	Dec 31 2017	Sep 30 2017
IBC	600	-	-	-	5	3
IPOPEMA TFI	17	206	2	-	-	2
IFA	7	7	7	-	-	-
IFA SK	547	1,236	1,357	-	199	-
Total	1,171	1,449	1,366	-	204	5

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.

In the first half of 2018, the Company acquired the right to receive a dividend of PLN 0.6m from IBC (2017: PLN 0.9m).

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 balance sheet		Presentation in statement of cash flows	
	Sep 30 2018	Sep 30 2017	Sep 30 2018	Sep 30 2017
Cash and cash equivalents	38,506	41,044	38,478	41,030
1. In hand	-	-	-	-
2. At banks	4,967	2,560	4,967	2,560
3. Other cash	33,518	38,453	33,518	38,453
4. Cash equivalents	21	31	-	-
Accrued foreign exchange differences			7	17

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at September 30th 2018 and September 30th 2017 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 of balance-sheet items

	Presentation in balance sheet		Change as disclosed in balance sheet	Presentation in statement of cash flows – change
	Sep 30 2018	Dec 31 2017	Sep 30 2018	Sep 30 2018
Gross short- and long-term receivables	238,374	253,182	- 14,808	- 14,808
Net receivables	236,813	251,613		
Impairment losses on receivables	1,561	1,569		- 8
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,092	3,832		- 1,740
Total change in impairment losses and provisions				- 1,748

Note 21

Clients' financial instruments

As at September 30th 2018, the amount of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 914,808 thousand (154,640 thousand instruments) (December 31st 2017: PLN 813,429 thousand (103,961 thousand instruments)). As at September 30th 2018, the Company kept 36.4 thousand bonds in certificated form for its clients, with a total value of PLN 40.2m, and 90,680 thousand shares in certificated form, with a value of PLN 8,844 thousand. In the comparative period, i.e. as at December 31st 2017, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 44.2m, and 92,859 thousand shares, valued at PLN 9,383 thousand.

The Company also operates an issue sponsor's account. As at September 30th 2018, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 364 thousand (December 31st 2017: 291 thousand shares with a value of PLN 391 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 that operating segment.

Note 23

Material court and administrative proceedings

In the first nine months of 2018 and as at the date of issue of these interim condensed financial statements, the Company was not party to any material court or administrative proceedings.

Note 24

Material events and factors in the first nine months of 2018

In Q1–Q3 2018, the total value of trades executed on the Warsaw Stock Exchange was 14.4% lower than a year earlier. Over the same period, the Company's market share contracted as well, to 4.56% from 5.06%, Leading to a 4.8% decline in revenue from securities trading (PLN 17,079 thousand vs PLN 17,949 thousand a year earlier).

Conditions on the capital market were definitely more challenging than in the first nine months of 2017. Despite several transactions, the Company's revenue was significantly lower than for the first three quarters of 2017 (PLN 4,390 thousand vs PLN 14,226 thousand).

On the other hand, in Q1–Q3 2018 the Company recorded an increase in other revenue from core activities (PLN 2,442 thousand vs PLN 1,586 thousand a year earlier), driven mainly by 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 2018. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

Warsaw, November 15th 2018

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