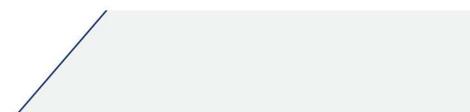


IPOPEMA Securities S.A.

Interim condensed financial statements

**for half-year
ended June 30th 2014**

Warsaw, August 21st 2014



STATEMENT OF COMPLIANCE

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

- to the best of our knowledge, the interim condensed financial statements prepared as at June 30th 2014 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial standing and financial performance of IPOPEMA Securities S.A.;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, Poland, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which reviewed the half-year condensed financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o. and the auditor who reviewed the half-year condensed financial statements of IPOPEMA Securities S.A. prepared as at June 30th 2014 meet the relevant criteria for issuing an impartial and independent report on the reviewed interim condensed financial statements, in accordance with the applicable laws and professional standards.
- The Directors' Report for H1 2014 gives a true picture of the Company's development, achievements and standing; they also include a description of key risks and threats.

Warsaw, August 21st 2014

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Financial highlights

Financial highlights	PLN '000		EUR '000	
	H1 ended		H1 ended	
	Jun 30 2014	Jun 30 2013	Jun 30 2014	Jun 30 2013
Revenue from core activities	26,661	29,726	6,381	7,054
Cost of core activities	21,852	23,202	5,230	5,506
Profit on core activities	4,809	6,524	1,151	1,548
Operating profit	7,544	6,065	1,805	1,439
Pre-tax profit	6,278	5,651	1,502	1,341
Net profit	5,523	4,655	1,322	1,105
Earnings per ordinary share (weighted average) (PLN/ EUR)	0.18	0.16	0.04	0.04
Net cash from operating activities	-17,202	-190,921	-4,117	-45,306
Total cash flows	-7,452	-210,780	-1,783	-50,019

Financial highlights	PLN '000			EUR '000		
	Jun 30 2014	Dec 31 2013	Jun 30 2013	Jun 30 2014	Dec 31 2013	Jun 30 2013
	Total assets	407,321	322,486	632,726	97,893	77,760
Current liabilities	341,028	249,870	563,513	81,960	60,250	130,166
Equity	62,425	65,894	64,934	15,003	15,889	14,999
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)	2.09	2.20	2.17	0.50	0.53	0.50

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

- For the income statement 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	H1 2014	H1 2013
EUR	4.1784	4.2140

- For the balance sheet:

Exchange rate as at	Jun 30 2014	Dec 31 2013
EUR	4.1609	4.1472

Introduction to the financial statements

The Company

The Company was established (under the name Dom Maklerski IPOPEMA S.A.) on March 2nd 2005 under Notarial Deed No. Rep. A 2640/2005, which included also the Company's Articles of Association, prepared by Janusz Rudnicki, Notary Public of Warsaw, ul. Marszałkowska 55/73, suite 33, Warsaw, Poland. According to the Articles of Association, the Company has been established for indefinite time.

The Company's registered office is at ul. Próźna 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 Register of Entrepreneurs of the National Court Register under KRS No.: 0000230737.

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

The Company conducts brokerage activity on the basis of a brokerage licence granted by the Polish Securities and Exchange Commission (currently, the Polish Financial Supervision Authority) on June 30th 2005, and on the basis of an additional licence, for the preparation of investment and financial analyses as well as recommendations, granted by the Polish Financial Supervision Authority on June 28th 2010. The additional licence had to be obtained in connection with amendments to applicable laws and regulations (prior to the amendments, such activities had not been classified as brokerage activities requiring a licence). Moreover, in April 2014 the Company received the PFSA's authorisation to conduct foreign exchange activities.

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

All Company shares (a total of 29,937,836 shares) issued to date 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 financial statements were prepared on the assumption that the Company would continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of approval of these financial statements, no circumstances were identified which would threaten the Company continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, for at least 12 months from the reporting date, that is June 30th 2014.

Composition of the Management Board and the Supervisory Board

As at the date of these 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.

During the first six months of 2014 and until the date of preparation of these financial statements, there were no changes in the composition of the Management Board.

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

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

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

Basis of preparation

These interim condensed financial statements ("condensed financial statements", "financial statements") cover the period from January 1st to June 30th 2014 and include comparative data for the period from January 1st to June 30th 2013 (for the income statement and the statement of cash flows) and, additionally, data as at December 31st 2013 (for the balance sheet and the statement of changes in equity).

These financial statements have been prepared in accordance with the Polish Accounting Standards ('PAS').

The Company is the parent of a group comprising the following companies:

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') of Warsaw – 100% interest;
- IPOPEMA Asset Management S.A. ('IAM') of Warsaw – 100% interest;
- IPOPEMA Business Consulting Sp. z o.o. ('IBC') of Warsaw – 50.02% interest; the company is the parent and sole shareholder of IPOPEMA Outsourcing Sp. z o.o.;
- IPOPEMA Business Services Kft. ('IBS') of Budapest (Hungary) – 100% interest.

The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'Group'). Pursuant to Art. 58.1 of the Accountancy Act, IPOPEMA Business Services Kft. and IPOPEMA Outsourcing Sp. z o.o. were not consolidated as their effect on the Group's financial data is immaterial.

Identification of financial statements

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

These 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

Current receivables

Current 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 six 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 charged to other expenses and disclosed in the income statement under increase in impairment losses on receivables. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible.

Under receivables, the Company also recognises receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services Kft. The lease agreement meets the definition of finance lease. The leasing receivables were PLN 81 thousand as at June 30th 2014 (December 31st 2013: PLN 145 thousand), including non-current receivables of PLN 2 thousand (December 31st 2013: PLN 14 thousand).

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

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

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

Non-current receivables

Non-current 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. For the purposes of the measurement, the Company takes into account closing prices quoted by the Warsaw Stock Exchange ('WSE') and Budapest Stock Exchange ('BSE') on the last business day of the reporting period. Instruments not traded on stock exchanges (*FX forward*, *FX swap*) have been measured using interest rates and currency exchange rates as at the reporting date. 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.

Financial instruments held for trading include shares in companies listed both on the Warsaw Stock Exchange (the 'WSE') and the Budapest Stock Exchange (the 'BSE'), but also equity- and index-based derivatives (options and futures traded on the WSE, FX forwards and FX swaps). In the category of financial liabilities held for trading, the Company recognises derivative financial instruments. Both the financial assets and liabilities held for trading are listed on the Warsaw Stock Exchange or the Budapest Stock Exchange, with the exception of forward contracts and FX swaps entered into by the Company.

Financial assets are carried 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 carried as 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.

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 acquisition cost, which is estimated using the effective interest rate method. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly bank deposits, cash and loans advanced. Loans advanced to IPOPEMA Securities's employees and associates are classified under 'Loans advanced'. With respect to loans which may be amortised (five-year loans), the Company applies straight-line amortisation to the principal and accrued interest. Amortisation charges are disclosed under finance costs. Loans advanced to a subsidiary are also recognised under this item.

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 recognised no financial assets held to maturity in the reporting period 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 recognised 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 and, pursuant to the regulation on special accounting policies for brokerage houses, shares in subordinated entities.

Investment certificates are carried at fair value based on the net asset value per certificate 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 a 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 acquisition cost (fair value), including the transaction costs.

Impairment of financial instruments

As at each reporting date the Company evaluates 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 reporting date. 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 National Depository for Securities and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Liabilities are measured at amounts payable. Recognition of current liabilities arising from the executed transactions is presented above, in the description of current 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-exchange rate quoted by the National Bank of Poland for a given currency, effective for 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	Jun 30 2014	Dec 31 2013
USD	3.0473	3.0120
EUR	4.1609	4.1472
HUF 100	1.3413	1.3969
GBP	5.1885	4.9828
UAH	0.2562	0.3706
CZK	0.1515	0.1513
CHF	3.4246	3.3816
TRY	1.4338	1.4122
INR 100	5.0724	4.8757

Source: National Bank of Poland.

Changes in estimates

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

Changes in applied accounting policies

The policies applied in the period covered by these financial statements are described in detail in the financial statements for 2013, issued on March 20th 2014. In the first six months of 2014, the Company did not change its accounting policies.

Comparability of the reported data

These financial statements are presented in a manner ensuring their comparability by applying uniform accounting policies in all the presented periods, consistent with the accounting policies applied by the Company.

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 errors of past periods

There are no corrections of errors of past periods in these financial statements.

Interim condensed financial statements of IPOPEMA Securities S.A. for H1 2014

ASSETS (PLN '000)		Note	Jun 30 2014	Dec 31 2013	Jun 30 2013
I.	Cash and cash equivalents	1	34,107	41,485	36,109
1.	In hand		4	4	4
2.	At banks		8,996	12,944	8,518
3.	Other cash		25,107	28,537	23,397
4.	Cash equivalents		-	-	4,190
II.	Current receivables	2, 7	349,724	262,540	578,264
1.	From clients		146,405	89,915	254,159
2.	From related entities	18	230	280	1,844
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		156,305	132,899	281,965
a)	under executed transactions		155,855	131,223	278,877
b)	other		450	1,676	3,088
4.	From the National Depository for Securities and exchange clearing		38,861	34,693	36,304
5.	From investment and pension fund companies and from investment and pension funds		21	69	154
6.	From issuers of securities or selling shareholders		259	2,078	-
7.	Taxes, subsidies and social security receivable		625	-	436
8.	Other		7,018	2,606	3,402
III.	Financial instruments held for trading	3, 4	5,089	218	34
1.	Equities		5,089	5	34
2.	Derivative instruments		-	213	-
IV.	Current prepayments and accrued income		628	665	735
V.	Financial instruments held to maturity		-	-	-
VI.	Financial instruments available for sale	3, 4	8,811	6,825	6,831
1.	Equities		8,637	6,637	6,637
	- shares in subordinated entities		8,637	6,637	6,637
2.	Investment certificates		174	188	194
VII.	Non-current receivables		2,337	2,336	2,388
VIII.	Non-current loans advanced		9	794	1,219
1.	Other		9	794	1,219
IX.	Intangible assets	4	2,007	2,121	2,061
1.	Acquired permits, patents, licenses and similar assets, including:		2,007	2,121	2,061
	- computer software		2,007	2,121	2,061
X.	Property, plant and equipment	4, 5	3,859	4,212	4,193
1.	Tangible assets, including:		3,758	4,127	4,178
a)	buildings and premises		672	731	775
b)	computer assemblies		1,757	1,989	1,884
c)	other tangible assets		1,329	1,407	1,519
2.	Tangible assets under construction		101	85	15
XI.	Non-current prepayments and accrued income		750	1,290	892
1.	Deferred tax assets	13	750	1,290	892
Total assets			407,321	322,486	632,726

Warsaw, August 21st 2014

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 H1 2014

EQUITY AND LIABILITIES (PLN '000)		Note	Jun 30 2014	Dec 31 2013	Jun 30 2013
I. Current liabilities		6	341,028	249,870	563,513
1. To clients			128,119	141,188	247,342
2. To related entities		18	-	-	3
3. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses			188,811	103,140	299,924
a) under executed transactions			188,811	103,140	299,924
4. To entities operating regulated markets and commodity exchanges			689	844	1,090
5. To the National Depository for Securities and exchange clearing houses			1,051	249	3,276
6. Borrowings			12,133	2,589	7,448
a) other			12,133	2,589	7,448
7. Debt securities			5	4	4
8. Taxes, customs duties and social security payable			453	828	359
9. From investment and pension fund companies and from investment and pension funds			213	167	-
10. Other			9,554	861	4,067
II. Non-current liabilities			3	2	4
1. Debt securities		10	3	2	4
III. Accruals and deferred income			-	-	-
IV. Provisions for liabilities		7	3,865	6,720	4,275
1. Deferred tax liabilities		13	261	325	302
2. Other			3,604	6,395	3,973
a) non-current			251	735	885
b) current			3,353	5,660	3,088
V. Subordinated liabilities			-	-	-
VI. Equity			62,425	65,894	64,934
1. Share capital		8	2,994	2,994	2,994
2. Reserve funds			53,926	57,288	57,288
a) share premium			10,351	10,351	10,338
b) statutory reserve funds			998	998	998
c) reserve funds created pursuant to the Articles of Association			42,577	45,939	45,952
3. Revaluation capital reserve			-18	-7	-3
4. Retained earnings			-	-	-
5. Net profit		14	5,523	5,619	4,655
Total equity and liabilities			407,321	322,486	632,726
Book value (PLN '000)			62,425	65,894	64,934
Number of shares as at end of the period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.09	2.20	2.17
Diluted number of shares			29,945,721	29,978,582	29,957,329
Diluted book value per share (PLN)			2.08	2.20	2.17

Warsaw, August 21st 2014

Jacek Lewandowski
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Danuta Ciosek
Chief Accountant

OFF-BALANCE-SHEET ITEMS (PLN '000)		Note	Jun 30 2014	Dec 31 2013	Jun 30 2013
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		-	4,376*	-

* *notional amount of purchased forward/fx swap contract*

Warsaw, August 21st 2014

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Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for H1 2014

Income statement (PLN '000)	Note	H1 2014	H1 2013
I. Revenue from brokerage activities, including:		26,661	29,726
- from related entities	18	1	-
1. Fee and commission income		20,622	23,674
a) from transactions in financial instruments made in the name of the Company but for the account of the party placing an order		20,599	23,663
b) from offering financial instruments		23	-
c) other		-	11
2. Other income		6,039	6,052
a) from offering financial instruments		799	-
b) from discretionary management of third-party securities portfolios		-	-
c) other		5,240	6,052
II. Cost of brokerage activities		21,852	23,202
- from related entities	18	413	423
1. Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses		5,261	7,385
2. Fees payable to commercial chamber		-	-
3. Salaries and wages		9,479	8,595
4. Social security and other benefits		723	600
5. Employee benefits		105	92
6. Raw material and consumables used		165	179
7. Costs of maintenance and lease of buildings		939	945
8. Depreciation and amortisation expenses		840	639
9. Taxes and other public charges		857	981
10. Other		3,483	3,786
III. Profit (loss) on brokerage activities		4,809	6,524
IV. Income from financial instruments held for trading		582	344
1. Dividends and other profit distributions		20	7
2. Revaluation adjustments		13	20
3. Gain on sale/redemption		549	317
4. Other		-	-
V. Cost related to financial instruments held for trading		1,055	1,736
1. Revaluation adjustments		213	40
2. Loss on sale/redemption		842	1,696
VI. Gain (loss) on transactions in financial instruments held for trading		-473	-1,392
VII. Income from financial instruments available for sale		3,001	1,016
1. Dividends and other profit distributions		3,001	1,000
- from related entities		3,001	1,000
2. Revaluation adjustments		-	16
VIII. Cost related to financial instruments available for sale		-	46
1. Loss on sale/redemption		-	46
IX. Gain (loss) on transactions in financial instruments available for sale		3,001	970
X. Other income		280	420
1. Gain on disposal of property, plant and equipment and intangible assets		-	1
2. Other		280	419
XI. Other expenses		228	533
1. Other		228	533
XII. Difference between provisions for and impairment losses on receivables		155	76

Interim condensed financial statements of IPOPEMA Securities S.A. for H1 2014

1.	Provisions reversed	200	92
2.	Decrease in impairment losses on receivables	-	-
3.	Increase in impairment losses on receivables	45	16
XIII.	Operating profit	7,544	6,065
XIV.	Finance income	761	1,535
1.	Interest on loans advanced, including:	27	37
	- from related entities	-	9
2.	Interest on deposits	239	340
	- from related entities	-	-
3.	Other interest	2	4
4.	Foreign exchange gains	64	466
	a) realised	-	466
	b) unrealised	64	-
5.	Other	429	688
XV.	Finance costs	2,027	1,949
1.	Interest on borrowings, including:	414	681
	- to related entities	-	-
2.	Other interest	102	59
3.	Foreign exchange losses	95	3
	a) realised	95	-
	b) unrealised	-	3
4.	Other	1,416	1,206
XVI.	Profit before extraordinary items	6,278	5,651
XVII.	Pre-tax profit	6,278	5,651
XVIII.	Income tax	755	996
XIX.	Net profit	5,523	4,655
	Weighted average number of ordinary shares	29,937,836	29,893,203
	Earnings per ordinary share (PLN)	0.18	0.16
	Weighted average diluted number of ordinary shares	29,945,721	29,957,329
	Diluted earnings per ordinary share (PLN)	0.18	0.16

Warsaw, August 21st 2014

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

STATEMENT OF CASH FLOWS (PLN' 000)	Note	H1 2014	H1 2013
A. NET CASH FROM (USED IN) OPERATING ACTIVITIES			
I. Net profit		5,523	4,655
II. Total adjustments		-22,725	-195,576
1. Depreciation and amortisation expenses		840	639
2. Foreign exchange gains/(losses)		-79	-394
3. Interest and profit distributions (dividends)		-2,648	-522
4. Gain (loss) on investing activities		390	574
5. Change in provisions and impairment losses on receivables		-2,757	-1,120
6. Change in financial instruments held for trading		-4,871	295
7. Change in receivables		-86,813	-71,710
8. Change in current liabilities (net of borrowings), including special accounts		72,632	-123,149
9. Change in accruals and deferrals		581	-189
III. Net cash from (used in) operating activities (I + II)		-17,202	-190,921
B. CASH FLOWS FROM INVESTING ACTIVITIES			
I. Cash from investing activities		3,045	129
1. Disposal of financial instruments available for sale and held to maturity		-	-
2. Disposal of property, plant and equipment		-	1
3. Decrease in loans advanced		12	14
4. Profit distributions (dividends) received		3,021	7
5. Interest received		-	42
6. Other		12	65
II. Cash used in investing activities		2,374	2,539
1. Acquisition of intangible assets		229	214
2. Acquisition of property, plant and equipment		145	1,325
3. Acquisition of financial instruments available for sale and held to maturity – subordinates		2,000	-
4. Other cash used in investing activities		-	1,000
III. Net cash from (used in) investing activities (I - II)		671	-2,410
C. NET CASH FROM (USED IN) FINANCING ACTIVITIES			
I. Cash from financing activities		9,548	938
1. Increase in current borrowings		9,544	-
2. Proceeds from issue of long-term debt securities		1	4
3. Proceeds from issue of short-term debt securities		3	5
4. Proceeds from issue of share capital		-	929
II. Cash used in financing activities		469	18,387
1. Dividends and other payments to owners		-	-
2. Repayment of current borrowings		-	17,765
3. Repayment of short-term debt securities		2	2
4. Interest paid		467	620
III. Net cash from (used in) financing activities (I - II)		9,079	-17,449

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		- 7,452	- 210,780
E. BALANCE-SHEET CHANGE IN CASH, including:		- 7,380	- 210,498
- effect of exchange rate fluctuations on cash held		72	282
F. CASH AT BEGINNING OF THE PERIOD	19	41,760	242,678
G. CASH AT END OF THE PERIOD (F +/- D), including:	19	34,308	31,898
- restricted cash		4,168	4,337

Warsaw, August 21st 2014

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STATEMENT OF CHANGES IN EQUITY (PLN '000)	H1 2014	2013	H1 2013
I. EQUITY AT BEGINNING OF THE PERIOD	65,894	59,342	59,342
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF THE PERIOD AFTER ADJUSTMENTS	65,894	59,342	59,342
1. Share capital at beginning of the period	2,994	2,975	2,975
1.1. Changes in share capital	-	19	19
a) increase	-	19	19
- issue of shares	-	19	19
1.2. Share capital at end of the period	2,994	2,994	2,994
2. Reserve funds at beginning of the period	57,288	47,850	47,850
2.1. Changes in reserve funds	-3,362	9,438	9,438
a) increase	-	9,438	9,438
- under statutory requirement	-	6	6
- distribution of profit (above statutory minimum)	-	8,516	8,528
- share premium	-	916	904
b) decrease	3,362	-	-
- distribution of retained earnings (dividend)	3,362	-	-
2.2. Reserve funds at end of the period	53,926	57,288	57,288
3. Revaluation capital reserve at beginning of the period	- 7	- 11	- 11
3.1. Changes in revaluation capital reserve	- 11	4	8
a) increase	4	65	55
- remeasurement of financial instruments	4	65	55
a) decrease	15	61	47
- remeasurement of financial instruments	15	61	47
3.2. Revaluation capital reserve at end of the period	- 18	- 7	- 3
4. Retained earnings/(deficit) at beginning of the period	5,619	8,528	8,528
4.1. Retained earnings at beginning of the period	5,619	8,528	8,528
a) increase	-	-	-
b) decrease	5,619	8,528	8,528
- distribution of retained earnings (dividend)	5,619	-	-
- distribution of retained earnings (increase in reserve funds)	-	-	8,528
4.2. Retained earnings /(deficit) at end of the period	-	-	-
5. Net profit (loss)	5,523	5,619	4,655
a) net profit	5,523	5,619	4,655
II. EQUITY AT END OF THE PERIOD	62,425	65,894	64,934
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	62,425	65,894	64,934

Warsaw, August 21st 2014

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Notes to the interim financial statements

Note 1

Cash and other assets (PLN '000)	Jun 30 2014	Dec 31 2013	Jun 30 2013
Cash and other assets of clients			
a) at banks and in hand	-	-	-
b) other*	17,172	18,440	19,346
Total cash and other assets of clients	17,172	18,440	19,346
Cash and other assets:			
a) cash and other assets of the brokerage house, including:	16,935	23,045	16,763
- in hand	4	4	4
- at banks	8,996	12,944	8,518
- other cash*	7,935	10,097	8,241
b) cash and other assets of clients deposited in cash accounts	17,172	18,440	19,346
- at the brokerage house and paid towards acquisition of securities	17,172	18,440	19,346
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
Total cash and other assets	34,107	41,485	36,109

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

Note 2

Selected current receivables (PLN '000)	Jun 30 2014	Dec 31 2013	Jun 30 2013
1. Selected current receivables	341,351	256,111	574,272
a) from clients, including:	146,405	89,915	254,159
- under transactions executed on the Warsaw Stock Exchange	117,773	58,527	227,318
- under transactions executed on the Budapest Stock Exchange	7,567	27,504	9,152
- under transactions executed on Nasdaq	1,102	-	-
- under transactions executed on the Prague Stock Exchange	1,143	138	3,856
- under transactions executed on the Istanbul Stock Exchange	409	-	6,512
- under transactions executed on the London Stock Exchange	174	-	3,767
- under transactions executed on the Frankfurt Stock Exchange	788	-	614
- under transactions executed on the Paris Stock Exchange	-	-	326
- under transactions executed on the New York Stock Exchange	3,340	-	174
- under transactions executed on the Athens Stock Exchange	11,147	-	-
- other	2,962	3,746	2,440
b) from related entities, including:	230	280	1,844
- from subsidiaries	227	280	1,841
- from other related entities	3	-	3
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	155,855	131,223	281,965
- under transactions executed on the Warsaw Stock Exchange*	122,477	93,891	242,124
- under transactions executed on the Budapest Stock Exchange	6,596	5,396	30,949
- under transactions executed on the Prague Stock Exchange	10,325	-	1,482
- under transactions executed on the New York Stock Exchange	3,350	31,789	3,389
- under transactions executed on the London Stock Exchange	-	92	529
- under transactions executed on the Istanbul Stock Exchange	2,015	-	384
- under transactions executed on the Frankfurt Stock Exchange	-	-	20
- under transactions executed on the Stockholm Stock Exchange	-	55	-

- under transactions executed on the Athens Stock Exchange	11,092	-	-
- other	-	-	3,088
d) from entities operating regulated markets and commodity exchanges	-	-	-
e) from the National Depository for Securities and exchange clearing houses, including:	38,861	34,693	36,304
- from the settlement guarantee fund	38,861	34,693	36,304
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-	-
2. Net current receivables	349,724	262,540	578,264
- impairment losses on current receivables (positive value)	347	302	282
Gross current receivables	350,071	262,842	578,546

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

The value of current receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions represents the value of concluded and not cleared purchase and sale transactions in securities.

Note 3

Financial assets

In H1 2014 and in the comparative period, the policies regarding measurement of financial assets at fair value and classification of financial asset did not change. Neither did the Group record any changes in its economic environment or trading conditions which would materially affect the fair value of its financial assets and liabilities.

Note 4

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

In H1 2014 and in 2013, 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 H1 2014 and in 2013, the Company did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchase of property, plant and equipment

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

Note 6

Selected current liabilities (PLN '000)	Jun 30 2014	Dec 31 2013	Jun 30 2013
Selected current liabilities	200,105	105,094	308,360
1. To related entities	-	-	3
a) to subsidiaries	-	-	-
b) to other related entities	-	-	3
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	188,811	103,140	299,924
a) to the Warsaw Stock Exchange *	157,323	74,326	263,989
b) to the Budapest Stock Exchange	12,667	28,676	19,734
c) to the Vienna Stock Exchange	-	-	2,470
d) to the Prague Stock Exchange	1,872	138	2,354
e) to the London Stock Exchange	173	-	3,762
f) to the Istanbul Stock Exchange	409	-	6,503
g) to the Paris Stock Exchange	-	-	326
h) to the New York Stock Exchange	3,337	-	173
i) to the Frankfurt Stock Exchange	787	-	613
j) to Nasdaq	1,101	-	-
k) to the Athens Stock Exchange	11,142	-	-
3.To entities operating regulated markets and commodity exchanges	689	844	1,090
a) to the Warsaw Stock Exchange *	595	767	978
b) to the Budapest Stock Exchange	40	30	55
c) to the Prague Stock Exchange	9	10	10
d) to the Vienna Stock Exchange	45	37	47
4.To the National Depository for Securities and exchange clearing houses	1,051	249	3,276
a) under additional payments to the settlement guarantee fund	823	-	2,945
b) other	228	249	331
5.Other	9,554	861	4,067
a) dividend payable	8,981	-	-
b) other liabilities, including:	573	861	4,067
- financial liabilities (valuation of financial derivatives)	-	-	-
- other liabilities	573	861	4,067

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

As at June 30th 2014, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 12,133 thousand (December 31st 2013: PLN 2,589 thousand). The liabilities result from two working-capital overdraft facility agreements executed by the Company on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on September 17th 2014:

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

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

Change in current provisions and impairment losses on receivables

Current provisions for liabilities	H1 2014	H1 2013
Balance of provisions at beginning of the period	5,660	4,062
a) recognised	3,568	1,867
b) used	5,675	2,749
c) reversed	200	92
Balance of provisions at end of the period	3,353	3,088

In H1 2014, impairment losses on receivables rose by PLN 45 thousand compared with December 31st 2013. In the comparative period, i.e. H1 2013, impairment losses on receivables increased by PLN 16 thousand relative to December 31st 2012.

Note 8

Share capital	Jun 30 2014	Dec 31 2013	Jun 30 2013
a) par value per share (PLN)	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none
e) restrictions on rights attached to shares	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994
h) type of contribution	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2014	the shares carry the right to profit distribution for 2013	the shares carry the right to profit distribution for 2013

Pursuant to the Company's Articles of Association, the Management Board (subject to approval by the Supervisory Board) is authorised to increase the Company's share capital by a total of PLN 350,000 through the issue of up to 3,500,000 shares, within three years from the date of entry of the amendment to the Articles of Association granting the authorisation in the Register of Entrepreneurs (authorised capital), which was effected on September 28th 2011.

The Company's Articles of Association also provide for a conditional share capital increase for the purpose of the 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 by June 30th 2014, 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 12.

In H1 2014, there were no changes in the Company's share capital, while in H1 2013 the share capital was increased by PLN 18,571.40.

As at June 30th 2014, the Company's share capital was PLN 2,993,783.60 (no change on December 31st 2013). It was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

Note 9

Contingent liabilities and assets

In the second half of 2014, the Company will incur a cost of up to CZK 825 thousand (PLN 125 thousand) under an agreement with its clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement is not reached, which is a condition for incurring that cost. In the corresponding period of 2013, the cost was CZK 1.5m (PLN 256 thousand).

In the period covered by these condensed financial statements, the Company carried contingent liabilities under lease agreements. The Company leases office space under a lease agreement. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years.

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2014	Dec 31 2013
	Present value of minimum lease payments	
Within 1 year	1,408*	1,390*
Within 1 to 5 years	5,631*	5,562*
Over 5 years	761*	1,446*
Total lease liabilities	7,800	8,398

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

In addition to the above and the guarantees disclosed in Note 11, the Company also issued promissory notes as security for a credit facility (for a detailed description see Note 6), and paid a deposit of PLN 1m as security in the settlement of transactions on foreign stock exchanges.

Note 10

Bonds

In H1 2014, the Company issued registered bonds with a total nominal value of PLN 4.8 thousand, with various series maturing in 2014–2017. In 2013, the Company issued bonds with a total nominal value of PLN 10 thousand, with various series maturing in 2013–2015. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Resolution on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of issue of these financial statements, in 2014 the Group has redeemed PLN 4 thousand worth of bonds (including PLN 2 thousand in H1 2014). In 2013, the amount of redeemed bonds was the same.

Note 11

Guarantees

In January 2012, Nordea Bank Polska S.A. issued a guarantee to IPOPEMA Securities S.A. up to a total amount of EUR 273 thousand, secured with a cash deposit of PLN 1,239 thousand. The guarantee, provided until April 15th 2018, secures liabilities under lease of new office space.

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

Note 12

Incentive Scheme

In H1 2014, the eligible persons did not subscribe for any shares, whereas in H1 2013 they subscribed for 185,714 shares.

The cost of the incentive schemes is not recognised in the separate financial statements as the Polish Accountancy Act stipulates no such requirement. This cost is recognised in the consolidated financial statements of the IPOPEMA Securities Group. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the share option plans implemented by the Group in the Group's consolidated financial statements.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in H1 2014 by PLN 68 thousand; the amount was charged against IPOPEMA Securities S.A.'s profit. In the comparative period, i.e. H1 2013, the cost of these plans increased the cost of salaries and wages by PLN 153 thousand.

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

Note 13

Deferred tax

Deferred tax liabilities decreased by PLN 64 thousand in H1 2014, and by PLN 57 thousand in H1 2013.

Deferred tax assets decreased by PLN 540 thousand in H1 2014, and by PLN 234 thousand in H1 2013.

Note 14

Distribution of profit

Distribution of profit (PLN '000)	H1 2014	2013
Net profit/loss	5,523	5,619
Dividend payment	-	5,619
Reserve funds	-	-

On June 17th 2014, the General Meeting resolved to distribute the entire 2013 profit of PLN 5,619 thousand as dividend.

Note 15

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

In H1 2014, the Company did not issue any shares, while in H1 2013 it issued 185,714 Series C shares (see Notes 8 and 12).

In H1 2014, the Company issued 16 bonds with a total nominal value of PLN 4.8 (H1 2013: 10 bonds with a nominal value of PLN 1,000 each; see Note 10).

By the date of issue of these financial statements, in 2014 the Group has redeemed PLN 4 thousand worth of bonds (including PLN 2 thousand in H1 2014). In 2013, the amount of redeemed bonds was the same.

Note 16

Dividends paid and proposed

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

Note 17

Material related-party transactions 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 would not be transactions at arm's length.

Note 18

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

Related party	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases
	Jan 1 – Jun 30 2014				Jan 1 – Jun 30 2013			
IPOPEMA Business Consulting	-	1	-	-	-	7	-	-
IPOPEMA TFI	-	42	-	-	-	233	2	-
IPOPEMA Business Services Kft.	-	69	370	65	-	67	371	62
IPOPEMA Asset Management S.A.	-	27	37	-	-	29	37	-
Members of the Management and Supervisory Boards	1	6	7	-	-	5	13	-
Other related entities	-	-	-	-	-	-	-	-
Total	1	145	414	65	-	341	423	62

Related party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Jun 30 2014	Dec 31 2013	Jun 30 2013	Jun 30 2014	Dec 31 2013	Jun 30 2013
IPOPEMA Business Consulting	-	-	7	-	-	-
IPOPEMA TFI	8	2	1,069	-	-	-
IPOPEMA Business Services Kft.	220	280	820	-	-	-
IPOPEMA Asset Management S.A.	1	2	26	-	-	-
Members of the Management and Supervisory Boards	3	10	3	-	-	3
Total	232	294	1,925	-	-	3

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

Note 19

Items of the statement of cash flows

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Jun 30 2014	Jun 30 2013	Jun 30 2014	Jun 30 2013
Cash and cash equivalents	34,107	36,109	34,308	31,898
1. In hand	4	4	4	4
2. At banks	8,996	8,518	8,996	8,518
3. Other cash	25,107	23,397	25,107	23,397
4. Cash equivalents (deposit for a period exceeding three months)	-	4,190	-	-
Accrued foreign exchange differences	-	-	201	- 21

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at June 30th 2014 is attributable to the elimination of the effect of foreign exchange differences on cash, while as at June 30th 2013 – to the recognition of a long-term deposit of PLN 4m (maturing in more than three months from the reporting date) under investing activities, elimination of interest of PLN 190 thousand accrued on a deposit, and elimination of the effect of foreign exchange differences on cash.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as shown by the balance sheet	Presentation in the statement of cash flows – change
	Jun 30 2014	Dec 31 2013	Jun 30 2014	Jun 30 2014
Gross current and non-current receivables	352,408	265,178	87,230	86,813
Net receivables	352,061	264,876		
Impairment losses on receivables	347	302		45
Provisions (net of deferred tax related to equity and provision for unpaid interest)	3,816	6,618		-2,802
Total change in impairment losses and provisions				-2,757

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at June 30th 2014 net of the amount of receivables under loans advanced and security deposit receivable, disclosed under investing activities, and net of the amount of receivables under lease (non-current portion) disclosed under financing activities.

Explanation concerning other items of the statement of cash flows

In 'Other cash from investing activities' for the period January 1st–June 30th 2014, the Company disclosed change in lease receivables of PLN 12 thousand. In the comparative period, the Company disclosed change in lease receivables of PLN 65 thousand.

The Company did not carry 'Other cash used in investing activities' in the period January 1st–June 30th 2014, while in the period January 1st–June 30th 2013 it disclosed under this item a deposit provided to secure Deutsche Bank Polska S.A.'s claims arising from the settlement of purchases of foreign securities.

Note 20

Clients' financial instruments

As at June 30th 2014, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 95,518 thousand (1,918 instruments) (December 31st 2013: PLN 143,748 thousand (5,295 instruments)). As at June 30th 2014, the Company held 50 thousand bonds in certificated form of its clients, with a total par value of PLN 50m (December 31st 2013: 64 thousand bonds with a total par value of PLN 64m).

The Company also maintains a sponsor's account. The value of 291 thousand WSE-listed financial instruments in book-entry form registered in this account as at June 30th 2014 was PLN 1,591 thousand (December 31st 2013: 2,480 instruments with the value of PLN 19,045 thousand).

Note 21

Operating segments

The Company does not identify separate operating segments within its structure and operates as a single segment. IPOPEMA Securities S.A.'s segment comprises brokerage activities, as well as business and management consulting services. Information disclosed in these financial statements comprises segmental information.

Note 22

Litigation and court proceedings

The Company was not a party to any litigation or court proceedings in H1 2014 or H1 2013.

Note 23

Material events and factors in H1 2014

Situation on the equity markets of the Warsaw, Budapest and Prague Stock Exchanges

With substantial index movements, the total value of trades executed on all Company markets in H1 2014 was lower year on year, with WSE, BSE and PSE trades down 4.5%, 3.8% and 12.2%, respectively. Over the same period, the Company's market share declined to 6.86% on the WSE and 3.63% on the BSE (from 9.66% and 6.47% in H1 2013, respectively). As a result, the Company's revenue from trading in securities in H1 2014 declined by 14.4% year on year (PLN 19,842 thousand vs. PLN 23,167 thousand).

Investment banking services

In H1 2014, IPOPEMA Securities' performance on the equity market improved relative to the same period of 2013. IPOPEMA Securities acted as a global coordinator for the offering of Globe Trade Centre S.A. shares, carried out public offerings of Comperia S.A. shares and MCI Management S.A. convertible bonds, and organised a private placement of Braster S.A. shares. All in all, total revenue from investment banking services was up 6.6%, to PLN 6,804 thousand.

Note 24

Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting books and the financial statements for the period January 1st – June 30th 2014. No material events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

Execution of annexes to credit facility agreements with Alior Bank

After the reporting date, the Company executed annexes to the credit agreements with Alior Bank, whereby the effective terms of the agreements were extended until September 17th 2014. For more details, see Note 6 to these condensed financial statements.

Warsaw, August 21st 2014

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