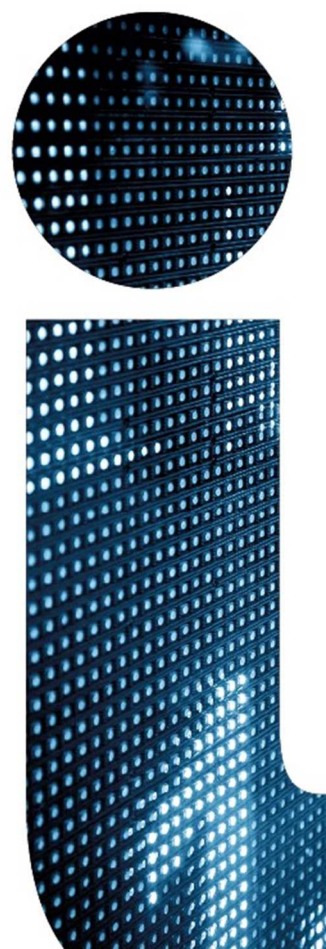


IPOPEMA Securities S.A.

Interim condensed financial statements

**for the six months
ended June 30th 2017**

Warsaw, August 24th 2017



STATEMENT OF COMPLIANCE

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

- to the best of our knowledge, the half-year condensed financial statements as at June 30th 2017 and the comparative data were prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial condition and results of the IPOPEMA Securities S.A.;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which reviewed the half-year condensed financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the half-year condensed financial statements of IPOPEMA Securities S.A. as at June 30th 2017 meet the criteria for issuing an objective and independent auditor's opinion on the half-year financial statements and an objective and independent auditor's report on review of the interim condensed consolidated financial statements, in accordance with the applicable laws and professional standards;
- The Directors' Report for the first half of 2017 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, August 24th 2017

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	
	Six months ended June 30th		Six months ended June 30th	
	Jun 30 2017	Jun 30 2016	Jun 30 2017	Jun 30 2016
Revenue from core activities	22,852	16,979	5,380	3,876
Cost of core activities	19,949	17,992	4,697	4,107
Profit on core activities	2,903	- 1,013	683	- 231
Operating profit	3,851	446	907	102
Profit before tax	2,426	467	571	107
Net profit	2,180	610	513	139
Earnings per ordinary share (weighted average) (PLN/ EUR)	0.07	0.02	0.02	0.00
Net cash flow from operating activities	31,497	- 113,125	7,416	- 25,825
Total cash flows	22,494	- 110,492	5,296	- 25,224

Financial highlights	PLN '000			EUR '000		
	Jun 30 2017	Dec 31 2016	Jun 30 2016	Jun 30 2017	Dec 31 2016	Jun 30 2016
Total assets	327,683	305,012	314,344	77,531	68,945	71,030
Current liabilities	259,994	239,162	250,156	61,515	54,060	56,526
Equity	62,615	61,405	60,748	14,815	13,880	13,727
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	2.05	2.03	0.49	0.46	0.46

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	First half of 2017	First half of 2016
EUR	4.2474	4.3805

- For the balance sheet:

Exchange rate as at	Jun 30 2017	Dec 31 2016
EUR	4.2265	4.4240

Introduction to the interim condensed financial statements

Information about the Company

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

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

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

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

The Company conducts brokerage activities pursuant to a brokerage licence granted by the Polish Securities and Exchange Commission (currently, the Polish Financial Supervision Authority, or the „PFSA”) on June 30th 2005, and other authorisations which it was required to obtain in connection with subsequent amendments to applicable laws and regulations.

Currently, the Company holds licences for a majority of the activities specified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.2.4 and 69.2.8, Art. 69.4.2 and 69.4.8, and Art. 69a.1 of the Act.

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

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

Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these 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 June 30th 2017.

Composition of the Management Board and the Supervisory Board

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

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

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

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

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

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

Basis of preparation of the interim condensed financial statements

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

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

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

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

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

Identification of the interim condensed financial statements

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

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

Selected accounting policies

Receivables

Short-term receivables

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

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

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

for receivables past due by up to 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 recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible.

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses

Short-term receivables from clients, short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been settled at the clearing houses due to the transaction clearing procedure (T+2). In the case of buy trades executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)* and short-term receivables from the clients on behalf of whom such buy trades have been executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

Long-term receivables

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

Financial instruments

Financial instruments are classified into the following categories:

1. Financial assets

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

2. Financial liabilities

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

Financial assets and liabilities held for trading

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

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

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

The Company does not apply hedge accounting.

Loans advanced and receivables

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

Financial assets held to maturity

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

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

Financial assets available for sale

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

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

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

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

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

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

Impairment of financial instruments

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

Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the Central Securities Depository of Poland and exchange clearing houses and liabilities to entities operating regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

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

Non-current liabilities

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

Translation of foreign-currency items

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

**Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017**

- 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 złoty are translated into the złoty at the mid-rate quoted by the NBP for a given currency, in effect at the end of the reporting period. Currency translation differences are disclosed as finance income or costs, as appropriate.

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

Currency	30 June 2017	31 December 2016
USD	3.7062	4.1793
EUR	4.2265	4.4240
HUF 100	1.3689	1.4224
GBP	4.8132	5.1445
UAH	0.1424	0.1542
CZK	0.1611	0.1637
CHF	3.8667	4.1173
TRY	1.0535	1.1867
JPY 100	3.3128	3.5748
NOK	0.4430	0.4868
CAD	2.8543	3.0995
SEK	0.4379	0.4619
DKK	0.5684	0.5951
AUD	2.8464	3.0180
RON	0.9269	0.9749

Source: National Bank of Poland.

Changes in estimates

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

Changes in applied accounting policies

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

Comparability of the reported data

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

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

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

	As at Jun 30 2016 (approved)	Presentation change	As at Jun 30 2016 (restated)
Short-term receivables	265,409	- 397	265,012
including:			
From the Central Securities Depository of Poland and from settlement and clearing	36,716	- 36,506	210
From CCP	-	36,506	36,506
Other	15,099	- 397	14,702
Short-term loans advanced	-	397	397
Current liabilities	250,156	-	250,156
including:			
To the Central Securities Depository of Poland and to settlement and clearing	93	- 58	35
To CCP	-	58	58

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

	First half of 2016 (approved)	First half of 2016 (restated) (designation according to the numbering in the statement of profit or loss)				
		1 a)	1 b)	1 c)	1 d)	1 e)
Revenue from brokerage activities, including:	16,979	4	10,728	2,852	6	3,389
1. Fee and commission income	10,833					
from transactions in financial instruments made in the name of the Company but for the account of the party placing an order						
a)	9,886	4	9,882	-	-	-
b) from offering financial instruments	947	-	-	947	-	-
2. Other income	6,146					
from offering financial instruments	6	-	-	-	6	-
b) securities accounts and cash accounts	1,905	-	-	1,905	-	-
c) other	4,235	-	846	-	-	3,389

	First half of 2016 (approved)	Presentation change	First half of 2016 (restated)
Cost of core activities	17,992	-	17,992
including:			
Services	-	3,759	3,759
Other	4,110	- 3,759	351
Other income	246	33	279
including:			
Decrease in impairment losses on receivables	-	33	33
Other expenses	235	34	269

**Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017**

including:

Increase in impairment losses on receivables	-	34	34
Difference between provisions for and impairment losses on receivables	- 1	1	-
Decrease in impairment losses on receivables	33	- 33	-
Increase in impairment losses on receivables	34	- 34	-

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 six months ended June 30th
2017

	ASSETS	Note	Jun 30 2017	Dec 31 2016	Jun 30 2016
I.	Cash and cash equivalents	1	49,585	27,119	25,534
1.	In hand		-	1	1
2.	At banks		4,690	11,466	9,380
3.	Other cash		44,890	15,644	16,143
4.	Cash equivalents		5	8	10
II.	Short-term receivables	2, 7	254,560	255,106	265,012
1.	From clients		93,876	124,551	67,854
2.	From related entities	19	267	209	107
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		111,028	73,232	145,364
a)	under executed transactions		95,211	72,031	140,786
b)	other		15,817	1,201	4,578
4.	From entities operating regulated markets and commodity		-	-	-
5.	From the Central Securities Depository of Poland and exchange		206	213	210
5.a	From CCP		29,882	34,694	36,506
6.	From investment and pension fund companies and from investment and pension funds		1,324	15	18
7.	From issuers of securities or selling shareholders		-	-	112
8.	Taxes, subsidies and social security receivable		10	40	139
9.	Other		17,967	22,152	14,702
III.	Financial instruments held for trading	3, 4	2,712	126	1,281
1.	Equities		2,712	126	1,281
IV.	Current prepayments and accrued income		759	663	591
IV.a.	Short-term loans advanced		689	149	397
1.	To subordinated entities		606	-	-
2.	Other		83	149	397
V.	Financial instruments held to maturity		-	-	-
VI.	Financial instruments available for sale	3, 4	12,955	12,853	12,829
1.	Equities		8,639	8,631	8,631
	- shares in subordinated entities		8,639	8,631	8,631
2.	Debt securities		10	10	11
3.	Investment fund units		4,106	4,019	4,000
4.	Investment certificates		200	193	187
VII.	Long-term receivables		-	1,384	1,375
VIII.	Long-term loans advanced		25	54	88
1.	Other		25	54	88
IX.	Intangible assets	4	2,074	2,475	2,181
1.	Acquired permits, patents, licences and similar assets, including:		2,074	2,475	2,181
	- software		2,074	2,475	2,181
X.	Property, plant and equipment	4, 5	3,046	3,746	3,778
1.	Tangible assets, including:		3,046	3,736	3,695
a)	buildings and premises		431	464	498
b)	computer assemblies		1,726	2,265	2,058
c)	other tangible assets		889	1,007	1,139
2.	Tangible assets under construction		-	10	83
XI.	Non-current prepayments and accrued income		1,278	1,337	1,278
1.	Deferred tax assets	14	1,102	1,093	1,268
2.	Other non-current prepayments and accrued income		176	244	10

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017

XII. Called-up share capital not paid	-	-	-
XIII. Treasury shares	-	-	-
Total assets	327,683	305,012	314,344

Warsaw, August 24th 2017

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Mirosław Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017

EQUITY AND LIABILITIES		Note	Jun 30 2017	Dec 31 2016	Jun 30 2016
I. Current liabilities		6	259,994	239,162	250,156
1. To clients			131,761	89,490	136,872
2. To related entities		19	13	20	7
3. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses			109,574	130,250	86,345
a) under executed transactions			109,574	130,250	86,345
4. To entities operating regulated markets and commodity exchanges			564	602	444
5. To the Central Securities Depository of Poland and to settlement and clearing houses			55	62	35
5.a. To CCP			3,038	1,982	58
6. Borrowings			10,478	14,784	21,237
a) other			10,478	14,784	21,237
7. Debt securities		11	4	3	5
7.a. Negative fair value of financial instruments held for trading			-	-	-
8. Taxes, customs duties and social security payable			1,471	535	534
9. Salaries and wages			-	1	-
10. To investment and pension fund companies and to investment and pension funds			218	154	132
11. Other			2,818	1,279	4,487
II. Non-current liabilities			139	158	177
1. Debt securities		11	2	2	3
2. Finance lease liabilities		10	137	156	174
- from other entities			137	156	174
III. Accruals			-	-	-
IV. Provisions for liabilities		7	4,935	4,287	3,263
1. Deferred tax liabilities		14	330	412	460
2. Other			4,605	3,875	2,803
a) non-current			136	382	308
b) current			4,469	3,493	2,495
V. Subordinated liabilities			-	-	-
VI. Equity			62,615	61,405	60,748
1. Share capital		8	2,994	2,994	2,994
2. Reserve funds			57,352	57,352	57,152
a) share premium			10,351	10,351	10,351
b) statutory reserve funds			998	998	998
c) reserve funds created pursuant to the Articles of Association			46,003	46,003	45,803
3. Revaluation capital reserve			89	13	- 8
4. Retained earnings			-	-	-
5. Net profit		15	2,180	1,046	610
Total equity and liabilities			327,683	305,012	314,344
Book value (PLN '000)			62,615	61,405	60,748
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.09	2.05	2.03
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2.09	2.05	2.03

Warsaw, August 24th 2017

Jacek Lewandowski
President of the
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Danuta Ciosek
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017

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

Warsaw, August 24th 2017

Statement of profit or loss	Note	First half of 2017	First half of 2016
I. Revenue from core activities, including:		22,852	16,979
- from related entities	19	196	-
1. Revenue from brokerage activities, including:		22,656	16,979
a) acceptance and transfer of orders to buy and sell financial instruments		36	4
b) execution of orders to buy and sell financial instruments for the account of clients		12,090	10,728
c) offering of financial instruments		6,138	2,852
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		35	6
e) other		4,357	3,389
2. Revenue from other core activities		196	-
II. Cost of core activities		19,949	17,992
- from related entities	19	42	305
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		3,711	2,882
2. Payments to CCP		276	245
3. Fees payable to trade organisation		19	-
4. Salaries and wages		6,658	7,181
5. Social security and other benefits		849	902
6. Employee benefits		206	167
7. Raw material and consumables used		94	129
8. Services		5,301	3,759
9. Costs of maintenance and lease of buildings		816	758
10. Depreciation and amortisation		1,071	929
11. Taxes and other public charges		686	689
12. Other		262	351
III. Profit/(loss) on core activities		2,903	- 1,013
IV. Income from financial instruments held for trading		820	493
1. Dividends and other profit distributions		7	52
2. Revaluation adjustments		32	17
3. Gain on sale/redemption		781	424
V. Cost related to financial instruments held for trading		327	553
1. Revaluation adjustments		27	61
2. Loss on sale/redemption		300	492
VI. Gain/(loss) on transactions in financial instruments held for trading		493	- 60
VII. Income from financial instruments available for sale		900	1,509
1. Dividends and other profit distributions		900	1,470
- from related entities		900	1,470
2. Gain on sale/redemption		-	39
VIII. Cost related to financial instruments available for sale		-	-
IX. Gain/(loss) on transactions in financial instruments available for sale		900	1,509
X. Other income		227	279
1. Reversal of provisions		3	-
2. Decrease in impairment losses on receivables		70	33
3. Other		154	246
XI. Other expenses		672	269
1. Impairment losses on receivables		61	34

Interim condensed financial statements of IPOPEMA Securities S.A. for the six months ended June 30th
2017

2. Other		611	235
XII. Operating profit/(loss)		3,851	446
XIII. Finance income		325	822
1. Interest on loans granted, including		9	8
- from related entities		6	-
2. Interest on deposits		103	118
- from related entities		-	-
3. Foreign exchange gains		-	499
a) realised		-	84
b) unrealised		-	415
4. Other		213	197
XIV. Finance costs		1,750	801
1. Interest on borrowings, including:		577	660
- to related entities		-	-
2. Other interest		62	70
3. Foreign exchange losses		692	-
a) realised		175	-
b) unrealised		517	-
4. Other		419	71
XV. Profit before tax		2,426	467
XVI. Income tax	14	246	- 143
XVII. Net profit		2,180	610
<hr/>			
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings per ordinary share (PLN)		0.07	0.02
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)		0.07	0.02

Warsaw, August 24th 2017

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Mirosław Borys
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Management Board

Danuta Ciosek
Chief Accountant

STATEMENT OF CASH FLOWS		Note	First half of 2017	First half of 2016
A.	NET CASH FROM OPERATING ACTIVITIES			
I.	Net profit		2,180	610
II.	Total adjustments:		29,317	- 113,735
1.	Depreciation and amortisation		1,071	929
2.	Foreign exchange gains/(losses)		24	- 104
3.	Interest and profit distributions (dividends)		- 344	- 874
4.	Gain/(loss) on investing activities		455	- 39
5.	Change in provisions and impairment losses on receivables		697	- 2,290
6.	Increase/(decrease) in financial instruments held for trading		- 2,586	- 66
7.	Increase/(decrease) in receivables		5,939	- 97,619
8.	Change in current liabilities (net of borrowings), including special accounts		24,092	- 13,701
9.	Increase/(decrease) in accruals and deferrals		- 37	9
10.	Other		6	20
III.	Net cash from operating activities (I + II)		31,497	- 113,125
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
I.	Cash from investing activities		1,014	1,621
1.	Decrease in loans advanced		97	104
2.	Profit distributions (dividends) received		908	1,470
3.	Interest received		9	-
4.	Disposal of financial instruments available for sale		-	47
II.	Cash used in investing activities		5,035	4,397
1.	Acquisition of intangible assets		396	33
2.	Acquisition of property, plant and equipment		31	149
3.	Purchase of financial instruments available for sale		4,008	4,012
4.	Loans advanced		600	203
III.	Net cash from investing activities (I - II)		- 4,021	- 2,776
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash from financing activities		3	6,101
1.	Increase in short-term borrowings		-	6,099
2.	Proceeds from issue of long-term debt securities		1	1
3.	Proceeds from issue of short-term debt securities		2	1
II.	Cash used in financing activities		4,985	692
1.	Decrease in short-term borrowings		4,308	-
2.	Repayment of short-term debt securities		2	5
3.	Payment of finance lease liabilities		21	20
4.	Interest paid		654	667
III.	Net cash from financing activities (I - II)		- 4,982	5,409

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		22,494	- 110,492
E. NET CHANGE IN CASH, including:		22,470	- 110,396
- effect of exchange rate fluctuations on cash held		- 24	96
F. CASH AT BEGINNING OF PERIOD	20	27,115	135,827
G. CASH AT END OF PERIOD (F +/- D), including:	20	49,609	25,335
- restricted cash*		39,166	9,099

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

Warsaw, August 24th 2017

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Chief Accountant

STATEMENT OF CHANGES IN EQUITY	First half of 2017	2016	First half of 2016
I. EQUITY AT BEGINNING OF PERIOD	61,405	63,627	63,627
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	61,405	63,627	63,627
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,352	57,152	57,152
2.1. Changes in reserve funds	-	200	-
a) increase	-	200	-
- distribution of profit (above statutory minimum)	-	200	-
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,352	57,352	57,152
3. Revaluation capital reserve at beginning of period	13	- 12	- 12
3.1. Changes in revaluation capital reserve	76	25	4
a) increase	94	116	8
- remeasurement of financial instruments	94	116	8
b) decrease	18	91	4
- remeasurement of financial instruments	18	91	4
3.2. Revaluation capital reserve at end of the period	89	13	- 8
4. Retained earnings/(accumulated deficit) at beginning of period	1,046	3,493	3,493
4.1. Retained earnings at beginning of period	1,046	3,493	3,493
a) increase	-	-	-
b) decrease	1,046	3,493	3,493
- distribution of retained earnings (dividend)	1,046	3,293	3,493
- distribution of retained earnings (increase in reserve funds)	-	200	-
4.2. Retained earnings/(accumulated deficit) at end of period	-	-	-
5. Net profit/(loss)	2,180	1,046	610
a) net profit	2,180	1,046	610
b) net loss	-	-	-
II. EQUITY AT END OF PERIOD	62,615	61,405	60,748
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	62,615	61,405	60,748

Warsaw, August 24th 2017

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Notes to the interim financial statements

Note 1

Cash and other assets	Jun 30 2017	Dec 31 2016	Jun 30 2016
Cash and other assets of clients			
a) at banks and in hand	39,166	12,411	9,099
Total cash and other assets of clients	39,166	12,411	9,099
Cash and other assets			
a) cash and other assets of the brokerage house, including:	10,419	14,708	16,435
- in hand	-	1	1
- at banks	4,690	11,466	9,380
- other cash*	5,724	3,233	7,044
- cash equivalents	5	8	10
b) cash and other assets of clients deposited in cash accounts	39,166	12,411	9,099
- at the brokerage house and paid towards acquisition of securities	39,166	12,411	9,099
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
Total cash and other assets	49,585	27,119	25,534

Note 2

Selected short-term receivables	Jun 30 2017	Dec 31 2016	Jun 30 2016
1. Selected short-term receivables	219,442	231,698	245,463
a) from clients, including:	93,876	124,551	67,854
- under transactions executed on the Warsaw Stock Exchange	78,925	89,043	55,383
- under transactions executed on the Budapest Stock Exchange	5,015	21,049	8,759
- under transactions executed on the Prague Stock Exchange	-	2,674	-
- under transactions executed on the Prague Stock Exchange	106	-	-
- under transactions executed on the Vienna Stock Exchange	-	-	1,459
- under transactions executed on the London Stock Exchange	5,380	116	491
- under transactions executed on the Frankfurt Stock Exchange	820	2,252	400
- under transactions executed on the New York Stock Exchange	175	7,065	-
- other	3,455	2,352	1,362
b) from related entities, including:	267	209	107
- from subsidiaries	267	209	85
- from other related entities	-	-	22
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	95,211	72,031	140,786
- under transactions executed on the Warsaw Stock Exchange*	87,116	40,067	137,520
- under transactions executed on the Budapest Stock Exchange	4,812	6,163	1,226
- under transactions executed on the Prague Stock Exchange	-	3,121	99
- under transactions executed on the New York Stock Exchange	1,144	16,410	1,859
- under transactions executed on the Amsterdam Stock Exchange	-	6,270	-
- under transactions executed on the Milan Stock Exchange	449	-	-
- under transactions executed on the London Stock Exchange	1,203	-	82
- under transactions executed on the Frankfurt Stock Exchange	461	-	-
- under transactions executed on the Paris Stock Exchange	5	-	-
- under transactions executed on the Zurich Stock Exchange	21	-	-

d) from entities operating regulated markets and commodity exchanges	-	-	-
e) from the Central Securities Depository of Poland and exchange clearing houses, including	206	213	210
- from the settlement guarantee fund and deposits	206	213	210
- other	-	-	-
f) receivables from CCP	29,882	34,694	36,506
- from the settlement guarantee fund	29,882	34,694	36,506
- other	-	-	-
g) under court proceedings, for which no impairment losses were recognised	-	-	-
2. Short-term-receivables, net	254,560	255,106	265,409
- impairment losses on short-term receivables (positive value)	298	307	260
Gross short-term receivables	254,858	255,413	265,669

* 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 half of 2017 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

Note 4

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

In the first half of 2017 and in 2016, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

Note 5

Material purchase or sale transactions in property, plant and equipment

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

Material liabilities under purchases of property, plant and equipment

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

Note 6

Selected current liabilities	Jun 30 2017	Dec 31 2016	Jun 30 2016
Selected current liabilities	116,062	134,195	91,376
1. To related entities	13	20	7
a) to subsidiaries	13	20	7
b) to other related entities	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	109,574	130,250	86,345
a) to the Warsaw Stock Exchange *	97,295	97,968	75,223
b) to the Budapest Stock Exchange	5,807	20,191	8,774
c) to the Prague Stock Exchange	-	2,670	-
d) to the London Stock Exchange	5,372	116	491
e) to the Stockholm Stock Exchange	106	-	-
f) to the New York Stock Exchange	175	7,055	-
g) to the Frankfurt Stock Exchange	819	2,250	399
h) to the Vienna Stock Exchange	-	-	1,458
3. To entities operating regulated markets and commodity exchanges	564	602	444
a) to the Warsaw Stock Exchange	480	536	376
b) to the Budapest Stock Exchange	16	16	21
c) to the Prague Stock Exchange	-	-	-
d) to the Vienna Stock Exchange	68	44	-
e) to the Chicago Mercantile Exchange	-	6	3
f) other	-	-	44
4. To the Central Securities Depository of Poland and exchange clearing houses	55	62	35
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	55	62	35
4a. To CCP	3,038	1,982	58
a) under additional payments to the settlement guarantee fund	2,961	1,881	-
b) other	77	101	58
5. Other	2,818	1,279	4,487
a) dividends payable	1,046	-	3,493
b) other liabilities, including:	1,772	1,279	994
- financial liabilities (lease)	38	37	36
- other liabilities	1,734	1,242	958

* 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 June 30th 2017, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 10,478 thousand (December 31st 2016: PLN 14,784 thousand), including:

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 15th 2017:
 - i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
 - ii. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Central Securities Depository of Poland. The facility is secured with a

blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item i above, both credit facilities are also jointly secured with a security deposit of PLN 4m.

2. HUF 409m current account overdraft facility from Raiffeisen Bank Zrt, used to settle transactions on the Budapest Stock Exchange in connection with brokerage activities, expiring on March 14th 2018. The facility is secured with a security deposit of HUF 409m.

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

None.

Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	First half of 2017	First half of 2016
Provisions at beginning of period	3,493	4,775
a) recognised	2,892	915
b) used	1,913	3,195
c) reversed	3	-
Provisions at end of period	4,469	2,495

In the first half of 2017, impairment losses on receivables decreased by PLN 9 thousand compared with December 31st 2016.

In the comparative period, i.e. in the first half of 2016, impairment losses on receivables increased by PLN 1 thousand compared with December 31st 2015.

Note 8

Share capital	Jun 30 2017	Dec 31 2016	Jun 30 2016
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 2016 and 2017	the shares carry the right to profit distribution for 2016	the shares carry the right to profit distribution for 2015 and 2016

There were no changes in the Company's share capital in the first half of 2017 or in 2016. As at June 30th 2017, the share capital amounted to PLN 2,993,783.60 and was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

The Company's Articles of Association provide for a conditional share capital increase for the purpose of implementation of the Company's incentive scheme, for the maximum amount of PLN 485,714, through the issue of up to 4,857,140 shares. A total of 1,366,426 shares had been issued for the purpose of the incentive scheme by June 30th 2017, of which 185,714 shares were issued in February 2013, 197,321 shares were issued in 2012, 212,500 shares were issued in 2011, 413,748 shares were issued in 2010, and 357,143 shares were issued in 2009.

For more information on the Company's incentive scheme, see Note 13.

Note 9

Contingent liabilities and contingent assets

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

Note 10

Leases

The Company as a lessee – right to use a building

The Company leases office space under a lease contract. The right to use the building for the term of the contract was classified by the Company as operating lease. The lease contract providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years. Pursuant to an annex to the contract, executed in January 2016, the lease was extended until January 2023.

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2017	Dec 31 2016	Jun 30 2016
Present value of minimum lease payments			
Within 1 year	1,030*	1,070*	1,071*
Within 1 to 5 years	4,118*	4,281*	4,282*
Over 5 years	559*	1,116*	1,652*
Total lease liabilities	5,707	6,467	7,005

* 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	Jun 30 2017	Dec 31 2016	Jun 30 2016
Net carrying amount	135	165	194
Present value of minimum lease payments	175	193	210
Within 1 year *	38	37	36
Within 1 to 5 years *	137	156	174
Over 5 years *	-	-	-
Contingent lease payments recognised as expense in the period	21	42	20

Note 11

Bonds

In the first half of 2017, the Group issued 16 registered bonds with a total nominal amount of PLN 3.2 thousand, maturing in 2017–2020 (depending on the series). In the first half of 2016, the Group issued 10 registered bonds with a total nominal amount of PLN 2 thousand, maturing in 2016–2019 (depending on the series). The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the Variable remuneration components policy implemented by the Company. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

Until the date of issue of this report, the Group redeemed PLN 3.8 thousand worth of bonds (including PLN 2.3 thousand worth of bonds redeemed in the first half of 2017), compared with PLN 4.5 thousand redeemed in the first half of 2016.

Note 12

Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured by a security deposit with a current value of PLN 1,394 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

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

Note 13

Incentive scheme

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

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

Note 14

Deferred tax

Deferred tax liabilities increased by PLN 82 thousand in the first half of 2017. In the first half of 2016, they increased by 67 thousand.

Deferred tax liabilities increased by PLN 9 thousand in the first half of 2017. In the first half of 2016 they increased by 218 thousand.

Note 15

Distribution of profit

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

Note 16

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

The Company did not issue any equity or non-equity securities in the first half of 2017 or in 2016.

In the first half of 2017 until the date of these interim condensed financial statements, the Company issued bonds, as described in Note 11.

Note 17

Dividends paid and proposed

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

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

Note 18

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

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

Note 19

Related-party transactions – income and expenses

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
Jan 1–Jun 30 2017					Jan 1–Jun 30 2016			
IBC	-	1	42	-	-	28	40	-
IPOPEMA TFI	-	57	-	-	-	99	-	-
IPOPEMA BS Kft.	-	-	-	-	-	-	-	-
IBS Srl	-	-	-	-	-	-	262	-
IFA	-	-	-	-	-	-	-	-
IFA SK	196	8	-	-	-	-	-	-
Total	196	66	42	-	-	127	302	-

Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Jun 30 2017	Dec 31 2016	Jun 30 2016	Jun 30 2017	Dec 31 2016	Jun 30
IBC	-	-	32	13	20	7
IPOPEMA TFI	25	209	53	-	-	-
IBS Srl	-	-	-	-	-	-
IFA	-	-	-	-	-	-
IFA SK	848	-	-	-	-	-
Total	873	209	85	13	20	7

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 2017, the Company received dividend of PLN 900 thousand from IPOPEMA Business Consulting Sp. z o.o.

Note 20

Items of the statement of cash flows

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Jun 30 2017	Jun 30 2016	Jun 30 2017	Jun 30 2016
Cash and cash equivalents	49,585	25,534	49,609	25,335
1. In hand	-	1	-	1
2. At banks	4,690	9,380	4,690	9,380
3. Other cash	44,890	16,143	44,890	16,143
4. Cash equivalents	5	10	-	-
Accrued foreign exchange differences			24	- 189

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

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Jun 30 2017	Dec 31 2016	Jun 30 2017	Jun 30 2017
Gross short- and long-term receivables	254,858	256,797	1,939	5,939
Net receivables	254,560	256,490		
Impairment losses on receivables	298	307		- 9
Provisions (net of deferred tax related to equity and provision for unpaid interest)	4,912	4,206		706
Total change in impairment losses and provisions				697

The difference between change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at June 30th 2017 net of receivables under security deposits receivable, disclosed under investing activities.

Note 21

Clients' financial instruments

As at June 30th 2017, the amount of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 544,785 thousand (28,993 thousand instruments) (December 31st 2016: PLN 408,272 thousand (24,434 thousand instruments)). The value of shares held in certificated form was PLN 316,258 thousand (314,841 thousand shares) and PLN 16,258 thousand (162,583 thousand shares), respectively. As at June 30th 2017 and December 31st 2016, the Company kept 40 thousand bonds in certificated form as a custodian for its clients, for a total amount of PLN 40m.

The Company also operates an issue sponsor's account. As at June 30th 2017, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 498 thousand (December 31st 2016: 291 thousand shares with a value of PLN 560 thousand).

Note 22

Operating segments

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

Note 23

Pending court or administrative proceedings

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

In May 2017, the Company filed two further suits against its customers. In each case, the amount of the claim is PLN 30 thousand. The proceedings are pending.

Note 24

Material events and factors in the first half of 2017

In the first half of 2017, only the Prague Stock Exchange saw investor activity decrease compared with the first half of 2016 (down 2.0%), while the trading volumes in Warsaw and Budapest were higher by 46.5% and 8.4%, respectively. Over the same period, the Company strengthened its position both on the WSE, where its market share increased to 5.13% (from 4.86%), and on the BSE (in the first half of 2017 its market share was 2.37%, compared with 2.07% a year earlier). As a result, in the first half of 2017 the Company's revenue from trading in securities increased by 15.1% year on year, to PLN 12,089 thousand (H1 2016: PLN 10,505 thousand).

Conditions on the capital market were equally challenging as in the first half of 2016. Nevertheless, the brokerage segment's revenue from investment banking business increased in the reporting period by 50.6% (PLN 9,590 thousand vs PLN 6,368 thousand in the first half of 2016).

In the first half of 2017, the segment also delivered a significant increase in other revenue from core activities (PLN 1,413 thousand vs PLN 106 thousand a year earlier), mainly on higher revenue from the retail business.

Note 25

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

None.

Note 26

Events subsequent to the reporting date

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

Warsaw, August 24th 2017

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Mirosław Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant