

IPOPEMA Securities S.A.

# Interim condensed financial statements

for the six months ended  
June 30th 2018

Warsaw, September 13th 2018



# STATEMENT OF COMPLIANCE

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

- To the best of our knowledge, the interim condensed financial statements for the six months ended June 30th 2018 and the comparative data have been prepared in compliance with the applicable accounting standards and give a true, fair and clear view of the assets, financial condition and financial performance of IPOPEMA Securities S.A.
- Grant Thornton Polska Sp. z o.o. Sp. K., with its registered office at ul. Abpa Antoniego Baraniaka 88 E in Poznań, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the Polish Chamber of Statutory Auditors under Reg. No. 4055, which reviewed the half-year condensed financial statements, had been appointed in compliance with the applicable laws. Grant Thornton Polska Sp. z o.o. Sp. K. and the Auditor who reviewed the half-year condensed financial statements of IPOPEMA Securities S.A. as at June 30th 2018 meet the criteria for issuing an objective and independent auditor's report on the interim condensed financial statements, in accordance with the applicable laws and professional standards.
- The Directors' Report for the first half of 2018 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, September 13th 2018

## Management Board of IPOPEMA Securities S.A.:

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Jacek Lewandowski  
President of the  
Management Board

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Mariusz Piskorski  
Vice President of the  
Management Board

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Stanisław Waczkowski  
Vice President of the  
Management Board

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Mirosław Borys  
Vice President of the  
Management Board

# Financial highlights

Financial highlights	PLN '000		EUR '000	
	H1 ended		H1 ended	
	Jun 30 2018	Jun 30 2017	Jun 30 2018	Jun 30 2017
Revenue from core activities	18,084	22,852	4,266	5,380
Cost of core activities	18,230	19,949	4,300	4,697
Profit/(loss) on core activities	- 146	2,903	- 34	683
Operating profit/(loss)	- 620	3,851	- 146	907
Profit/(loss) before tax	- 922	2,426	- 217	571
Net profit/(loss)	- 601	2,180	- 142	513
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	- 0,02	0,07	0,00	0,02
Net cash from operating activities	25,689	31,497	6,059	7,416
Total cash flows	13,617	22,494	3,212	5,296

Financial highlights	PLN '000			EUR '000		
	Jun 30 2018	Dec 31 2017	Jun 30 2017	Jun 30 2018	Dec 31 2017	Jun 30 2017
Total assets	365,963	322,325	327,683	83,906	77,279	77,531
Current liabilities	302,582	256,697	259,994	69,374	61,545	61,515
Equity	59,995	61,756	62,615	13,755	14,806	14,815
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)	2.00	2.06	2.09	0.46	0.49	0.49

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	H1 2018	H1 2017
EUR	4.2395	4.2474

- For the balance sheet:

Exchange rate as at	Jun 30 2018	Dec 31 2017
EUR	4.3616	4.1709

# Introduction to the interim condensed financial statements

## Information about the Company

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

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

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

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

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

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

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

## Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of approval 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 2018.

## Composition of the Management Board and the Supervisory Board

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

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

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

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

## Basis of preparation of the interim condensed financial statements

These interim condensed financial statements ('condensed financial statements', 'financial statements') cover the period from January 1st to June 30th 2018 and include comparative data for the period from January 1st to June 30th 2017 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2017 (for the balance sheet and the statement of changes in equity).

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

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

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., ('IPOPEMA TFI') of Warsaw – 100% equity interest;
- IPOPEMA Business Consulting Sp. z o.o., ('IBC') of Warsaw – 50.02% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. ('IFA') of Warsaw – 100% equity interest;
- IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK') of Warsaw; in July 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa (IFA SK), with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company's maximum liability for IFA SK's liabilities towards creditors is PLN 7,750, while its share in IFA SK's revenue is 77% (a 1% share in IFA SK's revenue is held by IFA);

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

## Identification of the interim condensed financial statements

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

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

## Selected accounting policies

### Receivables

#### Short-term receivables

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

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

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

- for receivables past due by up to 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 transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)\* and short-term receivables from the clients for whom such buy transactions have been executed. In the case of sale transactions executed on stock exchanges to fill orders placed by clients whose accounts are maintained by custodian banks, the Company discloses short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (market counterparties)\* and current liabilities towards the clients for whom such sale transactions have been 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 assets held for trading include shares in companies listed on the Warsaw and Budapest Stock Exchanges ('WSE' and 'BSE', respectively).

Financial assets are recognised as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are first recognised in the accounting records at the contract date at the fair value of the amount or other assets received. When determining the fair value as at the contract date, the Company takes into account transaction costs.

For the purpose of the measurement, the Company takes into account the closing prices quoted by the WSE and the BSE on the last business day of the reporting period. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

The Company does not apply hedge accounting.

#### Loans advanced and receivables

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

#### Financial assets held to maturity

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

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

#### Financial assets available for sale

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

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

Shares in subsidiaries are measured at cost less impairment.

#### Other financial liabilities

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

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

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

#### **Impairment of financial instruments**

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

#### **Liabilities**

##### Current liabilities

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

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

##### Non-current liabilities

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

## Translation of foreign-currency items

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

- 1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,
- 2) the mid-rate quoted for a given currency by the National Bank of Poland (the 'NBP') on the day preceding the transaction date – in the case of payment of receivables or liabilities, if the application of the exchange rate specified in item 1 is not justified, and in the case of other transactions.

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

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

Currency	Jun 30 2018	Dec 31 2017
USD	3.7440	3.4813
EUR	4.3616	4.1709
HUF 100	1.3272	1.3449
GBP	4.9270	4.7001
CZK	0.1683	0.1632
CHF	3.7702	3.5672
TRY	0.8206	0.9235
JPY 100	3.3808	3.0913
NOK	0.4599	0.4239
CAD	2.8317	2.7765
SEK	0.4190	0.4243
DKK	0.5852	0.5602
AUD	2.7674	2.7199
RON	0.9361	0.8953

Source: National Bank of Poland.

### Changes in estimates

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

### Changes in applied accounting policies

The policies applied in the reporting period are described in detail in the financial statements for 2017, issued on March 27th 2018. In the first six months of 2018, the Company did not change its accounting policies.



### Comparability of the reported data

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

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

The table below presents the effect of the changes on the statement of profit or loss for the first six months of 2017.

	H1 2017 (originally approved)	Presentation change	H1 2017 (restated)
<b>Cost of core activities</b>	<b>19,949</b>	<b>-</b>	<b>19,949</b>
<i>including:</i>			
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	3,711	19	3,730
Payments to CCP	276	4	280
Raw material and consumables used	94	19	113
Services	5,301	339	5,640
Costs of maintenance and lease of buildings	816	176	992
Taxes and other public charges	686	- 562	124
Other	262	5	267

### Seasonality of operations

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

### Correction of prior period errors

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

## Interim condensed financial statements of IPOPEMA Securities S.A. for the first half of 2018

<b>ASSETS</b>		<b>Note</b>	<b>Jun 30 2018</b>	<b>Dec 31 2017</b>	<b>Jun 30 2017</b>
<b>I.</b>	<b>Cash and cash equivalents</b>	1	<b>62,413</b>	<b>48,730</b>	<b>49,585</b>
1.	In hand		1	1	-
2.	At banks		8,650	5,891	4,690
3.	Other cash		53,739	42,811	44,890
4.	Cash equivalents		23	27	5
<b>II.</b>	<b>Short-term receivables</b>	2, 7	<b>279,372</b>	<b>251,613</b>	<b>254,560</b>
1.	From clients		104,663	88,422	93,876
2.	From related entities	19	1,140	502	267
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		134,839	118,139	111,028
a)	under executed transactions		88,536	82,254	95,211
b)	other		46,303	35,885	15,817
4.	From entities operating regulated markets and commodity		-	-	-
5.	From the Central Securities Depository of Poland and exchange		214	209	206
5.a	From CCP		31,605	43,299	29,882
6.	From investment and pension fund companies and from investment and pension funds		18	22	1,324
7.	From issuers of securities or selling shareholders		-	-	-
8.	Taxes, subsidies and social security receivable		343	15	10
9.	Under framework securities lending and short sale agreements		5,950	-	-
10.	Other		600	1,005	17,967
<b>III.</b>	<b>Financial instruments held for trading</b>	3, 4	<b>5,023</b>	<b>3,009</b>	<b>2,712</b>
1.	Equities		5,023	3,009	2,712
<b>IV.</b>	<b>Current prepayments and accrued income</b>		<b>1,029</b>	<b>986</b>	<b>759</b>
<b>IV.a.</b>	<b>Short-term loans advanced</b>		<b>420</b>	<b>1,004</b>	<b>689</b>
1.	To subordinated entities		315	947	606
2.	Other		105	57	83
<b>V.</b>	<b>Financial instruments held to maturity</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>Financial instruments available for sale</b>	3, 4	<b>10,693</b>	<b>10,844</b>	<b>12,955</b>
1.	Equities		8,638	8,638	8,639
	- shares in subordinated entities		8,638	8,638	8,639
2.	Debt securities		10	10	10
3.	Investment fund units		2,045	2,000	4,106
4.	Investment certificates		-	196	200
<b>VII.</b>	<b>Long-term receivables</b>		<b>1,412</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>Long-term loans advanced</b>		<b>88</b>	<b>35</b>	<b>25</b>
1.	Other		88	35	25
<b>IX.</b>	<b>Intangible assets</b>	4	<b>1,773</b>	<b>2,102</b>	<b>2,074</b>
1.	Acquired permits, patents, licences and similar assets, including:		1,773	2,102	2,074
	- software		1,773	2,102	2,074
<b>X.</b>	<b>Property, plant and equipment</b>	4, 5	<b>1,950</b>	<b>2,287</b>	<b>3,046</b>
1.	Tangible assets, including:		1,950	2,287	3,046
a)	buildings and premises		364	398	431
b)	computer assemblies		815	1,185	1,726
c)	other tangible assets		771	704	889
2.	Tangible assets under construction		-	-	-
<b>XI.</b>	<b>Non-current prepayments and accrued income</b>		<b>1,790</b>	<b>1,715</b>	<b>1,278</b>
1.	Deferred tax assets	14	1,593	1,374	1,102
2.	Other non-current prepayments and accrued income		197	341	176

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

XII. Called-up share capital not paid	-	-	-
XIII. Treasury shares	-	-	-
<b>Total assets</b>	<b>365,963</b>	<b>322,325</b>	<b>327,683</b>

Warsaw, September 13th 2018

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 Jacek Lewandowski  
 President of the  
 Management Board

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 Vice President of the  
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 Danuta Ciosek  
 Chief Accountant

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

EQUITY AND LIABILITIES		Note	Jun 30 2018	Dec 31 2017	Jun 30 2017
<b>I.</b>	<b>Current liabilities</b>	6	<b>302,582</b>	<b>256,697</b>	<b>259,994</b>
1.	To clients		161,381	134,284	131,761
2.	To related entities	19	-	204	13
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		118,459	91,401	109,574
a)	under executed transactions		118,409	91,053	109,574
b)	other		50	348	-
4.	To entities operating regulated markets and commodity exchanges		468	505	564
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		56	43	55
5.a.	To CCP		1,652	86	3,038
6.	Borrowings		16,386	27,351	10,478
a)	other		16,386	27,351	10,478
7.	Debt securities	11	3	5	4
7.a.	Negative fair value of financial instruments held for trading		103	-	-
8.	Taxes, customs duties and social security payable		651	665	1,471
9.	Salaries and wages		-	-	-
10.	To investment and pension fund companies and to investment and pension funds		112	183	218
11.	Other		3,311	1,970	2,818
<b>II.</b>	<b>Non-current liabilities</b>		<b>177</b>	<b>40</b>	<b>139</b>
1.	Debt securities	11	1	-	2
2.	Finance lease liabilities	10	176	40	137
	- from other entities		176	40	137
<b>III.</b>	<b>Accruals and deferred income</b>		<b>488</b>	<b>-</b>	<b>-</b>
<b>IV.</b>	<b>Provisions for liabilities</b>	7	<b>2,721</b>	<b>3,832</b>	<b>4,935</b>
1.	Deferred tax liabilities	14	244	337	330
2.	Other		2,477	3,495	4,605
a)	non-current		59	126	136
b)	current		2,418	3,369	4,469
<b>V.</b>	<b>Subordinated liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>Equity</b>		<b>59,995</b>	<b>61,756</b>	<b>62,615</b>
1.	Share capital	8	2,994	2,994	2,994
2.	Reserve funds		57,566	57,500	57,352
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		46,217	46,151	46,003
3.	Revaluation capital reserve		36	- 1	89
4.	Retained earnings		-	-	-
5.	Net profit	15	- 601	1,263	2,180
<b>Total equity and liabilities</b>			<b>365,963</b>	<b>322,325</b>	<b>327,683</b>
Book value (PLN '000)			59,995	61,756	62,615
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2,0	2,06	2,09
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2,0	2,06	2,09

Warsaw, September 13th 2018

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

<b>OFF-BALANCE SHEET ITEMS</b>	<b>Note</b>	<b>Jun 30 2018</b>	<b>Dec 31 2017</b>	<b>Jun 30 2017</b>
I. Contingent liabilities	9	-	-	-
II. Third-party assets used		-	-	-
III. Forwards purchased or issued in the name and for the account of the brokerage house*		6,456	-	-
IV. Other off-balance sheet items		-	-	-

\* *Notional amounts of purchased forward contracts.*

Warsaw, September 13th 2018

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Vice President of the  
Management Board

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Mirosław Borys  
Vice President of the  
Management Board

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Danuta Ciosek  
Chief Accountant

Statement of profit or loss	Note	H1 2018	H1 2017
<b>I. Revenue from core activities, including:</b>		<b>18,084</b>	<b>22,852</b>
- from related entities	19	683	196
1. Revenue from brokerage activities, including:		17,828	22,656
a) acceptance and transfer of orders to buy and sell financial instruments		18	36
b) execution of orders to buy and sell financial instruments for the account of clients		12,371	12,090
c) offering of financial instruments		3,014	6,138
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		49	35
e) other		2,376	4,357
2. Revenue from other core activities		256	196
<b>II. Cost of core activities</b>		<b>18,230</b>	<b>19,949</b>
- from related entities	19	-	42
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		2,950	3,730
2. Payments to CCP		164	280
3. Fees payable to trade organisation		23	19
4. Salaries and wages		6,383	6,658
5. Social security and other benefits		920	849
6. Employee benefits		104	206
7. Raw material and consumables used		99	113
8. Services		5,306	5,640
9. Costs of maintenance and lease of buildings		939	992
10. Depreciation and amortisation		945	1,071
11. Taxes and other public charges		95	124
12. Other		302	267
<b>III. Profit/(loss) on core activities</b>		<b>- 146</b>	<b>2,903</b>
<b>IV. Income from financial instruments held for trading</b>		<b>2,886</b>	<b>820</b>
1. Dividends and other profit distributions		-	7
2. Revaluation adjustments		2,204	32
3. Gain on sale/redemption		682	781
<b>V. Cost related to financial instruments held for trading</b>		<b>3,992</b>	<b>327</b>
1. Revaluation adjustments		1,895	27
2. Loss on sale/redemption		2,097	300
<b>VI. Gain/(loss) on transactions in financial instruments held for trading</b>		<b>- 1,106</b>	<b>493</b>
<b>VII. Income from financial instruments available for sale</b>		<b>600</b>	<b>900</b>
1. Dividends and other profit distributions		600	900
- from related entities		600	900
<b>VIII. Cost related to financial instruments available for sale</b>		<b>8</b>	<b>-</b>
1. Loss on sale/redemption		8	-
<b>IX. Gain/(loss) on transactions in financial instruments available for sale</b>		<b>592</b>	<b>900</b>
<b>X. Other income</b>		<b>274</b>	<b>227</b>
1. Reversal of provisions		-	3
2. Decrease in impairment losses on receivables		79	70
3. Other		195	154

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

<b>XI. Other expenses</b>		<b>234</b>	<b>672</b>
1. Increase in impairment losses on receivables		100	61
2. Other		134	611
<b>XII. Operating profit/(loss)</b>		<b>- 620</b>	<b>3,851</b>
<b>XIII. Finance income</b>		<b>727</b>	<b>325</b>
1. Interest on loans advanced, including:		15	9
- from related entities		13	6
2. Interest on deposits		86	103
3. Other interest		26	-
4. Foreign exchange gains		409	-
a) realised		60	-
b) unrealised		349	-
5. Other		191	213
<b>XIV. Finance costs</b>		<b>1,029</b>	<b>1,750</b>
1. Interest on borrowings, including:		531	577
- to related entities		-	-
2. Other interest		47	62
3. Foreign exchange losses		-	692
a) realised		-	175
b) unrealised		-	517
4. Other		451	419
<b>XV. Profit/(loss) before tax</b>		<b>- 922</b>	<b>2,426</b>
<b>XVI. Income tax</b>	14	<b>- 321</b>	<b>246</b>
<b>XVII. Net profit/(loss)</b>		<b>- 601</b>	<b>2,180</b>
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings/(loss) per ordinary share (PLN)		- 0,02	0.07
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings/(loss) per ordinary share (PLN)		- 0,02	0.07

Warsaw, September 13th 2018

\_\_\_\_\_  
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Chief Accountant

STATEMENT OF CASH FLOWS		Note	H1 2018	H1 2017
<b>A.</b>	<b>NET CASH FROM OPERATING ACTIVITIES</b>			
<b>I.</b>	<b>Net profit/(loss)</b>		<b>- 601</b>	<b>2,180</b>
<b>II.</b>	<b>Total adjustments:</b>		<b>26,290</b>	<b>29,317</b>
1.	Depreciation and amortisation		945	1,071
2.	Foreign exchange gains/(losses)		- 69	24
3.	Interest and profit distributions (dividends)		510	- 344
4.	Gain/(loss) on investing activities		8	455
5.	Change in provisions and impairment losses on receivables		- 1,099	697
6.	Increase/(decrease) in financial instruments held for trading		- 2,014	- 2,586
7.	Increase/(decrease) in receivables		- 29,192	5,939
8.	Change in current liabilities (net of borrowings), including special accounts		56,827	24,092
9.	Increase/(decrease) in accruals and deferrals		369	- 37
10.	Other		5	6
<b>III.</b>	<b>Net cash from operating activities (I + II)</b>		<b>25,689</b>	<b>31,497</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>I.</b>	<b>Cash from investing activities</b>		<b>873</b>	<b>1,014</b>
1.	Decrease in loans advanced		676	97
2.	Profit distributions (dividends) received		-	908
3.	Disposal of financial instruments available for sale		188	-
4.	Interest received		9	9
<b>II.</b>	<b>Cash used in investing activities</b>		<b>238</b>	<b>5,035</b>
1.	Acquisition of intangible assets		-	396
2.	Acquisition of property, plant and equipment		109	31
3.	Purchase of financial instruments available for sale		-	4,008
4.	Loans advanced		129	600
<b>III.</b>	<b>Net cash from investing activities (I - II)</b>		<b>635</b>	<b>- 4,021</b>
<b>C.</b>	<b>NET CASH FROM FINANCING ACTIVITIES</b>			
<b>I.</b>	<b>Cash from financing activities</b>		<b>2</b>	<b>3</b>
1.	Proceeds from issue of long-term debt securities		1	1
2.	Proceeds from issue of short-term debt securities		1	2
<b>II.</b>	<b>Cash used in financing activities</b>		<b>12,709</b>	<b>4,985</b>
1.	Decrease in short-term borrowings		10,955	4,308
2.	Repayment of short-term debt securities		3	2
3.	Dividends and other payments to owners		1,197	-
4.	Payment of finance lease liabilities		12	21
5.	Interest paid		542	654
<b>III.</b>	<b>Net cash from financing activities (I - II)</b>		<b>- 12,707</b>	<b>- 4,982</b>



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

<b>D.</b>	<b>TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)</b>		<b>13,617</b>	<b>22,494</b>
<b>E.</b>	<b>NET CHANGE IN CASH, including:</b>		<b>13,686</b>	<b>22,470</b>
	- effect of exchange rate fluctuations on cash held		69	- 24
<b>F.</b>	<b>CASH AT BEGINNING OF PERIOD</b>	20	<b>48,752</b>	<b>27,115</b>
<b>G.</b>	<b>CASH AT END OF PERIOD (F +/- D), including:</b>	20	<b>62,369</b>	<b>49,609</b>
	- restricted cash*		53,033	39,166

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

Warsaw, September 13th 2018

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STATEMENT OF CHANGES IN EQUITY	H1 2018	2017	H1 2017
<b>I. EQUITY AT BEGINNING OF PERIOD</b>	<b>61,756</b>	<b>61,405</b>	<b>61,405</b>
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
<b>I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS</b>	<b>61,756</b>	<b>61,405</b>	<b>61,405</b>
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,500	57,352	57,352
2.1. Changes in reserve funds	66	148	-
a) increase	66	148	-
- distribution of profit (above statutory minimum)	66	148	-
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,566	57,500	57,352
3. Revaluation capital reserve at beginning of period	- 1	13	13
3.1. Changes in revaluation capital reserve	37	- 14	76
a) increase	44	125	94
- remeasurement of financial instruments	44	125	94
b) decrease	7	139	18
- remeasurement of financial instruments	7	139	18
3.2. Revaluation capital reserve at end of the period	36	- 1	89
4. Retained earnings/(accumulated deficit) at beginning of period	1,263	1,046	1,046
4.1. Retained earnings at beginning of period	1,263	1,046	1,046
a) increase	-	-	-
b) decrease	1,263	1,046	1,046
- distribution of retained earnings (dividend)	1,197	898	1,046
- distribution of retained earnings (increase in reserve funds)	66	148	-
4.2. Retained earnings/(accumulated deficit) at end of period	-	-	-
5. Net profit/(loss)	- 601	1,263	2,180
a) net profit	-	1,263	2,180
b) net loss	601	-	-
<b>II. EQUITY AT END OF PERIOD</b>	<b>59,995</b>	<b>61,756</b>	<b>62,615</b>
<b>III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT</b>	<b>59,995</b>	<b>61,756</b>	<b>62,615</b>

Warsaw, September 13th 2018

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# Notes to the interim financial statements

## Note 1

<b>Cash and other assets</b>	<b>Jun 30 2018</b>	<b>Dec 31 2017</b>	<b>Jun 30 2017</b>
<b>Cash and other assets of clients</b>			
a) at banks and in hand	53,033	39,778	39,166
<b>Total cash and other assets of clients</b>	<b>53,033</b>	<b>39,778</b>	<b>39,166</b>
<b>Cash and other assets</b>			
a) cash and other assets of the brokerage house, including:	9,380	8,952	10,419
- in hand	1	1	-
- at banks	8,651	5,891	4,690
- other cash*	705	3,033	5,724
- cash equivalents	23	27	5
b) cash and other assets of clients deposited in cash accounts	53,033	39,778	39,166
- at the brokerage house and paid towards acquisition of securities	53,033	39,778	39,166
- in an IPO or on the primary market	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-
<b>Total cash and other assets</b>	<b>62,413</b>	<b>48,730</b>	<b>49,585</b>

## Note 2

<b>Selected short-term receivables</b>	<b>Jun 30 2018</b>	<b>Dec 31 2017</b>	<b>Jun 30 2017</b>
<b>Selected short-term receivables</b>	<b>272,461</b>	<b>254,189</b>	<b>219,442</b>
a) from clients, including:	104,663	88,422	93,876
- under transactions executed on the Warsaw Stock Exchange	87,240	63,584	78,925
- under transactions executed on the Budapest Stock Exchange	-	12,898	5,015
- under transactions executed on the Prague Stock Exchange	-	6,547	-
- under transactions executed on the Prague Stock Exchange	-	-	106
- under transactions executed on the Istanbul Stock Exchange	-	1,097	-
- under transactions executed on the London Stock Exchange	73	-	5,380
- under transactions executed on the Frankfurt Stock Exchange	11,656	375	820
- under transactions executed on the New York Stock Exchange	3,347	1,295	175
- other	2,347	2,626	3,455
b) from related entities, including:	1,140	502	267
- from subsidiaries	1,140	502	267
- from other related entities	-	-	-
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	134,839	118,139	95,211
- under transactions executed on the Warsaw Stock Exchange*	72,926	73,764	87,116
- under transactions executed on the Budapest Stock Exchange	1,188	1,604	4,812
- under transactions executed on the Prague Stock Exchange	735	879	-
- under transactions executed on the New York Stock Exchange	2,668	1,449	1,144
- under transactions executed on the Milan Stock Exchange	-	-	449
- under transactions executed on the London Stock Exchange	4,897	4,132	1,203
- under transactions executed on the Frankfurt Stock Exchange	5,008	426	461
- under transactions executed on the Paris Stock Exchange	1,114	-	5
- under transactions executed on the Zurich Stock Exchange	-	-	21
- other	46,303	35,885	-
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	214	209	206

- from the settlement guarantee fund and deposits	214	209	206
- other	-	-	-
e) receivables from CCP	31,605	43,299	29,882
- from the settlement guarantee fund	31,605	43,299	29,882
- other	-	-	-
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-	-
<b>Short-term receivables, net</b>	<b>279,372</b>	<b>251,613</b>	<b>254,560</b>
- impairment losses on short-term receivables (positive value)	1,590	1,569	298
<b>Gross short-term receivables</b>	<b>280,962</b>	<b>253,182</b>	<b>254,858</b>

\* 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 buy and sale transactions in securities.

### Note 3

#### Financial assets

In H1 2018 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

### Note 4

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

In the first half of 2018 and in 2017, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

### Note 5

#### Material purchase or sale transactions in property, plant and equipment

In the first half of 2018 and in 2017, the Company did not purchase or sell any material items of property, plant and equipment.

#### Material liabilities under purchases of property, plant and equipment

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

## Note 6

<b>Selected current liabilities</b>	<b>Jun 30 2018</b>	<b>Dec 31 2017</b>	<b>Jun 30 2017</b>
<b>Selected current liabilities</b>	<b>124,597</b>	<b>94,874</b>	<b>116,062</b>
<b>1. To related entities</b>	<b>-</b>	<b>204</b>	<b>13</b>
a) to subsidiaries	-	204	13
b) to other related entities	-	-	-
<b>2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses</b>	<b>118,459</b>	<b>91,401</b>	<b>109,574</b>
a) to the Warsaw Stock Exchange *	98,581	68,858	97,295
b) to the Budapest Stock Exchange	-	12,889	5,807
c) to the Prague Stock Exchange	-	6,543	-
d) to the London Stock Exchange	-	-	5,372
e) to the Stockholm Stock Exchange	-	-	106
f) to the New York Stock Exchange	3,176	1,293	175
g) to the Frankfurt Stock Exchange	16,652	374	819
h) to the Istanbul Stock Exchange	-	1,096	-
i) other	50	348	-
<b>3. To entities operating regulated markets and commodity exchanges</b>	<b>468</b>	<b>505</b>	<b>564</b>
a) to the Warsaw Stock Exchange	465	397	480
b) to the Budapest Stock Exchange	3	41	16
c) to the Vienna Stock Exchange	-	67	68
<b>4. To the Central Securities Depository of Poland and exchange clearing houses</b>	<b>56</b>	<b>43</b>	<b>55</b>
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	56	43	55
<b>4a. To CCP</b>	<b>1,652</b>	<b>86</b>	<b>3,038</b>
a) under additional payments to the settlement guarantee fund	1,591	-	2,961
b) other	61	86	77
<b>5. Taxes, customs duties and social security payable</b>	<b>651</b>	<b>665</b>	<b>-</b>
- including under ownership right to buildings and structures	-	-	-
<b>6. Other</b>	<b>3,311</b>	<b>1,970</b>	<b>2,818</b>
a) dividends payable	-	-	1,046
b) other liabilities, including:	3,311	1,970	1,772
- lease liabilities	36	12	38
- other liabilities	3,275	1,958	1,734

\* 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 2018, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 16,386 thousand (December 31st 2017: PLN 27,351 thousand). The liabilities arose under:

1. Two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland in connection with the brokerage activities. Their current term expires on September 16th 2019:
  - i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland 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 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.

- Current account overdraft facility of HUF 409m from Raiffeisen Bank Zrt, used to settle stock-exchange transactions on the Budapest Stock Exchange in connection with brokerage activities. The facility was secured with a security deposit of HUF 409m. Following a change in the model of operating on the Hungarian market, the facility agreement was terminated in July 2018.

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

None.

## Note 7

Changes in short-term provisions and impairment losses on receivables

Short-term provisions for liabilities	H1 2018	H1 2017
Provisions at beginning of period	3,369	3,493
a) recognised	2,534	2,892
b) used	3,485	1,913
c) reversed	-	3
Provisions at end of period	2,418	4,469

In the first half of 2018, impairment losses on receivables increased by PLN 21 thousand compared with December 31st 2017. In the comparative period, i.e. in the first half of 2017, impairment losses on receivables decreased by PLN 9 thousand compared with December 31st 2016.

## Note 8

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

There were no changes in the Company's share capital in the first half of 2018 or in 2017.

As at June 30th 2018, the share capital amounted to PLN 2,993,783.60 and comprised 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

## Note 9

### Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (for a detailed description see Note 6). The Company also paid a security deposit to secure a guarantee (see Note 12) and a security deposit of EUR 1.5m as security for cleared stock-exchange transactions.

## Note 10

### Leases

#### The Company as a lessee – right to use a building

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

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2018	Dec 31 2017	Jun 30 2017
	<b>Present value of minimum lease payments</b>		
Within 1 year	1,085*	1,016*	1,030*
Within 1 to 5 years	3,844*	4,064*	4,118*
Over 5 years	-	44*	559*
<b>Total lease liabilities</b>	<b>4,929</b>	<b>5,124</b>	<b>5,707</b>

\* 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 contracts 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 2018	Dec 31 2017	Jun 30 2017
Net carrying amount	193	38	135
<b>Present value of minimum lease payments</b>	<b>212</b>	<b>52</b>	<b>175</b>
Within 1 year *	36	12	38
Within 1 to 5 years *	176	40	137
Over 5 years *	-	-	-
<b>Contingent lease payments recognised as expense in the period</b>	<b>12</b>	<b>32</b>	<b>21</b>

## Note 11

### Bonds

In the first half of 2018, the Company issued 12 registered bonds for a total nominal amount of PLN 2.4 thousand, maturing in 2018–2020 (depending on the series). In the first half of 2017, the Company issued 16 registered bonds for a total nominal amount of PLN 3.2 thousand, maturing in 2017–2020 (depending on the series). The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy, implemented by the Company as part of its risk management system, in compliance with the applicable regulations. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of issue of these financial statements, the Company redeemed PLN 4 thousand worth of bonds (including PLN 3.2 thousand worth of bonds redeemed in the first half of 2018), compared with PLN 2.3 thousand redeemed in the first half of 2017.

## Note 12

### Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured with a security deposit with a current value of PLN 1,412 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

In March 2016, mBank S.A. issued a guarantee in respect of the Company's liabilities for the benefit of Raiffeisen Polbank S.A., which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on foreign stock exchanges. The guarantee was issued for EUR 1.5m and secured timely payment of the Company's liabilities towards Raiffeisen Polbank arising in connection with the services provided by the bank, consisting in settlement and clearing of stock-exchange transactions. The guarantee, valid until April 30th 2018, was secured by a EUR 1.5m security deposit. The agreement expired on April 3rd 2018.

## Note 13

### Incentive scheme

No shares were subscribed for in H1 2018. During the term of the scheme, a total of 1,880,952 Series C shares were subscribed for. Following the end of the subscription period for Series C shares, as defined in the Company's Articles of Association, on November 30th 2017 the scheme expired.

## Note 14

### Deferred tax

Deferred tax liabilities decreased by PLN 93 thousand and by PLN 82 thousand in H1 2018 and in H1 2017, respectively.

Deferred tax assets went up by PLN 219 thousand in H1 2018. In H1 2017, they increased by PLN 9 thousand.

## Note 15

### Distribution of profit

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

## Note 16

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

No shares were issued by the Company in the first half of 2018 or in the first half of 2017. For information on bond issues, see Note 11.



## Note 17

### Dividends paid and proposed

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

## Note 18

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

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

## Note 19

### Related-party transactions – income and expenses

Related party	Revenue from core activities	Other operating and finance income	Purchases – core activities	Other purchases	Jan 1–Jun 30 2018				Jan 1–Jun 30 2017				
					Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases	
IPOPEMA BC	-	1	-	-	-	1	42	-	-	-	-	-	-
IPOPEMA TFI	448	24	-	-	-	57	-	-	-	-	-	-	-
IPOPEMA Financial Advisory	-	-	-	-	-	-	-	-	-	-	-	-	-
IPOPEMA Financial Advisory SK	235	15	-	-	196	8	-	-	196	8	-	-	-
<b>Total</b>	<b>683</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>196</b>	<b>66</b>	<b>42</b>	<b>-</b>	<b>196</b>	<b>66</b>	<b>42</b>	<b>-</b>	<b>-</b>

### Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Jun 30 2018	Dec 31 2017	Jun 30 2017	Jun 30 2018	Dec 31 2017	Jun 30
IPOPEMA Business Consulting	600	-	-	-	5	13
IPOPEMA TFI	100	206	25	-	-	-
IPOPEMA Financial Advisory	7	7	-	-	-	-
IPOPEMA Financial Advisory SK	748	1,236	848	-	199	-
<b>Total</b>	<b>1,455</b>	<b>1,449</b>	<b>873</b>	<b>-</b>	<b>204</b>	<b>13</b>

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

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

## Note 20

### Items of the statement of cash flows

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

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

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

## Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Jun 30 2018	Jun 30 2017	Jun 30 2018	Jun 30 2017
<b>Cash and cash equivalents</b>	<b>62,413</b>	<b>49,585</b>	<b>62,369</b>	<b>49,609</b>
1. In hand	1	-	1	-
2. At banks	8,650	4,690	8,650	4,690
3. Other cash	53,739	44,890	53,739	44,890
4. Cash equivalents	23	5	-	-
Accrued foreign exchange differences			- 21	29

The difference between the presentation of cash in the balance sheet and in the statement of cash flows as at June 30th 2018 and June 30th 2017 follows from presentation of cash net of the effect of foreign exchange differences as well as gift cards received from a telecom operator 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 2018	Dec 31 2017	Jun 30 2018	Jun 30 2018
Gross short- and long-term receivables	282,374	253,182	- 29,192	- 29,192
Net receivables	280,784	251,613		
Impairment losses on receivables	1,590	1,569		21
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,712	3,832		- 1,120
<b>Total change in impairment losses and provisions</b>				<b>- 1,099</b>

## Note 21

## Clients' financial instruments

As at June 30th 2018, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 704,347 thousand (130,580 thousand instruments) (December 31st 2017: PLN 813,429 thousand (103,961 thousand instruments)). As at June 30th 2018, the Company kept 36.4 thousand bonds in certificated form for its clients, with a total value of PLN 40.2m, and 92,580 thousand shares in certificated form, with a value of PLN 9,034 thousand. In the comparative period, i.e. as at December 31st 2017, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 44.2m, and 92,859 thousand shares, valued at PLN 9,383 thousand.

The Company also operates an issue sponsor's account. As at June 30th 2018, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 344 thousand (December 31st 2017: 291 thousand shares with a value of PLN 391 thousand).

## Note 22

## Operating segments

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

## Note 23

### Pending court or administrative proceedings

In May 2017, the Company filed two suits for payment against its clients. In each case, the amount of the claim is PLN 30 thousand. In January 2018, in one of these cases, the court issued a payment order with a writ of execution, and enforcement proceedings were instituted. As at the date of the interim condensed financial statements, the claimed amount had been enforced. With regard to the other case, a payment order was issued in December 2017 and made enforceable in June 2018. Enforcement proceedings are currently under way to enforce the claimed amount.

## Note 24

### Material events and factors in H1 2018

In the first half of 2018, the total value of trades executed on the Warsaw Stock Exchange was 18.6% lower than a year earlier. Over the same period, the Company's market share contracted, to 4.87% from 5.03%. Nevertheless, its increased activity in equities trading on foreign markets and higher revenue from bonds trading allowed the Company to maintain revenue at the previous year's level (PLN 12,144 thousand vs PLN 12,089 thousand a year earlier).

Conditions on the capital market were definitely more challenging than in the first half of 2017. Despite several transactions, the Company's revenue was significantly lower than for the first half of 2017 (PLN 3,911 thousand vs PLN 9,350 thousand).

On the other hand, in the first half of 2018, the Company recorded an increase in other revenue from core activities (PLN 2,029 thousand vs PLN 1,414 thousand a year earlier), driven mainly by higher revenue from the retail business.

## Note 25

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

None.

## Note 26

### Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting records and financial statements for the period January 1st–June 30th 2018. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

Warsaw, September 13th 2018

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Jacek Lewandowski  
President of the  
Management Board

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Mariusz Piskorski  
Vice President of the  
Management Board

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Stanisław Waczkowski  
Vice President of the  
Management Board

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Miroslaw Borys  
Vice President of the  
Management Board

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Danuta Ciosek  
Chief Accountant