The IPOPEMA Securities Group
IPOPEMA Securities S.A.

Interim condensed consolidated financial statements

for the six months ended June 30th 2019

Warsaw, September 11th 2019

Contents

STATEMENT OF COMPLIANCE

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

- To the best of its knowledge, the interim condensed consolidated financial statements for the six months ended June 30th 2019 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 the IPOPEMA Securities Group;
- 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 consolidated 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 consolidated financial statements of IPOPEMA Securities S.A. as at June 30th 2019 meet the criteria for issuing an unbiased and independent auditor's report on the interim condensed consolidated financial statements, in accordance with the applicable laws and professional standards;
- The Directors' Report for the first half of 2019 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, September 11th 2019

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 H1 ended Jun 30		EUR '000 H1 ended Jun 30	
	2019	2018	2019	2018
Revenue from core activities	59,320	44,370	13,834	10,466
Cost of core activities	61,184	45,467	14,269	10,725
Profit/(loss) on core activities	- 1,864	- 1,097	- 435	- 259
Operating profit/(loss)	- 12	- 2,157	- 3	- 509
Pre-tax profit/(loss)	- 733	- 2,279	- 171	- 538
Net profit/(loss) on continuing operations	- 500	- 1,904	- 117	- 449
Net profit/(loss)	- 500	- 1,904	- 117	- 449
Earnings/(loss) per ordinary share (weighted average) (PLN/EUR)				
- basic	- 0.02	- 0.06	0.00	- 0.01
- diluted	- 0.02	- 0.06	0.00	- 0.01
Net cash from operating activities	18,438	23,686	4,300	5,587
Total cash flows	12,802	6,597	2,986	1,556

Consolidated financial highlights	PLN '000			EUR '000		
	Jun 30 2019	Dec 31 2018	Jun 30 2018	Jun 30 2019	Dec 31 2018	Jun 30 2018
Total assets	266,555	259,698	397,293	62,289	60,395	91,089
Current liabilities	166,646	166,536	308,048	39,192	38,729	70,627
Equity	79,620	80,407	80,602	18,725	18,699	18,480
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)	2.66	2.69	2.69	0.63	0.62	0.62

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

- Items of the interim condensed consolidated statement of comprehensive income and interim condensed consolidated statement of cash flows:

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 2019	H1 2018
EUR	4.2880	4.2395

- Items of the interim condensed consolidated statement of financial position:

Exchange rate as at	Jun 30 2019	Dec 31 2018	Jun 30 2018
EUR	4.2520	4.3000	4.3616

Interim condensed consolidated statement of comprehensive income

for the six months ended June 30th 2019

	Note	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
CONTINUING OPERATIONS			
Revenue from core activities, including:	16	**59,320**	**44,370**
Revenue from brokerage activities		15,737	18,438
Revenue from investment fund and asset management		30,719	14,829
Revenue from advisory services		12,864	11,103
Cost of core activities	16	**61,184**	**45,467**
Profit/(loss) on core activities		**- 1,864**	**- 1,097**
Gain/(loss) on transactions in financial instruments held for trading		453	- 1,106
Other income		2,036	570
Other expenses		637	524
Operating profit/(loss)		**- 12**	**- 2,157**
Finance income		510	1,074
Finance costs		1,231	1,196
Gross profit (loss)		**- 733**	**- 2,279**
Income tax	17	- 233	- 375
Net profit/(loss) on continuing operations		**- 500**	**- 1,904**
DISCONTINUED OPERATIONS		-	-
Net profit/(loss) for period		**- 500**	**- 1,904**
Attributable to:			
Owners of the parent		- 522	- 1,873
Non-controlling interests		22	- 31
Earnings/(loss) per share (PLN)		- 0.02	- 0.06
Diluted earnings/(loss) per share (PLN)		- 0.02	- 0.06
Net profit/(loss) for period		**- 500**	**- 1,904**
Other comprehensive income that will not be reclassified to profit or loss		**96**	**- 27**
Gains and losses on remeasurement of equity instruments		118	- 34
Income tax on items of other comprehensive income		- 22	7
Comprehensive income for period		**- 404**	**- 1,931**
Attributable to:			
Owners of the parent		- 426	- 1,900
Non-controlling interests		22	- 31

Interim condensed consolidated statement of financial position

as at June 30th 2019

ASSETS	Note	Jun 30 2019	Dec 31 2018	Jun 30 2018
Cash and cash equivalents	13	59,650	46,938	81,266
Short-term receivables	13, 15	176,353	184,806	291,649
Tax assets		169	169	169
Current prepayments and accrued income		1,010	1,239	1,377
Financial instruments held for trading		2,684	9,756	5,023
Equity instruments through other comprehensive income		5,696	6,299	6,407
Investments in jointly controlled entities and associates		-	-	-
Long-term receivables		3,267	3,639	3,998
Long-term loans advanced		72	49	88
Right-of-use assets		11,405	-	-
Property, plant and equipment		1,983	2,388	2,912
Investment property		-	-	-
Intangible assets		1,353	1,652	1,971
Deferred tax assets		2,876	2,651	2,236
Non-current prepayments and accrued income		37	112	197
TOTAL ASSETS		**266,555**	**259,698**	**397,293**

EQUITY AND LIABILITIES	Note	Jun 30 2019	Dec 31 2018	Jun 30 2018
Current liabilities	15	162,935	166,488	308,044
Current tax liabilities		4	48	4
Other financial liabilities		-	-	-
Short-term lease liabilities		3,707	-	-
Long-term lease liabilities		11,962	2,346	-
Non-current liabilities		-	-	2,828
Deferred tax liabilities	17	432	417	177
Accruals	15	7,895	9,992	5,638
Total liabilities		**186,935**	**179,291**	**316,691**
Share capital	14	2,994	2,994	2,994
Other capital reserves		13,733	13,637	13,711
Retained earnings		58,681	59,186	60,208
Equity attributable to owners of the parent		**75,408**	**75,817**	**76,913**
Non-controlling interests		**4,212**	**4,590**	**3,689**
Total equity		**79,620**	**80,407**	**80,602**
TOTAL EQUITY AND LIABILITIES		**266,555**	**259,698**	**397,293**

Interim condensed consolidated statement of cash flows

for the six months ended June 30th 2019

CASH FLOWS	Note	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
Cash flow from operating activities			
Profit before tax		**- 733**	**- 2,279**
Total adjustments:	26	**19,171**	**25,965**
Depreciation and amortisation		2,449	1,230
Foreign exchange gains/(losses)		81	- 198
Interest and dividends		821	1,035
Gain/(loss) on investing activities		-	-
Increase/(decrease) in financial instruments held for trading		7,072	- 2,014
Increase/(decrease) in receivables		10,692	- 23,117
Increase/(decrease) in current liabilities (net of borrowings)		- 936	50,749
Change in provisions and impairment losses on receivables		- 1,063	- 93
Increase/(decrease) in accruals and deferrals		- 1,793	- 1,600
Lease inflows		521	-
Adjustment related to implementation of IFRS 16		1,367	-
Income tax paid		- 4	-
Other adjustments		- 36	- 27
Net cash from operating activities		**18,438**	**23,686**
Cash flows from investing activities			
Decrease in loans advanced		72	101
Increase in loans advanced		- 78	- 129
Purchase of property, plant and equipment and intangible assets		- 376	- 333
Acquisition of equity instruments through other comprehensive income		- 10,075	- 7,080
Sale of equity instruments through other comprehensive income		10,816	3,247
Interest received		-	16
Net cash from investing activities		**359**	**- 4,178**
Cash flows from financing activities			
Proceeds from issue of debt securities		2	2
Repayment of debt securities		- 2	- 3
Interest paid		- 451	- 542
Dividends and other payments to owners		-	- 1,197
Repayment of lease liabilities		- 1,812	- 737
Repayment of borrowings		- 3,732	- 10,955
Other proceeds – interest on leases		-	521
Net cash from financing activities		**- 5,995**	**- 12,911**
Total cash flows		**12,802**	**6,597**
Net increase/(decrease) in cash and cash equivalents		12,721	6,795
Effect of exchange rate fluctuations on cash held		- 81	198
Cash at beginning of period	26	46,879	67,520
Cash at end of period, including	26	**59,681**	**74,117**
*- restricted cash**		*23,890*	*53,033*

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

Interim condensed consolidated statement of changes in equity

for the six months ended June 30th 2019

	Equity attributable to owners of the parent						
		Other capital reserves					
	Share capital	Share premium	Revaluation capital reserve	Other capital reserves	Retained earnings	Non-controlling interests	Total equity
As at Jan 1 2019	**2,994**	**10,351**	**72**	**3,214**	**59,186**	**4,590**	**80,407**
Net profit/loss for period	-	-	-	-	- 522	22	- 500
Other comprehensive income	-	-	96	-	17	-	113
Dividend paid	-	-	-	-	-	- 400	- 400
As at Jun 30 2019	**2,994**	**10,351**	**168**	**3,214**	**58,681**	**4,212**	**79,620**
As at Jan 1 2018	**2,994**	**10,351**	**173**	**3,214**	**63,154**	**4,319**	**84,205**
Net profit for 2018	-	-	-	-	- 2,934	871	- 2,063
Other comprehensive income	-	-	- 101	-	-	-	- 101
Gain/(loss) on transactions in equity instruments	-	-	-	-	163	-	163
Dividend paid	-	-	-	-	- 1,197	- 600	- 1,797
As at Dec 31 2018	**2,994**	**10,351**	**72**	**3,214**	**59,186**	**4,590**	**80,407**
As at Jan 1 2018	**2,994**	**10,351**	**173**	**3,214**	**63,154**	**4,319**	**84,205**
Net profit/loss for period	-	-	-	-	- 1,873	- 31	- 1,904
Other comprehensive income	-	-	- 27	-	124	-	97
Dividend paid	-	-	-	-	- 1,197	- 599	- 1,796
As at Jun 30 2018	**2,994**	**10,351**	**146**	**3,214**	**60,208**	**3,689**	**80,602**

Notes

1. IPOPEMA Securities Group

The IPOPEMA Securities Group (the ‘Group’, ‘IPOPEMA Group’) comprises entities controlled by IPOPEMA Securities S.A. (the ‘Parent’ or ‘Company’).

The Parent’s registered office is at ul. Próżna 9, Warsaw, Poland.

The Company shares are listed on the main market of the Warsaw Stock Exchange.

As at June 30th 2019, the IPOPEMA Group comprised IPOPEMA Securities S.A. and its subsidiaries presented in Section 2 below.

The Group’s principal business comprises:

1. brokerage activities,
2. business and management advisory services,
3. operation of investment fund companies, as well as creation and management of investment funds
4. management of portfolios of broker-traded financial instruments,
5. computer facilities management activities,
6. computer consultancy services.

IPOPEMA Securities S.A. – the Parent

The Parent was established on March 2nd 2005 (as Dom Maklerski IPOPEMA S.A.) for indefinite time.

The Parent is entered in the Business Register of the National Court Register maintained by the District Court, 12th Commercial Division of the National Court Register, under entry No. KRS 0000230737.

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

IPOPEMA Securities S.A. conducts brokerage activities pursuant brokerage licences granted by the Polish Financial Supervision Authority (formerly the Polish Securities and Exchange Commission).

The name of the Company was changed from Dom Maklerski IPOPEMA S.A. to IPOPEMA Securities Spółka Akcyjna under Resolution No. 5 of the Extraordinary General Meeting held on August 10th 2006.

As part of its brokerage business IPOPEMA Securities S.A. provides comprehensive services in the area of intermediation in securities trading on the secondary market, and also provides intermediation services in debt instruments trading outside the regulated market. The Company’s partners and clients include high-profile international financial institutions, as well as the majority of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers, as well as private individuals. The brokerage operations of IPOPEMA Securities S.A. are supported by a team of analysts, who prepare research reports, recommendations and comments on several dozen companies listed on the WSE and foreign stock exchanges.

The Company’s investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities (especially shares) – in which it acts as coordinator, offering broker and financial adviser – M&A and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. IPOPEMA Securities S.A. also assists companies listed on the Warsaw Stock Exchange in arranging share repurchase transactions, including tender offers and buyback programmes.

Apart from the above business, the Company also conducts activities which consist in offering brokerage services and investment products, including active investment advisory services, targeting a broader base of retail clients. These activities are carried out directly by IPOPEMA Securities and through third parties acting as its agents.

2. Composition of the Group

IPOPEMA Securities S.A. is the Parent of the IPOPEMA Group. Both the Parent and the other Group entities have been established for indefinite time.

As at June 30th 2019, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

1) consolidated subsidiaries controlled by the Company:

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds - management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services - computer facilities management activities, - computer consultancy services - software-related activities - wholesale of computers, computer peripherals and software	full	50.02%	50.02%
IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	- advisory services related to corporate financial restructuring and finance raising for infrastructure projects	full	N/A	

2) non-consolidated subsidiaries controlled by the Company:

Company	Principal business	Consolidation method	Ownership interest	% of voting rights
IPOPEMA Financial Advisory Sp. z o.o.	- support for the activities of IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	not consolidated (due to immateriality of financial data)	100%	100%

IPOPEMA Financial Advisory Sp. z o.o. is not consolidated as its effect on the Group's data is immaterial.

3. Basis of preparation of the interim condensed consolidated financial statements

3.1st Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 and the IFRSs applicable to interim financial reporting, as endorsed by the European Union. Other standards, revisions and amendments to existing standards, and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), which have been endorsed recently or are pending endorsement, are not relevant to the Group's operations or their effect on the Group's financial statements would be immaterial.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC').

These interim condensed consolidated financial statements of the Group cover the six months ended June 30th 2019 and contain comparative data for the six months ended June 30th 2018 and as at December 31st 2018.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2018.

3.2nd Measurement currency and reporting currency

The measurement currency and the reporting currency of these interim condensed consolidated financial statements is the Polish złoty ('PLN') and all figures in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.3rd Going concern assumption

These interim condensed consolidated financial statements were prepared on the assumption that the companies of the Group would continue as going concerns for the foreseeable future. As at the date of authorisation of these financial statements for issue, there were no circumstances which would indicate any threat to the Group's consolidated companies continuing as going concerns.

3.4th Comparability of data

There were no significant presentation changes in the six months ended June 30th 2019. The presentation changes related to the entry into force of IFRS 9 are discussed in Note 7.

4. Changes in applied accounting policies

The accounting policies applied in preparing these interim condensed consolidated financial statements are consistent with the policies applied in preparing the Company's consolidated financial statements for the year ended December 31st 2018, issued on March 29th 2019, save for modifications related to the introduction of new standards, as described in Note 6. The consolidated financial statements for 2018 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Financial assets

Financial assets are classified by the Group into the following categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income, including:
    - financial assets measured at fair value through other comprehensive income.
    - investments in equity instruments measured at fair value through other comprehensive income.

Financial assets are so classified on initial recognition, depending on the Group's business model for managing financial assets and the nature of contractual cash flows from these instruments.

Financial assets measured at fair value through other comprehensive income.

A financial asset is classified into 'Financial assets measured at fair value through other comprehensive income' if both of the following conditions are met:

- it is managed in accordance with the business model the objective of which is to both collect the contractual cash flows and sell the financial asset,

- the contractual terms of the asset give rise to cash flows on specified dates, with the cash flows being solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through other comprehensive income are disclosed as at the transaction date at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

The fair value of equity instruments traded on an active market is based on their current purchase price. If there is no active market for a given financial asset or unlisted securities, the Group determines their fair value using valuation techniques. These include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, and analysis of discounted cash flows, making maximum use of market inputs; in certain cases, the acquisition price may be the best estimate.

Investments in equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income include in particular shares in non-consolidated entities. They are disclosed under non-current assets unless the Group intends to sell them within 12 months of the reporting date. Other assets classified into that category include investment certificates and investment fund units acquired to invest surplus cash.

Dividends under equity instruments classified as 'Financial assets measured at fair value through other comprehensive income' are recognised in profit or loss for the period under income from financial assets held as investments, at the time of a Group company's acquiring the right to payment.

Shares in non-consolidated subsidiaries are measured at cost less impairment losses. Investment certificates and investment fund units are recognised at fair value, based on the net asset value per certificate/unit as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

Financial liabilities

- financial liabilities at fair value through profit or loss (including financial instruments held for trading),
- financial liabilities at amortised cost.

The Group classifies each financial instrument into a given category upon initial recognition.

Financial assets and liabilities held for trading

A financial asset is designated as held for trading if it is acquired principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is a pattern of short-term profit-taking, or if it is a derivative (with the exception of derivatives in the form of financial guarantee contracts or designated and effective hedges).

Financial assets acquired in transactions on the regulated market are recognised as at the transaction date at cost, i.e. at the fair value of the instrument, whereas financial liabilities are first recognised in the accounting books at the contract date at the fair value of the instrument.

Financial assets held for trading are measured as at each reporting date, and any resultant gains or losses are disclosed under income or costs related to financial instruments held for trading.

Financial assets held for trading by the Group comprise shares listed on the Warsaw and Budapest Stock Exchanges, and a currency forward. For measurement purposes, the Group takes into account closing prices quoted on the Warsaw Stock Exchange (the 'WSE') and the Budapest Stock Exchange (the 'BSE') on the last business day of the reporting period.

The Group does not apply hedge accounting.

Financial liabilities measured at amortised cost

Other financial liabilities, including bank borrowings and lease liabilities, are initially measured at fair value less transaction costs and then at amortised cost (interest expense is measured using the effective cost method). The effective interest rate method is a method of calculating the amortised cost of a liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that effectively discounts estimated future cash payments over the expected life of a given liability or, when appropriate, a shorter period.

The Group derecognises a financial liability when, and only when, the Group's obligation specified in the contract is discharged or cancelled or expires.

Receivables

Short-term receivables

Shor-term receivables include all receivables from clients, non-consolidated 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 from the end of the reporting period.

Receivables are initially recognised at nominal value and measured as at the end of the reporting period at amortised cost. Receivables are revised based on expected losses. As of January 1st 2018, a loss allowance for expected credit losses will be recognised on initial recognition of receivables.

As permitted by the standard, a simplified approach is applied in the Group's financial statements to trade receivables that do not contain a significant financing component and to lease receivables, with the loss allowance measured at an amount equal to lifetime expected credit losses.

The loss allowance ratio varies from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year.

No loss allowances were recognised on security deposits at banks, receivables from stock-exchange transactions, deposits held at clearing houses and receivables under public charges, as they are considered safe and because an analysis of historical data identified no credit losses on these categories of receivables in the past.

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that there is considerable risk that the full amount of a receivable may not be recovered.

Impairment losses on receivables are recognised under other expenses. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses are recognised under other income.

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

Non-current receivables are receivables whose terms to maturity are longer than 12 months from the end of the reporting period.

Impairment of assets

As at the end of each reporting period, the Group evaluates whether there is any indication that an asset may be impaired.
Intangible assets which are not yet available for use are tested on an annual basis, regardless of whether there is an indication of impairment. These assets may be tested for impairment at any time during the year.

The following indication of possible impairment of an asset may be identified:

- impairment of the market value of an asset during the period is much higher than it might have been expected as a result of passage of time and normal use,
- significant technological, market, economic or legal changes, unfavourable for the Group, have occurred during the reporting period or are likely to occur in the near future in the Group's operating environment or on the markets for which the asset is intended,
- market interest rates or other market rates of return on investment have increased during the period and the increase is likely to affect the discount rate applied to calculate the value in use of the asset and decrease its recoverable amount,
- the carrying amount of the Group's net assets is higher than their market capitalisation value,
- evidence exists for impairment of usefulness of an asset or physical damage to an asset,
- significant changes, unfavourable for the Group, in the current or expected scope or manner of use of an asset have occurred during the period or are likely to occur in the near future,
- there is evidence, originating from internal reporting, for poorer than expected, current or future, economic performance of an asset.

Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at amortised cost.

Current liabilities include all liabilities to customers, liabilities to non-consolidated 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 lease liabilities, non-current liabilities, accruals and deferred income or provisions for liabilities.

Current liabilities include overdrafts, whose methods of measurement are described in „Financial liabilities measured at amortised cost" above.

The recognition of current liabilities under executed transactions is discussed in "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" above.

Non-current liabilities

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

6. Accounting policies introduced in the first half of 2019

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2019:

- IFRS 16 *Leases* – published by the International Accounting Standards Board on January 13th 2016, effective for annual periods beginning on January 1st 2019. The new standard replaces IAS 17 *Leases* applicable until the end of 2018, as well as IFRIC 4, SIC-15 and SIC-27. IFRS 16 introduces a new definition of a lease based on the concept of control over assets. All lease transactions give rise to the lessee's obligation to recognise assets and liabilities from all lease contracts that meet the criteria stipulated by the standard (with a few exceptions and simplifications). Leases of office space, vehicles and other assets will be reflected in the lessee's assets and liabilities measured at the discounted expected cash flows from the contract.
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement – published on February 7th 2018, effective for annual periods beginning on or after January 1st 2019. The amendments relate to remeasurements of defined benefits plans on a plan amendment, requiring entities to use updated

assumptions for the calculation of current service cost and interest for post-amendment periods if the net defined benefit liability (asset) is remeasured. Previously, IAS 19 failed to provide clear guidance on that specific issue.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation – published on October 12th 2017, effective for annual periods beginning on or after January 1st 2019. Amendments to IFRS 9 introduce guidance regarding contracts with prepayment features in which the lender may be forced to accept a prepayment amount that is substantially less than unpaid amounts of principal and interest. Such prepayment could constitute a payment to the borrower by the lender and not a compensation from the borrower to the lender. The relevant financial asset would be eligible to be measured at amortised cost or at fair value through other comprehensive income (depending on the company's business model), and the negative compensation must represent reasonable compensation for early repayment under the contract.
- Amendments to IAS 28 *Long-term Interests in Associates and Joint Ventures* – effective for annual periods beginning on or after January 1st 2019. The amendments clarify that IFRS 9 should be applied to financial instruments other than equity-accounted financial instruments in associates and joint ventures, even if such instruments are part of the net investment in the entity.
- Interpretation IFRIC 23 Uncertainty over Income Tax Treatments – published on June 7th 2017, effective for annual periods beginning on or after January 1st 2019. The interpretation clarifies how to apply the recognition and measurement requirements stipulated in IAS 12 *Income Taxes* in the case of uncertainty over income tax treatments. An uncertain tax treatment is applied if it is not probable that a tax authority will accept a particular tax treatment. In particular, IFRIC 23 defines – if there is uncertainty over income tax treatments – whether and when an entity should consider uncertain tax treatments separately; the assumptions made by the entity about the examination of tax treatments by taxation authorities; how the entity determines taxable profit (tax loss), tax bases, unused tax losses and tax rates; and how the entity considers changes in facts and circumstances. In accordance with the interpretation, the effects of uncertainty should be measured based on the approach which best predicts how the uncertainty will be resolved: either the most likely amount method or the expected value method.
- Amendments to various standards introduced as part of "Annual Improvements to IFRS Standards 2015–2017 Cycle". As part of the annual IFRS improvement cycle, minor amendments to the following standards were made on December 12th 2017: IFRS 3 Business Combinations – clarifying that when an entity obtains control of a joint operation, it remeasures previously held interests in that joint operation; IFRS 11 Joint Arrangements – clarifying that when an entity obtains joint control of a joint operation, the entity does not remeasure previously held interests in that joint operation; IAS 12 Income Taxes – clarifying that all tax consequences of dividends are recognised in the same way; IAS 23 Borrowing Costs – clarifying that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of the funds that it has borrowed generally.

The Group did not opt for early adoption of other standards and interpretations which have been issued but are not yet effective. For the effect of the implementation of the new standards, see Note 7.

7. Presentation changes due to implementation of new standards

IFRS 16

IFRS 16 is effective for annual periods beginning on or after January 1st 2019. The standard may be applied early by entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group did not opt for early adoption of IFRS 16.

IFRS 16 introduces a new definition of a lease based on the concept of control over assets. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right-of-use is conveyed where the lessee has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use in the period.

At the commencement date, the lessee recognises a right-of-use asset and a lease liability, measured at the discounted expected cash flows from the contract, except for short-term (up to 12 months) leases and leases of low-value assets. Expenditure related to the use of leased assets, included mainly in cost of core activities in previous reporting years, are now classified as depreciation and interest expense. The lessee separately recognises depreciation of the right-of-use asset and interest on the lease liability. Right-of-use assets are depreciated using the straight-line method, while the lease liabilities are settled using the effective interest rate.

Effect of IFRS 16 on the interim condensed financial statements

The Group analysed service purchase agreements to identify contracts under which it uses assets owned by its suppliers. Group companies are lessees under contracts for lease of office space, vehicles, and IT equipment, as described in more detail in Note 24.

The Group decided to apply the modified retrospective method without restating the comparative data. The cumulative effect of adopting IFRS 16 is recognised as an adjustment to equity (retained earnings) as at the date of initial application of the standard. As at the effective date of the new standard, i.e. January 1st 2019, the impact of IFRS 16 on (i) the Group's total assets was PLN 12,794 thousand (increase in the right-of-use assets), (ii) total liabilities – increase of PLN 13,930 thousand, (iii) accruals and deferred income – decrease of PLN 1,136 thousand, with no effect on retained earnings. As of 2019, the Group's right-of-use assets are amortised using the straight-line method over the expected useful life of assets. The Group's cost structure has changed: operating lease payments were previously presented as office space lease costs – starting from 2019 the Group recognises depreciation and finance cost (interest) instead.

Following the adoption of IFRS 16, the Group recognises lease liabilities under leases previously classified as operating leases in accordance with IAS 17 *Leases*. These liabilities arise under property lease contracts and measured at the present value of lease payments outstanding at the date of initial application of IFRS 16, discounted using the interest rate of the lease calculated on the basis of the incremental borrowing rate on the date of first-time adoption of the standard.

Measurement of lease liabilities

The payments included in the measurement of the lease liability comprise the following types of lease payments for the right to use the underlying asset over the lease term: (i) fixed payments less any lease incentives receivable, (ii) variable lease payments that depend on market indices, (iii) amounts expected to be payable under a residual value guarantee, (iv) the exercise price of an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (v) payments for terminating the lease if the lessee is entitled to exercise the option to terminate the lease.

To calculate discount rates for the purposes of IFRS 16, the Group assumes that the discount rate should reflect the cost that it would have to pay to borrow the funds necessary to purchase the leased asset.

Valuation of right-of-use assets

The cost of a right-of-use asset includes: (i) the amount of the lease liability initially measured, (ii) any lease payments made at or prior to commencement, less any lease incentives received, (iii) initial direct costs incurred by the lessee in connection with the execution of the lease contract, (iv) an estimate of costs to be incurred by the lessee in connection with the obligation to dismantle and remove the underlying asset or to restore the site.

Estimates

The implementation of IFRS 16 required making certain estimates and calculations that affect the measurement of lease liabilities and right-of-use assets. The estimates and calcuations include: (i) determination of the lease term (for leases with an option to extend the lease, the Group has adopted a reasonably certain term, (ii) determination of the discount rate for future cash flows, (iii) determination of the depreciation rate.

Effect on the Group's consolidated statement of financial position

The table below sets forth the effect of implementation of IFRS 16 on the recognition of additional financial liabilities and related right-of-use assets:

	Dec 31 2018 (without the effect of implementing IFRS 16)	Effect of implementing IFRS 16	Jan 1 2019 (with the effect of implementing IFRS 16)
ASSETS	**259,698**	**12,794**	**272,492**
Including: Right-of-use asset	-	12,794	12,794
EQUITY AND LIABILITIES	**259,698**	**12,794**	**272,492**
Including: lease liabilities	3,305	13,930	17,235
Including: Accruals and deferred income	9,992	- 1,136	8,856

Below is presented a reconciliation of the difference between future lease payments under irrevocable operating leases at the end of 2018 and lease liabilities recognised at the date of initial application of IFRS 16:

	Jan 1 2019 (with the effect of implementing IFRS 16)
Operating lease liabilities as at Dec 31 2018 (undiscounted)	15,050
Effect of discounting using the Group's incremental borrowing rate	- 1,120
Finance liabilities under leases as at Jan 1 2019	**13,930**
Other adjustments affecting the right of use	- 1,136
Right of use as at Jan 1 2019	**12,794**

Effect on the consolidated statement of comprehensive income

In the Group's consolidated statement of comprehensive income, as of 2019 the Group has changed the classification of costs (starting from 2019, lease rent is replaced with depreciation and interest expense) and the time of their recognition (costs related to leases are recognised earlier due to the recognition of interest expense using the effective interest rate method, which was previously applied exclusively to finance leases under IAS 17).

Effect on equity

The implementation of IFRS 16 had no effect on the Group's retained earnings or equity as at January 1st 2019.

8. New standards and interpretations which have been issued but are not yet effective

The following standards and interpretations have been published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee but are not effective yet:

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The effective date of the amended regulations has not been set by the International Accounting Standards Board.
- IFRS 17 Insurance Contracts – published on May 18th 2017, effective for annual periods beginning on or after January 1st 2021. The main objective of IFRS 17 is to ensure transparency and comparability of the insurers' financial statements. To this end, an entity will disclose quantitative and qualitative information to enable users of its financial statements to assess the impact of insurance contracts on the entity's financial position, financial performance and cash flows. IFRS 17 introduces a number of material amendments to the existing IFRS 4 requirements.
- Amendments to IFRS 3 Business Combinations − effective for annual periods beginning on or after January 1st 2020. The amendments to IFRS 3 include a change in the definition of 'business'. Under the amended standard, the scope of the definition is narrower and will probably increase the proportion of acquisitions classified as asset acquisition.
- The conceptual framework for financial reporting, published in March 2018, provides a comprehensive overview of financial reporting matters, rules for establishing standards and guidelines for entities developing a consistent accounting policy. It also facilitates understanding and interpretation of standards. The conceptual framework includes new concepts, updated definitions and criteria for recognition of assets and liabilities, as well as explanation of material concepts. It consists of eight sections: Section 1 – The objective of general purpose financial reporting; Section 2 – Qualitative characteristics of useful financial information; Section 3 – Financial statements and the reporting entity; Section 4 – The elements of financial statements; Section 5 – Recognition and derecognition; Section 6 – Measurement; Section 7 – Presentation and disclosure; Section 8 – Concepts of capital and capital maintenance.

  The conceptual framework was published together with the rationale for the changes. In addition, the IASB published a separate document entitled "Amendments to References to the Conceptual Framework in IFRS Standards", which presents amendments to the standards with a view to updating the references to the Conceptual Framework. In most cases, the references in the standards were updated to reflect the references to the Conceptual Framework. In the case of two standards, IFRS 3 Business Combinations and IAS 8 Accounting Policies, Changes in Accounting Estimates and correction of errors, exemptions have been introduced for the development of accounting policies with respect to regulatory accounts.
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Correction of Errors – effective for annual periods beginning on or after January 1st 2020. The IASB published a new definition of "materiality". Amendments to IAS 1 and IAS 8 clarify the definition of materiality and increase consistency between the standards.

The Group will apply the amended provisions of the standards as of January 1st 2020, unless a different effective date is provided. When first adopted, the amended standards will have no material effect on the Group's consolidated financial statements.

The Group did not opt for early application the above standards, amendments, and interpretations.

9. Changes in estimates

In the first half of 2019, there were no changes in estimates, except for the changes in accruals and deferred income, depreciation/amortisation and impairment losses on receivables, discussed in Note 15.

10. Translation of foreign-currency items

Transactions in currencies other than the Polish złoty 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 end of the reporting period, 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 recognised in finance income or costs, as appropriate.

The following exchange rates were used to determine the carrying amounts:

Currency	Jun 30 2019	Dec 31 2018	Jun 30 2018
USD	3.7336	3.7597	3.7440
EUR	4.2520	4.3000	4.3616
HUF 100	1.3140	1.3394	1.3272
RON	0.8976	0.9229	0.9361
GBP	4.7331	4.7895	4.9270
CZK	0.1672	0.1673	0.1683
CHF	3.8322	3.8166	3.7702
TRY	0.6481	0.7108	0.8206
JPY 100	3.4673	3.4124	3.3808
NOK	0.4383	0.4325	0.4599
CAD	2.8502	2.7620	2.8317
SEK	0.4030	0.4201	0.4190
DKK	0.5697	0.5759	0.5852
AUD	2.6173	2.6549	2.7674

Source: National Bank of Poland.

11. Earnings per share

For each period, earnings per share are computed as the quotient of the net profit attributable to the Parent for the period and the weighted average number of shares in the period.

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. As there were no dilutive shares, the amounts of basic earnings per share and diluted earnings per share in the periods covered by these condensed consolidated financial statements were the same.

	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Net profit/(loss) on continuing operations per share	- 0.02	- 0.06

12. Operating segments

For management purposes, the Group is divided into separate segments based on types of services provided. There are therefore the following reporting operating segments:

1. The segment of brokerage and related services, comprising the business of (i) IPOPEMA Securities, i.e. brokerage and investment banking activities, distribution of investment products, investment advisory services addressed to a broad range of retail investors, and (ii) IFA SK, i.e. advisory services related to corporate financial restructuring and finance raising for infrastructure projects.

2. The segment of investment fund and portfolio management, comprising the business of IPOPEMA TFI, i.e. creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3. The segment of advisory services, comprising the services of IPOPEMA Business Consulting, which focuses on business and management advisory, computer facilities management, computer advisory and software-related activities.

Operating segments	In the six months ended Jun 30 2019 Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total
Revenue				
Segment's total revenue	16,271	30,719	12,864	59,854
Intersegment sales	- 359	-	-	- 359
Consolidation eliminations	- 175	-	-	- 175
Sales to external clients	**15,737**	**30,719**	**12,864**	**59,320**
Segment's costs				
Segment's costs	- 17,833	- 31,177	- 12,714	- 61,274
Segment's costs	-	359	-	359
Consolidation eliminations	175	-	6	181
Total segment's costs – purchases from external suppliers	**- 17,658**	**- 30,818**	**- 12,708**	**- 61,184**
Segment's profit/(loss) on core activities	**- 1,921**	**- 99**	**156**	**- 1,864**
Unallocated costs	-	-	-	-
Profit from continuing operations before tax and finance costs	- 1,921	- 99	156	- 1,864
Interest income	120	93	102	315
Interest expense	- 619	- 85	- 99	- 803
Other net finance income/ expenses	662	4	- 25	641
Other income/ expenses	1,235	167	- 3	1,399
Consolidation eliminations	- 400	- 21	-	- 421
Profit before tax and non-controlling interests	**- 923**	**59**	**131**	**- 733**
Income tax	- 256	12	15	- 229
Consolidation eliminations	-	- 4	-	- 4
Total corporate income tax	**- 256**	**8**	**15**	**- 233**
Net profit for period	**- 667**	**51**	**116**	**- 500**
Assets and liabilities as at Jun 30 2019				
Segment's assets	205,523	44,591	16,441	266,555
Unallocated assets	-	-	-	-
Total assets	**205,523**	**44,591**	**16,441**	**266,555**
Segment's liabilities	156,073	15,058	7,909	179,040
Accruals and deferred income	1,861	6,034	-	7,895
Segment's net profit/(loss)	- 667	51	116	- 500
Equity (excluding net profit/(loss) for current period)	45,995	24,989	4,946	75,930
Non-controlling interests (excluding net profit/(loss) for current period)	63	-	4,127	4,190
Total equity and liabilities	**203,325**	**46,132**	**17,098**	**266,555**

Operating segments	in the six months ended Jun 30 2018 Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total
Revenue				
Segment's total revenue	18,875	14,829	11,556	45,260
Intersegment sales	- 202	-	-	- 202
Consolidation eliminations	- 235	-	- 453	- 688
Sales to external clients	**18,438**	**14,829**	**11,103**	**44,370**
Segment's costs				
Segment's costs	- 19,374	- 16,009	- 11,176	- 46,559
Segment's costs	-	202	-	202
Consolidation eliminations	235	-	655	890
Total segment's costs – purchases from external suppliers	**- 19,139**	**- 15,807**	**- 10,521**	**- 45,467**
Segment's profit/(loss) on core activities	**- 701**	**- 978**	**582**	**- 1,097**
Unallocated costs	-	-	-	-
Profit from continuing operations before tax and finance costs	- 701	- 978	582	- 1,097
Interest income	114	107	124	345
Interest expense	- 578	- 9	- 92	- 679
Other net finance income/ expenses	- 367	136	92	- 139
Other income/ expenses	120	36	- 109	47
Consolidation eliminations	- 592	- 164	-	- 756
Profit before tax and non-controlling interests	**- 2,004**	**- 872**	**597**	**- 2,279**
Income tax	- 322	- 140	85	- 377
Consolidation eliminations	-	- 32	34	2
Total corporate income tax	**- 322**	**- 172**	**119**	**- 375**
Net profit for period	**- 1,682**	**- 700**	**478**	**- 1,904**
Assets and liabilities as at Dec 31 2018				
Segment's assets	206,193	35,907	17,598	259,698
Unallocated assets	-	-	-	-
Total assets	**206,193**	**35,907**	**17,598**	**259,698**
Segment's liabilities	156,415	4,792	8,092	169,299
Accruals and deferred income	2,670	7,234	88	9,992
Segment's net profit/(loss)	- 4,812	1,042	1,707	- 2,063
Equity (excluding net profit/(loss) for current period)	50,881	23,849	4,020	78,750
Non-controlling interests (excluding net profit/(loss) for current period)	- 24	-	3,744	3,720
Total equity and liabilities	**205,130**	**36,917**	**17,651**	**259,698**

13. Notes to the interim condensed consolidated statement of financial position – assets

Cash and cash equivalents

Cash and other assets	Jun 30 2019	Dec 31 2018
Cash and other assets of the Group		
a) at banks and in hand	27,785	27,413
b) other cash	31,833	19,485
c) cash equivalents	32	40
Total	**59,650**	**46,938**
Cash and other assets		
a) the Group's own cash and other assets	35,760	31,124
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	23,890	15,814
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**59,650**	**46,938**

Free cash is deposited in bank accounts and invested in term and overnight deposits. Short-term deposits are placed for periods ranging from one day to several months, depending on the Group's cash requirement at a given time, and bear interest at variable or fixed interest rates, set by reference to the interest rate for overnight bank deposits. Short-term deposits are presented under other cash. Deposits maturing in more than three months are presented under cash equivalents.

Clients' cash deposited in the Parent's bank account, in the amount of PLN 23,890 thousand as at June 30th 2019 and PLN 15,814 thousand as at December 31st 2018, is also disclosed under other cash.

Receivables

Short-term receivables	Jun 30 2019	Dec 31 2018
From clients / trade receivables	55,869	65,587
- under transactions executed on the Warsaw Stock Exchange	27,959	37,931
- under transactions executed on the Budapest Stock Exchange	-	4,287
- under transactions executed on the Prague Stock Exchange	-	1,491
- under transactions executed on the London Stock Exchange	177	-
- under transactions executed on the Paris Stock Exchange	58	-
- under transactions executed on the Amsterdam Stock Exchange	372	-
- under transactions executed on the Lisbon Stock Exchange	2,404	-
- under transactions executed on the Tokyo Stock Exchange	226	-
- under transactions executed on the Frankfurt Stock Exchange	147	-
- under transactions executed on the New York Stock Exchange	1,224	685
- other	23,302	21,193
From related entities	-	-
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	83,090	81,658
- under transactions executed on the Warsaw Stock Exchange*	53,939	42,020
- under transactions executed on the Budapest Stock Exchange	-	104
- under transactions executed on the New York Stock Exchange	556	2,308
- under transactions executed on the Frankfurt Stock Exchange	30	-
- under transactions executed on the Paris Stock Exchange	38	59
- other	28,527	37,167
From entities operating regulated markets and commodity exchanges	120	-
From the Central Securities Depository of Poland and exchange clearing houses	23,920	32,285
- from the settlement guarantee fund	23,920	32,285
From investment and pension fund companies and from investment and pension funds	10,274	4,661

Taxes, subsidies and social security receivable	244	184
Under framework securities lending and short sale agreements	1,554	-
Other	1,282	431
Total short-term receivables	**176,353**	**184,806**

** 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).*

Short-term receivables and current liabilities are recognised predominantly in connection with executed buy and sell transactions in securities, not yet settled at clearing houses.

In the case of buy transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, known as anonymous transaction counterparties) and receivables from the clients on behalf of whom such buy transactions have been executed. In the case of sell transactions executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell transactions have been executed.

Financial assets and liabilities

In the first half of 2019, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

As at June 30th 2018 and December 31st 2018, the carrying amounts of financial assets and financial liabilities approximated their fair values.

Instrument category and item of the consolidated statement of financial position	Jun 30 2019		Dec 31 2018	
	carrying amount	fair value	carrying amount	fair value
Assets	**247,722**	**247,722**	**251,487**	**251,487**
- cash and cash equivalents	59,650	59,650	46,938	46,938
- derivative financial instruments	176	176	47	47
- shares in listed companies	2,508	2,508	9,709	9,709
- shares and bonds (unlisted)	14	14	14	14
- investment fund units/investment certificates	5,682	5,682	6,285	6,285
- loans	149	149	141	141
- current and non-current receivables	179,543	179,543	188,353	188,353
Liabilities (excluding accruals and deferrals)	**178,604**	**178,604**	**168,834**	**168,834**
- overdraft facility	11,791	11,791	15,485	15,485
- debt securities	3	3	3	3
- lease liabilities	15,669	15,669	3,305	3,305
- liabilities (other than credit facilities and leases)	151,141	151,141	150,041	150,041

The Group uses derivatives to mitigate the risk of exchange rate changes for currencies in which some of the Group's securities sale and purchase transactions are denominated. While the derivative instruments held by the Group hedge it against currency risk, they are not security within the meaning of IFRS 9. Consequently, they are recognised as held for trading. All derivatives are measured at fair value, determined based on market data.

Shares in non-consolidated subsidiaries (not listed companies) as well as fund units and investment certificates are designated as measured at fair value through other comprehensive income as they are classified as equity instruments.

In the first half of 2019, gains on this category of financial assets reached PLN 118 thousand (H1 2018: loss of PLN 34 thousand).

The table below sets forth financial instruments measured at fair value classified in a three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g. estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market inputs.

As at June 30th 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	176	-	176
Financial assets held for trading other than derivative instruments	2,508	-	-	2,508
Total financial assets measured at fair value through profit or loss	**2,508**	**176**	**-**	**2,684**
Equity instruments through other comprehensive income				
Investment certificates and investment fund units	-	5,682	-	5,682
Debt instruments	-	-	-	-
Total equity instruments through other comprehensive income *	**-**	**5,682**	**-**	**5,682**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

**Net of assets measured at cost.*

In the reporting period, there were no material transfers between Level 1 and Level 2 of the instruments' fair value.

As at December 31st 2018

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	47	-	47
Financial assets held for trading other than derivative instruments	9,709	-	-	9,709
Total financial assets measured at fair value through profit or loss	**9,709**	**47**	**-**	**9,756**
Equity instruments through other comprehensive income				
Investment certificates and investment fund units	-	6,285	-	6,285
Debt instruments	-	-	-	-
Total equity instruments through other comprehensive income *	**-**	**6,285**	**-**	**6,285**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

**Net of assets measured at cost.*

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

In the first half of 2019 and in 2018, the Group companies did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did they reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 15).

Acquisition and sale of property, plant and equipment and intangible assets

In the first half of 2019, the Group acquired property, plant and equipment and intangible assets with a value of PLN 376 thousand (H1 2018: PLN 333 thousand).

Material purchase or sale transactions in property, plant and equipment

In the first half of 2019 and in 2018, the Group did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchases of property, plant and equipment

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

14. Notes to the interim condensed consolidated statement of financial position – equity

Share capital

As at June 30th 2019, the Group's share capital was PLN 2,993,783.60 (no change on December 31st 2018).

The share capital 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.

15. Notes to the interim condensed statement of financial position – liabilities and accruals and deferred income

Increase/(decrease) in accruals and deferred income

	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018	2018
As at beginning of reporting period	**9,992**	**7,479**	**7,479**
Recognised in period	6,920	7,428	19,495
Used	7,584	9,269	16,982
Reclassification in keeping with IFRS 16	1,433	-	-
Reversed	-	-	-
As at end of reporting period	**7,895**	**5,638**	**9,992**

Impairment losses on receivables

In the first half of 2019, impairment losses on receivables decreased by PLN 1,063 thousand, following their reversal or use (H1 2018: decrease by PLN 93 thousand).

Liabilities (current)

Current liabilities	**Jun 30 2019**	**Dec 31 2018**
To clients	101,172	91,609
To related entities	1	1
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses *	44,906	55,100
- to the Warsaw Stock Exchange *	40,075	48,559
- to the Budapest Stock Exchange	-	4,290
- to the Prague Stock Exchange	-	1,490
- to the New York Stock Exchange	1,222	684
- to the Frankfurt Stock Exchange	147	-
- to the Paris Stock Exchange	58	-

- to the London Stock Exchange	176	-
- to the Amsterdam Stock Exchange	371	-
- to the Lisbon Stock Exchange	2,401	-
- to the Tokyo Stock Exchange	222	-
- other	234	77
To entities operating regulated markets and commodity exchanges	350	364
- to the Warsaw Stock Exchange	350	364
To the Central Securities Depository of Poland and exchange clearing houses	102	122
Borrowings	11,791	15,485
- from related entities	-	-
- other	11,791	15,485
Debt securities	3	3
Taxes, customs duties and social security payable	1,781	1,436
Salaries and wages	3	-
To investment and pension fund companies and to investment and pension funds	625	795
Other	2,201	1,573
a) dividends payable	1,000	600
b) other	1,201	973
- lease liabilities	-	180
- other liabilities	1,201	793
Total current liabilities	**162,935**	**166,488**

** In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, the following items of the statement of financial position: 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).*

With the exception of bank borrowings and leases, liabilities do not bear interest.

Interest-bearing borrowings

Current liabilities	Jun 30 2019	Dec 31 2018
Bank borrowing	11,791	15,485
- outstanding amount	11,791	15,485
Current liabilities	**11,791**	**15,485**

As at June 30th 2019, the Group's liabilities under bank borrowings related to its brokerage business amounted to PLN 11,791 thousand (December 31st 2018: PLN 15,485 thousand). The liabilities arose under 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/KDPW CCP (the clearing agent) 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/KDPW CCP in respect of the clearing and 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 Transactions Settlement Guarantee Fund operated by KDPW CCP. 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.

Bonds

In 2019, by the date of issue of these financial statements, the Group had issued 8 registered bonds for a total nominal amount of PLN 1.6 thousand, maturing in 2019. In the first half of 2018, the Group issued 12 registered bonds for a total nominal amount of PLN 2.4 thousand, maturing in 2018–2020. The total amount of liabilities payable by the Group on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Group. The bonds were issued in connection with the variable remuneration components policy, implemented by the Group as part of its risk management system, in compliance with the applicable regulations.

In the first half of 2019, PLN 2.3 thousand worth of bonds were redeemed, compared with PLN 3.4 thousand in the first half of 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.

16. Notes to the interim condensed consolidated statement of comprehensive income

Revenue from core activities

Revenue from core activities	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
Revenue from trading in securities	10,479	12,144
Revenue from investment banking services	4,419	4,600
Revenue from management of investment funds and clients' assets	30,719	14,829
Revenue from consultancy services	12,864	11,103
Other revenue from core activities	839	1,694
Total revenue from core activities	**59,320**	**44,370**

Operating expenses

Cost of core activities	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	2,348	3,138
Fees payable to trade organisation	23	23
Salaries and wages	21,850	19,134
Social security and other benefits	1,936	1,924
Employee benefits	320	397
Raw material and consumables used	281	240
Costs of maintenance and lease of buildings	-	1,710
Depreciation and amortisation	2,449	1,230
Taxes and other public charges	259	242
Other costs, including:	31,718	17,429
- fund management and distribution costs	21,102	5,716
- transaction costs other than cost of clearance through clearing houses or stock exchanges	1,225	3,194
- ICT and information services	2,336	1,996
- marketing, representation and advertising	715	933
- software purchases (for recharge)	895	1,020
- other services	5,445	4,570
Total cost of core activities	**61,184**	**45,467**

17. Income tax

The key components of income tax expense as disclosed in the interim condensed consolidated statement of comprehensive income are as follows:

	Jan 1 – Jun 30 2019	Jan 1 – Jun 30 2018
Profit before tax	**- 733**	**- 2,279**
Tax calculated at 19% rate	**- 139**	**- 433**

Taxable income/deductible expenses for which no deferred tax assets were recognised − total consolidation adjustments	746	288
Tax losses for which no deferred tax assets were recognised − other	37	64
Tax loss carryforwards for which no deferred tax assets were recognised	-	-
Use of unrecognised tax losses	-	-
Non-deductible expenses	330	- 314
Deductible/taxable temporary differences for which no deferred tax assets/liabilities were recognised	-	-
Non-taxable income	- 1,604	271
Tax base for current and deferred income tax	**- 1,224**	**- 1,970**
Reductions, exemptions	-	-
Income tax expense	**- 233**	**- 375**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. As it is not possible to refer to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

Tax settlements are subject to inspection for five years from the end of the year in which the respective tax was paid. Such inspections may result in additional tax liabilities being imposed on the Group companies.

Deferred tax

Deferred tax liabilities increased by PLN 15 thousand and PLN 118 thousand in the first half of 2019 and the first half of 2018, respectively.

Deferred tax assets went up by PLN 225 thousand and PLN 468 thousand in the first half of 2019 and the first half of 2018, respectively.

18. Dividends paid and proposed

On June 28th 2019, the Annual General Meeting of IBC resolved to allocate a part of the 2018 profit, of PLN 0.8m, to dividend payment (PLN 399.80 per share). The dividend had not been paid by the date of these interim condensed financial statements.

19. Issue, redemption and repayment of debt and equity securities

In 2019 until the issue date of these condensed consolidated financial statements and in the first half of 2018, the Group companies did not issue any equity securities.

For information on the issue and redemption of debt securities, see Note 15.

20. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRSs when the effect of such departure is immaterial, IPOPEMA Financial Advisory Sp. z o.o., a company supporting the business activities of IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa, has not been consolidated in these condensed consolidated financial statements.

PLN '000	IPOPEMA Financial Advisory Sp. z o.o.
Total assets as at Jun 30 2019	2
% of Parent's total assets	-
Revenue in Jan 1–Jun 30 2019	7
% share in Parent's revenue	-
Net assets as at Jun 30 2019	- 5
Net profit/(loss) in Jan 1–Jun 30 2019	-

PLN '000	IPOPEMA Financial Advisory Sp. z o.o.
Total assets as at Dec 31 2018	2
% of Parent's total assets	-
Revenue in Jan 1–Jun 30 2018	7
% share in Parent's revenue	-
Net assets as at Dec 31 2018	- 5
Net profit/(loss) in Jan 1–Jun 30 2018	-

21. Seasonality of operations

The operations of the Group companies are not subject to seasonality and the presented results do not show any material fluctuations during the year.

22. Contingent liabilities and contingent assets

No contingent liabilities or contingent assets were carried by the Group as at June 30th 2019 or June 30th 2018.

23. 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 1,430 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.

24. Leases

The Group as a lessee

The Group companies lease office space under lease contracts. The right to use the building for the term of the contract was classified by the Company as lease. The contract was originally executed for a period of five years, starting from 2013, 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.

Group companies are parties to vehicle lease agreements. 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.

In 2017, a Group company concluded a 60-month lease agreement for IT equipment, to support hosting services provided to the company's trading partner. As per the agreement, the company will have the option to extend the lease or purchase the equipment after the lease term expires. Subject to the consent of the equipment supplier, the company may assign the rights and obligations of the agreement to a third party, and 18 months after the start of the lease the company may terminate the lease without the supplier's consent, provided that the equipment is purchased for a price equivalent to the sum of remaining lease payments. The same terms are set forth in the hosting agreement concluded with the company's trading partner.

Minimum lease payments are presented in the table below.

Lease liabilities	Jun 30 2019	Dec 31 2018*
Net carrying amount	15,585	3,195
Present value of minimum lease payments	**15,669**	**3,305**
Within 1 year	3,707	960
Within 1 to 5 years	11,962	2,345
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	N/A	1,262
Depreciation expense recognised in the first half of the year	**1,629**	**N/A**

* *Data as at December 31st 2018 relates to finance leases.*

The Group as a lessor

Finance lease liabilities	Jun 30 2019	Dec 31 2018
Net carrying amount	2,586	2,942
Present value of minimum lease payments	**2,586**	**2,942**
Within 1 year	749	724
Within 1 to 5 years	1,837	2,218
Over 5 years	-	-

25. Related-party transactions

IPOPEMA Securities is the Parent of the Group. The composition of the Group and equity interests are presented in Note 2.

In the first half of 2019 and in the first half of 2018, the Group did not conclude any material transactions with related parties other than on an arm's length basis.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Jun 30 2019				Jan 1–Jun 30 2018			
IFA Sp. z o.o.	-	-	-	-	-	-	-	-
Members of Management and Supervisory Boards	-	-	1	-	-	-	-	-
Other related parties	-	-	-	-	-	-	-	-
Total	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Jun 30 2019	Dec 31 2018	Jun 30 2019	Dec 31 2018
IFA Sp. z o.o.	-	-	1	1
Members of the Management and Supervisory Boards	-	-	-	-
Total	**-**	**-**	**1**	**1**

IPOPEMA Securities provides brokerage services to funds managed by IPOPEMA TFI S.A., but the related transaction costs are charged directly to the funds. Members of the Management and Supervisory Boards used fund management services both in the first half of 2019 and in 2018; two funds in which some members of the Company's Management Board or their related persons are investors were exempted from administration fees.

26. Items of the consolidated statement of cash flows

Operating activities – provision of brokerage and advisory services, fund and asset management services and securities trading in the capacity of a broker.

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 condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows	
	Jun 30 2019	**Dec 31 2018**	**Jun 30 2019**	**Dec 31 2018**
Cash and cash equivalents	**59,650**	**46,938**	**59,681**	**46,879**
1. In hand	2	2	2	2
2. At banks	27,783	27,411	27,783	27,411
3. Other cash	31,833	19,485	31,833	19,485
4. Cash equivalents	32	40	-	-
5. Accrued foreign exchange differences	-	-	63	- 19

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at June 30th 2019 and June 30th 2018 follows from presentation of cash net of the effect of foreign exchange differences as well as p-cards received, presented under cash and cash equivalents.

Cash at end of period comprises the Group's own and its clients' cash and cash equivalents – for more information on the structure of cash, see Note 13.

Differences in changes of balance-sheet items

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Jun 30 2019	**Dec 31 2018**	**Jun 30 2019**
Gross short- and long-term receivables	180,258	190,146	10,692
Net receivables	179,620	188,445	
Impairment losses on receivables	638	1,701	- 1,063
Prepayments and accrued income	1,047	1,351	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	7,895	9,992	- 1,793
Total increase/(decrease) in impairment losses and accruals and deferrals			**- 2,856**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at June 30th 2019 of receivables under loans advanced and interest on a security deposit, which are disclosed under investing activities.

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Jun 30 2018	**Dec 31 2017**	**Jun 30 2018**
Gross short- and long-term receivables	297,798	274,349	- 23,117
Net receivables	295,647	272,105	
Impairment losses on receivables	2,151	2,244	- 93
Prepayments and accrued income	1,574	1,815	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	5,638	7,479	- 1,600
Increase/(decrease) in impairment losses and accruals and deferrals			**- 1,693**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of this item as at June 30th 2018 net of receivables related to investing activities.

27. Pending court or administrative proceedings

On July 27th 2016, IPOPEMA TFI received a certified copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ('GPW'), in which GPW sought payment of PLN 20,554,900.90m for an alleged financial loss incurred by GPW as a result of its investment in investment certificates of one of the dedicated funds managed by IPOPEMA TFI (a closed-end private equity fund). IPOPEMA TFI has not recognised any provision for potential costs related to the claim. IPOPEMA TFI considers GPW's claims to be groundless and is seeking to have the action dismissed. It filed a response to the statement of claim with the court and has participated in successive procedural steps. By the date of these condensed consolidated financial statements, two hearings had been held, during which further evidence was presented and a witness was heard. The Court scheduled the next hearings for September, October and December 2019. In view of the early stage of evidence taking and the complexity of factual and legal circumstances, the outcome of the proceedings cannot yet be determined.

28. Material events and factors in the first half of 2019

Equity market and investment banking

Although the value of stock exchange trades executed on the Warsaw Stock Exchange in the first half of 2019 was only 1.0% lower than in the first half of 2018, in the same period the Company's market share dropped significantly, from 4.87% to 3.88%, leading to a 13.7% decline in revenue from securities trading (PLN 10,479 thousand vs PLN 12,144 thousand in the first half of 2018).

On the capital market, the first half of 2019 was as difficult as the entire previous year, and the Company's investment banking revenue stayed largely flat year on year (PLN 4,419 thousand vs PLN 4,600 thousand).

Also on the investment funds market, the first half of 2019 was much more challenging than the first half of 2018, as redemptions exceeded subscriptions. This translated into a major drop in revenue from the retail business, and thus in the revenue classified as other revenue from core activities, which amounted to PLN 839 thousand in the first half of 2019 (compared with PLN 1,694 thousand in the period January-June 2018).

As a result of these factors, despite lower operating expenses, in the first half of 2019 the brokerage segment posted a PLN 1,921 thousand loss on core activities and a net loss of PLN 667 thousand (vs a PLN 701 thousand loss on core activities and a net loss of PLN 1,682 thousand reported in the first half of 2018).

Activities of IPOPEMA TFI

Success fees from the securitisation funds launched in 2018 were the main driver of a material increase in revenue in the investment fund management segment. Additionally, an increase in the value of assets in capital market funds (to PLN 1.5bn at the end of June 2019, compared with PLN 1.4bn a year earlier) brought about an increase in revenue from management of these funds. At the same time, revenue from management of closed-end funds declined. All in all, revenue posted by the investment fund management segment in the first half of 2019 more than doubled, reaching PLN 30,719 thousand (PLN 14,829 thousand in the first half of 2018). Still, despite a significantly higher revenue figure, a 95.0% increase in operating expenses (mainly due to higher costs of management of securitisation funds and distribution of capital market funds) resulted in a loss on core activities of PLN 99 thousand and a net profit of PLN 51 thousand (compared with a PLN 978 thousand loss on core activities and a net loss of PLN 700 thousand in the first half of 2018).

IPOPEMA Business Consulting

A higher number of advisory projects carried out by IPOPEMA Business Consulting in the first half of 2019 resulted in a 15.9% increase in revenue, which was offset by a 20.8% increase in operating expenses. As a result, the net profit figure went down (PLN 116 thousand vs PLN 478 thousand posted a year earlier).

29. Events subsequent to the end of reporting period

All events relating to the reporting period are disclosed in the accounting records and the condensed consolidated financial statements for the period January 1st–June 30th 2019.

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, September 11th 2019

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