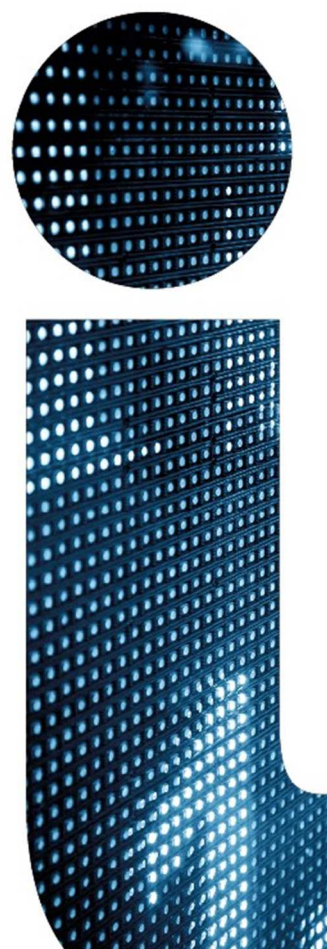


IPOPEMA Securities S.A.

# **Interim condensed financial statements**

**for the three months  
ended March 31st 2017**

Warsaw, May 18th 2017



# Financial highlights

| Financial highlights                                      | PLN '000           |             | EUR '000           |             |
|---|--------------------|-------------|--------------------|-------------|
|   | Three months ended |             | Three months ended |             |
|   | Mar 31 2017        | Mar 31 2016 | Mar 31 2017        | Mar 31 2016 |
| Revenue from core activities                              | 10,278             | 7,426       | 2,396              | 1,705       |
| Cost of core activities                                   | 9,719              | 8,772       | 2,266              | 2,014       |
| Profit on core activities                                 | 559                | -1,346      | 130                | -309        |
| Operating profit  | 879                | -1,256      | 205                | -288        |
| Profit before tax   | -158               | -1,718      | -37                | -394        |
| Net profit  | -95                | -1,918      | -22                | -440        |
| Earnings per ordinary share (weighted average) (PLN/ EUR) | 0,00               | -0,06       | 0,00               | -0,01       |
| Net cash from operating activities                        | 17,137             | -98,410     | 3,995              | -22,592     |
| Total cash flows  | 12,930             | -110,088    | 3,015              | -25,273     |

| Financial highlights           | PLN '000    |             | EUR '000    |             |
|--------------------------------|-------------|-------------|-------------|-------------|
|                                | Mar 31 2017 | Dec 31 2016 | Mar 31 2017 | Dec 31 2016 |
| Total assets                   | 356,541     | 305,012     | 84,492      | 68,945      |
| Current liabilities            | 291,299     | 239,162     | 69,031      | 54,060      |
| Equity                         | 61,367      | 61,405      | 14,543      | 13,880      |
| Number of shares               | 29,937,836  | 29,937,836  | 29,937,836  | 29,937,836  |
| Book value per share (PLN/EUR) | 2.05        | 2.05        | 0.49        | 0.46        |

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

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

| Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period | Q1 2017 | Q1 2016 |
|--|---------|---------|
| EUR  | 4.2891  | 4.3559  |

- For the balance sheet:

| Exchange rate as at | Mar 31 2017 | Dec 31 2016 |
|---------------------|-------------|-------------|
| EUR                 | 4.2198      | 4.4240      |

# Introduction to the interim condensed financial statements

## Information on the Company

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

The Company's registered office is at ul. 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 on the basis of 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 on the basis of other authorisations which it was required to obtain in connection with amendments to applicable laws and regulations. Currently, the Company holds licences for a majority of the activities classified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.4.8 of the Act.

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

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

## Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these financial statements, no circumstances were identified which would threaten the Company's ability to continue as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is March 31st 2017.

## Composition of the Management Board and the Supervisory Board

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

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

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

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

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

There were no changes in the composition of the Supervisory Board in Q1 2017 or the comparative period.

## 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 March 31st 2017 and include comparative data for the period from January 1st to March 31st 2016 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2016 (for the statement of financial position and the statement of changes in equity).

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

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

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

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

#### Current receivables

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

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

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

- for receivables past due by up to six months – no impairment loss is recognised,
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised,

- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

The Company may also recognise impairment losses based on an individual assessment of a receivable.

Impairment losses on receivables are 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.

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

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 purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)\* and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities, 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.*

#### Non-current receivables

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

### Financial instruments

Financial instruments are classified into the following categories:

#### 1. Financial assets

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

#### 2. Financial liabilities

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

#### Financial assets and liabilities held for trading

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

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

Financial assets are recognised as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are first recognised in the accounting records at the contract date at the fair value of the amount or other assets received. When determining the fair value as at the contract date, the Company takes into account transaction costs. For the purposes of the measurement, the Company takes into account closing prices quoted by the Warsaw Stock Exchange ('WSE') and Budapest Stock Exchange ('BSE') on the last business day of the reporting period. 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 current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly bank deposits, cash and loans advanced. Loans advanced to IPOPEMA Securities S.A.'s employees and associates are classified under loans advanced.

#### 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. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.

Shares in subsidiaries are measured at cost less impairment.

#### Other financial liabilities

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

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

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

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

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

#### **Liabilities**

##### Current liabilities

Current liabilities are liabilities which are payable within 12 months from the reporting date. Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the 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 payable. Recognition of current liabilities under executed transactions is discussed above, in the description of current receivables.

##### Non-current liabilities

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

## Translation of foreign-currency items

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

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

As at the reporting date, monetary assets and liabilities denominated in currencies other than the Polish zloty are translated into the zloty at the mid-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 | Mar 31 2017 | Dec 31 2016 |
|----------|-------------|-------------|
| USD      | 3.9455      | 4.1793      |
| EUR      | 4.2198      | 4.4240      |
| HUF 100  | 1.3670      | 1.4224      |
| GBP      | 4.9130      | 5.1445      |
| UAH      | 0.1460      | 0.1542      |
| CZK      | 0.1559      | 0.1637      |
| CHF      | 3.9461      | 4.1173      |
| TRY      | 1.0853      | 1.1867      |
| JPY 100  | 3.5272      | 3.5748      |
| NOK      | 0.4601      | 0.4868      |
| CAD      | 2.9564      | 3.0995      |
| SEK      | 0.4419      | 0.4619      |
| DKK      | 0.5674      | 0.5951      |
| AUD      | 3.0171      | 3.0180      |
| RON      | 0.9277      | 0.9749      |

Source: National Bank of Poland.

### Changes in estimates

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

### Changes in applied accounting policies

The policies applied in the reporting period are described in detail in the financial statements for 2016, issued on March 21st 2017. In Q1 2017, the Company did not change its accounting policies.

### Comparability of the reported data

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

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



## Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2017

The effect of these amendments on items of the statement of financial position as at March 31st 2016 is presented in the table below.

|  | As at<br>Mar 31 2016 (approved) | Presentation<br>change | As at<br>Mar 31 2016<br>(restated) |
|--|---------------------------------|------------------------|------------------------------------|
| <b>Current receivables</b>   | <b>288,080</b>                  | <b>-314</b>            | <b>287,766</b>                     |
| including:   |                                 |                        |                                    |
| From the Central Securities Depository of Poland and from settlement and clearing houses | 29,672                          | -29,469                | 203                                |
| From CCP   | -                               | 29,469                 | 29,469                             |
| Other  | 14,312                          | -314                   | 13,998                             |
| <b>Short-term loans advanced</b>   | <b>-</b>                        | <b>314</b>             | <b>314</b>                         |
| <b>Current liabilities</b>   | <b>274,371</b>                  | <b>-</b>               | <b>274,371</b>                     |
| including:   |                                 |                        |                                    |
| To the Central Securities Depository of Poland and to settlement and clearing houses     | 1,135                           | -1,093                 | 42                                 |
| To CCP   | -                               | 1,093                  | 1,093                              |

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

|  | As at Mar 31 2016<br>(approved) | As at Mar 31 2016 (restated)<br>(designation according to the numbering in the<br>statement of profit or loss) |              |          |              |
|--|---------------------------------|--|--------------|----------|--------------|
|  |                                 | 1 a)   | 1 b)         | 1 d)     | 1 e)         |
| <b>Revenue from brokerage activities, including:</b>   | <b>7,426</b>                    | <b>1</b>   | <b>5,661</b> | <b>4</b> | <b>1,760</b> |
| 1. <b>Fee and commission income</b>  | <b>5,250</b>                    |  |              |          |              |
| from transactions in financial instruments made in the name of the Company but for the account of the party placing an order | 5,250                           | 1  | 5,249        | -        | -            |
| 2. <b>Other income</b>   | <b>2,176</b>                    |  |              |          |              |
| from offering financial instruments  | 4                               | -  | -            | 4        | -            |
| other  | 2,172                           | -  | 412          | -        | 1,760        |

|   | As at<br>Mar 31 2016 (approved) | Presentation<br>change | As at<br>Mar 31 2016<br>(restated) |
|---|---------------------------------|------------------------|------------------------------------|
| <b>Cost of core activities</b>  | <b>8,772</b>                    | <b>-</b>               | <b>8,772</b>                       |
| including:  |                                 |                        |                                    |
| Services  | -                               | 1,686                  | 1,686                              |
| Other   | 1,810                           | -1,686                 | 124                                |
| <b>Other expenses</b>   | <b>44</b>                       | <b>35</b>              | <b>79</b>                          |
| including:  |                                 |                        |                                    |
| Increase in impairment losses on receivables                                  | -                               | 35                     | 35                                 |
| <b>Difference between provisions for and impairment losses on receivables</b> | <b>-35</b>                      | <b>-35</b>             | <b>-</b>                           |
| Increase in impairment losses on receivables                                  | 35                              | -35                    | -                                  |

### 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.



| ASSETS       |   | Note | Mar 31 2017    | Dec 31 2016    | Mar 31 2016    |
|--------------|---|------|----------------|----------------|----------------|
| <b>I.</b>    | <b>Cash and cash equivalents</b>  | 1    | <b>40,013</b>  | <b>27,119</b>  | <b>25,681</b>  |
| 1.           | In hand   |      | -              | 1              | 1              |
| 2.           | At banks  |      | 3,419          | 11,466         | 4,954          |
| 3.           | Other cash  |      | 36,588         | 15,644         | 20,710         |
| 4.           | Cash equivalents  |      | 6              | 8              | 16             |
| <b>II.</b>   | <b>Current receivables</b>  | 2, 7 | <b>283,181</b> | <b>255,106</b> | <b>287,766</b> |
| 1.           | From clients  |      | 77,108         | 124,551        | 100,523        |
| 2.           | From related entities   | 19   | 19             | 209            | 21             |
| 3.           | From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses |      | 154,856        | 73,232         | 143,359        |
| a)           | under executed transactions   |      | 149,928        | 72,031         | 140,159        |
| b)           | other   |      | 4,928          | 1,201          | 3,200          |
| 4.           | From entities operating regulated markets and commodity   |      | 39             | -              | -              |
| 5.           | From the Central Securities Depository of Poland and exchange                                     |      | 201            | 213            | 203            |
| 5.a          | From CCP  |      | 36,514         | 34,694         | 29,469         |
| 6.           | From investment and pension fund companies and from investment and pension funds                  |      | 37             | 15             | -              |
| 7.           | Taxes, subsidies and social security receivable   |      | 54             | 40             | 193            |
| 8.           | Other   |      | 14,353         | 22,152         | 13,998         |
| <b>III.</b>  | <b>Financial instruments held for trading</b>   | 3, 4 | <b>4,146</b>   | <b>126</b>     | <b>2,203</b>   |
| 1.           | Equities  |      | 4,146          | 126            | 2,203          |
| <b>IV.</b>   | <b>Current prepayments and accrued income</b>   |      | <b>875</b>     | <b>663</b>     | <b>949</b>     |
| <b>IV.a.</b> | <b>Short-term loans advanced</b>  |      | <b>435</b>     | <b>149</b>     | <b>314</b>     |
| 1.           | To subordinated entities  |      | 351            | -              | -              |
| 2.           | Other   |      | 84             | 149            | 314            |
| <b>V.</b>    | <b>Financial instruments held to maturity</b>   |      | -              | -              | -              |
| <b>VI.</b>   | <b>Financial instruments available for sale</b>   | 3, 4 | <b>12,932</b>  | <b>12,853</b>  | <b>8,824</b>   |
| 1.           | Equities  |      | 8,639          | 8,631          | 8,638          |
|              | - shares in subordinated entities   |      | 8,639          | 8,631          | 8,638          |
| 2.           | Debt securities   |      | 10             | 10             | -              |
| 3.           | Investment fund units   |      | 4,087          | 4,019          | -              |
| 4.           | Investment certificates   |      | 196            | 193            | 186            |
| <b>VII.</b>  | <b>Non-current receivables</b>  |      | <b>7,719</b>   | <b>1,384</b>   | <b>7,774</b>   |
| <b>VIII</b>  | <b>Long-term loans advanced</b>   |      | <b>44</b>      | <b>54</b>      | <b>-</b>       |
| 1.           | Other   |      | 44             | 54             | -              |
| <b>IX.</b>   | <b>Intangible assets</b>  | 4    | <b>2,501</b>   | <b>2,475</b>   | <b>2,321</b>   |
| 1.           | Acquired permits, patents, licences and similar assets, including:                                |      | 2,501          | 2,475          | 2,321          |
|              | - software  |      | 2,501          | 2,475          | 2,321          |
| <b>X.</b>    | <b>Property, plant and equipment</b>  | 4, 5 | <b>3,400</b>   | <b>3,746</b>   | <b>3,978</b>   |
| 1.           | Tangible assets, including:   |      | 3,384          | 3,736          | 3,940          |
| a)           | buildings and premises  |      | 448            | 464            | 514            |
| b)           | computer assemblies   |      | 1,988          | 2,265          | 2,220          |
| c)           | other tangible assets   |      | 948            | 1,007          | 1,206          |
| 2.           | Tangible assets under construction  |      | 16             | 10             | 38             |

Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2017

|   |    |                |                |                |
|---|----|----------------|----------------|----------------|
| <b>XI. Non-current prepayments and accrued income</b> |    | <b>1,295</b>   | <b>1,337</b>   | <b>882</b>     |
| 1. Deferred tax assets                                | 14 | 1,081          | 1,093          | 870            |
| 2. Other non-current prepayments and accrued income   |    | 214            | 244            | 12             |
| <b>XII. Called-up share capital not paid</b>          |    | -              | -              | -              |
| <b>XIII. Treasury shares</b>                          |    | -              | -              | -              |
| <b>Total assets</b>                                   |    | <b>356,541</b> | <b>305,012</b> | <b>340,692</b> |

Warsaw, May 18th 2017

\_\_\_\_\_  
Jacek Lewandowski  
President of the  
Management Board

\_\_\_\_\_  
Mariusz Piskorski  
Vice President of the  
Management Board

\_\_\_\_\_  
Stanisław Waczkowski  
Vice President of the  
Management Board

\_\_\_\_\_  
Mirosław Borys  
Vice President of the  
Management Board

\_\_\_\_\_  
Danuta Ciosek  
Chief Accountant

## Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2017

| EQUITY AND LIABILITIES   |  | Note | Mar 31 2017    | Dec 31 2016    | Mar 31 2016    |
|--|--|------|----------------|----------------|----------------|
| <b>I. Current liabilities</b>  |  | 6    | <b>291,299</b> | <b>239,162</b> | <b>274,371</b> |
| 1. To clients  |  |      | 179,583        | 89,490         | 143,026        |
| 2. To related entities   |  | 19   | 16             | 20             | 19             |
| 3. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses |  |      | 91,601         | 130,250        | 110,105        |
| a) under executed transactions   |  |      | 91,601         | 130,250        | 110,105        |
| 4. To entities operating regulated markets and commodity exchanges                                 |  |      | 678            | 602            | 555            |
| 5. To the Central Securities Depository of Poland and to settlement and clearing houses            |  |      | 45             | 62             | 42             |
| 5.a. To CCP  |  |      | 3,402          | 1,982          | 1,093          |
| 6. Borrowings  |  |      | 13,813         | 14,784         | 16,569         |
| a) other   |  |      | 13,813         | 14,784         | 16,569         |
| 7. Debt securities   |  | 11   | 3              | 3              | 4              |
| 7.a. Negative fair value of financial instruments held for trading                                 |  |      | -              | -              | -              |
| 8. Taxes, customs duties and social security payable   |  |      | 482            | 535            | 1,003          |
| 9. Salaries and wages  |  |      | -              | 1              | -              |
| 10. To investment and pension fund companies and to investment and pension funds                   |  |      | 142            | 154            | 107            |
| 11. Other  |  |      | 1,534          | 1,279          | 1,848          |
| <b>II. Non-current liabilities</b>   |  |      | <b>147</b>     | <b>158</b>     | <b>186</b>     |
| 1. Debt securities   |  | 11   | 1              | 2              | 3              |
| 2. Finance lease liabilities   |  | 10   | 146            | 156            | 183            |
| - from other entities  |  |      | 146            | 156            | 183            |
| <b>III. Accruals and deferred income</b>   |  |      | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>IV. Provisions for liabilities</b>  |  | 7    | <b>3,728</b>   | <b>4,287</b>   | <b>4,423</b>   |
| 1. Deferred tax liabilities  |  | 14   | 352            | 412            | 414            |
| 2. Other   |  |      | 3,376          | 3,875          | 4,009          |
| a) non-current   |  |      | 139            | 382            | 309            |
| b) current   |  |      | 3,237          | 3,493          | 3,700          |
| <b>V. Subordinated liabilities</b>   |  |      | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>VI. Equity</b>  |  |      | <b>61,367</b>  | <b>61,405</b>  | <b>61,712</b>  |
| 1. Share capital   |  | 8    | 2,994          | 2,994          | 2,994          |
| 2. Reserve funds   |  |      | 57,352         | 57,352         | 57,152         |
| a) share premium   |  |      | 10,351         | 10,351         | 10,351         |
| b) statutory reserve funds   |  |      | 998            | 998            | 998            |
| c) reserve funds created pursuant to the Articles of Association                                   |  |      | 46,003         | 46,003         | 45,803         |
| 3. Revaluation capital reserve   |  |      | 70             | 13             | -9             |
| 4. Retained earnings   |  |      | 1,046          | -              | 3,493          |
| 5. Net profit  |  | 15   | -95            | 1,046          | -1,918         |
| <b>Total equity and liabilities</b>  |  |      | <b>356,541</b> | <b>305,012</b> | <b>340,692</b> |
| Book value (PLN '000)  |  |      | 61,367         | 61,405         | 61,712         |
| Number of shares as at end of period   |  |      | 29,937,836     | 29,937,836     | 29,937,836     |
| Book value per share (PLN)   |  |      | 2.05           | 2.05           | 2.06           |
| Diluted number of shares   |  |      | 29,937,836     | 29,937,836     | 29,937,836     |
| Diluted book value per share (PLN)   |  |      | 2.05           | 2.05           | 2.06           |

Warsaw, May 18th 2017

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Stanisław Waczkowski  
Vice President of the  
Management Board

Mirosław Borys  
Vice President of the  
Management Board

Danuta Ciosek  
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2017

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

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Danuta Ciosek  
Chief Accountant

| Statement of profit or loss  | Note | Q1 2017       | Q1 2016       |
|--|------|---------------|---------------|
| <b>I. Revenue from core activities, including:</b>   |      | <b>10,278</b> | <b>7,426</b>  |
| - from related entities  | 19   | -             | -             |
| 1. Revenue from brokerage activities, including:   |      | 10,199        | 7,426         |
| a) acceptance and transfer of orders to buy and sell financial instruments   |      | 1             | 1             |
| b) execution of orders to buy and sell financial instruments for the account of clients  |      | 6,368         | 5,661         |
| c) offering of financial instruments   |      | 2,001         | -             |
| 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 |      | 14            | 4             |
| e) other   |      | 1,815         | 1,760         |
| 2. Revenue from other core activities  |      | 79            | -             |
| <b>II. Cost of core activities</b>   |      | <b>9,719</b>  | <b>8,772</b>  |
| - from related entities  | 19   | 32            | 165           |
| 1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses  |      | 1,852         | 1,555         |
| 2. Payments to CCP   |      | 144           | 102           |
| 3. Salaries and wages  |      | 3,033         | 3,504         |
| 4. Social security and other benefits  |      | 453           | 499           |
| 5. Employee benefits   |      | 61            | 54            |
| 6. Raw material and consumables used   |      | 55            | 75            |
| 7. Services  |      | 2,756         | 1,686         |
| 8. Costs of maintenance and lease of buildings   |      | 411           | 366           |
| 9. Depreciation and amortisation expenses  |      | 533           | 463           |
| 10. Taxes and other public charges   |      | 288           | 344           |
| 11. Other  |      | 133           | 124           |
| <b>III. Profit/(loss) on core activities</b>   |      | <b>559</b>    | <b>-1,346</b> |
| <b>IV. Income from financial instruments held for trading</b>  |      | <b>376</b>    | <b>433</b>    |
| 1. Revaluation adjustments   |      | -             | 170           |
| 2. Gain on sale/redemption   |      | 376           | 263           |
| <b>V. Cost related to financial instruments held for trading</b>   |      | <b>103</b>    | <b>313</b>    |
| 1. Revaluation adjustments   |      | 97            | 70            |
| 2. Loss on sale/redemption   |      | 6             | 243           |
| <b>VI. Gain/(loss) on transactions in financial instruments held for trading</b>   |      | <b>273</b>    | <b>120</b>    |
| <b>VII. Income from financial instruments available for sale</b>   |      | <b>-</b>      | <b>-</b>      |
| <b>VIII. Cost related to financial instruments available for sale</b>  |      | <b>-</b>      | <b>-</b>      |
| <b>IX. Gain/(loss) on transactions in financial instruments available for sale</b>   |      | <b>-</b>      | <b>-</b>      |
| <b>X. Other income</b>   |      | <b>151</b>    | <b>49</b>     |
| 1. Decrease in impairment losses on receivables  |      | 70            | -             |
| 2. Other   |      | 81            | 49            |
| <b>XI. Other expenses</b>  |      | <b>104</b>    | <b>79</b>     |
| 1. Increase in impairment losses on receivables  |      | 29            | 35            |
| 2. Other   |      | 75            | 44            |
| <b>XII. Operating profit</b>   |      | <b>879</b>    | <b>-1,256</b> |
| <b>XIII. Finance income</b>  |      | <b>175</b>    | <b>260</b>    |
| 1. Interest on loans advanced, including:  |      | 2             | 4             |
| - from related entities  |      | 1             | -             |
| 2. Interest on deposits  |      | 62            | 57            |

Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2017

|  |                                    |              |               |
|--|------------------------------------|--------------|---------------|
| 3.   | Other interest                     | -            | -             |
| 4.   | Foreign exchange gains             | -            | 84            |
|  | a) realised                        | -            | 84            |
| 5.   | Other                              | 111          | 115           |
| <b>XIV.</b>  | <b>Finance costs</b>               | <b>1,212</b> | <b>722</b>    |
| 1.   | Interest on borrowings, including: | 304          | 272           |
|  | - to related entities              | -            | -             |
| 2.   | Other interest                     | 38           | 45            |
| 3.   | Foreign exchange losses            | 722          | 294           |
|  | a) realised                        | 151          | -             |
|  | b) unrealised                      | 571          | 294           |
| 4.   | Other                              | 148          | 111           |
| <b>XV.</b>   | <b>Profit before tax</b>           | <b>-158</b>  | <b>-1,718</b> |
| <b>XVI.</b>  | <b>Income tax</b>                  | <b>-63</b>   | <b>200</b>    |
| <b>XVII.</b>                                       | <b>Net profit</b>                  | <b>-95</b>   | <b>-1,918</b> |
| Weighted average number of ordinary shares         |                                    | 29,937,836   | 29,937,836    |
| Earnings per ordinary share (PLN)                  |                                    | 0.00         | -0.06         |
| Weighted average diluted number of ordinary shares |                                    | 29,937,836   | 29,937,836    |
| Diluted earnings per ordinary share (PLN)          |                                    | 0.00         | -0.06         |

Warsaw, May 18th 2017

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Danuta Ciosek  
Chief Accountant

| STATEMENT OF CASH FLOWS |   | Note | Q1 2017 | Q1 2016  |
|-------------------------|---|------|---------|----------|
| <b>A.</b>               | <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>   |      |         |          |
| I.                      | Net profit  |      | -95     | -1,918   |
| II.                     | Total adjustments   |      | 17,232  | -96,492  |
| 1.                      | Depreciation and amortisation expenses  |      | 533     | 463      |
| 2.                      | Foreign exchange gains/(losses)   |      | 34      | 166      |
| 3.                      | Interest and profit distributions (dividends)   |      | 299     | 266      |
| 4.                      | Change in provisions and impairment losses on receivables                                   |      | -537    | -1,081   |
| 5.                      | Increase/(decrease) in financial instruments held for trading                               |      | -4,020  | -989     |
| 6.                      | Increase/(decrease) in receivables  |      | -32,016 | -114,055 |
| 7.                      | Change in current liabilities (net of borrowings), including special accounts               |      | 53,108  | 18,676   |
| 8.                      | Increase/(decrease) in accruals and deferrals   |      | -171    | 48       |
| 9.                      | Other   |      | 2       | 14       |
| III.                    | Net cash from (used in) operating activities (I + II)                                       |      | 17,137  | -98,410  |
| <b>B.</b>               | <b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>   |      |         |          |
| I.                      | Cash from investing activities  |      | 76      | 60       |
| 1.                      | Decrease in loans advanced  |      | 76      | 60       |
| II.                     | Cash used in investing activities   |      | 2,917   | 12,862   |
| 1.                      | Acquisition of intangible assets  |      | 197     | -        |
| 2.                      | Acquisition of property, plant and equipment  |      | 14      | 57       |
| 3.                      | Acquisition of financial instruments available for sale and held to maturity – subordinates |      | 8       | -        |
| 4.                      | Loans advanced  |      | 350     | -        |
| 5.                      | Other cash used in investing activities   |      | 2,348   | 12,805   |
| III.                    | Net cash from (used in) investing activities (I - II)                                       |      | -2,841  | -12,802  |
| <b>C.</b>               | <b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>   |      |         |          |
| I.                      | Cash from financing activities  |      | -       | 1,431    |
| 1.                      | Increase in short-term borrowings   |      | -       | 1,431    |
| II.                     | Cash used in financing activities   |      | 1,366   | 307      |
| 1.                      | Decrease in short-term borrowings   |      | 973     | -        |
| 2.                      | Repayment of short-term debt securities   |      | 1       | 3        |
| 3.                      | Payment of finance lease liabilities  |      | 10      | 10       |
| 4.                      | Interest paid   |      | 382     | 294      |
| III.                    | Net cash from (used in) financing activities (I - II)                                       |      | -1,366  | 1,124    |
| <b>D.</b>               | <b>TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)</b>                                     |      | 12,930  | -110,088 |
| <b>E.</b>               | <b>BALANCE-SHEET CHANGE IN CASH, including:</b>   |      | 12,896  | -110,255 |
|                         | - effect of exchange rate fluctuations on cash held   |      | -34     | -167     |
| <b>F.</b>               | <b>CASH AT BEGINNING OF PERIOD</b>  | 20   | 27,115  | 135,827  |
| <b>G.</b>               | <b>CASH AT END OF PERIOD (F +/- D), including:</b>  | 20   | 40,045  | 25,739   |
|                         | - restricted cash*  |      | 30,696  | 9,456    |

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

Warsaw, May 18th 2017

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| STATEMENT OF CHANGES IN EQUITY                                    | Q1 2017       | 2016          | Q1 2016       |
|---|---------------|---------------|---------------|
| <b>I. EQUITY AT BEGINNING OF PERIOD</b>                           | <b>61,405</b> | <b>63,627</b> | <b>63,627</b> |
| - changes in adopted accounting policies                          | -             | -             | -             |
| - correction of errors  | -             | -             | -             |
| <b>I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS</b>       | <b>61,405</b> | <b>63,627</b> | <b>63,627</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                           | 57,352        | 57,152        | 57,152        |
| 2.1. Changes in reserve funds                                     | -             | 200           | -             |
| a) increase   | -             | 200           | -             |
| - distribution of profit (above statutory minimum)                | -             | 200           | -             |
| b) decrease   | -             | -             | -             |
| 2.2. Reserve funds at end of period                               | 57,352        | 57,352        | 57,152        |
| 3. Revaluation capital reserve at beginning of period             | 13            | -12           | -12           |
| 3.1. Changes in revaluation capital reserve                       | 57            | 25            | 3             |
| a) increase   | 71            | 116           | 7             |
| - remeasurement of financial instruments                          | 71            | 116           | 7             |
| b) decrease   | 14            | 91            | 4             |
| - remeasurement of financial instruments                          | 14            | 91            | 4             |
| 3.2. Revaluation capital reserve at end of the period             | 70            | 13            | -9            |
| 4. Retained earnings/(accumulated deficit) at beginning of period | 1,046         | 3,493         | 3,493         |
| 4.1. Retained earnings at beginning of period                     | 1,046         | 3,493         | 3,493         |
| a) increase   | -             | -             | -             |
| b) decrease   | -             | 3,493         | -             |
| - distribution of retained earnings (dividend)                    | -             | 3,293         | -             |
| - distribution of retained earnings (increase in reserve funds)   | -             | 200           | -             |
| 4.2. Retained earnings/(accumulated deficit) at end of period     | 1,046         | -             | 3,493         |
| 5. Net profit/(loss)  | -95           | 1,046         | -1,918        |
| a) net profit   | -             | 1,046         | -             |
| b) net loss   | -95           | -             | -1,918        |
| <b>II. EQUITY AT END OF PERIOD</b>                                | <b>61,367</b> | <b>61,405</b> | <b>61,712</b> |
| <b>III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT</b>          | <b>61,367</b> | <b>61,405</b> | <b>61,712</b> |

Warsaw, May 18th 2017

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Chief Accountant

# Notes to the interim financial statements

## Note 1

| Cash and other assets   | Mar 31 2017   | Dec 31 2016   | Mar 31 2016   |
|---|---------------|---------------|---------------|
| <b>Cash and other assets of clients</b>                                 |               |               |               |
| a) at banks and in hand   | 30,696        | 12,411        | 9,456         |
| <b>Total cash and other assets of clients</b>                           | <b>30,696</b> | <b>12,411</b> | <b>9,456</b>  |
| <b>Cash and other assets:</b>   |               |               |               |
| a) cash and other assets of the brokerage house, including:             | 9,317         | 14,708        | 16,225        |
| - in hand   | -             | 1             | 1             |
| - at banks  | 3,419         | 11,466        | 4,954         |
| - other cash*   | 5,892         | 3,233         | 11,254        |
| - cash equivalents  | 6             | 8             | 16            |
| b) cash and other assets of clients deposited in cash accounts          | 30,696        | 12,411        | 9,456         |
| - at the brokerage house and paid towards acquisition of securities     | 30,696        | 12,411        | 9,456         |
| - 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>40,013</b> | <b>27,119</b> | <b>25,681</b> |

## Note 2

| Selected current receivables   | Mar 31 2017    | Dec 31 2016    | Mar 31 2016    |
|--|----------------|----------------|----------------|
| <b>1. Selected current receivables</b>   | <b>268,737</b> | <b>232,899</b> | <b>273,575</b> |
| a) from clients, including:  | 77,108         | 124,551        | 100,523        |
| - under transactions executed on the Warsaw Stock Exchange   | 53,678         | 89,043         | 71,508         |
| - under transactions executed on the Budapest Stock Exchange   | 20,894         | 21,049         | 21,496         |
| - under transactions executed on the Prague Stock Exchange   | -              | 2,674          | 2,404          |
| - under transactions executed on the Istanbul Stock Exchange   | -              | -              | 2,059          |
| - under transactions executed on the London Stock Exchange   | 177            | 116            | -              |
| - under transactions executed on the Frankfurt Stock Exchange  | -              | 2,252          | -              |
| - under transactions executed on the New York Stock Exchange   | 532            | 7,065          | -              |
| - under transactions executed on the Paris Stock Exchange  | -              | -              | 333            |
| - other  | 1,827          | 2,352          | 2,723          |
| b) from related entities, including:   | 19             | 209            | 21             |
| - from subsidiaries  | 19             | 209            | 21             |
| - from other related entities  | -              | -              | -              |
| c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses | 154,856        | 73,232         | 143,359        |
| - under transactions executed on the Warsaw Stock Exchange*  | 102,915        | 40,067         | 108,801        |
| - under transactions executed on the Budapest Stock Exchange   | 46,378         | 6,163          | 15,038         |
| - under transactions executed on the Prague Stock Exchange   | 558            | 3,121          | 1,883          |
| - under transactions executed on the New York Stock Exchange   | -              | 16,410         | 1,957          |
| - under transactions executed on the Amsterdam Stock Exchange  | -              | 6,270          | -              |
| - under transactions executed on the Milan Stock Exchange  | -              | -              | 10,813         |
| - under transactions executed on the London Stock Exchange   | 77             | -              | 1,654          |
| - under transactions executed on the Zurich Stock Exchange   | -              | -              | 13             |
| - other  | 4,928          | 1,201          | 3,200          |
| d) from entities operating regulated markets and commodity exchanges                                 | 39             | -              | -              |
| e) from the Central Securities Depository of Poland and exchange                                     | 201            | 213            | 203            |

clearing houses, including

|  |                |                |                |
|--|----------------|----------------|----------------|
| - from the settlement guarantee fund and deposits                          | 201            | 213            | 203            |
| - other  | -              | -              | -              |
| f) receivables from CCP  | 36,514         | 34,694         | 29,469         |
| - from the settlement guarantee fund                                       | 36,514         | 34,694         | 29,469         |
| - other  | -              | -              | -              |
| g) under court proceedings, for which no impairment losses were recognised | -              | -              | -              |
| <b>2. Net current receivables</b>  | <b>283,181</b> | <b>255,106</b> | <b>287,766</b> |
| - impairment losses on current receivables (positive value)                | 265            | 307            | 294            |
| <b>Gross current receivables</b>   | <b>283,446</b> | <b>255,413</b> | <b>288,060</b> |

\* In accordance with Art. 45h of the amended Act on Trading in Financial Instruments, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, where 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: current receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses represent the value of concluded and not cleared purchase and sale transactions in securities.

### Note 3

#### Financial assets

In Q1 2017 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

### Note 4

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

In Q1 2017 and in 2016, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

### Note 5

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

In Q1 2017 and in 2016, the Company did not purchase or sell any material items of property, plant and equipment.

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

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

## Note 6

| <b>Selected current liabilities</b>   | <b>Mar 31 2017</b> | <b>Dec 31 2016</b> | <b>Mar 31 2016</b> |
|---|--------------------|--------------------|--------------------|
| <b>Selected current liabilities</b>   | <b>97,276</b>      | <b>134,195</b>     | <b>113,662</b>     |
| <b>1. To related entities</b>   | <b>16</b>          | <b>20</b>          | <b>19</b>          |
| a) to subsidiaries  | 16                 | 20                 | 19                 |
| b) to other related entities  | -                  | -                  | -                  |
| <b>2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses</b> | <b>91,601</b>      | <b>130,250</b>     | <b>110,105</b>     |
| a) to the Warsaw Stock Exchange *   | 69,441             | 97,968             | 83,780             |
| b) to the Budapest Stock Exchange   | 21,452             | 20,191             | 21,530             |
| c) to the Prague Stock Exchange   | -                  | 2,670              | 2,404              |
| d) to the London Stock Exchange   | 176                | 116                | -                  |
| e) to the Istanbul Stock Exchange   | -                  | -                  | 2,058              |
| f) to the New York Stock Exchange   | 532                | 7,055              | -                  |
| g) to the Frankfurt Stock Exchange  | -                  | 2,250              | -                  |
| h) to the Paris Stock Exchange  | -                  | -                  | 333                |
| <b>3. To entities operating regulated markets and commodity exchanges</b>                                 | <b>678</b>         | <b>602</b>         | <b>555</b>         |
| a) to the Warsaw Stock Exchange   | 594                | 536                | 479                |
| b) to the Budapest Stock Exchange   | 28                 | 16                 | 26                 |
| c) to the Prague Stock Exchange   | -                  | -                  | 4                  |
| d) to the Vienna Stock Exchange   | 52                 | 44                 | 42                 |
| e) to the Chicago Mercantile Exchange   | 4                  | 6                  | 4                  |
| <b>4. To the Central Securities Depository of Poland and exchange clearing houses</b>                     | <b>45</b>          | <b>62</b>          | <b>42</b>          |
| a) under additional payments to the settlement guarantee fund   | -                  | -                  | -                  |
| b) other  | 45                 | 62                 | 42                 |
| <b>4a. To CCP</b>   | <b>3,402</b>       | <b>1,982</b>       | <b>1,093</b>       |
| a) under additional payments to the settlement guarantee fund   | 3,299              | 1,881              | 1,009              |
| b) other  | 103                | 101                | 84                 |
| <b>5. Other</b>   | <b>1,534</b>       | <b>1,279</b>       | <b>1,848</b>       |
| a) dividends payable  | -                  | -                  | -                  |
| b) other liabilities, including:  | 1,534              | 1,279              | 1,848              |
| - financial liabilities (lease)   | 37                 | 37                 | 35                 |
| - other liabilities   | 1,497              | 1,242              | 1,813              |

\* 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).

As at March 31st 2017, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 13,813 thousand (December 31st 2016: PLN 14,784 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 15th 2017:
  - i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
  - ii. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Central Securities Depository of Poland. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held

with the bank. As stated in item i above, both credit facilities are also jointly secured with a security deposit of PLN 4m.

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

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

none

## Note 7

### Changes in short-term provisions and impairment losses on receivables

| Short-term provisions for liabilities | Jan 1 2017 – Mar 31 2017 | Jan 1 2016 – Mar 31 2016 |
|---------------------------------------|--------------------------|--------------------------|
| Provisions at beginning of period     | 3,493                    | 4,775                    |
| a) recognised                         | 577                      | 386                      |
| b) used                               | 833                      | 1,461                    |
| c) reversed                           | -                        | -                        |
| Provisions at end of period           | 3,237                    | 3,700                    |

In Q1 2017, impairment losses on receivables decreased by PLN 42 thousand compared with December 31st 2016. In the comparative period, i.e. in Q1 2016, impairment losses on receivables rose by PLN 35 thousand compared with December 31st 2015.

## Note 8

| Share capital                                 | Mar 31 2017  | Dec 31 2016  | Mar 31 2016   |
|---|--|--|---|
| a) par value per share (PLN)                  | 0.10   | 0.10   | 0.10  |
| b) series/issue                               | A, B, C  | A, B, C  | A, B, C   |
| c) type of shares                             | ordinary bearer shares                                     | ordinary bearer shares                                     | ordinary bearer shares  |
| d) preference attached to shares              | none   | none   | none  |
| e) restrictions on rights attached to shares  | none   | none   | none  |
| f) number of shares                           | 29,937,836   | 29,937,836   | 29,937,836  |
| g) total par value of series/issue (PLN '000) | 2,994  | 2,994  | 2,994   |
| h) type of contribution                       | cash   | cash   | cash  |
| i) dividend right since:                      | the shares carry the right to profit distribution for 2016 | the shares carry the right to profit distribution for 2016 | the shares carry the right to profit distribution for 2015 and 2016 |

As at March 31st 2017, 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.

There were no changes in the Company's share capital in Q1 2017 or in 2016.

The Company's Articles of Association provide for a conditional share capital increase for the purpose of implementation of the Company's incentive scheme, for the maximum amount of PLN 485,714, through the issue of up to 4,857,140 shares. A total of 1,366,426 shares had been issued for the purpose of the incentive scheme by March 31st 2017, of which 185,714 shares were issued in February 2013, 197,321 shares were issued in 2012, 212,500 shares were issued in 2011, 413,748 shares were issued in 2010, and 357,143 shares were issued in 2009. For more information on the Company's incentive scheme, see Note 13.

## Note 9

### Contingent liabilities and contingent assets

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

## Note 10

### Leases

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

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

Minimum lease payments are presented in the table below.

| Lease liabilities              | Mar 31 2017  | Dec 31 2016                             | Mar 31 2016  |
|--------------------------------|--------------|---|--------------|
|                                |              | Present value of minimum lease payments |              |
| Within 1 year                  | 1,028*       | 1,070*                                  | 1,002*       |
| Within 1 to 5 years            | 4,112*       | 4,281*                                  | 4,008*       |
| Over 5 years                   | 815*         | 1,116*                                  | 1,797*       |
| <b>Total lease liabilities</b> | <b>5,955</b> | <b>6,467</b>                            | <b>6,807</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 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.

The lease agreements have been classified as finance leases. Minimum lease payments are presented in the table below.

| Finance lease liabilities  | Mar 31 2017 | Dec 31 2016 | Mar 31 2016 |
|--|-------------|-------------|-------------|
| Net carrying amount  | 150         | 165         | 218         |
| <b>Present value of minimum lease payments</b>                       | <b>183</b>  | <b>193</b>  | <b>218</b>  |
| Within 1 year *  | 37          | 37          | 35          |
| Within 1 to 5 years *  | 146         | 156         | 183         |
| Over 5 years *   | -           | -           | -           |
| <b>Contingent lease payments recognised as expense in the period</b> | <b>10</b>   | <b>42</b>   | <b>10</b>   |

## Note 11

### Bonds

The Company did not issue any bonds in Q1 2017 or in the comparative period (i.e. in Q1 2016). In Q2 2017 until the publication date of these financial statements, the Company issued registered bonds with a total nominal value of PLN 2.4 thousand, maturing between 2017 and 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.

In Q1 2017, the Company redeemed PLN 1.1 thousand worth of bonds, compared with PLN 3.3 thousand redeemed in Q1 2016.

## Note 12

### Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured by a security deposit with a current value of PLN 1,389 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

In March 2016, mBank S.A. issued a guarantee in respect of the Company's liabilities for the benefit of Raiffeisen Polbank S.A., which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on foreign stock exchanges. The guarantee was issued for EUR 1.5m and secures timely payment of the Company's liabilities towards Raiffeisen Polbank arising in connection with the services provided by the bank, consisting in settlement and clearing of stock exchange transactions. The guarantee, expiring on March 31st 2018, is secured with a security deposit of EUR 0.9m (as of March 13th 2017, the security deposit was increased to EUR 1.5m). The guarantee is secured with a security deposit of EUR 0.9m (as of March 13th 2017, the security deposit was increased to EUR 1.5m).

## Note 13

### Incentive scheme

No eligible persons subscribed for any shares under the Company's incentive scheme in Q1 2017 or in the comparative period.

The cost of the share option plans is not recognised in the separate financial statements as the Polish Accountancy Act stipulates no such requirement. To ensure compliance of financial reporting with the International Financial Reporting Standards, it is necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements. However, no such costs were recorded in Q1 2017 or in 2016.

## Note 14

### Deferred tax

Deferred tax liabilities decreased by PLN 60 thousand in Q1 2017. In Q1 2016, they rose by PLN 21 thousand.

Deferred tax assets went down by PLN 12 thousand in Q1 2017. In Q1 2016, they fell by PLN 180 thousand.

## Note 15

### Distribution of profit

As at the date of preparation of these financial statements, no final decision had been made by the Management Board concerning the recommended distribution of the 2016 profit. This decision will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

## Note 16

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

The Company did not issue any equity or non-equity securities in Q1 2017 or in 2016.

In Q2 2017 until the date of these interim condensed financial statements, the Company issued bonds, as described in Note 11.



## Note 17

### Dividends paid and proposed

In Q1 2017, the Company did not pay or resolve to pay any dividend.

## 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 brokerage activities | Other income | Purchases – brokerage activities | Other purchases | Revenue from brokerage activities | Other income | Purchases – brokerage activities | Other purchases |
|-------------------------------|-----------------------------------|--------------|----------------------------------|-----------------|-----------------------------------|--------------|----------------------------------|-----------------|
| Jan 1–Mar 31 2017             |                                   |              |                                  |                 | Jan 1–Mar 31 2016                 |              |                                  |                 |
| IPOPEMA BC                    | -                                 | 1            | 32                               | -               | -                                 | 1            | 29                               | -               |
| IPOPEMA TFI                   | -                                 | 24           | -                                | -               | -                                 | 29           | -                                | -               |
| IPOPEMA BS Srl                | -                                 | -            | -                                | -               | -                                 | -            | 133                              | -               |
| IPOPEMA Financial Advisory    | -                                 | -            | -                                | -               | -                                 | -            | -                                | -               |
| IPOPEMA Financial Advisory SK | -                                 | -            | -                                | -               | -                                 | -            | -                                | -               |
| <b>Total</b>                  | -                                 | <b>25</b>    | <b>32</b>                        | -               | -                                 | <b>30</b>    | <b>162</b>                       | -               |

### Related-party transactions – receivables and liabilities

| Related party                 | Receivables |             |             | Liabilities |             |           |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-----------|
|                               | Mar 31 2017 | Dec 31 2016 | Mar 31 2016 | Mar 31 2017 | Dec 31 2016 | Mar 31    |
| IPOPEMA Business Consulting   | -           | -           | -           | 16          | 20          | 19        |
| IPOPEMA TFI                   | 19          | 209         | 21          | -           | -           | -         |
| IPOPEMA Business Services Srl | -           | -           | -           | -           | -           | -         |
| IPOPEMA Financial Advisory    | -           | -           | -           | -           | -           | -         |
| IPOPEMA Financial Advisory SK | -           | -           | -           | -           | -           | -         |
| <b>Total</b>                  | <b>19</b>   | <b>209</b>  | <b>21</b>   | <b>16</b>   | <b>20</b>   | <b>19</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 2016, the Company received dividend of PLN 1.5m from IPOPEMA TFI S.A.

## Note 20

### Items of the statement of cash flows

Operating activities – provision of brokerage and consultancy 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 statement of financial position |               | Presentation in the statement of cash flows |               |
|--------------------------------------|---|---------------|---|---------------|
|                                      | Mar 31 2017   | Mar 31 2016   | Mar 31 2017                                 | Mar 31 2016   |
| <b>Cash and cash equivalents</b>     | <b>40,013</b>                                       | <b>25,681</b> | <b>40,045</b>                               | <b>25,739</b> |
| 1. In hand                           | -   | 1             | -   | 1             |
| 2. At banks                          | 3,419   | 4,954         | 3,419                                       | 4,954         |
| 3. Other cash                        | 36,588  | 20,710        | 36,588                                      | 20,710        |
| 4. Cash equivalents                  | 6   | 16            | -   | -             |
| Accrued foreign exchange differences |   |               | 38  | 74            |

The difference between the presentation of cash in the statement of financial position and the statement of cash flows as at March 31st 2017 and March 31st 2016 follows from presentation of cash net of the effect of foreign exchange differences and received gift cards presented under cash and cash equivalents.

## Differences in changes in balance-sheet items

|  | Presentation in the statement of financial position |             | Change as shown by the statement of financial position | Presentation in the statement of cash flows – change |
|--|---|-------------|--|--|
|  | Mar 31 2017   | Dec 31 2016 | Mar 31 2017  | Mar 31 2017  |
| Gross current and non-current receivables  | 291,165   | 256,797     | 34,368   | 32,016   |
| Net receivables  | 290,900   | 256,490     |  |  |
| Impairment losses on receivables   | 265   | 307         |  | -42  |
| Provisions (net of deferred tax related to equity and provision for unpaid interest) | 3,711   | 4,206       |  | -495   |
| <b>Total change in impairment losses and provisions</b>                              |   |             |  | <b>-537</b>  |

The difference between change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at March 31st 2017 net of amount of receivables under loans advanced and security deposits receivable, disclosed under investing activities.

## Explanation concerning other items of the statement of cash flows

In Q1 2017, other cash used in investing activities included a EUR 0.6m increase in security deposit securing a guarantee. In Q1 2016, the item included a EUR 1.5m security deposit securing a credit facility and a EUR 1.5m security deposit securing a guarantee.

## Note 21

## Clients' financial instruments

As at March 31st 2017, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 492,659 thousand (28,856 thousand instruments) (December 31st 2016: PLN 408,272 thousand (24,434 thousand instruments)). The value of shares held in certificated form was PLN 316,258 thousand (313,601 thousand shares) and PLN 16,258 thousand (162,583 thousand shares), respectively. As at March 31st 2017 and December 31st 2016, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 40m.

The Company also operates an issue sponsor's account. As at March 31st 2017, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 694 thousand (December 31st 2016: 291 thousand shares with a value of PLN 560 thousand).

## Note 22

### Operating segments

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

## Note 23

### Pending court or administrative proceedings

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

## Note 24

### Material events and factors in Q1 2017

In Q1 2017, only the Budapest Stock Exchange recorded a decrease in the trading volumes (down 6.0% on Q1 2016), while the trading volumes in Warsaw and Prague were, respectively, 49.9% and 10.1% higher compared with the first three months of 2016. Over the same period, the Company's market share at the WSE contracted slightly to 5.00% (from 5.04%), while its position on the BSE strengthened (in Q1 2017 its market share was 2.23%, compared with 1.89% a year earlier). As a result, the Company's revenue from trading in securities in Q1 2017 rose by 13.8% year on year (PLN 6,393 thousand vs PLN 5,620 thousand).

Conditions on the capital market were equally challenging as in Q1 2016. However, thanks to a tender offer for Gobarto shares and offering of Globe Trade Centre bonds, as well as services provided on an as-needed basis with respect to several transactions that were under preparation, the segment of brokerage services recorded higher revenue from investment banking (PLN 2,746 thousand, compared with PLN 1,775 thousand in Q1 2016).

In Q1 2017, the Company also recorded a significant increase in other revenue from core activities (PLN 1,189 thousand vs PLN 31 thousand a year earlier), mainly on higher revenue from the retail business.

## Note 25

### Events subsequent to the reporting date

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–March 31st 2017. No material events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, May 18th 2017

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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