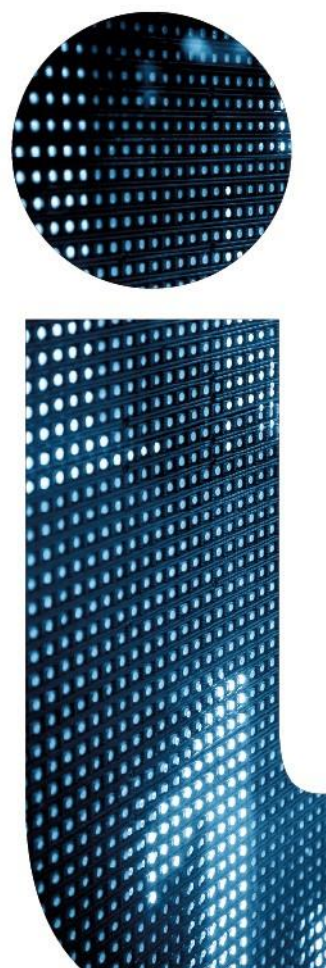


IPOPEMA Securities S.A.

# Interim condensed financial statements

**for the three months  
ended March 31st 2018**

Warsaw, May 24th 2018



# Financial highlights

Financial highlights	PLN '000		EUR '000	
	Three months ended		Three months ended	
	Mar 31 2018	Mar 31 2017	Mar 31 2018	Mar 31 2017
Revenue from core activities	10,695	10,278	2,560	2,396
Cost of core activities	10,203	9,719	2,442	2,266
Profit on core activities	492	559	118	130
Operating profit	- 114	879	- 27	205
Profit before tax	- 246	- 158	- 59	- 37
Net profit	- 158	- 95	- 38	- 22
Earnings per ordinary share (weighted average) (PLN/ EUR)	- 0.01	0.00	0.00	0.00
Net cash flow from operating activities	50,341	17,137	12,048	3,995
Total cash flows	35,880	12,930	8,587	3,015

Financial highlights	PLN '000		EUR '000	
	Mar 31 2018		Dec 31 2017	
	Mar 31 2018	Dec 31 2017	Mar 31 2018	Dec 31 2017
Total assets	397,259	322,325	94,394	77,279
Current liabilities	331,656	256,697	78,806	61,545
Equity	61,616	61,756	14,641	14,806
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.06	2.06	0.49	0.49

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted for the last day of each month in a given period	Q1 2018	Q1 2017
EUR	4.1784	4.2891

- For the balance sheet:

Exchange rate as at	Mar 31 2018	Dec 31 2017
EUR	4.2085	4.1709

# Introduction to the interim condensed financial statements

## Information about the Company

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

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

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

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

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

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

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

## Going concern assumption

These interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of authorisation of these interim condensed 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, for at least 12 months from the reporting date, that is March 31st 2018.

## Composition of the Management Board and the Supervisory Board

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

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

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

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

## Basis of preparation of the interim condensed financial statements

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

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

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

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

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

## Identification of the interim condensed financial statements

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

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

## Selected accounting policies

### Receivables

#### Short-term receivables

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

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

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

- for receivables past due by up to six months – no impairment loss is recognised
- for receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised
- for receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

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

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

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

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

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

Long-term receivables

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

## Financial instruments

Financial instruments are classified into the following categories:

### 1. Financial assets

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

### 2. Financial liabilities

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

Financial assets and liabilities held for trading

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

Financial instruments held for trading include shares in companies listed on the Warsaw Stock Exchange ('WSE') and on the Budapest Stock Exchange ('BSE').

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

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

The Company does not apply hedge accounting.

#### Loans advanced and receivables

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

#### Financial assets held to maturity

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

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

#### Financial assets available for sale

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

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

Shares in subsidiaries are measured at cost less impairment.

#### Other financial liabilities

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

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

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

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

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

#### **Liabilities**

##### Current liabilities

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

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

Non-current liabilities

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

**Translation of foreign-currency items**

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

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

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

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

Currency	March 31st 2018	December 31st 2017
USD	3.4139	3.4813
EUR	4.2085	4.1709
100 HUF	1.3473	1.3449
GBP	4.7974	4.7001
UAH	0.1298	0.1236
CZK	0.1659	0.1632
CHF	3.5812	3.5672
TRY	0.8625	0.9235
100 JPY	3.2149	3.0913
NOK	0.4361	0.4239
CAD	2.6529	2.7765
SEK	0.4097	0.4243
DKK	0.5646	0.5602
AUD	2.6288	2.7199
RON	0.9034	0.8953

Source: National Bank of Poland.

**Changes in estimates**

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

**Changes in applied accounting policies**

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

### Comparability of the reported data

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

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

The impact of this change on the statement of profit or loss is presented in the table below.

	As at March 31st 2017 (approved)	Presentation change	As at March 31st 2017 (restated)
<b>Cost of core activities</b>	<b>9,719</b>	<b>-</b>	<b>9,719</b>
<i>including:</i>			
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	1,852	19	1,871
Raw material and consumables used	55	7	62
Services	2,756	140	2,896
Costs of maintenance and lease of buildings	411	60	471
Taxes and other public charges	288	- 228	60
Other	133	2	135

### 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 2018	Dec 31 2017	Mar 31 2017
<b>I.</b>	<b>Cash and cash equivalents</b>	1	<b>84,663</b>	<b>48,730</b>	<b>40,013</b>
1.	In hand		1	1	-
2.	At banks		8,652	5,891	3,419
3.	Other cash		75,983	42,811	36,588
4.	Cash equivalents		27	27	6
<b>II.</b>	<b>Short-term receivables</b>	2, 7	<b>289,505</b>	<b>251,613</b>	<b>283,181</b>
1.	From clients		103,684	88,422	77,108
2.	From related entities	19	524	502	19
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		150,620	118,139	154,856
a)	under executed transactions		109,150	82,254	149,928
b)	other		41,470	35,885	4,928
4.	From entities operating regulated markets and commodity		-	-	39
5.	From the Central Securities Depository of Poland and exchange		210	209	201
5.a	From CCP		32,319	43,299	36,514
6.	From investment and pension fund companies and from investment and pension funds		1,318	22	37
7.	From issuers of securities or selling shareholders		-	-	-
8.	Taxes, subsidies and social security receivable		504	15	54
9.	Other		326	1,005	14,353
<b>III.</b>	<b>Financial instruments held for trading</b>	3, 4	<b>4,500</b>	<b>3,009</b>	<b>4,146</b>
1.	Equities		4,500	3,009	4,146
<b>IV.</b>	<b>Current prepayments and accrued income</b>		<b>1,239</b>	<b>986</b>	<b>875</b>
<b>IV.a.</b>	<b>Short-term loans advanced</b>		<b>734</b>	<b>1,004</b>	<b>435</b>
1.	To subordinated entities		679	947	351
2.	Other		55	57	84
<b>V.</b>	<b>Financial instruments held to maturity</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>Financial instruments available for sale</b>	3, 4	<b>10,865</b>	<b>10,844</b>	<b>12,932</b>
1.	Equities		8,638	8,638	8,639
	- shares in subordinated entities		8,638	8,638	8,639
2.	Debt securities		10	10	10
3.	Investment fund units		2,025	2,000	4,087
4.	Investment certificates		192	196	196
<b>VII.</b>	<b>Long-term receivables</b>		<b>-</b>	<b>-</b>	<b>7,719</b>
<b>VIII</b>	<b>Long-term loans advanced</b>		<b>24</b>	<b>35</b>	<b>44</b>
1.	Other		24	35	44
<b>IX.</b>	<b>Intangible assets</b>	4	<b>1,938</b>	<b>2,102</b>	<b>2,501</b>
1.	Acquired permits, patents, licences and similar assets, including:		1,938	2,102	2,501
	- software		1,938	2,102	2,501
<b>X.</b>	<b>Property, plant and equipment</b>	4, 5	<b>2,090</b>	<b>2,287</b>	<b>3,400</b>
1.	Tangible assets, including:		1,982	2,287	3,384
a)	buildings and premises		381	398	448
b)	computer assemblies		946	1,185	1,988
c)	other tangible assets		655	704	948
2.	Tangible assets under construction		108	-	16
<b>XI.</b>	<b>Non-current prepayments and accrued income</b>		<b>1,701</b>	<b>1,715</b>	<b>1,295</b>
1.	Deferred tax assets	14	1,432	1,374	1,081
2.	Other non-current prepayments and accrued income		269	341	214

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

XII. Called-up share capital not paid	-	-	-
XIII. Treasury shares	-	-	-
<b>Total assets</b>	<b>397,259</b>	<b>322,325</b>	<b>356,541</b>

Warsaw, May 24th 2018

\_\_\_\_\_  
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

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Danuta Ciosek  
Chief Accountant

EQUITY AND LIABILITIES		Note	Mar 31 2018	Dec 31 2017	Mar 31 2017
<b>I. Current liabilities</b>		6	<b>331,656</b>	<b>256,697</b>	<b>291,299</b>
1. To clients			202,457	134,284	179,583
2. To related entities		19	199	204	16
3. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses			111,936	91,401	91,601
a) under executed transactions			111,185	91,053	91,601
b) other			751	348	-
4. To entities operating regulated markets and commodity exchanges			509	505	678
5. To the Central Securities Depository of Poland and to settlement and clearing houses			30	43	45
5.a. To CCP			632	86	3,402
6. Borrowings			12,982	27,351	13,813
a) other			12,982	27,351	13,813
7. Debt securities		11	3	5	3
7.a. Negative fair value of financial instruments held for trading			-	-	-
8. Taxes, customs duties and social security payable			611	665	482
9. Salaries and wages			-	-	-
10. To investment and pension fund companies and to investment and pension funds			137	183	142
11. Other			2,160	1,970	1,534
<b>II. Non-current liabilities</b>			<b>37</b>	<b>40</b>	<b>147</b>
1. Debt securities		11	-	-	1
2. Finance lease liabilities		10	37	40	146
- from other entities			37	40	146
<b>III. Accruals and deferred income</b>			<b>488</b>	<b>-</b>	<b>-</b>
<b>IV. Provisions for liabilities</b>		7	<b>3,462</b>	<b>3,832</b>	<b>3,728</b>
1. Deferred tax liabilities		14	311	337	352
2. Other			3,151	3,495	3,376
a) non-current			14	126	139
b) current			3,137	3,369	3,237
<b>V. Subordinated liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. Equity</b>			<b>61,616</b>	<b>61,756</b>	<b>61,367</b>
1. Share capital		8	2,994	2,994	2,994
2. Reserve funds			57,500	57,500	57,352
a) share premium			10,351	10,351	10,351
b) statutory reserve funds			998	998	998
c) reserve funds created pursuant to the Articles of Association			46,151	46,151	46,003
3. Revaluation capital reserve			17	- 1	70
4. Retained earnings			1,263	-	1,046
5. Net profit		15	- 158	1,263	- 95
<b>Total equity and liabilities</b>			<b>397,259</b>	<b>322,325</b>	<b>356,541</b>
Book value (PLN '000)			61,616	61,756	61,367
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.06	2.06	2.05
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2.06	2.06	2.05

Warsaw, May 24th 2018

Jacek Lewandowski  
President of the  
Management Board

Mariusz Piskorski  
Vice President of the  
Management Board

Stanisław Waczkowski  
Vice President of the  
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Mirosław Borys  
Vice President of the  
Management Board

Danuta Ciosek  
Chief Accountant



OFF-BALANCE-SHEET ITEMS		Note	Mar 31 2018	Dec 31 2017	Mar 31 2017
I.	Contingent liabilities	9	-	-	-
II.	Third-party assets used		-	-	-
III.	Futures/forwards purchased or issued in the name and for the account of the brokerage house		-	-	-
IV.	Other off-balance sheet items		-	-	-

Warsaw, May 24th 2018

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

Statement of profit or loss	Note	Q1 2018	Q1 2017
<b>I. Revenue from core activities, including:</b>		<b>10,695</b>	<b>10,278</b>
- from related entities	19	329	-
1. Revenue from brokerage activities, including:		10,567	10,199
a) acceptance and transfer of orders to buy and sell financial instruments		3	1
b) execution of orders to buy and sell financial instruments for the account of clients		6,427	6,368
c) offering of financial instruments		2,554	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		24	14
(e) other		1,559	1,815
2. Revenue from other core activities		128	79
<b>II. Cost of core activities</b>		<b>10,203</b>	<b>9,719</b>
- from related entities	19	-	32
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,500	1,871
2. Payments to CCP		92	144
3. Fees payable to trade organisation		11	-
4. Salaries and wages		3,248	3,033
5. Social security and other benefits		497	453
6. Employee benefits		48	61
7. Raw material and consumables used		47	62
8. Services		3,673	2,896
9. Costs of maintenance and lease of buildings		464	471
10. Depreciation and amortisation		468	533
11. Taxes and other public charges		47	60
12. Other		108	135
<b>III. Profit/(loss) on core activities</b>		<b>492</b>	<b>559</b>
<b>IV. Income from financial instruments held for trading</b>		<b>2,528</b>	<b>376</b>
1. Revaluation adjustments		2,222	-
2. Gain on sale/redemption		306	376
<b>V. Cost related to financial instruments held for trading</b>		<b>3,155</b>	<b>103</b>
1. Revaluation adjustments		2,459	97
2. Loss on sale/redemption		696	6
<b>VI. Gain/(loss) on transactions in financial instruments held for trading</b>		<b>- 627</b>	<b>273</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>65</b>	<b>151</b>
1. Decrease in impairment losses on receivables		49	70
2. Other		16	81
<b>XI. Other expenses</b>		<b>44</b>	<b>104</b>
1. Increase in impairment losses on receivables		18	29
2. Other		26	75
<b>XII. Operating profit/(loss)</b>		<b>- 114</b>	<b>879</b>
<b>XIII. Finance income</b>		<b>280</b>	<b>175</b>
1. Interest on loans advanced, including:		10	2
- from related entities		1	1

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

2.	Interest on deposits	44	62
3.	Other interest	22	-
4.	Foreign exchange gains	115	-
	a) unrealised	115	-
5.	Other	89	111
<b>XIV.</b>	<b>Finance costs</b>	<b>412</b>	<b>1,212</b>
1.	Interest on borrowings, including:	271	304
	- to related entities	-	-
2.	Other interest	20	38
3.	Foreign exchange losses	13	722
	a) realised	13	151
	b) unrealised	-	571
4.	Other	108	148
<b>XV.</b>	<b>Profit before tax</b>	<b>- 246</b>	<b>- 158</b>
<b>XVI.</b>	<b>Income tax</b>	<b>- 88</b>	<b>- 63</b>
<b>XVII.</b>	<b>Net profit</b>	<b>- 158</b>	<b>- 95</b>
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings per ordinary share (PLN)		- 0.01	0.00
Weighted average diluted number of ordinary shares		29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)		- 0.01	0.00

Warsaw, May 24th 2018

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

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

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

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

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

STATEMENT OF CASH FLOWS	Note	Q1 2018	Q1 2017
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>			
<b>I. Net profit</b>		- 158	- 95
<b>II. Total adjustments:</b>		50,499	17,232
1. Depreciation and amortisation		468	533
2. Foreign exchange gains/(losses)		- 53	34
3. Interest and profit distributions (dividends)		263	299
4. Change in provisions and impairment losses on receivables		- 407	- 537
5. Increase/(decrease) in financial instruments held for trading		- 1,491	- 4,020
6. Increase/(decrease) in receivables		- 37,861	- 32,016
7. Change in current liabilities (net of borrowings), including special accounts		89,330	53,108
8. Increase/(decrease) in accruals and deferrals		249	- 171
9. Other		1	2
<b>III. Net cash from operating activities (I + II)</b>		50,341	17,137
<b>B. NET CASH FROM INVESTING ACTIVITIES</b>			
<b>I. Cash from investing activities</b>		292	76
1. Decrease in loans advanced		292	76
<b>II. Cash used in investing activities</b>		108	2,917
1. Acquisition of intangible assets		-	197
2. Acquisition of property, plant and equipment		108	14
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
<b>III. Net cash from investing activities (I - II)</b>		184	- 2,841
<b>C. NET CASH FROM FINANCING ACTIVITIES</b>			
<b>I. Cash from financing activities</b>		-	-
<b>II. Cash used in financing activities</b>		14,645	1,366
1. Decrease in short-term borrowings		14,359	973
2. Repayment of short-term debt securities		2	1
3. Payment of finance lease liabilities		3	10
4. Interest paid		281	382
<b>III. Net cash from financing activities (I - II)</b>		- 14,645	- 1,366
<b>D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)</b>		35,880	12,930
<b>E. NET CHANGE IN CASH, including:</b>		35,933	12,896
- effect of exchange rate fluctuations on cash held		53	- 34
<b>F. CASH AT BEGINNING OF PERIOD</b>	20	48,752	27,115
<b>G. CASH AT END OF PERIOD (F +/- D), including:</b>	20	84,632	40,045
- restricted cash*		73,687	30,696

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

Warsaw, May 24th 2018

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STATEMENT OF CHANGES IN EQUITY	Q1 2018	2017	Q1 2017
<b>I. EQUITY AT BEGINNING OF PERIOD</b>	<b>61,756</b>	<b>61,405</b>	<b>61,405</b>
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
<b>I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS</b>	<b>61,756</b>	<b>61,405</b>	<b>61,405</b>
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,500	57,352	57,352
2.1. Changes in reserve funds	-	148	-
a) increase	-	148	-
- distribution of profit (above statutory minimum)	-	148	-
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,500	57,500	57,352
3. Revaluation capital reserve at beginning of period	- 1	13	13
3.1. Changes in revaluation capital reserve	18	- 14	57
a) increase	21	125	71
- remeasurement of financial instruments	21	125	71
b) decrease	3	139	14
- remeasurement of financial instruments	3	139	14
3.2. Revaluation capital reserve at end of the period	17	- 1	70
4. Retained earnings/(accumulated deficit) at beginning of period	1,263	1,046	1,046
4.1. Retained earnings at beginning of period	1,263	1,046	1,046
a) increase	-	-	-
b) decrease	-	1,046	-
- distribution of retained earnings (dividend)	-	898	-
- distribution of retained earnings (increase in reserve funds)	-	148	-
4.2. Retained earnings/(accumulated deficit) at end of period	1,263	-	1,046
5. Net profit/(loss)	- 158	1,263	- 95
a) net profit	-	1,263	-
b) net loss	- 158	-	- 95
<b>II. EQUITY AT END OF PERIOD</b>	<b>61,616</b>	<b>61,756</b>	<b>61,367</b>
<b>III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT</b>	<b>61,616</b>	<b>61,756</b>	<b>61,367</b>

Warsaw, May 24th 2018

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# Notes to the interim financial statements

## Note 1

Cash and other assets	Mar 31 2018	Dec 31 2017	Mar 31 2017
<b>Cash and other assets of clients</b>			
a) at banks and in hand	73,687	39,778	30,696
<b>Total cash and other assets of clients</b>	<b>73,687</b>	<b>39,778</b>	<b>30,696</b>
<b>Cash and other assets</b>			
a) cash and other assets of the brokerage house, including:	10,976	8,952	9,317
- in hand	1	1	-
- at banks	8,652	5,891	3,419
- other cash*	2,296	3,033	5,892
- cash equivalents	27	27	6
b) cash and other assets of clients deposited in cash accounts	73,687	39,778	30,696
- at the brokerage house and paid towards acquisition of securities	73,687	39,778	30,696
- 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>84,663</b>	<b>48,730</b>	<b>40,013</b>

## Note 2

Selected short-term receivables	Mar 31 2018	Dec 31 2017	Mar 31 2017
<b>1. Selected short-term receivables</b>	<b>287,357</b>	<b>250,571</b>	<b>268,737</b>
a) from clients, including:	103,684	88,422	77,108
- under transactions executed on the Warsaw Stock Exchange	82,393	63,584	53,678
- under transactions executed on the Budapest Stock Exchange	2,526	12,898	20,894
- under transactions executed on the Prague Stock Exchange	4,373	6,547	-
- under transactions executed on the Istanbul Stock Exchange	-	1,097	-
- under transactions executed on the London Stock Exchange	-	-	177
- under transactions executed on the Frankfurt Stock Exchange	2,192	375	-
- under transactions executed on the New York Stock Exchange	9,527	1,295	532
- under transactions executed on the Amsterdam Stock Exchange	875	-	-
- under transactions executed on the Paris Stock Exchange	262	-	-
- other	1,536	2,626	1,827
b) from related entities, including:	524	502	19
- from subsidiaries	524	502	19
- from other related entities	-	-	-
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	150,620	118,139	154,856
1) under executed transactions	109,150	82,254	149,928
- under transactions executed on the Warsaw Stock Exchange*	98,806	73,764	102,915
- under transactions executed on the Budapest Stock Exchange	4,709	1,604	46,378
- under transactions executed on the Prague Stock Exchange	-	879	558
- under transactions executed on the New York Stock Exchange	3,053	1,449	-
- under transactions executed on the London Stock Exchange	1,862	4,132	77
- under transactions executed on the Zurich Stock Exchange	219	-	-
- under transactions executed on the Frankfurt Stock Exchange	501	426	-
2) other	41,470	35,885	4,928
d) from entities operating regulated markets and commodity exchanges	-	-	39

e) from the Central Securities Depository of Poland and exchange clearing houses, including	210	209	201
- from the settlement guarantee fund and deposits	210	209	201
- other	-	-	-
f) receivables from CCP	32,319	43,299	36,514
- from the settlement guarantee fund	32,319	43,299	36,514
- other	-	-	-
g) under court proceedings, for which no impairment losses were recognised	-	-	-
<b>2. Short-term receivables, net</b>	<b>289,505</b>	<b>251,613</b>	<b>283,181</b>
- impairment losses on short-term receivables (positive value)	1,538	1,569	265
<b>Gross short-term receivables</b>	<b>291,043</b>	<b>253,182</b>	<b>283,446</b>

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

The items: short-term receivables from clients under executed transactions and short-term receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses represent the value of concluded and not cleared buy and sale transactions in securities.

## Note 3

### Financial assets

In Q1 2018 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

## Note 4

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

In Q1 2018 and in 2017, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 7).

## Note 5

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

In Q1 2018 and in 2017, the Company did not purchase or sell any material items of property, plant and equipment.

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

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

## Note 6

Selected current liabilities	Mar 31 2018	Dec 31 2017	Mar 31 2017
<b>Selected current liabilities</b>	<b>116,077</b>	<b>94,874</b>	<b>97,758</b>
<b>1. To related entities</b>	<b>199</b>	<b>204</b>	<b>16</b>
a) to subsidiaries	199	204	16
b) to other related entities	-	-	-
<b>2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses</b>	<b>111,936</b>	<b>91,401</b>	<b>91,601</b>
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	111,185	91,053	91,601
- to the Warsaw Stock Exchange *	91,453	68,858	69,441
- to the Budapest Stock Exchange	2,524	12,889	21,452
- to the Prague Stock Exchange	4,367	6,543	-
- to the London Stock Exchange	-	-	176
- to the Istanbul Stock Exchange	-	1,096	-
- to the New York Stock Exchange	9,515	1,293	532
- to the Frankfurt Stock Exchange	2,190	374	-
- to the Amsterdam Stock Exchange	874	-	-
- to the Paris Stock Exchange	262	-	-
b) other	751	348	-
<b>3. To entities operating regulated markets</b>	<b>509</b>	<b>505</b>	<b>678</b>
a) to the Warsaw Stock Exchange	452	397	594
b) to the Budapest Stock Exchange	-	41	28
c) to the Prague Stock Exchange	-	-	-
d) to the Vienna Stock Exchange	57	67	52
e) to the Chicago Mercantile Exchange	-	-	4
<b>4. To the Central Securities Depository of Poland and exchange clearing houses</b>	<b>30</b>	<b>43</b>	<b>45</b>
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	30	43	45
<b>4a. To CCP</b>	<b>632</b>	<b>86</b>	<b>3,402</b>
a) under additional payments to the settlement guarantee fund	565	-	3,299
b) other	67	86	103
<b>5. Taxes, customs duties and social security payable</b>	<b>611</b>	<b>665</b>	<b>482</b>
- including under ownership right to buildings and structures	-	-	-
<b>6. Other</b>	<b>2,160</b>	<b>1,970</b>	<b>1,534</b>
a) dividends payable	-	-	-
b) other liabilities, including:	2,160	1,970	1,534
- lease liabilities	12	12	37
- other liabilities	2,148	1,958	1,497

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

As at March 31st 2018, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 12,982 thousand (December 31st 2017: PLN 27,351 thousand). The liabilities arose under:

1. Two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland in connection with the brokerage activities. Their current term expires on September 14th 2018:
  - 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 by a security deposit of PLN 4m.
2. Current account overdraft facility of HUF 409m from Raiffeisen Bank ZRT, used to settle stock exchange transactions on the Budapest Stock Exchange in connection with brokerage activities. The facility expires on March 14th 2019. The facility is secured by 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–Mar 31 2018	Jan 1–Mar 31 2017
Provisions at beginning of period	3,369	3,493
a) recognised	1,986	577
b) used	2,218	833
c) reversed	-	-
Provisions at end of period	3,137	3,237

In Q1 2018, impairment losses on receivables decreased by PLN 31 thousand compared with December 31st 2017. In the comparative period, i.e. in Q1 2017, impairment losses on receivables fell by PLN 42 thousand compared with December 31st 2016.

## Note 8

Share capital	Mar 31 2018	Dec 31 2017	Mar 31 2017
a) par value per share (PLN)	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none
e) restrictions on rights attached to shares	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994
h) type of contribution	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2018 and 2017	the shares carry the right to profit distribution for 2017 and 2016	the shares carry the right to profit distribution for 2016

As at March 31st 2018, the share capital amounted to PLN 2,993,783.60 and comprised 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

There were no changes in the Company's share capital in Q1 2018 or in 2017.

## Note 9

Contingent liabilities and contingent assets

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

## Note 10

### Leases

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

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

Minimum lease payments are presented in the table below.

Lease liabilities	Mar 31 2018	Dec 31 2017	Mar 31 2017
	Present value of minimum lease payments		
Within 1 year	1,047*	1,016*	1,028*
Within 1 to 5 years	3,971*	4,064*	4,112*
Over 5 years	-	44*	815*
<b>Total lease liabilities</b>	<b>5,018</b>	<b>5,124</b>	<b>5,955</b>

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

#### The Company as a lessee – finance leases

The Company is party to vehicle lease contracts. The financing party has the right to recalculate its fee in the event of changes in the 1M EURIBOR/WIBOR interest rate or regulatory changes (notably tax regime changes). The agreements provide for a mileage limit for the vehicles, which will be accounted for in respect of the entire lease term. If the mileage limit agreed by the parties is exceeded, the lessee has to pay an additional excess mileage charge.

The lease contracts were classified as finance leases. Minimum lease payments are presented in the table below.

Finance lease liabilities	Mar 31 2018	Dec 31 2017	Mar 31 2017
Net carrying amount	34	38	150
<b>Present value of minimum lease payments</b>	<b>49</b>	<b>52</b>	<b>183</b>
Within 1 year *	12	12	37
Within 1 to 5 years *	37	40	146
Over 5 years *	-	-	-
<b>Contingent lease payments recognised as expense in the period</b>	<b>3</b>	<b>32</b>	<b>10</b>

## Note 11

### Bonds

In 2018 until the issue date of these financial statements and in the comparative period (i.e. in Q1 2017), the Company did not issue any bonds. 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 2018, the Company redeemed PLN 1.9 thousand worth of bonds, compared with PLN 1.1 thousand redeemed in Q1 2017.

## Note 12

### Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured 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 16th 2023, secures liabilities related to the lease of office space.

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

## Note 13

### Incentive scheme

No shares were subscribed for in Q1 2017. During the term of the scheme, a total of 1,880,952 Series C shares were subscribed for. Following the end of the subscription period for Series C shares, as defined in the Company's Articles of Association, on November 30th 2017 the scheme expired.

## Note 14

### Deferred tax

Deferred tax liabilities decreased by PLN 26 thousand and by PLN 60 thousand in Q1 2018 and in Q1 2017, respectively.

Deferred tax assets went up by PLN 58 thousand in Q1 2018. In Q1 2017, they fell by PLN 12 thousand.

## Note 15

### Distribution of profit

The Management Board proposed, and the Supervisory Board endorsed the proposal, to allocate the profit for 2017 to dividend distribution. A final decision on profit allocation will be made by the Annual General Meeting convened for June 6th 2018.

## 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 2018 or in 2017.

## Note 17

### Dividends paid and proposed

In the first quarter of 2018, the Company did not pay any dividend. For more information on distribution of profit, see Note 15.

## Note 18

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

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

## Note 19

### Related-party transactions – income and expenses

Related party	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases
	Jan 1–Mar 31 2018				Jan 1–Mar 31 2017			
IPOPEMA BC	-	-	-	-	-	1	32	-
IPOPEMA TFI	211	10	-	-	-	24	-	-
IPOPEMA Financial Advisory	-	-	-	-	-	-	-	-
IPOPEMA Financial Advisory SK	118	1	-	-	-	-	-	-
<b>Total</b>	<b>329</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>32</b>	<b>-</b>

### Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Mar 31 2018	Dec 31 2017	Mar 31 2017	Mar 31 2018	Dec 31 2017	Mar 31
IPOPEMA Business Consulting	-	-	-	-	5	16
IPOPEMA TFI	83	206	19	-	-	-
IPOPEMA Financial Advisory	7	7	-	-	-	-
IPOPEMA Financial Advisory SK	1,113	1,236	-	199	199	-
<b>Total</b>	<b>1,203</b>	<b>1,449</b>	<b>19</b>	<b>199</b>	<b>204</b>	<b>16</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 2017, the Company received dividend of PLN 0.9m from IBC.

## Note 20

### Items of the statement of cash flows

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

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

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



## Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Mar 31 2018	Mar 31 2017	Mar 31 2018	Mar 31 2017
<b>Cash and cash equivalents</b>	<b>84,663</b>	<b>40,013</b>	<b>84,632</b>	<b>40,045</b>
1. In hand	1	-	1	-
2. At banks	8,652	3,419	8,652	3,419
3. Other cash	75,983	36,588	75,983	36,588
4. Cash equivalents	27	6	-	-
Accrued foreign exchange differences			- 4	38

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at March 31st 2018 and March 31st 2017 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.

## Differences in changes of balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Mar 31 2018	Dec 31 2017	Mar 31 2018	Mar 31 2018
Gross short- and long-term receivables	291,043	253,182	- 37,861	- 37,861
Net receivables	289,505	251,613		
Impairment losses on receivables	1,538	1,569		- 31
Provisions (net of deferred tax related to equity and provision for unpaid interest)	3,456	3,832		- 376
<b>Total change in impairment losses and provisions</b>				<b>- 407</b>

## 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 a security deposit securing a guarantee.

## Note 21

## Clients' financial instruments

As at March 31st 2018, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 1,076,993 thousand (103,841 thousand instruments) (December 31st 2017: PLN 813,429 thousand (103,961 thousand instruments)). As at March 31st 2018, the Company kept 36 thousand bonds in certificated form for its clients, valued at PLN 40.2m, and 92,542 thousand shares, valued at PLN 9,028 thousand. In the comparative period, i.e. as at December 31st 2017, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 44.2m, and 92,859 thousand shares, valued at PLN 9,383 thousand.

The Company also operates an issue sponsor's account. As at March 31st 2018, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 428 thousand (December 31st 2017: 291 thousand shares with a value of PLN 391 thousand).

## Note 22

## Operating segments

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

## Note 23

### Pending court or administrative proceedings

In April 2016, the Company filed a suit for payment under writ-of-payment proceedings against one of its clients. The amount of the claim was PLN 49.2 thousand. A payment order was issued, subsequently appealed against by the defendant. The appeal was dismissed by the court on formal grounds. The defendant lodged a complaint, which was also dismissed by the court. The enforcement proceedings are pending. To date, the disputed amount has been enforced.

In May 2017, the Company filed two further suits against its clients. In each case, the amount of the claim was PLN 30 thousand. In January 2018, in one of these cases, the court issued a payment order with a writ of execution, and enforcement proceedings were instituted. As at the date of these interim condensed financial statements, the claimed amount had been enforced. As regards the other case, a payment order was issued in December 2017; as at the date of these financial statements, the proceedings were pending.

## Note 24

### Material events and factors in Q1 2018

In the first quarter of 2018, the total value of trades executed on the Warsaw Stock Exchange was 19.5% lower than a year earlier. Over the same period, the Company's market share contracted slightly, to 4.92% from 5.00%. Nevertheless, its increased activity in equities trading intermediation on foreign markets and higher revenue from bonds trading translated into an increase in revenue from securities trading (PLN 6,746 thousand vs PLN 6,393 thousand a year earlier).

Conditions on the capital market were equally challenging as in Q1 2017. Thanks to the offering of Globe Trade Centre and Kredyt Inkaso bonds, as well as services provided on an as-needed basis with respect to several transactions under preparation, in Q1 2018 the segment of brokerage services recorded only a slight drop in revenue from investment banking (PLN 2,356 thousand compared with PLN 2,696 thousand in Q1 2017).

In Q1 2018, the Company also recorded an increase in other revenue from core activities (PLN 1,593 thousand vs PLN 1,189 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 records and financial statements for the period January 1st–March 31st 2018. No material events occurred after the reporting date which should have been but were not disclosed in the accounting records for the reporting period.

Warsaw, May 24th 2018

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