

IPOPEMA Securities S.A.

# Interim condensed financial statements

for the three months ended  
March 31st 2019

Warsaw, May 23rd 2019



# Financial highlights

Financial highlights	PLN '000		EUR '000	
	Three months ended		Three months ended	
	Mar 31 2019	Mar 31 2018	Mar 31 2019	Mar 31 2018
Revenue from core activities	7,410	10,695	1,724	2,560
Cost of core activities	7,883	10,203	1,834	2,442
Profit/(loss) on core activities	- 473	492	- 110	118
Operating profit/(loss)	- 413	- 114	- 96	- 27
Profit/(loss) before tax	- 611	- 246	- 142	- 59
Net profit/(loss)	- 497	- 158	- 116	- 38
Earnings/(loss) per ordinary share (weighted average) (PLN/ EUR)	- 0.02	- 0.01	0.00	0.00
Net cash from operating activities	3,366	50,341	783	12,048
Total cash flows	- 240	35,880	- 56	8,587

Financial highlights	PLN '000		EUR '000	
	Mar 31 2019	Dec 31 2018	Mar 31 2019	Dec 31 2018
Total assets	284,025	215,154	66,032	50,036
Current liabilities	225,272	155,787	52,373	36,230
Equity	55,811	56,300	12,975	13,093
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	1.86	1.88	0.43	0.44

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 2019	Q1 2018
EUR	4.2978	4.1784

- For the balance sheet:

Exchange rate as at	Mar 31 2019	Dec 31 2018
EUR	4.3013	4.3000

# Introduction to the interim condensed financial statements

## Information about the Company

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

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

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

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

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

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

All Company shares (a total of 29,937,836 shares) outstanding as at the date of 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 2019.

## 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,  
Stanislaw 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 2019 and include comparative data for the period from January 1st to March 31st 2018 (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 2018 (for the balance sheet and the statement of changes in equity).

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

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

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

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

## Identification of the interim condensed financial statements

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

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

## Selected accounting policies

### Receivables

#### Short-term receivables

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

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

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

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

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

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

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

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

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

#### Long-term receivables

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

### Financial instruments

Financial instruments are classified into the following categories:

#### 1. Financial assets

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

#### 2. Financial liabilities

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

#### Financial assets and liabilities held for trading

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

Financial instruments held for trading include shares in companies listed on the Warsaw 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 other entities.

#### 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 customers, 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, CCP and exchange clearing houses, and liabilities to entities operating regulated securities markets, liabilities under borrowings as well as 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 used to determine the carrying amounts:

Currency	Mar 31 2019	Dec 31 2018
USD	3.8365	3.7597
EUR	4.3013	4.3000
HUF 100	1.3409	1.3394
GBP	4.9960	4.7895
CZK	0.1666	0.1673
CHF	3.8513	3.8166
TRY	0.6802	0.7108
JPY 100	3.4625	3.4124
NOK	0.4433	0.4325
CAD	2.8553	2.7620
SEK	0.4130	0.4201
DKK	0.5761	0.5759
AUD	2.7174	2.6549
RON	0.9029	0.9229

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 2018, issued on March 29th 2019. In the first three months of 2019, 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.

### Seasonality of operations

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

### Correction of prior period errors

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



## Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2019

<b>ASSETS</b>		<b>Note</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
<b>I.</b>	<b>Cash and cash equivalents</b>	1	<b>24,053</b>	<b>24,287</b>	<b>84,663</b>
1.	In hand		1	-	1
2.	At banks		5,132	4,810	8,652
3.	Other cash		18,905	19,459	75,983
4.	Cash equivalents		15	18	27
<b>II.</b>	<b>Short-term receivables</b>	2, 7	<b>233,375</b>	<b>162,505</b>	<b>289,505</b>
1.	From clients		76,258	46,645	103,684
2.	From related entities	19	1,212	1,409	524
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		116,759	81,658	150,620
a)	under executed transactions		75,806	44,491	109,150
b)	other		40,953	37,167	41,470
4.	From the Central Securities Depository of Poland and exchange		45	46	210
4.a	From CCP		33,099	32,239	32,319
5.	From investment and pension fund companies and from investment and pension funds		221	102	1,318
6.	Taxes, subsidies and social security receivable		13	100	504
7.	Under framework securities lending and short sale agreements		5,398	-	-
8.	Other		370	306	326
<b>III.</b>	<b>Financial instruments held for trading</b>	3, 4	<b>7,913</b>	<b>9,756</b>	<b>4,500</b>
1.	Equities		7,838	9,709	4,500
2.	Derivative instruments		75	47	-
<b>IV.</b>	<b>Current prepayments and accrued income</b>		<b>895</b>	<b>716</b>	<b>1,239</b>
<b>IV.a.</b>	<b>Short-term loans advanced</b>		<b>110</b>	<b>92</b>	<b>734</b>
1.	To subordinated entities		-	-	679
2.	Other		110	92	55
<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>10,720</b>	<b>10,710</b>	<b>10,865</b>
1.	Equities		8,638	8,638	8,638
	- shares in subordinated entities		8,638	8,638	8,638
2.	Debt securities		10	10	10
3.	Investment fund units		2,072	2,062	2,025
4.	Investment certificates		-	-	192
<b>VII.</b>	<b>Long-term receivables</b>		<b>1,426</b>	<b>1,421</b>	<b>-</b>
<b>VIII</b>	<b>Long-term loans advanced</b>		<b>29</b>	<b>49</b>	<b>24</b>
1.	Other		29	49	24
<b>IX.</b>	<b>Intangible assets</b>	4	<b>1,372</b>	<b>1,514</b>	<b>1,938</b>
1.	Acquired permits, patents, licences and similar assets, including:		1,372	1,514	1,938
	- software		1,372	1,514	1,938
<b>X.</b>	<b>Property, plant and equipment</b>	4, 5	<b>1,476</b>	<b>1,527</b>	<b>2,090</b>
1.	Tangible assets, including:		1,476	1,527	1,982
a)	buildings and premises		314	331	381
b)	computer assemblies		475	541	946
c)	other tangible assets		687	655	655
2.	Tangible assets under construction		-	-	108
<b>XI.</b>	<b>Non-current prepayments and accrued income</b>		<b>2,656</b>	<b>2,577</b>	<b>1,701</b>
1.	Deferred tax assets	13	2,582	2,465	1,432
2.	Other non-current prepayments and accrued income		74	112	269
<b>XII.</b>	<b>Called-up share capital not paid</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>XIII.</b>	<b>Treasury shares</b>		<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total assets</b>		<b>284,025</b>	<b>215,154</b>	<b>397,259</b>

## Interim condensed financial statements of IPOPEMA Securities S.A. for the first three months of 2019

EQUITY AND LIABILITIES		Note	Mar 31 2019	Dec 31 2018	Mar 31 2018
<b>I.</b>	<b>Current liabilities</b>	6	<b>225,272</b>	<b>155,787</b>	<b>331,656</b>
1.	To clients		111,093	83,014	202,457
2.	To related entities	18	-	-	199
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		93,310	55,100	111,936
a)	under executed transactions		93,246	55,023	111,185
b)	other		64	77	751
4.	To entities operating regulated markets and commodity exchanges		393	364	509
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		34	52	30
5.a.	To CCP		1,346	70	632
6.	Borrowings		12,251	15,485	12,982
a)	other		12,251	15,485	12,982
7.	Debt securities	11	2	2	3
7.a.	Negative fair value of financial instruments held for trading		-	-	-
8.	Taxes, customs duties and social security payable		643	752	611
9.	Salaries and wages		-	-	-
10.	To investment and pension fund companies and to investment and pension funds		125	152	137
11.	Other		6,075	796	2,160
<b>II.</b>	<b>Non-current liabilities</b>		<b>124</b>	<b>157</b>	<b>37</b>
1.	Debt securities	11	-	-	-
2.	Finance lease liabilities	10	124	157	37
	- from other entities		124	157	37
<b>III.</b>	<b>Accruals</b>		<b>488</b>	<b>488</b>	<b>488</b>
<b>IV.</b>	<b>Provisions for liabilities</b>	7	<b>2,330</b>	<b>2,422</b>	<b>3,462</b>
1.	Deferred tax liabilities	12	276	271	311
2.	Other		2,054	2,151	3,151
a)	non-current		14	59	14
b)	current		2,040	2,092	3,137
<b>V.</b>	<b>Subordinated liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>Equity</b>		<b>55,811</b>	<b>56,300</b>	<b>61,616</b>
1.	Share capital	8	2,994	2,994	2,994
2.	Reserve funds		57,566	57,566	57,500
a)	share premium		10,351	10,351	10,351
b)	statutory reserve funds		998	998	998
c)	reserve funds created pursuant to the Articles of Association		46,217	46,217	46,151
3.	Revaluation capital reserve		58	50	17
4.	Retained earnings		- 4,310	-	1,263
5.	Net profit/(loss)	14	- 497	- 4,310	- 158
<b>Total equity and liabilities</b>			<b>284,025</b>	<b>215,154</b>	<b>397,259</b>
Book value (PLN '000)			55,811	56,300	61,616
Number of shares as at end of period			29,937,836	29,937,836	29,937,836
Book value per share (PLN)			1.86	1.88	2.06
Diluted number of shares			29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			1.86	1.88	2.06

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<b>OFF-BALANCE SHEET ITEMS</b>		<b>Note</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
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		6,542*	6 516*	-
IV.	Other off-balance sheet items		-	-	-

\* Notional amounts of purchased forward contracts.

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Statement of profit or loss	Note	Q1 2019	Q1 2018
<b>I. Revenue from core activities, including:</b>		<b>7,410</b>	<b>10,695</b>
- from related entities	18	308	329
1. Revenue from brokerage activities, including:		7,282	10,567
a) acceptance and transfer of orders to buy and sell financial instruments		1,452	3
b) execution of orders to buy and sell financial instruments for the account of clients		5,020	6,427
c) investment advisory services		3	-
d) offering of financial instruments		85	2,554
e) 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		27	24
f) other		695	1,559
2. Revenue from other core activities		128	128
<b>II. Cost of core activities</b>		<b>7,883</b>	<b>10,203</b>
- from related entities	18	-	-
1. Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,099	1,500
2. Payments to CCP		64	92
3. Fees payable to trade organisation		11	11
4. Salaries and wages		3,308	3,248
5. Social security and other benefits		534	497
6. Employee benefits		52	48
7. Raw material and consumables used		69	47
8. Services		1,678	3,673
9. Costs of maintenance and lease of buildings		527	464
10. Depreciation and amortisation		310	468
11. Taxes and other public charges		74	47
12. Other		157	108
<b>III. Profit/(loss) on core activities</b>		<b>- 473</b>	<b>492</b>
<b>IV. Income from financial instruments held for trading</b>		<b>673</b>	<b>2,528</b>
1. Revaluation adjustments		244	2,222
2. Gain on sale/redemption		429	306
<b>V. Cost related to financial instruments held for trading</b>		<b>605</b>	<b>3,155</b>
1. Revaluation adjustments		376	2,459
2. Loss on sale/redemption		229	696
<b>VI. Gain/(loss) on transactions in financial instruments held for trading</b>		<b>68</b>	<b>- 627</b>
<b>VII. Gain/(loss) on transactions in financial instruments available for sale</b>		<b>-</b>	<b>-</b>
<b>VIII. Other income</b>		<b>44</b>	<b>65</b>
1. Decrease in impairment losses on receivables		6	49
2. Other		38	16
<b>IX. Other expenses</b>		<b>52</b>	<b>44</b>
1. Increase in impairment losses on receivables		9	18
2. Other		43	26
<b>X. Operating profit/(loss)</b>		<b>- 413</b>	<b>- 114</b>
<b>XI. Finance income</b>		<b>214</b>	<b>280</b>
1. Interest on loans advanced, including:		1	10
- from related entities		-	1
2. Interest on deposits		44	44
3. Other interest		9	22
4. Foreign exchange gains		45	115

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a) realised	35	115
b) unrealised	10	-
5. Other	115	89
<b>XII. Finance costs</b>	<b>412</b>	<b>412</b>
1. Interest on borrowings, including:	249	271
- to related entities	-	-
2. Other interest	4	20
3. Foreign exchange losses	-	13
a) realised	-	13
b) unrealised	-	-
4. Other	159	108
<b>XIII. Profit before tax</b>	<b>- 611</b>	<b>- 246</b>
<b>XIV. Income tax</b>	<b>- 114</b>	<b>- 88</b>
<b>XV. Net profit</b>	<b>- 497</b>	<b>- 158</b>
<hr/>		
Weighted average number of ordinary shares	29,937,836	29,937,836
Earnings per ordinary share (PLN)	- 0.02	- 0.01
Weighted average diluted number of ordinary shares	29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)	- 0.02	- 0.01
<hr/>		

<b>STATEMENT OF CASH FLOWS</b>	<b>Note</b>	<b>Q1 2019</b>	<b>Q1 2018</b>
<b>A. NET CASH FROM OPERATING ACTIVITIES</b>			
<b>I. Net profit</b>		- 497	- 158
<b>II. Total adjustments:</b>		<b>3,863</b>	<b>50,499</b>
1. Depreciation and amortisation		310	468
2. Foreign exchange gains/(losses)		- 9	- 53
3. Interest and profit distributions (dividends)		245	263
4. Change in provisions and impairment losses on receivables		- 92	- 407
5. Increase/(decrease) in financial instruments held for trading		1,843	- 1,491
6. Increase/(decrease) in receivables		- 70,872	- 37,861
7. Change in current liabilities (net of borrowings), including special accounts		72,694	89,330
8. Increase/(decrease) in accruals and deferrals		- 259	249
9. Other		3	1
<b>III. Net cash from operating activities (I + II)</b>		<b>3,366</b>	<b>50,341</b>
<b>B. NET CASH FROM INVESTING ACTIVITIES</b>			
<b>I. Cash from investing activities</b>		<b>54</b>	<b>292</b>
1. Decrease in loans advanced		54	292
<b>II. Cash used in investing activities</b>		<b>166</b>	<b>108</b>
1. Acquisition of property, plant and equipment		116	108
2. Loans advanced		50	-
<b>III. Net cash from investing activities (I - II)</b>		<b>- 112</b>	<b>184</b>
<b>C. NET CASH FROM FINANCING ACTIVITIES</b>			
<b>I. Cash from financing activities</b>		<b>1</b>	<b>-</b>
1. Proceeds from issue of short-term debt securities		1	-
<b>II. Cash used in financing activities</b>		<b>3,495</b>	<b>14,645</b>
1. Decrease in short-term borrowings		3,274	14,359
2. Repayment of short-term debt securities		1	2
3. Payment of finance lease liabilities		12	3
4. Interest paid		208	281
<b>III. Net cash from financing activities (I - II)</b>		<b>- 3,494</b>	<b>- 14,645</b>
<b>D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)</b>		<b>- 240</b>	<b>35,880</b>
<b>E. NET CHANGE IN CASH, including:</b>		<b>- 231</b>	<b>35,933</b>
- effect of exchange rate fluctuations on cash held		9	53
<b>F. CASH AT BEGINNING OF PERIOD</b>	19	<b>24,256</b>	<b>48,752</b>
<b>G. CASH AT END OF PERIOD (F +/- D), including:</b>	19	<b>24,016</b>	<b>84,632</b>
- restricted cash*		16,212	73,687

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

STATEMENT OF CHANGES IN EQUITY	Q1 2019	2018	Q1 2018
<b>I. EQUITY AT BEGINNING OF PERIOD</b>	<b>56,300</b>	<b>61,756</b>	<b>61,756</b>
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
<b>I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS</b>	<b>56,300</b>	<b>61,756</b>	<b>61,756</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	57,566	57,500	57,500
2.1. Changes in reserve funds	-	66	-
a) increase	-	66	-
- distribution of profit (above statutory minimum)	-	66	-
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,566	57,566	57,500
3. Revaluation capital reserve at beginning of period	50	- 1	- 1
3.1. Changes in revaluation capital reserve	8	51	18
a) increase	10	57	21
- remeasurement of financial instruments	10	57	21
b) decrease	2	6	3
- remeasurement of financial instruments	2	6	3
3.2. Revaluation capital reserve at end of the period	58	50	17
4. Retained earnings/(accumulated deficit) at beginning of period	- 4,310	1,263	1,263
4.1. Retained earnings at beginning of period	-	1,263	1,263
a) increase	-	-	-
b) decrease	-	1,263	-
- distribution of retained earnings (dividend)	-	1,197	-
- distribution of retained earnings (increase in reserve funds)	-	66	-
4.2. Accumulated deficit at beginning of period	4,310	-	-
a) increase	-	-	-
b) decrease	-	-	-
4.3. Retained earnings/(accumulated deficit) at end of period	- 4,310	-	1,263
5. Net profit/(loss)	- 497	- 4,310	- 158
a) net profit	-	-	-
b) net loss	497	4,310	- 158
<b>II. EQUITY AT END OF PERIOD</b>	<b>55,811</b>	<b>56,300</b>	<b>61,616</b>
<b>III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT</b>	<b>55,811</b>	<b>56,300</b>	<b>61,616</b>

# Notes to the interim financial statements

## Note 1

<b>Cash and other assets</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
<b>Cash and other assets of clients</b>			
a) at banks and in hand	16,212	15,814	73,687
<b>Total cash and other assets of clients</b>	<b>16,212</b>	<b>15,814</b>	<b>73,687</b>
<b>Cash and other assets</b>			
a) cash and other assets of the brokerage house, including:	7,841	8,473	10,976
- in hand	1	-	1
- at banks	5,132	4,810	8,652
- other cash*	2,693	3,645	2,296
- cash equivalents	15	18	27
b) cash and other assets of clients deposited in cash accounts	16,212	15,814	73,687
- at the brokerage house and paid towards acquisition of securities	16,212	15,814	73,687
- 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>24,053</b>	<b>24,287</b>	<b>84,663</b>

\* 'Other cash' includes cash in bank deposits and interest accrued on those deposits.

## Note 2

<b>Selected short-term receivables</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
<b>1. Selected short-term receivables</b>	<b>227,373</b>	<b>161,997</b>	<b>287,357</b>
a) from clients, including:	76,258	46,645	103,684
- under transactions executed on the Warsaw Stock Exchange	72,087	37,931	82,393
- under transactions executed on the Budapest Stock Exchange	-	4,287	2,526
- under transactions executed on the Prague Stock Exchange	-	1,491	4,373
- under transactions executed on the Prague Stock Exchange	1,668	-	-
- under transactions executed on the Frankfurt Stock Exchange	-	-	2,192
- under transactions executed on the New York Stock Exchange	947	685	9,527
- under transactions executed on the Amsterdam Stock Exchange	-	-	875
- under transactions executed on the Paris Stock Exchange	-	-	262
- other	1,556	2,251	1,536
b) from related entities, including:	1,212	1,409	524
- from subsidiaries	1,212	1,409	524
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	116,759	81,658	150,620
1) under executed transactions	75,806	44,491	109,150
- under transactions executed on the Warsaw Stock Exchange*	66,007	42,020	98,806
- under transactions executed on the Budapest Stock Exchange	2,482	104	4,709
- under transactions executed on the New York Stock Exchange	1,767	2,308	3,053
- under transactions executed on the London Stock Exchange	781	-	1,862
- under transactions executed on the Zurich Stock Exchange	-	-	219
- under transactions executed on the Milan Stock Exchange	883	-	-
- under transactions executed on the Oslo Stock Exchange	69	-	-
- under transactions executed on the Brussels Stock Exchange	966	-	-
- under transactions executed on the Frankfurt Stock Exchange	2,801	-	501
- under transactions executed on the Paris Stock Exchange	50	59	-



2) other	40,953	37,167	41,470
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	45	46	210
- from the settlement guarantee fund and deposits	45	46	210
- other	-	-	-
e) receivables from CCP	33,099	32,239	32,319
- from the settlement guarantee fund	33,099	32,239	32,319
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-	-
<b>2. Short-term receivables, net</b>	<b>233,375</b>	<b>162,505</b>	<b>289,505</b>
- impairment losses on short-term receivables (positive value)	1,379	1,376	1,538
<b>Gross short-term receivables</b>	<b>234,754</b>	<b>163,881</b>	<b>291,043</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 purchase and sale transactions in securities.

### Note 3

#### Financial assets

In Q1 2019 and in the comparative period, the policies for measurement of financial assets at fair value or classification of financial assets did not change.

### Note 4

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

In the first half of 2019 and in 2018, 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 2019 and in 2018, 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 2019	Dec 31 2018	Mar 31 2018
<b>Selected current liabilities</b>	<b>101,801</b>	<b>57,134</b>	<b>116,077</b>
<b>1. To related entities</b>	-	-	<b>199</b>
a) to subsidiaries	-	-	199
b) to other related entities	-	-	-
<b>2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses</b>	<b>93,310</b>	<b>55,100</b>	<b>111,936</b>
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	93,246	55,023	111,185
- to the Warsaw Stock Exchange *	90,634	48,559	91,453
- to the Budapest Stock Exchange	-	4,290	2,524
- to the Prague Stock Exchange	-	1,490	4,367
- to the Stockholm Stock Exchange	1,665	-	-
- to the New York Stock Exchange	947	684	9,515
- to the Frankfurt Stock Exchange	-	-	2,190
- to the Amsterdam Stock Exchange	-	-	874
- to the Paris Stock Exchange	-	-	262
b) other	64	77	751
<b>3. To entities operating regulated markets and commodity exchanges</b>	<b>393</b>	<b>364</b>	<b>509</b>
a) to the Warsaw Stock Exchange	393	364	452
b) to the Budapest Stock Exchange	-	-	57
<b>4. To the Central Securities Depository of Poland and exchange clearing houses</b>	<b>34</b>	<b>52</b>	<b>30</b>
a) under additional payments to the settlement guarantee fund	-	-	-
b) other	34	52	30
<b>4a. To CCP</b>	<b>1,346</b>	<b>70</b>	<b>632</b>
a) under additional payments to the settlement guarantee fund	-	-	565
b) other	1,346	70	67
<b>5. Taxes, customs duties and social security payable</b>	<b>643</b>	<b>752</b>	<b>611</b>
- including under ownership right to buildings and structures	-	-	-
<b>6. Other</b>	<b>6,075</b>	<b>796</b>	<b>2,160</b>
a) dividends payable	-	-	-
b) other liabilities, including:	6,075	796	2,160
- lease liabilities	61	37	12
- other liabilities	6,014	759	2,148

\* 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 2019, the Company's liabilities under bank borrowings related to its brokerage business amounted to PLN 12,251 thousand (December 31st 2018: PLN 15,485 thousand). The liabilities arose under: two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland/KDPW CCP (the clearing agent) in connection with the brokerage activities. Their current term expires on September 16th 2019:

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

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

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 2019	Jan 1–Mar 31 2018
Provisions at beginning of period	2,092	3,369
a) recognised	717	1,986
b) used	769	2,218
c) reversed	-	-
Provisions at end of period	2,040	3,137

In the first quarter of 2019, impairment losses on receivables increased by PLN 3 thousand compared with December 31st 2018. In the comparative period of Q1 2018, impairment losses on receivables fell by PLN 31 thousand compared with December 31st 2017.

## Note 8

Share capital	Mar 31 2019	Dec 31 2018	Mar 31 2018
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 2019 and 2018	the shares carry the right to profit distribution for 2018 and 2017	the shares carry the right to profit distribution for 2018 and 2017

As at March 31st 2019, 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 2019 or in 2018.

## 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.

<b>Lease liabilities</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
	<b>Present value of minimum lease payments</b>		
Within 1 year	1,100*	1,100*	1,047*
Within 1 to 5 years	3,072*	3,346*	3,971*
Over 5 years	-	-	-
<b>Total lease liabilities</b>	<b>4,172</b>	<b>4,446</b>	<b>5,018</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.

<b>Finance lease liabilities</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2018</b>
Net carrying amount	147	162	34
<b>Present value of minimum lease payments</b>	<b>185</b>	<b>194</b>	<b>49</b>
Within 1 year *	61	37	12
Within 1 to 5 years *	124	157	37
Over 5 years *	-	-	-
<b>Contingent lease payments recognised as expense in the period</b>	<b>12</b>	<b>34</b>	<b>3</b>

## Note 11

### Bonds

In 2019, until the issue date of these financial statements, the Company issued four (4) registered bonds with a total nominal value of PLN 0.8 thousand. In the comparative period of Q1 2018, 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 2019, the Company redeemed PLN 1.2 thousand worth of bonds, compared with PLN 1.9 thousand redeemed in Q1 2018.

## Note 12

### Guarantees received and security for guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured with a security deposit with a current value of PLN 1,426 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

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

## Note 13

### Deferred tax

Deferred tax liabilities rose by PLN 5 thousand in Q1 2019 and fell by PLN 26 thousand in Q1 2018.

Deferred tax assets went up by PLN 117 thousand and PLN 58 thousand in Q1 2019 and Q1 2018, respectively.

## Note 14

### Profit allocation

The Management Board recommended that the net loss for 2018 of PLN 4,309,710.29 be covered from statutory reserve funds, and the Supervisory Board gave a positive opinion on the proposal. A final decision on profit allocation will be made by the Annual General Meeting convened for June 12th 2019.

## Note 15

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

The Company did not issue any equity or non-equity securities in Q1 2019 or in 2018.

## Note 16

### Dividends paid and proposed

In Q1 2019, the Company did not pay or resolve to pay any dividend.

On June 6th 2018, the General Meeting of the Company resolved to distribute a dividend from the 2017 profit of PLN 1,263 thousand. The dividend per share was PLN 0.04. The dividend record date was set for June 15th 2018, and the dividend payment date – for June 27th 2018. On the dividend payment date, a total of PLN 1,197 thousand was paid out to the shareholders. The difference (PLN 66 thousand) between the distributed amount and the PLN 1,263 thousand approved by the General Meeting resulted from rounding off the amount of dividend per share. Pursuant to the General Meeting's resolution, the difference was allocated to the Company's reserve capital.

## Note 17

### 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 18

### 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 2019				Jan 1–Mar 31 2018			
IBC	-	-	-	-	-	-	-	-
IPOPEMA TFI	190	11	-	-	211	10	-	-
IFA	-	-	-	-	-	-	-	-
IFA SK	118	-	-	-	118	1	-	-
<b>Total</b>	<b>308</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>329</b>	<b>11</b>	<b>-</b>	<b>-</b>

## Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Mar 31 2019	Dec 31 2018	Mar 31 2018	Mar 31 2019	Dec 31 2018	Mar 31
IBC	600	600	-	-	-	-
IPOPEMA TFI	33	230	83	-	-	-
IFA	-	-	7	-	-	-
IFA SK	579	579	1,113	-	-	199
<b>Total</b>	<b>1,212</b>	<b>1,409</b>	<b>1,203</b>	<b>-</b>	<b>-</b>	<b>199</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 2018, the Company was entitled to dividend of PLN 0.6m from IBC.

## Note 19

### 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 2019	Mar 31 2018	Mar 31 2019	Mar 31 2018
<b>Cash and cash equivalents</b>	<b>24,053</b>	<b>84,663</b>	<b>24,016</b>	<b>84,632</b>
1. In hand	1	1	1	1
2. At banks	5,132	8,652	5,132	8,652
3. Other cash	18,905	75,983	18,905	75,983
4. Cash equivalents	15	27	-	-
Accrued foreign exchange differences			- 22	- 4

The difference between the presentation of cash in the balance sheet and the statement of cash flows as at March 31st 2019 and March 31st 2018 follows from presentation of cash net of the effect of foreign exchange differences as well as p-cards received, presented under cash and cash equivalents.

## Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change
	Mar 31 2019	Dec 31 2018	Mar 31 2019	Mar 31 2019
Gross short- and long-term receivables	236,180	165,302	- 70,878	- 70,872
Net receivables	234,801	163,926		
Impairment losses on receivables	1,379	1,376		3
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,315	2,410		- 95
<b>Total change in impairment losses and provisions</b>				<b>- 92</b>

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the removal from gross receivables as at March 31st 2019 of interest receivable on a security deposit, which are disclosed under investing activities.

## Note 20

### Clients' financial instruments

As at March 31st 2019, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 674.107 thousand (112,439 thousand instruments) (December 31st 2018: PLN 797,808 thousand (107,055 thousand instruments)). As at March 31st 2019, the Company kept 24.4 thousand bonds in certificated form for its clients, valued at PLN 28.2m, and 28,075 thousand shares, valued at PLN 2,582 thousand. In the comparative period, i.e. as at December 31st 2018, the Company kept 36 thousand bonds in certificated form for its clients, valued at PLN 40.2m, and 31,995 thousand shares, valued at PLN 3,170 thousand.

The Company also operates an issue sponsor's account. As at March 31st 2019, 311 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 2.316 thousand (December 31st 2018: 291 thousand shares with a value of PLN 350 thousand).

## Note 21

### 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 22

### Pending court or administrative proceedings

In the first nine months of 2019 and as at the date of issue of these interim condensed financial statements, the Company was not party to any material court or administrative proceedings.

## Note 23

### Material events and factors in Q1 2019

While the value of trading on the Warsaw Stock Exchange in Q1 2019 was only 1.2% lower than in Q1 2018, the Company's market share dropped significantly year on year, to 3.47% from 4.92%. The drop translated into a 16.9% decline in revenue from securities trading (PLN 5,609 thousand vs PLN 6,746 thousand in Q1 2018).

On the market of equity transactions, the difficult conditions observed in the previous year continued into the first quarter of 2019. Consequently, revenue from investment banking services was 48.7% lower than in Q1 2018 (PLN 1,209 thousand vs PLN 2,356 thousand).

On the investment funds market, the first months of 2019 were much more challenging than the first quarter of 2018 as redemptions exceeded subscriptions. This translated into a major drop in revenue from the retail business, and thus the revenue classified as other revenue from core activities, which amounted to PLN 592 thousand in Q1 2019, compared with PLN 1,593 thousand in Q1 2018.

As a result of these factors, despite lower operating expenses, in Q1 2019 the Company posted a loss on core activities amounting to PLN 473 thousand and net loss of PLN 497 thousand (vs profit on core activities of PLN 492 thousand and net loss of PLN 158 thousand in Q1 2018).

## Note 24

### 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 2019. 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 23rd 2019

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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  
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Danuta Ciosek  
Chief Accountant