The IPOPEMA Securities Group

Interim condensed consolidated financial statements

for the nine months ended September 30th 2014

Warsaw, November 6th 2014

Contents

Financial highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	3 months ended Sep 30				9 months ended Sep 30			
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from core activities	24,184	22,955	5,780	5,436	77,956	74,507	18,648	17,643
Cost of core activities	20,713	20,208	4,950	4,785	66,418	64,306	15,888	15,227
Profit on core activities	3,471	2,747	830	650	11,538	10,201	2,760	2,416
Operating profit	2,578	2,091	616	495	10,313	7,822	2,467	1,852
Pre-tax profit	1,915	2,263	458	536	8,447	7,945	2,021	1,881
Net profit on continuing operations	1,238	1,724	296	408	6,287	6,085	1,504	1,441
Net profit	1,238	1,724	296	408	6,287	6,085	1,504	1,441
Earnings per ordinary share (weighted average) (PLN/ EUR)								
- basic	0,03	0,05	0,01	0,01	0,20	0,18	0,05	0.04
- diluted	0,03	0,05	0,01	0,01	0,20	0,18	0,05	0.04
Net cash from operating activities	3,143	15,283	751	3,619	-13,173	-175,615	-3,151	-41,584
Total cash flows	-6,398	10,358	-1,529	2,453	-14,985	-202,200	-3,585	-47,880

Consolidated financial highlights	PLN '000			EUR '000		
	Sep 30 2014	Jun 30 2014	Dec 31 2013	Sep 30 2014	Jun 30 2014	Dec 31 2013
Total assets	517,918	432,133	352,513	124,037	103,856	85,000
Current liabilities	430,550	345,174	257,382	103,113	82,957	62,062
Equity	81,765	80,501	85,343	19,582	19,347	20,578
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.73	2.69	2.85	0.65	0.65	0.69

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	Jan 1– Sep 30 2014	Jan 1– Sep 30 2013
EUR	4.1803	4.2231

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

Exchange rate as at	Sep 30 2014	Dec 31 2013	Sep 30 2013
EUR	4.1755	4.1472	4.2163

Interim condensed consolidated statement of comprehensive income

for the nine months ended September 30th 2014

	Note	Jan 1– Sep 30 2014	Jul 1– Sep 30 2014	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013
CONTINUING OPERATIONS					
Revenue from core activities, including:	15	**77,956**	**24,184**	**74,507**	**22,955**
Revenue from brokerage activities		36,218	9,557	40,448	10,722
Revenue from investment fund and asset management		31,506	10,538	25,318	9,256
Revenue from consultancy services		10,232	4,089	8,741	2,977
Cost of core activities	15	**66,418**	**20,713**	**64,306**	**20,208**
Profit (loss) on core activities		**11,538**	**3,471**	**10,201**	**2,747**
Gain (loss) on transactions in financial instruments held for trading		-1,073	-600	-1,818	-426
Gain (loss) on transactions in financial instruments held to maturity		-	-	-	-
Gain (loss) on transactions in financial instruments available for sale		138	52	54	9
Other income		724	127	450	-218
Other expenses		1,014	472	1,065	21
Operating profit (loss)		**10,313**	**2,578**	**7,822**	**2,091**
Finance income		1,346	470	2,435	498
Finance costs		3,212	1,133	2,312	326
Pre-tax profit (loss)		**8,447**	**1,915**	**7,945**	**2,263**
Income tax	16	2,160	677	1,860	539
Net profit (loss) on continuing operations		**6,287**	**1,238**	**6,085**	**1,724**
DISCONTINUED OPERATIONS				-	-
Net profit (loss) for period		**6,287**	**1,238**	**6,085**	**1,724**
Attributable to:					
Owners of the parent		5,927	936	5,350	1,469
Non-controlling interests		360	302	735	255
Earnings (loss) per share (PLN)		0,20	0,03	0,18	0,05
Diluted earnings (loss) per share (PLN)		0,20	0,03	0,18	0,05
Other comprehensive income		**20**	**-2**	**53**	**-28**
Gains and losses on remeasurement of financial assets available for sale		25	-2	66	-34
Corporate income tax on items of other comprehensive income		-5	-	-13	6
Comprehensive income for period		**6,307**	**1,236**	**6,138**	**1,696**
Attributable to:					
Owners of the parent		5,947	934	5,403	1,441
Non-controlling interests		360	300	735	255

Warsaw, November 6th 2014

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Stanisław Waczkowski
Vice-President of the Management Board

Mirosław Borys
Vice-President of the Management Board

Danuta Ciosek
Chief Accountant

IPOPEMA Securities S.A. Business Consulting TOWARZYSTWO FUNDUSZY INWESTYCYJNYCH Asset Management

Interim condensed consolidated statement of financial position

as at September 30th 2014

ASSETS	Note	Sep 30 2014	Jun 30 2014	Dec 31 2013	Sep 30 2013
Cash and cash equivalents	12	37,936	44,245	52,749	52,918
Current receivables	12, 14	456,746	359,293	274,950	419,966
Current tax assets		894	883	86	663
Current prepayments and accrued income		1,274	1,332	1,316	1,392
Financial instruments held for trading		369	5,089	218	130
Financial instruments held to maturity		-	-	-	-
Financial instruments available for sale		9,705	9,774	9,479	9,315
Investments in jointly controlled entities and associates		-	-	-	-
Non-current receivables		2,343	2,337	2,336	2,361
Non-current loans advanced		306	9	794	1,004
Property, plant and equipment		4,807	5,133	5,611	5,775
Investment property		-	-	-	-
Intangible assets		2,707	2,849	3,101	3,021
Deferred tax assets		831	1,189	1,873	1,459
Non-current prepayments and accrued income		-	-	-	-
TOTAL ASSETS		**517,918**	**432,133**	**352,513**	**498,004**

EQUITY AND LIABILITIES		Sep 30 2014	Jun 30 2014	Dec 31 2013	Sep 30 2013
Current liabilities	14	430,550	345,174	256,891	408,910
Current tax liabilities		202	-	491	61
Other financial liabilities		-	-	-	-
Non-current liabilities		492	536	600	561
Deferred tax liabilities	16	100	36	29	-
Accruals and deferred income	14	4,809	5,886	9,159	5,907
Provisions		-	-	-	-
Total liabilities		**436,153**	**351,632**	**267,170**	**415,439**
Share capital	13	2,994	2,994	2,994	2,994
Other capital reserves		13,618	13,592	13,502	14,008
Retained earnings		61,632	60,696	64,686	61,671
Total equity		**78,244**	**77,282**	**81,182**	**78,673**
Non-controlling interests		**3,521**	**3,219**	**4,161**	**3,892**
Total equity		**81,765**	**80,501**	**85,343**	**82,565**
TOTAL EQUITY AND LIABILITIES		**517,918**	**432,133**	**352,513**	**498,004**

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Interim condensed consolidated statement of cash flows

for the nine months ended September 30th 2014

CASH FLOWS	Note	Jan 1– Sep 30 2014	Jul 1– Sep 30 2014	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013
Cash flows from operating activities					
Pre-tax profit		**8,447**	**1,915**	**7,945**	**2,263**
Total adjustments:	25	**-21,620**	**1,228**	**-183,560**	**13,020**
Depreciation and amortisation expenses		1,909	647	1,586	587
Foreign exchange gains/(losses)		-188	-97	-238	316
Interest and dividends		488	125	731	234
Gain (loss) on investing activities		575	198	764	149
Change in financial instruments held for trading		-152	4,719	199	-96
Change in financial instruments held for sale		-116	-51	-464	-390
Change in receivables		-182,192	-97,520	97,501	166,338
Change in current liabilities (net of borrowings)		162,893	94,246	-280,477	-154,007
Change in provisions and impairment losses on receivables		368	201	283	267
Change in accruals and deferrals		-4,250	-1,014	-2,753	-497
Income tax		-1,051	-254	-940	83
Other adjustments (including effect of incentive schemes)		96	28	248	36
Net cash from operating activities		**-13,173**	**3,143**	**-175,615**	**15,283**
Cash flows from investing activities					
Increase in loans advanced		-728	-378	-30	-30
Decrease in loans advanced		184	16	32	18
Acquisition of property, plant and equipment and intangible assets		-683	-181	-2,826	-726
Disposal of property, plant and equipment		1	1	8	-
Cash provided by financial instruments available for sale and held to maturity		456	-	2,188	377
Acquisition of financial instruments available for sale and held to maturity		-350	-25	-4,132	-1,094
Other cash used in investing activities		-	-	-1,000	-
Other cash from investing activities		230	102	331	139
Net cash from investing activities		**-890**	**-465**	**-5,429**	**-1,316**
Cash flows from financing activities					
Proceeds from borrowings		9,856	312	147	147
Proceeds from issue of debt securities		6	1	9	-
Repayment of debt securities		-4	-2	-2	-
Proceeds from issue of share capital		-	-	929	-
Interest paid		-822	-355	-960	-340
Repayment of finance lease liabilities		-167	-51	-156	-45
Repayment of borrowings		-	-	-21,123	-3,371
Dividends to owners of the parent		-8,981	-8,981	-	-
Dividends distributed to non-controlling interests		-810	-	-	-
Net cash from financing activities		**-922**	**-9,076**	**-21,156**	**-3,609**
Total cash flows		**-14,985**	**-6,398**	**-202,200**	**10,358**

Net increase (decrease) in cash and cash equivalents		-14,813	-6,309	-202,012	10,105
Effect of exchange rate fluctuations on cash held		172	89	188	-253
Cash at beginning of period	25	53,041	44,454	251,090	38,532
Cash at end of period, including	25	**38,056**	**38,056**	**48,890**	**48,890**
restricted cash		*4,183*	*4,183*	*4,224*	*4,224*

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Interim condensed consolidated statement of changes in equity

for the nine months ended September 30th 2014

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other components of equity			Retained earnings		
		Share premium	Revaluation capital reserve	Other capital reserves			
as at Jan 1 2014	**2,994**	**10,351**	**92**	**3,059**	**64,686**	**4,161**	**85,343**
Profit for period	-	-	-	-	5,927	360	6,287
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	96	-	-	96
Other comprehensive income	-	-	20	-	-	-	20
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
as at Sep 30 2014	**2,994**	**10,351**	**112**	**3,155**	**61,632**	**3,521**	**81,765**
as at Jan 1 2013	**2,975**	**9,441**	**570**	**2,831**	**56,255**	**3,157**	**75,229**
Profit for 2013	-	-	-	-	8,366	1,004	9,370
Issue of shares	19	910	-	-	-	-	929
Costs of incentive scheme	-	-	-	228	-	-	228
Other comprehensive income	-	-	-478	-	-	-	-478
Other adjustments	-	-	-	-	65	-	65
as at Dec 31 2013	**2,994**	**10,351**	**92**	**3,059**	**64,686**	**4,161**	**85,343**
as at Jan 1 2013	**2,975**	**9,441**	**570**	**2,831**	**56,255**	**3,157**	**75,229**
Profit for period	-	-	-	-	5,350	735	6,085
Issue of shares	19	910	-	-	-	-	929
Costs of incentive scheme	-	-	-	203	-	-	203
Other comprehensive income	-	-	53	-	-	-	53
Other adjustments	-	-	-	-	66	-	66
as at Sep 30 2013	**2,994**	**10,351**	**623**	**3,034**	**61,671**	**3,892**	**82,565**

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Notes

1. The IPOPEMA Securities Group

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

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

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

As at September 30th 2014, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2).

The Group's principal business activities are:

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

IPOPEMA Securities S.A. – the Parent

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

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

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

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

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

As part of its brokerage business IPOPEMA Securities S.A. provides comprehensive services for institutional clients in the area of intermediation in securities trading on the secondary market. The Company's partners are both high-profile international financial institutions and the majority of leading Polish institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers.

The Company's investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities (especially shares), in which it acts as the coordinator, offering broker or financial adviser; M&A transactions and management buy-outs; and advisory mandates concerning the raising of financing on the private market, including from *private equity* funds and through *pre-IPO* placements. The Company also provides advisory services related to corporate financial restructuring.

2. Composition of the Group

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

As at September 30th 2014, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

Name of subsidiary	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds	full	100%	100%
IPOPEMA Asset Management S.A.	- management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services - computer facilities management activities - computer consultancy services - software-related activities - wholesale of computers, computer peripherals and software	full	50.02%	50.02%
indirect subsidiary (through IPOPEMA Business Consulting Sp. z o.o., the sole shareholder of the company)				
IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	
IPOPEMA Business Services Kft. (‘IBS Ktf’)	- office and business support	not consolidated (immaterial financial data)	100%	100%
IPOPEMA Business Services Srl.	- office and business support	not consolidated (immaterial financial data)	95% IPOPEMA, 5% IBS Ktf	100%

3. Basis of preparation

3.1st Statement of compliance

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

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

These interim condensed consolidated financial statements of the Group cover the nine months ended September 30th 2014 and contain comparative data for the nine months ended September 30th 2013 and as at December 31st 2013.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2013.

3.2nd Measurement currency and reporting currency of the financial statements

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

3.3rd Going-concern assumption

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

3.4th Comparability of data

There were no significant presentation changes in the nine months ended September 30 2014.

4. Changes in applied accounting policies

In the nine months ended September 30th 2014, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2013, issued on March 20th 2014. The consolidated financial statements for 2013 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Financial assets

- financial assets at fair value through profit or loss (including financial instruments held for trading),
- loans and receivables,
- financial instruments held to maturity,
- financial instruments available for sale.

Financial liabilities

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

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

Financial instruments and financial liabilities measured at fair value through profit or loss

A financial asset is designated as held for trading if it is acquired principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is a pattern of short-term profit-taking, or if it is a derivative with positive fair value.

The Group designates a financial asset/liability as measured at fair value through profit or loss if:

- an asset/liability qualifies as held for trading (i.e. it has been acquired or assumed principally for the purpose of selling or repurchasing it in the near term, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or it is a derivative (other than a derivative which has been designated as, or is, an effective hedging instrument),
- it was designated as measured at fair value through profit or loss on initial recognition.

As far as the Group is concerned, this category includes primarily equity instruments acquired for resale in the near term, such as shares listed on the Warsaw Stock Exchange (WSE) and the Budapest Stock Exchange (BSE), derivatives traded on the WSE, as well as FX swaps and FX forwards . The Group does not apply hedge accounting.

Financial liabilities other than held for trading may be designated by the Group upon initial recognition as financial liabilities measured at fair value through profit or loss if:

- the designation will eliminate or significantly reduce a measurement or recognition inconsistency; or
- a group of financial assets or liabilities or both is managed and its performance is measured on a fair value basis in accordance with a documented risk management or investment strategy applied by the Group, whereunder information regarding asset grouping is exchanged internally; or
- they constitute part of a contract with one or more embedded derivatives, and IAS 39 permits that the entire contract (an asset or a liability) be designated at fair value through profit or loss.

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. Financial assets are carried at cost as at the contract date, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as at the contract date at the fair value of the amount or other assets received.

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

Financial derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the FX swap and FX forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the reporting date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market inputs as at the valuation date (reporting date). Derivatives with positive fair values are disclosed in the consolidated statement of financial position as assets, while those with negative fair values – as liabilities.

Other holdings of financial instruments held for trading comprise shares listed on the Warsaw and Budapest Stock Exchanges. For the purpose of the measurement, the Group takes into account closing prices quoted by the Warsaw Stock Exchange (‘WSE’) and Budapest Stock Exchange (‘BSE’) on the last business day of the reporting period.

Financial instruments held to maturity

Financial instruments held to maturity are investments with fixed or determinable payments and fixed maturities that the Group intends and is able to hold to maturity.

As at the end of each reporting period, financial assets held to maturity are measured at amortised cost with the effective interest rate.

As at the end of the reporting period and the comparative period, the Group did not have any financial instruments held to maturity.

Loans and receivables

Trade receivables, loans and other receivables with fixed or negotiable payment terms, not traded on an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less impairment losses. Interest income is recognised at the effective interest rate, save for current receivables where recognition of interest income would be immaterial. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly trade receivables, bank deposits and other cash, as well as loans and acquired unlisted debt instruments not classified into other categories.

Loans advanced to IPOPEMA Securities' employees and business partners are classified under 'Loans advanced'. Since loans may be amortised after the repayment date, the Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance costs. Loans advanced to a non-consolidated subsidiary are also recognised under this item.

Furthermore, under loans and receivables the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services Kft. The lease agreement meets the definition of finance lease. The leasing receivables were PLN 48 thousand as at September 30th 2014 (December 31st 2013: PLN 145 thousand), including non-current receivables of PLN 0.5 thousand (December 31st 2013: PLN 14 thousand).

Financial instruments available for sale

Financial instruments available for sale are those non-derivative financial instruments which are designated as available for sale or are not classified into any of the other categories.

Financial assets available for sale include mainly investment certificates, investment fund units, and government bonds acquired in order to invest cash surplus, other than investment certificates which have been designated as financial assets at fair value through profit or loss since the Group intends to sell them in the near term.

Financial instruments available for sale are classified as non-current assets if they are not intended for sale within a year from the end of the reporting period; otherwise, they are classified as current assets. As at the end of each reporting period, financial instruments available for sale are measured at fair value, and any resultant gains or losses (other than impairment losses) are recognised under other comprehensive income. In the case of bonds, the gain or loss to be recognised under other comprehensive income comprises the difference between the measurement-date fair value of the assets less interest accrued up until that date at the contractual interest rate, and the value of the assets at adjusted cost.

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

Shares in non-consolidated subsidiaries are measured at cost less impairment losses. Investment certificates and investment fund units are recognised at fair value, based on the net asset value per certificate as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under 'Other comprehensive income'.

Financial liabilities measured at amortised cost

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

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

Receivables

Current receivables

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

Receivables are initially recognised at nominal value and measured as at the end of the reporting period at amounts receivable. Receivables are remeasured to account for the probability of their payment and impairment losses are recognised where necessary. The Group recognises impairment losses if there is objective evidence that it will not be able to recover all the amounts due in line with the original contractual terms.

Impairment losses are recognised in particular for:

- receivables past due by 6 months to 1 year – impairment loss of 50% of the receivables amount is recognised,
- receivables past due by more than 1 year – impairment loss of 100% of the receivables amount is recognised.

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

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

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

Current receivables from clients, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been cleared at the clearing houses due to the transaction settlement procedure (T+3). In the case of purchases made on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and brokerage houses (parties to the market transactions)* and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

Non-current receivables

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

Impairment losses

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

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

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

Liabilities

Current liabilities

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

Current liabilities include all liabilities to clients, liabilities to non-consolidated related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the National Depository for Securities 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.

Current liabilities also include overdrafts whose measurement is discussed above in 'Financial liabilities at amortised cost'.

Current liabilities under executed transactions are presented above in 'Current receivables from clients, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses'.

Non-current liabilities

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

6. Accounting policies introduced in the first nine months of 2014

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2014:

- IAS 32 'Financial Instruments: Presentation' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 10 'Consolidated Financial Statements' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1st 2014;

- Amendments to IAS 27 ‘Separate Financial Statements’ – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’ – effective for annual periods beginning on or after January 1st 2014.

The Group believes that the above standards and interpretations did not have a material effect on its financial statements when first adopted.

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

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

- IFRS 9 ‘Financial Instruments’ – published by the International Accounting Standards Board on July 24th 2014; the standard’s final version supersedes previous versions of IFRS 9, completing the Board’s project to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’. The new standard regulates classification and measurement of financial assets and liabilities, as well as impairment and hedge accounting. IFRS 9 does not include guidelines on hedge accounting of portfolios of financial assets and liabilities, since these matters are covered by a separate project of the International Accounting Standards Board. The standard is effective for annual periods beginning on or after January 1st 2018;
- IFRIC 21 ‘Levies’ – effective for annual periods beginning on or after June 17th 2014;
- Amendments to IAS 19 ‘Employee Benefits’ – effective for annual periods beginning on or after July 1st 2014;
- IFRS 14 ‘Regulatory Deferral Accounts’ – published by the International Accounting Standards Board on January 30th 2014, effective for annual periods beginning on or after January 1st 2016 ;
- IFRS 15 ‘Revenue from Contracts with Customers’ − published by the International Accounting Standards Board on May 28th 2014, effective for annual periods beginning on or after January 1st 2017;
- Annual Improvements to IFRSs cycle 2010–2012 – effective for annual periods beginning on or after July 1st 2014. The amendments concern:

  • IFRS 2: Definition of ‘vesting conditions’;

  • IFRS 3: Accounting for contingent consideration in a business combination;

  • IFRS 8: Aggregation of operating segments and reconciliation of the total of the reportable segments’ assets to the entity’s assets;

  • IFRS 13: Short-term receivables and payables;

  • IAS 7: Interest paid that is capitalised;

  • IAS 16/IAS 38: Revaluation method − proportionate restatement of accumulated depreciation;

  • IAS 24: Key management personnel;
- Annual Improvements to IFRSs cycle 2011−2013 – effective for annual periods beginning on or after July 1st 2014. The amendments concern:

  • IFRS 3: Scope exceptions for joint ventures;

  • IFRS 13: Scope of paragraph 52 (portfolio exception);

  • IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property;
- Amendments to IFRS 11 ‘Joint Arrangements’ – effective for annual periods beginning on or after January 1st 2016; The amendment introduces new requirements concerning disclosure of acquisition of an interest in a joint operation, and provides guidance on how to account for the acquisition;
- Amendments to IAS 16 and IAS 38 – effective for annual periods beginning on or after January 1st 2016; Amendments to IAS 16 and IAS 38 introduced the rule related to ‘consumption of the economic benefits’ with respect to recognition of depreciation and amortisation. The IASB has clarified that revenue-based methods should not be used to calculate depreciation or amortisation.

The Group believes that the other standards and interpretations will not have any material effect on its financial statements when first adopted.

8. Changes in estimates

In the first nine months of 2014, there were no changes to estimates, except changes in accruals and deferred income, depreciation/amortisation and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

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

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

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

Currency	Sep 30 2014	Dec 31 2013	Sep 30 2013
USD	3.2973	3.0120	3.1227
EUR	4.1755	4.1472	4.2163
HUF 100	1.3452	1.3969	1.4129
GBP	5.3549	4.9828	5.0452
UAH	0.2554	0.3706	0.3811
CZK	0.1518	0.1513	0.1641
CHF	3.4600	3.3816	3.4500
TRY	1.4491	1.4122	1.5334
INR 100	5.3535	4.8757	4.9816

Source: National Bank of Poland.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the Incentive Scheme adopted at the Company, to the extent it is implemented. To date, 2,178,474 shares have been allocated to be subscribed for by the eligible persons after certain criteria are met.

Given the low number of dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these condensed consolidated financial statements are similar.

	Jan 1−Sep 30 2014	Jan 1−Sep 30 2013
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29 908 244
Diluted number of shares	29,937,836	29 970 258
Net earnings from continuing operations for period per share		
- basic	0.20	0.18
- diluted	0.20	0.18

11. Operating segments

For management purposes, the Group is divided into separate segments, based on types of services rendered. The following reporting operating segments have been identified:

1. The segment of brokerage and related services, comprising IPOPEMA Securities' business, i.e. brokerage and investment banking activities, which focus on public offerings of securities (particularly equities) – where the Company acts as the coordinator, offering broker and financial adviser – issue of debt instruments, M&A transactions and management buy-outs, as well as advisory mandates concerning the raising of financing on the private market, including from *private equity* funds and through *pre-IPO placements*. The segment also includes advisory services related to corporate financial restructuring.
2. The segment of investment fund and portfolio management, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3. The segment of consultancy services, comprising services of IPOPEMA Business Consulting, which focuses on business and management consultancy, computer facilities management, computer consultancy and software-related activities.

Operating segments	for the nine months ended September 30th 2014 Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	36,218	33,781	10,232	**80,231**
Intersegment sales	-	-2,275	-	**-2,275**
Sales to external clients	**36,218**	**31,506**	**10,232**	**77,956**
Segment's costs				
Segment's costs – purchases from external suppliers	-31,481	-27,861	-9,424	**-68,766**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	2,348	-	**2,348**
Segment's total costs	**-31,481**	**-25,513**	**-9,424**	**-66,418**
Segment's profit/(loss) on core activities	**4,737**	**5,993**	**808**	**11,538**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	4,737	5,993	808	**11,538**
Interest income	385	114	38	**537**
Interest expenses	-901	-28	-	**-929**
Other net finance income/costs	487	96	8	**591**
Other income/expenses	-67	-192	42	**-217**
Consolidation eliminations	-3,063	-10	-	**-3,073**
Profit before tax and non-controlling interests	**1,578**	**5,973**	**896**	**8,447**
Income tax	723	1,265	176	**2,164**
Consolidation eliminations	-	-4	-	**-4**
Total corporate income tax	**723**	**1,261**	**176**	**2,160**
Net profit for period	**855**	**4,712**	**720**	**6,287**
Net profit for period, excluding costs of the incentive scheme	***951***	***4,712***	***720***	***6,383***
Assets and liabilities as at Sep 30 2014				
Segment's assets	481,482	27,559	8,877	**517,918**
Unallocated assets	-	-	-	**-**
Total assets	**481,482**	**27,559**	**8,877**	**517,918**
Segment's liabilities	426,396	3,116	1,832	**431,344**
Accruals and deferred income	2,817	1,992	-	**4,809**
Segment's net profit (loss)	855	4,712	720	**6,287**
Equity (net of profit/loss for current period)	54,265	15,819	1,873	**71,957**
Non-controlling interests	-	-	3,521	**3,521**
Total equity and liabilities	**484,333**	**25,639**	**7,946**	**517,918**

Operating segments	for the nine months ended September 30th 2013			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	40,448	28,003	8,741	**77,192**
Intersegment sales	-	-2,685	-	**-2,685**
Sales to external clients	**40,448**	**25,318**	**8,741**	**74,507**
Segment's costs				
Segment's costs – purchases from external suppliers	-33,489	-26,458	-7,283	**-67,230**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	2,924	-	**2,924**
Segment's total costs	**-33,489**	**-23,534**	**-7,283**	**-64,306**
Segment's profit/(loss) on core activities	**6,959**	**1,784**	**1,458**	**10,201**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	6,959	1,784	1,458	**10,201**
Interest income	526	79	201	**806**
Interest expenses	-1,059	-29	-5	**-1,093**
Other net finance income/costs	-549	69	125	**-355**
Other income/expenses	-56	-146	4	**-198**
Consolidation eliminations	-1,354	-62	-	**-1,414**
Profit before tax and non-controlling interests	**4,467**	**1,695**	**1,783**	**7,945**
Income tax	-1,150	-412	-313	**-1,875**
Consolidation eliminations	-	15	-	**15**
Total corporate income tax	**-1,150**	**-397**	**-313**	**-1,860**
Net profit for period	**3,317**	**1,298**	**1,470**	**6,085**
Net profit for period, excluding costs of the incentive scheme	***3,520***	***1,298***	***1,470***	***6,288***
Assets and liabilities as at Dec 31 2013				
Segment's assets	315,527	26,332	10,654	**352,513**
Unallocated assets	-	-	-	**-**
Total assets	**315,527**	**26,332**	**10,654**	**352,513**
Segment's liabilities	249,872	5,810	2,300	**257,982**
Accruals and deferred income	6,395	2,764	29	**9,188**
Segment's net profit (loss)	4,307	3,054	2,009	**9,370**
Equity (net of profit/loss for current period)	58,858	12,731	223	**71,812**
Non-controlling interests	-	-	4,161	**4,161**
Total equity and liabilities	**319,432**	**24,359**	**8,722**	**352,513**

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

Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	Sep 30 2014	Dec 31 2013
Cash and other assets of the Group		
a) at banks and in hand	18,509	24,212
b) other	19,427	28,537
Total	**37,936**	**52,749**
Cash and other assets:		
a) cash and other assets of the Group	30,337	34,309
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	7,599	18,440
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**37,936**	**52,749**

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

Clients' cash deposited in the Parent's bank account, in the amount of PLN 7,599 thousand as at September 30th 2014, and PLN 18,440 thousand as at December 31st 2013, is also disclosed under 'Other cash'.

Receivables

Current receivables	Sep 30 2014	Dec 31 2013
From clients / trade receivables	213,662	96,726
- under transactions executed on the Warsaw Stock Exchange	190,149	58,527
- under transactions executed on the Budapest Stock Exchange	9,514	27,504
- under transactions executed on the Prague Stock Exchange	-	138
- under transactions executed on the Istanbul Stock Exchange	3,162	-
- under transactions executed on the Frankfurt Stock Exchange	100	-
- under transactions executed on the New York Stock Exchange	1,685	-
- other	9,052	10,557
From related entities	155	276
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	193,981	132,899
- under transactions executed on the Warsaw Stock Exchange*	180,005	93,891
- under transactions executed on the Budapest Stock Exchange	9,307	5,396
- under transactions executed on the Prague Stock Exchange	2,341	-
- under transactions executed on the New York Stock Exchange	594	31,789
- under transactions executed on the London Stock Exchange	-	92
- under transactions executed on the Stockholm Stock Exchange	-	55
- under transactions executed on Nasdaq	1,652	-
- other	82	1,676
From entities operating regulated markets and commodity exchanges	-	-
From the National Depository for Securities and exchange clearing houses	36,140	34,693
- from the settlement guarantee fund	36,140	34,693
- other	-	-

From investment and pension fund companies and from investment and pension funds	4,607	5,456
From issuers of securities or selling shareholders	701	2,078
From commercial chamber	-	-
Taxes, subsidies and social security receivable	55	176
Other	7,445	2,646
Total current receivables	**456,746**	**274,950**

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

Current receivables and liabilities are recognised predominantly in connection with the executed buy and sell transactions in securities, not yet settled at clearing houses.

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

Financial assets

In the first nine months of 2014 and in the comparative period, the policies regarding measurement of financial assets at fair value and classification of financial assets did not change. Neither did the Group record any changes in its economic environment or trading conditions which would materially affect the fair value of its financial assets and liabilities.

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

In the first nine months of 2014 and in 2013, the Group 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 14).

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

In the first nine months of 2014, the Group acquired property, plant and equipment and intangible assets for PLN 683 thousand (the first nine months of 2013: PLN 2,826 thousand).

Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2014 and in 2013, the Group did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchase of property, plant and equipment

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

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

Share capital

As at September 30th 2014, the Group's share capital was PLN 2,993,783.60 (no change relative to December 31st 2013).

It was divided into 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.

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

Change in accruals and deferred income

	Jan 1–Sep 30 2014	Jan 1–Sep 30 2013	2013
As at beginning of reporting period	**9,159**	**7,980**	**7,980**
Provisions created in period	10,636	11,246	19,249
Used	14,763	13,157	17,488
Reversed	223	162	582
As at end of reporting period	**4,809**	**5,907**	**9,159**

Impairment losses on receivables

In the first nine months of 2014, impairment losses on receivables went up by PLN 368 thousand (with an increase of PLN 201 thousand in Q3 2013), following recognition of new impairment losses. In the comparative period last year (the first nine months of 2013), impairment losses on receivables decreased by PLN 1,088 thousand (in Q3 2013, impairment losses on receivables remained flat), chiefly as a result of the use of previously recognised impairment losses. In 2013, impairment losses on receivables increased by PLN 255 thousand.

Liabilities (current)

Current liabilities	**Sep 30 2014**	**Dec 31 2013**
To clients	171,672	146,317
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	239,453	103,140
- to the Warsaw Stock Exchange *	221,410	74,326
- to the Budapest Stock Exchange	13,104	28,676
- to the Prague Stock Exchange	-	138
- to the Istanbul Stock Exchange	3,157	-
- to the New York Stock Exchange	1,682	-
- to the Frankfurt Stock Exchange	100	-
To entities operating regulated markets and commodity exchanges	779	844
- liabilities to the Warsaw Stock Exchange	708	767
- liabilities to the Budapest Stock Exchange	20	30
- liabilities to the Prague Stock Exchange	6	10
- liabilities to the Vienna Stock Exchange	45	37
To the National Depository for Securities and exchange clearing houses	1,917	249
Borrowings	12,446	2,589
- from related entities	-	-
- other	12,446	2,589
Debt securities	4	4
Taxes, customs duties and social security payable	954	1,339
Salaries and wages	-	-
To investment and pension fund companies and to investment and pension funds	1,339	1,281
Other	1,986	1,128
a) dividends payable	-	-
b) other	1,986	1,128
- financial liabilities (valuation of fx swap and forward contracts)	-	-
- other liabilities	1,986	1,128
Total current liabilities	**430,550**	**256,891**

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

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

Interest-bearing borrowings

Current liabilities under borrowings	**Sep 30 2014**	**Dec 31 2013**
Credit facility	12,446	2,589
- outstanding amount	12,446	2,589
Current liabilities under borrowings	**12,446**	**2,589**

As at September 30th 2014, the Group's liabilities under borrowings related to its brokerage business amounted to PLN 12,446 thousand (December 31st 2013: PLN 2,589 thousand). The liabilities result from two working-capital overdraft facility agreements executed by the Company on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on September 16th 2015:

1. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities 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 2.
2. 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 Polish National Depository for Securities. 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 1 above, both credit facilities are jointly secured by a PLN 4m security deposit.

Bonds

In the first nine months of 2014, the Company issued registered bonds with a total par value of PLN 6.4 thousand, maturing in 2014–2017 depending on the series. In 2013, the Company issued bonds with a total par value of PLN 10 thousand, maturing in 2013–2015 depending on the series. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Regulation on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of issue of these interim condensed consolidated financial statements, in 2014 the Company has redeemed PLN 4.4 thousand worth of bonds (including PLN 4 thousand in the first nine months of 2014). In 2013, the Company redeemed PLN 4 thousand worth of bonds.

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

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

Revenue from core activities

Revenue from core activities	Jan 1– Sep 30 2014	Jul 1– Sep 30 2014	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013
Revenue from trading in securities	27,773	7,931	33,395	10,228
Revenue from investment banking services	8,418	1,614	6,634	253
Revenue from investment fund and asset management	31,506	10,537	25,318	9,256
Revenue from consultancy services	10,232	4,089	8,741	2,977
Other revenue from core activities	27	13	419	241
Total revenue from core activities	**77,956**	**24,184**	**74,507**	**22,955**

Cost of core activities

Cost of core activities	Jan 1– Sep 30 2014	Jul 1– Sep 30 2014	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013
Affiliation costs	-		-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	8,038	2,772	10,549	3,162
Fees payable to commercial chamber	-	-	-	-
Salaries and wages	27,946	8,591	27,895	9,445
Social security and other benefits	2,023	409	1,812	347
Employee benefits	380	111	347	93
Raw material and consumables used	542	157	494	131
Costs of maintenance and lease of buildings	2,915	983	2,933	879
Depreciation and amortisation expenses	1,909	647	1,586	587
Taxes and other public charges	1,597	454	1,407	282
Commissions and other charges	-	-	33	3
Other	21,068	6,589	17,250	5,279
Total cost of core activities	**66,418**	**20,713**	**64,306**	**20,208**

16. Income tax

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

	Jan 1– Sep 30 2014	Jul 1– Sep 30 2014	Jan 1– Sep 30 2013	Jul 1– Sep 30 2013
Current income tax				
Current income tax expense	1,051	254	940	-83
Deferred income tax				
Relating to temporary differences and their reversal	1,109	423	920	622
Income tax expense disclosed in the statement of comprehensive income	**2,155**	**677**	**1,847**	**545**
Tax on unrealised gain/(loss) on financial assets available for sale	-5	-	-13	6
Tax on cash flow hedges settled during the year	-	-	-	-
Tax benefit/tax expense recognised in equity	**-5**	**-**	**-13**	**6**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. As there is no possibility of referring to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

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

Deferred tax

In the first nine months of 2014, deferred tax liabilities increased by PLN 71 thousand (with an increase of PLN 64 thousand in Q3 2014). As at September 30th 2013 and December 31st 2012, there were no deferred tax liabilities, while in Q3 2013 deferred tax liabilities went down by PLN 37 thousand.

In the first nine months of 2014, deferred tax assets fell by PLN 1,042, including a decrease of PLN 358 thousand in Q3 2014. In the first nine months of 2013, deferred tax assets went down by PLN 862 thousand, including a decrease of PLN 652 thousand in Q3 2013.

17. Employee benefits – employee share option plans

In Q3 2014, the eligible persons did not subscribe for any shares, whereas in Q3 2013 they subscribed for 185,714 shares.

In total, on a consolidated basis, the cost of the Group's option plans increased the cost of salaries and wages in the first nine months of 2014 by PLN 96 thousand (including PLN 27 thousand in Q3 2014); the amount was charged against IPOPEMA Securities S.A.'s profit. In the comparative period, i.e. the first nine months of 2013, the cost of these plans increased the cost of salaries and wages by PLN 203 thousand (including PLN 50 thousand in Q3 2013); the amount was charged against IPOPEMA Securities S.A.'s profit.

Share Option Plan II was measured using the Black-Scholes model, adjusted by continuous yield dividend and the dilution effect (decrease in the value of individual shares as a result of issuing new shares at a price below market). Share Option Plan III was measured using the binomial tree model.

18. Dividends paid and proposed

On June 17th 2014, the General Meeting of the Company resolved to distribute dividend of PLN 9m. The 2013 profit of PLN 5,619 thousand and PLN 3,381 thousand of reserve funds were allocated to dividend payment. The dividend per share was PLN 0.30. The dividend record date was set for June 25th 2014, and the dividend payment date – for July 9th 2014. On the dividend payment date, a total of PLN 8,981 thousand was paid out to the shareholders. The distribution amount was PLN 19 thousand lower than the PLN 9m approved by the General Meeting as a result of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's reserve funds.

On May 13th 2014, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend of PLN 2m, i.e. PLN 35.71 per share. As at the date of these condensed consolidated financial statements, the full amount of the dividend was paid out to the Company.

On May 19th 2014, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2013 of approximately PLN 999.50 per share. The full amount of the dividend was paid out.

On May 23rd 2013, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 1m, i.e. PLN 1.00 per share.

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

In the first nine months of 2014, the Company did not issue any shares, while in the corresponding period of 2013 it issued 185,714 Series C shares (see Note 17).

In the first nine months of 2014 the Company issued 24 bonds with a total par value of PLN 6.4 thousand, while in the corresponding period of 2013 it issued 10 bonds with a par value of PLN 1,000 each (see Note 14).

By the date of issue of these interim condensed consolidated financial statements, in 2014 the Company has redeemed PLN 4.4 thousand worth of bonds (including PLN 4 thousand in the first nine months of 2014). In the comparative periods, the Company redeemed PLN 4 thousand and PLN 2 thousand worth of bonds, respectively.

20. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., a subsidiary of IPOPEMA Securities, IPOPEMA Business Services Srl, a subsidiary of IPOPEMA Securities, and IPOPEMA Business Services Kft. and IPOPEMA Outsourcing Sp. z o.o., a subsidiary of IBC, were not consolidated in these condensed consolidated financial statements.

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Sep 30 2014	1	210	0.2
% share in Parent's total assets	-	0.04	0
Revenue for period Jan 1–Sep 30 2014	-	668	0
% share in Parent's revenue	-	1.84	0
Net assets as at Sep 30 2014	1	27	0.2
Net profit (loss) for period Jan 1–Sep 30 2014	-1	15	0

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Sep 30 2013	5	826
% share in Parent's total assets	-	0.17
Revenue for period Jan 1–Sep 30 2013	-	918
% share in Parent's revenue	-	2.27
Net assets as at Sep 30 2014	4	12
Net profit (loss) for period Jan 1–Sep 30 2013	-1	212

21. Seasonality of operations

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

22. Contingent liabilities and contingent assets

In the period covered by these condensed consolidated financial statements, the Company carried contingent liabilities under lease agreements. Group companies lease office space under lease agreements. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use the building was executed for a period of five years, with an option to extend its term for another two years.

Minimum lease payments are presented in the table below.

Lease liabilities	Sep 30 2014	Dec 31 2013
	Present value of minimum lease payments	
Within 1 year	3,005	2,613
Within 1 to 5 years	12,020	10,372
Over 5 years	873	2,699
Total lease liabilities	**15,898**	**15,684**

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

In the reporting period, the Group did not carry any contingent liabilities other than under lease agreements. As at December 31st 2013, contingent assets stood at PLN 34 thousand.

In Q4 2014, the Company will incur a cost of up to CZK 413 thousand (PLN 63 thousand) under an agreement with the clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement is not reached, which is a condition for incurring that cost. In the corresponding period of 2013, the cost was CZK 696 thousand (PLN 114 thousand).

In addition to the above and the guarantees specified in Note 23, the Company also issued promissory notes as security for a credit facility (for a detailed description see Note 14), and paid a deposit of PLN 1m as security in the settlement of transactions on foreign stock exchanges.

23. Guarantees

In January 2012, Nordea Bank Polska S.A. (presently PKO Bank Polski S.A.) issued a guarantee to the Company up to a total amount of EUR 273 thousand, secured with a cash deposit of PLN 1,239 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

In April 2012, BRE Bank S.A. provided a guarantee in respect of the Company's liabilities for the benefit of the Hungarian Branch of Deutsche Bank AG, which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on the Budapest Stock Exchange. The guarantee was issued for the amount of EUR 2.5m, and secures the Company's timely payment of its liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearance of BSE transactions. Under amendments made to the guarantee agreement in 2014, the guarantee was extended until April 1st 2015. In particular cases specified in the agreement, the guarantee expires on July 1st 2015. The guarantee is secured with a PLN 2.5m cash deposit.

24. Related-party transactions

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

In the first nine months of 2014 and in 2013, the Group did not conclude any material transactions with related parties other than on an arm's length basis.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1–Sep 30 2014				Jan 1–Sep 30 2013			
IPOPEMA Business Services Kft.	-	102	550	98	-	101	562	94
Members of the Management and Supervisory Boards	60	31	10	-	67	18	13	-
Other related entities	-	-	-	-	5	-	-	-
Total	**60**	**133**	**560**	**98**	**72**	**119**	**575**	**94**

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jul 1–Sep 30 2014				Jul 1–Sep 30 2013			
IPOPEMA Business Services Kft.	-	33	180	33	-	34	191	32
Members of the Management and Supervisory Boards	1	4	3	-	-	13	-	-
Other related entities	-	-	-	-	5	-	-	-
Total	**1**	**37**	**183**	**33**	**5**	**47**	**191**	**32**

Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013
IPOPEMA Business Services Kft.	152	280	-	-
Members of the Management and Supervisory	22	77	-	-
Total	**174**	**357**	**-**	**-**

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

25. Items of the condensed consolidated statement of cash flows

Operating activities – provision of brokerage and consulting services as well as fund and asset management services, acting as market maker to perform tasks related to the organisation of the regulated market, acquisition and disposal of securities in the capacity of a dealer.

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

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

Structure of cash

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows	
	Sep 30 2014	Dec 31 2013	Sep 30 2014	Dec 31 2013
Cash and cash equivalents	**37,936**	**52,749**	**38,056**	**53,041**
1. In hand	6	7	6	7
2. At banks	18,503	24,205	18,503	24,205
3. Other cash	19,427	28,537	19,427	28,537
4. Cash equivalents (deposit for a period exceeding three months)	-	-	-	-
Accrued foreign exchange differences	-	-	120	292

The difference between the presentation of cash in the statement of financial position and the statement of cash flows as at September 30th 2014 and December 31st 2014 follows from presentation of cash net of the effect of foreign exchange differences.

Cash at the end of the period comprises the Group's own and its clients' cash and cash equivalents − for more information on the structure of cash see Note 12.

Differences in changes in balance-sheet items

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Sep 30 2014	Dec 31 2013	Sep 30 2014
Gross current and non-current receivables	460,064	277,893	-182,192
Net receivables	459,089	277,286	
Impairment losses on receivables	975	607	368
Current prepayments and accrued income	1,274	1,316	
Non-current prepayments and accrued income	-	-	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	4,765	9,057	
Change in accruals and deferrals			**-4,250**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at September 30th 2014 net of the amount of receivables under dividend, loans advanced, security deposit receivable, receivables under disposal of investment certificates, and non-current receivables, disclosed under investing activities, and the amount of lease receivables (non-current portion) disclosed under financing activities.

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Sep 30 2013	Dec 31 2012	Sep 30 2013
Gross current and non-current receivables	422,962	520,308	97,501
Net receivables	422,327	519,956	
Impairment losses on receivables	635	352	283
Current prepayments and accrued income	1,392	750	
Non-current prepayments and accrued income	-	-	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	5,865	7,976	
Change in accruals and deferrals			-2,753

Explanation concerning other items of the condensed consolidated statement of cash flows

	Jan 1– Sep 30 2014	Jan 1– Sep 30 2013
Cash flows from operating activities		
Other adjustments	96	248
- incentive scheme	96	203
- other	-	45
Cash flows from investing activities		
Other cash used in investing activities	-	1,000
- cash deposit securing a bank guarantee	-	1,000
Other cash from investing activities	230	331
- decrease in lease receivables	14	98
- dividend received	26	8
- interest received	190	225

26. Pending court or administrative proceedings

In May 2014, the President of the Office of Competition and Consumer Protection issued a final decision imposing a fine of PLN 17.7 thousand (EUR 4 thousand) on IPOPEMA Asset Management S.A. The fine was related to procedural irregularities which took place prior to the acquisition of Credit Suisse Asset Management (Polska) S.A. ('CSAM') by IPOPEMA Securities S.A. (CSAM belonged then to the Credit Suisse Group). As at the date of this report, the fine had been paid.

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance with the provisions of its Articles of Association by one of the funds. As at the date of these condensed consolidated financial statements, the proceedings are pending.

27. Material events and factors in the first nine months of 2014

Situation on the equity markets of the Warsaw, Budapest and Prague Stock Exchanges

With substantial index movements, investor activity on all Company markets in Q1−Q3 2014 was lower year on year: the trading volumes on the WSE, BSE and PSE markets went down by 4.7%, 9.2% and 13.4%, respectively. Over the same period, the Company's market share declined to 7.10% on the WSE and 3.51% on the BSE (from 9.28% and 6.40%, respectively, in the corresponding period of 2013). As a result, the Company's revenue from trading in securities in January−September 2014 declined by 16.8% year on year (PLN 27,773 thousand vs. PLN 33,395 thousand).

Investment banking services

Despite limited activity on the part of both issuers and investors, IPOPEMA Securities' performance in the area of equity offerings improved in the first nine months of 2014 relative to the same period of 2013. IPOPEMA Securities acted as a global coordinator for the sale of Globe Trade Centre S.A. shares, and carried out share offerings of Comperia, Braster, J.W. Construction and Orphee, as well as a public offering of convertible bonds of MCI Management. The Company also acted as an advisor to Towarzystwo Finansowe Silesia and PP Porty Lotnicze. All in all, total revenue from investment banking services was up 26.9%, to PLN 8,418 thousand.

Activities of IPOPEMA TFI and IPOPEMA Asset Management

The key driver of improved revenue from fund and portfolio management was an increase in the value of assets in the funds managed by IPOPEMA TFI. As at the end of September 2013, assets under management of IPOPEMA TFI totalled PLN 12.5bn, whereas as at the end of September 2014 their value rose to PLN 26.4bn. This asset value growth made IPOPEMA TFI the largest investment fund company in terms of assets under management in August and September 2014. At the same time, a 24.4% revenue increase in January−September 2014 translated into a more than threefold net profit growth (PLN 4,712 thousand against PLN 1,298 thousand in Q1−Q3 2013), in spite of a 8.4% rise in the operating expenses.

IPOPEMA Business Consulting

Despite a 17.1% year-on-year growth in revenue for the first nine months of 2014, IPOPEMA Business Consulting posted a lower net profit (PLN 720 thousand vs. PLN 1,470 thousand a year earlier) due to a 29.4% rise in the operating expenses (driven by the headcount increase related to ongoing projects and projects planned for 2015).

28. Events subsequent to the end of reporting period

All events relating to the reporting period were disclosed in the accounting books and the condensed consolidated financial statements for the period January 1st–September 30th 2014. No material events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, November 6th 2014

____________________	____________________	____________________	____________________
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