

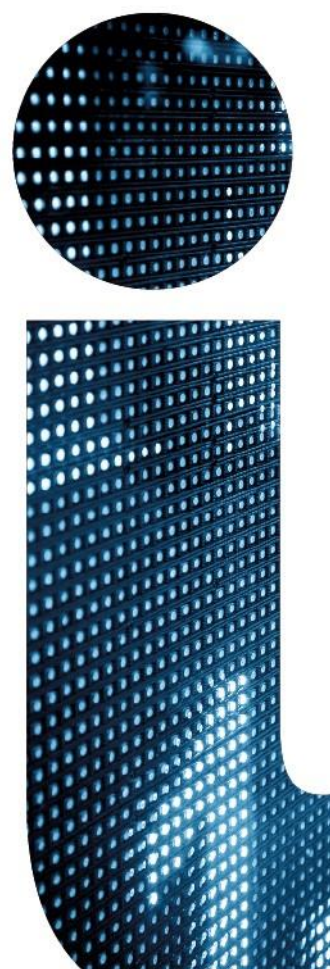
IPOPEMA Securities S.A.

Financial statements

for the year ended December 31st
2017

Warsaw, March 27th 2018

ipopema



Statement of compliance

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

- To the best of our knowledge, the full-year separate financial statements for the year ended December 31st 2017 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial conditions and financial performance of IPOPEMA Securities S.A.
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which audited the full-year separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the full-year financial statements of IPOPEMA Securities S.A. as at December 31st 2017 meet the criteria for issuing an objective and independent auditor's opinion on the full-year financial statements, in accordance with the applicable laws and professional standards.
- The Directors' Report for 2017 gives a true picture of the Company's development, achievements and position; it also includes a description of key risks and threats.

Warsaw, March 27th 2018

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board

Financial highlights

Financial highlights	PLN '000		EUR '000	
	2017	2016	2017	2016
Revenue from core activities	45,070	37,458	10,618	8,560
Cost of core activities	39,315	37,238	9,262	8,510
Profit on core activities	5,755	220	1,356	50
Operating profit	3,900	1,710	919	391
Profit before tax	1,713	1,027	404	235
Net profit	1,263	1,046	298	239
Earnings per ordinary share (weighted average) (PLN/ EUR)	0.04	0.03	0.01	0.01
Net cash flow from operating activities	9,703	- 100,143	2,286	- 22,886
Net cash from investing activities	1,456	- 3,672	343	- 839
Net cash from financing activities	10,478	- 4,897	2,468	- 1,119
Total cash flows	21,637	- 108,712	5,097	- 24,844

Financial highlights	PLN '000		EUR '000	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Total assets	322,325	305,012	77,279	68,945
Current liabilities	256,697	239,162	61,545	54,060
Equity	61,756	61,405	14,806	13,880
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.06	2.05	0.49	0.46

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2017	2016
EUR	4.2447	4.3757

- For the balance sheet:

Exchange rate as at	Dec 31 2017	Dec 31 2016
EUR	4.1709	4.4240

- The lowest and the highest EUR exchange rate in the period:

EUR	2017	2016
Lowest exchange rate	4.1709	4.2355
Highest exchange rate	4.4157	4.5035

Introduction to the 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. Prózna 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 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 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 approval of these financial statements, no circumstances were identified which would threaten the Company continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is December 31st 2017.

Composition of the Management Board and the Supervisory Board

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

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

As at December 31st 2016, the Management Board comprised also Daniel Ścigała. On January 4th 2017, Mr Ścigała tendered his resignation as a Management Board Member, with effect as of January 31st 2017.

As at the date of these 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.

In connection with the expiry of the statutory mandate of the Supervisory Board, on June 27th 2017 the Annual General Meeting elected the Supervisory Board for the next term of office. Mr Zbigniew Mrowiec, who resigned as candidate for the new term, was replaced on the Supervisory Board by Piotr Szczepiórkowski.

Basis of preparation

These financial statements cover the period January 1st–December 31st 2017 and contain comparative data for the period January 1st–December 31st 2016.

These financial statements have been prepared in accordance with the Polish Accounting Standards ('PAS').

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

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

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

Identification of financial statements

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

These 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.

These financial statements have been prepared in compliance with the Polish Accounting Standards ('PAS'), including:

- Polish Accounting Act of September 29th 1994 – Dz. U. of 2018, item 395 (the 'Accounting Act');
- Regulation of the Minister of Finance on special accounting principles for brokerage houses of December 28th 2009 – Dz.U. of 2017, item 123;
- Regulation of the Minister of Finance on detailed recognition principles, method of measurement, scope of disclosure and presentation of financial instruments of December 12th 2001 – Dz.U. of 2017, item 277;
- Act on Trading in Financial Instruments of July 29th 2005 – Dz.U. of 2017, item 1768, as amended;
- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 26th 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 ('CRR') – OJ L 176.1 of June 27th 2013, as amended;
- Regulation of the Minister of Finance of October 18th 2005 on the scope of information to be disclosed in financial statements and consolidated financial statements required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply – Dz.U. of 2017, item 1927, as amended;
- Minister of Finance's Regulation of February 19th 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state – Dz.U. of 2014, item 133, as amended.

Information on subsidiaries

The Company is the parent of IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. of Warsaw, IPOPEMA Business Consulting Sp. z o.o. of Warsaw, IPOPEMA Financial Advisory Sp. z o.o. of Warsaw, IPOPEMA

Financial Advisory Sp. z o.o. spółka komandytowa of Warsaw, and IPOPEMA Business Services Srl. of Bucharest. The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'Group').

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iv) intermediation in the sale and redemption of investment fund units, and (v) representation service for foreign funds. As at December 31st 2017, IPOPEMA TFI's share capital amounted to PLN 10,599,441.00 and comprised 3,533,147 registered shares. The composition of the Management Board was as follows: Jarosław Wikaliński (President), Maciej Jasiński and Jarosław Jamka (Vice Presidents), and Renata Wanat-Szelenbaum (Member). The board members have many years of practice and experience in financial markets, including in asset management and creation of investment funds. On November 28th 2017, Renata Wanat-Szelenbaum was removed from the Management Board. On March 14th 2017, Maciej Jasiński tendered his resignation from the Management Board citing personal reasons, but he has stayed with the IPOPEMA Group and continues to be involved in the activities of IPOPEMA TFI. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Business Consulting Sp. z o.o. ('IPOPEMA BC', 'IBC') was established on August 26th 2008. Its share capital amounts to PLN 100,050 and comprises 2,001 shares, of which 1,001 are held by IPOPEMA Securities S.A., and the remaining 1,000 shares are held in equal parts by its partners: Eliza Łoś-Strychowska and Tomasz Rowecki, who are the Management Board of IPOPEMA BC. The company's business profile comprises: (i) other business and management consulting services (ii) computer facilities management activities, (iii) IT advisory services, (iv) software-related activities, (v) wholesale of computers, computer peripheral equipment and software.

IPOPEMA Financial Advisory Sp. z o.o. ('IFA'); in May 2016, the Company purchased from IBC all shares in IPOPEMA Outsourcing Sp. z o.o.; in August, the company's name was changed to IPOPEMA Financial Advisory Sp. z o.o. (IFA). IFA is wholly owned by the Company.

IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ("IFA SK") – in July 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa, with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company's maximum liability for IFA SK's liabilities to creditors is PLN 7,750. The structure comprising IFA and IFA SK was established in connection with the transfer to IFA SK of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, previously provided by IPOPEMA Securities. The transfer was effected in February 2017 (Jarosław Błaszczak, a limited partner in IFA SK, cooperates with the Company in this business area).

IPOPEMA Business Services Srl of Bucharest, Romania ("IBS Srl"), is a commercial company under Romanian law, established on September 24th 2014. IBS Srl is wholly owned by IPOPEMA Securities S.A. As at December 31st 2017, the share capital of IBS Srl amounted to RON 200 (PLN 196).

Following the change of the business model for foreign markets, the process of winding up IBS Srl. began in 2016;

IBS Srl oraz IFA were not consolidated due to the immateriality of their financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards.

Business combinations

In the periods covered by these financial statements, there were no business combinations as referred to in Art. 44.b and Art. 44.c of the Polish Accounting Act.

Correction of errors and corrections resulting from qualifications contained in auditor's opinions

No corrections of errors were made in these financial statements.

Applied accounting standards, methods of valuation of assets, equity and liabilities (including depreciation/amortisation), measurement of profit (loss):

1) Cash and cash equivalents

Cash and cash equivalents disclosed in the balance sheet include cash in hand and at banks, as well as short-term deposits.

The balance of cash and cash equivalents shown in the statement of cash flows comprises the same cash and cash equivalent items.

Cash is measured at nominal value.

2) Property, plant and equipment, and intangible assets

Property, plant and equipment, and intangible assets are measured at cost less depreciation/ amortisation charges and impairment losses, if any.

Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the statement of profit or loss when incurred.

Depreciation/amortisation is charged using the straight-line method over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Company are presented in the table below:

Type of asset	Depreciation/amortisation rate
Plant and equipment	10% - 20%
Office equipment	20% - 44.50%
Computers	20% - 30%
Buildings and premises	14%
Intangible assets	20% - 50%

If the initial value of an item of property, plant and equipment or an intangible asset is less than PLN 3,500, such asset is expensed on a one-off basis. However, if required by the Company's interest, items of property, plant and equipment, and intangible assets with the value lesser than PLN 3,500 may be entered into the register of non-current assets.

An item of property, plant and equipment or an intangible asset may be derecognised from the balance sheet following its disposal or if no further economic benefits are expected to be derived from its further use. The Company tests its non-current assets for impairment at least once a year. Impairment takes place when it is highly probable that an asset controlled by the entity will fail to deliver, in whole or in significant part, the expected future economic benefits. This warrants recognition of an impairment loss on the asset to bring its carrying amount to net realisable value or, if not available, to its fair value determined by other methods. Any income and costs resulting from a given asset being derecognised from the balance-sheet, are charged to the statement of profit or loss in the period the asset was derecognised.

Residual values, useful lives and methods of depreciation /amortisation of assets are reviewed and, if necessary, adjusted at the end of each financial year.

3) Receivables

Short-term receivables

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

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

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

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

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

Impairment losses on receivables are charged to other expenses and disclosed in the statement of profit or loss under increase in impairment losses on receivables. The cost connected with recognition of impairment losses at

the time of confirming that particular receivables are uncollectible is a tax-deductible expense; in any other case, such cost is not tax-deductible.

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

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

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

Long-term receivables

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

4) Financial instruments

Financial instruments are classified into the following categories:

- a) Financial assets
 - financial assets held for trading,
 - loans and receivables,
 - financial assets held to maturity,
 - financial assets available for sale.
- b) 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 carried as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return. When determining the fair value as at the contract date, the Company takes into account transaction costs.

For measurement purposes, the Company takes into account closing prices quoted on the Warsaw Stock Exchange and the Budapest Stock Exchange on the last business day of the financial year. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate.

The Company does not apply hedge accounting.

Loans advanced and receivables

Loans and receivables include financial assets arising when the Company delivers cash directly to the counterparty, irrespective of the maturity date of such assets. Loans advanced and receivables are measured at adjusted cost, which is estimated using the effective interest rate method. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables

include mainly bank deposits, cash and loans advanced. Loans advanced include loans to IPOPEMA Securities S.A.'s employees and associates and loans to a subsidiary.

Financial assets held to maturity

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

Financial assets held to maturity are classified as non-current assets if their terms to maturity are longer than 12 months from the reporting date. The Company had no financial assets held to maturity in 2017 or 2016.

Financial assets available for sale

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

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

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

In this category, the Company classifies mainly bank borrowings, including 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 onto an independent third party.

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

5) Impairment of financial instruments

As at each reporting date the Company assesses whether there is any objective indication of impairment of a financial asset or a group of financial assets, e.g. whether there are any circumstances indicating that the entity may not receive (for reasons beyond its control) any amounts, other financial assets, goods or benefits owed to it; whether the previously expected timing of cash inflows from a given asset has changed; whether the market of financial instruments or investments used by the entity has experienced any adverse value movements.

6) Prepayments and accrued income

Current

Costs incurred in the current reporting period but related to future periods are recognised under current prepayments and accrued income, provided that the costs will be settled within 12 months from the reporting date.

Non-current

Deferred tax assets and other prepayments and accrued income which will be settled later than 12 months from the reporting date.

Deferred tax assets

Deferred tax assets are recognised in relation to all deductible temporary differences to the extent it is probable that the Company will generate taxable income sufficient to use the differences.

7) Liabilities

Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Current liabilities include all liabilities to clients, liabilities to related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the Central Securities Depository of Poland and exchange clearing houses and liabilities to entities operating

regulated securities markets, as well as all other liabilities not classified as non-current liabilities, accruals and deferred income or provisions for liabilities.

Liabilities are measured at amounts due. The recognition of current liabilities under executed transactions is discussed in Section 3 above.

Non-current liabilities

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

8) Provisions, accruals and deferred income

Accruals and deferred income

Costs attributable to the period but not yet incurred are recognised as accruals and deferred income, and disclosed under current liabilities.

Provisions include:

- a) deferred tax liability,
- b) other provisions.

Deferred tax liability

Deferred tax liability is recognised in relation to all taxable temporary differences.

Other provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event and when it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Other provisions are presented in the balance-sheet broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (within 12 months or more than 12 months from the reporting date).

9) Equity

Equity comprises the following items:

- share capital,
- reserve funds,
- revaluation capital reserve,
- retained earnings (deficit),
- net profit (loss).

Equity is recognised at par value, broken down into its particular components, as stipulated by applicable laws and the Company's Articles of Association.

Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. **Reserve funds** are created pursuant to the regulations of the Commercial Companies Code. They comprise earnings retained by the Company under a relevant resolution of the General Meeting and a share premium account.

Revaluation capital reserve is created from revaluation of financial assets available for sale – investment certificates and investment fund units.

Retained earnings / (deficit) comprises profit (loss) for the previous years.

Net profit (loss) comprises current financial year profit / (loss).

10) Recognition of revenue

Revenue from core activities is recognised if it is probable that the economic benefits associated with a transaction will flow to the Company and if the revenue and the related expenses can be reliably measured. Revenue comprises amounts received and receivable net of VAT. The amount of revenue is measured at fair value of the consideration received or receivable.

Where the date of commencement of a service and the date of its completion fall into different reporting periods, the related revenue and expenses are recognised by reference to the stage of completion of the service if the outcome of the transaction can be reliably measured, i.e. if (i) the degree of contract completion can be reliably measured, (ii) the total amount of revenue under the service contract and the amount of costs associated with the service can be measured reliably, and (iii) it is probable that the economic benefits associated with the contract

will flow to the Company. If the above conditions cannot be met, revenue is recognised only to the extent of costs incurred as at a given date that are recoverable. If it is probable that the total contract costs will exceed the total contract revenue, the expected loss on a contract is immediately recognised as expense.

Revenue denominated in foreign currencies is translated into the Polish zloty at the mid-exchange rate quoted by the National Bank of Poland on a day preceding the revenue generation date.

11) Accrual basis of accounting and matching principle

In determining its net profit (loss), the Company takes into account all revenues and related expenses attributable to a given period, irrespective of the date of payment.

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

12) Determination of net profit (loss)

Components of net profit (loss)

According to Appendix 1 to the Regulation of the Minister of Finance on special accounting principles for brokerage houses of December 28th 2009 (Dz.U. of 2017, No. 123), net profit (loss) comprises:

- Profit/(loss) on core activities
- Operating profit (loss),
- Pre-tax profit (loss),
- Income tax and other mandatory decrease of profit (increase of loss).

Method of determination of profit/(loss) on core activities

Profit/(loss) on core activities is the difference between:

revenue from core activities, comprising revenue from:

- brokerage activities:
 - a) acceptance and transfer of orders to buy and sell financial instruments
 - b) execution of orders to buy and sell financial instruments for the account of clients
 - c) management of portfolios comprising one or more financial instruments
 - d) investment advisory services
 - e) offering of financial instruments
 - f) provision of services in the performance of a standby or firm commitment underwriting agreements or execution and performance of other similar agreements involving financial instruments
 - g) 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
 - h) other
- other core activities

and costs of core activities, comprising costs incurred to generate revenue from business activities. The Company uses by-nature format for expenses. Non-deductible VAT (which is accounted for based on the sales structure and related to exempt activities) is recorded in natural expense accounts together with the cost of the underlying item (gross cost). Operating expenses are recorded under Group 4 'Expenses by nature and their settlement'. These include:

- fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses,
- payments to CCP
- fees payable to commercial chamber,
- salaries and wages,
- social security and other benefits,
- employee benefits,
- raw material and consumables used,
- costs of maintenance and lease of buildings,
- services,
- other expenses,

- depreciation and amortisation expenses,
- taxes and other public charges,
- commissions and other charges,
- other.

Method of determination of operating profit (loss)

Operating profit (loss) comprises the profit (loss) on core activities adjusted for:

- gain (loss) on transactions in financial instruments held for trading,
- gain (loss) on transactions in financial instruments held to maturity,
- gain (loss) on transactions in financial instruments available for sale,
- other income,
- other expenses.

Other income and operating expenses are income and expenses related indirectly to the Company's operations, including in particular income and expenses related to:

- disposal of property, plant and equipment, and intangible assets,
- impairment losses on property, plant and equipment, and intangible assets,
- impairment losses on receivables,
- recognition/reversal of provisions,
- compensation, penalties and fines,
- free-of-charge transfer or receipt, including by way of donation, of assets, including cash, for purposes other than acquisition or production of intangible assets,
- other.

Method of determination of pre-tax profit (loss)

Profit (loss) before tax comprises operating profit (loss) adjusted for:

- finance income,
- finance costs.

The Company's finance income includes interest on deposits, interest on loans advanced, other interest and foreign-exchange gains. Interest income is recognised in the statement of profit or loss as it accrues.

The Company classifies as finance costs in particular: borrowing costs, interest on borrowings, other interest, and foreign-exchange losses.

Method of determination of net profit (loss)

Net profit (loss) comprises pre-tax profit (loss) adjusted for income tax and other mandatory decrease of profit (increase of loss).

Income tax

Income tax affecting net profit (loss) for a given reporting period includes:

- current income tax,
- deferred income tax.

Current income tax

Current tax assets and current tax liabilities for the current period and for previous periods are measured at the amount of the expected payment due to the tax authorities or expected refund from the tax authorities, as appropriate, with the use of tax rates and based on fiscal regulations legally or actually binding as at the reporting date.

Deferred income tax

For the purposes of financial reporting, the Company recognises deferred tax using the balance-sheet liability method in relation to temporary differences recorded as at the reporting date between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the financial statements. Deferred income tax disclosed in the statement of profit or loss is the difference between deferred tax liabilities and assets as at the end and as at the beginning of period.

13) Statement of cash flows

The statement of cash flows is prepared using the indirect method.

14) Translation of foreign-currency items

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

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

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

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

Currency	December 31st 2017	December 31st 2016
USD	3.4813	4.1793
EUR	4.1709	4.4240
100 HUF	1.3449	1.4224
GBP	4.7001	5.1445
UAH	0.1236	0.1542
CZK	0.1632	0.1637
CHF	3.5672	4.1173
TRY	0.9235	1.1867
100 JPY	3.0913	3.5748
NOK	0.4239	0.4868
CAD	2.7765	3.0995
SEK	0.4243	0.4619
DKK	0.5602	0.5951
AUD	2.7199	3.0180
RON	0.8953	0.9749

* Source: National Bank of Poland.

Changes in estimates

In the reporting period, there were no changes in estimates other than changes in depreciation and amortisation, provisions, and impairment losses on receivables, as discussed in Notes 2, 9, 11 and 16.

Changes in applied accounting policies

In the reporting period, the Company changed the presentation of VAT costs in the statement of profit or loss, as discussed in the 'Comparability of the reported data' section.

Seasonality of operations

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

Comparability of the reported data

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

In 2017, the Company changed the method of recognising non-deductible VAT (accounted for based on the sales structure and related to exempt activities), which is now recorded in natural expense accounts together with the cost of the underlying item (gross cost). The impact of this change on the statement of profit or loss is presented in the table below.

	As at Dec 31 2016 (approved)	Presentation change	As at Dec 31 2016 (restated)
Cost of core activities	37,238	-	37,238
<i>including:</i>			
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	6,221	24	6,245
Raw material and consumables used	262	44	306
Services	7,623	810	8,433
Costs of maintenance and lease of buildings	1,550	275	1,825
Taxes and other public charges	1,544	- 1,202	342
Other	664	49	713

Indication and explanation of differences in amounts disclosed in these financial statements and comparative data prepared in accordance with Polish Accounting Standards, and amounts that would be disclosed in financial statements and comparative data prepared in accordance with IAS respectively

There are no material differences related to the applied accounting policies.

Warsaw, March 27th 2018

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Danuta Ciosek
Chief Accountant

ASSETS		Note	Dec 31 2017	Dec 31 2016
I.	Cash and cash equivalents	1, 8	48,730	27,119
1.	In hand		1	1
2.	At banks		5,891	11,466
3.	Other cash		42,811	15,644
4.	Cash equivalents		27	8
II.	Short-term receivables	2	251,613	255,106
1.	From clients		88,422	124,551
2.	From related entities		502	209
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		118,139	95,270
a)	under executed transactions		82,254	72,031
b)	other		35,885	23,239
4.	From entities operating regulated markets and commodity exchanges		-	-
5.	From the Central Securities Depository of Poland and from settlement and		209	213
5.a.	From CCP		43,299	34,694
6.	From investment and pension fund companies and from investment and pension funds		22	15
7.	From issuers of securities or selling shareholders		-	-
8.	Taxes, subsidies and social security receivable		15	40
9.	Other		1,005	114
III.	Financial instruments held for trading	3.18	3,009	126
1.	Equities		3,009	126
IV.	Current prepayments and accrued income	4	986	663
IV.a.	Short-term loans advanced	8	1,004	149
1.	To subordinated entities		947	-
2.	Other		57	149
V.	Financial instruments held to maturity	5	-	-
VI.	Financial instruments available for sale	6.18	10,844	12,853
1.	Equities		8,638	8,631
	- shares in subordinated entities		8,638	8,631
2.	Debt securities		10	10
3.	Investment fund units		2,000	4,019
4.	Investment certificates		196	193
VII.	Long-term receivables	7	-	1,384
VIII.	Long-term loans advanced	7, 8	35	54
1.	Other		35	54
IX.	Intangible assets	9	2,102	2,475
1.	Acquired permits, patents, licences and similar assets, including:		2,102	2,475
	- software		2,102	2,475
X.	Property, plant and equipment	11	2,287	3,746
1.	Tangible assets, including:		2,287	3,736
a)	buildings and premises		398	464
b)	computer assemblies		1,185	2,265
c)	other tangible assets		704	1,007
2.	Tangible assets under construction		-	10
XI.	Non-current prepayments and accrued income		1,715	1,337
1.	Deferred tax assets	12	1,374	1,093
2.	Other non-current prepayments and accrued income		341	244

XII. Called-up share capital not paid	-	-
XIII. Treasury shares	-	-
Total assets	322,325	305,012

Warsaw, March 27th 2018

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Financial statements of IPOPEMA Securities S.A. for 2017

EQUITY AND LIABILITIES		Note	Dec 31 2017	Dec 31 2016
I.	Current liabilities	13	256,697	239,162
1.	To clients		134,284	89,490
2.	To related entities		204	20
3.	To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		91,401	130,250
a)	under executed transactions		91,053	130,250
b)	other		348	-
4.	To entities operating regulated markets and commodity exchanges		505	602
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		43	62
5.a.	To CCP		86	1,982
6.	Borrowings		27,351	14,784
a)	other	18	27,351	14,784
7.	Debt securities		5	3
7a.	Negative fair value of financial instruments held for trading		-	-
8.	Taxes, customs duties and social security payable		665	535
9.	Salaries and wages		-	1
10.	To investment and pension fund companies and to investment and pension funds		183	154
11.	Other		1,970	1,279
II.	Non-current liabilities	15	40	158
1.	Debt securities		-	2
2.	Finance lease liabilities		40	156
	- from other entities		40	156
III.	Accruals	15	-	-
IV.	Provisions for liabilities	16	3,832	4,287
1.	Deferred tax liabilities		337	412
2.	Other		3,495	3,875
a)	non-current		126	382
b)	current		3,369	3,493
V.	Subordinated liabilities	17	-	-
VI.	Equity		61,756	61,405
1.	Share capital	19	2,994	2,994
2.	Reserve funds	21	57,500	57,352
a)	share premium		10,351	10,351
b)	statutory reserve funds		998	998
c)	reserve funds created pursuant to the Articles of Association		46,151	46,003
3.	Revaluation capital reserve	25	- 1	13
4.	Net profit		1,263	1,046
Total equity and liabilities			322,325	305,012
Book value (PLN '000)			61,756	61,405
Number of shares as at end of period			29,937,836	29,937,836
Book value per share (PLN)			2.06	2.05
Diluted number of shares			29,937,836	29,937,836
Diluted book value per share (PLN)			2.06	2.05

Warsaw, March 27th 2018

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OFF-BALANCE-SHEET ITEMS		Note	Dec 31 2017	Dec 31 2016
I.	Contingent liabilities	43	-	-
II.	Third-party assets used		-	-
III.	Futures/forwards purchased or issued in the name and for the account of the brokerage house		-	-
IV.	Other off-balance sheet items		-	-

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Statement of profit or loss		Note	2017	2016
I.	Revenue from core activities, including:	27	45,070	37,458
	- from related entities		769	2
1.	Revenue from brokerage activities, including:		44,639	37,458
a)	acceptance and transfer of orders to buy and sell financial instruments		584	5
b)	execution of orders to buy and sell financial instruments for the account of clients		24,625	24,680
c)	offering of financial instruments		10,320	5,633
d)	keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		119	9
e)	other		8,991	7,131
2.	Revenue from other core activities		431	-
II.	Cost of core activities		39,315	37,238
	- from related entities		1,141	334
1.	Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		7,285	6,245
2.	Payments to CCP		610	479
3.	Fees payable to trade organisation		42	-
4.	Salaries and wages		13,223	15,341
5.	Social security and other benefits		1,369	1,350
6.	Employee benefits		345	307
7.	Raw material and consumables used		204	306
8.	Services	27	11,325	8,433
9.	Costs of maintenance and lease of buildings		1,886	1,825
10.	Depreciation and amortisation		2,144	1,897
11.	Taxes and other public charges		184	342
12.	Other		698	713
III.	Profit/(loss) on core activities		5,755	220
IV.	Income from financial instruments held for trading	28	1,349	776
1.	Dividends and other profit distributions		19	52
2.	Revaluation adjustments		-	18
3.	Gain on sale/redemption		1,330	706
V.	Cost related to financial instruments held for trading	29	2,933	766
1.	Revaluation adjustments		2,199	15
2.	Loss on sale/redemption		734	751
VI.	Gain/(loss) on transactions in financial instruments held for trading		- 1,584	10
VII.	Income from financial instruments available for sale	32	1,063	1,509
1.	Dividends and other profit distributions		914	1,470
	- from related entities		914	1,470
2.	Gain on sale/redemption		149	39
VIII.	Cost related to financial instruments available for sale	33	-	-
IX.	Gain/(loss) on transactions in financial instruments available for sale		1,063	1,509

Financial statements of IPOPEMA Securities S.A. for 2017

X. Other income	35	966	771
1. Gain on sale of property, plant and equipment, and intangible assets		1	-
2. Reversal of provisions		3	-
3. Decrease in impairment losses on receivables		139	33
4. Other		823	738
XI. Other expenses	36	2,300	800
1. Impairment losses on receivables		1,402	81
2. Other		898	719
XII. Operating profit/(loss)		3,900	1,710
XII. Finance income		643	1,263
1. Interest on loans granted, including - from related entities		32 27	14 -
2. Interest on deposits	37	196	278
3. Foreign exchange gains		-	569
a) realised		-	394
b) unrealised		-	175
4. Other		415	402
XIV. Finance costs		2,830	1,946
1. Interest on borrowings, including: - to related entities	38	1,133 -	1,236 -
2. Other interest		102	119
3. Foreign exchange losses		1,051	-
a) realised		188	-
b) unrealised		863	-
4. Other		544	591
XV. Profit before tax		1,713	1,027
XVI. Income tax	39	450	- 19
XVII. Net profit	41	1,263	1,046
Weighted average number of ordinary shares		29,937,836	29,937,836
Earnings per ordinary share (PLN)		0.04	0.03
Weighted average diluted number of ordinary shares		29,938,836	29,937,836
Diluted earnings per ordinary share (PLN)		0.04	0.03

Warsaw, March 27th 2018

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STATEMENT OF CASH FLOWS		Note	2017	2016
A.	NET CASH FROM OPERATING ACTIVITIES	50		
I.	Net profit		1,263	1,046
II.	Total adjustments:		8,440	- 101,189
1.	Depreciation and amortisation		2,144	1,897
2.	Foreign exchange gains/(losses)		45	97
3.	Interest and profit distributions (dividends)		128	- 309
4.	Gain/(loss) on investing activities		315	- 40
5.	Change in provisions and impairment losses on receivables		888	- 1,263
6.	Increase/(decrease) in financial instruments held for trading		- 2,883	1,088
7.	Increase/(decrease) in receivables		3,615	- 87,810
8.	Change in current liabilities (net of borrowings), including special accounts		4,939	- 14,749
9.	Increase/(decrease) in accruals and deferrals		- 702	- 122
10.	Other adjustments		- 49	22
III.	Net cash from operating activities (I + II)		9,703	- 100,143
B.	NET CASH FROM INVESTING ACTIVITIES			
I.	Cash from investing activities		13,292	2,015
1.	Decrease in loans advanced		163	446
2.	Profit distributions (dividends) received		934	1,522
3.	Interest received		46	-
4.	Disposal of financial instruments available for sale		12,149	47
II.	Cash used in investing activities		11,836	5,687
1.	Acquisition of intangible assets		773	708
2.	Acquisition of property, plant and equipment		87	704
3.	Purchase of financial instruments available for sale (subordinated entities)		8	1
4.	Purchase of financial instruments available for sale		10,000	4,011
5.	Loans advanced		968	263
III.	Net cash from investing activities (I - II)		1,456	- 3,672
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash from financing activities		12,572	2
1.	Increase in short-term borrowings		12,567	-
2.	Proceeds from issue of long-term debt securities		-	1
3.	Proceeds from issue of short-term debt securities		5	1
II.	Cash used in financing activities		2,094	4,899
1.	Decrease in short-term borrowings		-	354
2.	Repayment of short-term debt securities		5	7
3.	Dividends and other payments to owners		898	3,293
4.	Payment of finance lease liabilities		32	42
5.	Interest paid		1,159	1,203
III.	Net cash from financing activities (I - II)		10,478	- 4,897

Financial statements of IPOPEMA Securities S.A. for 2017

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		21,637	- 108,712
E. NET CHANGE IN CASH, including:		21,592	- 108,809
- change in cash resulting from foreign exchange differences		- 45	- 97
F. CASH AT BEGINNING OF PERIOD	50	27,115	135,827
G. CASH AT END OF PERIOD (F +/- D), including:	50	48,752	27,115
- restricted cash*		39,778	12,411

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

Warsaw, March 27th 2018

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STATEMENT OF CHANGES IN EQUITY		2017	2016
I.	EQUITY AT BEGINNING OF PERIOD	61,405	63,627
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	61,405	63,627
1.	Share capital at beginning of period	2,994	2,994
1.1.	Changes in share capital	-	-
1.2.	Share capital at end of period	2,994	2,994
2.	Reserve funds at beginning of period	57,352	57,152
2.1.	Changes in reserve funds	148	200
a)	increase	148	200
	- distribution of profit (above statutory minimum)	148	200
b)	decrease	-	-
2.2.	Reserve funds at end of period	57,500	57,352
3.	Revaluation capital reserve at beginning of period	13	- 12
3.1.	Changes in revaluation capital reserve	- 14	25
a)	increase	125	116
	- remeasurement of financial instruments	125	116
b)	decrease	139	91
	- remeasurement of financial instruments	139	91
3.2.	Revaluation capital reserve at end of the period	- 1	13
4.	Retained earnings/(accumulated deficit) at beginning of period	1,046	3,493
4.1.	Retained earnings at beginning of period	1,046	3,493
a)	increase	-	-
b)	decrease	1,046	3,493
	- distribution of retained earnings (dividend)	898	3,293
	- distribution of retained earnings (increase in reserve funds)	148	200
4.2.	Retained earnings at end of period	-	-
5.	Net profit/(loss)	1,263	1,046
a)	net profit	1,263	1,046
b)	net loss	-	-
II.	EQUITY AT END OF PERIOD	61,756	61,405
III.	EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	61,756	61,405

Warsaw, March 27th 2018

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Notes to the financial statements

Significant events relating to past years and disclosed in the financial statements for the financial year

No material events relating to the previous years occurred in the period covered by these financial statements.

Events subsequent to the reporting date, not disclosed in the financial statements

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

Changes in accounting policies and in the preparation of the financial statements

The Company did not change its accounting policies or the rules of preparing its financial statements in 2017 or 2016 except as described in the 'Comparability of the reported data' section of the Introduction to these financial statements.

Agreements not disclosed in the balance sheet

In 2017 and 2016, the Company disclosed all agreements which had an effect on the data presented in these financial statements.

Correction of errors

In 2017 and 2016, the Company did not correct any errors in the financial statements.

Operating segments

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

No geographical segments are reported by the Company, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2017 represents 6.99% (PLN 3,149 thousand) of total revenue earned in 2017 (2016: 9.68% or PLN 3,627 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Significant events in 2017

No significant events occurred in 2017 other than those described in these financial statements and the accompanying Directors' Report.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2017	Dec 31 2016
Cash and other assets of clients		
a) other cash	39,778	12,411
Total cash and other assets of clients	39,778	12,411
Cash and other assets		
a) cash and other assets of the brokerage house, including:	8,952	14,708
- in hand	1	1
- at banks	5,891	11,466
- other cash*	3,033	3,233
- cash equivalents	27	8
b) cash and other assets of clients deposited in cash accounts:	39,778	12,411
- at the brokerage house and paid towards acquisition of securities	39,778	12,411
- in an IPO or on the primary market	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	48,730	27,119

* 'Other' and 'Other cash' items include cash in bank deposits and interest accrued on those deposits.

Cash by currency is presented in Note 13a.

Note 2

Selected short-term receivables	Dec 31 2017	Dec 31 2016
1. Selected short-term receivables	254,189	254,937
a) from clients, including:	88,422	124,551
- under transactions executed on the Warsaw Stock Exchange	63,584	89,043
- under transactions executed on the Budapest Stock Exchange	12,898	21,049
- under transactions executed on the Prague Stock Exchange	6,547	2,674
- under transactions executed on the Istanbul Stock Exchange	1,097	-
- under transactions executed on the London Stock Exchange	-	116
- under transactions executed on the Frankfurt Stock Exchange	375	2,252
- under transactions executed on the New York Stock Exchange	1,295	7,065
- other	2,626	2,352
b) from related entities, including:	502	209
- from subsidiaries	502	209
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	118,139	95,270
1) under executed transactions	82,254	72,031
- on the Warsaw Stock Exchange **	73,764	40,067
- on the Budapest Stock Exchange	1,604	6,163
- on the Prague Stock Exchange	879	3,121
- on the New York Stock Exchange	1,449	16,410
- on the Amsterdam Stock Exchange	-	6,270
- on the London Stock Exchange	4,132	-
- on the Frankfurt Stock Exchange	426	-
2) other	35,885	23,239*
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	209	213
- from the settlement guarantee fund and deposits	209	213
- other	-	-
e) from CCP	43,299	34,694

- from the settlement guarantee fund	43,299	34,694
- other	-	-
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-
2. Short-term-receivables, net	251,613	255,106
- impairment losses on current receivables (positive value)	1,569	307
Gross short-term receivables	253,182	255,413
3. Changes in impairment losses on current receivables		
At beginning of period	307	259
a) increase (impairment losses on past-due receivables)	1,401	81
b) used	-	33
c) reversed	139	-
Impairment losses on current receivables at end of period	1,569	307
4. Current and non-current receivables by maturity as from the reporting date		
a) up to 1 month	232,132	240,846
b) over 1 month to 3 months	5,501	9,818
c) over 3 months to 1 year	11,659	3,982
d) over 1 year to 5 years	-	1,384
e) over 5 years	-	-
f) past due	3,890	767
Total gross receivables	253,182	256,797
g) impairment losses on receivables (negative value)	- 1,569	- 307
Total net receivables	251,613	256,490
5. Gross past due receivables by period of delay:		
a) up to 1 month	754	318
b) over 1 month to 3 months	215	86
c) over 3 months to 1 year	2,631	87
d) over 1 year to 5 years	290	276
e) over 5 years	-	-
Total gross receivables	3,890	767
f) impairment losses on receivables (negative value)	- 1,569	- 307
Total net receivables	2,321	460
6. Gross current receivables by currency		
a) in PLN	184,304	169,048
b) in other currencies (translated into PLN) ***	67,309	86,365
Total gross current receivables	251,613	255,413

* In 2016, receivables from banks conducting brokerage activities included PLN 22,038 thousand of receivables from banks under security deposits, initially presented under other receivables.

** 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).

*** Receivables by currency are presented in Note 13a.

The value of current receivables from clients under executed transactions and current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions represents the value of concluded and not cleared (including suspended) purchase and sale transactions in securities.

Note 3

Financial instruments held for trading	Dec 31 2017	Dec 31 2016
1. Financial instruments held for trading		
a) equities*	3,009	126
b) derivatives	-	-
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	3,009	126
2. Financial instruments held for trading (by currency)		
a) in PLN	2,968	126
b) in other currencies (translated into PLN)	41	-
Total financial instruments held for trading	3,009	126
3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying amount)	3,009	126
a) equities (carrying amount)	3,009	126
- fair value	3,009	126
- market value	-	-
- value at cost	5,206	124
a) bonds (carrying amount)	-	-
c) other – derivative contracts (carrying amount)	-	-
- value at cost	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	-	-
Total value at cost	5,206	124
Total carrying amount at beginning of period	2	1,214
Valuation as at the reporting date	- 2,197	2
Total carrying amount	3,009	126

* Equities comprise solely shares listed on the Warsaw Stock Exchange and on the Budapest Stock Exchange. Financial instruments held for trading are measured at fair value by reference to their market value as at the reporting date. For the purpose of the measurement, the Company takes into account closing prices quoted by the WSE and the BSE on the last business day of a financial year. 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. As at the reporting date, the Company held 341,554 shares with a total carrying amount of PLN 3,009 thousand. All the shares are traded on the Warsaw Stock Exchange or the Budapest Stock Exchange. As at December 31st 2016, the Company held 1,000 shares with a total carrying amount of PLN 126 thousand.

Financial assets

In 2017 and in 2016, the policies for measurement of financial assets at fair value or 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.

The Company did not recognise any impairment losses on financial assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables.

Note 4

Current prepayments and accrued income	Dec 31 2017	Dec 31 2016
a) prepayments, including:	986	663
- cost of ICT and information services	554	336
membership fee	100	25
expenses to be re-invoiced	4	3
other costs	328	299
Total current prepayments and accrued income	986	663

Note 5

The Company did not carry any financial instruments held to maturity.

Note 6

Financial instruments available for sale	Dec 31 2017	Dec 31 2016
1. Financial instruments available for sale		
equities*	8,638	8,631
- debt securities	10	10
- investment fund units	2,000	4,019
- investment certificates	196	193
Total financial instruments available for sale	10,844	12,853
2. Available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies		
- equities	8,638	8,631
- debt securities	-	-
- investment fund units	-	-
- investment certificates	-	-
Total available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies	8,638	8,631
3. Financial instruments available for sale (by currency)		
a) in PLN	10,844	12,853
b) in other currencies (translated into PLN)	-	-
Total financial instruments available for sale	10,844	12,853
4. Equities		
a) shares in parent	-	-
b) shares in major investor	-	-
c) shares in subordinates	8,638	8,631
- shares in subsidiaries	8,638	8,631
d) shares in other entities	-	-
Total equities	8,638	8,631
* Shares in subordinates are measured at cost less impairment losses. Investment certificates and investment fund units are carried at fair value based on the net asset value per certificate unit as published by the investment fund. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.		
5. Financial instruments available for sale (by marketability)		
A. Freely marketable, listed (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-

C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	10,844	12,853
- equities (carrying amount at cost)	8,638	8,631
- debt securities (carrying amount at cost)	10	10
- investment fund units (carrying amount at cost)	2,000	4,000
- investment certificates (carrying amount at cost)	200	200
Total value at cost	10,848	12,841
Total carrying amount at beginning of period	12,853	8,820
Revaluation adjustments (for the period)	4	30
Total carrying amount	10,844	12,853

6. Shares in subordinates

a) company name and form of incorporation	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	
b) registered office	ul. Próżna 9, 00-107 Warsaw	
c) business profile	operation of an investment fund company, 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, and representation service for foreign funds	
d) type of capital link	subsidiary	
e) consolidation method applied	full	
f) control since	March 14th 2007	
g) shares at cost	5,630	5,630
h) valuation adjustments (total)	-	-
i) carrying amount of shares	5,630	5,630
j) percentage of share capital held	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control if other than specified in j) or k)		
m) entity's equity, including:	22,832	21,984
- share capital	10,599	10,599
- reserve funds	6,965	6,965
- other equity, including:	5,268	4,420
retained earnings /(deficit)	-	-
net profit (loss)	925	965
n) liabilities and provisions for liabilities of the entity, including:	6,332	9,080
- non-current liabilities	225	329
- current liabilities	6,107	3,435
o) entity's receivables, including:	4,401	3,666
- non-current receivables	-	3
- current receivables	4,401	3,663
p) entity's total assets	29,164	31,065
r) revenue	30,357	32,762
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	1,470

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a) company name and form of incorporation	IPOPEMA Business Consulting Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw	
c) business profile	other business and management advisory services, computer facilities management activities, IT advisory services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link	subsidiary	
e) consolidation method applied	full	
f) control since	August 26th 2008	
g) shares at cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying amount of shares	3,000	3,000
j) percentage of share capital held	50.02%	50.02%
k) percentage of total vote at the general meeting	50.02%	50.02%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	8,691	8,824
- share capital	100	100
- reserve funds	2,950	2,950
- other equity, including:	5,641	5,774
retained earnings /(deficit)	-	-
net profit (loss)	1,667	1,806
n) liabilities and provisions for liabilities of the entity, including:	6,926	4,964
- non-current liabilities	-	-
- current liabilities	6,098	4,182
o) entity's receivables, including:	12,457	10,133
- non-current receivables	-	-
- current receivables	12,457	10,133
p) entity's total assets	15,617	13,788
r) revenue	21,821	17,918
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	900	-

a) company name and form of incorporation	IPOPEMA Financial Advisory Sp. z o.o. (formerly IPOPEMA Outsourcing Sp. z o.o.)	
b) registered office	ul. Próźna 9, 00-107 Warsaw	
c) business profile	support of IFA SK's operations	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	subsidiary
e) consolidation method applied	Not consolidated due to immaterial effect on the Group's financial information	
f) direct control since	May 2016	January 19th 2012
g) shares at cost (in 2015 held by IBC)	16	16
h) valuation adjustments (total)	-	-
i) carrying amount of shares	1	1
j) percentage of share capital held by IBC	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 5	- 4
- share capital	5	5

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- reserve funds	-	-
- other equity, including:	-	-
retained earnings /(deficit)	- 9	- 4
net profit (loss)	- 1	- 5
n) liabilities and provisions for liabilities of the entity, including:	7	6
- non-current liabilities	-	-
- current liabilities	7	6
o) entity's receivables, including:	3	2
- non-current receivables	-	-
- current receivables	3	2
p) entity's total assets	3	2
r) revenue	13	-
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
<hr/>		
a) company name and form of incorporation	IPOPEMA Business Services Srl. (in liquidation)	
b) registered office	Calea Floreasca 169a, Bucharest, Romania	
c) business profile	office and business support	
d) type of capital link	subsidiary	
e) consolidation method applied	Not consolidated due to immaterial effect on the Group's financial information	
f) control since	September 24th 2014	
g) shares at cost	-	-
h) valuation adjustments (total)	-	-
i) carrying amount of shares	-	-
j) percentage of share capital held	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	-	40
- share capital *	-	-
- reserve funds	-	-
- other equity, including:	-	40
retained earnings /(deficit)	-	24
net profit (loss)	-	16
n) liabilities and provisions for liabilities of the entity, including:	-	-
- non-current liabilities	-	-
- current liabilities	-	-
o) entity's receivables, including:	-	44
- non-current receivables	-	-
- current receivables	-	44
p) entity's total assets	-	55
r) revenue	-	263
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	14	-
<hr/>		
<i>*IBS Srl's share capital totals RON 200, i.e. PLN 190 (PLN 0 thousand)</i>		

	IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	
a) company name and form of incorporation	ul. Próżna 9, 00-107 Warsaw	
b) registered office	advisory services	
c) business profile	direct subsidiary	
d) type of capital link		
e) consolidation method applied	Not consolidated due to immaterial effect on the Group's financial information	
f) control since	Jun 23 2016	
g) shares at cost	8	8
h) valuation adjustments (total)	-	-
i) carrying amount of shares	8	8
j) percentage of share capital held	77%	77%
k) percentage of total vote at the general meeting	N/A	N/A
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 105	10
- share capital	10	10
- called-up share capital not paid (negative value)	-	-
- reserve funds	-	-
- other equity, including:	-	-
retained earnings /(deficit)	-	-
net profit (loss)	- 115	-
n) liabilities and provisions for liabilities of the entity, including:	1,665	-
- non-current liabilities	-	-
- current liabilities	1,613	-
o) entity's receivables, including:	921	10
- non-current receivables	-	-
- current receivables	921	10
p) entity's total assets	1,560	10
r) revenue	2,208	-
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
7. Shares and other equity interests in other entities	-	-

Note 7

As at December 31st 2017, the Company carried no long-term receivables (December 31st 2016: PLN 1,384 thousand).

As at December 31st 2017, the non-current portion of loans advanced amounted to PLN 35 thousand (December 31st 2016: PLN 54 thousand).

Note 8

As at December 31st 2017, the Company carried the following loans advanced and receivables:

Loans advanced and receivables	Dec 31 2017	Dec 31 2016
Loans advanced, including:	1,039	203
- non-current portion	35	54
- current portion	1,004	149
Cash and cash equivalents, including:	48,730	27,119
- in hand	1	1
- at banks	48,702	27,110
- deposit (for a period exceeding three months) and other cash equivalents	27	8
Interest on loans advanced and receivables	238	330
- realised	206	319
- unrealised, including with payment dates falling in:	32	11
up to 3 months	13	6
from 3 to 12 months	17	-
over 12 months	2	5

Loans advanced and receivables bear interest at either variable or fixed rates. No impairment losses were recognised on loans or receivables in 2017 or 2016. Income from interest on loans advanced and receivables amounted to PLN 227 thousand in 2017 (of which PLN 32 thousand was interest accrued but not received) (2016: PLN 292 thousand, of which PLN 11 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2017	Dec 31 2016
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	2,102	2,475
- computer software	2,102	2,475
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	2,102	2,475
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of period	8,959	8,249
b) additions – purchases and lease returns	773	710
c) decrease:	455	-
d) gross value of intangible assets at end of period	9,277	8,959
e) accumulated amortisation at beginning of period	6,484	5,754
f) amortisation for period:	691	730
g) accumulated amortisation at end of period	7,175	6,484
h) impairment losses at beginning of period	-	-
i) impairment losses at end of period	-	-
k) net value of intangible assets at end of period	2,102	2,475
3. Intangible assets (by ownership)		
a) owned	2,102	2,475
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	2,102	2,475

Note 10

The Company did not carry any goodwill related to subordinates.

Note 11

Property, plant and equipment	Dec 31 2017	Dec 31 2016
1. Property, plant and equipment		
a) tangible assets, including:	2,287	3,736
- land (including perpetual usufruct rights)	-	-
- buildings and premises	398	464
- computer assemblies	1,185	2,265
- vehicles	38	165
- other tangible assets	666	842
b) tangible assets under construction	-	10
c) prepayments for tangible assets under construction	-	-
Total property, plant and equipment	2,287	3,746
2. Change in property, plant and equipment (by category)		
a) Gross value of property, plant and equipment at beginning of period	9,193	8,416
- additions – purchases and lease returns	87	777
- decrease	1,226	-
b) gross value of property, plant and equipment at end of period	8,054	9,193
c) accumulated depreciation at beginning of period	5,447	4,280
- depreciation for period	1,453	1,167
- adjustment to depreciation on leases	4	-
- liquidation of property, plant and equipment	1,137	-
- accumulated depreciation at end of period	5,767	5,447
e) impairment losses at beginning of period	-	-
- increase	-	-
- decrease	-	-
f) impairment losses at end of period	-	-
Net value of property, plant and equipment at end of period	2,287	3,746
3. Property, plant and equipment (by ownership)		
a) owned	2,249	3,581
b) depreciated leased assets	38	165
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house *	-	-
Total property, plant and equipment	2,287	3,746

* In the periods covered by these financial statements, the Company leased office space under a lease contract. The registered office premises of the Company are located at ul. Próżna 9 in Warsaw. The total rent paid for 2017 (including additional charges) was PLN 1,886 thousand (2016: PLN 1,825 thousand). The Company does not have a valuation report regarding the leased premises.

Production cost of tangible assets under construction and tangible assets for own needs:

In the periods covered by these financial statements the Company did not incur any production cost of tangible assets under construction or tangible assets for own needs.

Material purchase or sale transactions in property, plant and equipment

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

Material liabilities under purchases of property, plant and equipment

The Company has no material liabilities under purchases of property, plant and equipment. In 2017 and 2016, the Company did not purchase or sell any material items of property, plant and equipment.

Impairment of non-current assets

No impairment of non-current assets was identified in 2017 or 2016.

Note 12

Change in deferred tax assets	Dec 31 2017	Dec 31 2016
Change in deferred tax assets		
1. Assets at beginning of period, including:	1,093	1,050
a) charged to net profit/(loss)	1,093	1,047
b) charged to equity	-	3
c) charged to (negative) goodwill	-	-
2. Increase	1,552	1,540
a) charged to net profit/(loss) for period in connection with deductible temporary differences	1,552	785
b) charged to net profit/(loss) for period in connection with tax loss	-	755
a) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
3. Decrease	1,271	1,497
a) charged to net profit/(loss) for period in connection with deductible temporary differences	1,072	1,038
b) charged to net profit/(loss) for period in connection with tax loss	199	456
a) charged to equity in connection with deductible temporary differences	-	3
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of period, including:	1,374	1,093
a) charged to net profit/(loss)	1,374	1,093
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
Increase, including:	1,552	1,540
- temporary differences	1,552	1,540
Decrease, including:	1,271	1,497
- reversal of temporary differences	1,271	1,497

Note 13

Current liabilities	Dec 31 2017	Dec 31 2016
1. Selected current liabilities	3,473	4,480
1.1. To related entities	204	20
- to subsidiaries	204	20
1.2. To entities operating regulated markets and commodity exchanges	505	602
a) to the Warsaw Stock Exchange	397	536
b) to the Budapest Stock Exchange	41	16
c) to the Vienna Stock Exchange	67	44
d) to the Chicago Stock Exchange	-	6
1.3. To the Central Securities Depository of Poland and exchange clearing houses	43	62

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a) under additional payments to the settlement guarantee fund	-	-
b) other	43	62
3a. To CCP	86	1,982
- under additional payments to the settlement guarantee fund	-	1,881
- other	86	101
1.4. Taxes, customs duties and social security payable	665	535
- including under ownership right to buildings and structures	-	-
1.5. Other	1,970	1,279
a) dividends payable	-	-
b) other liabilities, including:	1,970	1,279
- finance lease liabilities	12	37
- other liabilities	1,958	1,242
2. Current liabilities (by currency)		
a) in PLN	202,467	163,620
b) in other currencies (translated into PLN) **	54,230	75,542
Total current liabilities	256,697	239,162
3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	91,053	130,250
- under transactions executed on the Warsaw Stock Exchange*	68,858	97,968
- under transactions executed on the Budapest Stock Exchange	12,889	20,191
- under transactions executed on the Prague Stock Exchange	6,543	2,670
- under transactions executed on the London Stock Exchange	-	116
- under transactions executed on the Istanbul Stock Exchange	1,096	-
- under transactions executed on the New York Stock Exchange	1,293	7,055
- under transactions executed on the Frankfurt Stock Exchange	374	2,250
b) other	348	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	91,401	130,250
4. Current liabilities by maturity as from the reporting date		
a) up to 1 month	255,750	238,456
b) over 1 month to 3 months	675	159
c) over 3 months to 1 year	256	251
d) over 1 year to 5 years	-	-
e) past due	16	296
Total current liabilities	256,697	239,162
5. Current liabilities	27,351	14,784
a) non-bank loan	-	
b) bank credit facility	27,351	14,784
- outstanding amount	27,351	14,784
- interest rate		O/N WIBOR + bank's margin
- repayment date		facility terms are described below
- security – a security deposit in the form of a term deposit of PLN 4m; blank promissory note with a promissory note declaration;		
6. Current liabilities under debt instruments in issue	5	3
7. Special accounts	-	-

* 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).

***Liabilities by currency are presented in Note 13a.*

As at December 31st 2017, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 27,351 thousand (December 31st 2016: PLN 14,784 thousand). The liabilities arose under:

1. Two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland in connection with the brokerage activities. Their current term expires on September 14th 2018:
 - i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
 - ii. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Central Securities Depository of Poland. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item i above, both credit facilities are also jointly secured with a security deposit of PLN 4m.
2. HUF 409m current account overdraft facility from Raiffeisen Bank Zrt, used to settle transactions on the Budapest Stock Exchange in connection with brokerage activities; its term expires on March 14th 2019. The facility is secured with a security deposit of HUF 409m.

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

None.

Bonds

In 2017, the Company issued 26 registered bonds with a total nominal value of PLN 5.2 thousand (2016: PLN 2 thousand), with various series maturing in 2017–2019. 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 component policy in place at the Company. 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 2017, the Company redeemed PLN 5.6 thousand worth of bonds (2016: PLN 6.4 thousand).

Note 13a

Definition, objectives and rules of managing risks to which a brokerage house is exposed

Operations on capital markets inherently involve various risks which may have a material effect on the Company's operations, as outlined below. All types of risk are monitored and controlled with respect to the profitability of the Company's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

Credit risk

The Company is exposed to credit risk understood as the risk that the Company's debtors may fail to fulfil their obligations and thus cause losses to the Company. In view of the above, the credit risk was accounted for in the financial statements through recognition of impairment losses. Age of receivables and recognised impairment losses are presented in Note 2.

In the Management Board's opinion, there is no significant concentration of credit risk as the Company renders its services to a large number of clients.

With respect to the Company's other financial assets, such as cash and cash equivalents and financial assets available for sale, credit risk is related to the potential inability of a counterparty to meet its payment obligation, and the maximum exposure to the risk is equal to the carrying amount of those assets. Credit risk connected with bank deposits, financial instruments and other investments is considered low as the Company executed the transactions with institutions of sound financial condition.

Credit risk – value at risk

As at December 31st 2017, the value at risk under credit risk for instruments carried as loans advanced and receivables (specified in Note 8) was PLN 49,769 thousand (December 31st 2016: PLN 27,322 thousand), while for instruments held for trading, the amount was PLN 3,009 thousand (December 31st 2016: PLN 126 thousand).

Credit risk related to financial instruments held for trading is low because they comprise exchange-traded shares. Similarly, credit risk related to deposits is considered low, because the agreements are executed with banks that have stable financial position.

Interest rate risk

The Company has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase over their level as at the agreement date. Moreover, the Company invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 1 and Note 13.

Given that in the reporting period the Company held both assets and liabilities bearing interest at variable rates (which mitigated the risk) and that interest rates moved only slightly in the past periods and no dramatic changes in interest rates are expected in the following reporting periods, the Company did not hedge its exposure to the interest rate risk, as in its opinion the risk is not significant.

Currency risk

The Company holds foreign-currency cash at bank and a foreign-currency overdraft facility, and therefore is exposed to currency risk. The risk arises primarily from fluctuations in the EUR and HUF exchange rates and, to a lesser extent, in the USD and CZK exchange rates.

The Company operates on foreign stock exchanges and uses foreign currencies (HUF, CZK, EUR, USD, and other) to settle stock-exchange transactions and other expenses in those markets (including fees payable to the clearing bank and the Czech, Hungarian and Romanian stock exchanges, as well as the costs of associates). Owing to the nature of the transaction settlements (with the Company acting as an intermediary), the share of this risk in the overall risk is immaterial.

	Dec 31 2017	Dec 31 2016
Foreign-currency receivables		
- EUR	6,011	4,326
- HUF	1,736,987	2,446,153
- USD	1,706	6,322
- CZK	46,533	36,435
- GBP	894	-
- TRY	1,188	-
- RON	49	48
Foreign-currency liabilities		
- EUR	4,864	3,683
- HUF	1,081,962	1,885,380
- USD	1,914	6,372
- CZK	45,472	35,343
- GBP	896	2
- TRY	1,187	-
- RON	1	1
Cash in foreign currencies		
- CZK	83	76
- EUR	1,098	612
- HUF	115,817	2,267
- RON	39	283
- USD	243	254
- GBP	11	7
- SEK	74	3
- JPY	1	2
- DKK	10	1
- NOK	40	12
- CHF	17	7
- TRY	6	222
- AUD	-	1

Price risk

The Company holds financial instruments traded on regulated markets (the Warsaw Stock Exchange and the Budapest Stock Exchange). The Company is exposed to the risk of volatility in prices of financial instruments listed on the stock exchanges. Such instruments are disclosed as financial instruments held for trading in the

financial statements. The Company also holds investment certificates and investment fund units, which are exposed to the risk of volatility of the current price, but the aggregate value of these instruments is immaterial (see Note 6).

The risk related to prices of financial instruments is limited, as the Company invests only a relatively small portion of its cash in financial instruments – for details on the size of investments in financial instruments held for trading, see Note 3.

Liquidity risk

The Company is exposed to liquidity risk understood as the risk of failure to meet its liabilities as they fall due. The risk is connected with a potentially limited access to financial markets, resulting in the Company's inability to raise new financing or refinance its debt. The Company's objective is to balance its liquidity position by managing its receivables, liabilities and financial instruments and by using debt financing in the form of short-term bank borrowings.

In the Company's opinion, given the significant amount of cash held as at the end of the reporting period (Note 1), access to credit facilities to finance the Company's operations on stock exchanges (Note 13), and the sound financial condition of the Company, the liquidity risk is insignificant.

Note 13 includes a table presenting age of liabilities. The vast majority of the liabilities (about 99%) relate to transactions executed on stock exchanges, in the majority of which the Company acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2017, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN 2,081 thousand (December 31st 2016: PLN 437 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

Note 14

Fair value of instruments not measured at fair value

Loans advanced, receivables and liabilities as at Dec 31 2017	carrying amount	balance-sheet item	fair value
Loans advanced and receivables			
- loan	1,039	Loans advanced	1,039
- cash	48,730	Cash	48,730
Financial liabilities (bank loan)	27,351	Liabilities	27,351

Loans advanced, receivables and liabilities as at Dec 31 2016	carrying amount	balance-sheet item	fair value
Loans advanced and receivables			
- loan	203	Loans advanced	203
- cash	27,119	Cash	27,119
Financial liabilities (bank loan)	14,784	Liabilities	14,784

Note 15

Non-current liabilities include liabilities under bonds in issue, referred to in Note 13 (less than PLN 1 thousand as at December 31st 2017, compared with PLN 2 thousand in 2016), and lease liabilities (PLN 40 thousand vs PLN 156 thousand as at December 31st 2016). No accruals or deferred income were carried as at December 31st 2017 or December 31st 2016.

Non-current liabilities	Dec 31 2017	Dec 31 2016
a) up to 1 year	13	41
b) over 1 year to 3 years	27	117
c) over 3 years to 5 years	-	-
d) over 5 years	-	-
Total non-current liabilities	40	158

Note 16

Provisions for liabilities	Dec 31 2017	Dec 31 2016
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	-	-
3. Change in other non-current provisions	- 256	- 11
4. Change in other current provisions	- 124	- 1,280
Other current provisions at beginning of period	3,493	4,775
a) recognised	5,081	3,898
b) used	5,202	5,180
c) reversed	3	-
Other current provisions at end of period	3,369	3,493
Other current provisions at end of period (by items)		
Audit and preparation of financial statements	87	80
Employee benefits*	2,519	2,435
Telecommunications services	-	-
Other	763	978
Total other current provisions at end of period	3,369	3,493

* As provided for in the Polish Accounting Act and IAS 19, employee benefits include wages, salaries, social security contributions, paid annual leave, paid sick leave, profit-sharing and bonuses, as well as post-employment benefits including pensions, other retirement benefits, termination benefits and non-cash benefits for current employees.

Change in deferred tax liability	Dec 31 2017	Dec 31 2016
1. Deferred tax liability at beginning of period, including:	412	393
a) charged to net profit/(loss)	409	393
- property, plant and equipment, and intangible assets	307	310
- valuation of financial instruments	25	26
- receivables	77	57
b) charged to equity	3	-
c) charged to (negative) goodwill	-	-
2. Increase	245	470
a) charged to net profit (loss) of the period under taxable temporary differences:	245	454
- property, plant and equipment, and intangible assets	25	67
- valuation of financial instruments	121	102
- receivables	99	285
b) charged to equity	-	16
c) charged to (negative) goodwill	-	-
3. Decrease	320	451
a) charged to net profit (loss) of the period under taxable temporary differences:	317	438
- property, plant and equipment, and intangible assets	101	69
- valuation of financial instruments	122	103

- receivables	94	266
b) charged to equity	3	13
c) charged to (negative) goodwill		-
4. Deferred tax liability at end of period, including:	337	412
a) charged to net profit (loss) of the period under taxable temporary differences:	337	409
- property, plant and equipment, and intangible assets	231	307
- valuation of financial instruments	24	25
- receivables	82	77
b) charged to equity	-	3
c) charged to (negative) goodwill	-	-

Note 17

Subordinated liabilities – none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2017	12,853	126	195	203	27,119	14,784
Increase:	2,011	41,457	-	1,000	21,611	12,567
- acquisition of shares	8	41,457	-	-	-	-
- purchase of investment fund units	2,000	-	-	-	-	-
- valuation of	3	-	-	-	-	-
- contracting of a credit	-	-	-	-	-	12,567
- advance of a loan	-	-	-	968	-	-
- interest on loan and foreign-exchange differences	-	-	-	32	-	-
- change in cash	-	-	-	-	21,611	-
Decrease:	4,020	38,574	143	164	-	-
- sale of shares	-	36,377	-	-	-	-
- sale of investment fund units	4,000	-	-	-	-	-
- valuation of shares	20	2,197	-	-	-	-
- repayment	-	-	28	164	-	-
- assignment of a lease	-	-	115	-	-	-
As at Dec 31 2017	10,844	3,009	52	1,039	48,730	27,351

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	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2016	8,820	1,214	153	369	135,950	15,138
Increase:	4,113	26,981	73	279	-	-
- acquisition of shares	-	26,978	-	-	-	-
- acquisition of debt securities	11	-	-	-	-	-
- purchase of investment fund units	4,000	-	-	-	-	-
- valuation of	102	-	-	-	-	-
- valuation of shares	-	3	-	-	-	-
- lease	-	-	73	-	-	-
- advance of a loan	-	-	-	263	-	-
- interest on loan and foreign-exchange differences	-	-	-	16	-	-
Decrease:	80	28,069	31	445	108,831	354
- sale of shares	-	28,069	-	-	-	-
- company liquidation	7	-	-	-	-	-
- sale of debt securities	1	-	-	-	-	-
- valuation of	72	-	-	-	-	-
- repayment	-	-	31	445	-	354
- change in cash	-	-	-	-	108,831	-
As Dec 31 2016	12,853	126	195	203	27,119	14,784

Note 19

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

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

As at December 31st 2017, the share capital was 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. The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid for in full.

Share capital structure as at December 31st 2017

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
JLC Lewandowski S.K.A. ²	2,990,789	299,079
OFE PZU Złota Jesień*	2,950,000	295,000
IPOPEMA 10 FIZAN ³	2,851,420	285,142
Value FIZ*	2,750,933	275,093
Katarzyna Lewandowska	2,136,749	213,675
Quercus Parasolowy SFIO*	1,754,164	175,416
Total shareholders holding over 5% of the share capital	18,424,844	1,842,484

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska, his wife.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

Share capital structure as at December 31st 2016

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	299,079
JLC Lewandowski S.K.A. ²	2,990,789	299,079
OFE PZU Złota Jesień*	2,950,000	295,000
IPOPEMA 10 FIZAN ³	2,851,420	285,142
Katarzyna Lewandowska	2,136,749	213,675
Quercus Parasolowy SFIO*	1,754,164	175,416
Total shareholders holding over 5% of the share capital	15,673,911	1,576,391

* Based on notifications received by the Company from the shareholders.

¹ The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska, his wife.

² Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

³ The only investor in the fund is Stanisław Waczkowski, Vice President of the Company's Management Board.

Note 20

Treasury shares

Except for possible transactions executed as part of the Company's brokerage activities (intermediation in equities trading on the WSE), the Company did not purchase any of its own shares.

Note 21

Reserve funds	Dec 31 2017	Dec 31 2016
a) share premium	10,351	10,351
b) statutory reserve funds	998	998
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	46,151	46,003
Total reserve funds	57,500	57,352

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinates – none

Note 24

Book value per share	Dec 31 2017	Dec 31 2016
Equity (PLN '000)	61,756	61,405
Number of shares outstanding	29,937,836	29,937,836
Book value per share (PLN)	2.06	2.05

Book value per share is equal to the ratio of the value of equity as at the reporting date to the number of shares outstanding as at the reporting date.

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2017	2016
Revaluation capital reserve as at Jan 1	13	- 12
Remeasurement of financial assets available for sale		
As at Jan 1	16	- 15
Gain from periodic valuation	- 17	31
As at Dec 31	- 1	16
Deferred tax assets		
As at Jan 1	3	-3
Change in deferred tax assets	- 3	6
As at Dec 31	-	3
Revaluation capital reserve as at Dec 31	- 1	13

Note 26

Clients' financial instruments

As at December 31st 2017, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 813,429 thousand (103,961 thousand instruments) (December 31st 2016: PLN 408,272 thousand and 24,434 instruments). As at December 31st 2017, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 44.2m, and 92,859 thousand shares, valued at PLN 9,383 thousand. As at December 31st 2016, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 40m, and 162,583 thousand shares, valued at PLN 16,258 thousand.

The Company also operates an issue sponsor's account. As at December 31st 2017, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 391 thousand (December 31st 2016: 291 thousand shares with a value of PLN 560 thousand).

Notes to the statement of profit or loss

Note 27

Revenue from brokerage activities	2017	2016
Revenue from trading in securities	24,972	22,666
Revenue from investment banking services, including:	17,965	14,460
- arrangement and execution of public offerings	9,615	5,633
- M&A advisory and other financial advisory services	8,350	8,827
Other revenue	2,133	332
Total revenue	45,070	37,458

Revenue from acceptance and transfer of orders to buy or sell investment fund units or units in collective investment undertakings was PLN 584 thousand in 2017, compared with PLN 5 thousand in 2016.

Revenue by country	2017	2016
Poland	41,937	33,832
Hungary	1,281	909
Czech Republic	151	59
Romania	0	5
United Kingdom	1,701	2,653
Total revenue	45,070	37,458

Cost of services	2017	2016
- transaction costs other than cost of clearance through clearing houses or stock exchanges	6,975	3,080
- ICT and information services	3,153	3,482
- other services	1,197	1,871
Total services	11,325	8,433

Note 28

In 2017, income from financial instruments held for trading was PLN 1.349 thousand (2016: PLN 776 thousand).

Note 29

In 2017, costs related to financial instruments held for trading were PLN 2.933 thousand (2016: PLN 766 thousand).

Note 30

Income from financial instruments held to maturity – none

Note 31

Costs related to financial instruments held to maturity – none

Note 32

Income from financial instruments available for sale

Income from financial instruments available for sale was PLN 1,063 thousand in 2017, compared with PLN 1,509 thousand in 2016, of which dividends from subsidiaries were PLN 914 thousand in 2017 and PLN 1,470 thousand in 2016.

Note 33

Cost related to financial instruments available for sale

No cost related to financial instruments available for sale was recognised in 2017 or 2016.

Note 34

Gain (loss) on sale of all or some of shares in subordinates –none

Note 35

Other income	2017	2016
a) gain on sale of property, plant and equipment, and intangible assets	1	-
b) provisions reversed	3	-
c) decrease in impairment losses on receivables	139	33
d) other, including:	823	738
- re-invoicing of costs	389	671
- other	434	67
Total other income	966	771

Note 36

Other expenses	2017	2016
a) provisions recognised	-	-
b) increase in impairment losses on receivables	1,402	81
c) other, including:	898	719
- re-invoicing of costs	384	653
- costs of discontinued investment	465	-
- other	49	66
Total other expenses	2,300	800

Note 37

Interest on deposits	2017	2016
interest on own deposits, including:	196	278
- unrealised – up to 3 months	1	2
- unrealised – from 3 to 12 months	-	-

Note 38

Interest on borrowings	2017	2016
a) realised	1,081	1,158
b) unrealised	52	78
- unrealised – up to 3 months	52	78
- unrealised – from 3 to 12 months	-	-
Total interest on borrowings	1,133	1,236

Note 39

Income tax	2017	2016
Current corporate income tax		
1. Profit/(loss) before tax	1,713	1,027
2. Differences between pre-tax profit (loss) and taxable income, by item	2,496	- 2,600
a/ non-tax-deductible costs	10,749	4,955
entertainment costs	74	122
State Fund for the Disabled	72	75

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membership fees	160	120
balance-sheet valuations of financial instruments and settlements	3,151	328
impairment losses on receivables	1,402	81
depreciation and amortisation	438	-
provisions	5,085	3,871
other	367	358
b/ non-taxable income	1,991	2,548
released provisions	3	-
reversal of impairment losses on receivables	139	33
interest on deposit, loans and receivables	79	85
dividend	933	1,522
balance-sheet valuations of financial instruments and settlements	89	506
proceeds from the CSDP	414	402
other	334	-
c/ costs added statistically	7,308	5,512
use of provision for employee benefits	2,090	3,378
released provisions	2,708	1,419
audit of financial statements	80	113
tax amortisation/depreciation	-	81
VAT adjustment	134	58
interest paid	541	418
other	1,755	45
d/ income added statistically	2,092	505
interest on investments	56	77
proceeds from the CSDP	418	394
other	1,618	34
e/ deduction of loss	1,046	-
3. Donation made	-	-
4. Taxable income	4,209	- 1,573
5. Corporate income tax at 19% rate	799	-
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	4	11
7. Current corporate income tax disclosed in tax return for period, including:	803	11
- disclosed in statement of profit or loss	803	11
- referring to items decreasing or increasing equity	-	-
Deferred income tax disclosed in statement of profit or loss:		
- decrease (increase) related to temporary differences and reversal of temporary differences	- 1,552	- 1,540
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-
- decrease (increase) in deferred tax assets	1,271	1,494
- change in deferred tax liabilities	- 72	16
Total deferred income tax	- 353	- 30

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose 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 payment deadline expired.

Note 40

Other mandatory decrease of profit (increase of loss) – none

Note 41

Proposed distribution of profit for the current year and profit distributed for the previous year

Distribution of profit	2017	2016
Net profit/(loss)	1,263	1,046
Reserve funds	-	148
Dividend	-	898

As at the date of preparation of these financial statements, no final decision had been made by the Management Board concerning the recommended distribution of the 2017 profit. This decision will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 42

Liabilities secured with the brokerage house's assets:

Both in 2017 and 2016, the Company's assets were used as security for working capital overdraft facilities (see Note 13). The facilities are secured with a PLN 4m and HUF 409m security deposits in bank accounts (as at December 31st 2017), blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

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

In January 2012, Nordea Bank Polska S.A. (currently PKO Bank Polski S.A.) issued to the Company a guarantee of up to EUR 268 thousand, secured with a security deposit of PLN 1,403 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

Note 43

Contingent liabilities and assets, including guarantees and sureties provided, underwriting agreements, liabilities under promissory notes:

The Company issued promissory notes as security for a credit facility (for a detailed description see Note 13), and paid a deposit of PLN 1.5m as security for settlement of transactions on foreign stock exchanges.

Note 44

Security granted:

In the periods covered by these financial statements the Company did not grant any security.

Note 45

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

In 2017 and in 2016, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 2).

Note 46

Income, expenses and profit (loss) from discontinued operations or operations intended to be discontinued:

The Company did not identify any discontinued operations in 2017 or 2016. All information presented in the 2017 financial statements relates to continuing operations.

Note 47

Leases

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

Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2017	Dec 31 2016
	Present value of minimum lease payments	
Within 1 year	1,016*	1,070*
Within 1 to 5 years	4,064*	4,281*
Over 5 years	44*	1,116*
Total lease liabilities	5,124	6,467

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

The Company as a lessee – finance leases

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

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

Finance lease liabilities	Dec 31 2017	Dec 31 2016
Net carrying amount	38	165
Present value of minimum lease payments	52	193
Within 1 year	12	37
Within 1 to 5 years	40	156
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	32	42

Note 48

Amounts and type of any extraordinary or one-off income or expense items:

In the periods covered by these financial statements the Company did not carry any extraordinary gains or losses.

Note 49

Future income tax liabilities:

In the periods covered by these financial statements the Company did not carry any future income tax liabilities.

Note 50

Items of the statement of cash flows

Breakdown of the Company's activities as assumed for the statement of cash flows:

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

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 balance sheet		Presentation in the statement of cash flows	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
Cash and cash equivalents	48,730	27,119	48,752	27,115
1. In hand	1	1	1	1
2. At banks	5,891	11,466	5,891	11,466
3. Other cash	42,811	15,644	42,811	15,644
4. Cash equivalents (deposit for a period exceeding three months)	27	8	-	-
5. Accrued foreign exchange differences	-	-	49	4

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2017 and 2016 follows from presentation of cash net of the effect of foreign exchange differences and received gift cards presented under cash and cash equivalents.

The item 'Cash and cash equivalents at end of period' comprises the Group's own and its clients' cash and cash equivalents – for more information on the structure of cash see Note 1.

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
	Dec 31 2017	Dec 31 2016		2017
Gross current and non-current receivables	253,182	256,797	3,615	3,615
Net receivables	251,613	256,490		
Impairment losses on receivables	1,569	307		1,262
Provisions (net of deferred tax related to equity and provision for unpaid interest)	3,832	4,206		- 374
Total change in impairment losses and provisions				888

There is no difference between the change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows.

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 2016
	Dec 31 2016	Dec 31 2015		
Gross current and non-current receivables	256,797	168,969	- 87,828	- 87,810
Net receivables	256,490	168,710		
Impairment losses on receivables	307	259		48
Provisions (net of deferred tax related to equity and provision for unpaid interest)	4,206	5,517		- 1,311
Total change in impairment losses and provisions				- 1,263

The difference between the change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at December 31st 2016 net of the interest receivable from a security deposit, disclosed under investing activities.

Note 51

Workforce structure

The average workforce (employees and regular associates) in the period January 1st–December 31st 2017 was 72 persons, compared with 78 in the comparative period of January 1st–December 31st 2016.

Organisational unit	Workforce as at December 31st 2017	Workforce as at December 31st 2016
Management Board	4	5
Other	70	76
Total	74	81

Note 52

Remuneration of members of the Management Board and the Supervisory Board (including profit distribution)

The table below presents the amount of remuneration paid and payable or potentially payable to members of the Supervisory and Management Boards, as well as additional benefits (healthcare services, to the extent they are financed by the Company) from IPOPEMA Securities:

Total remuneration (including bonuses)	2017	2016
Management Board	1,914	2,266
Jacek Lewandowski	636	617
Mirosław Borys	393	424
Mariusz Piskorski	427	398
Daniel Ścigala	31	368
Stanisław Waczkowski	427	459
Supervisory Board	138	117
Jacek Jonak	40	33
Janusz Diemko	22	16
Bogdan Kryca	24	18
Michał Dobak	28	24
Zbigniew Mrowiec	12	26
Piotr Szczepiórkowski	12	-

In addition to the remuneration, the Management and Supervisory Board members who are the Company's shareholders receive dividend on the same terms as other shareholders.

Agreements with Mariusz Piskorski and Mirosław Borys, dated November 4th 2008

Two of the Management Board members, Mariusz Piskorski and Mirosław Borys, entered into agreements with the Company, whereby each of them is entitled to compensation equal to three times their monthly salary if they are removed from the Management Board or not reappointed for another term of office (subject to conditions set forth in the agreements) or their remuneration terms are changed to less favourable.

Note 53

Loans, advances and guarantees granted to members of the Management Board and the Supervisory Board:

In the periods covered by these financial statements the Company did not grant any loans, advances or guarantees to any of the members of the Management Board and the Supervisory Board.

Note 54

Material transactions executed by the Company (in 2017 and 2016, i.e. in the period for which the comparative data was prepared) with:

a) the parent

not applicable

b) major shareholder

not applicable

c) subordinates

Transactions with subsidiary IPOPEMA Financial Advisory Sp. z o.o. SK

In 2017, the Company provided loans to IFA SK totalling PLN 920 thousand PLN and charged interest on these loans. The Company also signed an agreement for the provision of office and administrative support services to IFA SK. Revenue from the agreement recognised by the Company was below PLN 0.5m. Furthermore, FA SK advised the Company on a transaction in 2017. The cost of the advisory services incurred by the Company was PLN 1,080 thousand.

Transactions with subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.

The Company entered into an agreement with IPOPEMA TFI for the provision of services of an advisor and offering broker in a public offering of closed-end investment fund certificates, as well as an agreement for distribution of open-end investment fund units. The total remuneration for the services provided in 2017 was below PLN 0.5m.

d) members of the Management Board and Supervisory Board

None.

e) spouses or relatives of members of the Management Board and the Supervisory Board

None.

f) persons related to members of the Management Board and the Supervisory Board through custody, adoption or guardianship

None.

related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	Jan 1–Dec 31 2017		Jan 1–Dec 31 2016	
IPOPEMA BC	3	59	29	72
IPOPEMA TFI	658	1	373	-
IPOPEMA Business Services Srl	-	-	-	262
IPOPEMA Financial Advisory	-	-	-	-
IPOPEMA Financial Advisory SK	461	1,080	-	-
Total	1,122	1,140	402	334

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2017	Dec 31 2016	Dec 31 2017	Dec 31 2016
IPOPEMA BC	-	-	5	20
IPOPEMA TFI	206	209	-	-
IPOPEMA Business Services Srl	-	-	-	-
IPOPEMA Financial Advisory	7	-	-	-
IPOPEMA Financial Advisory SK	1,236	-	199	-
Total	1,449	209	204	20

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

In 2017, the Company received a dividend of PLN 0.9m from IBC; in 2016, the Company received a dividend of 1.5m from IPOPEMA TFI S.A. For detailed information on dividends received, see Note 58.

Transactions with related entities not covered by the financial statements

In the periods covered by these financial statements, there were no material transactions with related entities other than the transactions disclosed above.

Material related-party transactions 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 55

Incentive scheme

On December 5th 2007, the Extraordinary General Meeting passed a resolution (amended by a resolution of March 20th 2009) concerning implementation of an incentive scheme for the key employees of the Company and its subsidiary IPOPEMA TFI, as well as other persons of key importance to the execution of the IPOPEMA Securities Group's strategy. The scheme was based on Series C shares, which could be issued within the limit of conditional share capital, in a maximum number of 4,857,140 shares, on or before November 30th 2017.

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

No eligible persons subscribed for any shares under the incentive scheme in 2017 or in the comparative period. The Company did not incur any costs on account of the incentive schemes in 2017 or 2016.

Note 56

The entity authorised to audit the Company's full-year separate and consolidated financial statements for 2017 and to review the financial statements for H1 2017 is BDO Sp. z o.o., with its registered office at ul. Postępu 12, Warsaw, Poland.

Auditor's fees payable, in PLN '000 (exclusive of VAT):

Type of service	2017	2016
mandatory audit of financial statements	60	57
other assurance services	79	67
tax advisory services	-	-
other services	-	-

Note 57

Name and registered office of the parent preparing the consolidated financial statements

Not applicable.

Note 58

Dividends paid and proposed

By the date of preparation of these financial statements, no final decision had been made by the Company's Management Board concerning recommended distribution of the 2017 profit. Any decisions in this respect will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

On June 27th 2017, the Annual General Meeting of the Company resolved to allocate the entire profit for 2016, of PLN 1,046 thousand, to dividend. The dividend per share was PLN 0.03. The dividend record date was set for July 7th 2017, and the dividend payment date – for July 18th 2017. On the dividend payment date, a total of PLN 898 thousand was paid out to the shareholders. The difference between the distributed amount and the amount approved by the General Meeting results 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.

Dividend received

On May 11th 2017, the Annual General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay a dividend of PLN 1.8m. The dividend was paid to the Company pro rata to its shareholding in IBC.

On April 29th 2016, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 1,470 thousand, i.e. approximately PLN 0.42 per share. By the date of these financial statements, the dividend had been paid to the Company in full.

Note 59

Information on unconsolidated joint ventures

In the periods covered by these financial statements, the Company did not participate in any joint ventures.

Note 60

Information on court proceedings

In April 2016, the Company filed a suit for payment under writ-of-payment proceedings against one of its clients. The amount of the claim is PLN 49.2 thousand. A payment order was issued in the case, which was subsequently appealed by the defendant, with the appeal rejected by the court on formal grounds. The defendant filed a complaint. The proceedings are pending.

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

Note 61

Pending administrative proceedings and inspections

In 2017, there were two external inspections at the Company. One was carried out by representatives of the Social Security Institution (ZUS) and concerned the settlement of social security benefits and discharge of other employer obligations. The post-inspection report delivered to the Company contained findings and recommendations, which were duly implemented by the Company. The other inspection was carried out by the Central Securities Depository of Poland and concerned records of financial instruments and the operation of the IT systems used to maintain the records. The Company received one post-inspection recommendation from the CSDP, which was implemented.

In 2016, there were three external inspections at the Company. The first inspection was carried out by representatives of the Warsaw Stock Exchange and related to the Company's compliance with the WSE rules applicable to its members and to the fulfilment of the requirements related to access to the WSE IT systems. The post-inspection statements received by the Company contained two recommendations, both of which were implemented. The second inspection was performed by BondSpot S.A. and concerned the Company's compliance with the ATS market regulations and with the conditions of access to the ATS transaction platform. The inspection report delivered to the Company contained two recommendations, both of which were implemented. The last inspection was carried out by the Central Securities Depository of Poland and concerned records of financial instruments and the operation of the IT systems used to maintain the records. The Company received one post-inspection recommendation from the CSDP, which was implemented.

Note 62

The Company's own funds by item

As an investment firm, the Company is obliged to calculate its own funds and prudential requirements in compliance with the CRR. Key data is presented in the tables below.

Item	Dec 31 2017	Dec 31 2016	Average monthly data											
			Jan 2017	Feb 2017	Mar 2017	Apr 2017	May 2017	Jun 2017	Jul 2017	Aug 2017	Sep 2017	Oct 2017	Nov 2017	Dec 2017
Own funds – (PLN '000)	58,236	57,519	57,606	57,228	57,226	57,372	56,957	56,818	58,125	58,329	58,386	58,443	58,492	58,288
Tier 1 Capital	58,236	57,519	57,606	57,228	57,226	57,372	56,957	56,818	58,125	58,329	58,386	58,443	58,492	58,288
Common Equity Tier 1	58,236	57,519	57,606	57,228	57,226	57,372	56,957	56,818	58,125	58,329	58,386	58,443	58,492	58,288
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total risk exposure (PLN '000)	213,231	220,280	226,257	207,181	212,318	223,906	213,742	213,378	213,656	215,754	218,330	233,696	225,096	221,036
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	117,459	107,169	128,174	115,450	120,078	130,252	114,769	118,107	120,629	118,419	103,572	123,849	119,773	121,200
Total exposure to settlement/delivery risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to position risk, currency risk and commodity price risk	28,214	18,956	24,242	24,173	24,682	26,096	31,415	27,713	25,469	29,777	47,200	42,289	37,765	32,278
Total exposure to operational risk	67,558	74,155	73,841	67,558	67,558	67,558	67,558	67,558	67,558	67,558	67,558	67,558	67,558	67,558
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to risk related to large exposures in the trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 1 common equity ratio	27.31	28.72	26.10	27.98	27.21	25.96	26.84	26.77	27.46	27.45	26.89	25.39	26.37	26.89
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	48,641	48,506	47,424	47,905	47,672	47,296	47,339	47,216	48,510	48,620	48,561	47,927	48,362	48,342
Tier 1 capital ratio	27.31	28.72	26.10	27.98	27.21	25.96	26.84	26.77	27.46	27.45	26.89	25.39	26.37	26.89
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	45,442	45,502	44,031	44,797	44,487	43,938	44,133	44,015	45,305	45,384	45,286	44,422	44,986	45,026
Total capital adequacy ratio	27.31	28.72	26.10	27.98	27.21	25.96	26.84	26.77	27.46	27.45	26.89	25.39	26.37	26.89
Total capital surplus(+)/shortfall(-) (PLN '000)	41,178	41,497	39,505	40,654	40,240	39,460	39,858	39,748	41,032	41,069	40,920	39,748	40,484	40,606

Item	Dec 31 2017
Initial capital	3,045
Deviation of own funds from initial capital	55,191

Information on breach of capital adequacy ratios and limits on large exposures

In the period covered by these financial statements, the Company did not identify any breach of capital adequacy ratios on a separate or consolidated basis.

In the period covered by these financial statements, the Company did not identify any exposures which would have resulted in exceeding the large exposures limit on a consolidated basis.

Note 63

Events subsequent to the reporting date

All events with effect on the 2017 financial statements are disclosed in the accounting books for 2017.

These financial statements contain 58 (fifty-eight) consecutively numbered pages.

Warsaw, March 27th 2018

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board

Danuta Ciosek
Chief Accountant