The IPOPEMA Securities Group

Consolidated financial statements

for the year ended December 31st 2018

Warsaw, March 29th 2019

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Financial highlights

Consolidated financial highlights	PLN '000		EUR '000	
	2018	2017	2018	2017
Revenue from core activities	98,108	97,155	22,993	22,889
Cost of core activities	98,381	88,828	23,057	20,927
Profit/(loss) on core activities	- 273	8,327	- 64	1,962
Operating profit/(loss)	- 850	5,846	- 199	1,377
Profit/(loss) before tax	- 2,494	3,663	- 584	863
Net profit/(loss) from continuing operations	- 2,063	2,458	- 483	579
Net profit/(loss)	- 2,063	2,458	- 483	579
Net profit/loss from continuing operations per ordinary share (PLN/EUR)				
- basic	- 0.10	0.06	- 0.02	0.01
- diluted	- 0.10	0.06	- 0.02	0.01
Net cash from operating activities	- 8,287	9,143	- 1,942	2,154
Net cash from investing activities	3,011	7,092	706	1,671
Net cash from financing activities	- 15,365	9,100	- 3,601	2,144
Total cash flows	- 20,641	25,335	- 4,837	5,969

Consolidated financial highlights	PLN '000		EUR '000	
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
Total assets	259,698	361,513	60,395	86,675
Current liabilities	166,536	266,585	38,729	63,915
Equity	80,407	84,205	18,699	20,189
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.69	2.81	0.62	0.67

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2018	2017
EUR	4.2669	4.2447

- Items of the consolidated statement of financial position:

Exchange rate as at	Dec 31 2018	Dec 31 2017
EUR	4.3000	4.1709

These consolidated financial statements for the year ended December 31st 2018 were authorised for issue by the Management Board on March 29th 2019.

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

EUR	2018	2017
Lowest exchange rate	4.1423	4.1709
Highest exchange rate	4.3978	4.4157

Consolidated statement of comprehensive income

for the year ended December 31st 2018

	Note	2018	2017
CONTINUING OPERATIONS			
Revenue from core activities, including:	16.1	**98,108**	**97,155**
Revenue from brokerage activities		32,380	45,644
Revenue from investment fund and asset management		40,579	30,357
Revenue from advisory services		25,149	21,154
Cost of core activities	16.2	**98,381**	**88,828**
Profit/(loss) on core activities		**- 273**	**8,327**
Gain/(loss) on transactions in financial instruments held for trading	16.4	- 861	- 1,583
Gain/(loss) on transactions in financial instruments available for sale		-	790
Other income	16.5	1,076	1,626
Other expenses	16.5	792	3,314
Operating profit/(loss)		**- 850**	**5,846**
Finance income	16.3	1,768	1,018
Finance costs	16.3	3,412	3,201
Gross profit (loss)		**- 2,494**	**3,663**
Income tax	19	- 431	1,205
Net profit/(loss) on continuing operations		**- 2,063**	**2,458**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit/(loss) for period		**- 2,063**	**2,458**
Attributable to:			
Owners of the parent		- 2,934	1,651
Non-controlling interests		871	807
Earnings/(loss) per share (PLN)	10	- 0.10	0.06
Diluted earnings/(loss) per share (PLN)	10	- 0.10	0.06
Net profit/(loss) for period		**- 2,063**	**2,458**
Other comprehensive income that will not be reclassified to profit or loss		**- 101**	**-**
Gains and losses on remeasurement of equity instruments		- 125	-
Income tax on items of other comprehensive income	19	24	-
Other comprehensive income that may be reclassified to profit or loss		**-**	**- 92**
Gains and losses on remeasurement of equity instruments		-	- 113
Income tax on items of other comprehensive income	19	-	21
Comprehensive income for period		**- 2,164**	**2,366**
Attributable to:			
Owners of the parent		- 3,035	1,559
Non-controlling interests		871	807

Consolidated statement of financial position

As at December 31st 2018

ASSETS	Note	Dec 31 2018	Dec 31 2017
Cash and cash equivalents	13.1	46,938	67,482
Short-term receivables	13.2	184,806	269,162
Tax assets		169	157
Current prepayments and accrued income	13.3	1,239	1,474
Financial instruments held for trading	13.4, 20.2	9,756	3,009
Financial instruments available for sale	13.5, 20.2	-	9,459
Equity instruments through other comprehensive income	13.5, 20.2	6,299	-
Investments in jointly controlled entities and associates		-	-
Long-term receivables		3,639	2,943
Long-term loans advanced	20.1	49	35
Property, plant and equipment	13.6	2,388	3,330
Investment property		-	-
Intangible assets	13.7	1,652	2,353
Deferred tax assets	19	2,651	1,768
Non-current prepayments and accrued income		112	341
TOTAL ASSETS		**259,698**	**361,513**

EQUITY AND LIABILITIES		Dec 31 2018	Dec 31 2017
Current liabilities	15.3	166,488	266,113
Current tax liabilities		48	472
Other financial liabilities		-	-
Non-current liabilities		2,346	3,185
Deferred tax liabilities	19	417	59
Accruals	15.1	9,992	7,479
Total liabilities		**179,291**	**277,308**
Share capital	14.1	2,994	2,994
Other capital reserves	14.2	13,637	13,738
Retained earnings	14.2	59,186	63,154
Equity attributable to owners of the parent		**75,817**	**79,886**
Non-controlling interests	14.3	**4,590**	**4,319**
Total equity		**80,407**	**84,205**
TOTAL EQUITY AND LIABILITIES		**259,698**	**361,513**

Consolidated statement of cash flows

For the year ended December 31st 2018

CASH FLOWS	Note	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES	26		
Profit before tax		**- 2,494**	**3,663**
Total adjustments:		**- 5,793**	**5,480**
Depreciation and amortisation		2,233	2,741
Foreign exchange gains/(losses)		- 115	118
Interest and dividends		1,456	1,027
Gain/(loss) on investing activities		-	- 316
Increase/(decrease) in financial instruments held for trading		- 6,748	- 2,883
Increase/(decrease) in receivables		81,023	- 3,051
Increase/(decrease) in current liabilities (net of borrowings)		- 86,962	10,168
Change in provisions and impairment losses on receivables		- 543	1,364
Increase/(decrease) in accruals and deferrals		2,977	- 2,596
Lease inflows		1,042	378
Income tax paid		- 110	- 1,340
Other adjustments		- 46	- 130
Net cash from operating activities		**- 8,287**	**9,143**
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in loans advanced		- 230	- 48
Profit distributions (dividends) received		348	33
Interest received		26	123
Decrease in loans advanced		156	181
Purchase of property, plant and equipment and intangible assets		- 495	- 1,334
Acquisition of equity instruments through other comprehensive income		- 19,115	-
Acquisition of financial instruments available for sale and held to maturity		-	- 20,280
Sale of equity instruments through other comprehensive income		22,321	-
Proceeds from financial instruments available for sale and held to maturity		-	28,337
Sale of property, plant and equipment and intangible assets		-	80
Net cash from investing activities		**3,011**	**7,092**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	12,567
Proceeds from issue of debt securities		2	7
Repayment of debt securities		- 5	- 7
Interest paid		- 1,188	- 1,158
Repayment of finance lease liabilities		- 1,262	- 511
Repayment of borrowings		- 11,715	-
Dividends paid to owners of the parent		- 1,197	- 898
Dividends to non-controlling interests		-	- 900
Net cash from financing activities		**- 15,365**	**9,100**
Total cash flows		**- 20,641**	**25,335**
Net increase in cash and cash equivalents		- 20,526	25,217
Effect of exchange rate fluctuations on cash held		115	- 118
Cash at beginning of period		67,520	42,185
Cash at end of period, including		**46,879**	**67,520**
*restricted cash**		*15,814*	*39,778*

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

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Consolidated statement of changes in equity

For the year ended December 31st 2018

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other capital reserves					
	Share capital	Share premium	Revaluation capital reserve	Other capital reserves	Retained earnings		
As at Jan 1 2018	**2,994**	**10,351**	**173**	**3,214**	**63,154**	**4,319**	**84,205**
Net profit for 2018	-	-	-	-	- 2,934	871	- 2,063
Other comprehensive income	-	-	- 101	-	- 101	-	- 101
Gain/(loss) on transactions in equity instruments	-	-	-	-	163	-	163
Dividend paid	-	-	-	-	- 1,197	- 600	- 1,797
As at Dec 31 2018	**2,994**	**10,351**	**72**	**3,214**	**59,186**	**4,590**	**80,407**
As at Jan 1 2017	**2,994**	**10,351**	**265**	**3,214**	**62,401**	**4,410**	**83,635**
Profit for 2017	-	-	-	-	1,651	807	2,458
Other comprehensive income	-	-	- 92	-	-	-	- 92
Dividend paid	-	-	-	-	- 898	- 900	- 1,798
Other increase/decrease	-	-	-	-	-	2	2
As at Dec 31 2017	**2,994**	**10,351**	**173**	**3,214**	**63,154**	**4,319**	**84,205**

Notes

1. IPOPEMA Securities Group

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

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

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

As at December 31st 2018, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2). All the companies comprising the IPOPEMA Securities Group have been established for indefinite time. The financial statements of all subordinated entities were prepared for the same period as the parent's financial statements and in accordance with uniform accounting principles.

IPOPEMA Securities S. A. – the parent

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

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

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

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

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

Composition of the Management Board

As at the date of these consolidated 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.

Composition of the Supervisory Board

As at the date of these consolidated 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,
Michał Dobak – Member of the Supervisory Board,
Bogdan Kryca – Member of the Supervisory Board,
Piotr Szczepiórkowski – Member of the Supervisory Board.

Business profile

The Group's principal business activities are:

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

According to the sector/industry classification of the Warsaw Stock Exchange, the Group's business is classified as other finance (fin).

The IPOPEMA Securities Group specialises in the provision of brokerage, equity research and investment banking services, distribution of investment products, provision of investment consultancy services to a broad base of retail customers (IPOPEMA Securities S.A.), creation and management of closed-end and open-end investment funds and provision of asset management services (through the subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. – 'IPOPEMA TFI' or 'Management Company'), as well as provision of business and IT consultancy services (through the subsidiary IPOPEMA Business Consulting Sp. z o.o.). The Group also offers advisory services related to corporate financial restructuring and finance raising for infrastructure projects. Until 2017, these services were provided by IPOPEMA Securities, and in Q1 2017 they were taken over by a dedicated subsidiary IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa ('IFA SK').

As part of its brokerage business, the Company provides comprehensive intermediation services in securities trading for institutional clients, chiefly on the Warsaw Stock Exchange ('WSE'), but also on other global stock exchanges. In February 2014, the Company was registered as an entity regulated by the Romanian Financial Supervision Authority, and in June 2014 it became a member of the Bucharest Stock Exchange. Since 2010, the Company has been providing intermediation services in debt instruments trading outside the regulated market. The Company's partners and clients include both high-profile international financial institutions and most of the leading local institutional investors, including open-end pension funds, investment fund companies, asset managers and insurers. The brokerage operations of IPOPEMA Securities S.A. are supported by a team of analysts, who prepare research reports, recommendations and comments on several dozen companies listed on the WSE and foreign stock exchanges.

The Company's investment banking offering includes comprehensive assistance in the preparation and execution of transactions on the capital market, involving the use of equity instruments (shares), debt instruments (corporate bonds), and hybrid solutions (convertible bonds). In particular, the Company focuses on public offerings of securities (especially shares) – in which it acts as coordinator, offering broker and financial adviser – M&A and management buy-outs, as well as advisory on the raising of financing on the private market, including from private equity funds and through pre-IPO placements. IPOPEMA Securities S.A. also assists companies listed on the Warsaw Stock Exchange in arranging share repurchase transactions, including tender offers and buyback programmes.

Apart from the above business, the Company also conducts activities which consist in offering brokerage services and investment products, including active investment advisory services, targeting a broader base of retail clients. These activities are carried out directly by IPOPEMA Securities and through third parties acting as its agents.

The Group also specialises in the provision of comprehensive financial restructuring services and raising funds for infrastructure projects. Until 2017, these services were offered by IPOPEMA Securities S.A., but are currently provided by a dedicated subsidiary IFA SK.

IPOPEMA TFI's business focuses on the creation and management of both closed-end investment funds (targeted at high-net-worth individuals and corporate clients) and open-end investment funds (offered to a wide group of retail investors). IPOPEMA TFI also provides discretionary portfolio management services (asset management) involving personalised investment strategies, to institutional clients (insurers, investment funds, non-profit organisations) and individuals.

IPOPEMA Business Consulting Sp. z o.o. focuses on the provision of advisory services in the area of corporate strategies and operations, as well as IT advisory services.

2. Composition of the Group

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

As at December 31st 2018, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

1) consolidated subsidiaries controlled by the Company

Company	Principal business	Ownership interest	% of voting rights
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	- operation of investment fund companies, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- other business and management consultancy services - computer facilities management activities, - computer consultancy services - software-related activities - wholesale of computers, computer peripherals and software	50.02%	50.02%
IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	- advisory services related to corporate financial restructuring and finance raising for infrastructure projects	N/A	

2) non-consolidated subsidiaries controlled by the Company:

IPOPEMA Financial Advisory Sp. z o.o.	- support for the activities of IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	100%	100%

IPOPEMA Financial Advisory Sp. z o.o. is not consolidated as its effect on the Group's data is immaterial.

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') – a subsidiary

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. IPOPEMA TFI's share capital amounts to PLN 10,599,441.00 and comprises 3,533,147 registered shares. The composition of the company's Management Board was as follows: Jarosław Wikaliński, President; Katarzyna Westfeld, Vice President (as of October 10th 2018); and Jarosław Jamka, Vice President (until October 10th 2018). The Management Board members have many years of practice and experience in financial markets, including in asset management and creation of investment funds. 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. ('IBC') – a subsidiary

IPOPEMA Business Consulting Sp. z o.o. was established on August 26th 2008. Its share capital amounts to PLN 100,050 and is divided into 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') – a subsidiary

In May 2016, the Company purchased from IBC all shares in IPOPEMA Outsourcing Sp. z o.o. In August 2016, the company's name was changed to IPOPEMA Financial Advisory Sp. z o.o. (IFA). Its share capital amounts to PLN 5,000 and is divided into 100 shares. The company's Management Board is composed of Jarosław Błaszczak, President, and Marcin Kurowski, Member. 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 (IFA SK), with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company’s maximum liability for IFA SK’s liabilities to creditors is PLN 7,750. The structure comprising IFA and IFA SK was established in connection with the transfer to IFA SK in February 2017 of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, previously provided by IPOPEMA Securities (Jarosław Błaszczak, currently a limited partner in IFA SK, had already worked with the Company in this business area).

3. Basis of preparation

3.1. Going concern assumption

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

3.2. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2018 and contain comparative data for the year ended December 31st 2017.

Unless stated otherwise, all figures in tables are presented in PLN ‘000.

These consolidated financial statements were prepared in accordance with the historical cost convention, save for financial assets and liabilities held for trading, which are measured at fair value.

3.3. Statement of compliance

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

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

The Group companies keep their accounting books in accordance with the accounting principles set forth in the Polish Accounting Act of September 29th 1994 (the ‘Act’) and the subsidiary regulations issued thereunder (‘Polish Accounting Standards’). These consolidated financial statements contain adjustments which are not included in the accounting books of the Group entities but which have been made to achieve compliance of the entities’ financial statements with the IFRS.

3.4. Measurement currency and reporting currency

The measurement currency and the reporting currency of these consolidated financial statements is the Polish złoty (‘PLN’) and all figures in these financial statements are presented in thousands of Polish złoty, unless stated otherwise.

3.5. Comparability of data

There were no material presentation changes in 2018 and 2017. The presentation changes related to the entry into force of IFRS 9 are discussed in Note 4.2.

4. Material accounting policies

4.1. Changes in accounting polices following amendments to IFRS

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2018:

- IFRS 9 *Financial Instruments* – published by the International Accounting Standards Board on July 24th 2014; the standard's final version supersedes previous versions of IFRS 9, completing the Board's project to replace IAS 39 '*Financial Instruments: Recognition and Measurement*'. The new standard provides guidance for classification and measurement of financial assets and liabilities, introducing three categories for debt instruments: at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss. Revisions were made to the methodologies for measurement of equity instruments – by limiting the applicability of measurement at historical cost, impairment – by introducing a new impairment recognition model (recognition of expected credit losses over the lifetime of a given instrument) and hedge accounting. IFRS 9 does not include guidelines on hedge accounting of portfolios of financial assets and liabilities, since these matters are covered by a separate project of the International Accounting Standards Board. The standard is effective for annual periods beginning on or after January 1st 2018.
- IFRS 15 *Revenue from Contracts with Customers* − published by the International Accounting Standards Board on May 28th 2014, effective for annual periods beginning on or after January 1st 2018. Under IFRS 15, revenue is recognised in the amount equal to the transaction price determined as consideration for transferring promised goods or services to a customer when control over the goods or services is transferred to the customer. Revenue from contracts with customers is recognised at a point in time or over time, based on the measured progress towards complete satisfaction of a performance obligation.
- Clarifications to IFRS 15 *Revenue from Contracts with Customers* – the clarifications provide additional information and explanations concerning the main points of IFRS 15, such as identification of individual performance obligations in the contract, determination whether the entity is an agent or a principal under the contract, and accounting for revenue from licences. In addition to additional clarifications, exemptions and simplifications for first-time adopters were also introduced. The clarifications are effective for annual periods beginning on or after January 1st 2018;
- Amendments to IFRS 2 Share-based Payment – published by the International Accounting Standards Board on June 20th 2016, effective for annual periods beginning on or after January 1st 2018; The amendments contain guidance with regard to: (i) fair value measurement of liabilities under cash-settled share-based transactions; (ii) reclassification from cash-settled share-based transactions to equity-settled share-based transactions, (iii) recognition of an employee's tax liability under share-based transactions.
- Amendments to IFRS 4 Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* – published by the International Accounting Standards Board on September 12th 2016, effective for annual periods beginning on or after January 1st 2018ł The amendments to IFRS 4 address issues arising from implementation of IFRS 9. The released amendments to IFRS 4 complement the range of existing options and seek to prevent temporary volatility in earnings of the insurance sector entities caused by the adoption of IFRS 9.
- Amendments to IAS 40 *Transfers of Investment Property* – published by the International Accounting Standards Board on December 8th 2016, effective for annual periods beginning on or after January 1st 2018. Amendments to IAS 40 clarify the requirements for transfers to and from investment property. They clarify that a change in the management's intentions for the use of investment property does not by itself provide evidence of a change in use. The amended standard should apply to all changes in use introduced after its effective date and to all investment property held as at its effective date.
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration* – published by the International Accounting Standards Board on December 8th 2016, effective for annual periods beginning on or after January 1st 2018. The interpretation clarifies the time of establishing the transaction date to determine the exchange rate for currency translation at initial recognition of an asset, cost or income item if the entity recognises advance consideration paid or received in a foreign currency. It applies if a transaction is denominated in a foreign currency and the entity recognises advance consideration paid or received in a foreign currency before the recognition of the related asset, cost or income item.
- Amendments to various standards made as part of an annual IFRS improvement cycle (IFRS Annual Improvements cycle 2014−2016) – In December 2016, the International Accounting Standards Board issued Annual Improvements to IFRS Standards 2014−2016 Cycle, containing amendments to three standards: IFRS 12 Disclosure of Interest in Other Entities, IFRS 1 First-time Adoption of IFRS, and

IAS 28 Investments in Associates and Joint Ventures. The improvements contain clarifications and changes to the scope of the standards, recognition and measurement, as well as terminological and editorial changes.

The Group did not opt for early adoption of other standards and interpretations which have been issued but are not yet effective. For the effect of the implementation of the new standards, see Note 4.2.

4.2. Presentation changes due to implementation of new standards

Applying IFRS 9

IFRS 9 *Financial Instruments* is effective for annual periods beginning after January 1st 2018. The Group has applied IFRS 9 as of its effective date, without restating comparative data (under the exemption provided for in paragraph 7.2.15 of IFRS 9).

IFRS 9 introduces changes in the classification of financial assets, replacing the categories used until December 31st 2017:

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

with the following categories:

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income, including:
  - financial assets measured at fair value through other comprehensive income.
  - investments in equity instruments measured at fair value through other comprehensive income.

Financial assets are classified on initial recognition, depending on an entity's business model for managing financial assets and the nature of contractual cash flows from these instruments.

At the date of the initial application of IFRS 9, the categories and carrying amounts of each class of financial assets and financial liabilities were as follows:

	IAS 39		IFRS 9	
	Category	Amount as at Jan 1 2018	Category	Amount as at Jan 1 2018
Financial assets:				
- cash and cash equivalents	loans and receivables	67,482	at amortised cost	67,482
- financial derivatives	at fair value through profit or loss	-	at fair value through profit or loss	-
- shares in listed companies	at fair value through profit or loss	3,009	at fair value through profit or loss	3,009
- shares in non-consolidated companies	Assets available for sale measured at cost (adjusted for impairment, in accordance with IFRS 27)	4	Equity instruments measured at cost (adjusted for impairment, in accordance with IFRS 27)	4
- short-term and long-term loans	loans and receivables	1,039	at amortised cost	1,039
- current and non-current receivables	loans and receivables	271,066	at amortised cost	271,066
Financial liabilities				

- borrowings and debt instruments	at amortised cost	27,357	at amortised cost	27,357
- financial derivatives	at fair value through profit or loss	-	at fair value through profit or loss	-
- short- and long-term trade and other payables	at amortised cost	269,298	at amortised cost	269,298

Financial assets held by the Group:

- Assets measured at amortised cost after initial recognition (cash and trade receivables) – financial assets held under a business model whose objective is to hold financial assets to collect contractual cash flows, and the underlying contract provides for generation of cash flows that are solely payments of principal and interest (i.e. meet the SPPI test);
- Shares in non-consolidated subsidiaries (PLN 4 thousand as at December 31st 2018 and December 31st 2017), which were previously presented as financial instruments available for sale and as of January 1st 2018 have been presented as equity instruments at cost through other comprehensive income;
- Investment certificates and investment fund units (PLN 6,285 thousand as at December 31st 2018 and PLN 8,637 thousand as at December 31st 2017), which were previously presented as financial instruments available for sale, and as of January 1st 2018 have been presented as equity instruments at fair value through other comprehensive income.

There were no differences in the carrying amounts of financial assets and liabilities resulting from the application of IFRS 9.

Expected credit losses

IFRS 9 introduces a change in the measurement of impairment of financial assets. In accordance with the new standard, an entity is required to recognise and measure impairment based on expected losses rather than incurred losses. Accordingly, as of January 1st 2018, a loss allowance for expected credit losses will be recognised on initial recognition of receivables. As a consequence, entities will not wait until receivables are past due before recognising impairment.

As permitted by the standard, a simplified approach is applied in the Group's financial statements to trade receivables that do not contain a significant financing component and to lease receivables, with the loss allowance measured at an amount equal to lifetime expected credit losses.

The Group conducted a portfolio analysis for trade receivables (other than receivables assessed separately) and applies a simplified provision matrix in the individual age categories based on lifetime expected credit losses. The loss allowance ratio varies from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year.

No loss allowances were recognised on cash and security deposits at banks, receivables from stock-exchange transactions, deposits held at clearing houses and receivables under public charges, as they are considered safe and because an analysis of historical data identified no credit losses on these categories of receivables in the past.

Applying IFRS 15

Under IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised in the amount equal to the transaction price determined as consideration for transferring promised goods or services to a customer when control over the goods or services is transferred to the customer. Revenue from contracts with customers is recognised at a point in time or over time, based on the measured progress towards complete satisfaction of a performance obligation.

The application of IFRS 15 requires the parent's Management Board to make judgements at each of the five steps of the established model:

- identification of a contract with customer,
- identification of performance obligations under a contract,
- price determination,
- allocation of the price to performance obligations,
- recognition of revenue when/as performance obligations are satisfied.

Under the new model, revenue is recognised as when the customer obtains control of a good or service.

The Group used a practical expedient available under the standard, which provides that the standard may be applied retrospectively only to contracts that are not completed contracts at the date of initial application, without restatement of comparative data. The Group recognises revenue at the transaction price, that is the consideration it expects to be entitled to in exchange for the services provided (the price is determined based on the analysis of contract terms).

The Group provides financial instruments intermediary services, services involving the offering of financial instruments, as well as fund management and general consultancy services. The impact of the new standard has been assessed by analysing the existing contracts. Revenue from intermediation in trading in financial instruments, offering financial instruments and fund management is recognised on a one-off basis at the time of service provision.

Revenue from advisory services is measured based on the progress toward complete satisfaction of the performance obligation over time (the measurement method has not changed relative to IAS 18 in the case of contracts requiring transition to IFRS 15) – the contracts meet the conditions for recognition of revenue over time.

As a result of the analysis, no differences were found in the identification and measurement of revenue generated by the Group.

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

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

- IFRS 16 *Leases* – published by the International Accounting Standards Board on January 13th 2016, effective for annual periods beginning on January 1st 2019. IFRS 16 introduces a new definition of a lease based on the concept of control over assets. All lease transactions give rise to the lessee's obligation to recognise assets and liabilities from all lease contracts that meet the criteria stipulated by the standard (with a few exceptions and simplifications). Leases of office space, vehicles and other assets will be reflected in the lessee's assets and liabilities measured at the discounted expected cash flows from the contract.
- Amendments to IAS 28 *Long-Term Interests in Associates and Joint Ventures* – published on October 12th 2017; the amendments clarify that an entity should apply IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied. The amendment is effective for annual periods beginning on or after January 1st 2019;
- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.* The accounting approach depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. Full gain or loss is recognised by the investor if the non-monetary assets constitute a business. If the assets do not meet the definition of a business, the investor recognises a partial gain or loss, excluding the part corresponding to other investors' interests. The effective date of the amended regulations has not been set by the International Accounting Standards Board.
- IFRS 17 *Insurance Contracts* – published on May 18th 2017, effective for annual periods beginning on or after January 1st 2021; The main objective of IFRS 17 is to ensure transparency and comparability of the insurers' financial statements. To this end, an entity will disclose quantitative and qualitative information to enable users of its financial statements to assess the impact of insurance contracts on the entity's financial position, financial performance and cash flows. IFRS 17 introduces a number of material amendments to the existing IFRS 4 requirements.
- Interpretation IFRIC 23 Uncertainty over Income Tax Treatments – published on June 7th 2017, effective for annual periods beginning on or after January 1st 2019. The interpretation clarifies how to apply the recognition and measurement requirements stipulated in IAS 12 *Income Taxes* in the case of uncertainty over income tax treatments. An uncertain tax treatment is applied if it is not probable that a tax authority will accept a particular tax treatment. In particular, IFRIC 23 defines – if there is uncertainty over income tax treatments – whether and when an entity should consider uncertain tax treatments separately; the assumptions made by the entity about the examination of tax treatments by taxation authorities; how the entity determines taxable profit (tax loss), tax bases, unused tax losses and tax rates; and how the entity considers changes in facts and circumstances. In accordance with the interpretation, the effects of uncertainty should be measured based on the approach which best predicts how the uncertainty will be resolved: either the most likely amount method or the expected value method;
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement – published on February 7th 2018, effective for annual periods beginning on or after January 1st 2019. The amendments relate to

remeasurements of defined benefits plans on a plan amendment, requiring entities to use updated assumptions for the calculation of current service cost and interest for post-amendment periods if the net defined benefit liability (asset) is remeasured. Previously, IAS 19 failed to provide clear guidance on that specific issue.

- Amendments to IFRS 9 Prepayment Features with Negative Compensation – published on October 12th 2017, effective for annual periods beginning on or after January 1st 2019. Amendments to IFRS 9 introduce guidance regarding contracts with prepayment features in which the lender may be forced to accept a prepayment amount that is substantially less than unpaid amounts of principal and interest. Such prepayment could constitute a payment to the borrower by the lender and not a compensation from the borrower to the lender. The relevant financial asset would be eligible to be measured at amortised cost or at fair value through other comprehensive income (depending on the company's business model), and the negative compensation must represent reasonable compensation for early repayment under the contract.
- Amendments to various standards introduced as part of "Annual Improvements to IFRS Standards 2015–2017 Cycle". As part of the annual IFRS improvement cycle, minor amendments to the following standards were made on December 12th 2017: IFRS 3 Business Combinations – clarifying that when an entity obtains control of a joint operation, it remeasures previously held interests in that joint operation; IFRS 11 Joint Arrangements – clarifying that when an entity obtains joint control of a joint operation, the entity does not remeasure previously held interests in that joint operation; IAS 12 Income Taxes – clarifying that all tax consequences of dividends are recognised in the same way; IAS 23 Borrowing Costs – clarifying that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of the funds that it has borrowed generally.

The Group will apply the amended provisions of the standards as of January 1st 2019, unless a different effective date is provided. When first adopted, the amended standards (except for IFRS 16, the effect of which on the Group's financial data is presented in Note 5.1) will have no material effect on the Group's consolidated financial statements.

The Group did not opt for early application the above standards, amendments, and interpretations.

5.1. Applying IFRS 16

IFRS 16 will be effective for annual periods beginning on or after January 1st 2019. The standard may be applied early by entities that apply IFRS 15 at or before the date of initial application of IFRS 16. The Group did not opt for early adoption of IFRS 16.

IFRS 16 introduces a new definition of a lease based on the concept of control over assets. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. At the commencement date, the lessee recognises a right-of-use asset and a lease liability, measured at the discounted expected cash flows from the contract. The lessee separately recognises depreciation of the right-of-use asset and interest on the lease liability.

As at the date of these consolidated financial statements, the Group was working on the implementation of new IFRS 16. The Group analysed service purchase agreements to identify contracts under which it uses assets owned by its suppliers. Group companies are lessees under contracts for lease of office space, vehicles, and IT equipment, as described in more detail in Note 27.

The Group decided to apply the modified retrospective method without restating the comparative data. Therefore, the Group will recognise the cumulative effect of adopting IFRS 16 as an adjustment to equity (retained earnings) as at the date of initial application of the standard. As at the effective date of the new standard, i.e. January 1st 2019, the estimated potential impact of IFRS 16 on the Group's total assets will be approximately PLN 13,634 thousand (increase in the right-of-use assets and in liabilities), with no material effect on retained earnings. Since 2019, the Group's right to use assets will be amortised using the straight-line method over the expected useful life of assets. The Group's cost structure will change: operating lease payments were previously presented as office space lease costs – starting from 2019 the Group will be recognise depreciation and finance cost instead.

6. Standards adopted by the International Financial Reporting Standards Board but not yet endorsed by the European Union

- Amendments to IAS 1 and IAS 8: Definition of materiality – the amendments were published on October 31st 2018 – not endorsed by the EU by the date of authorisation of these financial statements – effective for annual periods beginning on or after January 1st 2020;

- Amendment to IFRS 3 *Business Combinations* – the amendment was published on October 22nd 2018 – not endorsed by the EU by the date of authorisation of these financial statements – effective for annual periods beginning on or after January 1st 2020;
- Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – the amendment consists in the introduction of a new definition of "material" (with respect to omissions or misstatements in financial statements). The previous definition contained in IAS 1 and IAS 8 differed from the one presented in the Conceptual Framework for Financial Reporting, leading to difficulties in making judgements by entities preparing financial statements. The amendment will align the definition in all applicable IAS and IFRS.
- IFRS 14 *Regulatory Deferral Accounts* – EU endorsement process has been suspended. The standard permits an entity which is a first-time adopter of IFRS to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of other comprehensive income.

The Group believes that application of the amended standards will not have any material effect on its financial statements when first adopted.

7. Material judgements and estimates

7.1. Professional judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Company's Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the consolidated financial statements contain only relevant and reliable information and that they:

- give a clear, true and fair view of the Group's assets, its financial condition, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

When preparing the financial statements, the Group makes estimates and assumptions which affect the amounts of assets and liabilities disclosed in the subsequent period. The estimates and assumptions are subject to ongoing review and are based on past experience and other factors, including expectations as to future events, which seem justified in a given situation.

The subjective judgements made as at December 31st 2018 and details regarding estimates and judgements are presented in Note 7.2.

7.2. Estimation uncertainty

As certain items presented in the consolidated financial statements cannot be measured accurately, estimates need to be made in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2018 may be changed if their underlying assumptions change or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

Note		**Type of disclosure**
9.7.1	Impairment losses on receivables	Main assumptions underlying the computation of expected loss
9.4 and 9.5	Useful lives of property, plant and equipment and intangible assets	Useful lives and depreciation/amortisation methods are reviewed at the end of each reporting period or more frequently
9.12.1	Accruals and deferred income	Assumptions underlying the liability amount estimates
15.2	Provisions for litigations, fines and damages	Assumptions underlying the liability amount estimates

8. Changes in estimates

In the period covered by these consolidated financial statements, there were no changes in estimates other than changes in accruals and deferred income, impairment losses on receivables and depreciation/amortisation, as discussed in Notes 15.1.1, 13.2.1, 13.6 and 13.7.

9. Material accounting policies

9.1. Consolidation rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the year ended December 31st 2018 and December 31st 2017 (in the case of the statement of comprehensive income, the statement of cash flows and statement of changes in equity) and as at December 31st 2018 and December 31st 2017 (in the case of the statement of financial position). The subsidiary IPOPEMA Financial Advisory Sp. z o.o. was not consolidated as its effect on the Group's financial data was immaterial.

Subsidiaries are investees controlled by the Group. An investor controls an investee when it has power over the investee, it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Entities are consolidated from the date the parent assumes control over them, and cease to be consolidated from the date such control is lost.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies. The consolidated financial statements combine items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries, and eliminate the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

Any balances and transactions of significant value between Group companies, including unrealised gains from intra-Group transactions, were fully eliminated. Unrealised losses were eliminated unless they were evidence of impairment.

A non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the parent. Non-controlling interests are presented by the Group in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Business combinations of entities under common control are accounted for using the predecessor value method, where assets and liabilities of the acquiree are not measured at fair value but they are recorded by the acquirer in its financial statements at the acquired values as disclosed in the consolidated financial statements prepared by the higher-tier entity which controls the entities involved in the business combination. The result of a combination of entities under common control is recognised in the separate financial statements of the acquirer within equity, as retained earnings or deficit.

The companies whose scale of business is immaterial relative to the scale of business of the Group are not consolidated, but they are measured at cost less impairment losses.

9.2. Correction of errors

No corrections of errors have been made in these consolidated financial statements.

9.3. Translation of foreign-currency items

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

1) the exchange rate actually applied on the transaction date, resulting from the nature of the transaction – in the case of sale or purchase of foreign currencies and payment of receivables or liabilities,

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

The following exchange rates were used to determine the carrying amounts:

Currency	Dec 31 2018	Dec 31 2017
USD	3.7597	3.4813
EUR	4.3000	4.1709
100 HUF	1.3394	1.3449
GBP	4.7895	4.7001
UAH	0.1357	0.1236
CZK	0.1673	0.1632
CHF	3.8166	3.5672
TRY	0.7108	0.9235
100 JPY	3.4124	3.0913
NOK	0.4325	0.4239
CAD	2.7620	2.7765
SEK	0.4201	0.4243
DKK	0.5759	0.5602
AUD	2.6549	2.7199
RON	0.9229	0.8953

** Source: National Bank of Poland.*

9.4. Property, plant and equipment

Property, plant and equipment are disclosed at cost less depreciation charges and impairment losses, if any. Property, plant and equipment are initially disclosed at cost plus any costs directly related to the purchase of the assets and bringing them to appropriate condition for their intended use. The cost also includes the cost of replacing component parts of plant and equipment, which is recognised when incurred if relevant recognition criteria are fulfilled. Costs incurred after a given asset has been placed in service, such as costs of maintenance or repair, are charged to the consolidated statement of comprehensive income when incurred.

Upon acquisition, items of property, plant and equipment are divided into components of material value to which separate useful economic lives can be assigned.

Spare parts and service parts of material value recognised under property, plant and equipment are depreciated over their expected useful economic lives, which, however, may not be longer than the useful lives of the serviced items of property, plant and equipment.

Depreciation/amortisation is charged using the straight-line method over the estimated useful life of an asset. The depreciation/amortisation rates applied by the Group 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 during the preparation of the consolidated financial statements any circumstances are identified indicating that the carrying amount of an asset may not be recoverable, such asset is tested for impairment. If there is indication of impairment and the carrying amount of an asset exceeds its estimated recoverable amount, then the carrying amount of the asset is reduced to the recoverable amount. The recoverable amount is equal to the higher of the fair value less cost to sell or the value in use. To calculate the value in use, the Group discounts the expected future cash flows to their present value using a pre-tax discount rate which reflects current market assessments of the time value of money and the risk specific to a given asset. Impairment losses are recognised in the consolidated statement of comprehensive income under other expenses.

Items of property, plant and equipment may be derecognised from the consolidated statement of financial position following their disposal or if no further economic benefits are expected to be derived from their further use. Gains or losses arising on derecognition of a given asset from the consolidated statement of financial position (calculated as the difference between net proceeds from its disposal, if any, and the carrying amount of the asset) are posted to the consolidated statement of comprehensive income in the period when the item 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.

9.5. Intangible assets

Intangible assets acquired in a separate transaction are initially measured at cost. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any.

The amortisation periods of intangible assets range from two to five years, depending on the type of an asset.

The Group determines whether intangible assets have definite or indefinite useful lives. Intangible assets with definite useful lives are amortised throughout their useful lives and tested for impairment each time there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at the end of each financial year or more frequently. Changes in the expected useful life or pattern of consumption of the future economic benefits embodied in an asset are disclosed by changing the amortisation period or amortisation method, as appropriate, and are accounted for as changes in accounting estimates. The Group does not carry any intangible assets with indefinite useful lives. Consequently, all intangible assets are amortised.

9.6. Financial assets

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

- financial assets measured at amortised cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income, including:
  - financial assets measured at fair value through other comprehensive income.
  - investments in equity instruments measured at fair value through other comprehensive income.

Financial assets are so classified on initial recognition, depending on the Group's business model for managing financial assets and the nature of contractual cash flows from these instruments.

Financial liabilities

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

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

Financial assets and liabilities held for trading

A financial asset is designated as held for trading if it is acquired principally for the purpose of selling it in the near term, if it is part of a portfolio for which there is a pattern of short-term profit-taking, or if it is a derivative (with the exception of derivatives in the form of financial guarantee contracts or designated and effective hedges).

Financial assets acquired in transactions on the regulated market are recognised as at the transaction date at cost, i.e. at the fair value of the instrument, whereas financial liabilities are first recognised in the accounting books at the contract date at the fair value of the instrument.

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

Financial assets held for trading by the Group comprise shares listed on the Warsaw and Budapest Stock Exchanges. For measurement purposes, the Group takes into account closing prices quoted on the Warsaw Stock Exchange (the 'WSE') and the Budapest Stock Exchange (the 'BSE') on the last business day of the financial year. The Group does not apply hedge accounting.

Financial assets measured at fair value through other comprehensive income.

A financial asset is classified into 'Financial assets measured at fair value through other comprehensive income' if both of the following conditions are met:

- it is managed in accordance with the business model the objective of which is to both collect the contractual cash flows and sell the financial asset,

- the contractual terms of the asset give rise to cash flows on specified dates, with the cash flows being solely payments of principal and interest on the principal amount outstanding.

'Financial assets measured at fair value through other comprehensive income' include in particular debt instruments.

Financial assets measured at fair value through other comprehensive income are disclosed as at the transaction date at fair value plus directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

The fair value of equity instruments traded on an active market is based on their current purchase price. If there is no active market for a given financial asset or unlisted securities, the Group determines their fair value using valuation techniques. These include the use of recent arm's length market transactions, reference to other instruments that are substantially the same, and analysis of discounted cash flows, making maximum use of market inputs; in certain cases, the acquisition price may be the best estimate.

Investments in equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income include in particular shares in non-consolidated entities. They are disclosed under non-current assets unless the Group intends to sell them within 12 months of the reporting date. Other assets classified into that category include investment certificates and investment fund units acquired to invest surplus cash.

Dividends under equity instruments classified as 'Financial assets measured at fair value through other comprehensive income' are recognised in profit or loss for the period under income from financial assets held as investments, at the time of a Group company's acquiring the right to payment.

Shares in non-consolidated subsidiaries are measured at cost less impairment losses. Investment certificates and investment fund units are recognised at fair value, based on the net asset value per certificate/unit as published by the investment fund in consultation with the depositary. Remeasurement gains and losses are posted under other comprehensive income. Subsequent to initial recognition, they are measured at fair value, and any changes in the fair value (other than impairment losses and foreign exchange gains and losses) are recognised in other comprehensive income and presented in equity as revaluation reserve. When an investment is derecognised, the gain or loss accumulated in revaluation reserve is reclassified to retained earnings as a reclassification adjustment.

Financial liabilities measured at amortised cost

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

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

9.7. Receivables

9.7.1. Short-term receivables

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

Receivables are initially recognised at nominal value and measured as at the end of the reporting period at amortised cost. Receivables are revised based on expected losses. As of January 1st 2018, a loss allowance for expected credit losses will be recognised on initial recognition of receivables.

As permitted by the standard, a simplified approach is applied in the Group's financial statements to trade receivables that do not contain a significant financing component and to lease receivables, with the loss allowance measured at an amount equal to lifetime expected credit losses.

The loss allowance ratio varies from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year.

No loss allowances were recognised on security deposits at banks, receivables from stock-exchange transactions, deposits held at clearing houses and receivables under public charges, as they are considered safe and because an analysis of historical data identified no credit losses on these categories of receivables in the past.

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

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

Shor-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

Current receivables from clients, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been 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 and 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 current receivables from banks conducting brokerage activities and other brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

9.7.2. Long-term receivables

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

9.8. Impairment losses

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

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

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

9.9. Cash and cash equivalents

Cash and cash equivalents disclosed in the consolidated statement of financial position include cash in hand and at banks, as well as short-term deposits, with original terms to maturity not exceeding three months, together with any interest accrued for the period.

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

9.10. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in 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. Other components of equity include: statutory reserve funds, revaluation capital reserve and other capital reserves.

The statutory reserve funds comprise share premium, that is the amount of issue proceeds in excess of the par value of the issued shares, less the share issue costs.

Other capital reserves include revaluation capital reserve and other capital reserves created in connection with the implementation of incentive schemes and dilution of shares.

Retained earnings comprise: statutory reserve funds created out of retained earnings, capital reserve, the aggregate capital adjustments resulting from the changes in accounting policies at the time of transition to IAS/IFRS, retained earnings or deficit (accumulated profits/losses brought forward), and net profit/(loss) for the current reporting period.

9.11. Liabilities

9.11.1. Current liabilities

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

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

Current liabilities include overdrafts; methods of their recognition are described in Note 9.6 above.

The recognition of current liabilities under executed transactions is discussed in Note 9.7.1 above.

9.11.2. Non-current liabilities

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

9.12. Provisions, accruals and deferred income

9.12.1. Accruals and deferred income

Accruals comprise liabilities in respect of goods or services which have been provided or rendered but have not been paid for, invoiced or formally agreed with the supplier, including amounts due to employees.

While in certain situations it is necessary to make an estimate of the amount or payment date for an item of accruals and deferred income, in general the degree of uncertainty is much smaller than in the case of provisions. The items recognised by the Group under accruals and deferred income include in particular: settlements relating to employee holidays or bonuses, as well as costs incurred but not invoiced or settled as at the reporting date.

9.12.2. Provisions

Provisions are recognised if the Group has a legal or constructive obligation resulting from a past event, the amount of such obligation can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the Group anticipates that the costs for which provisions have been recognised will be recovered, e.g. under an insurance agreement, the recovery of such funds is recognised as a separate asset, but only when is practically certain to occur. The cost related to a given provision is disclosed in the consolidated statement of comprehensive income after reduction by the amount of any recoveries.

In the consolidated statement of financial position, provisions are presented 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 (whether within 12 months or more than 12 months from the end of the reporting period).

9.13. Accrual basis of accounting and matching principle

In determining its net profit/(loss), the Group 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 attributable to a given reporting period which are yet to be incurred are recognised as liabilities (under accruals and deferred income).

9.14. Revenue from core activities

Under IFRS 15 *Revenue from Contracts with Customers*, revenue is recognised in the amount equal to the transaction price determined as consideration for transferring promised goods or services to a customer when control over the goods or services is transferred to the customer, net of amounts collected on behalf of third parties. Revenue comprises amounts received and receivable net of VAT. Revenue from contracts with customers is recognised at a point in time or over time, based on the measured progress towards complete satisfaction of a performance obligation.

The method of recognising revenue in the Group's consolidated financial statements, including both amount and time of recognition, is defined under the following five-step model:

- identification of a contract with customer,
- identification of performance obligations under a contract,
- price determination,
- allocation of the price to performance obligations,
- recognition of revenue when/as performance obligations are satisfied.

If the consideration defined in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer. The Group estimates the amount of variable consideration by applying the most likely amount method, which is the single most likely amount from the range of possible amounts of consideration.

The Group provides intermediation services in financial instrument trading, services consisting in the offering of financial instruments, as well as fund management and general advisory services. Revenue from intermediation in financial instrument trading, offering financial instruments and fund management is recognised on a one-off basis upon the Group's satisfaction of the performance obligation.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed on the equity market of the Warsaw and Budapest Stock Exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction.

If a service consists of an indeterminable number of activities performed over a specified period of time, then due to practical reasons revenue is recognised using the straight-line method (evenly) over the course of that period.

Revenue from advisory services provided by IFA SK and IBC is measured based on the progress towards complete satisfaction of a performance obligation and recognised over time based on the percentage of completion.

Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

9.15. Gain (loss) on transactions in financial instruments

9.15.1. Gain/(loss) on transactions in financial instruments held for trading

Gain (loss) on transactions in financial instruments held for trading includes dividends and other distributions from profit, interest, valuation adjustments and gain on sale/redemption. Costs related to financial instruments held for trading include valuation adjustments and loss on sale/redemption.

9.16. Finance income and costs

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

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

Foreign-exchange gains/losses on the collection or payment, as appropriate, and balance-sheet measurement of trade receivables and payables are posted to finance income or costs.

Borrowing costs are measured at amortised cost. Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised. Capitalised borrowing costs are recognised in the periods to which they relate.

The Group does not incur borrowing costs that are directly attributable to the acquisition, construction or production of an asset.

9.17. Income tax

9.17.1. Tax

Tax assets and 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 end of the reporting period.

9.17.2. Deferred income tax

For the purposes of financial reporting, the Group recognises deferred tax liabilities using the balance-sheet liability method in relation to all temporary differences recorded as at the end of the reporting period between the value of assets and liabilities computed for tax purposes and their carrying amounts disclosed in the consolidated financial statements.

Deferred tax liabilities are recognised in relation to all taxable temporary differences.

Deferred tax assets are recognised in relation to all deductible temporary differences and unused tax losses.

The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

Deferred tax assets and deferred tax liabilities are calculated using tax rates expected to be effective at the time of realisation of particular asset or reversal of particular liability, based on tax rates and fiscal regulations effective as at the end of the reporting period or tax rates and fiscal regulations which as at the end of the reporting period are certain to be effective in the future. The carrying amount of a deferred tax asset is reviewed as at the end of each reporting period and is subject to appropriate reduction to the extent it is no longer probable that taxable income sufficient for a partial or full realisation of this deferred tax asset would be generated.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. As there were no dilutive shares, the amounts of basic earnings per share and diluted earnings per share in the periods covered by these consolidated financial statements were the same.

	Dec 31 2018	Dec 31 2017
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Diluted number of shares	29,937,836	29,937,836
Earnings from continuing operations		
- basic	- 0.10	0.06
- diluted	- 0.10	0.06

11. Seasonality of operations

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

12. Operating segments

For management purposes, the Group is divided into separate segments based on types of products and services. There are therefore the following reporting operating segments:

1) The segment of brokerage and related services, comprising the business of (i) IPOPEMA Securities, i.e. brokerage and investment banking activities, distribution of investment products, investment advisory services addressed to a broad range of retail investors, and (ii) IFA SK, i.e. advisory services related to corporate financial restructuring and finance raising for infrastructure projects.
2) The segment of investment fund and portfolio management, comprising the business of IPOPEMA TFI, i.e. creation and management of investment funds as well as management of portfolios of broker-traded financial instruments.
3) The segment of advisory services, comprising the services of IPOPEMA Business Consulting, which focuses on business and management advisory, computer facilities management, computer advisory and software-related activities.

Jan 1–Dec 31 2018	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total		
Revenue						
Segment's total revenue, including:	33,141	40,579	25,149	98,869	-	98,869
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	- 291	-	-	- 291	-	- 291
Consolidation eliminations	- 470	-	-	- 470	-	- 470
Sales to external clients	**32,380**	**40,579**	**25,149**	**98,108**	**-**	**98,108**
Segment's costs						
Segment's costs – purchases from external suppliers	- 36,036	- 39,954	- 23,152	- 99,142	-	- 99,142
Segment's costs – intersegment purchases	-	291	-	291	-	291
Consolidation eliminations	470	-	-	470	-	470
Segment's total costs, including:	**- 35,566**	**- 39,663**	**- 23,152**	**- 98,381**	**-**	**- 98,381**
Depreciation and amortisation	- 1,690	- 454	- 89	- 2,233	-	- 2,233
Segment's profit/(loss) on core activities	**- 3,186**	**916**	**1,997**	**- 273**	**-**	**- 273**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	- 3,186	916	1,997	- 273	-	- 273
Interest income	232	208	240	680	-	680
Interest expense	- 1,222	- 16	- 174	- 1,412	-	- 1,412
Other net finance income/expenses	- 1,214	176	70	- 968	-	- 968
Other income/expenses	66	240	- 23	283	-	283
Consolidation eliminations	- 592	- 212	-	- 804	-	- 804
Profit/(loss) before tax and non-controlling interests	**- 5,916**	**1,312**	**2,110**	**- 2,494**	**-**	**- 2,494**
Income tax	- 1,104	310	369	- 425	-	- 425
Consolidation eliminations	-	- 40	34	- 6	-	- 6
Total corporate income tax	- 1,104	270	403	- 431	-	- 431
Net profit/(loss) for the financial year	**- 4,812**	**1,042**	**1,707**	**- 2,063**	**-**	**- 2,063**
Assets and liabilities as at Dec 31 2018						
Segment's assets	206,193	35,907	17,598	259,698	-	259,698

Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**206,193**	**35,907**	**17,598**	**259,698**	**-**	**259,698**
Segment's liabilities	156,415	4,792	8,092	169,299	-	169,299
Accruals and deferred income	2,670	7,234	88	9,992	-	9,992
Segment's net profit/(loss)	- 4,812	1,042	1,707	- 2,063	-	- 2,063
Equity (net of profit/loss for current period)	50,881	23,849	4,020	78,750	-	78,750
Non-controlling interests	- 24	-	3,744	3,720	-	3,720
Total equity and liabilities	**205,130**	**36,917**	**17,651**	**259,698**	**-**	**259,698**
Other segment data for 2018						
Capital expenditure, including:	166	139	190	495	-	495
Property, plant and equipment	124	134	158	416	-	416
Intangible assets	42	5	32	79	-	79
Depreciation of property, plant and equipment	1,059	337	61	1,457	-	1,457
Amortisation of intangible assets	631	117	28	776	-	776
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2018 did not exceed 14% (PLN 3,973 thousand) of total revenue from core operations. The Group's property, plant, equipment and intangible assets are located in Poland.

Jan 1–Dec 31 2017	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Advisory services	Total		
Revenue						
Segment's total revenue, including:	47,277	30,357	21,216	98,850	-	98,850
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	- 1,633	-	- 62	- 1,695	-	- 1,695
Consolidation eliminations	-	-	-	-	-	-
Sales to external clients	**45,644**	**30,357**	**21,154**	**97,155**	**-**	**97,155**
Segment's costs						
Segment's costs – purchases from external suppliers	- 41,610	-29,644	- 19,312	- 90,566	**-**	- 90,566
Segment's costs	1,570	168	-	1,738	**-**	1,738
Consolidation eliminations	-	-	-	-	**-**	-
Segment's total costs, including:	**- 40,040**	**- 29,476**	**-19,312**	**- 88,828**	**-**	**- 88,828**
Depreciation and amortisation	- 2,144	- 515	- 82	- 2,741	-	- 2,741
Segment's profit/(loss) on core activities	**5,604**	**881**	**1,842**	**8,327**	**-**	**8,327**
Unallocated costs	-	-	-	-	-	-
Profit/(loss) from continuing operations before tax and finance costs	5,604	881	1,842	8,327	-	8,327
Interest income	200	186	191	577	-	577
Interest expense	- 1,234	- 28	- 145	- 1,407	-	- 1,407
Other net finance income/expenses	- 1,700	611	- 156	- 1,245	-	- 1,245
Other income/expenses	- 1,335	- 194	- 117	- 1,646	-	- 1,646
Consolidation eliminations	- 943	-	-	- 943	-	- 943
Profit/(loss) before tax and non-controlling interests	**592**	**1,456**	**1,615**	**3,663**	**-**	**3,663**
Income tax	450	364	391	1,205	-	1,205
Consolidation eliminations	-	-	-	-	-	-
Total corporate income tax	450	364	391	1,205	-	1,205
Net profit/(loss) for the financial year	**142**	**1,092**	**1,224**	**2,458**	**-**	**2,458**

Assets and liabilities as at Dec 31 2017						
Segment's assets	313,272	29,188	19,053	361,513	-	361,513
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	**313,272**	**29,188**	**19,053**	**361,513**	**-**	**361,513**
Segment's liabilities	256,910	2,904	10,015	269,829	-	269,829
Accruals and deferred income	3,547	3,197	735	7,479	-	7,479
Segment's net profit/(loss)	142	1,092	1,224	2,458	-	2,458
Equity (net of profit/loss for current period)	51,868	22,737	3,630	78,235	-	78,235
Non-controlling interests	2	-	3,510	3,512	-	3,512
Total equity and liabilities	**312,469**	**29,930**	**19,114**	**361,513**	**-**	**361,513**

Other segment data for 2017						
Capital expenditure, including:	860	415	59	1,334	-	1,334
Property, plant and equipment	87	415	52	554	-	554
Intangible assets	773	-	7	780	-	780
Depreciation of property, plant and equipment	1,454	384	74	1,912	-	1,912
Amortisation of intangible assets	690	131	8	829	-	829
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2017 did not exceed 5% of total revenue (PLN 3,149 thousand). The Group's property, plant, equipment and intangible assets are located in Poland.

13. Notes to the consolidated statement of financial position – assets

13.1. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following items:

	Dec 31 2018	Dec 31 2017
Cash in hand	2	2
Cash at banks	27,411	24,555
Other cash (short-term deposits)	19,485	42,866
Cash equivalents	40	59
Total cash	**46,938**	**67,482**
Including cash in hand and cash at banks attributed to discontinued operations		-

	Dec 31 2018	Dec 31 2017
Cash in PLN	36,405	57,640
Cash in EUR	5,980	7,209
Cash in USD	3,349	854
Cash in HUF	248	1,558
Cash in TRY	16	6
Cash in RON	27	35
Cash in other currencies	913	180
Total cash	**46,938**	**67,482**

	Dec 31 2018	Dec 31 2017
Cash and other assets	31,124	27,704
Cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	15,814	39,778
Cash and other assets transferred from the settlement guarantee fund	-	-
Total cash	**46,938**	**67,482**

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

Clients' cash deposited in the parent's bank account, in the amount of PLN 15,814 thousand as at December 31st 2018 and PLN 39,778 thousand as at December 31st 2017, is also disclosed as other cash.

13.2. Receivables

Short-term receivables		Dec 31 2018	Dec 31 2017
1.	From clients / trade receivables	65,587	102,824
a)	under deferred payment arrangements	-	-
b)	under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c)	from clients under executed transactions	44,394	85,796
	- transactions on the Warsaw Stock Exchange	37,931	63,584
	- transactions on the Budapest Stock Exchange	4,287	12,898
	- transactions on the Prague Stock Exchange	1,491	6,547
	- transactions on the Istanbul Stock Exchange	-	1,097
	- executed on the Frankfurt Stock Exchange	-	375
	- transactions on the New York Stock Exchange	685	1,295
d)	other	21,193	17,028
2.	From related entities	-	7

3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses *	81,658	118,139
a)	under transactions	44,491	82,254
	- transactions on the Warsaw Stock Exchange*	42,020	73,764
	- transactions on the Budapest Stock Exchange	104	1,604
	- transactions on the New York Stock Exchange	2,308	1,449
	- transactions on the Prague Stock Exchange	-	879
	- transactions on the London Stock Exchange	-	4,132
	- executed on the Frankfurt Stock Exchange	-	426
	- executed on the Paris Stock Exchange	59	-
b)	other	37,167	35,885
4.	From the Central Securities Depository of Poland and exchange clearing houses	32,285	43,508
	- from the clearing guarantee fund	32,285	43,508
5.	From investment and pension fund companies and from investment and pension funds	4,661	3,312
6.	Taxes, subsidies and social security receivable	184	110
7.	Under court proceedings, not covered by recognised impairment losses on receivables	-	-
8.	Other	431	1,262
Total short-term receivables		**184,806**	**269,162**

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

Short-term receivables and current liabilities are recognised predominantly in connection with executed buy and sell transactions in securities, not yet settled at clearing houses. In the case of buy trades executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises liabilities towards the parties to market transactions (banks conducting brokerage activities and brokerage houses, known as the anonymous party to a transaction) and receivables from the clients on behalf of whom such buy trades have been executed. In the case of sell trades executed on stock exchanges on behalf of clients whose accounts are maintained by custodian banks, the Group recognises receivables from the parties to market transactions and liabilities towards the clients on behalf of whom such sell trades have been executed.

Impairment losses reduce the carrying amount of the impaired receivables.

Gross current receivables by currency	Dec 31 2018	Dec 31 2017
a) in PLN	139,547	203,729
b) in other currencies (translated into PLN)	46,960	67,677
Total gross current receivables	**186,507**	**271,406**

13.2.1. Age of receivables

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2018	Dec 31 2017
a) up to 1 month	170,910	246,978
b) over 1 month to 3 months	6,450	5,511
c) over 3 months to 1 year	4,048	11,702
d) over 1 year to 5 years	3,639	2,943
e) over 5 years	-	-
f) past due	5,099	7,215
Total gross receivables	**190,146**	**274,349**
g) impairment losses on receivables (negative value)	- 1,701	- 2,244
Total net receivables	**188,445**	**272,105**

Gross past due receivables by period of delay:	Dec 31 2018	Dec 31 2017
a) up to 1 month	1,307	2,276
b) over 1 month to 3 months	496	1,060
c) over 3 months to 1 year	239	2,994
d) over 1 year to 5 years	3,057	885
e) over 5 years	-	-
Total gross receivables	**5,099**	**7,215**
f) impairment losses on receivables (negative value)	- 1,701	- 2,244
Total net receivables	**3,398**	**4,971**

13.3. Current prepayments and accrued income

	Dec 31 2018	Dec 31 2017
a) prepayments, including:	1,239	1,474
- cost of ICT and information services	389	613
cost of office space lease	213	266
membership fees	-	100
expenses to be re-invoiced	4	4
other	633	491
Total prepayments and accrued income	**1,239**	**1,474**

13.4. Financial instruments held for trading

	Dec 31 2018	Dec 31 2017
- equities	9,709	3,009
- derivative instruments	47	-
Total financial instruments held for trading	**9,756**	**3,009**

"Equities" comprise shares listed on the Warsaw Stock Exchange and 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 278,121 shares with a total carrying amount of PLN 9,709 thousand. All the shares are traded on the Warsaw Stock Exchange or the Budapest Stock Exchange. As at December 31st 2017, the Company held 341,554 shares with a total carrying amount of PLN 3,009 thousand.

13.5. Equity instruments through other comprehensive income

As at December 31st 2018, the value of equity instruments through other comprehensive income held by the Group amounted to PLN 6,299 thousand, compared with PLN 9,459 thousand as at December 31st 2017. As equity instruments through other comprehensive income the Group classifies investment certificates and fund units in the total amount of PLN 6,295 thousand (December 31st 2017: PLN 8,637 thousand) and shares in non-consolidated subsidiaries in the total amount of PLN 4 thousand (December 31st 2017: PLN 4 thousand).

Shares in non-consolidated subsidiaries are not traded on an active market. They are measured at cost less impairment losses. In 2018 and 2017, no impairment losses were recognised on shares in non-consolidated subsidiaries.

13.6. Property, plant and equipment

As at December 31st 2018

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
a) Gross value of property, plant and equipment at beginning of period	**-**	**880**	**7,909**	**927**	**1,764**	**180**	**11,660**
b) Increase, including:	**-**	**-**	**302**	**446**	**23**	**258**	**1,029**
- purchases and lease	-	-	146	170	17	258	591
- transfer from investments	-	-	156	276	6	-	438
c) decrease	**-**	**-**	**172**	**441**	**18**	**438**	**1,069**
- liquidation	-	-	172	441	18	-	631
- reclassification to another category	-	-	-	-	-	438	438
d) gross value of property, plant and equipment at end of period	**-**	**880**	**8,039**	**932**	**1,769**	**-**	**11,620**
e) accumulated depreciation at beginning of period	**-**	**481**	**5,990**	**491**	**1,368**	**-**	**8,330**
f) Depreciation for period, including:	**-**	**67**	**901**	**- 138**	**72**	**-**	**902**
- annual depreciation charge		67	1,073	226	91	-	1,457
- liquidation	-	-	- 172	- 364	- 19	-	- 555
g) accumulated amortisation at end of period	**-**	**548**	**6,891**	**353**	**1,440**	**-**	**9,232**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning of period	**-**	**399**	**1,919**	**436**	**396**	**180**	**3,330**
k) Net value of property, plant and equipment at end of period	**-**	**332**	**1,148**	**579**	**329**	**-**	**2,388**

As at December 31st 2017

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
a) Gross value of property, plant and equipment at beginning of period	**-**	**880**	**8,722**	**1,410**	**1,833**	**10**	**12,855**
b) Increase, including:	**-**	**-**	**213**	**189**	**4**	**502**	**908**
- purchases and lease	-	-	48	-	4	502	554
- transfer from investments	-	-	165	189	-	-	354
c) decrease	**-**	**-**	**1,026**	**672**	**73**	**332**	**2,103**
- liquidation	-	-	1,026	672	73	-	1,771
- reclassification to another category	-	-	-	-	-	332	332
d) gross value of property, plant and equipment at end of period	**-**	**880**	**7,909**	**927**	**1,764**	**180**	**11,660**
e) accumulated depreciation at beginning of period	**-**	**412**	**5,539**	**834**	**1,289**	**-**	**8,074**
f) Depreciation for period, including:	**-**	**69**	**451**	**- 343**	**79**	**-**	**256**
- annual depreciation charge	-	69	1,469	234	143	-	1,915
- liquidation	-	-	1,018	577	64	-	1,659

g) accumulated amortisation at end of period	**-**	**481**	**5,990**	**491**	**1,368**	**-**	**8,330**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of property, plant and equipment at beginning of period	**-**	**468**	**3,183**	**576**	**544**	**10**	**4,781**
k) Net value of property, plant and equipment at end of period	**-**	**399**	**1,919**	**436**	**396**	**180**	**3,330**

13.6.1. Impairment losses

In 2018, no impairment losses were recognised with respect to property, plant and equipment.

13.7. Intangible assets

As at December 31st 2018

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Software	CO_2 emission allowances	Other intangible assets	Total
a) Gross value of intangible assets at beginning of period	**440**	**-**	**179**	**9,979**	**-**	**-**	**10,598**
b) Increase, including:	**-**	**-**	**32**	**43**	**-**	**-**	**75**
- purchase / transfer	-	-	32	43	-	-	75
- expansion of the	-	-	-	-	-	-	-
- completed	-	-	-	-	-	-	-
- other (lease returns)	-	-	-	-	-	-	-
c) decrease (including)	**-**	**-**	**-**	**11**	**-**	**-**	**11**
- liquidation	-	-	-	11	-	-	11
d) Gross value of intangible assets at end of period	**440**	**-**	**211**	**10,011**	**-**	**-**	**10,662**
e) Accumulated amortisation at beginning of period	**367**	**-**	**139**	**7,739**	**-**	**-**	**8,245**
f) amortisation for period:	**73**	**-**	**28**	**664**	**-**	**-**	**765**
- annual amortisation charge	73	-	28	675	-	-	776
- liquidation	-	-	-	- 11	-	-	- 11
g) accumulated amortisation at end of period	**440**	**-**	**167**	**8,403**	**-**	**-**	**9,010**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of period	**73**	**-**	**40**	**2,240**	**-**	**-**	**2,353**
k) Net value of intangible assets at end of period	**-**	**-**	**44**	**1,608**	**-**	**-**	**1,652**

As at December 31st 2017

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Software	CO_2 emission allowances	Other intangible assets	Total
a) Gross value of intangible assets at beginning of period	**440**	**-**	**173**	**9,662**	**-**	**-**	**10,275**
b) Increase, including:	**-**	**-**	**6**	**772**	**-**	**-**	**778**
- purchase / transfer	-	-	6	772	-	-	778
- expansion of the	-	-	-	-	-	-	-
- completed	-	-	-	-	-	-	-
- other (lease returns)	-	-	-	-	-	-	-
c) decrease (including)	**-**	**-**	**-**	**455**	**-**	**-**	**455**
- liquidation	-	-	-	455	-	-	455
d) Gross value of intangible assets at end of period	**440**	**-**	**179**	**9,979**	**-**	**-**	**10,598**
e) Accumulated amortisation at beginning of period	**293**	**-**	**131**	**6,992**	**-**	**-**	**7,416**
f) amortisation for period:	**74**	**-**	**8**	**747**	**-**	**-**	**829**
- annual amortisation charge	74	-	8	747	-	-	829
- liquidation	-	-	-	-	-	-	-
g) accumulated amortisation at end of period	**367**	**-**	**139**	**7,739**	**-**	**-**	**8,245**
h) impairment losses at beginning of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment losses at end of period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) Net value of intangible assets at beginning of period	**147**	**-**	**42**	**2,670**	**-**	**-**	**2,859**
k) Net value of intangible assets at end of period	**73**	**-**	**40**	**2,240**	**-**	**-**	**2,353**

The cost of completed development work relates to a system implemented at the Group for keeping records of investors in the funds managed by IPOPEMA TFI.

13.7.1. Purchases and sales

In 2018, the Group purchased intangible assets of PLN 776 thousand (2017: PLN 780 thousand). The Group did not sell any intangible assets in 2018 or 2017.

The Group recognised development work with a net value of PLN 0 thousand (fully amortised) as at December 31st 2018 and PLN 73 thousand as at December 31st 2017 as intangible assets.

13.7.2. Impairment losses

The Group did not identify any impairment of its assets in 2018 or 2017.

13.7.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under ‘Amortisation’. Amortisation was PLN 776 thousand in 2018 (2017: PLN 829 thousand).

14. Notes to the consolidated statement of financial position – equity

14.1. Share capital

The financial data concerning the share capital are presented in the złoty.

As at December 31st 2018 and December 31st 2017, the parent’s registered share capital was PLN 2,993,783.60 and comprised 29,937,836 shares.

Share capital structure as at December 31st 2018

Shareholder	Number of shares and voting rights	Value of shares subscribed for (PLN)
OFE PZU Złota Jesień*	3,471,868	347,187
IPOPEMA PRE-IPO FIZAN [1]	2,990,789	299,079
JLC Lewandowski S.K.A. [2]	2,990,789	299,079
IPOPEMA 10 FIZAN [3]	2,851,420	285,142
Quercus Parasolowy SFIO*	2,827,552	282,755
Value FIZ*	2,750,933	275,093
Katarzyna Lewandowska	2,136,749	213,675
Total shareholders holding over 5% of the share capital	**20,020,100**	**2,002,010**

** 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 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.

In 2018 and 2017, there were no changes in the parent's share capital. As at December 31st 2018 and December 31st 2017, the share capital was PLN 2,994 thousand 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.

Share par value

The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid up in full.

Shareholder rights

Each share of each series (A, B and C) confers the right to one vote. The shares of all series are ordinary shares, with no preference attached to them and with no restrictions on their disposal.

14.2. Other capital reserves

Reserve funds

Statutory reserve funds comprise share premium reduced by issue costs. The amount of share premium less the issue costs was PLN 10,351 thousand as at December 31st 2018 and December 31st 2017.

Revaluation capital reserve

Revaluation capital reserve is recognised upon measurement of equity instruments at fair value. In the event of sale or impairment of a financial asset measured at fair value, the effectively realised part of revaluation capital reserve related to this asset is reclassified to retained earnings.

	As at	
	Dec 31 2018	**Dec 31 2017**
Revaluation capital reserve at beginning of reporting period	173	265
Amount recognised in equity in reporting period	-125	- 113
Deferred income tax	24	21
Accumulated profit/(loss) on equity investments in the year ended	**72**	**173**

Other capital reserves

Other capital reserves have been created in connection with the Incentive Scheme and a change in the value of shares held in a subsidiary. As at December 31st 2018 and December 31st 2017, other capital reserves amounted to PLN 3,214 thousand.

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Group, this regulation applies to IPOPEMA Securities and IPOPEMA TFI. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at December 31st 2018 and December 31st 2017, this component of equity totalled PLN 998 thousand.

Retained earnings	Dec 31 2018	Dec 31 2017
Retained earnings/deficit	37,306	36,689
Net profit/loss for period	- 2,934	1,651
Aggregate capital adjustments resulting from transition to IAS/IFRS	24,814	24,814
Total retained earnings	**59,186**	**63,154**

Dividend

Dividend for a given year which has been approved by the General Meeting and not paid as at the end of the reporting period is disclosed as liabilities under dividend under ‘Other liabilities’. As at the end of the reporting period, IPOPEMA Business Consulting had not paid the dividend of PLN 600 thousand to non-controlling interests.

14.3. Non-controlling interests

As at December 31st 2018, non-controlling interests (held by the shareholders of IPOPEMA Business Consulting and IFA SK) amounted to PLN 4,590 thousand (December 31st 2017: PLN 4,319 thousand).

14.4. Capital adequacy requirements

The parent IPOPEMA Securities is an institution referred to in Article 4(1) point 3 of Regulation No 575/2013 of the European Parliament and of the EU Council of 26 June 2013 on prudential requirements for investment institutions and firms, amending Regulation (EU) No 648/2012 (OJ L 176 of 27 June 2013, as amended) (“CRR”) and as such it is subject in the reporting period to the capital adequacy requirements set forth in the CRR.

IPOPEMA Securities S.A. meets the conditions to be recognised as an EU parent institution and, therefore, in addition to the capital adequacy requirements on a separate basis, the Group is also obliged to meet the capital adequacy requirements on a consolidated basis.

Failure to meet capital adequacy requirements

In the period covered by these consolidated financial statements, the Group did not record any instances of non-compliance with the capital adequacy requirements on a consolidated basis nor any instances of exceeding large exposure limits under Article 392 of the CRR.

Key data is presented in the tables below.

Item	Dec 31 2018	Dec 31 2017	Average quarterly data Q1 2018	Q2 2018	Q3 2018	Q4 2018
Own funds – (PLN ‘000)	**70,029**	**74,057**	**73,181**	**73,314**	**70,404**	**68,402**
Tier 1 Capital	70,029	74,057	73,181	73,314	70,404	68,402
Common Equity Tier 1	70,029	74,057	73,181	73,314	70,404	68,402
Additional Tier 1 Capital	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-
Total risk exposure (PLN ‘000)	**240,320**	**317,816**	**311,069**	**292,625**	**258,807**	**234,883**
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	83,354	119,288	148,969	135,192	106,282	77,918
Total exposure to settlement/delivery risk	-	-	-	-	-	-
Total exposure to position risk, currency risk and commodity price risk	31,697	34,239	36,835	32,166	27,255	31,696
Total exposure to operational risk	125,265	164,289	125,265	125,265	125,265	125,265
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	4	-	-	2	5	4
Total exposure to risk related to large exposures in the trading book	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-
Tier 1 common equity ratio	29.14	23.30	23.53	25.05	27.20	29.12
Tier 1 capital surplus(+)/shortfall(–) (PLN ‘000)	59,214	59,755	59,183	60,146	58,757	57,832
Tier 1 capital ratio	29.14	23.30	23.53	25.05	27.20	29.12
Tier 1 capital surplus(+)/shortfall(-) (PLN ‘000)	55,610	54,988	54,517	55,756	54,875	54,309
Total capital adequacy ratio	29.14	23.30	23.53	25.05	27.20	29.12
Total capital surplus(+)/shortfall(-) (PLN ‘000)	50,803	48,632	48,296	49,904	49,699	49,611

Item	Dec 31 2018
Initial capital (PLN ‘000)	3,137
Deviation of own funds from initial capital	66,892

15. Notes to the consolidated statement of financial position – liabilities and accruals and deferred income

15.1. Accruals and deferred income

15.1.1. Changes in accruals and deferred income

	2018	2017
At beginning of reporting period	**7,479**	**9,673**
Recognised during the financial year	19,495	14,078
Used	16,982	16,269
Reversed	-	3
At end of reporting period	**9,992**	**7,479**

15.1.2. Accruals and deferred income at end of the reporting period

	Dec 31 2018	Dec 31 2017
Employee benefits*	3,898	5,309
Other	6,094	2,170
Total	**9,992**	**7,479**

** As provided for in 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.*

The Group estimates the liabilities according to its best knowledge at the time of preparing the consolidated financial statements. The amounts and time of realisation of accruals and deferred income are subject to uncertainty. The vast majority of employee benefit obligations will be discharged within 12 months from the end of the reporting period. The liabilities relating to paid annual leaves are computed as at the end of the reporting period, but the timing of cash outflow under the liabilities is difficult to predict. The liability is realised upon termination of employment relationship with an employee. Other accruals are current liabilities, i.e. the cash outflow is expected to occur within several months from the end of the reporting period.

15.2. Provisions for litigations, fines and damages

For information on court proceedings, see Note 30.1.

15.3. Liabilities (current)

Current liabilities	Dec 31 2018	Dec 31 2017
To clients	91,609	142,118
To related entities	1	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	55,100	91,401
a) under executed transactions*	55,023	91,053
b) other	77	348
To entities operating regulated securities markets and commodity exchanges	364	505
To the Central Securities Depository of Poland and exchange clearing houses	122	129
Borrowings	15,485	27,351
a) from related entities	-	-
b) other	15,485	27,351
Debt securities	3	5
Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,436	1,512
Salaries and wages	-	-
To investment and pension fund companies and to investment and pension funds	795	893
Under framework securities lending and short sale agreements	-	-
Other	1,573	2,199
a) dividends payable	600	-
b) other	973	2,199
- other liabilities	793	1,041
- financial liabilities at amortised cost.	180	1,158
Total current liabilities	**166,488**	**266,113**

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

Terms and conditions of related-party transactions are presented in Note 25.1.

Liabilities do not bear interest, except for borrowings (see Note 15.3.2) and leases (see Note 27).

The amount resulting from the difference between VAT payable and VAT receivable is paid to the relevant tax authorities on a monthly basis.

	Dec 31 2018	Dec 31 2017
Liabilities under executed stock-exchange transactions:	55,023	91,053
- transactions on the Warsaw Stock Exchange	48,559	68,858
- transactions on the Budapest Stock Exchange	4,290	12,889
- transactions on the Prague Stock Exchange	1,490	6,543
- transactions on the Istanbul Stock Exchange	-	1,096
- transactions on the Frankfurt Stock Exchange	-	374
- transactions on the New York Stock Exchange	684	1,293
Liabilities under transactions executed on over-the-counter market	77	348
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	**55,100**	**91,401**

Gross current liabilities (by currency)	Dec 31 2018	Dec 31 2017
a) in PLN	126,299	211,341
b) in other currencies (translated into PLN)	40,189	54,772
Total current liabilities	**166,488**	**266,113**

15.3.1. Age of payables

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2018	Dec 31 2017
a) up to 1 month	165,433	264,872
b) over 1 month to 3 months	665	162
c) over 3 months to 1 year	129	100
d) over 1 year to 5 years	2,346	3,185
e) over 5 years	-	-
f) past due	261	979
Total liabilities	**168,834**	**269,298**

The above analysis is based on discounted values, as the difference between the discounted and non-discounted values was immaterial and related mainly to liabilities under leases and bank borrowings. Liabilities under bank borrowings comprise an overdraft facility (as described below) and their amount varies from period to period.

15.3.2. Interest-bearing borrowings

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2018	Dec 31 2017
a) credit facility	15,485	27,351
- outstanding amount	15,485	27,351
Current liabilities	**15,485**	**27,351**

As at December 31st 2018, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 15,485 thousand (December 31st 2017: PLN 27,351 thousand). The liabilities arose under two overdraft facility agreements executed with Alior Bank S.A. on July 22nd 2009. The facilities, renewed each year, are used to finance payments due to the Central Securities Depository of Poland in connection with the brokerage activities. Their current term expires on September 16th 2019:

i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland for clearance 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.

Interest on borrowings pertains only to short-term facilities. Interest on the credit facility due for December 2018 was realised and paid in 2018. As at December 31st 2017, unrealised interest on borrowings amounted to PLN 52 thousand and was paid in 2018.

15.4. Bonds

In 2018, the Group issued 12 registered bonds with a total nominal value of PLN 2.4 thousand (2017: PLN 7 thousand), with various series maturing in 2018−2020. The total amount of liabilities payable by the Group on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Group. The bonds were issued in connection with the variable remuneration component policy in place at the Company. In 2018, the Company redeemed PLN 5.2 thousand worth of bonds (2017: PLN 7 thousand).

16. Notes to the consolidated statement of comprehensive income

16.1. Revenue from core activities

Revenue from core activities	2018	2017
Revenue from trading in securities*	21,987	24,970
Revenue from investment banking services*	8,112	18,972
Revenue from management of investment funds and clients' assets	40,579	30,357
Revenue from advisory services*	25,149	21,154
Other revenue from core activities	2,281	1,702
Total revenue from core activities	**98,108**	**97,155**

**Revenue of the brokerage and related services segment in the total amount of PLN 32,380 thousand (the segment information is presented in Note 12).*

16.2. Operating expenses

Cost of core activities	2018	2017
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	5,415	7,353
Payments to CCP	293	610
Fees payable to trade organisation	45	42
Salaries and wages	41,269	38,656
Social security	2,961	2,875
Employee benefits	693	667
Raw material and consumables used	487	480
Costs of maintenance and lease of buildings	3,516	3,476
Depreciation and amortisation	2,233	2,741
Taxes and other public charges	1,728	873
Other costs, including:	39,741	31,055
- fund management and distribution costs	18,104	10,248
- transaction costs other than cost of clearance through clearing houses or stock exchanges	4,201	6,975
- ICT and information services	4,256	4,068
- marketing, representation and advertising	1,653	940
- software purchases (for recharge)	2,890	2,199
- other services	8,637	6,625
Total cost of core activities	**98,381**	**88,828**

Employee benefits expense

Employee benefits expense (itemised)	2018	2017
Salaries and wages	41,269	38,656
Social security and other benefits	2,961	2,875
Costs of future benefits related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Other employee benefits expense	693	667
Total employee benefits expense	**44,923**	**42,198**

16.3. Finance income and costs

Finance income	2018	2017
1. Interest on loans advanced	5	8
2. Interest on deposits	404	386
a) from related entities	-	-
b) other	404	386
3. Other interest	271	184
4. Foreign exchange gains	685	24
a) realised	21	-
b) unrealised	664	24
5. Other	403	416
Total finance income	**1,768**	**1,018**

Finance costs	2018	2017
1. Interest on borrowings, including:	1,136	1,133
a) to related entities	-	-
b) other	1,136	1,133
2. Other interest	276	275
3. Foreign exchange losses	369	1,239
a) realised	360	286
b) unrealised	9	953
4. Other	1,631	554
Total finance costs	**3,412**	**3,201**

In 2018 and 2017, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

16.4. Gain (loss) on financial instruments held for trading

In 2018, the Group reported a PLN 862 thousand loss on financial instruments held for trading (2017: a loss of PLN 1,583 thousand). The result includes dividend income of PLN 348 thousand in 2018 (2017: PLN 19 thousand).

16.5. Operating income and expenses

Other income	2018	2017
a) gain on disposal of property, plant and equipment and intangible assets	1	8
b) reversed accruals and deferred income	-	3
c) reversed impairment losses on receivables	206	244
d) income from re-invoicing	232	183
e) other	637	1,188
Total other income	**1,076**	**1,626**

Other expenses	2018	2017
a) loss on disposal of property, plant and equipment and intangible assets	-	-
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) recognition of accruals and deferred income	-	-
c) impairment losses on receivables	365	1,843
d) other, including:	427	1,471
- membership fees	40	40
- costs of discontinued investment	-	465
- re-charged costs	232	177
- other	155	789
Total other expenses	**792**	**3,314**

17. Employee benefits

17.1. Employee share option plans

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.

During the term of the scheme, a total of 1,880,952 Series C shares were subscribed for. Following the end of the subscription period for Series C shares, as defined in the Company's Articles of Association, on November 30th 2017 the scheme expired.

18. Dividends paid and proposed

By the date of these consolidated financial statements, no final decision had been made by the parent's Management Board concerning recommended distribution of the 2018 loss. 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 6th 2018, the General Meeting of the Company resolved to distribute dividend of PLN 1,263 thousand. The 2017 profit of PLN 1,263 thousand was allocated to dividend payment. The dividend per share was PLN 0.04. The dividend record date was set for June 15th 2018, and the dividend payment date – for June 27th 2018. On the dividend payment date, a total of PLN 1.197 thousand was paid out to the shareholders. The difference (PLN 66 thousand) between the distributed amount and the PLN 1,263 thousand approved by the General Meeting resulted from rounding off the amount of dividend per share. Pursuant to the General Meeting's resolution, the difference was allocated to the Company's reserve capital.

On June 29th 2018, the Annual General Meeting of IBC resolved to allocate a part of the 2017 profit, of PLN 1.2m, to dividend payment (i.e. PLN 599.70 per share). The dividend had not been paid by the date of issue of these interim condensed financial statements.

On May 9th 2017, the Annual General Meeting of IBC resolved to pay dividend for 2016, in a total amount of PLN 1.8m (PLN 899.55 per share). The dividend was paid by the date of issue of these financial statements.

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.

19. Income tax

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

	For the year ended Dec 31 2018	For the year ended Dec 31 2017
Profit before tax	**- 2,494**	**3,663**
Tax calculated at 19% rate	**-**	**696**
Taxable income/deductible expenses for which no deferred tax assets were recognised − total consolidation adjustments	650	1,077
Tax losses for which no deferred tax assets were recognised − other	52	28
Tax loss carry forwards for which no deferred tax assets were recognised	-	-
Use of unrecognised tax losses	-	-
Non-deductible expenses	- 56	2,536
Deductible/taxable temporary differences for which no deferred tax assets/liabilities were recognised	-	-
Non-taxable income	- 419	- 961
Tax base for current and deferred income tax	**- 2,267**	**6,343**
Reductions, exemptions	-	-
Income tax expense	**- 431**	**1,205**

Tax settlements

Tax settlements and other regulated areas of activity are subject to inspection by administrative authorities, which are authorised to impose significant fines and other sanctions. As it is not possible to refer to an established regulatory framework in Poland, the applicable regulations often lack clarity and consistency. Frequent discrepancies in opinions concerning the legal construction of tax regulations, both between different governmental agencies, and between governmental agencies and enterprises, create areas of uncertainty and conflict. Consequently, tax risk in Poland is substantially higher than in countries with more mature tax systems.

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

Deferred income tax

Temporary differences related to deferred tax assets as at December 31st 2018 and December 31st 2017 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2018	Dec 31 2017
Equity instruments through other comprehensive income and held for trading	32	418
Property, plant and equipment	6	27
Short-term receivables	104	235
Accruals	1,784	1,274
Tax loss brought forward	2,554	222
Other	-	7
Total deferred tax asset	**4,480**	**2,183**

Deferred tax liabilities	Dec 31 2018	Dec 31 2017
Equity instruments through other comprehensive income	27	41
Property, plant and equipment	248	248
Short-term receivables	34	106
Accruals	1,520	-
Other	-	20
Total deferred tax liabilities	**1,829**	**415**
Net deferred tax assets	**2,651**	**1,768**

Temporary differences related to deferred tax liabilities as at December 31st 2018 and December 31st 2017 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2018	Dec 31 2017
Short-term receivables	-	34
Other	17	156
Total deferred tax asset	**17**	**190**

Deferred tax liabilities	Dec 31 2018	Dec 31 2017
Short-term receivables	414	249
Other	20	-
Total deferred tax liabilities	**434**	**249**
Net deferred tax liabilities	**417**	**59**

20. Additional information of financial instruments

20.1. Financial assets and liabilities

As at December 31st 2018 and December 31st 2017, the carrying amounts of financial assets and financial liabilities approximated their fair values.

As at December 31st 2018

	Categories and amounts of financial instruments under IFRS 9		
	financial assets measured at amortised cost	financial assets obligatorily measured at fair value through profit or loss	equity instruments classified upon initial recognition as measured at fair value through other comprehensive income
Financial assets:			
- cash and cash equivalents	46,938	-	-
- derivative financial instruments	-	47	-
- shares in listed companies	-	9,709	-
- shares and bonds (unlisted)	-	-	14
- investment fund units/investment certificates	-	-	6,285
- loans	141	-	-
- current and non-current receivables	186,135	-	-
Total financial asset category	**233,214**	**9,756**	**6,299**
Financial liabilities:			
- overdraft facility	15,485	-	-
- finance lease	3,305	-	-
- derivative financial instruments	-	-	-

- current and non-current liabilities (other than credit facility)	150,044	-	-

Instrument category and item of consolidated statement of financial position	carrying amount	fair value
Financial assets:	**251,487**	**251,487**
- cash and cash equivalents	46,938	46,938
- derivative financial instruments	47	47
- shares in listed companies	9,709	9,709
- shares and bonds (unlisted)	14	14
- investment fund units/investment certificates	6,285	6,285
- loans	141	141
- current and non-current receivables	188,353	188,353
Financial liabilities at amortised cost:	**165,528**	**165,528**
- overdraft facility	15,485	15,485
- current liabilities (other than credit facility)	150,043	150,043

As at Dec 31 2017

Instrument category and item of the consolidated statement of financial position	carrying amount	fair value
Loans and receivables	**339,587**	**339,587**
- cash and cash equivalents	67,482	67,482
- current and non-current receivables	272,105	272,105
Financial liabilities at amortised cost:	**264,602**	**264,602**
- overdraft facility	27,351	27,351
- current liabilities (other than credit facility)	237,251	237,251

The Group uses derivatives to mitigate the risk of exchange rate changes for currencies in which some of the Group’s sale and purchase transactions are denominated. While the derivative instruments held by the Group hedge it against currency risk, they are not security within the meaning of IFRS 9. Consequently, they are recognised as held for trading. All derivatives are measured at fair value, determined based on market data.

Shares in non-consolidated subsidiaries (not listed companies) as well as fund units and investment certificates are designated as measured at fair value through other comprehensive income as they are classified as equity instruments. In 2018, profit/(loss) on these financial assets was PLN 125 thousand.

Interest on cash is charged at variable rates. In 2018 and 2017, the Group did not recognise any impairment losses on loans. Impairment losses on receivables are described in Note 13.2.1. Income from interest on loans and receivables amounted to PLN 680 thousand in 2018 (of which PLN 9 thousand was interest accrued but not received) (2017: PLN 578 thousand, of which PLN 33 thousand was interest accrued but not received). Impairment losses pertain only to instruments that are recognised under loans and receivables.

In 2018, expenses related to interest on a credit facility amounted to PLN 1,136 thousand (2017: PLN 1,133 thousand). Interest on borrowings pertains only to short-term facilities. In 2017, realised expenses related to interest on bank borrowings amounted to PLN 1,188 thousand in 2018 (2017: PLN 1,081 thousand), with no unrealised interest reported as at December 31st 2018 (2017: PLN 52 thousand).

20.2. Fair value of financial assets and liabilities

The table below sets forth financial instruments measured at fair value classified in a three-level hierarchy:

Level 1 – where fair value is measured based on quoted (unadjusted) prices for identical assets or liabilities in active markets,

Level 2 – where fair value is measured based on market inputs other than quoted market prices (e.g. estimated by direct or indirect reference to similar instruments in the market),

Level 3 – where fair value is measured using different valuation techniques which are not based on observable market inputs.

As at December 31st 2018

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	47	-	47
Financial assets held for trading other than derivative instruments	9,709	-	-	9,709
Total financial assets measured at fair value through profit or loss	**9,709**	**47**	**-**	**9,756**
Equity instruments through other comprehensive income				
Investment certificates and investment fund units	-	6,285	-	6,285
Debt instruments	-	-	-	-
Total equity instruments through other comprehensive income	**-**	**6,285**	**-**	**6,285**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**

**Net of assets measured at cost.*

As at Dec 31 2017

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Financial assets held for trading other than derivative instruments	3,009	-	-	3,009
Total financial assets measured at fair value through profit or loss	**3,009**	**-**	**-**	**3,009**
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	**-**	**-**	**-**	**-**
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	8,637	-	8,637
Debt instruments	808	-	-	808
Total financial assets available for sale measured through equity	**808**	**8,637**	**-**	**9,445**

**The amount does not include IFA shares as they are measured at cost (in accordance with IAS 39).*

In the current period there were no transfers between Level 1 and Level 2.

21. Exclusions of companies from consolidation

Based on IAS 8.8, which permits departures from the IFRSs when the effect of such departure is immaterial, IFA has not been included in these consolidated financial statements.

	IPOPEMA Financial Advisory Sp. z o.o.
Total assets as at Dec 31 2018	2
% of Parent's total assets	-
Revenue in Jan 1–Dec 31 2018	14
% of Parent's revenue	-
Net assets as at Dec 31 2018	- 5
Net profit/(loss) in Jan 1–Dec 31 2018	-

	IPOPEMA Financial Advisory Sp. z o.o.
Total assets as at Dec 31 2017	3
% share in Parent's total assets	-
Revenue in Jan 1–Dec 31 2017	13
% share in Parent's revenue	-
Net assets as at Dec 31 2017	- 5
Net profit/(loss) in Jan 1–Dec 31 2017	- 1

22. Contingent liabilities and contingent assets

No contingent liabilities or contingent assets were carried by the Group as at December 31st 2018 or December 31st 2017.

23. Guarantees

In January 2012, the Company received from PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) a guarantee of up to EUR 268 thousand, secured with a security deposit with a current value of PLN 1,421 thousand. Under an annex executed in 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 16th 2023, secures liabilities related to the lease of office space.

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

24. Business combinations and acquisitions of non-controlling interests

24.1. Business combinations and acquisition of subsidiaries

The Group did not acquire any subsidiaries in 2018 or 2017.

24.2. Disposal of subsidiaries

In the period covered by these consolidated financial statements and the preceding periods, the Group did not dispose of any businesses.

25. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	Jan 1–Dec 31 2018		Jan 1–Dec 31 2017	
IPOPEMA Financial Advisory Sp. z o.o.	-	14	-	13
Members of the Management and Supervisory Boards	-	1	3	30
Total	**-**	**15**	**3**	**43**

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
IPOPEMA Financial Advisory Sp. z o.o.	-	7	1	-
Members of the Management and Supervisory Boards	-	-	-	-
Total	**-**	**7**	**1**	**-**

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 25.5.

Related-party transactions and outstanding balances of the Group's receivables and liabilities are excluded during preparation of the Group's consolidated financial statements.

25.1. Terms of related-party transactions

As a rule, transactions with related parties are executed on arms' length terms, subject to Note 25.3 below.

25.2. Loan advanced to members of the Management Board

The Group did not advance any loans to members of the Management Board.

25.3. Transactions involving members of the Management and Supervisory Boards

Some members of the Company's governing bodies executed (directly or through subsidiaries) transactions in securities on the regulated market and outside the stock-exchange market, with Group companies acting as intermediaries (revenue from the transactions, of less than PLN 10 thousand, was insignificant). Those persons also used fund management services in 2018 and 2017; two funds in which some members of the Company's Management Board or their related persons are investors, were exempted from administration fees.

Moreover, in 2017 the Company used legal advisory services of the law firm Jacek Jonak, Chairman of the Company's Supervisory Board, with a total value of no more than PLN 10 thousand.

In 2017, the Company subleased office space to a company linked to a member of its Supervisory Board. The total value of turnover under the sublease was PLN 50 thousand in 2017 (the sublease was terminated in 2017).

25.4. Transactions with non-consolidated subsidiaries

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

In 2017, IFA SK concluded a contract for the provision of management services with IFA. The total value of the Group's cost under that contract was PLN 14 thousand in 2018 and PLN 13 thousand in 2017.

25.5. Remuneration of the Group's senior management staff

The table below presents the amount of remuneration paid and 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) received at the IPOPEMA Securities Group:

	Total remuneration at the IPOPEMA Securities Group		Including in subsidiaries	
	2018	**2017**	2018	2017
Management Board	**1,818**	**2,312**	**400**	**396**
Jacek Lewandowski	501	738	100	101
Mirosław Borys	403	494	100	101
Mariusz Piskorski	403	529	100	101
Stanisław Waczkowski	511	520	100	93
Daniel Ścigała	-	31	-	-
Supervisory Board	**167**	**150**	**32**	**12**
Jacek Jonak	35	40	-	-
Janusz Diemko	26	22	-	-
Bogdan Kryca	18	24	-	-
Michał Dobak	28	28	-	-
Piotr Szczepiórkowski	60	20	32	8
Zbigniew Mrowiec	-	16	-	4

Benefits to the key management staff

In 2018 and 2017, there were no payments under post-employment benefits, termination benefits, share-based payments, or other long-term benefits. The liabilities under holiday benefits payable to the parent's Management Board stood at PLN 5 thousand as at December 31st 2018 and at PLN 2 thousand as at December 31st 2017. The holiday benefits were not included in the table above.

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.

26. Items of the consolidated statement of cash flows

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

Operating activities – provision of brokerage and advisory services, fund and asset management services and securities trading in the capacity of a broker.

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

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

Structure of cash

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows	
	Dec 31 2018	**Dec 31 2017**	**Dec 31 2018**	**Dec 31 2017**
Cash and cash equivalents	**46,938**	**67,482**	**46,879**	**67,520**
1. In hand	2	2	2	2
2. At banks	27,411	24,555	27,411	24,555
3. Other cash	19,485	42,866	19,485	42,866
4. Cash equivalents	40	59	-	-
5. Accrued foreign exchange differences	-	-	- 19	97

The difference between the presentation of cash in the statement of financial position and in the statement of cash flows in 2018 and 2017 follows from adjusting cash for the effect of foreign exchange differences and from presenting gift cards received from a telecom operator under cash.

Cash at the end of the period comprises the Group's own and its clients' cash and cash equivalents - for more information on the structure of cash see Note 13.1.

Differences in changes of balance-sheet items

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2018	Dec 31 2017	2018
Gross short- and long-term receivables	190,146	274,349	81,023
Net receivables	188,445	272,105	
Impairment losses on receivables	1,701	2,244	- 543
Prepayments and accrued income	1,351	1,815	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	9,992	7,479	2,977
Total increase/(decrease) in impairment losses and accruals and deferrals			**2,434**

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at December 31st 2018 net of receivables under loans advanced and receivables related to investing activities.

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2017	Dec 31 2016	2017
Gross short- and long-term receivables	274,349	271,171	- 2,874
Net receivables	272,105	270,291	
Impairment losses on receivables	2,244	880	1,364
Prepayments and accrued income	1,815	1,336	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	7,479	9,595	- 2,595
Total increase/(decrease) in impairment losses and accruals and deferrals			**- 1,231**

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

27. Leases

The Group as a lessee – right to use a building

The Group companies lease office space under lease contracts. 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.

Operating lease liabilities	Dec 31 2018	Dec 31 2017
	Present value of minimum lease payments	
Within 1 year *	2,192	2,055
Within 1 to 5 years *	6,934	8,219
Over 5 years *	-	87
Total operating lease liabilities	**9,126**	**10,361**
Cost of operating leases recognised in the year ended	**2,744**	**2,590**

** Average annual amount during the lease term.*

Finance leases

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

In 2017, a Group company concluded a 60-month lease agreement for IT equipment, to support hosting services provided to the company's trading partner. As per the agreement, the company will have the option to extend the lease or purchase the equipment after the lease term expires. Subject to the consent of the equipment supplier, the company may assign the rights and obligations of the agreement to a third party, and 18 months after the start of the lease the company may terminate the lease without the supplier's consent, provided that the equipment is purchased for a price equivalent to the sum of remaining lease payments. The same terms are set forth in the hosting agreement concluded with the company's trading partner.

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

Finance lease liabilities	Dec 31 2018	Dec 31 2017
Net carrying amount	3,195	4,200
Present value of minimum lease payments	3,305	4,342
Within 1 year	960	1,158
Within 1 to 5 years	2,345	3,184
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	**1,262**	**511**

Finance lease liabilities	Dec 31 2018	Dec 31 2017
Net carrying amount	2,942	3,618
Present value of minimum lease payments	2,942	3,618
Within 1 year	724	675
Within 1 to 5 years	2,218	2,943
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	**907**	**605**

28. Foreign exchange differences

Exchange differences disclosed in the consolidated statement of comprehensive income, other than differences resulting from financial instruments measured at fair value, are presented in Note 16.3. In 2018 and 2017, there were no exchange differences disclosed in other comprehensive income as a component of equity.

29. Security over assets of the IPOPEMA Securities Group

Both in 2018 and 2017, the Group's assets were used as security for working capital overdraft facilities (see Note 15.3.2).

As at December 31st 2018, save for security deposits of PLN 4m in a bank account, blank promissory notes with promissory note declarations, powers of attorney over bank accounts held with the lending bank (securing an overdraft facility), security deposits securing guarantees (see Note 23), and the security deposit of EUR 1.5m to secure the settlement of transactions executed on foreign stock exchanges, the Group did not have any liabilities secured with its assets.

30. Pending court or administrative proceedings and inspections at the Group companies

30.1. Pending court or administrative proceedings

On July 27th 2016, IPOPEMA TFI received a certified copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ('GPW'), in which GPW sought payment of PLN 20,554,900.90m for an alleged financial loss incurred by GPW as a result of its investment in investment certificates of one of the dedicated funds managed by IPOPEMA TFI (a closed-end private equity fund). IPOPEMA TFI has not recognised any provision for potential costs related to the claim. IPOPEMA TFI considers GPW's claims to be groundless and is seeking to have the action dismissed. It filed a response to the statement of claim with the court and has participated in successive procedural steps. By the date of these financial statements, only one hearing had been held in the case. During the hearing, IPOPEMA TFI's attorney requested the court to admit further evidence which, as was the case with the request to admit evidence submitted in the response to the statement of claim, has not yet been considered. The court set the date of the next hearing for April 2019. In view of the early stage of evidence taking and the complexity of factual and legal circumstances, the outcome of the proceedings cannot yet be determined.

30.2. Inspections

One external inspection was carried out at the Company in 2018. The 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.

31. Objectives and principles of financial risk management

Operations on capital markets inherently involve various financial risks which may have a material effect on the Group's operations, as outlined below.

All types of risk are monitored and controlled with respect to the profitability of the Group's business and the level of capital necessary to ensure security of executed transactions in the context of the capital adequacy requirements.

31.1. Market risk

The IPOPEMA Securities Group is exposed to the following types of market risk: interest rate risk, currency risk and price risk understood as the risk of fluctuations in the prices of financial instruments linked to share prices.

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange and the Budapest Stock Exchange. As at December 31st 2018, their value stood at PLN 9,709 thousand (December 31st 2017: PLN 3,009 thousand). The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The Group uses bank borrowings, and holds cash and short-term deposits. The primary purpose of holding those financial instruments is to effectively use financial resources to finance the Group's operations.

The assumptions adopted in the sensitivity analysis as at December 31st 2018 are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit/(loss) and equity within one year from the end of the reporting period. The analysis presented below did not include the impact of tax.

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/EUR '000)	- 100 bps (PLN/USD/EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	31,084	311	- 311	1,053	- 1,053	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	188,310	- 31	31	4,079	- 4,079	-	-	-	-
Financial instruments held for trading*	9,756	-	-	- 596	694	976	- 976	-	-
Equity instruments through other comprehensive income**	6,295	-	-	-	-	-	-	628	- 628
Financial liabilities									
Trade and other payables	151,913	33	- 33	- 3,893	3,893	-	-	-	-
Borrowings	15,485	- 155	155	-	-	-	-	-	-
Total	**68,047**	**158**	**- 158**	**643**	**- 545**	**976**	**- 976**	**628**	**- 628**

**Financial instruments held for trading, included in the sensitivity analysis, are financial instruments involved in brokerage activities and forwards.*

*** The amount does not include IFA shares as they are measured at cost.*

The assumptions adopted in the sensitivity analysis as at December 31st 2017 are described in the table next to each type of risk.

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/EUR '000)	- 100 bps (PLN/USD/EUR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	27,696	277	- 277	561	- 561	-	-	-	-
Bank deposits	-	-	-	-	-	-	-	-	-
Trade and other receivables	272,030	- 38	38	5,865	- 5,865	-	-	-	-
Financial instruments held for trading*	3,009	-	-	4	- 4	301	- 301	-	-
Financial instruments available for sale**	9,455	8	- 8	-	-	-	-	864	- 864
Financial liabilities									
Trade and other payables	237,250	43	- 43	- 5,408	5,408	-	-	-	-
Borrowings	27,351	- 274	274	-	-	-	-	-	-
Total	**47,589**	**16**	**- 16**	**1,022**	**- 1,022**	**301**	**- 301**	**864**	**- 864**

** Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities.*

*** The amount does not include the value of shares in IFA and IBS Srl as they are measured at cost (in accordance with IAS 39).*

31.2. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase in relation to their level as at the agreement date. Moreover, the Group 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 13.1 and Note 15.3.

Given that in the reporting period the Group 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 future reporting periods, the Group did not hedge its exposure to the interest rate risk as in its opinion the risk is not significant.

2018	Payment date			
Variable interest rate	**<1 year**	**1-5 years**	**> 5 years**	**Total**
Cash assets	46,938	-	-	46,938
Overdraft facilities	15,485	-	-	15,485
Total	**62,423**	**-**	**-**	**62,423**

	2018			
Fixed interest rate	**<1 year**	**1-5 years**	**> 5 years**	**Total**
Cash assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

	2017			
Variable interest rate	**<1 year**	**1-5 years**	**> 5 years**	**Total**
Cash assets	67,421	-	-	67,421
Overdraft facilities	27,351	-	-	27,351
Total	**94,772**	**-**	**-**	**94,772**

	2017			
Fixed interest rate	**<1 year**	**1-5 years**	**> 5 years**	**Total**
Cash assets	-	-	-	-
Total	**-**	**-**	**-**	**-**

31.3. Currency risk

The parent holds foreign-currency cash at bank and a foreign-currency overdraft facility, and therefore is exposed to currency risk. Currency risk primarily arises from fluctuations in the EUR and USD exchange rates and, to a lesser extent, in the GBP, HUF and CZK exchange rates. However, both in 2018 and 2017 most of the Group's operating expenses were incurred in PLN.

The parent operates on foreign stock exchanges and uses foreign currencies (HUF, CZK, EUR, USD and other) to settle stock-exchange transactions and other expenses incurred in those markets (including fees payable to the clearing bank). Nonetheless, given the nature of the transaction settlements (with the parent acting as an intermediary), the share of this risk in the Group's overall risk is immaterial. The parent holds shares in a foreign company, foreign-currency security deposit and cash in bank accounts. For an assessment of the effect of foreign exchange fluctuations as at December 31st 2018 and December 31st 2017, see Note 31.1.

	Dec 31 2018	Dec 31 2017
Foreign-currency receivables		
- EUR	6,814	6,099
- HUF	327,871	1,736,987
- USD	2,966	1,706
- CZK	8,909	46,533
- RON	50	49
- TRY	-	1,188
- GBP	121	894
Financial instruments		
- HUF	264	3,005
Foreign-currency liabilities		
- EUR	4,780	4,977
- HUF	328,041	1,081,962
- USD	3,436	1,934
- CZK	8,907	45,472
- GBP	174	896
- TRY	-	1,187

- RON	-	1
Accruals		
- EUR	246	142
Cash in foreign currencies		
- CZK	862	83
- EUR	1,391	1,729
- HUF	18,510	115,817
- RON	30	39
- USD	891	245
- GBP	103	11
- SEK	160	74
- JPY	-	1
- DKK	48	10
- NOK	149	40
- CHF	23	17
- AUD	1	-
- CAD	9	-
- TRY	22	6

31.4. Price risk

The Group holds financial instruments traded on a regulated market (the Warsaw Stock Exchange and the Budapest Stock Exchange). The Group is exposed to the risk connected with the volatility of prices of financial instruments listed on the stock exchanges. Such instruments are disclosed as financial instruments held for trading in the consolidated financial statements. The Group also holds investment certificates and investment fund units, which are exposed to the risk of volatility of certificate current price, but the aggregate value of the certificates and fund units is immaterial.

The risk related to prices of financial instruments is limited, as the Group invests only a relatively small portion of its cash in financial instruments.

For an assessment of the effect of changes in financial instrument prices as at December 31st 2018 and December 31st 2017, see Note 31.1.

31.5. Credit risk

The Group is exposed to credit risk understood as the risk that the Group's debtors may fail to fulfil their obligations and thus cause losses to the Group. In view of the above, the Group believes that credit risk was accounted for in the consolidated financial statements through recognition of impairment losses. Age of receivables and recognised impairment losses are presented in Note 13.2.1.

In the Management Board's opinion, there is no significant concentration of credit risk at the Group as the Group renders services to a large number of clients. None of the clients' accounts for more than 10% of the Group's revenue.

With respect to the Group's other financial assets, such as cash and cash equivalents, financial assets held for trading and equity instruments through other comprehensive income, 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 (see Notes 13.1, 13.2, 13.4 and 13.5).Credit risk connected with bank deposits, financial instruments and other investments is considered low as the Group executed the transactions with institutions of sound financial standing.

The Group companies had no exposures with modified terms subject to forbearance in 2018 or 2017. Forbearance occurs when the lender modifies the terms of a loan or debt instrument if the borrower is unable to meet them due to financial difficulties. Concessions may include an interest rate reduction or postponement of the principal repayment date (i.e. changing or refraining from the enforcement of contractual requirements). The policy of forbearance is a set of measures involving renegotiation and restructuring of loan terms.

As at December 31st 2018, the maximum value at risk under credit risk for financial assets (Note 20.1) was PLN 251,487 thousand (December 31st 2017: PLN 339,587 thousand).

31.6. Liquidity risk

The Group 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 Group's inability to raise new financing or refinance its debt. The Group'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 Group's opinion, given the significant amount of cash held as at the end of the reporting period (Note 13.1) and access to credit facilities to finance the Group's operations on the stock exchange (Note 15.3.2), the liquidity risk is insignificant.

Note 15.3.1 includes a table presenting age of liabilities. The vast majority of the liabilities (91%) relate to transactions executed on stock exchanges, in the majority of which the Group 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 2018, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN (-)1,586 thousand (December 31st 2017: PLN 2,081 thousand). Principal 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.

32. Capital management

The objective of the Group's capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for the shareholders. As at December 31st 2018 and December 31st 2017, the Group's equity was PLN 75,817 thousand and PLN 79,886 thousand, respectively.

IPOPEMA Securities is an investment firm and meets the conditions to be recognised as an EU parent institution as referred to in Article 4 (1) point 29 of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 – OJ L 176.1 of 27 June 2013, as amended ('CRR') and as such it is obliged to meet, in addition to the capital adequacy requirements on a separate basis, the capital adequacy requirements on a prudential consolidated basis in accordance with the CRR. The Group is required to calculate its own funds and prudential requirements, as well as to maintain an appropriate level of consolidated own funds.

Despite its considerable equity value, the Company uses debt financing. In accordance with applicable regulations, the Company is obliged to meet the capital requirements described in Note 14.4. In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Guarantee Fund. Currently, the Company transfers contributions to the Fund using proceeds from a credit facility (for details see Note 15.3.2). There is a risk that the level of equity (and own funds) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. However, there can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank. It should be also noted that if the Company's clients fail to settle transactions concluded on their behalf in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and nature of the Company's business, the current level of the Company's equity is sufficient. However, it is possible that equity may have to be increased in the future, for instance if there are changes to the regulatory capital requirements or business projects. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

If any events with an adverse effect on the Company's financial performance occur or if the Company incurs losses, the level of equity may be reduced, which may also limit the Company's ability to use debt financing and force the Company to scale down its business.

IPOPEMA TFI, as an investment fund company, is also obliged to comply with the requirement to secure a sufficient level of equity in accordance with Art. 49 and Art. 50 of the Act on Investment Funds and Management of Alternative Investment Funds of May 27th 2004 and Art. 12–15 of Commission Delegated Regulation (EU) No 231/2013 of December 19th 2012.

These provisions stipulate that the Management Company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 730,000. The Management Company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Once the value of the assets of investment funds managed by the Management Company exceeds the PLN equivalent of EUR 250,000 thousand, the Management Company must immediately increase its equity by an additional amount equal to 0.02% of the difference between the total asset value of all funds managed by the Management Company and the PLN equivalent of EUR 250,000 thousand. The

Management Company is not required to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand. In addition, as a management company managing alternative investment funds (AIFs), under Articles 12–15 of Regulation 231/2013 IPOPEMA TFI is required to increase its equity, as determined in accordance with the rules described above, to appropriately cover the risk of claims that may be raised against it on account of its non-performance or improper performance of obligations related to the management of a specialised open-end investment fund or a closed-end investment fund. Namely, IPOPEMA TFI is required to increase its equity by an additional amount equal to 0.01% of the value of AIF assets or enter into a professional indemnity insurance agreement to cover the risks of non-performance or improper performance of its obligations related to management of a specialised open-end investment fund or a closed-end investment fund. The Management Company maintains its equity at the level required by Art. 49 and 50 of the Act, and maintains additional own funds to cover the risks of non-performance or improper performance of its obligations related to management of funds. IPOPEMA TFI calculates its additional own funds requirement at the end of each financial year and increases the funds if necessary.

33. Workforce structure

In 2018 and 2017, the average employment number (employees and permanent associates) at the IPOPEMA Securities Group was as follows:

	2018	2017
Management Board of the parent	4	4
Management Boards of the Group companies	4	5
Other	198	192
Total	**206**	**201**

34. Clients' financial instruments

As at December 31st 2018, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 797,807 thousand (107,055 thousand instruments) (December 31st 2017: PLN 813,429 thousand and 103,961 instruments). As at December 31st 2018, the Company kept 36 thousand bonds in certificated form for its clients, valued at PLN 40.2m, and 31,995 thousand shares, valued at PLN 3,170 thousand. As at December 31st 2017, the Company kept 40 thousand bonds in certificated form for its clients, valued at PLN 44.2m, and 92,859 thousand shares, valued at PLN 9,383 thousand.

The Company also operates an issue sponsor's account. As at December 31st 2018, 291 thousand WSE-listed financial instruments in book-entry form (shares) were registered in the account, worth PLN 350 thousand (December 31st 2017: 291 thousand shares with a value of PLN 391 thousand).

35. Auditor's fees

The entity authorised to audit the Company's full-year separate and consolidated financial statements for 2018 and to review the financial statements for H1 2018 is Grant Thornton Polska Sp. z o.o. Sp.K., with its registered office at ul. Abpa Antoniego Baraniaka 88 E, Poznań, Poland.

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 was BDO Sp. z o.o., with its registered office at ul. Postępu 12, Warsaw, Poland.

	2018	2017
Mandatory audit of financial statements	106	90
Other assurance services	96	107
Other services	-	-
Total	**202**	**197**

36. DISCONTINUED OPERATIONS

The Group did not identify any discontinued operations in 2018 or 2017. Accordingly, all information presented in these consolidated financial statements relates to continuing operations.

37. Events subsequent to the end of reporting period

All events with effect on the 2018 consolidated financial statements are disclosed in the accounting records for 2018.

Warsaw, March 29th 2019

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice President of the Management Board	Stanisław Waczkowski Vice President of the Management Board	Mirosław Borys Vice President of the Management Board	Danuta Ciosek Chief Accountant