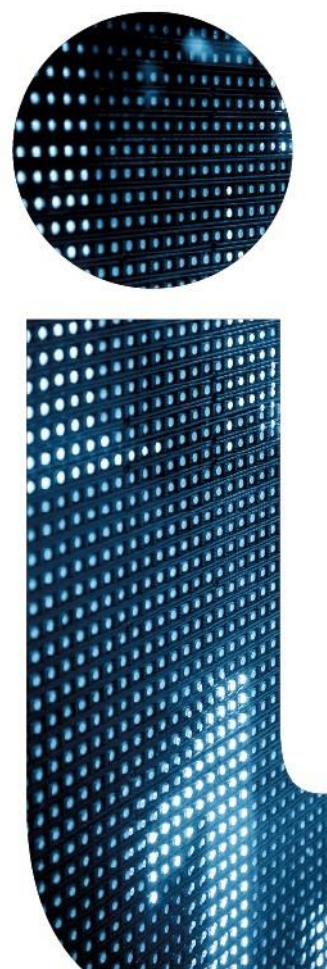


IPOPEMA Securities S.A.

Financial statements

for the year ended
December 31st 2018

Warsaw, March 29th 2019



Financial highlights

Financial highlights	PLN '000		EUR '000	
	2018	2017	2018	2017
Revenue from core activities	30,024	45,070	7,036	10,618
Cost of core activities	33,323	39,315	7,810	9,262
Profit/(loss) on core activities	- 3,299	5,755	- 773	1,356
Operating profit/(loss)	- 3,496	3,900	- 819	919
Profit/(loss) before tax	- 5,413	1,713	- 1,269	404
Net profit/(loss)	- 4,310	1,263	- 1,010	298
Earnings/(loss) per ordinary share (weighted average) (PLN/EUR)	- 0.14	0.04	- 0.03	0.01
Net cash from operating activities	- 11,569	9,703	- 2,711	2,286
Net cash from investing activities	1,309	1,456	307	343
Net cash from financing activities	- 14,236	10,478	- 3,336	2,468
Total cash flows	- 24,496	21,637	- 5,741	5,097

Financial highlights	PLN '000		EUR '000	
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
Total assets	215,154	322,325	50,036	77,279
Current liabilities	155,787	256,697	36,230	61,545
Equity	56,300	61,756	13,093	14,806
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	1.88	2.06	0.44	0.49

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

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

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

- For the balance sheet:

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

- 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

Introduction to the financial statements

Information about the Company

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

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

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

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

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

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

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

Going concern assumption

These financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, that is for the 12 months following the reporting date. As at the date of approval of these financial statements, no circumstances were identified which would threaten the Company continuing as a going concern, as a result of voluntary or involuntary discontinuation or material limitation of its existing operations, within at least 12 months from the reporting date, that is December 31st 2018.

Composition of the Management Board and the Supervisory Board

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

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

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

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

Basis of preparation

These financial statements cover the period January 1st–December 31st 2018 and contain comparative data for the period January 1st–December 31st 2017.

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

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

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

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

Identification of financial statements

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

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

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

- Polish Accounting Act of September 29th 1994 – Dz. U. of 2019, item 351 (the 'Accounting Act');
- Regulation of the Minister of Finance on special accounting principles for brokerage houses of December 28th 2009 – Dz.U. of 2017, item 123;
- Regulation of the Minister of Finance on detailed recognition principles, method of measurement, scope of disclosure and presentation of financial instruments of December 12th 2001 – Dz.U. of 2017, item 277;
- Act on Trading in Financial Instruments of July 29th 2005 – Dz.U. of 2018, item 2286, as amended;
- Regulation (EU) No. 2017/2401 of the European Parliament and of the Council of December 12th 2017 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 575/2013 – OJ L 347.1 of December 12th 2017;
- Regulation of the Minister of Finance of October 18th 2005 on the scope of information to be disclosed in financial statements and consolidated financial statements, required to be included in prospectuses of issuers with registered offices in Poland to whom the Polish accounting standards apply – Dz.U. of 2017, item 1927, as amended;
- Minister of Finance's Regulation of March 29th 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state – Dz.U. of 2018, item 757.

Information on subsidiaries

The Company is the parent of IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. of Warsaw, IPOPEMA Business Consulting Sp. z o.o. of Warsaw, IPOPEMA Financial Advisory Sp. z o.o. of Warsaw, and IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa of Warsaw. The parent and its subsidiaries make up the IPOPEMA Securities Group (the 'IPOPEMA Securities Group', the 'IPOPEMA Group', the 'Group').

IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ('IPOPEMA TFI') was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007.

Its business comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iv) intermediation in the sale and redemption of investment fund units, and (v) representation service for foreign funds. As at December 31st 2018, IPOPEMA TFI's share capital amounted to PLN 10,599,441.00 and comprised 3,533,147 registered shares. The composition of the company's Management Board in 2018 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. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

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

IPOPEMA Financial Advisory Sp. z o.o. ('IFA') was established in 2011. 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, with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. The Company's maximum liability for IFA SK's liabilities to creditors is PLN 7,750. The structure comprising IFA and IFA SK was established in connection with the transfer to IFA SK of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, previously provided by IPOPEMA Securities.

The transfer was effected in February 2017 (Jarosław Błaszczak, a limited partner in IFA SK, cooperates with the Company in this business area).

IFA was not consolidated due to the immateriality of its financial data (in accordance with Art. 58.1 of the Polish Accounting Act).

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

Business combinations

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

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

No corrections of errors were made in these financial statements.

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

- 1) Cash and cash equivalents

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

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

Cash is measured at adjusted cost.

2) Property, plant and equipment, and intangible assets

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

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

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

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

If the initial value of an item of property, plant and equipment or an intangible asset is not higher than PLN 10,000, such asset is expensed on a one-off basis. However, if justified by the Company's interest, items of property, plant and equipment and intangible assets with a value not higher than PLN 10,000 may be entered into the register of non-current assets.

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

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

3) Receivables

Short-term receivables

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

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

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

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

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

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

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

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

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

Long-term receivables

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

4) Financial instruments

Financial instruments are classified into the following categories:

- a) Financial assets
 - financial assets held for trading,
 - loans and receivables,
 - financial assets held to maturity,
 - financial assets available for sale.
- b) Financial liabilities
 - financial liabilities held for trading,
 - other financial liabilities.

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

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

Financial assets and liabilities held for trading

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

Financial assets held for trading include shares in companies listed on the Warsaw and Budapest Stock Exchanges ('WSE' and 'BSE', respectively).

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

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

The Company does not apply hedge accounting.

Loans advanced and receivables

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

Financial assets available for sale

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

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

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

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

5) Impairment of financial instruments

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

6) Prepayments and accrued income

Current

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

Non-current

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

Deferred tax assets

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

7) Liabilities

Current liabilities

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

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

Non-current liabilities

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

8) Provisions, accruals and deferred income

Accruals and deferred income

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

Provisions include:

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

Deferred tax liability

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

Other provisions

Provisions are recognised if the Company has a legal or constructive obligation resulting from a past event and when it is certain or highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Other provisions are presented in the balance-sheet broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (within 12 months or more than 12 months from the reporting date).

9) Equity

Equity comprises the following items:

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

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

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

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

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

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

10) Recognition of revenue

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

Where the date of commencement of a service and the date of its completion fall into different reporting periods, the related revenue and expenses are recognised by reference to the stage of completion of the service if the outcome of the transaction can be reliably measured, i.e. if (i) the degree of contract completion can be reliably measured, (ii) the total amount of revenue under the service contract and the amount of costs associated with the service can be measured reliably, and (iii) it is probable that the economic benefits associated with the contract will flow to the Company. If the above conditions cannot be met, revenue is recognised only to the extent of costs incurred as at a given date that are recoverable. If it is probable that the total contract costs will exceed the total contract revenue, the expected loss on a contract is immediately recognised as expense.

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

11) Accrual basis of accounting and matching principle

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

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of

the given period. This means that expenses are accounted for on an accrual basis. Expenses not yet incurred in a given period are covered by provisions.

12) Determination of net profit (loss)

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

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

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

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

revenue from core activities, comprising revenue from:

- brokerage activities:
 - a) acceptance and transfer of orders to buy and sell financial instruments
 - b) execution of orders to buy and sell financial instruments for the account of clients
 - c) management of portfolios comprising one or more financial instruments
 - d) investment advisory services
 - e) offering of financial instruments
 - f) provision of services in the performance of a standby or firm commitment underwriting agreements or execution and performance of other similar agreements involving financial instruments
 - g) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments
 - h) other
- other core activities

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

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

Method of determination of operating profit (loss)

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

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

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

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

Method of determination of pre-tax profit (loss)

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

- finance income,
- finance costs.

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

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

Method of determination of net profit (loss)

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

Income tax

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

- current income tax,
- deferred income tax.

Current income tax

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

Deferred income tax

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

13) Statement of cash flows

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

14) Translation of foreign-currency items

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

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

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

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

Currency	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.

Changes in estimates

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

Changes in applied accounting policies

No changes in accounting policies occurred in the period covered by these financial statements.

Seasonality of operations

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

Comparability of the reported data

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

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

There are no significant differences in the disclosed amounts.

IFRS 9 came into effect at the beginning of 2018. The standard introduces, in particular, changes to 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 rather than incurred losses. Accordingly, as of January 1st 2018, a loss allowance for expected credit losses is to be recognised on initial recognition of receivables. As a consequence, entities will not wait until receivables are past due before recognising impairment.

The Company conducted a portfolio analysis for trade receivables (other than receivables assessed separately). The expected credit loss allowance ratio would vary from 0.02% for non-delinquent receivables to 73.1% for receivables overdue more than one year. The difference between the impairment loss calculated in accordance with the accounting policies presented in these financial statements and its IFRS approach-based value is PLN 1 thousand.

ASSETS		Note	Dec 31 2018	Dec 31 2017
I.	Cash and cash equivalents	1, 8	24,287	48,730
1.	In hand		-	1
2.	At banks		4,810	5,891
3.	Other cash		19,459	42,811
4.	Cash equivalents		18	27
II.	Short-term receivables	2	162,505	251,613
1.	From clients		46,645	88,422
2.	From related entities		1,409	502
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		81,658	118,139
a)	under executed transactions		44,491	82,254
b)	other		37,167	35,885
4.	From entities operating regulated markets and commodity exchanges		-	-
5.	From the Central Securities Depository of Poland and from settlement and		46	209
5.a.	From CCP		32,239	43,299
6.	From investment and pension fund companies and from investment and pension funds		102	22
7.	From issuers of securities or selling shareholders		-	-
8.	Taxes, subsidies and social security receivable		100	15
9.	Other		306	1,005
III.	Financial instruments held for trading	3, 18	9,756	3,009
1.	Equities		9,709	3,009
2.	Derivative instruments		47	-
IV.	Current prepayments and accrued income	4	716	986
IV.a.	Short-term loans advanced	8	92	1,004
1.	To subordinated entities		-	947
2.	Other		92	57
V.	Financial instruments held to maturity	5	-	-
VI.	Financial instruments available for sale	6, 18	10,710	10,844
1.	Equities		8,638	8,638
	- shares in subordinated entities		8,638	8,638
2.	Debt securities		10	10
3.	Investment fund units		2,062	2,000
4.	Investment certificates		-	196
VII.	Long-term receivables	7	1,421	-
VIII.	Long-term loans advanced	7, 8	49	35
1.	Other		49	35
IX.	Intangible assets	9	1,514	2,102
1.	Acquired permits, patents, licences and similar assets, including:		1,514	2,102
	- software		1,514	2,102
X.	Property, plant and equipment	11	1,527	2,287
1.	Tangible assets, including:		1,527	2,287
a)	buildings and premises		331	398
b)	computer assemblies		541	1,185
c)	other tangible assets		655	704
2.	Tangible assets under construction		-	-
XI.	Non-current prepayments and accrued income		2,577	1,715
1.	Deferred tax assets	12	2,465	1,374
2.	Other non-current prepayments and accrued income		112	341
II.	Called-up share capital not paid		-	-
XIII.	Treasury shares		-	-
Total assets			215,154	322,325

EQUITY AND LIABILITIES		Note	Dec 31 2018	Dec 31 2017
I.	Current liabilities	13	155,787	256,697
1.	To clients		83,014	134,284
2.	To related entities		-	204
3.	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
4.	To entities operating regulated markets and commodity exchanges		364	505
5.	To the Central Securities Depository of Poland and to settlement and clearing houses		52	43
5.a.	To CCP		70	86
6.	Borrowings		15,485	27,351
a)	other	18	15,485	27,351
7.	Debt securities		2	5
7a.	Negative fair value of financial instruments held for trading		-	-
8.	Taxes, customs duties and social security payable		752	665
9.	To investment and pension fund companies and to investment and pension funds		152	183
10.	Other		796	1,970
II.	Non-current liabilities	15	157	40
1.	Debt securities		-	-
2.	Finance lease liabilities		157	40
	- from other entities		157	40
III.	Accruals	15	488	-
IV.	Provisions for liabilities	16	2,422	3,832
1.	Deferred tax liabilities		271	337
2.	Other		2,151	3,495
a)	non-current		59	126
b)	current		2,092	3,369
V.	Subordinated liabilities	17	-	-
VI.	Equity		56,300	61,756
1.	Share capital	19	2,994	2,994
2.	Reserve funds	21	57,566	57,500
a)	share premium		10,351	10,351
b)	statutory reserve funds		998	998
c)	reserve funds created pursuant to the Articles of Association		46,217	46,151
3.	Revaluation capital reserve	25	50	- 1
4.	Net profit/(loss)		- 4,310	1,263
Total equity and liabilities			215,154	322,325
Book value (PLN '000)			56,300	61,756
Number of shares as at end of period			29,937,836	29,937,836
Book value per share (PLN)		24	1.88	2.06
Diluted number of shares			29,937,836	29,937,836
Diluted book value per share (PLN)			1.88	2.06

OFF-BALANCE SHEET ITEMS		Note	Dec 31 2018	Dec 31 2017
I.	Contingent liabilities	43	-	-
II.	Third-party assets used		-	-
III.	Futures/forwards purchased or issued in the name and for the account of the brokerage house		6 516*	-
IV.	Other off-balance sheet items		-	-

* Notional amounts of purchased forward contracts.

Statement of profit or loss	Note	2018	2017
I. Revenue from core activities, including:	27	30,024	45,070
- from related entities		1,051	769
1. Revenue from brokerage activities, including:		29,512	44,639
a) acceptance and transfer of orders to buy and sell financial instruments		60	584
b) execution of orders to buy and sell financial instruments for the account of clients		22,600	24,625
c) investment advisory		3	-
d) offering of financial instruments		3,116	10,320
e) keeping of cash accounts, safekeeping or registration of financial instruments, including the keeping of accounts referred to in Art. 69.4.1 of the Act on Trading in Financial Instruments		104	119
f) other		3,629	8,991
2. Revenue from other core activities		512	431
II. Cost of core activities		33,323	39,315
- from related entities		-	1,141
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		5,367	7,285
2. Payments to CCP		293	610
3. Fees payable to trade organisation		46	42
4. Salaries and wages		12,618	13,223
5. Social security and other benefits		1,372	1,369
6. Employee benefits		213	345
7. Raw material and consumables used		222	204
8. Services	27	8,580	11,325
9. Costs of maintenance and lease of buildings		1,970	1,886
10. Depreciation and amortisation		1,685	2,144
11. Taxes and other public charges		343	184
12. Other		614	698
III. Profit/(loss) on core activities		- 3,299	5,755
IV. Income from financial instruments held for trading	28	4,396	1,349
1. Dividends and other profit distributions		348	19
2. Revaluation adjustments		2,252	-
3. Gain on sale/redemption		1,796	1,330
V. Cost related to financial instruments held for trading	29	5,258	2,933
1. Revaluation adjustments		169	2,199
2. Loss on sale/redemption		5,089	734
VI. Gain/(loss) on transactions in financial instruments held for trading		- 862	- 1,584
VII. Income from financial instruments available for sale	32	600	1,063
1. Dividends and other profit distributions		600	914
- from related entities		600	914
2. Gain on sale/redemption		-	149
VIII. Cost related to financial instruments available for sale	33	8	-
1. Loss on sale/redemption		8	-
IX. Gain/(loss) on transactions in financial instruments available for sale		592	1,063

X.	Other income	35	677	966
1.	Gain on sale of property, plant and equipment, and intangible assets		-	1
2.	Reversal of provisions		-	3
3.	Decrease in impairment losses on receivables		158	139
4.	Other		519	823
XI.	Other expenses	36	604	2,300
1.	Increase in impairment losses on receivables		132	1,402
2.	Other		472	898
XII.	Operating profit/(loss)		- 3,496	3,900
XIII.	Finance income		1,267	643
1.	Interest on loans advanced, including:		21	32
	- from related entities		17	27
2.	Interest on deposits	37	188	196
3.	Other interest		40	-
4.	Foreign exchange gains		615	-
	a) realised		-	-
	b) unrealised		615	-
5.	Other		403	415
XIV.	Finance costs		3,184	2,830
1.	Interest on borrowings, including:	38	1,136	1,133
	- to related entities		-	-
2.	Other interest		86	102
3.	Foreign exchange losses		338	1,051
	a) realised		338	188
	b) unrealised		-	863
4.	Other		1,624	544
XV.	Profit before tax		- 5,413	1,713
XVI.	Income tax	39	- 1,103	450
XVII.	Net profit	41	- 4,310	1,263
Weighted average number of ordinary shares			29,937,836	29,937,836
Earnings per ordinary share (PLN)			- 0.14	0.04
Weighted average diluted number of ordinary shares			29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)			- 0.14	0.04

STATEMENT OF CASH FLOWS		Note	2018	2017
A.	NET CASH FROM OPERATING ACTIVITIES	50		
I.	Net profit		- 4,310	1,263
II.	Total adjustments:		- 7,259	8,440
1.	Depreciation and amortisation		1,685	2,144
2.	Foreign exchange gains/(losses)		- 63	45
3.	Interest and profit distributions (dividends)		754	128
4.	Gain/(loss) on investing activities		8	315
5.	Change in provisions and impairment losses on receivables		- 1,615	888
6.	Increase/(decrease) in financial instruments held for trading		- 6,747	- 2,883
7.	Increase/(decrease) in receivables		87,880	3,615
8.	Change in current liabilities (net of borrowings), including special accounts		- 89,066	4,939
9.	Increase/(decrease) in accruals and deferrals		- 104	- 702
10.	Other adjustments		9	- 49
III.	Net cash from operating activities (I + II)		- 11,569	9,703
B.	NET CASH FROM INVESTING ACTIVITIES			
I.	Cash from investing activities		1,704	13,292
1.	Decrease in loans advanced		1,148	163
2.	Profit distributions (dividends) received		349	934
3.	Interest received		18	46
4.	Disposal of financial instruments available for sale		189	12,149
II.	Cash used in investing activities		395	11,836
1.	Acquisition of intangible assets		42	773
2.	Acquisition of property, plant and equipment		124	87
3.	Purchase of financial instruments available for sale (subordinated entities)		-	8
4.	Purchase of financial instruments available for sale		-	10,000
5.	Loans advanced		229	968
III.	Net cash from investing activities (I - II)		1,309	1,456
C.	NET CASH FROM FINANCING ACTIVITIES			
I.	Cash from financing activities		2	12,572
1.	Increase in short-term borrowings		-	12,567
2.	Proceeds from issue of long-term debt securities		1	-
3.	Proceeds from issue of short-term debt securities		1	5
II.	Cash used in financing activities		14,238	2,094
1.	Decrease in short-term borrowings		11,814	-
2.	Repayment of short-term debt securities		5	5
3.	Dividends and other payments to owners		1,197	898
4.	Payment of finance lease liabilities		34	32
5.	Interest paid		1,188	1,159
III.	Net cash from financing activities (I - II)		- 14,236	10,478
D.	TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		- 24,496	21,637
E.	NET CHANGE IN CASH, including:		- 24,433	21,592
	- change in cash resulting from foreign exchange differences		63	- 45
F.	CASH AT BEGINNING OF PERIOD	50	48,752	27,115
G.	CASH AT END OF PERIOD (F +/- D), including:	50	24,256	48,752
	- restricted cash*		15,814	39,778

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

STATEMENT OF CHANGES IN EQUITY		2018	2017
I.	EQUITY AT BEGINNING OF PERIOD	61,756	61,405
	- changes in adopted accounting policies	-	-
	- correction of errors	-	-
I.a.	EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	61,756	61,405
1.	Share capital at beginning of period	2,994	2,994
1.1.	Changes in share capital	-	-
1.2.	Share capital at end of period	2,994	2,994
2.	Reserve funds at beginning of period	57,500	57,352
2.1.	Changes in reserve funds	66	148
a)	increase	66	148
	- distribution of profit (above statutory minimum)	66	148
b)	decrease	-	-
2.2.	Reserve funds at end of period	57,566	57,500
3.	Revaluation capital reserve at beginning of period	- 1	13
3.1.	Changes in revaluation capital reserve	51	- 14
a)	increase	57	125
	- remeasurement of financial instruments	57	125
b)	decrease	6	139
	- remeasurement of financial instruments	6	139
3.2.	Revaluation capital reserve at end of the period	50	- 1
4.	Retained earnings/(accumulated deficit) at beginning of period	1,263	1,046
4.1.	Retained earnings at beginning of period	1,263	1,046
a)	increase	-	-
b)	decrease	1,263	1,046
	- distribution of retained earnings (dividend)	1,197	898
	- distribution of retained earnings (increase in reserve funds)	66	148
4.2.	Retained earnings at end of period	-	-
5.	Net profit/(loss)	- 4,310	1,263
a)	net profit	-	1,263
b)	net loss	4,310	-
II.	EQUITY AT END OF PERIOD	56,300	61,756
III.	EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	56,300	61,756

Notes to the financial statements

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

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

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

All events relating to the reporting period were disclosed in the accounting books and financial statements for the period January 1st–December 31st 2018. No events occurred after the reporting date which should have been but were not disclosed in the accounting books for the reporting period.

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

The Company did not change its accounting policies or the rules of preparing its financial statements in 2018 or 2017.

Agreements not disclosed in the balance sheet

In 2018 and 2017, the Company disclosed all agreements which had an effect on the data presented in these financial statements.

Correction of errors

In 2018 and 2017, the Company did not correct any errors in the financial statements.

Operating segments

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

No geographical segments are reported by the Company, as a vast majority of its revenue is generated in Poland. Foreign revenue earned in 2018 represented 13.2% (PLN 3,973 thousand) of total revenue (2017: 6.99% or PLN 3,149 thousand). The Company's property, plant, equipment and intangible assets are located in Poland.

Significant events in 2018

No significant events occurred in 2018 other than those described in these financial statements and the accompanying Directors' Report.

Notes to the balance sheet (PLN '000)

Note 1

Cash and other assets	Dec 31 2018	Dec 31 2017
Cash and other assets of clients		
a) other cash *	15,814	39,778
Total cash and other assets of clients	15,814	39,778
Cash and other assets		
a) cash and other assets of the brokerage house, including:	8,473	8,952
- in hand	-	1
- at banks	4,810	5,891
- other cash*	3,645	3,033
- cash equivalents	18	27
b) cash and other assets of clients deposited in cash accounts:	15,814	39,778
- at the brokerage house and paid towards acquisition of securities	15,814	39,778
- in an IPO or on the primary market	-	-

c) cash and other assets transferred from the settlement guarantee fund	-	-
Total cash and other assets	24,287	48,730

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

Cash by currency is presented in Note 13a.

Note 2

Selected short-term receivables	Dec 31 2018	Dec 31 2017
1. Selected short-term receivables	161,997	250,571
a) from clients, including:	46,645	88,422
- under transactions executed on the Warsaw Stock Exchange	37,931	63,584
- under transactions executed on the Budapest Stock Exchange	4,287	12,898
- under transactions executed on the Prague Stock Exchange	1,491	6,547
- under transactions executed on the Istanbul Stock Exchange	-	1,097
- under transactions executed on the Frankfurt Stock Exchange	-	375
- under transactions executed on the New York Stock Exchange	685	1,295
- other	2,251	2,626
b) from related entities, including:	1,409	502
- from subsidiaries	1,409	502
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, including:	81,658	118,139
1) under executed transactions	44,491	82,254
- on the Warsaw Stock Exchange*	42,020	73,764
- on the Budapest Stock Exchange	104	1,604
- on the Prague Stock Exchange	-	879
- on the New York Stock Exchange	2,308	1,449
- on the Paris Stock Exchange	59	-
- on the London Stock Exchange	-	4,132
- on the Frankfurt Stock Exchange	-	426
2) other	37,167	35,885
e) from the Central Securities Depository of Poland and exchange clearing houses, including:	46	209
- from the settlement guarantee fund and deposits	46	209
- other	-	-
e) from CCP	32,239	43,299
- from the settlement guarantee fund	32,239	43,299
- other	-	-
f) under court proceedings, not covered by recognised impairment losses on receivables	-	-
2. Short-term receivables, net	162,505	251,613
- impairment losses on short-term receivables (positive value)	1,376	1,569
Gross short-term receivables	163,881	253,182
3. Changes in impairment losses on current receivables		
At beginning of period	1,569	307
a) increase (impairment losses on past-due receivables)	132	1,401
b) used	167	-
c) reversed	158	139
Impairment losses on current receivables at end of period	1,376	1,569
4. Current and non-current receivables by maturity as from the reporting date		
a) up to 1 month	150,072	232,132
b) over 1 month to 3 months	6,450	5,501
c) over 3 months to 1 year	4,048	11,659
d) over 1 year to 5 years	1,421	-

e) over 5 years	-	-
f) past due	3,311	3,890
Total gross receivables	165,302	253,182
g) impairment losses on receivables (negative value)	- 1,376	- 1,569
Total net receivables	163,926	251,613
5. Gross past due receivables by period of delay:		
a) up to 1 month	396	754
b) over 1 month to 3 months	207	215
c) over 3 months to 1 year	19	2,631
d) over 1 year to 5 years	2,689	290
e) over 5 years	-	-
Total gross receivables	3,311	3,890
f) impairment losses on receivables (negative value)	- 1,376	- 1,569
Total net receivables	1,935	2,321
6. Gross current receivables by currency		
a) in PLN	119,007	184,304
b) in other currencies (translated into PLN) **	44,874	67,309
Total gross current receivables	163,881	251,613

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

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

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

Note 3

Financial instruments held for trading	Dec 31 2018	Dec 31 2017
1. Financial instruments held for trading		
a) equities*	9,709	3,009
b) derivatives	47	-
c) commodities	-	-
d) other	-	-
Total financial instruments held for trading	9,756	3,009
2. Financial instruments held for trading (by currency)		
a) in PLN	9,752	2,968
b) in other currencies (translated into PLN)	4	41
Total financial instruments held for trading	9,756	3,009
3. Financial instruments held for trading (by marketability)		
A. Freely marketable, listed (carrying amount)	9,756	3,009
a) equities (carrying amount)	9,709	3,009
- fair value	9,709	3,009
- market value	-	-
- value at cost	9,870	5,206
a) bonds (carrying amount)	-	-
c) other – derivative contracts (carrying amount)	47	-
- value at cost	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-

D. With limited marketability (carrying amount)	-	-
Total value at cost	9,917	5,206
Total carrying amount at beginning of period	3,009	126
Valuation as at the reporting date	- 161	- 2,197
Total carrying amount	9,756	3,009

* Equities comprise solely shares listed on the Warsaw Stock Exchange and on the Budapest Stock Exchange. Financial instruments held for trading are measured at fair value by reference to their market value as at the reporting date. For the purpose of the measurement, the Company takes into account closing prices quoted by the WSE and the BSE on the last business day of a financial year. Changes in the value of financial instruments held for trading are recognised under income from or cost related to financial instruments held for trading, as appropriate. As at the reporting date, the Company held 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.

Financial assets

In 2018 and in 2017, the policies for measurement of financial assets at fair value or classification of financial assets did not change. Neither did the Group record any changes in its economic environment or trading conditions which would materially affect the fair value of its financial assets and liabilities.

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

Note 4

Current prepayments and accrued income	Dec 31 2018	Dec 31 2017
a) prepayments, including:	716	986
- cost of ICT and information services	389	554
membership fee	-	100
expenses to be re-invoiced	4	4
other costs	323	328
Total current prepayments and accrued income	716	986

Note 5

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

Note 6

Financial instruments available for sale	Dec 31 2018	Dec 31 2017
1. Financial instruments available for sale		
equities*	8,638	8,638
- debt securities	10	10
- investment fund units	2,062	2,000
- investment certificates	-	196
Total financial instruments available for sale	10,710	10,844
2. Available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies		
- equities	8,638	8,638
- debt securities	-	-
- investment fund units	-	-
- investment certificates	-	-
Total available-for-sale financial instruments of subsidiaries and non-consolidated jointly-controlled entities other than commercial companies	8,638	8,638
3. Financial instruments available for sale (by currency)		

a) in PLN	10,710	10,844
b) in other currencies (translated into PLN)	-	-
Total financial instruments available for sale	10,710	10,844

4. Equities

a) shares in parent	-	-
b) shares in major investor	-	-
c) shares in subordinates	8,638	8,638
- shares in subsidiaries	8,638	8,638
d) shares in other entities	-	-
Total equities	8,638	8,638

* Shares in subordinates are measured at cost less impairment losses. Investment certificates and investment fund units are carried at fair value based on the net asset value per certificate unit as published by the investment fund. Valuation results increase or decrease (as appropriate) the revaluation capital reserve.

5. Financial instruments available for sale (by marketability)

A. Freely marketable, listed (carrying amount)	-	-
B. Freely marketable, traded on OTC markets (carrying amount)	-	-
C. Freely marketable, not traded on regulated markets (carrying amount)	-	-
D. With limited marketability (carrying amount)	10,710	10,844
- equities (carrying amount at cost)	8,638	8,638
- debt securities (carrying amount at cost)	10	10
- investment fund units (carrying amount at cost)	2,000	2,000
- investment certificates (carrying amount at cost)	-	200
Total value at cost	10,710	10,848
Total carrying amount at beginning of period	10,844	12,853
Revaluation adjustments (for the period)	62	4
Total carrying amount	10,710	10,844

6. Shares in subordinates

a) company name and form of incorporation	IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	
b) registered office	ul. Próżna 9, 00-107 Warsaw	
c) business profile	operation of an investment fund company, creation and management of investment funds, discretionary management of securities portfolios, advisory services in the area of securities trading, intermediation in the sale and redemption of investment fund units, and representation service for foreign funds	
d) type of capital link	subsidiary	
e) consolidation method applied	full	
f) control since	Mar 2007	
g) shares at cost	5,630	5,630
h) valuation adjustments (total)	-	-
i) carrying amount of shares	5,630	5,630
j) percentage of share capital held	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control if other than specified in j) or k)		
m) entity's equity, including:	23,658	22,832
- share capital	10,599	10,599
- reserve funds	6,965	6,965
- other equity, including:	6,094	5,268

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retained earnings /(deficit)	-	-
net profit (loss)	979	925
n) liabilities and provisions for liabilities of the entity, including:	13,840	6,410
- non-current liabilities	49	225
- current liabilities	4,998	2,910
o) entity's receivables, including:	13,171	4,401
- non-current receivables	-	-
- current receivables	13,171	4,401
p) entity's total assets	37,498	29,242
r) revenue	40,578	30,357
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
a) company name and form of incorporation	IPOPEMA Business Consulting Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw	
c) business profile	other business and management advisory services, computer facilities management activities, IT advisory services, software-related activities, wholesale of computers, computer peripheral equipment and software.	
d) type of capital link	subsidiary	
e) consolidation method applied	full	
f) control since	Aug 2008	
g) shares at cost	3,000	3,000
h) valuation adjustments (total)	-	-
i) carrying amount of shares	3,000	3,000
j) percentage of share capital held	50.02%	50.02%
k) percentage of total vote at the general meeting	50.02%	50.02%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	8,817	8,691
- share capital	100	100
- reserve funds	2,950	2,950
- other equity, including:	5,767	5,641
retained earnings /(deficit)	- 239	-
net profit (loss)	1,565	1,667
n) liabilities and provisions for liabilities of the entity, including:	8,797	6,926
- non-current liabilities	2,139	-
- current liabilities	6,136	6,098
o) entity's receivables, including:	11,620	12,457
- non-current receivables	2,218	-
- current receivables	9,402	12,457
p) entity's total assets	17,614	15,617
r) revenue	25,149	21,821
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	600	900
a) company name and form of incorporation	IPOPEMA Financial Advisory Sp. z o.o.	
b) registered office	ul. Próźna 9, 00-107 Warsaw	
c) business profile	support of IFA SK's operations	
d) type of capital link (subsidiary, jointly-controlled, or associate, direct or indirect)	subsidiary	
e) consolidation method applied	Not consolidated due to immaterial effect on the Group's	

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	financial information	
	May 2016 (date of obtaining direct control)	
f) direct control since		
g) shares at cost (in 2015 held by IBC)	16	16
h) valuation adjustments (total)	-	-
i) carrying amount of shares	1	1
j) percentage of share capital held by IBC	100%	100%
k) percentage of total vote at the general meeting	100%	100%
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	- 5	- 5
- share capital	5	5
- reserve funds	-	-
- other equity, including:	- 10	- 10
retained earnings /(deficit)	- 10	- 9
net profit (loss)	-	- 1
n) liabilities and provisions for liabilities of the entity, including:	7	7
- non-current liabilities	-	-
- current liabilities	7	7
o) entity's receivables, including:	1	3
- non-current receivables	-	-
- current receivables	1	3
p) entity's total assets	2	3
r) revenue	14	13
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
<hr/>		
a) company name and form of incorporation	IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	
b) registered office	ul. Próźna 9, 00-107 Warsaw	
c) business profile	advisory services	
d) type of capital link	direct subsidiary	
e) consolidation method applied	full	
f) control since	Jun 23 2016	
g) shares at cost	8	8
h) valuation adjustments (total)	-	-
i) carrying amount of shares	8	8
j) percentage of share capital held	77%	77%
k) percentage of total vote at the general meeting	N/A	N/A
l) basis for control / joint control / significant influence, if other than specified in j) or k)		
m) entity's equity, including:	276	- 105
- share capital	10	10
- called-up share capital not paid (negative value)	-	-
- reserve funds	-	-
- other equity, including:	-	-
retained earnings /(deficit)	- 115	-
net profit (loss)	381	- 115
n) liabilities and provisions for liabilities of the entity, including:	1,079	1,665
- non-current liabilities	-	-
- current liabilities	1,049	1,613
o) entity's receivables, including:	1,272	921
- non-current receivables	-	-

- current receivables	1,272	921
p) entity's total assets	1,355	1,560
r) revenue	3,117	2,208
s) value of shares in entity not paid up by the issuer	-	-
t) dividend received or receivable from entity for previous financial year	-	-
7. Shares and other equity interests in other entities	-	-

Note 7

As at December 31st 2018, the Company had long-term receivables of PLN 1,421 thousand (December 31st 2017: no long-term receivables). As at December 31st 2018, the non-current portion of loans advanced amounted to PLN 49 thousand (December 31st 2017: PLN 35 thousand).

Note 8

As at December 31st 2018, the Company carried the following loans advanced and receivables:

Loans advanced and receivables	Dec 31 2018	Dec 31 2017
Loans advanced, including:	141	1,039
- non-current portion	49	35
- current portion	92	1,004
Cash and cash equivalents, including:	24,287	48,730
- in hand	-	1
- at banks	24,269	48,702
- deposit (for a period exceeding three months) and other cash equivalents	18	27
Interest on loans advanced and receivables	249	238
- realised	244	206
- unrealised, including with payment dates falling in:	5	32
up to 3 months	-	13
from 3 to 12 months	2	17
over 12 months	3	2

Loans advanced and receivables bear interest at either variable or fixed rates. No impairment losses were recognised on loans or receivables in 2018 or 2017. Income from interest on loans advanced and receivables amounted to PLN 249 thousand in 2018 (of which PLN 9 thousand was interest accrued but not received) (2017: PLN 227 thousand, of which PLN 32 thousand was interest accrued but not received).

Note 9

Intangible assets	Dec 31 2018	Dec 31 2017
1. Intangible assets		
a) goodwill	-	-
b) acquired permits, patents, licenses and similar assets, including:	1,514	2,102
- computer software	1,514	2,102
c) other intangible assets	-	-
d) prepayments for intangible assets	-	-
Total intangible assets	1,514	2,102
2. Movements in intangible assets (by category)		
a) gross value of intangible assets at beginning of period	9,277	8,959
b) additions – purchases and lease returns	43	773
c) decrease:	-	455
d) gross value of intangible assets at end of period	9,320	9,277
e) accumulated amortisation at beginning of period	7,175	6,484

f) amortisation for period:	631	691
g) accumulated amortisation at end of period	7,806	7,175
h) impairment losses at beginning of period	-	-
i) impairment losses at end of period	-	-
k) net value of intangible assets at end of period	1,514	2,102
3. Intangible assets (by ownership)		
a) owned	1,514	2,102
b) used under rental or similar agreement, including lease agreement	-	-
Total intangible assets	1,514	2,102

Note 10

The Company did not carry any goodwill related to subordinates.

Note 11

Property, plant and equipment	Dec 31 2018	Dec 31 2017
1. Property, plant and equipment		
a) tangible assets, including:	1,527	2,287
- land (including perpetual usufruct rights)	-	-
- buildings and premises	331	398
- computer assemblies	541	1,185
- vehicles	162	38
- other tangible assets	493	666
b) tangible assets under construction	-	-
c) prepayments for tangible assets under construction	-	-
Total property, plant and equipment	1,527	2,287
2. Change in property, plant and equipment (by category)		
a) Gross value of property, plant and equipment at beginning of period	8,054	9,193
- additions – purchases and lease returns	294	87
- decrease	-	1,226
b) gross value of property, plant and equipment at end of period	8,348	8,054
c) accumulated depreciation at beginning of period	5,767	5,447
- depreciation for period	1,054	1,453
- adjustment to depreciation on leases	-	4
- liquidation of property, plant and equipment	-	1,137
- accumulated depreciation at end of period	6,821	5,767
e) impairment losses at beginning of period	-	-
- increase	-	-
- decrease	-	-
f) impairment losses at end of period	-	-
Net value of property, plant and equipment at end of period	1,527	2,287
3. Property, plant and equipment (by ownership)		
a) owned	1,365	2,249
b) depreciated leased assets	162	38
c) value of property, plant and equipment used under rental, lease or similar agreement, not depreciated by the brokerage house *	-	-
Total property, plant and equipment	1,527	2,287

* In the periods covered by these financial statements, the Company leased office space under a lease contract. The registered office premises of the Company are located at ul. Próżna 9 in Warsaw. The total rent paid for 2018 (including additional charges) was PLN 1,970 thousand (2017: PLN 1,886 thousand). The Company does not have a valuation report regarding the leased premises.

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

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

Material purchase or sale transactions in property, plant and equipment

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

Material liabilities under purchases of property, plant and equipment

The Company has no material liabilities under purchases of property, plant and equipment. In 2018 and 2017, the Company did not purchase or sell any material items of property, plant and equipment.

Impairment of non-current assets

No impairment of non-current assets was identified in 2018 or 2017.

Note 12

Change in deferred tax assets	Dec 31 2018	Dec 31 2017
Change in deferred tax assets		
1. Assets at beginning of period, including:	1,374	1,093
a) charged to net profit/(loss)	1,374	1,093
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-
2. Increase	2,831	1,552
a) charged to net profit/(loss) for period in connection with deductible temporary differences	1,003	1,552
b) charged to net profit/(loss) for period in connection with current tax loss	1,828	-
a) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
3. Decrease	1,740	1,271
a) charged to net profit/(loss) for period in connection with deductible temporary differences	1,740	1,072
b) charged to net profit/(loss) for period in connection with tax loss (use of tax loss brought forward)	-	199
a) charged to equity in connection with deductible temporary differences	-	-
d) charged to equity in connection with tax loss	-	-
e) charged to (negative) goodwill in connection with deductible temporary differences	-	-
4. Deferred tax assets at end of period, including:	2,465	1,374
a) charged to net profit/(loss)	2,465	1,374
b) charged to equity	-	-
c) charged to (negative) goodwill	-	-

Note 13

Current liabilities	Dec 31 2018	Dec 31 2017
1. Selected current liabilities	2,034	3,473
1.1. To related entities	-	204
- to subsidiaries	-	204
1.2. To entities operating regulated markets and commodity exchanges	364	505
a) to the Warsaw Stock Exchange	364	397

b) to the Budapest Stock Exchange	-	41
c) to the Vienna Stock Exchange	-	67
1.3. To the Central Securities Depository of Poland and exchange clearing houses	52	43
a) under additional payments to the settlement guarantee fund	-	-
b) other	52	43
3a. To CCP	70	86
- under additional payments to the settlement guarantee fund	-	-
- other	70	86
1.4. Taxes, customs duties and social security payable	752	665
- including under ownership right to buildings and structures	-	-
1.5. Other costs, including:	796	1,970
- finance lease liabilities	37	12
- other liabilities	759	1,958
2. Current liabilities (by currency)		
a) in PLN	116,505	202,467
b) in other currencies (translated into PLN) **	39,282	54,230
Total current liabilities	155,787	256,697
3. Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		
a) under executed stock-exchange transactions (broken down into liabilities under clearing of transactions concluded on each stock exchange):	55,023	91,053
- under transactions executed on the Warsaw Stock Exchange*	48,559	68,858
- under transactions executed on the Budapest Stock Exchange	4,290	12,889
- under transactions executed on the Prague Stock Exchange	1,490	6,543
- under transactions executed on the Istanbul Stock Exchange	-	1,096
- under transactions executed on the New York Stock Exchange	684	1,293
- under transactions executed on the Frankfurt Stock Exchange	-	374
b) other	77	348
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	55,100	91,401
4. Current liabilities by maturity as from the reporting date		
a) up to 1 month	155,306	255,750
b) over 1 month to 3 months	63	675
c) over 3 months to 1 year	363	256
d) over 1 year to 5 years	-	-
e) past due	55	16
Total current liabilities	155,787	256,697
5. Current liabilities	15,485	27,351
a) non-bank loan	-	-
b) bank credit facility	15,485	27,351
- outstanding amount	15,485	27,351
- interest rate	O/N WIBOR + bank's margin	
- repayment date	facility terms are described below	
- security – a security deposit in the form of a term deposit of PLN 4m; blank promissory note with a promissory note declaration;		
6. Current liabilities under debt instruments in issue	2	5
7. Special accounts	-	-

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

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

As at December 31st 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.

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

None.

Bonds

In 2018, the Company issued 12 registered bonds with a total nominal value of PLN 2.4 thousand (2017: PLN 5.2 thousand), with various series maturing in 2018–2020. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' nominal value and is not significant to the Company. The bonds were issued in connection with the variable remuneration components policy, implemented by the Company as part of its risk management system, in compliance with the applicable regulations. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website. In 2018, the Company redeemed PLN 4.8 thousand worth of bonds (2017: PLN 5.6 thousand).

Note 13a

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

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

Credit risk

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

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

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

Credit risk – value at risk

As at December 31st 2018, the value at risk related to credit risk for loans advanced (specified in Note 8) was PLN 141 thousand (December 31st 2017: PLN 1,039 thousand), while for short- and long-term receivables

(specified in Note 2.4) the amounts were PLN 163,926 thousand and PLN 251,613 thousand, respectively.

Credit risk related to deposits is considered low, because agreements are executed with banks that have a stable financial position.

Interest rate risk

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

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

Currency risk

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

	Dec 31 2018	Dec 31 2017
Foreign-currency receivables		
- EUR	6,329	6,011
- HUF	327,871	1,736,987
- USD	2,966	1,706
- CZK	8,909	46,533
- GBP	121	894
- TRY	-	1,188
- RON	50	49
Financial instruments		
- HUF	264	3,005
Foreign-currency liabilities		
- EUR	4,574	4,864
- HUF	328,041	1,081,962
- USD	3,431	1,914
- CZK	8,907	45,472
- GBP	174	896
- TRY	-	1,187
- RON	-	1
Accruals		
- EUR	139	77
Cash in foreign currencies		
- CZK	862	83
- EUR	801	1,098
- HUF	18,511	115,817
- RON	30	39
- USD	891	243
- GBP	103	11
- SEK	160	74
- JPY	-	1
- DKK	48	10
- NOK	149	40
- CHF	23	17
- TRY	22	6
- CAD	9	-
- AUD	1	-

Price risk

The Company held financial instruments traded on regulated markets (the Warsaw Stock Exchange and the Budapest Stock Exchange). The Company is exposed to the risk of volatility in prices of financial instruments

listed on the stock exchanges. Such instruments are disclosed as financial instruments held for trading in the financial statements. The Company also holds investment fund units, which are exposed to the risk of volatility of the current price, but the aggregate value of these instruments is immaterial (see Note 6).

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

Liquidity risk

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

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

Note 13 includes a table presenting age of liabilities. The vast majority of the liabilities (about 99%) relate to transactions executed on stock exchanges, in the majority of which the Company acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2018, the balance of stock exchange transactions (receivables vs. liabilities) stood at PLN (-)1,586 thousand (December 31st 2017: PLN 2,081 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

Note 14

Fair value of instruments not measured at fair value

Loans advanced, receivables and liabilities as at Dec 31 2018	carrying amount	balance-sheet item	fair value
Loans advanced and receivables			
- loan	141	Loans advanced	141
- cash	24,287	Cash	24,287
Financial liabilities (bank loan)	15,485	Liabilities	15,485

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

Note 15

Non-current liabilities include liabilities under bonds in issue, referred to in Note 13 (less than PLN 1 thousand as at December 31st 2018 and December 31st 2017), and lease liabilities (PLN 157 thousand vs PLN 40 thousand as at December 31st 2017). Accruals and deferred income were PLN 488 thousand as at December 31st 2018 (December 31st 2017: PLN 0).

Non-current liabilities	Dec 31 2018	Dec 31 2017
a) up to 1 year	53	13
b) over 1 year to 3 years	104	27
c) over 3 years to 5 years	-	-
d) over 5 years	-	-
Total non-current liabilities	157	40

Note 16

Provisions for liabilities	Dec 31 2018	Dec 31 2017
1. Change in non-current provision for retirement and similar benefits	-	-
2. Change in current provision for retirement and similar benefits	-	-
3. Change in other non-current provisions	- 67	- 256
4. Change in other current provisions	- 1,277	- 124
Other current provisions at beginning of period	3,369	3,493
a) recognised	3,621	5,081
b) used	4,898	5,202
c) reversed	-	3
Other current provisions at end of period	2,092	3,369
Other current provisions at end of period (by items)		
Audit and preparation of financial statements	97	87
Employee benefits*	1,337	2,519
Other	658	763
Total other current provisions at end of period	2,092	3,369

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

Change in deferred tax liability	Dec 31 2018	Dec 31 2017
1. Deferred tax liability at beginning of period, including:	337	412
a) charged to net profit/(loss)	337	409
- property, plant and equipment, and intangible assets	231	307
- valuation of financial instruments	24	25
- receivables	82	77
b) charged to equity	-	3
c) charged to (negative) goodwill	-	-
2. Increase	180	245
a) charged to net profit (loss) of the period under taxable temporary differences:	168	245
- property, plant and equipment, and intangible assets	28	25
- valuation of financial instruments	123	121
- receivables	17	99
b) charged to equity	12	-
c) charged to (negative) goodwill	-	-
3. Decrease	246	320
a) charged to net profit/(loss) of the period under deductible temporary differences:	246	317
- property, plant and equipment, and intangible assets	38	101
- valuation of financial instruments	112	122
- receivables	96	94
b) charged to equity	-	3
c) charged to (negative) goodwill	-	-
4. Deferred tax liability at end of period, including:	271	337
a) charged to net profit/(loss) of the period under temporary differences on:	259	337
- property, plant and equipment, and intangible assets	221	231
- valuation of financial instruments	35	24
- receivables	3	82
b) charged to equity	12	-

c) charged to (negative) goodwill

-

-

Note 17

Subordinated liabilities – none

Note 18

Changes in individual categories of financial instruments

	Financial instruments available for sale	Financial instruments held for trading		Loans advanced and receivables		Other financial liabilities
		Financial assets	Financial liabilities	Loan advanced	Cash and cash equivalents	Short-term bank borrowings
As at Jan 1 2018	10,844	3,009	52	1,039	48,730	27,351
Increase:	62	90,403	170	250	-	-
- acquisition of shares	-	90,356	-	-	-	-
- measurement of financial instruments	62	47	-	-	-	-
- acquisition under	-	-	170	-	-	-
- advance of a loan	-	-	-	229	-	-
- interest on loan and foreign-exchange differences	-	-	-	21	-	-
Decrease:	196	83,656	28	1,148	24,443	11,866
- sale of shares	-	83,495	-	-	-	-
- sale of investment fund units	196	-	-	-	-	-
- valuation of shares	-	161	-	-	-	-
- repayment	-	-	28	1,148	-	11,866
- change in cash	-	-	-	-	24,443	-
As at Dec 31 2018	10,710	9,756	194	141	24,287	15,485

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

Note 19

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

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

As at December 31st 2018, the share capital was PLN 2,993,783.60 and comprised 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares. The par value of all issued shares is PLN 0.10 per share. All issued shares have been paid for in full.

Share capital structure as at December 31st 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.

Note 20

Treasury shares

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

Note 21

Reserve funds	Dec 31 2018	Dec 31 2017
a) share premium	10,351	10,351
b) statutory reserve funds	998	998
c) reserve funds created pursuant to the Articles of Association (above statutory minimum)	46,217	46,151
Total reserve funds	57,566	57,500

Note 22

Distributions from net profit in the financial year – none

Note 23

Negative goodwill of subordinates – none

Note 24

Book value per share	Dec 31 2018	Dec 31 2017
Equity (PLN '000)	56,300	61,756
Number of shares outstanding	29,937,836	29,937,836
Book value per share (PLN)	1.88	2.06

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

Note 25

Revaluation capital reserve

Changes in revaluation capital reserve	2018	2017
Revaluation capital reserve as at Jan 1	- 1	13
Remeasurement of financial assets available for sale		
As at Jan 1	- 1	16
Gain from periodic valuation	63	- 17
As at Dec 31	62	- 1
Deferred tax assets		
As at Jan 1	-	3
Change in deferred tax assets	12	- 3
As at Dec 31	12	-
Revaluation capital reserve as at Dec 31	50	- 1

Note 26

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 797,808 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).

Notes to the statement of profit or loss

Note 27

Revenue from brokerage activities	2018	2017
Revenue from trading in securities	21,987	24,972
Revenue from investment banking services, including:	5,114	17,965
- arrangement and execution of public offerings	2,795	9,615
- M&A advisory and other financial advisory services	2,319	8,350
Other revenue	2,923	2,133
Total revenue	30,024	45,070

Revenue from acceptance and transfer of orders to buy or sell investment fund units or units in collective investment undertakings was PLN 60 thousand in 2018, compared with PLN 584 thousand in 2017.

Revenue by country	2018	2017
Poland	26,051	41,937
Hungary	202	1,281
Czech Republic	89	151
Romania	-	-
United Kingdom	3,682	1,701
Total revenue	30,024	45,070

Cost of services	2018	2017
- transaction costs other than cost of clearance through clearing houses or stock exchanges	4,201	6,975
- ICT and information services	3,300	3,153
- other services	1,079	1,197
Total services	8,580	11,325

Note 28

In 2018, income from financial instruments held for trading was PLN 4.396 thousand (2017: PLN 1.349 thousand).

Note 29

In 2018, costs related to financial instruments held for trading were PLN 5.258 thousand (2017: PLN 2.933 thousand).

Note 30

Income from financial instruments held to maturity – none

Note 31

Costs related to financial instruments held to maturity – none

Note 32

Income from financial instruments available for sale

Income from financial instruments available for sale was PLN 600 thousand in 2018, compared with PLN 1,063 thousand in 2017, of which dividends from subsidiaries were PLN 600 thousand in 2017 and PLN 1,470 thousand in 2016.

Note 33

Cost related to financial instruments available for sale

Cost related to financial instruments available for sale stood at PLN 8 thousand in 2018 (2017: PLN 0).

Note 34

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

Note 35

Other income	2018	2017
a) gain on sale of property, plant and equipment, and intangible assets	-	1
b) provisions reversed	-	3
c) decrease in impairment losses on receivables	158	139
d) other, including:	519	823
- re-invoicing of costs	431	389
- other	88	434
Total other income	677	966

Note 36

Other expenses	2018	2017
a) provisions recognised	-	-
b) increase in impairment losses on receivables	132	1,402
c) other, including:	472	898
- re-invoicing of costs	431	384
- costs of discontinued investment	-	465
- other	41	49
Total other expenses	604	2,300

Note 37

Interest on deposits	2018	2017
interest on own deposits, including:	188	196
- unrealised – up to 3 months	1	1
- unrealised – from 3 to 12 months	-	-

Note 38

Interest on borrowings	2018	2017
a) realised	1,136	1,081
b) unrealised	-	52
- unrealised – up to 3 months	-	52
- unrealised – from 3 to 12 months	-	-
Total interest on borrowings	1,136	1,133

Note 39

Income tax	2018	2017
Current corporate income tax		
1. Profit/(loss) before tax	- 5,413	1,713
2. Differences between pre-tax profit (loss) and taxable income, by item	- 4,208	2,496
a/ non-tax-deductible costs	4,949	10,749
entertainment costs	75	74
State Fund for the Disabled	79	72
membership fees	162	160
balance-sheet valuations of financial instruments and settlements	296	3,151
impairment losses on receivables	132	1,402
depreciation and amortisation	98	438
provisions	3,798	5,085
other	309	367
b/ non-taxable income	4,542	1,991
released provisions	-	3
reversal of impairment losses on receivables	158	139
interest on deposit, loans and receivables	38	79
dividend	949	933
balance-sheet valuations of financial instruments and settlements	2,994	89
proceeds from the CSDP	403	414
other	-	334
c/ costs added statistically	7,311	7,308
use of provision for employee benefits	2,110	2,090
released provisions	2,177	2,708
audit of financial statements	141	80
tax amortisation/depreciation	-	-
VAT adjustment	138	134
interest paid	767	541
other	1,978	1,755
d/ income added statistically	2,696	2,092
interest	60	56
proceeds from the CSDP	396	418
other	2,240	1,618
e/ deduction of loss	-	1,046
3. Donation made	-	-
4. Taxable income	- 9,621	4,209
5. Corporate income tax at 19% rate	-	799
6. Increases, reliefs, exemptions, allowances, and reductions in/of corporate income tax – tax paid on dividend received	66	4
7. Current corporate income tax disclosed in tax return for period, including:	66	803
- disclosed in statement of profit or loss	66	803
- referring to items decreasing or increasing equity	-	-
Deferred income tax disclosed in statement of profit or loss:		
- decrease (increase) related to temporary differences and reversal of temporary differences	- 2,831	- 1,552
- decrease (increase) related to changes in tax rates	-	-
- decrease (increase) related to tax loss not recognised earlier, tax relief or temporary differences brought forward	-	-

- decrease (increase) in deferred tax assets	1,740	1,271
- change in deferred tax liabilities	- 78	- 72
Total deferred income tax	- 1,169	- 353

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

Tax settlements are subject to inspection for five years from the end of the year in which the payment deadline expired.

Note 40

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

Note 41

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

Distribution of profit	2018	2017
Net profit/(loss)	- 4,310	1,263
Reserve funds	-	66
Dividend	-	1,197

As at the date of preparation of these financial statements, no decision had been made by the Management Board concerning the recommended way of covering the loss for 2018. This decision will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

Note 42

Liabilities secured with the brokerage house's assets:

Both in 2018 and 2017, the Company's assets were used as security for working capital overdraft facilities (see Note 13). The facilities are secured with a PLN 4m security deposit in a bank account (as at December 31st 2018), blank promissory notes with promissory note declarations and powers of attorney over bank accounts.

In 2018, the Company paid a security deposit of EUR 1.5m to a bank acting as the clearing bank in relation to transactions executed on foreign stock exchanges.

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, valid until April 30th 2018, was secured by a EUR 1.5m security deposit. The agreement expired on April 3rd 2018.

Note 43

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

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

Note 44

Security granted:

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

Note 45**Recognition and reversal of impairment losses on financial assets, property, plant and equipment, intangible assets or other assets**

In 2018 and in 2017, the Company did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 2).

Note 46**Income, expenses and profit (loss) from discontinued operations or operations intended to be discontinued:**

The Company did not identify any discontinued operations in 2018 or 2017. All information presented in the 2018 financial statements relates to continuing operations.

Note 47**The Company as a lessee – right to use a building**

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

Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2018	Dec 31 2017
	Present value of minimum lease payments	
Within 1 year	1,100*	1,016*
Within 1 to 5 years	3,346*	4,064*
Over 5 years	-	44*
Total lease liabilities	4,446	5,124

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

The Company as a lessee – finance leases

The Company is party to vehicle lease contracts. The financing party has the right to recalculate its fee in the event of changes in the 1M EURIBOR/WIBOR interest rate or regulatory changes (notably tax regime changes).

The agreements provide for a mileage limit, which will be accounted for in respect of the entire lease term. If the mileage limit agreed by the parties is exceeded, the lessee has to pay an additional excess mileage charge.

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

Finance lease liabilities	Dec 31 2018	Dec 31 2017
Net carrying amount	162	38
Present value of minimum lease payments	194	52
Within 1 year	37	12
Within 1 to 5 years	157	40
Over 5 years	-	-
Contingent lease payments recognised as expense in the period	34	32

Note 48

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

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

Note 49

Future income tax liabilities:

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

Note 50

Items of the statement of cash flows

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

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

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

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

Structure of cash

	Presentation in the balance sheet		Presentation in the statement of cash flows	
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
Cash and cash equivalents	24,287	48,730	24,256	48,752
1. In hand	-	1	-	1
2. At banks	4,810	5,891	4,810	5,891
3. Other cash	19,459	42,811	19,459	42,811
4. Cash equivalents	18	27	-	-
5. Accrued foreign exchange differences	-	-	- 13	49

The difference between the presentation of cash in the balance sheet and the statement of cash flows in 2018 and 2017 follows from presentation of cash net of the effect of foreign exchange differences and received gift cards presented under cash and cash equivalents.

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

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as disclosed in the balance sheet	Presentation in the statement of cash flows – change 2018
	Dec 31 2018	Dec 31 2017		
Gross current and non-current receivables	165,302	253,182	87,880	87,880
Net receivables	163,926	251,613		
Impairment losses on receivables	1,376	1,569		- 193
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,410	3,832		- 1,422
Total change in impairment losses and provisions				- 1,615

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

Differences in changes in balance-sheet items

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

Note 51

Workforce structure

The average workforce (employees and regular associates) in the period January 1st – December 31st 2018 was 65 persons, compared with 63 in the comparative period of January 1st – December 31st 2017.

Number of employees in FTEs:

Organisational unit	Dec 31 2018	Dec 31 2017
Management Board	4	4
Other	60	62
Total	64	66

Note 52

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

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

Total remuneration (including bonuses)	2018	2017
Management Board	1,421	1,914
Jacek Lewandowski	402	636
Mirosław Borys	303	393
Mariusz Piskorski	304	427
Daniel Ścigala	-	31
Stanisław Waczkowski	412	427
Supervisory Board	135	138
Jacek Jonak	35	40
Janusz Diemko	26	22
Bogdan Kryca	18	24
Michał Dobak	28	28
Zbigniew Mrowiec	-	12
Piotr Szczepiórkowski	28	12

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

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

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

Note 53

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

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

Note 54

Material transactions executed by the Company (in 2018 and 2017, i.e. in the period for which the comparative data was prepared) with:

a) the parent

not applicable

b) major shareholder

not applicable

c) subordinates

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

In 2018, the Company provided a loan to IFA SK totalling PLN 100 thousand (2017: PLN 920 thousand) and charged interest on the loan. In 2017, the Company also signed an agreement for the provision of office and administrative support services to IFA SK. Revenue from the agreement recognised by the Company was below PLN 0.5m in 2018.

Transactions with subsidiary IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.

The Company entered into an agreement with IPOPEMA TFI for the provision of services of an advisor and offering broker in a public offering of closed-end investment fund certificates, as well as an agreement for distribution of open-end investment fund units. The total remuneration for the services provided in 2018 was below PLN 0.2m.

d) members of the Management Board and Supervisory Board

None.

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

None.

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

None.

related-party transactions – income and expenses

Related party	Revenue	Purchases	Revenue	Purchases
	2018		2017	
IPOPEMA BC	2	-	3	59
IPOPEMA TFI	827	-	658	1
IPOPEMA Financial Advisory	-	-	-	-
IPOPEMA Financial Advisory SK	496	-	461	1,080
Total	1,325	-	1,122	1,140

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2018	Dec 31 2017	Dec 31 2018	Dec 31 2017
IPOPEMA BC	600	-	-	5
IPOPEMA TFI	230	206	-	-
IPOPEMA Financial Advisory	-	7	-	-
IPOPEMA Financial Advisory SK	579	1,236	-	199
Total	1,409	1,449	-	204

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

In 2018, the Company was entitled to receive a dividend of PLN 0.6m from IBC (2017: PLN 0.9m). For detailed information on dividends received, see Note 58.

Transactions with related entities not covered by the financial statements

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

Material related-party transactions other than arm's length transactions

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

Note 55

Incentive scheme

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

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

Note 56

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 the first half of 2017 was BDO Sp. z o.o., with its registered office at ul. Postępu 12, Warsaw, Poland.

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

Type of service	2018	2017
mandatory audit of financial statements	82	60
other assurance services	68	79
tax advisory services	-	-
other services	-	-

Note 57

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

Not applicable.

Note 58

Dividends paid and proposed

By the date of preparation of these financial statements, no final decision had been made by the Company's Management Board concerning recommended distribution of the 2018 profit. Any decisions in this respect will be made at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

On June 6th 2018, the General Meeting of the Company resolved to distribute a dividend from the 2017 profit of PLN 1,263 thousand. The dividend per share was PLN 0.04. The dividend record date was set for June 15th 2018, and the dividend payment date – for June 27th 2018. On the dividend payment date, a total of PLN 1.197 thousand was paid out to the shareholders. The difference (PLN 66 thousand) between the distributed amount and the PLN 1,263 thousand approved by the General Meeting resulted from rounding off the amount of dividend per share. Pursuant to the General Meeting's resolution, the difference was allocated to the Company's reserve capital.

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

Dividend received

On 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). As at the date of issue of these financial statements, the dividend had not been paid, and the amount due to the Company is PLN 600 thousand.

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

Note 59

Information on unconsolidated joint ventures

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

Note 60

Information on court proceedings

In 2018 and as at the date of issue of these financial statements, the Company was not party to any material court or administrative proceedings.

Note 61

Pending administrative proceedings and 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.

Note 62

The Company's own funds by item

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

Item	Dec 31 2018	Dec 31 2017	Average monthly data											
			Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Own funds – (PLN '000)	51,879	58,236	58,236	58,254	57,559	58,087	57,172	56,657	57,174	56,379	55,089	54,049	53,328	52,985
Tier 1 Capital	51,879	58,236	58,236	58,254	57,559	58,087	57,172	56,657	57,174	56,379	55,089	54,049	53,328	52,985
Common Equity Tier 1	51,879	58,236	58,236	58,254	57,559	58,087	57,172	56,657	57,174	56,379	55,089	54,049	53,328	52,985
Additional Tier 1 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total risk exposure (PLN '000)	169,055	213,231	226,285	219,269	221,580	212,814	235,633	224,725	205,106	192,905	190,708	199,409	193,097	199,262
Risk-weighted exposure amounts for credit risk, counterparty credit risk, dilution risk and free deliveries	75,806	117,459	125,754	116,460	122,119	107,745	131,547	132,810	115,347	99,817	96,940	108,494	106,300	109,925
Total exposure to settlement/delivery risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to position risk, currency risk and commodity price risk	27,087	28,214	32,973	36,803	33,555	39,679	37,928	25,753	23,599	26,927	27,605	24,754	20,634	23,172
Total exposure to operational risk	66,158	67,558	67,558	66,006	65,906	65,390	66,158	66,158	66,158	66,158	66,158	66,158	66,158	66,158
Additional exposure to risk related to fixed indirect costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure to risk related to credit valuation adjustment	4	-	-	-	-	-	-	4	2	3	5	3	5	7
Total exposure to risk related to large exposures in the trading book	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures to risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tier 1 common equity ratio	30.69	27.31	25.99	26.79	26.07	27.56	24.53	25.91	29.13	28.67	28.84	28.94	26.97	27.44
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	44,271	48,641	48,053	48,387	47,588	48,510	46,568	46,545	48,507	47,808	47,105	45,979	44,579	44,266
Tier 1 capital ratio	30.69	27.31	25.99	26.79	26.07	27.56	24.53	25.91	29.13	28.67	28.84	28.94	26.97	27.44
Tier 1 capital surplus(+)/shortfall(-) (PLN '000)	41,735	45,442	44,659	45,098	44,264	45,318	43,034	43,174	45,523	44,788	44,186	43,142	41,576	41,330
Total capital adequacy ratio	30.69	27.31	25.99	26.79	26.07	27.56	24.53	25.91	29.13	28.67	28.84	28.94	26.97	27.44
Total capital surplus(+)/shortfall(-) (PLN '000)	38,354	41,178	40,133	40,712	39,833	41,062	38,321	38,679	41,545	40,760	40,294	39,360	37,572	37,416

Item	Dec 31 2018
Initial capital	3,137
Deviation of own funds from initial capital	48,742

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

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

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

Note 63

Events subsequent to the reporting date

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

These financial statements contain 51 (fifty-one) consecutively numbered pages.

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