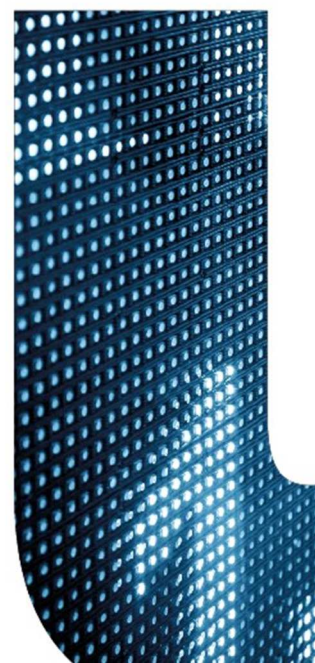


The IPOPEMA
Securities Group

Interim condensed consolidated financial statements

for the nine months
ended September 30th 2016

Warsaw, November 9th 2016



Contents

Financial highlights	3
Interim condensed consolidated statement of comprehensive income.....	4
Interim condensed consolidated statement of financial position.....	5
Interim condensed consolidated statement of cash flows.....	6
Interim condensed consolidated statement of changes in equity.....	8
Notes	9
1. The IPOPEMA Securities Group	9
2. Composition of the Group.....	10
3. Basis of preparation.....	11
3.1 Statement of compliance.....	11
3.2 Measurement currency and reporting currency of the financial statements	11
3.3 Going-concern assumption	11
3.4 Comparability of data	11
4. Changes in applied accounting policies.....	11
5. Selected accounting policies	11
6. Accounting policies introduced in the first nine months of 2016	15
7. New standards and interpretations which have been issued but are not yet effective.....	15
8. Changes in estimates	17
9. Translation of foreign-currency items	17
10. Earnings per share	17
11. Operating segments	18
12. Notes to the interim condensed consolidated statement of financial position – assets.....	21
13. Notes to the interim condensed consolidated statement of financial position – equity	22
14. Notes to the interim condensed statement of financial position – liabilities and accruals and deferred income.....	23
15. Notes to the interim condensed consolidated statement of comprehensive income.....	25
16. Income tax.....	25
17. Employee benefits – employee share option plans	26
18. Dividends paid and proposed	26
19. Issue, redemption and repayment of debt and equity securities.....	26
20. Exclusions of companies from consolidation	27
21. Seasonality.....	27
22. Contingent liabilities and contingent assets.....	27
23. Guarantees.....	27
24. Leases.....	27
25. Related-party transactions.....	29
26. Items of the consolidated statement of cash flows	29
27. Pending court or administrative proceedings.....	31
28. Material events and factors in the first nine months of 2016.....	31
29. Events subsequent to the end of reporting period	32

Financial highlights

Financial highlights	PLN '000		EUR '000		PLN '000		EUR '000	
	3 months ended Sep 30				9 months ended Sep 30			
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from core activities	20,579	24,576	4,736	5,841	59,089	70,479	13,525	16,948
Cost of core activities	18,784	22,061	4,323	5,244	56,825	65,714	13,007	15,802
Profit on core activities	1,795	2,515	413	598	2,264	4,765	518	1,146
Operating profit	1,887	2,868	434	682	2,443	4,745	559	1,141
Profit before tax	1,144	2,126	263	505	1,826	3,718	418	894
Net profit on continuing operations	931	1,869	214	444	1,403	2,548	321	613
Net profit	931	1,869	214	444	1,403	2,548	321	613
Earnings per ordinary share (weighted average) (PLN/ EUR)								
- basic	0.03	0.06	0.01	0.01	0.04	0.08	0.01	0.02
- diluted	0.03	0.06	0.01	0.01	0.04	0.08	0.01	0.02
Net cash from operating activities	14,208	-24,540	3,270	-5,833	-98,728	11,192	-22,598	2,691
Total cash flows	9,338	-35,215	2,149	-8,370	-107,977	1,303	-24,715	313

Key consolidated financial results	PLN '000			EUR '000		
	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2016	Jun 30 2016	Dec 31 2015
Total assets	443,336	341,861	353,310	102,814	77,248	82,907
Current liabilities	354,418	253,445	258,462	82,193	57,269	60,650
Equity	82,595	81,334	84,408	19,155	18,378	19,807
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.76	2.72	2.82	0.64	0.61	0.66

The key financial results were translated into the euro at the following exchange rates:

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	Jan-Sep 2016	Jan-Sep 2015
EUR	4.3688	4.1585

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

Exchange rate as at	Sep 30 2016	Dec 31 2015	Sep 30 2015
EUR	4.3120	4.2615	4.2386

Interim condensed consolidated statement of comprehensive income

for the nine months ended September 30th 2016

	Note	Jan 1 2016– Sep 30 2016	Jul 1 2016– Sep 30 2016	Jan 1 2015– Sep 30 2015	Jul 1 2015– Sep 30 2015
CONTINUING OPERATIONS					
Revenue from core activities, including:	15	59,089	20,579	70,479	24,576
Revenue from brokerage activities		25,464	8,485	33,200	13,298
Revenue from investment fund and asset management		23,995	8,638	28,303	8,485
Revenue from consultancy services		9,630	3,456	8,976	2,793
Cost of core activities	15	56,825	18,784	65,714	22,061
Profit/(loss) on core activities		2,264	1,795	4,765	2,515
Gain (loss) on transactions in financial instruments held for trading		-101	-41	-94	285
Gain (loss) on transactions in financial instruments held to maturity		-	-	-	-
Gain (loss) on transactions in financial instruments available for sale		201	121	111	39
Other income		577	209	539	215
Other expenses		498	197	576	186
Operating profit/(loss)		2,443	1,887	4,745	2,868
Finance income		642	-309	1,050	449
Finance costs		1,259	434	2,077	1,191
Profit/(loss) before tax		1,826	1,144	3,718	2,126
Income tax	16	423	213	1,170	257
Net profit/(loss) on continuing operations		1,403	931	2,548	1,869
DISCONTINUED OPERATIONS					
Net profit/(loss) for period		1,403	931	2,548	1,869
Attributable to:					
Owners of the parent		1,287	889	2,527	1,869
Non-controlling interests		116	42	21	-
Earnings (loss) per share (PLN)		0.04	0.03	0.08	0.06
Diluted earnings (loss) per share (PLN)		0.04	0.03	0.08	0.06
Other comprehensive income		77	130	-13	-14
Gains and losses on remeasurement of financial assets available for sale		95	160	-16	-17
Corporate income tax on items of other comprehensive income		-18	-30	3	3
Comprehensive income for period		1,480	1,061	2,535	1,855
Attributable to:					
Owners of the parent		1,364	1,019	2,514	1,855
Non-controlling interests		116	42	21	-

Warsaw, November 9th 2016

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

Daniel Ścigała
Member of the
Management Board

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of financial position

as at September 30th 2016

ASSETS	Note	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Cash and cash equivalents	12	40,702	31,723	148,949	52,076
Current receivables	12, 14	371,747	276,106	178,434	165,007
Current tax assets		-	124	209	182
Current prepayments and accrued income		991	871	1,147	1,668
Financial instruments held for trading		2,450	1,281	1,214	2,419
Financial instruments held to maturity		-	-	-	-
Financial instruments available for sale		16,401	21,131	11,764	11,767
Investments in jointly controlled entities and associates		-	-	-	-
Non-current receivables		1,380	1,375	1,367	2,362
Non-current loans advanced		88	88	1	218
Property, plant and equipment		5,216	4,913	5,553	4,983
Investment property		-	-	-	-
Intangible assets		2,630	2,706	3,156	2,344
Deferred tax assets		1,565	1,533	1,479	1,118
Non-current prepayments and accrued income		166	10	37	-
TOTAL ASSETS		443,336	341,861	353,310	244,144

EQUITY AND LIABILITIES	Note	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Current liabilities	14	354,154	253,314	258,462	153,255
Current tax liabilities		264	131	-	222
Other financial liabilities		-	-	-	-
Non-current liabilities		520	567	593	633
Deferred tax liabilities	16	10	181	133	170
Accruals and deferred income	14	5,793	6,334	9,714	6,958
Total liabilities		360,741	260,527	268,902	161,238
Share capital	13	2,994	2,994	2,994	2,994
Other capital reserves		13,752	13,622	13,675	13,605
Retained earnings		62,225	61,136	64,231	62,855
Total equity		78,971	77,752	80,900	79,454
Non-controlling interests		3,624	3,582	3,508	3,452
Total equity		82,595	81,334	84,408	82,906
TOTAL EQUITY AND LIABILITIES		443,336	341,861	353,310	244,144

Warsaw, November 9th 2016

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

Daniel Ścigała
Member of the
Management Board

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of cash flows

for the nine months ended September 30th 2016

CASH FLOWS	Note	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Cash flows from operating activities					
Profit before tax		1,826	1,144	3,718	2,126
Total adjustments:	25	-100,554	13,064	7,474	-26,666
Depreciation and amortisation expenses		1,983	649	1,868	617
Foreign exchange gains/(losses)		258	364	126	-81
Interest and dividends		885	275	616	288
Gain (loss) on investing activities		-184	-86	-121	9
Change in financial instruments held for trading		-1,236	-1,170	-956	508
Change in financial instruments available for sale		-	-18	-105	-49
Change in receivables		-193,453	-95,915	87,915	47,620
Change in current liabilities (net of borrowings)		95,424	110,217	-79,325	-76,308
Change in provisions and impairment losses on receivables		134	23	-719	-40
Change in accruals and deferrals		-3,914	-843	-965	800
Income tax paid		-476	-437	-898	-41
Other adjustments (including the cost of incentive schemes)		25	5	38	11
Net cash from operating activities		-98,728	14,208	11,192	-24,540
Cash flows from investing activities					
Increase in loans advanced		-263	-60	-	-
Decrease in loans advanced		397	293	145	49
Acquisition of property, plant and equipment and intangible assets		-983	-778	-1,489	-947
Disposal of property, plant and equipment		-	-	5	-
Cash provided by financial instruments available for sale and held to maturity		7,946	7,118	7,198	13
Acquisition of financial instruments available for sale and held to maturity		-12,387	-2,100	-10,391	-1,170
Other cash used in investing activities		-	-	-1,000	-
Other cash from investing activities		190	120	363	168
Net cash from investing activities		-5,100	4,593	-5,169	-1,887
Cash flows from financing activities					
Proceeds from borrowings		256	-5,843	-	-
Proceeds from issue of debt securities		2	-	6	2
Repayment of debt securities		-6	-1	-5	-2
Proceeds from issue of share capital		-	-	-	-
Interest paid		-933	-266	-730	-296
Repayment of finance lease liabilities		-175	-60	-203	-64
Repayment of borrowings		-	-	-3,388	-8,028
Dividends to owners of the parent		-3,293	-3,293	-	-
Dividends distributed to non-controlling interests		-	-	-400	-400
Net cash from financing activities		-4,149	-9,463	-4,720	-8,788
Total cash flows		-107,977	9,338	1,303	-35,215

Net increase (decrease) in cash and cash equivalents		-108,222	8,983	1,368	-35,143
Effect of exchange rate fluctuations on cash held		-245	-355	65	72
Cash at beginning of period	26	148,802	31,487	50,707	87,225
Cash at end of period, including	26	40,825	40,825	52,010	52,010
<i>restricted cash</i>		<i>19,815</i>	<i>19,815</i>	<i>4,246</i>	<i>4,246</i>

Warsaw, November 9th 2016

 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

 Daniel Ścigała
 Member of the
 Management Board

 Danuta Ciosek
 Chief Accountant

Interim condensed consolidated statement of changes in equity

for the nine months ended September 30th 2016

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Share capital	Other components of equity			Retained earnings		
		Share premium	Revaluation capital reserve	Other capital reserves			
as at Jan 1 2016	2,994	10,351	110	3,214	64,231	3,508	84,408
Profit for period	-	-	-	-	1,287	116	1,403
Other comprehensive income	-	-	77	-	-	-	77
Dividend payment	-	-	-	-	-3,293	-	-3,293
as at Sep 30 2016	2,994	10,351	187	3,214	62,225	3,624	82,595
as at Jan 1 2015	2,994	10,351	53	3,166	60,328	3,831	80,723
Profit for 2015	-	-	-	-	3,903	77	3,980
Costs of incentive scheme	-	-	-	48	-	-	48
Other comprehensive income	-	-	57	-	-	-	57
Dividend payment	-	-	-	-	-	-400	-400
as at Dec 31 2015	2,994	10,351	110	3,214	64,231	3,508	84,408
as at Jan 1 2015	2,994	10,351	53	3,166	60,328	3,831	80,723
Profit for period	-	-	-	-	2,527	21	2,548
Costs of incentive scheme	-	-	-	48	-	-	48
Other comprehensive income	-	-	-13	-	-	-	-13
Dividend payment	-	-	-	-	-	-400	-400
as at Sep 30 2015	2,994	10,351	40	3,214	62,855	3,452	82,906

Warsaw, November 9th 2016

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

Daniel Ścigala
Member of the
Management Board

Danuta Ciosek
Chief Accountant

Notes

1. The IPOPEMA Securities Group

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

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

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

As at September 30th 2016, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2).

The Group's principal business activities are:

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

IPOPEMA Securities S.A. – the Parent

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

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

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

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

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

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

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

2. Composition of the Group

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

As at September 30th 2016, the Group comprised IPOPEMA Securities S.A. and the following subsidiaries:

Name of subsidiary	Business profile	Consolidation method	Share capital held	Total vote held
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	<ul style="list-style-type: none"> - operation of investment fund companies; creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds - management of portfolios of broker-traded financial instruments 	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	<ul style="list-style-type: none"> - other business and management consultancy services - computer facilities management activities - computer consultancy services - software-related activities - wholesale of computers, computer peripherals and software 	full	50.02%	50.02%
IPOPEMA Financial Advisory Sp. z o.o.*	<ul style="list-style-type: none"> - As at the date of this report, the company did not commence operations. 	not consolidated (immaterial financial data)	100%	100%
IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa **	<ul style="list-style-type: none"> - As at the date of this report, the company did not commence operations. 	not consolidated (immaterial financial data)	n.a.	
IPOPEMA Business Services Srl ***	<ul style="list-style-type: none"> - office and business support – company in liquidation 	not consolidated (immaterial financial data)	100%	100%

* In May 2016, the Company acquired all shares in IPOPEMA Outsourcing Sp. z o.o. from IBC; in August 2016, the company name was changed to IPOPEMA Financial Advisory Sp. z o.o. (IFA)

** In July 2016, IPOPEMA Financial Advisory spółka z ograniczoną odpowiedzialnością spółka komandytowa (IFA SK), with the Company and Jarosław Błaszczak as limited partners and IFA as the general partner, was entered in the Business Register. As at the date of this report, IFA SK did not commence operations. The Company is liable for the IFA SK's liabilities to creditors of up to PLN 7,750. The structure including IFA and IFA SK was established in connection with the planned transfer to IFA SK of advisory services related to corporate financial restructuring and fund raising for infrastructure projects, currently provided by IPOPEMA Securities. The transfer will be made in 2017 (Jarosław Błaszczak, limited partner of IFA SK, currently cooperates with the Company in this business area).

*** Given changes to the model of operating in foreign markets, the process of winding up IBS Srl began in 2016.

**** Given changes to the model of operating in foreign markets, the process of winding up IBS Kft was concluded in 2016. On April 1st 2016, IBS Kft was deleted from the court register.

3. Basis of preparation

3.1 Statement of compliance

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

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

These interim condensed consolidated financial statements of the Group cover the nine months ended September 30th 2016 and contain comparative data for the nine months ended September 30th 2015 and as at December 31st 2015.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2015.

3.2 Measurement currency and reporting currency of the financial statements

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

3.3 Going-concern assumption

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

3.4 Comparability of data

There were no significant presentation changes in the nine months ended September 30th 2016.

4. Changes in applied accounting policies

In the nine months ended September 30th 2016, there were no changes in the applied accounting policies compared with the policies applied in the consolidated financial statements for 2015, issued on March 18th 2016. The consolidated financial statements for 2015 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

5. Selected accounting policies

Financial instruments

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

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

Financial assets

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

Financial liabilities

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

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

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

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

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

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

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

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

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

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date 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 books at the contract date at the fair value of the amount or other assets received.

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

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

Financial instruments held to maturity

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

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

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

Loans and receivables

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

Financial instruments available for sale

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

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

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

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

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

Financial liabilities measured at amortised cost

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

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

Receivables

Current receivables

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

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

Impairment losses are recognised in particular for:

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

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

Impairment losses on receivables are recognised under other expenses. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses are recognised under other income.

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

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

Non-current receivables

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

Impairment losses

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

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

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

Liabilities

Current liabilities

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

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

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

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

Non-current liabilities

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

6. Accounting policies introduced in the first nine months of 2016

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2016:

- Amendments to IAS 1 *Disclosures* – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 16 and IAS 38 – effective for annual periods beginning on or after January 1st 2016; Amendments to IAS 16 and IAS 38 introduced the rule related to 'consumption of the economic benefits' with respect to recognition of depreciation and amortisation. The IASB has clarified that revenue-based methods should not be used to calculate depreciation or amortisation;
- Amendments to IAS 19 *Employee Benefits* – effective for annual periods beginning on or after February 1st 2015;
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* – effective for annual periods beginning on or after January 1st 2016. The amendment permits the use of the equity method as one of optional methods of accounting for investments in subsidiaries, associates and jointly-controlled entities in separate financial statements;
- Amendments to IFRS 11 *Joint Arrangements* – effective for annual periods beginning on or after January 1st 2016. The amendments introduce new requirements concerning disclosure of acquisition of an interest in a joint operation and provides guidance on how to account for such acquisition;
- Annual Improvements to IFRSs cycle 2010–2012 – effective for annual periods beginning on or after February 1st 2015. They concern IFRS 2 *Definition of vesting conditions*, IFRS 3 *Accounting for contingent consideration in a business combination*, IFRS 8 *Aggregation of operating segments and reconciliation of the total of the reportable segments* assets to the entity's assets, IFRS 13 *Short-term receivables and payables*, IAS 7 *Interest paid that is capitalised*, IAS 16/IAS 38 *Revaluation method* – proportionate restatement of accumulated depreciation, IAS 24 *Key management personnel*;
- Amendments to various standards made as part of an annual IFRS improvement cycle: Annual Improvements 2012–2014 – effective for annual periods beginning on or after January 1st 2016. They concern IFRS 5 *Change of disposal method*, IFRS 7 *Servicing contracts*, IAS 19 *Discount rate: regional market issue*, IAS 34 *Disclosure of information* 'elsewhere in the interim financial report'.

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

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

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

- IFRS 9 *Financial Instruments* – published by the International Accounting Standards Board on July 24th 2014; the standard's final version supersedes previous versions of IFRS 9, completing the Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard regulates classification and measurement of financial assets and liabilities, as well as impairment and hedge accounting. IFRS 9 does not include guidelines on hedge accounting of portfolios of financial assets and liabilities, since these matters are covered by a separate project of the International

Accounting Standards Board. The standard is effective for annual periods beginning on or after January 1st 2018;

- Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – effective for annual periods beginning on or after January 1st 2016. The amendments clarify the manner of accounting for a transaction in which a parent loses control of its subsidiary that does not constitute a business as defined in IFRS 3 *Business Combinations* through a sale or contribution of all or a part of shares in that subsidiary to an equity-accounted associate or joint venture. This date was tentatively postponed by the International Accounting Standards Board;
- IFRS 14 *Regulatory Deferral Accounts* – published by the International Accounting Standards Board on January 30th 2014, effective for annual periods beginning on or after January 1st 2016. The standard permits an entity which is a first-time adopter of IFRS to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of other comprehensive income;
- IFRS 15 *Revenue from Contracts with Customers* – published by the International Accounting Standards Board on May 28th 2014, effective for annual periods beginning on or after January 1st 2018;
- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses* – published by the International Accounting Standards Board on January 19th 2016 and effective for annual periods beginning on or after January 1st 2017;
- Amendments to IAS 7 *Disclosure Initiative* – published by the International Accounting Standards Board on January 29th 2016 and effective for annual periods beginning on or after January 1st 2017;
- IFRS 16 *Leases* – published by the International Accounting Standards Board on January 13th 2016, effective for annual periods beginning on or after January 1st 2019;
- Amendments to IFRS 2 *Share-based Payment* – published by the International Accounting Standards Board on June 20th 2016 and effective for annual periods beginning on or after January 1st 2018;

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

8. Changes in estimates

In the first nine months of 2016, there were no changes to estimates, except changes in accruals and deferred income, depreciation/amortisation and impairment losses on receivables, discussed in Note 14.

9. Translation of foreign-currency items

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

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

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

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

Currency	Sep 30 2016	Dec 31 2015	Sep 30 2015
USD	3.8558	3.9011	3.7754
EUR	4.3120	4.2615	4.2386
HUF 100	1.3947	1.3601	1.3529
RON	0.9675	0.9421	0.9600
GBP	4.9962	5.7862	5.7305
UAH	0.1488	0.1622	0.1774
CZK	0.1596	0.1577	0.1560
CHF	3.9802	3.9394	3.8785
TRY	1.2822	1.3330	1.2477
JPY 100	3.8171	3.2411	3.1402
NOK	0.4796	0.4431	0.4474
CAD	2.9290	2.8102	2.8173
SEK	0.4487	0.4646	0.4515
DKK	0.5786	0.5711	0.5682
INR 100	5.7856	5.8962	5.7469

Source: National Bank of Poland.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company’s case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the incentive scheme adopted at the Company, to the extent it is implemented. To date, 1,880,952 shares have been allocated to be subscribed for by the eligible persons after certain criteria are met.

Given no dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these condensed consolidated financial statements were the same.

	Jan 1-Sep 30 2016	Jan 1-Sep 30 2015
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Diluted number of shares	29,937,836	29,937,836
Net profit from continuing operations for period per share		
- basic	0.04	0.08
- diluted	0.04	0.08

11. Operating segments

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

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

Operating segments	For the nine months ended September 30th 2016			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	25,464	23,995	9,708	59,167
Intersegment sales			-78	-78
Sales to external clients	25,464	23,995	9,630	59,089
Segment's costs				
Segment's total costs	-26,080	-21,356	-9,498	-56,934
Segment's costs – intersegment purchases	-	-	-	-
Consolidation eliminations	52	57	-	109
Segment's costs – purchases from external suppliers	-26,028	-21,299	-9,498	-56,825
Segment's profit/(loss) on core activities	-564	2,696	132	2,264
Unallocated costs	-	-	-	-
Profit on continuing operations before tax and finance costs	-564	2,696	132	2,264
Interest income	186	66	13	265
Interest expenses	-1,047	-24	-	-1,071
Other net finance income/costs	1,592	150	17	1,759
Other income/expenses	-26	81	56	111
Consolidation eliminations	-1,502	-	-	-1,502
Profit before tax and non-controlling interests	-1,361	2,969	218	1,826
Income tax	-239	597	62	420
Consolidation eliminations	-	3	-	3
Total corporate income tax	-239	600	62	423
Net profit for period	-1,122	2,369	156	1,403
Assets and liabilities as at Sep 30 2016				
Segment's assets	405,991	29,119	8,226	443,336
Unallocated assets	-	-	-	-
Total assets	405,991	29,119	8,226	443,336
Segment's liabilities	351,568	2,436	944	354,948
Accruals and deferred income	2,386	3,355	52	5,793
Segment's net profit/(loss)	-1,122	2,369	156	1,403
Equity (net of profit/loss for current period)	53,182	21,679	2,823	77,684
Non-controlling interests (net of profit/loss for current period)	-	-	3,508	3,508
Total equity and liabilities	406,014	29,839	7,483	443,336

Operating segments	for the nine months ended September 30th 2015			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Segment's total revenue	33,200	30,039	9,006	72,245
Intersegment sales	-	-1,736	-30	-1,766
Sales to external clients	33,200	28,303	8,976	70,479
Segment's costs				
Segment's costs – purchases from external suppliers	-31,209	-27,430	-8,916	-67,555
Segment's costs – intersegment purchases				
Consolidation eliminations	30	1,811	-	1,841
Segment's total costs	-31,179	-25,619	-8,916	-65,714
Segment's profit/(loss) on core activities	2,021	2,684	60	4,765
Unallocated costs	-	-	-	-
Profit on continuing operations before tax and finance costs	2,021	2,684	60	4,765
Interest income	382	135	15	532
Interest expenses	-806	-26	-1	-833
Other finance income/cost, net	568	114	8	690
Other income/expenses	75	-30	-1	44
Consolidation eliminations	-1,463	-17	-	-1,480
Profit before tax and non-controlling interests	777	2,860	81	3,718
Income tax	202	899	70	1,171
Consolidation eliminations	-	-1	-	-1
Total corporate income tax	202	898	70	1,170
Net profit for period	575	1,962	11	2,548
Net profit for period, excluding costs of the incentive scheme	623	1,962	11	2,596
Assets and liabilities as at Dec 31 2015				
Segment's assets	314,512	30,814	7,984	353,310
Unallocated assets	-	-	-	-
Total assets	314,512	30,814	7,984	353,310
Segment's liabilities	254,353	3,829	1,006	259,188
Accruals and deferred income	5,168	4,546	-	9,714
Segment's net profit/(loss)	2,032	1,907	41	3,980
Equity (net of profit/loss for current period)	54,412	19,726	2,859	76,997
Non-controlling interests	-	-	3,431	3,431
Total equity and liabilities	315,965	30,008	7,337	353,310

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

Cash and cash equivalents

Cash and other assets	Sep 30 2016	Dec 31 2015
Cash and other assets of the Group		
a) at banks and in hand	19,279	28,425
b) other	21,423	120,524
Total	40,702	148,949
Cash and other assets:		
a) cash and other assets of the Group	20,887	44,644
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	19,815	104,305
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	40,702	148,949

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

Clients' cash deposited in the Parent's bank account, in the amount of PLN 19,815 thousand as at September 30th 2016 and PLN 104,305 thousand as at December 31st 2015, is also disclosed under other cash.

Receivables

Current receivables	Sep 30 2016	Dec 31 2015
From clients / trade receivables	94,019	73,138
- under transactions executed on the Warsaw Stock Exchange	73,110	62,910
- under transactions executed on the Budapest Stock Exchange	3,949	602
- under transactions executed on the London Stock Exchange	210	-
- under transactions executed on the New York Stock Exchange	7,414	110
- under transactions executed on the Vienna Stock Exchange	119	795
- under transactions executed on the Frankfurt Stock Exchange	-	220
- under transactions executed on the Istanbul Stock Exchange	2,635	-
- other	6,582	8,501
From related entities	21	18
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	213,613	64,558
- under transactions executed on the Warsaw Stock Exchange*	192,277	56,568
- under transactions executed on the Budapest Stock Exchange	13,871	4,027
- under transactions executed on the Frankfurt Stock Exchange	883	-
- under transactions executed on the New York Stock Exchange	543	-
- under transactions executed on the Istanbul Stock Exchange	2,150	-
- under transactions executed on the Prague Stock Exchange	-	3,467
- other	3,889	496
From the Central Securities Depository of Poland and exchange clearing houses	43,208	24,133
- from the settlement guarantee fund	43,208	24,133
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,928	3,634
From issuers of securities or selling shareholders	-	2,332
Taxes, subsidies and social security receivable	47	119
Other	15,911	10,502
Total current receivables	371,747	178,434

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

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

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

Financial assets

In the first nine months of 2016 and in the comparative period, there were no changes in the policies regarding measurement of financial assets at fair value or classification of financial assets.

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

In the first nine months of 2016, the Group did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 14).

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

In the first nine months of 2016, the Group acquired property, plant and equipment and intangible assets worth PLN 983 thousand (the first nine months of 2015: PLN 1,489 thousand).

Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2016 and in 2015, the Group did not purchase or sell any material items of property, plant and equipment.

Material liabilities under purchase of property, plant and equipment

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

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

Share capital

As at September 30th 2016, the Group's share capital was PLN 2,993,783.60 (no change on December 31st 2015).

It 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.

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

Change in accruals and deferred income

	Jan 1-Sep 30 2016	Jan 1-Sep 30 2015	2015
As at beginning of reporting period	9,714	7,625	7,625
Provisions recognised in period	6,523	11,156	17,456
Used	10,437	11,823	15,309
Reversed	7	-	58
As at end of reporting period	5,793	6,958	9,714

Impairment losses on receivables

In the first nine months of 2016, impairment losses on receivables rose by PLN 134 thousand (with an increase of PLN 23 thousand in Q3 2016), following reversal or use of impairment losses. In the corresponding period of 2015, impairment losses on receivables fell by PLN 719 thousand (in Q3 2015, they rose by PLN 40 thousand).

Liabilities (current)

Current liabilities	Sep 30 2016	Dec 31 2015
To clients	195,975	168,415
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	127,352	68,947
- to the Warsaw Stock Exchange *	112,441	67,216
- to the Budapest Stock Exchange	4,542	602
- to the London Stock Exchange	210	-
- to the New York Stock Exchange	7,407	109
- to the Istanbul Stock Exchange	2,634	-
- to the Vienna Stock Exchange	118	795
- to the Frankfurt Stock Exchange	-	219
- other	-	6
To entities operating regulated markets and commodity exchanges	543	563
- to the Warsaw Stock Exchange	541	488
- to the Budapest Stock Exchange	-	44
- to the Prague Stock Exchange	-	21
- to the Bucharest Stock Exchange	-	6
- to the Chicago Mercantile Exchange	2	4
To the Central Securities Depository of Poland and exchange clearing houses	11,355	844
Borrowings	15,394	15,138
- from related entities	-	-
- other	15,394	15,138
Debt securities	5	6
Taxes, customs duties and social security payable	830	818
To investment and pension fund companies and to investment and pension funds	730	1,969
Other	1,970	1,762
a) dividends payable	-	-
b) other	1,970	1,762
- financial liabilities (lease)	250	186
- other liabilities	1,720	1,576
Total current liabilities	354,154	258,462

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

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

Interest-bearing borrowings

Current liabilities under borrowings	Sep 30 2016	Dec 31 2015
Credit facility	15,394	15,138
- outstanding amount	15,394	15,138
Current liabilities under borrowings	15,394	15,138

As at September 30th 2016, the Company had outstanding liabilities of PLN 15,394 thousand under credit facilities connected with its brokerage business (December 31st 2015: PLN 15,138 thousand), including:

1. Two working capital overdraft facility (lines of credit) agreements executed on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the Central Securities Depository of Poland in connection with the brokerage activities and are renewed on an annual basis – their current term expires on September 15th 2017:
 - i. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the Central Securities Depository of Poland in respect of the settlement of transactions concluded by the Company on the regulated market as part of its brokerage business. The facility is secured with a blank promissory note with a promissory note declaration, a power of attorney over accounts held with the bank, and a PLN 4m security deposit placed in a term deposit account as joint collateral securing also the credit facility specified in item ii.
 - ii. Revolving credit facility of up to PLN 30m. The purpose of the facility is to finance the payment of the Company's liabilities resulting from its membership in the Stock-Exchange Transactions Settlement Guarantee Fund operated by the Central Securities Depository of Poland. The facility is secured with a blank promissory note with a promissory note declaration and a power of attorney over accounts held with the bank. As stated in item i above, both credit facilities are jointly secured by a PLN 4m security deposit.
2. Current account overdraft facility of HUF 409m from Raiffeisen Bank ZRT, used to settle stock exchange transactions on the Budapest Stock Exchange in connection with brokerage activities. The facility expires on March 16th 2017. The facility is secured by a HUF 409m security deposit.

Bonds

In the first nine months of 2016, the Company issued 10 registered bonds with a total par value of PLN 2 thousand, with different series maturing between 2016 and 2019. In the first nine months of 2015, the Company issued 30 registered bonds with a total par value of PLN 5.7 thousand, with different series maturing between 2015 and 2018. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Regulation on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website.

By the date of issue of these financial statements, the Company redeemed PLN 6.4 thousand worth of bonds (including PLN 1.1 thousand in Q3 2016), compared with PLN 4.5 thousand in the first nine months of 2015.

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

None

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

Revenue from core activities

Revenue from core activities	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Revenue from trading in securities	16,185	5,680	22,311	7,500
Revenue from investment banking services	9,101	2,733	10,761	5,697
Revenue from management of investment funds and clients' assets	23,995	8,638	28,303	8,485
Revenue from consultancy services	9,630	3,456	8,976	2,793
Other revenue from core activities	178	72	128	101
Total revenue from core activities	59,089	20,579	70,479	24,576

Operating expenses

Cost of core activities	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Affiliation costs	-	-	-	-
Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses	4,751	1,590	6,798	2,234
Salaries and wages	25,446	8,368	27,201	9,606
Social security and other benefits	2,324	515	2,152	520
Employee benefits	548	245	366	120
Raw material and consumables used	438	136	580	191
Costs of maintenance and lease of buildings	2,312	788	3,013	1,009
Depreciation and amortisation expenses	1,983	649	1,868	617
Taxes and other public charges	1,908	1,140	1,365	444
Other costs, including:	17,115	5,353	22,371	7,320
- fund management and distribution costs	6,909	2,162	11,182	2,994
- transaction costs other than cost of clearance through clearing houses or stock exchanges	1,734	554	1,428	636
- ICT and information services	2,680	828	2,779	923
- marketing, representation and advertising	632	192	1,215	542
- software purchases (for recharge)	1,354	480	530	120
- other services	3,806	1,137	5,237	2,105
Total cost of core activities	56,825	18,784	65,714	22,061

16. Income tax

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

	Jan 1 2016 - Sep 30 2016	Jul 1 2016 - Sep 30 2016	Jan 1 2015 - Sep 30 2015	Jul 1 2015 - Sep 30 2015
Profit before tax	1,826	1,144	3,718	2,126
Tax calculated at 19% rate	347	217	706	404
Taxable income/deductible expenses for which no deferred tax assets were recognised – total consolidation adjustments	1,467	-	1,468	18
Tax losses for which no deferred tax assets were recognised – other	-	-	147	-1,202
Tax loss carryforwards for which no deferred tax assets were recognised	-	-	-	-
Use of unrecognised tax losses	-	-	-	-

Non-deductible expenses	536	82	1,877	771
Deductible/taxable temporary differences for which no deferred tax assets/liabilities were recognised	-70	-	-11	-11
Non-taxable income	-1,533	-105	-1,043	-354
Tax base for current and deferred income tax	2,226	1,121	6,156	1,348
Reductions, exemptions	-	-	-	-
Income tax expense	423	213	1,170	257

Tax settlements

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

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

Deferred tax

In the first nine months of 2016, deferred tax liabilities decreased by PLN 123 thousand (in Q3 2016 by PLN 171 thousand), while in the comparative period, i.e. in the first nine months of 2015, they rose by PLN 70 thousand (in Q3 2015 by PLN 139 thousand). Deferred tax assets increased in the first nine months of 2016 by PLN 86 thousand (in Q3 2016 by PLN 32 thousand), while in the comparative period, i.e. in the first nine months of 2015, they contracted by PLN 297 thousand (in Q3 2015 they rose by PLN 183 thousand).

17. Employee benefits – employee share option plans

No eligible persons subscribed for any shares under the Company's incentive scheme in the first nine months of 2016 or in the comparative period.

On a consolidated basis, the cost of incentive schemes increased the cost of salaries and wages in Q1-Q3 2015 by PLN 48 thousand (Q1-Q3 2016: no cost). The amount was charged against profit of the operating segment of IPOPEMA Securities S.A.

The share option plan under which the above cost of salaries and wages was recognised was measured using the binomial tree model.

18. Dividends paid and proposed

On June 29th 2016, the General Meeting resolved to distribute dividend of PLN 3.5m. The 2015 profit of PLN 3,493 thousand was allocated to dividend payment. The dividend per share was PLN 0.11. The dividend record date was set for July 8th 2016, and the dividend payment date – for July 27th 2016. On the dividend payment date, a total of PLN 3,293 thousand was paid out to the shareholders. The difference between the distribution amount and the amount of PLN 3.5m approved by the General Meeting is attributable to rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's reserve funds.

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

On June 19th 2015, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend for 2014 of PLN 1m, i.e. approximately PLN 17.85 per share. The dividend was paid out to the Company in full.

On June 30th 2015, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2014 of PLN 800 thousand, i.e. approximately PLN 400 per share. The full amount of the dividend was paid out.

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

The Group companies issued no equity or non-equity securities in the first nine months of 2016 or in 2015.

However, the Company issued bonds in those periods, as discussed in detail in Note 14.

20. Exclusions of companies from consolidation

In these condensed consolidated financial statements (in line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial), the following companies: IPOPEMA Business Services Kft. (on April 1st 2016, IBS was deleted from the court register), IPOPEMA Business Services Srl., IPOPEMA Financial Advisory Sp. z o.o. (in May 2016, the Company acquired all shares in IPOPEMA Outsourcing Sp. z o.o. from IBC), and IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa were not consolidated.

(PLN '000)	IPOPEMA Financial Advisory Sp. z o.o.	IPOPEMA Financial Advisory Sp. z o.o. spółka komandytowa	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Sep 30 2016	1	-	n.a.	49
% share in Parent's total assets	-	-	n.a.	-
Revenue for period Jan 1 – Sep 30 2016	-	-	n.a.	263
% share in Parent's revenue	-	-	n.a.	1.03
Net assets as at Sep 30 2016	1	-	n.a.	49
Net profit (loss) for period Jan 1 – Sep 30 2016	-	-	n.a.	24

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Dec 31 2015	1	96	60
% share in Parent's total assets	-	0.03	0.02
Revenue for period Jan 1–Sep 30 2015	-	186	380
% share in Parent's revenue	-	0.56	1.14
Net assets as at Dec 31 2015	1	62	24
Net profit (loss) for period Jan 1–Sep 30 2015	-1	37	-17

21. Seasonality

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

22. Contingent liabilities and contingent assets

The Company issued promissory notes as security for a credit facility (for a detailed description, see Note 14).

23. Guarantees

In January 2012, PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) issued to the Company a guarantee of up to EUR 268 thousand, secured by a security deposit with the current value of PLN 1,380 thousand. Under the annexes executed in 2014 and 2015, the guarantee amount was increased to EUR 277 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

In March 2016, mBank issued a guarantee in respect of the Company's liabilities to Raiffeisen Bank Polska S.A., which has been IPOPEMA's clearing bank for foreign transactions since March 16th 2016. The guarantee was issued for the amount of EUR 1.5m, and secures the Company's timely payment of its liabilities to Raiffeisen Bank arising in connection with the services provided by the Bank, consisting in the settlement and clearance of foreign transactions. The guarantee is secured with a EUR 0.9m security deposit, and was issued until March 31st 2017.

24. Leases

The Group as a lessee – right to use a building

Group companies lease office space under lease agreements. The right to use the building for the term of the agreement was classified by the Company as operating lease. The lease agreement providing for the right to use

the building was initially executed for a period of five years, starting from 2013, with an option to extend its term for another two years. Pursuant to an annex to the agreement, executed in January 2016, the lease agreement was extended until January 2023. Minimum lease payments are presented in the table below.

Operating lease liabilities	Sep 30 2016	Dec 31 2015
	Present value of minimum lease payments	
Within 1 year *	2,119	3,112
Within 1 to 5 years *	8,477	9,798
Over 5 years *	3,335	-
Total operating lease liabilities	13,931	12,910

* Average annual value during the lease term.

The Group as a lessee – finance leases

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

The lease agreements have been classified as finance leases. Minimum lease payments are presented in the table below.

Finance lease liabilities	Sep 30 2016	Dec 31 2015
Net carrying amount	640	704
Present value of minimum lease payments	767	776
Within 1 year *	250	186
Within 1 to 5 years *	517	590
Over 5 years *	-	-
Contingent lease payments recognised as expense in the period	175	268

The Group companies did not enter into any sublease agreements.

25. Related-party transactions

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

In the first nine months of 2016 and in 2015, the Group did not conclude any material transactions with related parties other than on an arm's length basis.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1 – Sep 30 2016				Jan 1–Sep 30 2015			
IPOPEMA Business Services Kft.	-	-	-	-	-	-	184	-
IPOPEMA Business Services Srl.	-	-	262	-	-	-	377	-
IPOPEMA Financial Advisory Sp. z o.o.	-	-	-	-	-	-	-	-
Members of the Management and Supervisory Boards	-	31	43	-	3	19	23	-
Other related entities	-	-	-	-	-	-	-	-
Total	-	31	305	-	3	19	584	-

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
IPOPEMA Financial Advisory Sp. z o.o.	-	-	-	-
IPOPEMA Business Services Srl.	-	-	-	-
Members of the Management and Supervisory Boards	21	18	-	-
Other related entities	-	-	-	-
Total	21	18	-	-

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

26. Items of the consolidated statement of cash flows

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

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

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

Structure of cash

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows	
	Sep 30 2016	Dec 31 2015	Sep 30 2016	Dec 31 2015
Cash and cash equivalents	40,702	148,949	40,825	148,802
1. In hand	2	1	2	1
2. At banks	19,277	28,423	19,277	28,423
3. Other cash	21,417	120,495	21,417	120,494
4. Cash equivalents	6	30	-	-
5. Accrued foreign exchange differences	-	-	129	-116

The difference between the presentation of cash in the statement of financial position and the statement of cash flows as at September 30th 2016 and as at December 31st 2015 follows from presentation of cash net of the effect of foreign exchange differences and charge cards received under a mobile telephony subscription agreement.

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

Differences in changes in balance-sheet items

	Presentation in the condensed consolidated statement of financial position		Presentation in the condensed consolidated statement of cash flows – change
	Sep 30 2016	Dec 31 2015	Sep 30 2016
Gross current and non-current receivables	373,831	180,371	-193,453
Net receivables	373,127	179,801	
Impairment losses on receivables	704	570	134
Prepayments and accrued income	1,157	1,184	
Accruals and deferred income (net of deferred tax related to equity and provision for unpaid interest)	5,783	9,670	-3,914
Total increase/(decrease) in impairment losses and accruals and deferrals			-3,780

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at September 30th 2016 net of receivables under loans advanced, payment to increase a security deposit made in 2015 and interest on a security deposit paid, disclosed under investing activities.

Explanation concerning other items of the consolidated statement of cash flows

	Jan 1 2016 – Sep 30 2016	Jan 1 2015 – Sep 30 2015
Cash flows from operating activities		
Other adjustments	25	38
- incentive scheme	-	48
- other	25	-10
Cash flows from investing activities		
Other cash used in investing activities	-	1,000
- increase in security deposit	-	1,000
Other cash from investing activities	190	363
- dividend received	52	190
- interest received	138	173

27. Pending court or administrative proceedings

On July 27th 2016, IPOPEMA TFI received a copy of a statement of claim filed by Górnośląskie Przedsiębiorstwo Wodociągów S.A. of Katowice ("GPW"), for payment of PLN 20,554,900.90 for an alleged loss incurred by GPW due to GPW's investment in investment certificates of one of the dedicated funds managed by IPOPEMA TFI (closed-end private equity investment fund). IPOPEMA TFI has challenged the claim in its entirety, and has taken legal action to have the claim dismissed. Accordingly, IPOPEMA TFI did not recognise provisions for potential costs related to the claim.

In April 2016, the Company filed a suit for payment under writ-of-payment proceedings against one of its clients. The amount of the payment claimed is PLN 49.2 thousand. The proceedings have not been concluded to date.

In October 2015, the General Inspector for Financial Information imposed a fine of PLN 5 thousand on IPOPEMA TFI for failure to meet the obligation to register a transaction and failure to implement follow-up recommendations issued by the Polish Financial Supervision Authority within the prescribed time limit. IPOPEMA TFI filed a petition with the Minister of Finance to re-examine the case. In December 2015 the Minister of Finance upheld the challenged decision. IPOPEMA TFI filed an appeal against the decision to the Provincial Administrative Court, but the appeal was dismissed. IPOPEMA TFI is considering lodging an appeal in cassation with the Supreme Administrative Court.

In March 2015, The Office of the Polish Financial Supervision Authority imposed a fine of PLN 50 thousand on IPOPEMA TFI for non-compliance by one of the subfunds with investment restrictions stipulated in its Articles of Association in the period from September 4th 2012 to July 29th 2013; the non-compliance related to investing in futures contracts on the WIG20 index. IPOPEMA TFI did not agree with the PFSA's arguments, and filed a request for re-examination of the case, which has not been considered to date.

28. Material events and factors in the first nine months of 2016

Equity market and investment banking

In Q1-Q3 2016, only the Budapest Stock Exchange recorded an increase in the value of trading (up 7.8% on Q1-Q3 2015), while trading in Warsaw and Prague was down 13.0% and 12.7%, respectively, relative to the first nine months of 2015. Over the same period, the Company's market share on the WSE declined to 4.66% (from 5.91% a year earlier) because of growing competition, chiefly from foreign-based brokerage houses. The market share on the BSE remained almost flat year on year (2.18% vs 2.21% a year earlier). As a result, the Company's revenue from trading in securities in January–September 2016 was down 27.5% year on year (PLN 16,185 thousand vs PLN 22,311 thousand).

On the market for equity transactions, the situation in Q1-Q3 2016 was more difficult than in the same period a year earlier, with the total value of IPOs on the WSE being three times lower year on year. A lower number of transactions handled by IPOPEMA Securities in the period translated into lower investment banking revenue (PLN 9,101 thousand vs PLN 10,761 thousand).

As a result of the above factors, revenue of the brokerage services segment was 23.3% lower year on year, and the segment posted a net loss of PLN 1,122 thousand in Q1-Q3 2016 (relative to a PLN 575 thousand net profit in the previous year) despite lower cost of operations.

IPOPEMA TFI's activities

Despite an overall growth in assets under management to PLN 51.0bn as at the end of September 2016, compared with PLN 34.0bn a year earlier, the transfer of white label funds management coupled with a decline in assets managed as part of the asset management business translated into a 15.2% drop in revenue of the investment fund and portfolio management segment, to PLN 23,995 thousand in Q1-Q3 2016, compared with PLN 28,303 thousand a year earlier. Concurrently, a 16.9% reduction in operating expenses lifted the segment's net profit to PLN 2,369 thousand (from PLN 1,961 thousand in Q1-Q3 2015).

IPOPEMA Business Consulting

A higher number of advisory projects pursued by IPOPEMA Business Consulting in the first nine months of 2016 compared with the corresponding period in 2015, translated into the company's revenue growth by 7.3%, which, despite 6.5% higher operating expenses, resulted in a year-on-year improvement in net profit (PLN 156 thousand vs PLN 12 thousand).

One-off events of non-typical nature, size, or frequency, which have a bearing on the assets, liabilities, equity, net profit/loss, or cash flows

none

29. Events subsequent to the end of reporting period

All events related to the reporting period were disclosed in the accounting books and the condensed consolidated financial statements for the period January 1st–September 30th 2016.

No material events occurred after the end of the reporting period which should have been but were not disclosed in the accounting books for the reporting period.

Warsaw, November 9th 2016

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice President of the
Management Board

Stanisław Waczkowski
Vice President of the
Management Board

Miroslaw Borys
Vice President of the
Management Board

Daniel Ścigała
Member of the
Management Board

Danuta Ciosek
Chief Accountant