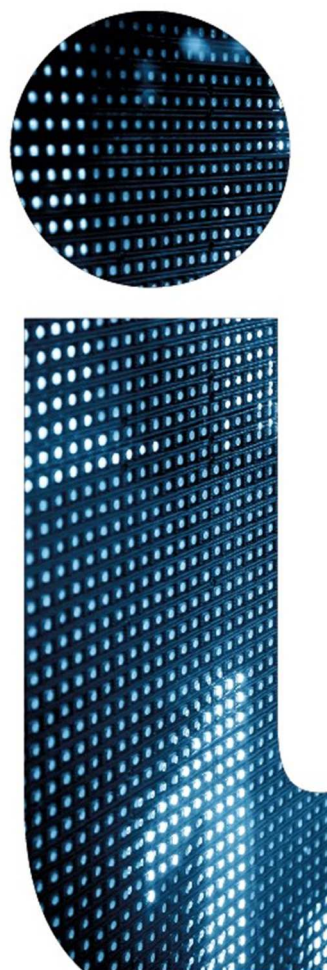


IPOPEMA Securities S.A.

Interim condensed financial statements

**for the nine months
ended September 30th 2016**

Warsaw, November 9th 2016



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	8,485	13,298	1,953	3,161	25,464	33,200	5,829	7,984
Cost of core activities	8,088	11,333	1,861	2,694	26,080	31,161	5,970	7,493
Profit on core activities	397	1,965	91	467	-616	2,039	-141	490
Operating profit	319	2,305	73	548	765	3,420	175	822
Profit before tax	-378	1,488	-87	354	89	2,257	20	543
Net profit	-282	1,509	-65	359	328	2,055	75	494
Earnings per ordinary share (weighted average) (PLN/ EUR)	-0.01	0.05	0.00	0.01	0.01	0.07	0.00	0.02
Net cash from operating activities	13,103	-26,167	3,015	-6,219	-100,022	8,780	-22,895	2,111
Total cash flows	3,212	-34,841	739	-8,281	-107,280	4,078	-24,556	981

Financial highlights	PLN '000			EUR '000		
	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2016	Jun 30 2016	Dec 31 2015
Total assets	415,022	314,344	323,575	96,248	71,030	75,930
Current liabilities	351,411	250,156	254,254	81,496	56,526	59,663
Equity	60,693	60,748	63,627	14,075	13,727	14,931
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)	2.03	2.03	2.13	0.47	0.46	0.50

The key financial results 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	Jan-Sep 2016	Jan-Sep 2015
EUR	4.3688	4.1585

- For the balance sheet:

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

Introduction to the interim condensed financial statements

The Company

The Company was established (under the name Dom Maklerski IPOPEMA S.A.) on March 2nd 2005 under Notarial Deed No. Rep. A 2640/2005, which included also the Company's Articles of Association, prepared by Janusz Rudnicki, Notary Public of Warsaw, ul. Marszałkowska 55/73, suite 33, Warsaw, Poland. 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 on the basis of 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 on the basis of other authorisations which it was required to obtain in connection with amendments to applicable laws and regulations. Currently, the Company holds licences for the majority of activities classified in the Act on Trading in Securities as brokerage activities, excluding the activities specified in Art. 69.2.8 and Art. 69.4.8 of the Act.

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

All Company shares (a total of 29,937,836 shares) outstanding as at the date of issue of these interim condensed 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 interim condensed 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 authorisation 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, for at least 12 months from the reporting date, that is September 30th 2016.

Composition of the Management Board and the Supervisory Board

As at the date of these interim condensed 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,
Daniel Ścigała – Member of the Management Board.

Daniel Ścigała was appointed by the Supervisory Board to the Management Board on May 21st 2015.

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

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

There were no changes in the composition of the Supervisory Board in the first nine months of 2016 or in the comparative period.

Basis of preparation

These interim condensed financial statements ("condensed financial statements", "financial statements") cover the period from January 1st to September 30th 2016 and include comparative data for the period from January 1st to September 30th 2015 (for the statement of profit or loss, the statement of cash flows, and the statement of changes in equity) and, additionally, data as at December 31st 2015 (for the balance sheet and the statement of changes in equity).

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

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

- IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A. ("IPOPEMA TFI") of Warsaw – 100% interest;
- IPOPEMA Business Consulting Sp. z o.o. ("IBC") of Warsaw – 50.02% interest;
- IPOPEMA Financial Advisory Sp. z o.o. ("IFA") of Warsaw (previous name: IPOPEMA Outsourcing Sp. z o.o.) – 100% interest (in May 2016 the Company acquired all shares in IPOPEMA Outsourcing Sp. z o.o. from IBC);
- 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. 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;
- IPOPEMA Business Services SRL ("IBS SRL") of Bucharest, Romania – 100% interest. Given changes to the model of operating in foreign markets, the process of winding up IBS SRL began in 2016.

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).

The parent and its subsidiaries make up the IPOPEMA Securities Group (the "IPOPEMA Securities Group", the "Group"). Pursuant to Art. 58.1 of the Accountancy Act, IPOPEMA Business Services SRL, IFA and IFA SK were not consolidated as their effect on the Group's financial data is immaterial.

Identification of the interim condensed financial statements

All financial data contained in these interim condensed financial statements is presented in thousands of the Polish złoty (PLN '000).

These interim condensed financial statements have been 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.

Selected accounting policies

Receivables

Current receivables

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

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

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

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

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

Impairment losses on receivables are charged to other expenses and disclosed in the statement of profit or loss under increase in impairment losses on receivables. The cost connected with recognition of impairment losses at the time of confirming that particular receivables are uncollectible is a tax-deductible expense; otherwise, such cost is not tax-deductible.

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 reporting date.

Financial instruments

Financial instruments are classified into the following categories:

1. Financial assets

- financial assets held for trading,
- loans and receivables,
- financial assets held to maturity,
- financial assets available for sale.

2. Financial liabilities

- financial liabilities held for trading,
- other financial liabilities.

Financial assets and liabilities held for trading

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

Financial instruments held for trading include shares in companies listed both on the Warsaw Stock Exchange ("WSE") and on the Budapest Stock Exchange ("BSE").

Financial assets are carried as at the contract date at cost, i.e. at the fair value of expenses incurred or other assets transferred in return, whereas financial liabilities are carried as 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 purposes of the measurement, the Company 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.

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 acquisition cost, which is estimated using the effective interest rate method. Non-interest bearing current receivables are measured at amounts receivable, subject to the prudent valuation principle. Current receivables include mainly bank deposits, cash and loans advanced. Loans advanced to IPOPEMA Securities's employees and associates are classified under 'Loans advanced'.

Financial assets held to maturity

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

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

Financial assets available for sale

All other financial instruments are classified as financial assets available for sale. Financial assets available for sale are recognised 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, bonds, and, pursuant to the regulation on special accounting policies for brokerage houses, shares in subordinated entities.

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

Shares in subsidiaries are measured at cost less impairment.

Other financial liabilities

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

Financial instruments are derecognised when the Company loses control over the contractual rights constituting a given financial instrument; that usually happens when an instrument is sold or when all the cash flows attributable to an instrument are transferred onto an independent third party.

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

Impairment of financial instruments

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

Liabilities

Current liabilities

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

Liabilities are measured at amounts payable. Recognition of current liabilities arising from the executed transactions is presented above, in the description of current receivables.

Non-current liabilities

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

Translation of foreign-currency items

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

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

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

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

Currency	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.

Changes in estimates

In the period covered by these financial statements, there were no changes in estimates other than changes in provisions, depreciation and amortisation and impairment losses on receivables, as discussed in Note 7.

Changes in applied accounting policies

The policies applied in the period covered by these financial statements are described in detail in the financial statements for 2015, issued on March 18th 2016. In the first nine months of 2016, the Company did not change its accounting policies.

Comparability of the reported data

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

Seasonality of operations

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

Correction of errors of past periods

There are no corrections of errors of past periods in these financial statements.

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

ASSETS (PLN '000)		Note	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
I.	Cash and cash equivalents	1	28,427	25,534	135,950	39,477
1.	In hand		1	1	1	1
2.	At banks		7,006	9,380	15,436	15,780
3.	Other cash		21,414	16,143	120,483	23,657
4.	Other assets		6	10	30	39
II.	Current receivables	2, 7	361,406	265,409	167,711	155,468
1.	From clients		88,715	67,854	66,058	76,696
2.	From related entities	19	62	107	59	205
3.	From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses		213,613	145,364	64,558	44,939
a)	under executed transactions		209,724	140,786	64,062	35,475
b)	other		3,889	4,578	496	9,464
4.	From the Central Securities Depository of Poland and exchange		43,208	36,716	24,134	22,968
5.	Taxes, subsidies and social security receivable		36	139	166	24
6.	From issuers of securities and selling shareholders		-	112	2,332	2,761
7.	From investment and pension fund companies and from investment and pension funds		6	18	-	62
8.	Other		15,766	15,099	10,404	7,813
III.	Financial instruments held for trading	3, 4	2,450	1,281	1,214	2,419
1.	Equities		2,450	1,281	1,214	2,419
IV.	Current prepayments and accrued income		722	591	794	1,173
V.	Financial instruments held to maturity		-	-	-	-
VI.	Financial instruments available for sale	3, 4	12,862	12,829	8,820	8,815
1.	Equities		8,631	8,631	8,638	8,638
	- shares in subordinated entities		8,631	8,631	8,638	8,638
2.	Debt securities		10	11	-	-
3.	Investment fund units		4,030	4,000	-	-
4.	Investment certificates		191	187	182	177
VII.	Non-current receivables		1,380	1,375	1,367	2,362
VIII.	Non-current loans advanced		88	88	1	218
1.	Other		88	88	1	218
IX.	Intangible assets	4	2,170	2,181	2,495	1,725
1.	Acquired permits, patents, licences and similar assets, including:		2,170	2,181	2,495	1,725
	- software		2,170	2,181	2,495	1,725
X.	Property, plant and equipment	4, 5	4,089	3,778	4,136	3,932
1.	Tangible assets, including:		3,411	3,695	4,092	3,930
a)	buildings and premises		481	498	531	562
b)	computer assemblies		1,858	2,058	2,364	2,093
c)	other tangible assets		1,072	1,139	1,197	1,275
2.	Tangible assets under construction		678	83	44	2
XI.	Non-current prepayments and accrued income		1,428	1,278	1,087	898
1.	Deferred tax assets	14	1,262	1,268	1,050	898
2.	Other non-current prepayments and accrued income		166	10	37	-

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

XII.	Called-up share capital not paid	-	-	-	-
XIII.	Treasury shares	-	-	-	-
Total assets		415,022	314,344	323,375	216,487

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 financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

EQUITY AND LIABILITIES (PLN '000)		Note	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
I. Current liabilities		6	351,411	250,156	254,254	149,743
1. To clients			194,474	136,872	166,605	57,273
2. To related entities		19	11	7	33	37
3. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses			127,352	86,345	68,947	78,142
a) under executed transactions			127,352	86,345	68,941	77,980
b) other			-	-	6	162
4. To entities operating regulated markets and commodity exchanges			543	444	563	474
5. To the Central Securities Depository of Poland and exchange clearing houses			11,355	93	844	3,378
6. Borrowings			15,394	21,237	15,138	8,819
a) other			15,394	21,237	15,138	8,819
7. Debt securities		11	4	5	6	6
8. Taxes, customs duties and social security payable			421	534	352	648
9. To investment and pension fund companies and to investment and pension funds			118	132	213	203
10. Other			1,739	4,487	1,553	763
II. Non-current liabilities			167	177	133	138
1. Debt securities		11	2	3	4	3
2. Finance lease liabilities		10	165	174	129	135
- from other entities			165	174	129	135
III. Accruals and deferred income			8	-	-	-
IV. Provisions for liabilities		7	2,743	3,263	5,561	4,420
1. Deferred tax liabilities		14	364	460	393	349
2. Other			2,379	2,803	5,168	4,071
a) non-current			292	308	393	97
b) current			2,087	2,495	4,775	3,974
V. Subordinated liabilities			-	-	-	-
VI. Equity			60,693	60,748	63,627	62,186
1. Share capital		8	2,994	2,994	2,994	2,994
2. Reserve funds			57,352	57,152	57,152	57,152
a) share premium			10,351	10,351	10,351	10,351
b) statutory reserve funds			998	998	998	998
c) reserve funds created pursuant to the Articles of Association			46,003	45,803	45,803	45,803
3. Revaluation capital reserve			19	-8	-12	-15
4. Retained earnings			-	-	-	-
5. Net profit		15	328	610	3,493	2,055
Total equity and liabilities			415,022	314,344	323,575	216,487
Book value (PLN '000)			60,693	60,748	63,627	62,186
Number of shares as at end of period			29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN)			2.03	2.03	2.13	2.08
Diluted number of shares			29,937,836	29,937,836	29,937,836	29,937,836
Diluted book value per share (PLN)			2.03	2.03	2.13	2.08

Warsaw, November 9th 2016

Jacek Lewandowski
President of the
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Miroslaw Borys
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Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

OFF-BALANCE-SHEET ITEMS (PLN '000)	Note	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
I. Contingent liabilities	9	-	-	-	-
II. Third-party assets used		-	-	-	-
III. Futures/forwards purchased or issued in the name and for the account of the brokerage house		-	-	-	-

Warsaw, November 9th 2016

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Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

Statement of profit or loss (PLN '000)		Note	Jul 1 2016- Sep 30 2016	Jan 1 2016- Sep 30 2016	Jul 1 2015- Sep 30 2015	Jan 1 2015- Sep 30 2015
I.	Revenue from brokerage activities, including:		8,485	25,464	13,298	33,200
	- from related entities	19	1	1	-	3
1.	Fee and commission income		5,735	16,568	11,354	29,600
	from transactions in financial instruments made in the name of the Company but for the account of the party placing an order		5,304	15,190	8,732	25,196
a)						
b)	from offering financial instruments		431	1,378	2,622	3,783
c)	other		-	-	-	621
2.	Other income		2,750	8,896	1,944	3,600
a)	from offering financial instruments		3	9	225	640
b)	from maintenance of clients' securities accounts and cash accounts		-	1,905	-	1
c)	other		2,747	6,982	1,719	2,959
II.	Cost of brokerage activities		8,088	26,080	11,333	31,161
	- from related entities	19	52	357	158	634
	Fees payable to regulated markets, commodity exchanges, the Central Securities Depository of Poland and exchange clearing houses		1,573	4,700	2,232	6,791
1.						
2.	Salaries and wages		3,157	10,338	4,682	12,364
3.	Social security and other benefits		246	1,148	267	1,081
4.	Employee benefits		76	243	44	144
5.	Raw material and consumables used		44	173	73	224
6.	Costs of maintenance and lease of buildings		393	1,151	497	1,472
7.	Depreciation and amortisation expenses		460	1,389	424	1,294
8.	Taxes and other public charges		473	1,162	383	1,167
9.	Other		1,666	5,776	2,731	6,624
III.	Profit (loss) on brokerage activities		397	-616	1,965	2,039
IV.	Income from financial instruments held for trading		77	570	384	576
1.	Dividends and other profit distributions		-	52	-	89
2.	Revaluation adjustments		25	42	68	56
3.	Gain on sale/redemption		52	476	316	431
V.	Cost related to financial instruments held for trading		119	672	99	670
1.	Revaluation adjustments		-35	26	-	134
2.	Loss on sale/redemption		154	646	99	536
VI.	Gain (loss) on transactions in financial instruments held for trading		-42	-102	285	-94
VII.	Income from financial instruments available for sale		-	1,509	-	1,400
1.	Dividends and other profit distributions		-	1,470	-	1,400
	- from related entities		-	1,470	-	1,400
2.	Gain on sale/redemption		-	39	-	-
VIII.	Cost related to financial instruments available for sale		-	-	-	-
IX.	Gain (loss) on transactions in financial instruments available for sale		-	1,509	-	1,400
X.	Other income		183	429	316	764
1.	Other		183	429	316	764
XI.	Other expenses		183	418	251	684
1.	Other		183	418	251	684

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

XII. Difference between provisions for and impairment losses on receivables	-36	-37	-10	-5
1. Decrease in impairment losses on receivables	-	33	1	10
2. Increase in impairment losses on receivables	36	70	11	15
XIII. Operating profit	319	765	2,305	3,420
XIV. Finance income	-328	494	400	844
1. Interest on loans advanced, including:	4	12	4	19
- from related entities	-	-	-	-
2. Interest on deposits	56	174	186	363
- from related entities	-	-	-	-
3. Foreign exchange gains	-465	34	60	99
a) realised	-53	31	-	99
b) unrealised	-412	3	60	-
4. Other	77	274	150	363
XV. Finance costs	369	1,170	1,217	2,007
1. Interest on borrowings, including:	293	953	288	716
- to related entities	-	-	-	-
2. Other interest	24	94	22	91
3. Foreign exchange losses	-	-	58	118
a) realised	-	-	58	-
b) unrealised	-	-	-	118
4. Other	52	123	849	1,082
XVI. Profit before extraordinary items	-378	89	1,488	2,257
XVII. Profit before tax	-378	89	1,488	2,257
XVIII. Income tax	-96	-239	-21	202
XIX. Net profit	-282	328	1,509	2,055
Weighted average number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Earnings per ordinary share (PLN)	-0.01	0.01	0.05	0.07
Weighted average diluted number of ordinary shares	29,937,836	29,937,836	29,937,836	29,937,836
Diluted earnings per ordinary share (PLN)	-0.01	0.01	0.05	0.07

Warsaw, November 9th 2016

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Mirosław Borys
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Daniel Ścigała
Member of the
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Danuta Ciosek
Chief Accountant

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

STATEMENT OF CASH FLOWS (PLN' 000)	Note	Jul 1 2016- Sep 30 2016	Jan 1 2016- Sep 30 2016	Jul 1 2015- Sep 30 2015	Jan 1 2015- Sep 30 2015
A. CASH FLOWS FROM OPERATING ACTIVITIES					
I. Net profit		-282	328	1,509	2,055
II. Total adjustments		13,385	-100,350	-27,676	6,725
1. Depreciation and amortisation expenses		460	1,389	424	1,294
2. Foreign exchange gains/(losses)		324	220	-52	131
3. Interest and profit distributions (dividends)		286	-588	280	-806
4. Gain (loss) on investing activities		-1	-40	-	-117
5. Change in provisions and impairment losses on receivables		-516	-2,806	1,674	531
6. Change in financial instruments held for trading		-1,170	-1,236	508	-956
7. Change in receivables		-96,319	-193,938	45,774	82,911
8. Change in current liabilities (net of borrowings), including special accounts		110,591	96,890	-75,767	-75,894
9. Change in accruals and deferrals		-275	-266	-517	-360
10. Other		5	25	-	-9
III. Net cash from (used in) operating activities (I + II)		13,103	-100,022	-26,167	8,780
B. CASH FLOWS FROM INVESTING ACTIVITIES					
I. Cash from investing activities		345	1,966	538	1,713
1. Decrease in loans advanced		293	397	49	123
2. Profit distributions (dividends) received		52	1,522	489	1,590
3. Disposal of financial instruments available for sale		-	47	-	-
II. Cash used in investing activities		821	5,218	886	2,296
1. Acquisition of intangible assets		166	199	143	248
2. Acquisition of property, plant and equipment		595	744	743	1,048
3. Acquisition of financial instruments available for sale		-	4,012	-	-
4. Loans advanced		60	263	-	-
5. Other cash used in investing activities		-	-	-	1,000
III. Net cash from (used in) investing activities (I - II)		-476	-3,252	-348	-583
C. CASH FLOWS FROM FINANCING ACTIVITIES					
I. Cash from financing activities		-	258	2	6
1. Increase in current borrowings		-	256	-	-
2. Proceeds from issue of long-term debt securities		-	1	1	2
3. Proceeds from issue of short-term debt securities		-	1	1	4
II. Cash used in financing activities		9,415	4,264	8,328	4,125
1. Repayment of current borrowings		5,843	-	8,028	3,388
2. Repayment of short-term debt securities		1	6	2	5
3. Dividends and other payments to owners		3,293	3,293	-	-
4. Payment of finance lease liabilities		12	32	2	2
5. Interest paid		266	933	296	730
III. Net cash from (used in) financing activities (I - II)		-9,415	-4,006	-8,326	-4,119

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

D. TOTAL NET CASH FLOWS (A.III +/- B.III +/- C.III)		3,212	-107,280	-34,841	4,078
E. CHANGE IN CASH, including:		2,896	-107,500	-34,790	4,135
- effect of exchange rate fluctuations on cash held		-316	-220	51	57
F. CASH AT BEGINNING OF PERIOD	20	25,335	135,827	74,275	35,356
G. CASH AT END OF PERIOD (F +/- D), including:	20	28,547	28,547	39,434	39,434
- <i>restricted cash</i>		19,815	19,815	4,246	4,246

Warsaw, November 9th 2016

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STATEMENT OF CHANGES IN EQUITY (PLN '000)	Jan 1 2016 – Sep 30 2016	2015	Jan 1 2015 – Sep 30 2015
I. EQUITY AT BEGINNING OF PERIOD	63,627	60,125	60,125
- changes in adopted accounting policies	-	-	-
- correction of errors	-	-	-
I.a. EQUITY AT BEGINNING OF PERIOD AFTER ADJUSTMENTS	63,627	60,125	60,125
1. Share capital at beginning of period	2,994	2,994	2,994
1.1. Changes in share capital	-	-	-
1.2. Share capital at end of period	2,994	2,994	2,994
2. Reserve funds at beginning of period	57,152	53,926	53,926
2.1. Changes in reserve funds	200	3,226	3,226
a) increase	200	3,226	3,226
- distribution of profit (above statutory minimum)	200	3,226	3,226
b) decrease	-	-	-
2.2. Reserve funds at end of period	57,352	57,152	57,152
3. Revaluation capital reserve at beginning of period	-12	-21	-21
3.1. Changes in revaluation capital reserve	31	9	6
a) increase	65	24	19
- remeasurement of financial instruments	65	24	19
b) decrease	34	15	13
- remeasurement of financial instruments	34	15	13
3.2. Revaluation capital reserve at end of period	19	-12	-15
4. Retained earnings/(deficit) at beginning of period	3,493	3,226	3,226
4.1. Retained earnings at beginning of period	3,493	3,226	3,226
a) increase	-	-	-
b) decrease	3,493	3,226	3,226
- distribution of retained earnings (increase in reserve funds)	200	3,226	3,226
- distribution of retained earnings (dividend)	3,293	-	-
4.2. Retained earnings at end of period	-	-	-
5. Net profit (loss)	328	3,493	2,055
a) net profit	328	3,493	2,055
II. EQUITY AT END OF PERIOD	60,693	63,627	62,186
III. EQUITY AFTER PROPOSED DISTRIBUTION OF PROFIT	60,693	63,627	62,186

Warsaw, November 9th 2016

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Notes to the interim financial statements

Note 1

Cash and other assets (PLN '000)	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Cash and other assets of clients				
a) at banks and in hand	19,815	9,099	104,305	15,318
Total cash and other assets of clients	19,815	9,099	104,305	15,318
Cash and other assets:				
a) cash and other assets of the brokerage house, including:	8,612	16,435	31,645	24,159
- in hand	1	1	1	1
- at banks	7,006	9,380	15,436	15,780
- other cash*	1,599	7,044	16,178	8,339
- cash equivalents	6	10	30	39
b) cash and other assets of clients deposited in cash accounts	19,815	9,099	104,305	15,318
- at the brokerage house and paid towards acquisition of securities	19,815	9,099	104,305	15,318
- in an IPO or on the primary market	-	-	-	-
c) cash and other assets transferred from the settlement guarantee fund	-	-	-	-
Total cash and other assets	28,427	25,534	135,950	39,477

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

Note 2

Selected current receivables (PLN '000)	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
1. Selected current receivables	345,598	250,041	154,809	144,808
a) from clients, including:	88,715	67,854	66,058	76,696
- under transactions executed on the Warsaw Stock Exchange	73,110	55,383	62,910	58,305
- under transactions executed on the Budapest Stock Exchange	3,949	8,759	602	11,077
- under transactions executed on the Istanbul Stock Exchange	2,635	-	-	-
- under transactions executed on the Vienna Stock Exchange	119	1,459	795	-
- under transactions executed on the London Stock Exchange	210	491	-	111
- under transactions executed on the Frankfurt Stock Exchange	-	400	220	-
- under transactions executed on the New York Stock Exchange	7,414	-	110	3,370
- under transactions executed on the Paris Stock Exchange	-	-	-	745
- under transactions executed on the Amsterdam Stock Exchange	-	-	-	738
- other	1,278	1,362	1,421	2,350
b) from related entities, including:	62	107	59	205
- from subsidiaries	41	85	59	204
- from other related entities	21	22	-	1
c) from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	213,613	145,364	64,558	44,939
- under transactions executed on the Warsaw Stock Exchange*	192,277	137,520	56,568	23,799
- under transactions executed on the Budapest Stock Exchange	13,871	1,226	4,027	-
- under transactions executed on the Prague Stock Exchange	-	99	3,467	-
- under transactions executed on the New York Stock Exchange	543	1,859	-	3,564

Interim condensed financial statements of IPOPEMA Securities S.A. for the first nine months of 2016

- under transactions executed on the Paris Stock Exchange	-	-	-	376
- under transactions executed on the Frankfurt Stock Exchange	883	-	-	7,653
- under transactions executed on the Istanbul Stock Exchange	2,150	-	-	-
- under transactions executed on the London Stock Exchange	-	82	-	-
- under transactions executed on Nasdaq	-	-	-	83
- other	3,889	4,578	496	9,464
d) from the Central Securities Depository of Poland and exchange clearing houses, including:	43,208	36,716	24,134	22,968
- from the settlement guarantee fund and deposits	43,208	36,716	24,134	22,968
e) under court proceedings, not covered by recognised impairment losses on receivables	-	-	-	-
2. Net current receivables	361,406	265,409	167,711	155,468
- impairment losses on current receivables (positive value)	296	260	259	519
Gross current receivables	361,702	265,669	167,970	155,987

* 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).

The items: 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 represent the value of concluded and not cleared purchase and sale transactions in securities.

Note 3

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.

Note 4

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 and in 2015, 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 7).

Note 5

Material purchase or sale transactions in property, plant and equipment

In the first nine months of 2016 and in 2015, the Company did not execute any material purchase or sale transactions in property, plant and equipment.

Material liabilities under purchase of property, plant and equipment

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

Note 6

Selected current liabilities (PLN '000)	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
Selected current liabilities	141,000	91,376	71,934	82,794
1. To related entities	11	7	33	37
a) to subsidiaries	11	7	33	37
b) to other related entities	-	-	-	-
2. To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	127,352	86,345	68,941	78,142
a) to the Warsaw Stock Exchange *	112,441	75,223	67,216	61,956
b) to the Budapest Stock Exchange	4,542	8,774	602	11,070
e) to the London Stock Exchange	210	491	-	111
e) to the Istanbul Stock Exchange	2,634	-	-	-
f) to the New York Stock Exchange	7,407	-	109	3,363
g) to the Frankfurt Stock Exchange	-	399	219	-
h) to the Paris Stock Exchange	-	-	-	744
i) to the Amsterdam Stock Exchange	-	-	-	736
j) to the Vienna Stock Exchange	118	1,458	795	-
k) other	-	-	-	162
3. To entities operating regulated markets and commodity exchanges	543	444	563	474
a) to the Warsaw Stock Exchange	541	376	488	381
b) to the Budapest Stock Exchange	-	21	44	15
c) to the Prague Stock Exchange	-	-	21	34
d) to the Vienna Stock Exchange	-	-	-	42
e) to the Bucharest Stock Exchange	-	-	6	-
f) to the Chicago Stock Exchange	-	-	-	2
g) to the Chicago Mercantile Exchange	2	3	4	-
h) other	-	44	-	-
4. To the Central Securities Depository of Poland and exchange clearing houses	11,355	93	844	3,378
a) under additional payments to the settlement guarantee fund	11,250	-	-	3,216
b) other	105	93	844	162
5. Other	1,739	4,487	1,553	763
a) dividend payable	-	3,493	-	-
b) other liabilities, including:	1,739	994	1,553	763
- financial liabilities (lease)	36	36	24	24
- other liabilities	1,703	958	1,529	739

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

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.

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

Note 7

Change in current provisions and impairment losses on receivables

Current provisions for liabilities	Jul 1 2016 – Sep 30 2016	Jan 1 2016– Sep 30 2016	Jul 1 2015 – Sep 30 2015	Jan 1 2015 – Sep 30 2015
Balance of provisions at beginning of period	2,495	4,775	2,377	3,473
a) recognised	586	1,501	1,968	3,771
b) used	994	4,189	371	3,270
c) reversed	-	-	-	-
Balance of provisions at end of period	2,087	2,087	3,974	3,974

In Q3 2016, impairment losses on receivables increased by PLN 36 thousand relative to June 30th 2016; the cumulative increase in the first nine months of 2016 relative to December 31st 2015 was PLN 37 thousand. In the comparative period, i.e. Q3 2015, impairment losses on receivables increased by PLN 10 thousand relative to June 30th 2015; the cumulative increase in the first nine months of 2015 relative to December 31st 2014 was PLN 5 thousand.

Note 8

Share capital	Sep 30 2016	Jun 30 2016	Dec 31 2015	Sep 30 2015
a) par value per share (PLN)	0.10	0.10	0.10	0.10
b) series/issue	A, B, C	A, B, C	A, B, C	A, B, C
c) type of shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares	ordinary bearer shares
d) preference attached to shares	none	none	none	none
e) restrictions on rights attached to shares	none	none	none	none
f) number of shares	29,937,836	29,937,836	29,937,836	29,937,836
g) total par value of series/issue (PLN '000)	2,994	2,994	2,994	2,994
h) type of contribution	cash	cash	cash	cash
i) dividend right since:	the shares carry the right to profit distribution for 2016 and 2015	the shares carry the right to profit distribution for 2015 and 2016	the shares carry the right to profit distribution for 2015	the shares carry the right to profit distribution for 2015

As at September 30th 2016, 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.

There were no changes in the Company's share capital in the first nine months of 2016 or in 2015.

The Company's Articles of Association provide for a conditional share capital increase for the purpose of implementation of the Company's incentive scheme, for the maximum amount of PLN 485,714, through the issue of up to 4,857,140 shares. A total of 1,366,426 shares were issued by September 30th 2016, of which 185,714 shares were issued in February 2013, 197,321 shares were issued in 2012, 212,500 shares were issued in 2011, 413,748 shares were issued in 2010, and 357,143 shares were issued in 2009. For more information on the Company's incentive scheme, see Note 13.

Note 9

Contingent liabilities and assets

The Company issued promissory notes as security for a credit facility (for a detailed description see Note 6).

Note 10

Leases

The Company as a lessee – right to use a building

The Company leases office space under a lease agreement. 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.

Lease liabilities	Sep 30 2016	Dec 31 2015
	Present value of minimum lease payments	
Within 1 year	1,043*	1,447*
Within 1 to 5 years	4,173*	4,398*
Over 5 years	1,349*	-
Total lease liabilities	6,565	5,845

* 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 a party 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	179	148
Present value of minimum lease payments	201	153
Within 1 year *	36	24
Within 1 to 5 years *	165	129
Over 5 years *	-	-
Contingent lease payments recognised as expense in the period	32	10

Note 11

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.

Note 12

Guarantees received and security for 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.

Note 13

Incentive scheme

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.

The cost of the incentive schemes is not recognised in the separate financial statements as the Polish Accountancy Act stipulates no such requirement. To ensure compliance of financial reporting with the International Financial Reporting Standards, it is necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements.

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.

Note 14

Deferred tax

Deferred tax liabilities decreased by PLN 96 thousand in Q3 2016 and by PLN 29 thousand in the first nine months of 2016. Deferred tax liabilities increased by PLN 42 thousand in Q3 2015 and by PLN 22 thousand in the first nine months of 2015.

Deferred tax assets fell by PLN 6 thousand in Q3 2016 and increased by PLN 212 thousand in the first nine months of 2016. Deferred tax assets increased by PLN 286 thousand in Q3 2015 and by PLN 77 thousand in the first nine months of 2015.

Note 15

Distribution of profit

On June 29th 2016, the General Meeting resolved to distribute the entire 2015 profit of PLN 3,493 thousand as dividend. For more information, see Note 17.

Note 16

Issue, redemption and repayment of equity and non-equity securities

The Company 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 11.

Note 17

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.

Note 18

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 other than on an arm's length basis.

Note 19

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

Related party	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases
	Jan 1–Sep 30 2016				Jan 1–Sep 30 2015			
IPOPEMA BC	-	29	52	-	-	27	30	-
IPOPEMA TFI	-	151	-	-	-	167	-	-
IPOPEMA Business Services Kft.	-	-	-	-	-	-	184	-
IPOPEMA Business Services Srl	-	-	262	-	-	-	377	-
IPOPEMA Asset Management	-	-	-	-	-	109	20	-
Members of the Management and Supervisory Boards	-	31	43	-	3	13	23	-
Other related entities	-	-	-	-	-	-	-	-
Total	-	211	357	-	3	316	634	-

Related party	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases	Revenue from brokerage activities	Other income	Purchases – brokerage activities	Other purchases
	Jul 1– Sep 30 2016				Jul 1–Sep 30 2015			
IPOPEMA BC	-	1	12	-	-	-	30	-
IPOPEMA TFI	-	52	-	-	-	76	-	-
IPOPEMA Business Services Srl	-	-	-	-	-	-	128	-
IPOPEMA Asset Management	-	-	-	-	-	63	-	-
Members of the Management and Supervisory Boards	-	10	40	-	-	-	-	-
Other related entities	-	-	-	-	-	-	-	-
Total	-	63	52	-	-	139	158	-

Related-party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Sep 30 2016	Dec 31 2015	Sep 30 2015	Sep 30 2016	Dec 31 2015	Sep 30
IPOPEMA Business Consulting	-	1	1	11	29	37
IPOPEMA TFI	41	40	63	-	4	-
IPOPEMA Business Services Kft.	-	-	-	-	-	-
IPOPEMA Business Services SRL	-	-	79	-	-	-
IPOPEMA Asset Management S.A.	-	-	61	-	-	-
Members of the Management and Supervisory Boards	21	18	1	-	-	-
Total	62	59	205	11	33	37

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

Note 20

Items of the statement of cash flows

Operating activities – provision of brokerage and consultancy 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 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 balance sheet		Presentation in the statement of cash flows	
	Sep 30 2016	Sep 30 2015	Sep 30 2016	Sep 30 2015
Cash and cash equivalents	28 427	39 477	28 547	39 434
1. In hand	1	1	1	1
2. At banks	7,006	15,780	7,006	15,780
3. Other cash	21,414	23,657	21,414	23,657
4. Cash equivalents	6	39	-	39
Accrued foreign exchange differences			126	-43

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 September 30th 2015 follows from presentation of cash net of the effect of foreign exchange differences and charge cards received under a mobile telephony subscription agreement.

Differences in changes in balance-sheet items

	Presentation in the balance sheet		Change as shown by the balance sheet	Presentation in the statement of cash flows – change
	Sep 30 2016	Dec 31 2015		
Gross current and non-current receivables	363,082	169,337	-193,745	-193,938
Net receivables	362,786	169,078		
Impairment losses on receivables	296	259		37
Provisions (net of deferred tax related to equity and provision for unpaid interest)	2,674	5,517		-2,843
Total change in impairment losses and provisions				-2,806

The difference between the change in gross receivables disclosed in the balance sheet and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at September 30th 2016 net of the amount of receivables under loans advanced and a security deposit paid, disclosed under investing activities.

Explanation concerning other items of the statement of cash flows

In January 1st–September 30th 2016 the Company did not carry 'Other cash used in investing activities', while in January 1st–September 30th 2015 'Other cash used in investing activities' included a security deposit of PLN 1m paid to secure the settlement of transactions executed on foreign stock exchanges.

Note 21

Clients' financial instruments

As at September 30th 2016, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 404,589 thousand (23,904 instruments) (December 31st 2015: PLN 658,465 thousand (96,011 instruments)). As at September 30th 2016, the Company held 40 thousand certificated bonds and 25.8 million shares of its clients with respective total values of PLN 40m and PLN 2.6m (December 31st 2015: 90 thousand certificated bonds with a total value of PLN 90m and 12 thousand shares with a value of PLN 165 thousand).

The Company also maintains an issue sponsor's account. The value of 291 thousand WSE-listed financial instruments in book-entry form registered in this account as at September 30th 2016 was PLN 562 thousand (December 31st 2015: 291 thousand instruments with a value of PLN 632 thousand).

Note 22

Operating segments

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

Note 23

Pending court or administrative proceedings

In April 2016, IPOPEMA 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.

Note 24

Material events and factors in the first nine months of 2016

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).

Note 25

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

Note 26

Events subsequent to the reporting date

All events related to the reporting period were disclosed in the accounting books and the financial statements for the period January 1st–September 30th 2016. No material events occurred after the reporting date 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

Mirosław Borys
Vice President of the
Management Board

Daniel Ścigała
Member of the
Management Board

Danuta Ciosek
Chief Accountant