

The IPOPEMA Securities Group

Consolidated financial statements

**for the year ended December 31st
2013**

Warsaw, March 20th 2014

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Statement of compliance

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

- to the best of our knowledge, the consolidated financial statements for the year ended December 31st 2013 and the comparative data have been prepared in compliance with the applicable accounting standards and give a clear, true and fair view of the assets, financial standing and financial performance of the IPOPEMA Securities Group;
- the Directors' Report on the operations of the IPOPEMA Securities Group in 2013 gives a true picture of the Group's development, achievements and standing; it also includes a description of risks and threats;
- BDO Sp. z o.o., registered office at ul. Postępu 12, Warsaw, a qualified auditor of financial statements, entered in the list of qualified auditors of financial statements maintained by the National Chamber of Statutory Auditors (NCSA) under Reg. No. 3355, which audited the annual separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o and the Auditor who audited the annual consolidated financial statements of the IPOPEMA Securities Group as at December 31st 2013 meet the relevant criteria for issuing an objective and independent auditor's opinion, as required by applicable laws.

Warsaw, March 20th 2014

Management Board of IPOPEMA Securities S.A.:

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Financial highlights

Consolidated financial highlights	PLN '000		EUR '000	
	2013	2012	2013	2012
Revenue from core activities	106,671	94,110	25,332	22,549
Cost of core activities	91,904	80,058	21,825	19,182
Profit on core activities	14,767	14,052	3,507	3,367
Operating profit	11,816	14,900	2,806	3,570
Pre-tax profit	12,223	11,034	2,903	2,644
Net profit on continuing operations	9,370	9,886	2,225	2,369
Net profit	9,370	9,886	2,225	2,369
Earnings from continuing operations per ordinary share (PLN/ EUR)				
- basic	0.28	0.30	0.07	0.07
- diluted	0.28	0.30	0.07	0.07
Net cash from operating activities	- 173,616	167,381	- 41,229	40,105
Net cash from investing activities	- 1,421	- 4,418	- 337	- 1,059
Net cash from financing activities	- 23,012	- 7,112	- 5,465	- 1,704
Total cash flows	- 198,049	155,851	- 47,031	37,342

Consolidated financial highlights	PLN '000		EUR '000	
	Dec 31 2013	Dec 31 2012	Dec 31 2013	Dec 31 2012
Total assets	352,513	793,049	85,000	193,985
Current liabilities, including current tax liability	257,382	709,314	62,062	173,503
Total equity	85,343	75,229	20,578	18,401
Number of shares	29,937,836	29,752,122	29,937,836	29,752,122
Book value per share (PLN/EUR)	2.85	2.53	0.69	0.62

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	2013	2012
EUR	4.2110	4.1736

- Items of the consolidated statement of financial position:

Exchange rate as at	Dec 31 2013	Dec 31 2012
EUR	4.1472	4.0882

These consolidated financial statements for the year ended December 31st 2013 were approved for publication by the Management Board on March 20th 2014.

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

EUR	2013	2012
Lowest exchange rate	4.0671	4.0465
Highest exchange rate	4.3432	4.5135

Consolidated statement of comprehensive income

for the year ended December 31st 2013

	Note	2013	2012
CONTINUING OPERATIONS			
Revenue from core activities, including:	16.1	106,671	94,110
Revenue from brokerage activities		57,699	52,005
Revenue from investment fund and asset management		35,825	28,378
Revenue from consultancy services		13,147	13,727
Cost of core activities	16.2	91,904	80,058
Profit (loss) on core activities		14,767	14,052
Gain (loss) on transactions in financial instruments held for trading	16.4	- 3,026	- 831
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		811	1,972
Other income	16.5	1,000	780
Other expenses	16.5	1,736	1,073
Operating profit (loss)		11,816	14,900
Finance income	16.3	3,273	3,979
Finance costs	16.3	2,866	7,845
Pre-tax profit (loss)		12,223	11,034
Income tax	19	2,853	1,148
Net profit (loss) on continuing operations		9,370	9,886
DISCONTINUED OPERATIONS			
Net profit (loss) for period		9,370	9,886
Attributable to:			
Owners of the parent		8,366	9,054
Non-controlling interests		1,004	832
Earnings (loss) per share (PLN)	10	0.28	0.30
Diluted earnings (loss) per share (PLN)	10	0.28	0.30
Net profit for the period		9,370	9,886
Other comprehensive income		- 478	- 146
Gains and losses on remeasurement of financial assets available for sale		- 590	- 180
Corporate income tax on items of other comprehensive income	19	112	34
Comprehensive income for period		8,892	9,740
Attributable to:			
Owners of the parent		7,888	8,908
Non-controlling interests		1,004	832

Warsaw, March 20th 2014

Jacek Lewandowski
President of the
Management Board

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Vice-President of the
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Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant

Consolidated statement of financial position

As at Dec 31 2013

ASSETS	Note	Dec 31 2013	Dec 31 2012
Cash and cash equivalents	13.1	52,749	254,781
Current receivables	13.2, 26	274,950	518,522
Current tax assets	19.1	86	-
Inventories		-	-
Current prepayments and accrued income	13.3	1,316	750
Financial instruments held for trading	13.4, 20.2	218	330
Financial instruments held to maturity		-	-
Financial instruments available for sale	13.5, 20.2	9,479	5,682
Investments in jointly controlled entities and associates		-	-
Non-current receivables	27	2,336	1,434
Non-current loans advanced	20.1	794	1,520
Property, plant and equipment	13.6	5,611	4,642
Investment property		-	-
Intangible assets	13.7	3,101	3,067
Deferred tax assets	19.1	1,873	2,321
Non-current prepayments and accrued income		-	-
TOTAL ASSETS		352,513	793,049
EQUITY AND LIABILITIES		Dec 31 2013	Dec 31 2012
Current liabilities	15.3	256,891	707,974
Current tax liabilities		491	1,340
Other financial liabilities		-	-
Non-current liabilities		600	526
Deferred tax liabilities	19.1	29	-
Accruals and deferred income	15.1, 19.1	9,159	7,980
Provisions		-	-
Total liabilities		267,170	717,820
Share capital	14.1	2,994	2,975
Other capital reserves	14.2	13,502	12,842
Retained earnings	14.2	64,686	56,255
Total equity		81,182	72,072
Non-controlling interests	14.3	4,161	3,157
Total equity		85,343	75,229
TOTAL EQUITY AND LIABILITIES		352,513	793,049

Warsaw, March 20th 2014

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Chief Accountant

Consolidated statement of cash flows

for the year ended December 31st 2013

CASH FLOWS	Note	2013	2012
Cash flows from operating activities	26		
Pre-tax profit		12,223	11,034
Total adjustments:		- 185,839	156,347
Depreciation and amortisation expenses		2,174	1,902
Foreign exchange gains/(losses)		- 132	1,753
Interest and dividends		901	939
Gain (loss) on investing activities		899	1,018
Change in financial instruments held for trading		- 729	-
Change in financial instruments held for trading		112	1,192
Change in receivables		242,562	- 3,961
Change in current liabilities (net of borrowings)		- 430,427	157,620
Change in provisions and impairment losses on receivables		255	- 1,352
Change in accruals and deferrals		475	- 434
Income tax		- 2,194	- 2,424
Other adjustments (including effect of incentive schemes and acquisition of CSAM)		265	94
Net cash from operating activities		- 173,616	167,381
Cash flows from investing activities			
Increase in loans advanced		- 30	- 25
Profit distributions (dividends) received		52	175
Interest received		438	289
Decrease in loans advanced		561	20
Acquisition of property, plant and equipment and intangible assets		- 3,175	- 4,100
Acquisition of financial instruments available for sale and held to maturity		- 6,322	- 3,597
Proceeds from financial instruments available for sale and held to maturity		7,916	3,888
Sale of property, plant and equipment and intangible assets		8	4
Disposal of financial instruments available for sale		-	-
Other cash from investing activities		131	161
Other cash used in investing activities		- 1,000	- 1,233
Net cash from investing activities		- 1,421	- 4,418
Cash flows from financing activities			
Proceeds from borrowings		-	10,131
Proceeds from issue of share capital		929	987
Other cash from/used in financing activities		-	-
Interest paid		- 1,317	- 1,868
Repayment of borrowings		- 22,624	-
Dividends to owners of the parent		-	- 15,471
Dividends to non-controlling interests		-	- 891
Net cash from financing activities		- 23,012	- 7,112
Total cash flows		- 198,049	155,851

Consolidated financial statements of the IPOPEMA Securities Group for 2013

Net increase in cash and cash equivalents	- 197,941	154,290
Effect of exchange rate fluctuations on cash held	108	- 1,561
Cash at beginning of the period	251,090	95,240
Cash at end of the period, including	53,041	251,090
<i>restricted cash</i>	<i>4,154</i>	<i>4,095</i>

Warsaw, March 20th 2014

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 Chief Accountant

Consolidated statement of changes in equity

for the year ended December 31st 2013

	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 2013	2,975	9,441	570	2,831	56,255	3,157	75,229
Profit for 2013	-	-	-	-	8,366	1,004	9,370
Issue of shares	19	910	-	-	-	-	929
Costs of incentive scheme	-	-	-	228	-	-	228
Other comprehensive income	-	-	- 478	-	-	-	- 478
Dividend payment	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	65	-	65
As at Dec 31 2013	2,994	10,351	92	3,059	64,686	4,161	85,343
As at Jan 1 2012	2,955	8,474	716	2,727	62,673	3,424	80,969
Profit for 2012	-	-	-	-	9,054	832	9,886
Issue of shares	20	967	-	-	-	-	987
Costs of incentive scheme	-	-	-	104	-	-	104
Other comprehensive income	-	-	- 146	-	-	-	- 146
Dividend payment	-	-	-	-	- 15,472	- 1,099	- 16,571
Other adjustments	-	-	-	-	-	-	-
As at Dec 31 2012	2,975	9,441	570	2,831	56,255	3,157	75,229

Warsaw, March 20th 2014

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Danuta Ciosek
Chief Accountant

Notes

1. The IPOPEMA Securities Group

The IPOPEMA Securities Group ('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 December 31st 2013, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2). All the companies comprising the IPOPEMA Securities Group have been established for indefinite time. The financial statements of all subordinated entities were prepared for the same period as the Parent's financial statements and in accordance with uniform accounting principles.

IPOPEMA Securities S. A. – the Parent

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

The Parent is entered in the Register of Entrepreneurs 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.

On June 30th 2005, the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) granted a brokerage licence to the Company, authorising it to conduct brokerage activities in the scope specified in the decision.

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

Composition of the Management Board

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

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

Composition of the Supervisory Board

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

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

Małgorzata Adamkiewicz was a member of the Supervisory Board until August 31st 2013, when her mandate expired following her resignation. On February 10th 2014, the Extraordinary General Meeting appointed Mr Michał Dobak as member of the Supervisory Board.

The following changes in the composition of the Supervisory Board took place in 2012: Roman Miler and Wiktor Sliwiński resigned from their posts on the Supervisory Board with effect from June 28th 2012. On the same day, the General Meeting appointed Małgorzata Adamkiewicz and Zbigniew Mrowiec as new members of the Supervisory Board.

Business profile

The Group's core business comprises:

- 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.

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

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

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.

The brokerage and investment banking operations of IPOPEMA Securities S.A. are supported by a research team which prepares analyst reports, recommendations and comments regarding large, medium-sized and small companies listed on the Warsaw and Budapest Stock Exchanges (the 'WSE' and 'BSE').

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 December 31st 2013, 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, as well as creation and management of investment funds - discretionary management of securities portfolios - advisory services in the area of securities trading - intermediation in the sale and redemption of investment fund units - representation service for foreign funds 	full	100%	100%
IPOPEMA Asset Management S.A.	<ul style="list-style-type: none"> - 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%

indirect subsidiary (through IPOPEMA Business Consulting Sp. z o.o., the sole shareholder of the company)

IPOPEMA Outsourcing Sp. z o.o.	- support to IPOPEMA Business Consulting Sp. z o.o.	not consolidated (immaterial financial data)	wholly-owned by IBC	50.02%
IPOPEMA Business Services Kft.	- office and business support	not consolidated (immaterial financial data)	100%	100%

In 2012, the Group was expanded through addition of IPOPEMA Outsourcing Sp. z o.o. However, the company did not conduct any active operations in 2012 and 2013.

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

IPOPEMA TFI was established on March 14th 2007 and operates under the licence issued by the Polish Financial Supervision Authority (PFSA) on September 13th 2007. Its business profile comprises: (i) operation of an investment fund company, as well as creation and management of investment funds, (ii) discretionary management of securities portfolios, (iii) advisory services in the area of securities trading, (iii) intermediation in the sale and redemption of investment fund units, and (iv) representation service for foreign funds. IPOPEMA TFI's share capital amounts to PLN 3,000 thousand and comprises 1,000,000 registered shares. The composition of the Management Board is as follows: Jarosław Wikaliński (President), Maciej Jasiński and Aleksander Widera (Vice-Presidents). The board members have many years of practice and experience in the financial market, including in the area of asset management and creation of investment funds. IPOPEMA Securities S.A. holds 100% of shares and votes at the General Meeting of IPOPEMA TFI.

IPOPEMA Asset Management S.A. ('IAM') – a subsidiary

IPOPEMA Asset Management S.A. ('IAM') was established on August 28th 1996 as a limited liability company. Pursuant to a resolution of the General Meeting of December 11th 1998, the company was transformed into a joint-stock company. IAM's share capital is PLN 5,600 thousand, divided into 56,000 registered shares. The company joined the IPOPEMA Securities Group on September 30th 2011, when IPOPEMA Securities acquired 100% of its shares. The company's business consists in management of portfolios of broker-traded financial instruments. IAM conducts brokerage activities on the basis of a licence granted by the Polish Securities and Exchange Commission (currently the Polish Financial Supervision Authority) on October 9th 2001. The company's Management Board comprises Jarosław Wikaliński (President), and Aleksander Widera and Maciej Jasiński (Vice-Presidents).

IPOPEMA Business Consulting Sp. z o.o. ('IBC') – a subsidiary

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

IPOPEMA Outsourcing Sp. z o.o. ('IO') – a wholly-owned subsidiary of IBC, which was established to provide operational support to IPOPEMA Business Consulting Sp. z o.o.

IPOPEMA Business Services Kft. ('IBS') – a subsidiary

IPOPEMA Business Services Kft. is a commercial company under Hungarian law, established on December 10th 2009, with registered office in Budapest, Hungary. Its founder and sole shareholder is IPOPEMA Securities S.A. IBS's share capital totals HUF 500,000 (PLN 7,000). The core business of the subsidiary is the provision of office and business support services, e.g. for IPOPEMA Securities agents involved in brokerage activities on the Budapest Stock Exchange (BSE). The company has a single-person Management Board: its President is Marcin Kurowski, IPOPEMA Securities S.A.'s employee with a long record of service for the Company.

3. Basis of preparation

3.1. Going concern assumption

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

3.2. Identification of financial statements

These consolidated financial statements of the Group cover the year ended December 31st 2013 and contain comparative data for the year ended December 31st 2012.

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

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

3.3. Statement of compliance

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

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

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

3.4. Measurement currency and reporting currency of the financial statements

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

3.5. Comparability of data

There were no material changes in presentation in 2013 and 2012.

4. Material accounting policies

4.1. Changes in accounting policies following amendments to IFRS

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2013:

- IFRS 13 'Fair Value Measurement' – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 1 'Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income' – effective for annual periods beginning on or after July 1st 2012;
- Amendments to IAS 12 'Income Tax – Deferred Tax: Realisation of Assets' – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IAS 19 'Employee Benefits' – effective for annual periods beginning on or after January 1st 2013;

- Amendments to IFRS 7 'Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities' – effective for annual periods beginning on or after January 1st 2013;
- IFRIC 20 'Stripping Costs in the Production Phase of a Surface Mine' – effective for annual periods beginning on or after January 1st 2013;
- Amendments to IFRS 1 – 'Amendments to IFRS 1' were issued on March 13th 2012 and are applicable to annual periods starting on or after January 1st 2013. The amendments are designed to exempt an entity adopting the IFRS for the first time from the full retrospective application of all of the IFRS if such entity uses government loans bearing interest at a rate lower than market rates.

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

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

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

- IFRS 9 'Financial Instruments' – effective for annual periods beginning on or after January 1st 2015;
- IFRS 10 'Consolidated Financial Statements' - effective for annual periods beginning on or after January 1st 2014;
- IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1st 2014;
- IFRS 12 'Disclosure of Interests in Other Entities' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 27 'Separate Financial Statements' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 32 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities' – effective for annual periods beginning on or after January 1st 2014;
- IFRIC 21 'Levies' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets' – effective for annual periods beginning on or after January 1st 2014;
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' – effective for annual periods beginning on or after January 1st 2014.

The Group will apply the amended provisions of the standards as of January 1st 2014, unless a different effective date for the amended provisions is provided. When first adopted, the amended standards will have no material effect on the Group's consolidated financial statements.

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

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

- IFRS 9 'Financial Instruments', published on November 12th 2009 (as amended);
- IFRS 14 'Regulatory Deferral Accounts' – effective for annual periods beginning on or after July 1st 2016;
- Amendments to IAS 19 'Employee Benefits – Defined Benefit Plans: Employee Contributions' – effective for annual periods beginning on or after July 1st 2014;
- Amendments to various standards under 'Annual Improvements 2010-2012', focusing mainly on removing inconsistencies and clarification of wording (effective for annual periods beginning on or after July 1st 2014);
- IFRIC 21 'Levies' – effective for annual periods beginning on or after January 1st 2014.

7. Material judgements and estimates

7.1. Professional judgement

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

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

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

The subjective judgements made as at December 31st 2013 and details regarding estimates and judgements are presented in Note 7.2.

7.2. Estimation uncertainty

As many items presented in the consolidated financial statements cannot be measured accurately, certain estimates need to be made by the Group in the preparation of the consolidated financial statements. The Group reviews such estimates taking into account changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2013 may be changed if their underlying assumptions have changed or if the Group becomes aware of any facts affecting the estimates. For information on the key estimates, see the following Notes:

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

8. Changes in estimates

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

9. Material accounting policies

9.1. Consolidation rules

These consolidated financial statements include the financial statements of IPOPEMA Securities S.A. and the financial statements of its subsidiaries prepared for the year ended December 31st 2013 and December 31st 2012 (in the case of the statement of comprehensive income and the statement of cash flows) and as at December 31st 2013 and December 31st 2012 (in the case of the statement of financial position and the statement of changes in equity). Two subsidiaries, IPOPEMA Business Services Kft. ('IBS') and IPOPEMA Outsourcing Sp. z o.o., were excluded from consolidation for 2013 and 2012 due to immateriality of their financial data in relation to the Group's financial data.

The financial statements of the subsidiaries were prepared for the same reporting period as the financial statements of the Parent, using uniform accounting policies, and with accounting policies consistently applied to economic events and transactions of similar nature. Adjustments were made to eliminate any discrepancies in the applied accounting policies.

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

Subsidiaries are consolidated from the date the Group assumes control over them, and cease to be consolidated from the date such control is lost. The Parent exercises control over a subsidiary if it holds, directly or indirectly through subsidiaries, more than half of voting rights in a given company, unless it is possible to demonstrate that the ownership of more than half of the voting rights does not constitute control. Control is exercised also when the Company has the power to direct the financial and operating policies of an entity.

9.2. Correction of errors

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

9.3. Translation of foreign-currency items

Transactions in currencies other than the Polish 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 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	Dec 31 2013	Dec 31 2012
USD	3.0120	3.0996
EUR	4.1472	4.0882
HUF 100	1.3969	1.3977
GBP	4.9828	5.0119
UAH	0.3706	0.3825
CZK	0.1513	0.1630
CHF	3.3816	3.3868
TRY	1.4122	1.7357
SEK	0.4694	0.4757
DKK	0.5560	0.5480
GEL	1.7360	1.8635
INR 100	4.8757	5.6681

Source: National Bank of Poland.

9.4. Property, plant and equipment

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

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

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

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

Type of asset	Depreciation/amortisation rate
Plant and equipment	10%
Office equipment	20%
Computers	30%
Leasehold improvements	14.29%
Intangible assets	20%–50%

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

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

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

9.5. Intangible assets

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

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

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

9.6. Financial 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:

- it is classified as held for trading (i.e. it is acquired or incurred 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 (except for a derivative that is designated as 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, the category includes primarily equity instruments acquired for resale in the near term. They comprise shares and derivatives traded on the Warsaw Stock Exchange and the Budapest Stock Exchange as well as FX swap and forward contracts. 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 as 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. Financial assets are carried at cost as at the contract date, 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.

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 derivatives are carried at fair value from the transaction date. Financial derivatives held by the Group are listed on the Warsaw Stock Exchange, with the exception of the FX swap/forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the balance-sheet date or, in the case of instruments not listed on the Warsaw Stock Exchange, by using recognised valuation models based on market inputs as at the valuation date (balance-sheet date). Derivatives with positive fair values are disclosed in the consolidated statement of financial position as assets, while those with negative fair values – as liabilities.

Other holdings of 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 each reporting date, financial assets held to maturity are measured at amortised cost, using 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'. Since loans may be amortised after the repayment date, the Group applies the straight-line amortisation method with respect to the principal amount and accrued interest. Amortisation charges are disclosed under finance costs. Loans advanced to a non-consolidated subsidiary are also recognised under this item.

Loans and receivables further include cash held mainly in bank deposits, trade receivables described in Note 9.7, as well as receivables on lease of items of property, plant and equipment and intangible assets to IPOPEMA Business Services (the lease meets the finance lease criteria). The value of the leased out assets was PLN 145 thousand as at December 31st 2013 (December 31st 2012: PLN 272 thousand), including non-current receivables of PLN 14 thousand (December 31st 2012: PLN 145 thousand).

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, 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 subsidiaries not subject to consolidation are measured at cost less impairment. Investment certificates and investment fund units are recognised at fair value, based on the net value per certificate 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.

9.7. Receivables

9.7.1. 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 then measured at amounts due as at the end of the reporting period. 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 loans and 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; in any other case, 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 increase other income in the consolidated statement of comprehensive income.

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

Current receivables from clients, current receivables from banks conducting brokerage activities and other brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities and other brokerage houses arise in connection with the executed transactions of purchase and sale of securities which have not yet been cleared at the clearing houses due to the transaction settlement procedure (T+3). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Group recognises current liabilities towards banks conducting brokerage activities and 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 and other brokerage houses (parties to the market transactions)* and current liabilities towards the clients for whom the sale transactions were executed.

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

9.7.2. Non-current receivables

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

9.8. Impairment losses

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

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

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

9.9. Cash and cash equivalents

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

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

9.10. Equity

Equity is recognised in the accounting books broken down into its individual components and in accordance with the rules set forth in the applicable laws and in the Company's Articles of Association. Share capital is recognised in the amount specified in the Company's Articles of Association and in the relevant National Court Register entry. Other components of equity include: statutory reserve funds, revaluation capital reserve and other capital reserves.

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

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

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

The Parent is a brokerage house and as such it is obliged to meet the capital adequacy requirements set forth in the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals. The Company's regulatory capital is the sum of Tier 1 (core) capital and Tier 2 (supplementary) capital (explained below), less the value of shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions, as well as subordinated loans granted to such institutions, which are included in their respective capitals.

The core capital established for the purpose of computing regulatory capital, comprises:

- share capital and statutory reserve funds,
- other capital reserves,
- other items of core capital, i.e. retained earnings and current period's profit (loss),
- items reducing core capital, i.e. called-up capital not paid, treasury shares held by the brokerage house (measured at cost less impairment losses), goodwill, intangible assets other than goodwill, retained deficit (including retained deficit pending approval) and loss for the current period.

Tier 2 (supplementary) capital of the brokerage house comprises:

- revaluation capital reserve created under other regulations,
- subordinated liabilities with original terms to maturity of five years or more, in the amount which is reduced at the end of each of the last five years of the agreement term by 20%,
- liabilities under securities with unspecified maturity and other financial instruments with unspecified maturity.

Capital adequacy requirements on the consolidated basis were met in the current and in the previous year. In 2012, the Company reported an intended instance of not meeting the capital adequacy requirements on a separate basis. For more detailed information on the instance of not meeting the capital adequacy requirements see Note 14.4.

9.11. Liabilities

9.11.1. Current liabilities

Current liabilities are liabilities which are payable within 12 months from the end of the reporting period. Liabilities are measured at 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 National Depository for Securities 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, measured as described in Note 9.6 above.

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

9.11.2. Non-current liabilities

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

9.12. Provisions, accruals and deferred income

9.12.1. Accruals and deferred income

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

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

9.12.2. Provisions

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

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

In the consolidated statement of financial position, provisions are presented broken down into non-current and current provisions. Provisions are classified as non-current or current depending on when a given item will become an actual liability (whether within 12 months or more than 12 months from the end of the reporting period).

9.13. Accrual basis of accounting and matching principle

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

In order to match revenues to related expenses, expenses or revenues relating to future periods and expenses attributable to a given period which are yet to be incurred are posted under assets or liabilities, as applicable, of the given period. This means that expenses are accounted for on an accrual basis. Expenses attributable to a given reporting period which are yet to be incurred are recognised as liabilities (under accruals and deferred income).

9.14. Revenue from core activities

Revenue includes only inflows of economic benefits, on a gross basis, received or receivable by a business entity for its own account.

Revenue is recognised to the extent it is probable that the Group will obtain economic benefits from a given transaction and the amount of revenue can be reliably measured. Revenue is recognised net of value added tax. The amount of revenue is measured at fair value of the consideration received or receivable.

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

The Group's main sources of revenue are revenue from transactions in securities executed for clients and revenue from investment banking services, including revenue from offering of securities and M&A advisory, revenue from management of investment funds, charges relating to the creation of individual funds and issuance of investment certificates of the funds, revenue from asset management and consultancy services in the area of corporate strategy and operations, as well as from IT consultancy services.

Revenue from transactions in securities is derived from brokerage activities of IPOPEMA Securities, which acts as an intermediary in transactions executed by institutional clients on the equity market of the Warsaw and Budapest Stock Exchanges, as well as on the bond market. Revenue from transactions in securities depends on the trading volume and is recognised with each executed transaction. Revenue from consultancy services is recorded in line with the progress of work under a consultancy mandate. Revenue derived from the management of funds is recognised in the amount specified in the funds' articles of association or other binding document.

9.15. Gain (loss) on transactions in financial instruments

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

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

9.15.2. Gain (loss) on transactions in financial instruments available for sale

Gain (loss) on transactions in financial instruments available for sale includes dividends and other distributions from profit, interest, impairment losses, amortisation of discount on debt securities, and gain on sale/redemption. Costs related to financial instruments available for sale include impairment losses and loss on sale/redemption.

9.16. Share-based payments

Equity-settled share-based payments to employees and other persons providing similar services are measured at the fair value of equity instruments as at the grant date.

The fair value of equity-settled share-based payments measured as at the grant date is recognised as an expense with the straight-line method during the vesting period, based on the Group's estimates regarding equity instruments to be vested. At the end of each reporting period the Group reviews its estimates of the number of equity instruments to be granted. The impact of such review, if any, is recognised in the consolidated statement of comprehensive income over the remaining grant period, with relevant adjustments made to employee benefit obligations related to equity-settled employee benefits.

9.17. Finance income and costs

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

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

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

Borrowing costs are measured at amortised cost.

The Group capitalises borrowing costs relating to borrowings obtained for periods exceeding 12 months. Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised. Capitalised borrowing costs are recognised in the periods to which they relate.

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

9.18. Corporate income tax

9.18.1. Current income tax

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

9.18.2. Deferred income tax

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

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

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

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

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

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. 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 – subject to fulfilment of specified criteria – by the eligible persons. Of that number, 62,384 shares are deemed dilutive and have been included in the total number of shares for the purposes of computing diluted earnings per share. Given the low number of dilutive shares, the values of basic earnings per share and diluted earnings per share in the periods covered by these consolidated financial statements are similar.

	Dec 31 2013	Dec 31 2012
Number of shares	29,937,836	29,752,122
Weighted average number of shares	29,915,703	29,725,166
Diluted number of shares	29,978,582	29,787,550
Earnings from continuing operations		
- basic	0.28	0.30
- diluted	0.28	0.30

11. Seasonality

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

12. Operating segments

For management purposes, the Group is divided into separate segments based on types of products and services. 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.

- 2) **The segment of investment fund and portfolio management**, comprising IPOPEMA TFI's and IPOPEMA AM's business; the two companies focus on the 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, which focuses on business and management consultancy, computer facilities management, computer consultancy and software-related activities.

Jan 1–Dec 31 2013	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	57,699	39,503	13,147	110,349	-	110,349
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	-	- 3,678	-	- 3,678	-	- 3,678
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	57,699	35,825	13,147	106,671	-	106,671
Segment's costs and expenses						
Segment's costs – purchases from external suppliers	- 48,407	- 36,577	- 10,907	- 95,891	-	- 95,891
Segment's costs – intersegment purchases	-	-	-	-	-	-
Consolidation eliminations	-	3,987	-	3,987	-	3,987
Segment's total costs and expenses	- 48,407	- 32,590	- 10,907	- 91,904	-	- 91,904
Segment's profit/(loss) on core activities	9,292	3,235	2,240	14,767	-	14,767
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance costs	9,292	3,235	2,240	14,767	-	14,767
Interest income	709	97	217	1,023	-	1,023
Interest expenses	- 1,363	- 37	- 5	- 1,405	-	- 1,405
Other net finance income/costs	- 1,337	807	105	- 425	-	- 425
Other income/expenses	- 398	- 186	7	- 577	-	- 577
Consolidation eliminations	- 1,084	- 76	-	- 1,160	-	- 1,160
Profit (loss) before tax and non-controlling interests	5,819	3,840	2,564	12,223	-	12,223
Income tax	1,512	677	555	2,744	-	2,744
Consolidation eliminations	-	109	-	109	-	109
Total corporate income tax	1,512	786	555	2,853	-	2,853
Net profit (loss) for the financial year	4,307	3,054	2,009	9,370	-	9,370
Net profit for the year (excluding costs of incentive scheme)	4,535	3,054	2,009	9,598	-	9,598

Consolidated financial statements of the IPOPEMA Securities Group for 2013

Assets and liabilities as at Dec 31 2013

Segment's assets	315,527	26,332	10,654	352,513	-	352,513
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	315,527	26,332	10,654	352,513	-	352,513
Segment's liabilities	249,872	5,810	2,300	257,982	-	257,982
Accruals and deferred income	6,395	2,764	29	9,188	-	9,188
Segment's net profit (loss)	4,307	3,054	2,009	9,370	-	9,370
Equity (net of profit/loss for current period)	58,858	12,731	223	71,812	-	71,812
Non-controlling interests	-	-	4,161	4,161	-	4,161
Total equity and liabilities	319,432	24,359	8,722	352,513	-	352,513

Other segment-related data for 2013

Capital expenditure, including:	2,461	581	132	3,174	-	3,174
Property, plant and equipment	1,833	284	125	2,242	-	2,242
Intangible assets	626	297	7	932	-	932
Depreciation of property, plant and equipment	765	552	47	1,364	-	1,364
Amortisation of intangible assets	719	82	10	810	-	810
Impairment losses	-	-	-	-	-	-
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue earned in 2013 did not exceed 5% of total revenue (PLN 4,533 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

Jan 1–Dec 31 2012	Continuing operations				Discontinued operations	Total operations
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total		
Revenue						
Sales to external clients	52,057	29,922	13,891	95,870	-	95,870
- to clients for each of whom the value of transactions in the period exceeds 10% of revenue	-	-	-	-	-	-
Intersegment sales	- 53	- 1,544	- 163	- 1,760	-	- 1,760
Consolidation eliminations	-	-	-	-	-	-
Segment's total revenue	52,004	28,378	13,728	94,110	-	94,110
Segment's costs						
Segment's costs – purchases from external suppliers	- 43,186	- 27,880	- 11,714	- 82,780	-	- 82,780
Segment's costs – intersegment purchases	-	-	-	-	-	-
Consolidation eliminations	159	2,367	196	2,722	-	2,722
Segment's total costs	- 43,027	- 25,513	- 11,518	- 80,058	-	- 80,058
Segment's profit/(loss) on core activities	8,977	2,865	2,210	14,052	-	14,052
Unallocated costs	-	-	-	-	-	-
Profit from (loss on) continuing operations before tax and finance costs	8,977	2,865	2,210	14,052	-	14,052
Interest income	1,179	178	1	1,358	-	1,358
Interest expenses	- 1,733	- 55	- 1	- 1,789	-	- 1,789
Other net finance income/expenses	786	1,954	- 134	2,606	-	2,606
Other income/expenses	324	66	70	460	-	460
Consolidation eliminations	- 4,953	- 700	-	- 5,653	-	- 5,653
Profit (loss) before tax and non-controlling interests	4,580	4,308	2,146	11,034	-	11,034
Total corporate income tax	1,004	- 304	448	1,148	-	1,148
Net profit (loss) for the financial year	3,576	4,612	1,698	9,886	-	9,886
<i>Net profit for the period (excluding costs of incentive scheme)</i>	<i>3,680</i>	<i>4,612</i>	<i>1,698</i>	<i>9,991</i>	-	<i>9,990</i>

Consolidated financial statements of the IPOPEMA Securities Group for 2013

Assets and liabilities as at Dec 31 2012

Segment's assets	761,998	22,320	8,731	793,049	-	793,049
Segment's investments in equity-accounted subordinated entities	-	-	-	-	-	-
Other assets not attributed to segments	-	-	-	-	-	-
Total assets	761,998	22,320	8,731	793,049	-	793,049
Segment's liabilities	704,373	3,040	2,427	709,840	-	709,840
Accruals and deferred income	5,143	2,837	-	7,980	-	7,980
Segment's net profit (loss)	3,576	4,612	1,698	9,886	-	9,886
Equity	54,120	8,536	- 470	62,186	-	62,186
Non-controlling interests	-	-	3,157	3,157	-	3,157
Total equity and liabilities	767,212	19,025	6,812	793,049	-	793,049

Other segment-related data for period Jan 1–Dec 31 2012

Capital expenditure, including:	3,370	664	66	4,100	-	4,100
Property, plant and equipment	2,435	137	47	2,619	-	2,619
Intangible assets	935	527	19	1,481	-	1,481
Depreciation of property, plant and equipment	482	629	48	1,159	-	1,159
Amortisation of intangible assets	671	57	15	743	-	743
Impairment losses	-	41	-	41	-	41
Other	-	-	-	-	-	-

No geographical segments are reported by the Group, as its revenue is generated mostly in Poland. Foreign revenue originates mainly in Hungary, and the value of sales to countries with equivalent risk (i.e. Hungary) does not exceed 3% of total revenue (PLN 2,659 thousand). The Group's property, plant, equipment, and intangible assets are located in Poland.

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

13.1. Cash and cash equivalents

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

	Dec 31 2013	Dec 31 2012
Cash in hand	7	8
Cash at banks	24,205	21,986
Other cash (short-term deposits)	28,537	228,696
Cash equivalents	-	4,091
Total cash	52,749	254,781
Including cash in hand and cash at banks attributed to discontinued operations	-	-

	Dec 31 2013	Dec 31 2012
Cash in PLN	36,600	238,243
Cash in EUR	12,833	15,236
Cash in USD	1,766	439
Cash in HUF	1,001	660
Cash in other currencies	549	203
Total cash	52,749	254,781

	Dec 31 2013	Dec 31 2012
Cash and other assets	34,309	36,381
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	18,440	218,400
Cash and other assets transferred from the settlement guarantee fund	-	-
Total cash	52,749	254,781

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

Clients' cash deposited in the Parent's bank account, in the amount of PLN 18,440 thousand as at December 31st 2013 and PLN 218,400 thousand as at December 31st 2012, is also disclosed under 'Other cash'.

13.2. Receivables

As at December 31st 2013, current receivables amounted to PLN 274,950 thousand (PLN 518,522 thousand as at December 31 2012).

Current receivables	Dec 31 2013	Dec 31 2012
1. From clients / trade receivables	96,726	156,560
a) under deferred payment arrangements	-	-
b) under past due receivables and disputed claims for which no impairment losses were recognised	-	-
c) from clients under executed transactions	86,169	146,444
- transactions on the Warsaw Stock Exchange	58,527	144,546
- transactions on the Budapest Stock Exchange	27,504	479
- transactions on the Vienna Stock Exchange	-	1,419
- transactions on the Prague Stock Exchange	138	-
- other	-	-
d) other	10,557	10,116
2. From related entities	276	832
3. From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	132,899	305,805
a) under transactions	131,223	305,188
- transactions on the Warsaw Stock Exchange*	93,891	289,547
- transactions on the Budapest Stock Exchange	5,396	15,641
- transactions on the New York Stock Exchange	31,789	-
- transactions on the London Stock Exchange	92	-
- transactions on the Stockholm Stock Exchange	55	-
- transactions on over-the-counter market	-	-
b) other	1,676	617
4. From entities operating regulated markets and commodity exchanges	-	-
5. From the National Depository for Securities and exchange clearing houses	34,693	45,129
- from the settlement guarantee fund	34,693	45,129
6. From investment and pension fund companies and from investment and pension funds	5,456	6,727
7. From issuers of securities or selling shareholders	2,078	-
8. From commercial chamber	-	-
9. Taxes, subsidies and social security receivable	176	24
10. Under court proceedings, not covered by recognised impairment losses on receivables	-	-
11. Other	2,646	3,445
Total current receivables	274,950	518,522

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

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

Impairment losses reduce the carrying amount of the impaired receivables.

Gross current receivables by currency	Dec 31 2013	Dec 31 2012
a) in PLN	208,539	499,596
b) in other currencies (translated into PLN)	67,018	19,278
Total gross current receivables	275,557	518,874

13.2.1. Receivables by maturity

Current and non-current receivables by maturity as from the end of the reporting period	Dec 31 2013	Dec 31 2012
a) up to 1 month	269,244	509,918
b) over 1 month to 3 months	-	737
c) over 3 months to 1 year	1,014	-
d) over 1 year to 5 years	1,322	1,434
e) over 5 years	-	-
f) past due	6,313	8,219
Total gross receivables	277,893	520,308
g) impairment losses on receivables (negative value)	- 607	- 352
Total net receivables	277,286	519,956

Gross past due receivables by period of delay:	Dec 31 2013	Dec 31 2012
a) up to 1 month	3,508	5,636
b) over 1 month to 3 months	948	1,009
c) over 3 months to 1 year	1,410	873
d) over 1 year to 5 years	447	701
e) over 5 years	-	-
Total gross receivables	6,313	8,219
g) impairment losses on receivables (negative value)	- 607	- 352
Total net receivables	5,706	7,867

13.3. Current prepayments and accrued income

	Dec 31 2013	Dec 31 2012
a) prepayments, including:	1,316	750
cost of information service	68	55
administrative costs and expenses of funds	380	161
input VAT to be settled in 2014/2013	13	21
membership fees	25	30
expenses to be re-invoiced	17	109
other	813	374
b) other prepayments and accrued income, including:	-	-
revenue to be invoiced in subsequent period	-	-
Total prepayments and accrued income	1,316	750

13.4. Financial instruments held for trading

	Dec 31 2013	Dec 31 2012
- equities	5	292
- derivative instruments (<i>FX swaps, forwards</i>)	213	38
Total financial instruments held for trading	218	330

All financial instruments held for trading by the Group as at December 31st 2013 and as at December 31st 2012 are traded in PLN and were acquired in PLN, save for the FX swap and forward contracts.

The value of financial instruments held for trading at cost was PLN 5 thousand as at December 31st 2013, compared with PLN 292 thousand as at December 31st 2012. Impairment losses on financial instruments held for trading as at the end of the reporting periods were, respectively, PLN 0 thousand and PLN 0 thousand.

13.5. Financial instruments available for sale

As at December 31st 2013, the value of financial instruments available for sale held by the Group amounted to PLN 9,479 thousand, compared with PLN 5,682 thousand as at December 31st 2012. As at December 31st 2013, the financial instruments available for sale include investment certificates and investment fund units of PLN 2,364 thousand (December 31st 2012: PLN 3,500 thousand), government bonds of PLN 7,092 thousand (December 31st 2012: PLN 2,159), and shares in non-consolidated subsidiaries in the amount of PLN 23 thousand (December 31st 2012: PLN 23 thousand).

Shares in non-consolidated subsidiaries are not traded on an active market. They are measured at cost less impairment losses. In 2013 and 2012, no impairment losses were recognised on financial instruments available for sale.

13.6. Property, plant and equipment

As at December 31st 2013

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	-	1,347	4,270	805	1,077	2,255	9,754
b) Increase, including:	-	839	2,470	291	1,102	1,833	6,535
- purchase	-	10	90	-	307	1,833	2,240
- transfer from investments	-	829	2,379	-	795	-	4,003
- accepted under a lease	-	-	-	291	-	-	291
- other	-	-	1	-	-	-	1
c) decrease	-	1,347	965	-	357	4,003	6,672
- liquidation	-	1,346	3	-	198	-	1,547
- reclassification to another category	-	1	962	-	159	4,003	5,125
d) gross value of property, plant and equipment at end of the period	-	839	5,775	1,096	1,822	85	9,617
e) accumulated depreciation at beginning of the period	-	1,228	2,877	88	878	-	5,071
f) Depreciation for period, including:	-	- 1,129	- 32	209	- 113	-	- 1,065
- annual depreciation charge	-	193	761	209	201	-	1,364
- expansion of the Group	-	-	-	-	-	-	-
- liquidation	-	- 962	- 797	-	- 310	-	- 2,069
- other	-	- 360	4	-	- 4	-	- 360
g) accumulated depreciation at end of the period	-	99	2,845	297	765	-	4,006
h) impairment losses at beginning of the period	-	41	-	-	-	-	41
i) impairment losses at end of the period	-	-	-	-	-	-	-
j) Net value of property, plant and equipment at beginning of the period	-	78	1,393	717	199	2,255	4,642
k) Net value of property, plant and equipment at end of the period	-	740	2,930	799	1,057	85	5,611

As at December 31st 2012

MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT	Land	Buildings and structures	Plant and equipment	Vehicles	Other property, plant and equipment	Property, plant and equipment under construction	TOTAL
a) Gross value of property, plant and equipment at beginning of the period	-	1,327	4,157	-	1,043	33	6,560
b) Increase, including:	-	20	343	805	34	2,222	3,424
- purchase	-	20	343	-	34	2,222 *	2,619
- transfer from investments	-	-	-	-	-	-	-
- accepted under a lease	-	-	-	805	-	-	805
c) decrease	-	-	230	-	-	-	230
- liquidation	-	-	230	-	-	-	230
- reclassification to another category	-	-	-	-	-	-	-
d) gross value of property, plant and equipment at end of the period	-	1,347	4,270	805	1,077	2,255	9,754
e) accumulated depreciation at beginning of the period	-	972	2,505	-	649	-	4,126
f) Depreciation for period, including:	-	256	372	88	229	-	945
- annual depreciation charge	-	256	586	88	229	-	1,159
- expansion of the Group	-	-	-	-	-	-	-
- liquidation	-	-	- 214	-	-	-	- 214
g) accumulated depreciation at end of the period	-	1,228	2,877	88	878	-	5,071
h) impairment losses at beginning of the period	-	-	-	-	-	-	-
i) impairment losses at end of the period	-	41	-	-	-	-	41
j) Net value of property, plant and equipment at beginning of the period	-	355	1,652	-	394	33	2,434
k) Net value of property, plant and equipment at end of the period	-	78	1,393	717	199	2,255	4,642

* Purchase of property, plant and equipment under construction in 2012 refers mainly to expenditure on assets incurred in connection with the relocation of the Company's registered office. Since January 21st 2013, the registered office has been located at ul. Próżna 9 in Warsaw.

13.6.1. Impairment losses

In 2013, there were no impairment losses on property, plant and equipment (2012: PLN 41 thousand).

13.7. Intangible assets

As at December 31st 2013

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO ₂ emission allowances	Other intangible assets/prepayments	TOTAL
a) Gross value of intangible assets at beginning of the period	73	-	77	6,197	-	592	6,939
b) Increase, including:	367	-	47	1,014	-	45	1,473
- purchase / transfer from	-	-	7	1,054	-	45	1,106
- expansion of the Group	-	-	-	-	-	-	-
- completed development work	367	-	-	-	-	-	367
- other	-	-	40	-40	-	-	-
c) decrease:	-	-	-	1	-	592	593
d) Gross value of intangible assets at end of the period	440	-	124	7,210	-	45	7,819
e) Accumulated amortisation at beginning of the period	25	-	67	3,780	-	-	3,872
f) amortisation for period:	15	-	10	821	-	-	846
- annual amortisation charge	15	-	10	821	-	-	846
- expansion of the Group	-	-	-	-	-	-	-
g) accumulated amortisation at end of the period	40	-	77	4,601	-	-	4,718
h) impairment losses at beginning of the period	-	-	-	-	-	-	-
i) impairment losses at end of the period	-	-	-	-	-	-	-
j) Net value of intangible assets at beginning of the period	48	-	10	2,417	-	592	3,067
k) Net value of intangible assets at end of the period	400	-	47	2,609	-	45	3,101

As at December 31st 2012

MOVEMENTS IN INTANGIBLE ASSETS (BY CATEGORY)	Cost of completed development work	Goodwill	Acquired permits, patents, licences and similar assets	Computer software	CO ₂ emission allowances	Other intangible assets/prepayments	TOTAL
a) Gross value of intangible assets at beginning of the period	73	-	58	5,157	-	109	5,397
b) Increase, including:	-	-	19	1,040	-	483	1,542
- purchase	-	-	19	1,040	-	483	1,542
- expansion of the Group	-	-	-	-	-	-	-
- completed development work	-	-	-	-	-	-	-
c) decrease	-	-	-	-	-	-	-
d) Gross value of intangible assets at end of the period	73	-	77	6,197	-	592	6,939
e) Accumulated amortisation at beginning of the period	11	-	51	3,067	-	-	3,129
f) amortisation for period:	14	-	16	713	-	-	743
- annual amortisation charge	14	-	16	713	-	-	743
- expansion of the Group	-	-	-	-	-	-	-
g) accumulated amortisation at end of the period	25	-	67	3,780	-	-	3,872
h) impairment losses at beginning of the period	-	-	-	-	-	-	-
i) impairment losses at end of the period	-	-	-	-	-	-	-
j) Net value of intangible assets at beginning of the	62	-	7	2,090	-	109	2,268

period

k) Net value of intangible assets at end of the period	48	-	10	2,417	-	592	3,067
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13.7.1. Purchases and sales

In 2013, the Group purchased intangible assets of PLN 1,473 thousand (2012: PLN 1,542 thousand). In 2013 and 2012, the Group did not sell any intangible assets.

In 2013, the Group recognised development work of PLN 400 thousand as intangible assets as at December 31st 2013 and PLN 48 thousand as at December 31st 2012.

13.7.2. Impairment losses

In 2013 and 2012, the Group did not identify any impairment of its assets.

13.7.3. Amortisation of intangible assets

Amortisation of intangible assets is recognised in cost of core activities under 'Amortisation'. Amortisation was PLN 846 thousand in 2013 (2012: PLN 743 thousand).

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

14.1. Share capital

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

As at December 31st 2013, the registered share capital was PLN 2,993,783.60 and comprised 29,937,836 shares.

As at December 31st 2012, the registered share capital was PLN 2,975,212.20 and comprised 29,752,122 shares.

Share capital (structure) – as at Dec 31 2013

Shareholder	Number of shares and votes at GM	Amount of contributions	Value of shares subscribed for (PLN)
PRE-IPO FIZAN ¹	2,990,789	Shares fully paid up	299,079
Meritum 1 Nova SPV Sp. z o.o. S.K.A. ²	2,990,789	Shares fully paid up	299,079
OFE PZU Złota Jesień*	2,950,000	Shares fully paid up	295,000
IPOPEMA 10 FIZAN ³	2,851,420	Shares fully paid up	285,142
Katarzyna Lewandowska	2,086,749	Shares fully paid up	208,675
Aviva OFE Aviva BZ WBK*	1,815,000	Shares fully paid up	181,500
Quercus Parasolowy SFIO*	1,754,164	Shares fully paid up	175,416
Total shareholders holding over 5% of the share capital	17,438,911		1,743,891

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

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

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

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

Share capital (structure) – as at the report release date

Shareholder	Number of shares and votes at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	Shares fully paid up	299,079
Meritum 1 Nova SPV Sp. z o.o. S.K.A. ²	2,990,789	Shares fully paid up	299,079
OFE PZU Złota Jesień*	2,950,000	Shares fully paid up	295,000
IPOPEMA 10 FIZAN ³	2,851,420	Shares fully paid up	285,142
Katarzyna Lewandowska	2,136,749	Shares fully paid up	213,675
Quercus Parasolowy SFIO*	1,754,164	Shares fully paid up	175,416
Total shareholders holding over 5% of the	15,673,911		1,567,391

share capital

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

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

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

³ {2} The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board. {2}

Share capital (structure) – as at Dec 31 2012

Shareholder	Number of shares and votes at GM	Amount of contributions	Value of shares subscribed for (PLN)
IPOPEMA 10 FIZAN ¹	2,851,420	Shares fully paid up	285,142
OFE PZU Złota Jesień*	2,770,000	Shares fully paid up	277,000
Fundusz PRE-IPO FIZAN ²	2,188,370	Shares fully paid up	218,837
KL Lewandowska S.K.A. ³	2,086,749	Shares fully paid up	208,675
JLK Lewandowski S.K.A. ⁴	2,066,249	Shares fully paid up	206,625
JLS Lewandowski S.K.A. ⁴	2,066,249	Shares fully paid up	206,625
Aviva OFE Aviva BZ WBK*	1,562,539	Shares fully paid up	156,254
Total shareholders holding over 5% of the share capital	15,591,576		1,559,158

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

¹ The only investor in the fund is Stanisław Waczkowski, Vice-President of the Company's Management Board.

² The main investors in the fund are Jacek Lewandowski, President of the Company's Management Board, and Katarzyna Lewandowska.

³ Subsidiary of Katarzyna Lewandowska.

⁴ Subsidiary of Jacek Lewandowski, President of the Company's Management Board.

In 2013, the Company's share capital was increased by PLN 19 thousand through the issue of new Series C shares. As a result, as at December 31st 2013, the share capital was PLN 2,994 thousand (December 31st 2012: PLN 2,975 thousand) and comprised:

- 7,000,000 Series A ordinary bearer shares,
- 21,571,410 Series B ordinary bearer shares, and
- 1,366,426 Series C ordinary bearer shares.

The increase was a result of subscription for 185,714 new Series C shares in February 2013. The shares were issued within the limit of conditional share capital for the purposes of the Company's Incentive Scheme (Note 17.1).

In 2012, the Company's share capital was increased by PLN 20 thousand through the issue of new Series C shares. As a result, as at December 31st 2012, the share capital was PLN 2,975 thousand and comprised:

- 7,000,000 Series A ordinary bearer shares,
- 21,571,410 Series B ordinary bearer shares, and
- 1,180,712 Series C ordinary bearer shares.

Share par value

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

Shareholder rights

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

14.2. Other components of equity
Statutory reserve funds

Statutory reserve funds comprise share premium. The share premium reduced by the amount of the issue costs was PLN 10,351 thousand as at December 31st 2013 (December 31st 2012: PLN 9,441 thousand).

Revaluation capital reserve from revaluation of financial assets available for sale

This item comprises effects of fair value measurement of financial assets available for sale. As at December 31st 2013 and December 31st 2012, the revaluation capital reserve was PLN 92 thousand and PLN 570 thousand, respectively.

Other capital reserves

Other capital reserves have been created in connection with the Incentive Scheme and a change in the value of shares held in a subsidiary. As at December 31st 2013, other capital reserves amounted to PLN 3,059 thousand (December 31st 2012: PLN 2,831 thousand).

Retained earnings and capital restrictions

The Commercial Companies Code requires that retained earnings of joint-stock companies should be allocated to statutory reserve funds until their amount reaches 1/3 of the share capital; the statutory reserve funds should be used exclusively to cover potential financial losses. In the case of the IPOPEMA Securities Group this regulation applies to IPOPEMA Securities, IPOPEMA TFI and IPOPEMA AM. The Company is required to allocate at least 8% of its current profit for this purpose until the required equivalent of 1/3 of the share capital has been accumulated. As at the end of the reporting period, the statutory reserve funds created from retained earnings amounted to PLN 998 thousand (December 31st 2012: PLN 992 thousand).

Retained earnings	Dec 31 2013	Dec 31 2012
Retained earnings/deficit	31,506	22,387
Net profit/loss for period	8,366	9,054
Aggregate capital adjustments resulting from transition to IAS/IFRS	24,814	24,814
Total retained earnings	64,686	56,255

Dividend

Dividend for a given year which has been approved by the General Meeting and not paid as at the end of the reporting period is disclosed as liabilities under dividend under 'Other liabilities'. As at the end of the reporting period there were no unpaid dividends.

14.3. Non-controlling interests

As at December 31st 2013, non-controlling interests (held by the shareholders of IPOPEMA Business Consulting) amounted to PLN 4,161 thousand (December 31st 2012: PLN 3,157 thousand).

14.4. Capital adequacy requirements

IPOPEMA Securities (the Parent) and IPOPEMA Asset Management (subsidiary) are brokerage houses and as such they are, and were in the periods covered by these consolidated financial statements, obliged to meet the capital adequacy requirements set forth in the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals, dated November 18th 2009.

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

Failure to meet capital adequacy requirements

In the period covered by these consolidated financial statements, the Company did not record any instances of non-compliance with the capital adequacy requirements on a consolidated basis. In 2012, there was an instance of not meeting the requirements on a separate basis.

Dates when capital adequacy requirements were not met:	Reasons for not meeting capital adequacy requirements	Was Polish FSA notified in advance that the Company may not meet capital adequacy requirements?
Dec 7 2012 Dec 10 2012 Dec 11 2012 Dec 12 2012 Dec 13 2012	Crediting of large amounts to the Company's bank accounts in connection with a public offering	Information on an envisaged intended instance of not meeting capital adequacy requirements was provided to the Polish FSA on November 20th 2012 in the MRF monthly report.

As part of its brokerage business IPOPEMA Securities S.A. acted as an offering broker in a public offering of shares. In connection with the offering, the Company's accounts were credited with a significant amount of clients' funds. The funds were held in the Company's accounts in the period December 7th - December 13th 2012. As a result, the Company's credit risk value increased and capital adequacy requirements were not met on the dates specified above. Afterwards, the Company's capital adequacy ratios fell back to a level compliant with Art. 98a.3 of the Act on Trading in Financial Instruments. The instance of not meeting the requirements was intended, and was notified in advance to the Polish Financial Supervision Authority as required by the applicable laws.

As disclosed in the report on consolidated capital adequacy requirements submitted to the Polish Financial Supervision Authority, as at December 31st 2012 the Company's consolidated regulatory capital was PLN 67,514 thousand (December 31st 2011: PLN 66,195 thousand).

The tables below present average annualised data on the regulatory capital and capital adequacy requirements.

Date	Consolidated core capital			Consolidated Tier 2 (supplementary) capital	Consolidated Tier 3 (supplementary) capital	Items adjusting consolidated regulatory capital	Total consolidated regulatory capital	Total consolidated capital adequacy requirement
	Tier I capital	Other items of consolidated core capital	Items reducing consolidated core capital					
Average annualised values for 2013	70,405	4,203	3,048	524	-	3,738	75,822	27,710
Average annualised values for 2012	60,121	8,324	2,641	1,220	-	3,682	70,706	24,825
Dec 31 2013	72,725	3,880	3,101	91	-	4,161	77,756	21,288
Dec 31 2012	62,450	4,405	3,067	569	-	3,157	67,514	27,829

Capital adequacy requirements by type of risk

Date	Market risk (currency risk)	Credit risk	Operational risk	Total consolidated capital adequacy requirement
Average annualised values for 2013	489	15,295	11,926	27,710
Average annualised values for 2012	661	13,997	10,167	24,825
Dec 31 2013	473	8,890	11,925	21,288
Dec 31 2012	1,231	16,406	10,192	27,829

In 2013 and 2012, the following items amounted to PLN 0:

- shares in banks, other brokerage houses, foreign investment firms, credit and financial institutions;
- subordinated loans advanced to banks, other brokerage houses, foreign investment firms, credit and financial institutions, included in their equity;
- requirement with respect to exceeding the exposure concentration limit and large exposure limit.

In accordance with the Regulation of the Minister of Finance on the scope and detailed rules for determination of the total capital adequacy requirement, including individual capital adequacy requirements, for brokerage houses and on the maximum ratio of borrowings and debt instruments in issue to the amount of capitals, dated November 18th 2009, which has been in effect since 2010, the obligation to calculate the capital adequacy requirement for fixed operating costs applies only if an entity does not calculate the capital adequacy requirement for operational risk.

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

15.1. Accruals and deferred income

15.1.1. Change in accruals and deferred income

	2013	2012
As at beginning of the reporting period	7,980	8,507
Recognised during the financial year	19,249	10,310
Used	17,488	10,351
Reversed	582	486
As at end of the reporting period	9,159	7,980

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

	Dec 31 2013	Dec 31 2012
Employee benefits*	7,211	6,338
Other	1,948	1,642
Total	9,159	7,980

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

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

15.2. Provisions for litigations, fines and damages

The Company was a party to court proceedings before the Warsaw Regional Court, 14th Labour and Social Insurance Division, which were initiated on the basis of appeals lodged by the Company against decisions of the Social Insurance Institution (I Warsaw Branch) determining the base for the computation of contributions to social insurance, health insurance, Labour Fund and the Guaranteed Employee Benefits Fund, for the period from January 2009 to February 2010. The Company filed corrected declarations. As the Social Insurance Institution reversed the appealed decisions, the proceedings were discontinued.

15.3. Liabilities (current)

Current liabilities	Dec 31 2013	Dec 31 2012
To clients	146,317	459,407
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	103,140	216,673
a) under executed transactions**	103,140	216,673
b) other	-	-
To entities operating regulated securities markets and commodity exchanges	844	749
To the National Depository for Securities and exchange clearing houses	249	454
To commercial chamber	-	-
To issuers of securities or selling shareholders	-	-
Borrowings	2,589	25,213
a) from related entities	-	-
b) other	2,589	25,213
Debt securities	4	-

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Liabilities under promissory notes	-	-
Taxes, customs duties and social security payable	1,339	1,273
Salaries and wages	-	1
To investment and pension fund companies and to investment and pension funds	1,281	589
Under framework securities lending and short sale agreements	-	-
Other	1,128	3,615
a) dividends payable	-	-
b) other	1,128	3,615
- financial liabilities (valuation of futures contracts)*	-	-
- other liabilities	1,128	3,615
Total current liabilities	256,891	707,974

* Methods of valuation of financial liabilities (valuation of futures contracts) are described in Note 9.6.

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

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

With the exception of the borrowings specified in Note 15.3.2, the liabilities do not bear interest.

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

	Dec 31 2013	Dec 31 2012
Liabilities under executed stock-exchange transactions:	103,140	216,673
- transactions on the Warsaw Stock Exchange	74,326	199,397
- transactions on the Budapest Stock Exchange	28,676	15,858
- transactions on the Vienna Stock Exchange	-	1,418
- transactions on the Prague Stock Exchange	138	-
Liabilities under transactions executed on over-the-counter market	-	-
Other	-	-
Liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses	103,140	216,673

Gross current liabilities (by currency)	Dec 31 2013	Dec 31 2012
a) in PLN	182,329	671,821
b) in other currencies (translated into PLN)	74,562	36,153
Total current liabilities	256,891	707,974

15.3.1. Maturity structure of liabilities

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2013	Dec 31 2012
a) up to 1 month	256,697	707,237
b) over 1 month to 3 months	110	350
c) over 3 months to 1 year	57	114
d) over 1 year to 5 years	600	526
e) over 5 years	-	-
f) past due	27	273
Total liabilities	257,491	708,500

The above analysis is based on discounted values, as the difference between the discounted and non-discounted values was immaterial and related mainly to liabilities under leases and bank borrowings. Liabilities under bank borrowings comprise an overdraft facility (as described below) and their amount varies from period to period, therefore the exact interest amount cannot be provided.

15.3.2. Interest-bearing borrowings

Maturity of current and non-current liabilities as from the end of the reporting period	Dec 31 2013	Dec 31 2012
a) credit facility	2,589	25,213
- outstanding amount	2,589	25,213
Current liabilities under borrowings	2,589	25,213

As at December 31st 2013, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 2,589 thousand (December 31st 2012: PLN 25,213 thousand). The liabilities result from two working-capital overdraft facility agreements executed on July 22nd 2009 with Alior Bank S.A. The facilities are used to finance payment of liabilities to the National Depository for Securities in connection with the brokerage activities and are renewed on an annual basis – the term of the two agreements expires on July 18th 2014:

1. Revolving credit facility of up to PLN 10m. The purpose of the facility is to finance payment of the Company's liabilities to the National Depository for Securities 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 2.
2. 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 Polish National Depository for Securities. 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 1 above, both credit facilities are jointly secured by a PLN 4m security deposit.

Interest on borrowings pertains only to short-term facilities. Interest due on the borrowings for December 2013, totalling PLN 102 thousand, was not realised in 2013 and will be paid in 2014 (2012: unrealised interest expenses of PLN 4 thousand).

15.4. Bonds

In 2013, the Company issued registered bonds with a total nominal value of PLN 10,000, maturing in 2013–2015 (depending on the series). 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 Resolution 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 document 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website. In 2013, the Company redeemed PLN 4 thousand worth of bonds.

16. Notes to the consolidated statement of comprehensive income

16.1. Revenue from core activities

Revenue from core activities	2013	2012
Revenue from trading in securities	46,583	37,799
Revenue from investment banking services	10,761	13,781
Revenue from management of investment funds and clients' assets	35,825	28,378
Revenue from consultancy services	13,147	13,727
Other revenue from core activities	355	425
Total revenue from core activities	106,671	94,110

16.2. Cost of core activities

Cost of core activities	2013	2012
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	13,645	10,732
Salaries and wages	42,240	40,483
Social security	2,108	2,071
Employee benefits	524	466
Raw material and consumables used	643	643
Costs of maintenance and lease of buildings	3,757	1,831
Depreciation and amortisation expenses	2,174	1,902
Taxes and other public charges	1,995	1,991
Other	24,818	19,939
Total cost of core activities	91,904	80,058

16.2.1. Employee benefit expenses

Employee benefit expenses (specification)	2013	2012
Salaries and wages	42,012	40,378
Social security and other benefits	2,108	2,071
Costs of future benefits related to retirement severance payments, length-of-service awards and other similar employee benefits	-	-
Costs of share-based payment plan	228	105
Other employee benefit expenses	524	466
Total employee benefit expenses	44,872	43,020

16.3. Finance income and costs

Finance income	2013	2012
1. Interest on loans advanced	73	77
2. Interest on deposits	764	1,266
a) from related entities	-	-
b) other	764	1,266
3. Other interest	185	15
4. Foreign exchange gains	316	692
5. Other	1,935	1,929
Total finance income	3,273	3,979

Finance costs	2013	2012
1. Interest on borrowings, including:	1,203	1,597
a) to related entities	-	-
b) other	1,203	1,597
2. Other interest	203	193
3. Foreign exchange losses	367	2,010
a) realised	360	19
b) unrealised	7	1,991
4. Other	1,093	4,045
Total finance costs	2,866	7,845

In 2013 and 2012, the capitalisation rate was 0%. The Group did not capitalise borrowing costs.

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

In 2013, loss on financial instruments held for trading amounted to PLN -3,026 thousand (2012: PLN -831 thousand). The result includes dividend income of PLN 52 thousand in 2013 (2012: PLN 175 thousand).

16.5. Operating income and expenses

Other income	2013	2012
a) gain on disposal of property, plant and equipment and intangible assets	1	4
b) reversed accruals and deferred income	144	90
c) reversed impairment losses on receivables	175	233
d) net income from acquisition of CSAM	-	-
e) other	680	453
Total other income	1,000	780
Other expenses	2013	2012
a) loss on disposal of property, plant and equipment and intangible assets	42	4
b) impairment losses on property, plant and equipment and intangible assets	-	-
c) impairment losses on receivables	483	21
d) other, including:	1,211	1,048
- membership fees	30	30
- re-charged costs	147	800
- other	1,034	218
Total other expenses	1,736	1,073

17. Employee benefits

17.1. Employee share option plans

On March 23rd 2009, by virtue of a resolution, the Company's Management Board adopted the Rules of the Incentive Scheme (as amended), which were also subsequently approved by the Company's Supervisory Board. The Rules were adopted as a result of a resolution passed by the Extraordinary General Meeting on December 5th 2007 (and amended by a resolution of March 20th 2009) concerning implementation of an incentive scheme for the key employees of the Company and its subsidiary, IPOPEMA TFI, as well as other persons of key importance to the execution of the IPOPEMA Securities Group's strategy. The scheme is based on Series C shares in the Company, which can be issued within the limit of conditional share capital, in a maximum number of 4,857,140 shares, on or before November 30th 2017. The scheme is equity-settled.

As part of the Incentive Scheme in place at the Company, in 2013 eligible persons subscribed for 185,714 shares under Share Option Plan II (2012: 197,321 shares).

In addition to the completed Share Option Plan I and Share Option Plan II, the Company has also granted conditional rights to subscribe for 297,522 shares by December 31st 2015. The shares are from the remainder of the Series C shares pool covered by the conditional share capital, amounting to 2,976,188 ('Share Option Plan III'). The issue price of those shares is PLN 6.01, as determined in accordance with the terms and conditions of the Incentive Scheme for Share Option Plan III as the average of Company stock prices on the WSE over a specified period. As at the date of these consolidated financial statements, the list of persons eligible to subscribe for the remainder of the Series C shares under Share Option Plan III has not been determined yet, neither have any decisions been made as to whether such shares will be offered.

The cost of the share option plans is not recognised in the separate financial statements as the Polish Accountancy Act stipulates no such requirement. However, this cost is recognised in the consolidated financial statements of the Group. In connection with the transition to financial reporting compliant with the International Financial Reporting Standards, it was necessary to account for the effect of valuation of the option plans implemented by the Group in the Group's consolidated financial statements.

In total, on a consolidated basis, the cost of the option plans increased the cost of salaries and wages in 2013 by PLN 228 thousand; the amount was charged against IPOPEMA Securities S.A.'s profit. In the comparative period, i.e. 2012, the cost of these plans increased the cost of salaries and wages by PLN 105 thousand.

Share Option Plan I-II was measured using the Black-Scholes model, adjusted for continuous yield dividend and the dilution effect (decrease in the value of individual shares as a result of issuing new shares at a price below market). Share Option Plan III was measured using the binomial tree model.

18. Dividends paid and proposed

On May 23rd 2013, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 1m, i.e. PLN 1 per share, which was paid out in 2013.

On November 28th 2012, the Extraordinary General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay from capital reserves an interim dividend for 2012 of PLN 2.2m, i.e. approximately PLN 1,099.45 per share. The dividend was paid out in full in 2012. Based on the Company's percentage interest in the share capital of IBC, the Company received PLN 1,101 thousand in dividend.

On April 23rd 2012, the General Meeting of IPOPEMA TFI S.A. resolved to pay dividend of PLN 3.8m, i.e. PLN 3.8 per share. The dividend was paid out to the Company in full in 2012.

On June 28th 2012, the Company's General Meeting resolved to distribute the 2011 profit of PLN 15,585 thousand as dividend. The dividend amount per one share was PLN 0.52. The dividend record date was set for July 6th 2012, and the dividend payment date – for July 23rd 2012. On the dividend payment date, a total of PLN 15,471 thousand was paid out to the shareholders. The distribution amount was lower than the 2011 net profit by PLN 114 thousand, which was the effect of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's statutory reserve funds.

As at the date of preparation of these consolidated financial statements, no final decision had been taken by the Parent's Management Board concerning the recommended distribution of the 2013 profit. Any relevant decisions will be taken at a later date, however not later than by the date of convening of the Annual General Meeting, which pursuant to the Commercial Companies Code must be held within six months from the end of a given financial year.

19. Income tax

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

	For the year ended Dec 31 2013	For the year ended Dec 31 2012
Current income tax		
Current income tax expense	2,194	2,689
Adjustments related to current income tax brought forward	-	-
Deferred income tax		
Relating to temporary differences and their reversal	659	- 1,541
Income tax expense disclosed in the consolidated statement of comprehensive income	2,853	1,148
Tax on unrealised gain/(loss) on financial assets available for sale	- 112	- 34
Tax on cash flow hedges settled during the year	-	-
Tax benefit/tax expense recognised in equity	112	34

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 the Group companies.

	2013	2012
Pre-tax profit (loss)	12,223	11,034
Corporate income tax at the statutory rate applicable in Poland: 19%	2,322	2,096
Consolidation adjustments and profit (loss) of IAM (subsidiary) and TFI (subsidiary)	- 480	630
Non-taxable income – dividend	- 10	- 33
Use of tax losses not recognised previously	- 659	- 454
Tax losses in connection with which no deferred tax asset was recognised	640	- 534
Non-tax-deductible costs	577	1,915
Deductible temporary differences in connection with which no deferred tax asset was recognised	-	-
Non-taxable income (mainly dividend)	- 196	- 931
Current income tax disclosed in the consolidated statement of comprehensive income	2,194	2,689
Corporate income tax at the effective tax rate: 19%	2,194	2,689

19.1. Deferred income tax

Temporary differences related to deferred tax assets as at December 31st 2013 and December 31st 2012 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2013	Dec 31 2012
Financial instruments available for sale and held for trading	125	14
Property, plant and equipment	14	100
Current receivables	105	105
Accruals and deferred income	1,743	1,561
Tax loss brought forward	417	988
Other	35	75
Total deferred tax assets	2,439	2,843
Income tax liabilities	Dec 31 2013	Dec 31 2012
Financial instruments available for sale	275	157
Property, plant and equipment	208	209
Current receivables	62	143
Accruals and deferred income	-	-
Other	21	13
Total deferred tax liabilities	566	522
Net deferred tax assets	1,873	2,321

Temporary differences related to deferred tax liabilities as at December 31st 2013 and December 31st 2012 were recognised with respect to the following items:

Deferred tax assets	Dec 31 2013	Dec 31 2012
Financial instruments available for sale and held for trading	-	-
Property, plant and equipment	-	-
Current receivables	-	-
Accruals and deferred income	-	-
Tax loss brought forward	-	-
Other	9	-
Total deferred tax asset	9	-

Income tax liabilities	Dec 31 2013	Dec 31 2012
Financial instruments available for sale	-	-
Property, plant and equipment	-	-
Current receivables	34	-
Accruals and deferred income	-	-
Other	4	-
Total deferred tax liabilities	38	-
Net deferred tax liabilities	29	-

20. Additional information of financial instruments

20.1. Fair value of instruments not measured at fair value

As at Dec 31 2013

Instrument category and item of the consolidated statement of financial position	carrying amount	fair value
Loans and receivables	330,829	330,829
- cash and cash equivalents	52,749	52,749
- current and non-current receivables	278,080	278,080
Financial liabilities at amortised cost:	255,552	255,552
- current liabilities (credit facility)	2,589	2,589
- current liabilities (other than credit facility)	252,963	252,963

As at Dec 31 2012

Instrument category and item of the consolidated statement of financial position	carrying amount	fair value
Loans and receivables	776,232	776,232
- cash and cash equivalents	254,781	254,781
- current and non-current receivables	521,451	521,451
Financial liabilities at amortised cost:	706,700	706,700
- current liabilities (credit facility)	25,213	25,213
- current liabilities (other than credit facility)	681,487	681,487

Cash bears interest at fixed and variable interest rates. In 2013 and 2012, the Group did not recognise any impairment losses on loans. Impairment losses on receivables are described in Note 13.2.1. Income from interest on loans and receivables amounted to PLN 1,022 thousand in 2013 (of which PLN 105 thousand was interest accrued but not received) (2012: PLN 1,358 thousand, of which PLN 124 thousand was interest accrued but not received).

Impairment losses pertain only to instruments that are recognised under loans and receivables.

In 2013, expenses related to interest on a credit facility amounted to PLN 1,203 thousand (2012: PLN 1,597 thousand). Interest on borrowings pertains only to short-term facilities. In 2013, realised interest expenses related to bank borrowings amounted to PLN 1,101 thousand (2012: PLN 1,593 thousand), and unrealised interest, to be paid in 2014, totalled PLN 102 thousand (2012: PLN 4 thousand).

20.2. Financial assets and liabilities recognised in the consolidated statement of financial position at fair value

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

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

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

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

As at Dec 31 2013

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	213	-	-	213
Financial assets held for trading other than derivative instruments	5	-	-	5
Total financial assets measured at fair value through profit or loss	218	-	-	218
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	2,364*	-	2,364
Debt instruments	7,092	-	-	7,092
Total financial assets available for sale measured through equity	7,092	2,364*	-	9,456

* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

As at Dec 31 2012

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Derivative instruments	38	-	-	38
Financial assets held for trading other than derivative instruments	292	-	-	292
Total financial assets measured at fair value through profit or loss	330	-	-	330
Financial liabilities measured at fair value through profit or loss				
Derivative instruments	-	-	-	-
Total financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial assets available for sale measured through equity				
Investment certificates and investment fund units	-	3,500*	-	3,500
Debt instruments	2,159	-	-	2,159

Total financial assets available for sale measured through equity	2,159	3,500*	-	5,659
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* The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

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

21. Exclusions of companies from consolidation

In line with IAS 8.8, which permits departures from the IFRS when the effect of the departure is immaterial, IPOPEMA Business Services Kft., a subsidiary of IPOPEMA Securities, and IPOPEMA Outsourcing Sp. z o.o., a subsidiary of IBC, were not consolidated in these consolidated financial statements.

	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2013	5	182
% share in Parent's total assets	-	0.06
Revenue for period Jan 1 – Dec 31 2013	-	1,037
% share in Parent's revenue	-	1.8
Net assets as at Dec 31 2013	4	12
Net profit (loss) for period Jan 1 – Dec 31 2013	- 1	97

	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2012	5	611
% share in Parent's total assets	-	0.08
Revenue for period Jan 1 – Dec 31 2012	-	991
% share in Parent's revenue	-	1.9
Net assets as at Dec 31 2012	4	- 86
Net profit/(loss) for period Jan 1 – Dec 31 2012	- 1	- 93

22. Contingent liabilities and contingent assets

In the period covered by these consolidated financial statements, the Group did not carry any contingent liabilities other than under lease agreements (Note 27). As at December 31st 2013, contingent assets stood at PLN 34 thousand (as at December 31st 2012: PLN 27 thousand).

In 2014, the Company will incur a cost of up to CZK 1,650 thousand (PLN 250 thousand) under an agreement with the clearing bank in the Czech Republic if the minimum amount of transactional costs specified in the agreement is not reached, which is a condition for incurring that cost.

23. Guarantees

In January 2012, Nordea Bank Polska S.A. issued a guarantee to IPOPEMA Securities S.A. up to the total amount of EUR 268 thousand, secured with a cash deposit of PLN 1,239 thousand. Under an annex executed in 2014, the guarantee amount was increased to EUR 273 thousand. The guarantee, provided until April 15th 2018, secures liabilities related to the lease of office space.

In April 2012, BRE Bank S.A. provided a guarantee in respect of the Company's liabilities for the benefit of the Hungarian Branch of Deutsche Bank AG, which is IPOPEMA Securities S.A.'s clearing bank for transactions executed on the Budapest Stock Exchange. The guarantee was issued for the amount of EUR 2.5m, and secures the Company's timely payment of its liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearance of BSE transactions. Under amendments made to the guarantee agreement on March 26th 2013, the guarantee was extended until April 1st 2014, with its effective term expiring on July 1st 2014 in the particular cases specified in the agreement. The guarantee is secured by a PLN 2.5m security deposit.

24. Business combinations and acquisitions of non-controlling interests

24.1. Acquisition of subsidiaries

In January 2012, IPOPEMA Business Consulting Sp. z o.o. purchased an equity interest in Nixa Investments Sp. z o.o. of Warsaw. In February 2012, the company was transformed into IPOPEMA Outsourcing Sp. z o.o. ('IO'). IO did not conduct any operations in 2013 and 2012. As at December 31st 2013, the equity interest held in IO was valued at PLN 16 thousand, while the value of the company's equity was PLN 4 thousand. The amounts remained unchanged compared with December 31st 2012.

24.2. Disposal of subsidiaries

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

25. Related-party transactions

Related-party transactions – income and expenses

Related party	Revenue		Purchases	
	Jan 1–Dec 31 2013		Jan 1–Dec 31 2012	
IPOPEMA Business Services Kft.	126	821	154	775
Members of the Management and Supervisory Boards	97	13	176	49
Total	223	834	330	824

Related-party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Dec 31 2013	Dec 31 2012	Dec 31 2013	Dec 31 2012
IPOPEMA Business Services Kft.	280	914	-	-
Members of the Management and Supervisory Boards	77	2	-	-
Total	357	916	-	-

Under IAS 24, related parties include also members of the Management Board and the Supervisory Board and persons related to them. For information on the remuneration of the above persons, see Note 25.5. For information on the Incentive Scheme for the above persons, see Note 17.1

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

25.1. Terms of related-party transactions

Transactions with related parties are executed on arms' length terms.

25.2. Loan advanced to members of the Management Board

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

25.3. Transactions involving members of the Management and Supervisory Boards

Members of the Management and Supervisory Boards executed (through their subsidiaries) transactions in securities on the regulated market and outside the stock-exchange market, with Group companies acting as intermediaries. The total turnover between the Group and those persons under the transactions was PLN 97 thousand in 2013 and PLN 176 thousand in 2012.

Additionally, the Group used legal advisory services of the law firm of Jacek Jonak, the Chairman of the Supervisory Board – the value of the transactions in 2013 was PLN 13 thousand, against PLN 49 thousand in 2012.

25.4. Transactions with subsidiaries

Transactions with IPOPEMA Business Services kft.

In relation to the operations in Hungary, carried out in cooperation with local partners acting as investment firm agents, in 2010 the Company entered into the following agreements with IPOPEMA Business Services Kft. ('IBS'): (i) Services Agreement, whereby IBS provides the Company and its Hungarian partners with office and equipment support services, and (ii) Equipment Lease Agreement, whereby IBS leases computer hardware and software from the Company, in order to properly support the Company's partners operating on the Hungarian market within the scope of their activities performed for the Company. In 2013, the total value of transactions under those agreements was PLN 948 thousand (expense) and PLN 152 thousand (income) (2012: PLN 910 thousand (expense) and PLN 154 thousand (income)).

Moreover, in 2010 the Company advanced short-term loans to IBS. Their total amount did not exceed the equivalent of PLN 500 thousand. The loans together with accrued interest were repaid in 2013.

Transactions with IPOPEMA TFI

In 2013 and 2012, the Company made settlements with IPOPEMA TFI related to the IT services provided to the subsidiary and expenses incurred by the Company. The Company also provides services in the area of intermediation in securities trading to funds managed by IPOPEMA TFI. In 2013, the total value of the Company's turnover from such services was PLN 318 thousand (income) and PLN 2 thousand (expense) (2012: PLN 172 thousand (income) and PLN 2 thousand (expense)).

In 2013, the Company received dividend of PLN 1m from IPOPEMA TFI (2012: PLN 3.8m).

Transactions with IPOPEMA Business Consulting

In 2013 and 2012, transactions between the Company and IPOPEMA BC involved settlements of expenses. Mutual settlements amounted to PLN 8 thousand (income) and PLN 0 thousand (expense) in 2013 (2012: PLN 14 thousand (income) and PLN 73 thousand (expense)).

In 2012, the Company received dividend of PLN 1,101 thousand from IBC.

Transactions with IPOPEMA Asset Management

In 2013 and 2012, transactions between the Company and IPOPEMA AM involved settlements of IT services provided by the Company and related expenses. In 2013, the total value of settlements related to the provision of such services was PLN 104 thousand (income) and PLN 74 thousand (expense) (2012: PLN 231 thousand (income) and PLN 84 thousand (expense)).

25.5. Remuneration of the Group's senior management staff

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

Total remuneration (including bonuses)	2013	2012
Management Board	2,049	4,585
Jacek Lewandowski	589	1,044
Mirosław Borys	552	619
Mariusz Piskorski	447	769
Stanisław Waczkowski	461	2,153
Supervisory Board	37	55
Jacek Jonak	16	20
Roman Miler	-	-
Janusz Diemko	6	14
Bogdan Kryca	12	16
Wiktor Sliwinski	-	2
Małgorzata Adamkiewicz	3	3
Zbigniew Mrowiec	-	-

Members of the IPOPEMA Securities Management and Supervisory Boards did not receive remuneration from the subsidiaries.

Benefits to the key management staff

In 2013 and 2012, there were no payments under post-employment benefits, termination benefits, or other long-term benefits. The liabilities under holiday benefits payable to the Parent's Management Board stood at PLN 1 thousand as at December 31st 2013 and PLN 3 thousand as at December 31st 2012. The holiday benefits were not included in the table above.

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

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

26. Items of the consolidated statement of cash flows

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

Operating activities – provision of brokerage and consultancy services as well as fund and asset management services, acting as market maker to perform tasks related to the organisation of the regulated market, acquisition and disposal of securities in the capacity of a dealer.

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

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

Structure of cash

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows	
	Dec 31 2013	Dec 31 2012	Dec 31 2013	Dec 31 2012
Cash and cash equivalents	52,749	254,781	53,041	251,090
1. In hand	7	8	7	8
2. At banks	24,205	21,986	24,205	21,986
3. Other cash	28,537	228,696	28,537	228,696
4. Cash equivalents (deposit for a period exceeding three months)	-	4,091	-	-
5. Accrued foreign exchange differences	-	-	292	400

The difference between the presentation of cash in the statement of financial position and the statement of cash flows in 2013 is attributable to the elimination of the effect of foreign exchange differences on cash, and in 2012 –

to the recognition of a long-term deposit of PLN 4m (maturing in more than three months from the balance-sheet date) under investing activities, and elimination of the effect of foreign exchange differences on cash.

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

Differences in changes in balance-sheet items

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2013	Dec 31 2012	2013
Gross current and non-current receivables	277,893	520,308	242,562
Net receivables	277,286	519,956	
Impairment losses on receivables	607	352	255
Accruals and deferrals	9,159	7,980	475
Total change in impairment losses and accruals and deferrals			730

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2013 by the amount of receivables under loans advanced and receivables as well as the amount of lease receivables (non-current portion) disclosed under investing activities.

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Dec 31 2012	Dec 31 2011	2012
Gross current and non-current receivables	520,308	514,977	- 3,961
Net receivables	519,956	513,273	
Impairment losses on receivables	352	1,704	- 1,352
Accruals and deferrals	7,980	8,507	- 434
Total change in impairment losses and accruals and deferrals			- 1,786

The difference between the balance-sheet change in gross receivables and the amount disclosed in the statement of cash flows is attributable to the reduction of receivables as at December 31st 2012 by the amount of receivables under loans advanced and the amount of receivables under lease (non-current portion) disclosed under investing activities.

In 'Other cash used in investing activities' for 2013 the Company disclosed a deposit provided to secure Deutsche Bank Polska S.A.'s claims arising from the settlement of purchase transactions in foreign securities.

In 2012, in 'Other cash used in investing activities' the Company disclosed the cash deposit provided as security for a guarantee extended by Nordea Bank Polska S.A. to POPEMA Securities S.A.

27. Leases

The Group as a lessor

Lease receivables	Dec 31 2013	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	131	134
Within 1 to 5 years	14	15
Over 5 years	-	-
Total lease receivables	145	149

Lease receivables	Dec 31 2012	
	Gross lease investment	Present value of minimum lease payments
Within 1 year	127	134
Within 1 to 5 years	145	149
Over 5 years	-	-
Total lease receivables	272	283

In 2010, the Parent entered into a finance lease agreement with a non-consolidated subsidiary. In 2013, unrealised finance income amounted to PLN 8 thousand (2012: PLN 14 thousand). The Group did not recognise provisions for unrecoverable receivables under minimum lease payments. There are no contingent lease payments or not guaranteed residual values attributable to the lessor.

The lease agreement was executed for one year and will be automatically extended for further 12-month periods, unless terminated by either of the parties on prior notice, as stipulated in the agreement.

The gross value of lease investment as at December 31st 2013 was PLN 145 thousand (December 31st 2012: PLN 272 thousand). The lease agreement will expire in 2015, unless terminated earlier.

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 executed for a period of five years, with an option to extend its term for another two years. Minimum lease payments are presented in the table below.

Lease liabilities	Dec 31 2013	Dec 31 2012
	Present value of minimum lease payments	
Within 1 year *	2,613	2,771
Within 1 to 5 years *	10,372	10,236
Over 5 years *	2,699	5,219
Total lease liabilities	15,684	18,226

* Average annual value during the lease term.

28. Foreign exchange differences

Exchange differences disclosed in the consolidated statement of comprehensive income, other than differences resulting from financial instruments measured at fair value, are presented in Note 16.3. In 2013 and 2012, there were no exchange differences disclosed in other comprehensive income as a component of equity.

29. Security over assets of the IPOPEMA Securities Group

Both in 2013 and 2012, the Group's assets were used as security for working capital overdraft facilities (see Note 15.3.2).

In 2013 and 2012, save for a security deposit of PLN 4m in a bank account, blank promissory notes with promissory note declarations, powers of attorney over bank accounts held with the lending bank (securing an overdraft facility), security deposits securing guarantees (see Note 23), and the security deposit of PLN 1m paid in 2013 to secure settlement of transactions executed on foreign stock exchanges, the Group did not have any liabilities secured with its assets as at December 31st 2013.

30. Inspections

In May 2013, an external inspection was carried out by the National Depository for Securities at the Company's headquarters. The inspection covered records of financial instruments, and the operation of the IT systems used to maintain the records. The Company complied with the recommendation issued by the NDS.

In April 2013, the Polish Financial Supervision Authority carried out an inspection at IPOPEMA TFI to verify whether the company complies with the obligations under the Act on Countering Money Laundering and the Financing of Terrorism. IPOPEMA TFI complied with the post-inspection recommendations.

In 2012, an inspection covering the period from January 2009 to November 2011 was also conducted at the Company by the Social Insurance Institution (ZUS). The inspection covered such issues as inclusion of the value of medical services (subscription fees for medical plans) in the base for the computation of employee social insurance contributions for the period from January 2009 to February 2010. Given that in the period covered by the inspection the line of judicial decisions concerning inclusion of such subscription fees in the base for the computation of social insurance contributions was not yet determined, the agreement between the Company and the medical services provider effective at the time did not differentiate between subscription fees for medical services whose provision was required under the Labour Code and fees for additional services. In its decisions, the Social Insurance Institution (ZUS) included the entire amount of the fees (including fees for occupational medicine services required under the Labour Code) in the base for the computation of contributions for social insurance, health insurance, Labour Fund and the Guaranteed Employee Benefits Fund, with which the Company disagreed and appealed against the decisions to the Regional Court of Warsaw. In the course of the appeal proceedings, the Social Insurance Institution reversed its decisions.

In October 2012, an inspection was conducted at the Company by the Head of the Second Warsaw Province Tax Office in Warsaw. The inspection covered the period from January 1st 2009 to December 31st 2009 and concerned such issues as inclusion of the value of medical services under medical plans provided for employees in the employees' income and the withholding of tax payments on such income. The Company implemented the post-inspection recommendations.

In 2012, the Polish Financial Supervision Authority conducted an inspection at IPOPEMA TFI. The inspection covered the organisation and operation of the internal audit system, the process of valuation of assets of closed-end investment funds, the process of management of investment funds, and the organisation and operation of the risk management system related to investment funds. All the recommendations issued by the Polish Financial Supervision Authority were implemented in a timely manner.

Since 2010, the Company and IAM (as regulated entities) have been subject to annual evaluation carried out by the Polish Financial Supervision Authority as part of the Supervisory Review and Evaluation Process (SREP).

31. Objectives and principles of financial risk management

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

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

31.1. Market risk

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

In its portfolio, the Group holds shares of companies listed on the Warsaw Stock Exchange and derivative instruments which, save for FX swaps and forwards, are traded on the WSE. The Group enters into derivative contracts in connection with acting as a futures market maker; open positions on equity-based futures are usually hedged with an offsetting position in equities (arbitrage transactions), therefore the risk exposure is low.

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

The Group also holds other financial instruments, such as trade payables and receivables arising in connection with its activities.

The assumptions adopted in the sensitivity analysis as at December 31st 2013 are described in the table next to each type of risk. The sensitivity analysis included the impact on net profit (loss) and equity within one year from the end of the reporting period. The analysis presented below did not include the impact of tax.

Consolidated financial statements of the IPOPEMA Securities Group for 2013

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/E UR '000)	- 100 bps (PLN/USD/E UR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	30,216	302	- 302	1,231	- 1,231	-	-	-	-
Bank deposits	4,094	41	- 41	-	-	-	-	-	-
Trade and other receivables	274,774	-	-	6,780	- 6,780	-	-	-	-
Financial instruments held for trading*	218	-	-	- 415	413	-	-	-	-
Financial instruments available for sale**	9,457	-	-	622	- 622	-	-	946	- 946
Financial liabilities									
Trade and other payables	254,302	-	-	- 7,072	7,072	-	-	-	-
Borrowings	2,589	- 26	26	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Total	61,867	317	- 317	1,146	- 1,148	-	-	946	- 946

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

** The amount does not include the value of shares in IBS and IO, as they are measured at cost (according to IAS 39).

The assumptions adopted in the sensitivity analysis as at December 31st 2012 are described in the table next to each type of risk.

Item of the consolidated financial statements	Value of the item in PLN thousand according to the consolidated statement of financial position	Interest rate risk		Currency risk		Other price risk			
		Effect on profit/(loss)		Effect on profit/(loss)		Effect on profit/(loss)		Effect on equity	
		+ 100 bps (PLN/USD/E UR '000)	- 100 bps (PLN/USD/E UR '000)	+10%	-10%	+10%	-10%	+10%	-10%
Financial assets									
Cash and cash equivalents	32,289	323	- 323	892	- 892	-	-	-	-
Bank deposits	4,091	41	- 41	-	-	-	-	-	-
Trade and other receivables	518,497	-	-	2,064	- 2,064	-	-	-	-
Financial instruments held for trading*	213	-	-	- 409	409	18	- 18	-	-
Financial instruments available for sale**	5,659	-	-	-	-	-	-	566	- 566
Financial liabilities									
Trade and other payables	681,488	-	-	- 2,649	2,649	-	-	-	-
Borrowings	25,213	- 252	252	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-	-
Total	- 145,952	112	- 112	- 102	102	18	- 18	566	- 566

* Financial instruments held for trading included in the sensitivity analysis are financial instruments involved in brokerage activities. The analysis does not include financial instruments arising from dealer's activities since in the majority of cases these are arbitrage transactions (hedged with derivative contracts in equities and exchange indexes). As a result, increases/decreases in trading prices have no impact on the Group's profit (loss) or equity.

** The amount does not include the value of IBS shares, as they are measured at cost (according to IAS 39).

31.2. Interest rate risk

The Group has liabilities under working capital facilities on which interest accrues at variable rates. This gives rise to the risk that interest rates may increase in relation to their level as at the agreement date. Moreover, the Group invests free cash in variable-rate assets, which may result in reduced return on the investment if interest rates decline. For information on assets and liabilities subject to the interest rate risk, see Note 13.1 and Note 15.3.

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

2013				
Variable interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	25,622	-	-	25,622
Overdraft facilities	2,589	-	-	2,589
Total	28,211	-	-	28,211

2013				
Fixed interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	8,687	-	-	8,687
Total	8,687	-	-	8,687

2012				
Variable interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	36,381	-	-	36,381
Overdraft facilities	25,213	-	-	25,213
Total	61,594	-	-	61,594

2012				
Fixed interest rate	<1 year	1-5 years	> 5 years	Total
Cash assets	-	-	-	-
Total	-	-	-	-

31.3. Currency risk

The Group is exposed to limited currency risk as it incurs most of its operating expenses in the złoty. Currency risk is primarily related to changes in the USD, EUR, HUF and CZK exchange rates, however both in 2013 and 2012 most of operating expenses were incurred in the złoty. The Group did not have any foreign-currency borrowings, however due to its operations in Hungary and in the Czech Republic it uses foreign currencies (HUF and CZK) to settle stock-exchange transactions and other costs of operations in those markets (including fees payable to the clearing bank and stock exchanges, as well as the costs of associates). Owing to the nature of the transaction settlements (with the Parent acting as an intermediary), the share of this risk in the Group's overall risk is immaterial. As at December 31st 2013, the value of foreign-currency loans advanced by the Company was PLN 794 thousand (December 31st 2012: PLN 2,008 thousand). The Company also holds deposits and cash in a foreign-currency bank account. In order to minimise the currency risk, the Company entered into FX contracts which mitigate the results of possible exchange rate fluctuations. Assessment of the effect of foreign exchange fluctuations as at December 31st 2013 and December 31st 2012 is presented in Note 31.1.

	Dec 31 2013	Dec 31 2012
Foreign-currency receivables		
- EUR	227	757
- HUF	2,355,313	1,175,694
- USD	10,893	286
- CZK	2,040	2,221
- SEK	116	-
Foreign-currency liabilities		
- EUR	1,785	2,290
- HUF	2,364,020	1,878,512
- USD	11,021	167
- CZK	1,040	111
- SEK	116	-
- GBP	2	-
Cash		
- CZK	1,503	1,173
- EUR	3,094	3,727
- HUF	71,628	47,131
- USD	586	142
- GBP	7	1
- UAH	-	2
- JPY	3	-
- DKK	19	-
- CHF	5	-
- TRY	186	4

31.4. Price risk

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

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

Assessment of the effect of changes in financial instrument prices as at December 31st 2013 and December 31st 2012 is presented in Note 31.1.

31.5. Credit risk

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

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

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

As at December 31st 2013, the maximum value at risk under credit risk for instruments carried as loans advanced and receivables (Note 20.1) was PLN 330,829 thousand (December 31st 2012: PLN 776,232 thousand).

31.6. Liquidity risk

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

In the Group's opinion, given the significant amount of cash held (PLN 34,309 thousand) as at the end of the reporting period (December 31st 2012: PLN 36,381 thousand) (Note 13.1), access to credit facilities to finance the Groups' operations on the WSE (Note 15.3.2), and the sound financial standing of the Group, the liquidity risk is insignificant.

Note 15.3.1 includes a table setting forth liabilities by maturity. The vast majority of the liabilities (95%) relate to transactions executed on stock exchanges, in the majority of which the Group acted as intermediary in the purchase or sale of financial instruments on behalf of its clients. Thus, a liability under a stock exchange transaction is to a large extent offset by a transaction generating receivables. As at December 31st 2013, the balance of stock exchange transactions (receivables vs liabilities) stood at PLN 3,963 thousand (December 31st 2012: PLN 4,576 thousand). Transactions executed on the WSE may be financed with proceeds from the available credit facilities. In view of the foregoing, the liquidity risk is considered low.

32. Capital management

The objective of the Group's capital management policy is to ensure that the Group entities continue as going concerns and to maximise return for the shareholders. As at December 31st 2013 and December 31st 2012, the Group's equity was PLN 81,182 thousand and PLN 72,072 thousand, respectively.

As brokerage houses, IPOPEMA Securities and IPOPEMA Asset Management are subject to the Regulation on capital adequacy requirements, obliging the Group and its companies to maintain a sufficient level of equity.

Despite the considerable increase in its equity, the Company uses debt financing. Under the applicable laws and regulations, the Company's total debt may not be higher than four times the regulatory capital level. Furthermore, the Company must satisfy capital adequacy requirements (described in Note 14.4). In connection with its operations on the secondary market, upon the closing of each trading day the Company is obliged to ensure an appropriate amount of funds for the Settlement Guarantee Fund. Currently, the Company transfers contributions to the Fund using proceeds from a credit facility (for details see Note 15.3.2). There is a risk that the level of equity (and, thereby, the regulatory capital level) and the available debt financing will limit the turnover potentially achievable by the Company. To date, the Company has not encountered any problems in making sufficient contributions to the Settlement Guarantee Fund, and the present amount of the available credit facility ensures safe continuation of business at the current level or even a substantial increase in business volumes. However, there can be no assurance that the Bank will extend the term of the credit facility agreement. If this is the case, the Company will finance its operations using internally-generated funds; additionally, it will also take steps to obtain financing from another bank.

It should be also noted that if the Company's clients fail to settle transactions concluded on their behalf in a timely manner, the Company may be required to execute such transactions using its own funds.

Given the scope and nature of the Company's business, the current level of the Company's equity is sufficient. However, it is possible that the current or planned business projects will require a higher level of equity. If the equity base needs to be increased, the Company may have to increase the share capital through an issue of new shares.

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

IPOPEMA TFI, as an investment fund company (management company), is also obliged to comply with the requirement to secure a sufficient level of equity as required under Art. 49 and Art. 50 of the Act on Investment Funds of May 27th 2004.

The provisions of the Act stipulate that the management company's initial capital necessary to carry out its activities must be no less than the złoty equivalent of EUR 125,000. The management company must maintain its equity at a level not lower than 25% of the difference between the total costs and the variable cost of distribution incurred in the previous financial year. Furthermore, once the value of the assets of investment funds managed by the management company exceeds the złoty equivalent of EUR 250,000 thousand, the management company must immediately increase its equity. The amount of the increase has to be equal to 0.02% of the difference between the sum of the value of the assets of all funds managed by the management company and the złoty equivalent of EUR 250,000 thousand. The management company is not required to increase its equity if the sum of its initial capital and the additional amount exceeds the złoty equivalent of EUR 10,000 thousand. Ipopema TFI maintains its equity at the level required by statutory provisions.

33. Workforce structure

In 2013 and 2012, the average number of employees at the IPOPEMA Securities Group was as follows:

	2013	2012
Management Board of the Parent	4	4
Management Boards of the Group companies	5	5
Other	150	147
Total	159	156

34. Clients' financial instruments

As at December 31st 2013, the value of stock-exchange listed financial instruments in book-entry form registered in clients' accounts was PLN 143,748 thousand (5,295 instruments) (December 31st 2012: PLN 136,862 thousand (5,139 instruments)). As at December 31st 2013, the Group kept 64,000 clients' bonds in certificated form, valued at PLN 64m. In the comparative period, i.e. as at December 31st 2012, the Company kept 190,387 thousand shares (in certificated form) of its clients, with a value of PLN 28,505 thousand.

The Company also maintains a sponsor's account. The value of 2,480 WSE-listed financial instruments in book-entry form registered in the account as at December 31st 2013 was PLN 19,045 thousand (December 31st 2012: 11,889 instruments with the value of PLN 105,692 thousand).

35. Auditor's fees

Under an agreement dated July 9th 2013, the entity authorised to audit the Company's annual separate financial statements and the Group's annual consolidated financial statements for 2013 and to review financial statements for H1 2013 is BDO Sp. z o.o., with registered office at ul. Postępu 12, Warsaw, Poland. The auditor was contracted to perform the audit and review services with respect to the annual and semi-annual periods of 2013.

	2013	2012
Mandatory audit of financial statements	109	109
Other attestation services	48	48
Other services	-	-
Total	157	157

36. Discontinued operations

In 2013, the Group did not identify any discontinued operations. Accordingly, all information presented in these consolidated financial statements relates to continuing operations.

In 2012, asset management services were transferred from the Company to IPOPEMA Asset Management S.A., which is the centre of such services within the IPOPEMA Securities Group. Revenue, costs and results related to the asset management business conducted at IPOPEMA Securities S.A. did not have a material bearing on the Company's revenue and results, as asset management revenue accounted for less than 1% of the Company's total revenue for 2012.

37. Events subsequent to the end of reporting period

All events with effect on the 2013 consolidated financial statements were disclosed in the accounting books for 2013.

Warsaw, March 20th 2014

Jacek Lewandowski
President of the
Management Board

Mariusz Piskorski
Vice-President of the
Management Board

Stanisław Waczkowski
Vice-President of the
Management Board

Mirosław Borys
Vice-President of the
Management Board

Danuta Ciosek
Chief Accountant