

The IPOPEMA Securities Group

# **Interim condensed consolidated financial statements**

**for the three months  
ended March 31st 2015**

Warsaw, May 14th 2015

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# Financial highlights

Interim consolidated financial highlights	PLN '000		EUR '000	
	3 months ended Mar 31		3 months ended Mar 31	
	2015	2014	2015	2014
Revenue from core activities	22,446	30,410	5,410	7,259
Cost of core activities	20,983	24,701	5,057	5,896
Profit on core activities	1,463	5,709	353	1,363
Operating profit	1,137	5,655	274	1,350
Profit before tax	913	4,812	220	1,149
Net profit on continuing operations	128	3,780	31	902
Net profit	128	3,780	31	902
Net earnings per ordinary share (weighted average) (PLN/ EUR)				
- basic	0.00	0.12	0.00	0.03
- diluted	0.00	0.12	0.00	0.03
Net cash from operating activities	-2,192	8,131	-528	1,941
Total cash flows	-2,544	14,676	-613	3,503

Interim consolidated financial highlights	PLN '000		EUR '000	
	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
	Total assets	331,412	324,660	81,050
Current liabilities, including current tax liability	244,341	235,768	59,756	55,315
Total equity	80,883	80,723	19,781	18,939
Number of shares	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.70	2.70	0.66	0.63

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 consolidated statement of cash flows:

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	Jan 1–Mar 31 2015	Jan 1–Mar 31 2014
EUR	4.1489	4.1894

- Items of the consolidated statement of financial position:

Exchange rate as at	Mar 31 2015	Dec 31 2014
EUR	4.0890	4.2623

# Interim condensed consolidated statement of comprehensive income

for the three months ended March 31st 2015

	Note	Jan 1–Mar 31 2015	Jan 1–Mar 31 2014
<b>CONTINUING OPERATIONS</b>			
<b>Revenue from core activities, including:</b>	15	<b>22,446</b>	<b>30,410</b>
Revenue from brokerage activities		9,244	16,638
Revenue from investment fund and asset management		10,050	10,245
Revenue from consultancy services		3,152	3,527
<b>Cost of core activities</b>	15	<b>20,983</b>	<b>24,701</b>
<b>Profit/(loss) on core activities</b>		<b>1,463</b>	<b>5,709</b>
Gain (loss) on transactions in financial instruments held for trading		-345	-145
Gain (loss) on transactions in financial instruments held to maturity		-	-
Gain (loss) on transactions in financial instruments available for sale		36	40
Other income		41	227
Other expenses		58	176
<b>Operating profit/(loss)</b>		<b>1,137</b>	<b>5,655</b>
Finance income		500	471
Finance costs		724	1,314
<b>Profit/(loss) before tax</b>		<b>913</b>	<b>4,812</b>
Income tax	16	785	1,032
<b>Net profit/(loss) on continuing operations</b>		<b>128</b>	<b>3,780</b>
<b>DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
<b>Net profit/(loss) for period</b>		<b>128</b>	<b>3,780</b>
Attributable to:			
Owners of the parent		125	3,672
Non-controlling interests		3	108
Earnings (loss) per share (PLN)		0.00	0.12
Diluted earnings (loss) per share (PLN)		0.00	0.12
<b>Net profit for period</b>		<b>128</b>	<b>3,780</b>
<b>Other comprehensive income</b>		<b>9</b>	<b>3</b>
Gains and losses on remeasurement of financial assets available for sale		11	4
Corporate income tax on items of other comprehensive income		-2	-1
<b>Comprehensive income for period</b>		<b>137</b>	<b>3,783</b>
Attributable to:			
Owners of the parent		134	3,675
Non-controlling interests		3	108

Warsaw, May 14th 2015

Jacek Lewandowski  
President of the Management Board

Mariusz Piskorski  
Vice-President of the Management Board

Stanisław Waczkowski  
Vice-President of the Management Board

Miroslaw Borys  
Vice-President of the Management Board

Danuta Ciosek  
Chief Accountant

# Interim condensed consolidated statement of financial position

as at March 31st 2015

ASSETS	Note	Mar 31 2015	Dec 31 2014	Mar 31 2014
Cash and cash equivalents	12	47,993	50,708	67,516
Current receivables	12, 14	260,557	249,771	396,595
Current tax assets		1,262	1,188	797
Current prepayments and accrued income		1,586	1,356	1,696
Financial instruments held for trading		244	1,463	475
Financial instruments held to maturity		-	-	-
Financial instruments available for sale		8,886	8,727	9,482
Investments in jointly controlled entities and associates		-	-	-
Non-current receivables		2,353	2,348	2,330
Non-current loans advanced		277	364	12
Property, plant and equipment		4,573	4,568	5,374
Investment property		-	-	-
Intangible assets		2,640	2,752	2,934
Deferred tax assets		1,041	1,415	1,746
Non-current prepayments and accrued income		-	-	-
<b>TOTAL ASSETS</b>		<b>331,412</b>	<b>324,660</b>	<b>488,957</b>

EQUITY AND LIABILITIES		Mar 31 2015	Dec 31 2014	Mar 31 2014
Current liabilities	14	244,341	235,603	390,618
Current tax liabilities		-	165	40
Other financial liabilities		-	-	-
Non-current liabilities		572	444	579
Deferred tax liabilities		233	100	33
Accruals and deferred income	14	5,383	7,625	8,537
Provisions		-	-	-
<b>Total liabilities</b>		<b>250,529</b>	<b>243,937</b>	<b>399,807</b>
Share capital	13	2,994	2,994	2,994
Other capital reserves		13,602	13,570	13,529
Retained earnings		60,453	60,328	68,358
<b>Total equity</b>		<b>77,049</b>	<b>76,892</b>	<b>84,881</b>
<b>Non-controlling interests</b>		<b>3,834</b>	<b>3,831</b>	<b>4,269</b>
<b>Total equity</b>		<b>80,883</b>	<b>80,723</b>	<b>89,150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>331,412</b>	<b>324,660</b>	<b>488,957</b>

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# Interim condensed consolidated statement of cash flows

for the three months ended March 31st 2015

CASH FLOWS	Note	Jan 1– Mar 31 2015	Jan 1– Mar 31 2014
<b>Cash flows from operating activities</b>			
Profit before tax		913	4,812
<b>Total adjustments:</b>	25	<b>-3,105</b>	<b>3,319</b>
Depreciation and amortisation expenses		597	632
Foreign exchange gains/(losses)		393	-101
Interest and dividends		171	209
Gain (loss) on investing activities		-136	201
Increase/(decrease) in financial instruments available for sale		-15	-40
Increase/(decrease) in financial instruments held for trading		1,219	-258
Increase/(decrease) in receivables		-9,590	-121,369
Increase/(decrease) in current liabilities (net of borrowings)		6,989	125,840
Change in provisions and impairment losses on receivables		1	-15
Increase/(decrease) in accruals and deferrals		-2,477	-902
Income tax		-280	-902
Other adjustments (including the cost of incentive schemes)		23	24
<b>Net cash from operating activities</b>		<b>-2,192</b>	<b>8,131</b>
<b>Cash flows from investing activities</b>			
Decrease in loans advanced		38	6
Loans advanced		-	-350
Acquisition of property, plant and equipment and intangible assets		-270	-197
Disposal of property, plant and equipment		1	-
Cash provided by financial instruments available for sale and held to maturity		7,060	406
Acquisition of financial instruments available for sale and held to maturity		-7,268	-50
Interest received		94	95
Other cash used in investing activities		-1,000	-
Other cash from investing activities		-	12
<b>Net cash from investing activities</b>		<b>-1,345</b>	<b>-78</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,235	7,013
Proceeds from issue of debt securities		2	-
Repayment of debt securities		-3	-2
Interest paid		-177	-323
Repayment of finance lease liabilities		-64	-65
<b>Net cash from financing activities</b>		<b>993</b>	<b>6,623</b>
<b>Total cash flows</b>		<b>-2,544</b>	<b>14,676</b>

Condensed consolidated financial statements of the IPOPEMA Securities Group for the first three months of 2015

Net increase (decrease) in cash and cash equivalents		-2,715	14,767
Effect of exchange rate fluctuations on cash held		-171	91
Cash at beginning of period	25	50,707	53,041
<b>Cash at end of period, including</b>	<b>25</b>	<b>48,163</b>	<b>67,717</b>
<i>restricted cash</i>		4,096	4,179

Warsaw, May 14th 2015

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Chief Accountant

# Interim condensed consolidated statement of changes in equity

for the three months ended March 31st 2015

	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			
<b>as at Jan 1 2015</b>	<b>2,994</b>	<b>10,351</b>	<b>53</b>	<b>3,166</b>	<b>60,328</b>	<b>3,831</b>	<b>80,723</b>
Profit for period	-	-	-	-	125	3	128
Costs of incentive scheme	-	-	-	23	-	-	23
Other comprehensive income	-	-	9	-	-	-	9
<b>as at Mar 31 2015</b>	<b>2,994</b>	<b>10,351</b>	<b>62</b>	<b>3,189</b>	<b>60,453</b>	<b>3,834</b>	<b>80,883</b>
<b>as at Jan 1 2014</b>	<b>2,994</b>	<b>10,351</b>	<b>92</b>	<b>3,059</b>	<b>64,686</b>	<b>4,161</b>	<b>85,343</b>
Profit for 2014	-	-	-	-	4,623	670	5,293
Costs of incentive scheme	-	-	-	107	-	-	107
Other comprehensive income	-	-	-39	-	-	-	-39
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
<b>as at Dec 31 2014</b>	<b>2,994</b>	<b>10,351</b>	<b>53</b>	<b>3,166</b>	<b>60,328</b>	<b>3,831</b>	<b>80,723</b>
<b>as at Jan 1 2014</b>	<b>2,994</b>	<b>10,351</b>	<b>92</b>	<b>3,059</b>	<b>64,686</b>	<b>4,161</b>	<b>85,343</b>
Profit for period	-	-	-	-	3,672	108	3,780
Costs of incentive scheme	-	-	-	24	-	-	24
Other comprehensive income	-	-	3	-	-	-	3
<b>as at Mar 31 2014</b>	<b>2,994</b>	<b>10,351</b>	<b>95</b>	<b>3,083</b>	<b>68,358</b>	<b>4,269</b>	<b>89,150</b>

Warsaw, May 14th 2015

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# Notes

## 1. The IPOPEMA Securities Group

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

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

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

As at March 31st 2015, the IPOPEMA Securities Group comprised IPOPEMA Securities S.A. and its subsidiaries (the subsidiaries are presented in Note 2).

The Group's principal business activities are:

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

### IPOPEMA Securities S.A. – the Parent

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

The Parent is entered in the 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.

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

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

As part of its brokerage business IPOPEMA Securities S.A. provides comprehensive services 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.

## 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 March 31st 2015, 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"> <li>- operation of investment fund companies, as well as creation and management of investment funds</li> <li>- discretionary management of securities portfolios</li> <li>- advisory services in the area of securities trading</li> <li>- intermediation in the sale and redemption of investment fund units</li> <li>- representation service for foreign funds</li> </ul>	full	100%	100%
IPOPEMA Asset Management S.A.	<ul style="list-style-type: none"> <li>- management of portfolios of broker-traded financial instruments</li> </ul>	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	<ul style="list-style-type: none"> <li>- other business and management consultancy services</li> <li>- computer facilities management activities</li> <li>- computer consultancy services</li> <li>- software-related activities</li> <li>- wholesale of computers, computer peripherals and software</li> </ul>	full	50.02%	50.02%
-----				
<i>indirect subsidiary (through IPOPEMA Business Consulting Sp. z o.o., the sole shareholder of the company)</i>				
IPOPEMA Outsourcing Sp. z o.o.	<ul style="list-style-type: none"> <li>- support to IPOPEMA Business Consulting Sp. z o.o.</li> </ul>	not consolidated (immaterial financial data)	wholly-owned by IBC	
IPOPEMA Business Services Kft.	<ul style="list-style-type: none"> <li>- office and business support</li> </ul>	not consolidated (immaterial financial data)	100%	100%
IPOPEMA Business Services Srl.	<ul style="list-style-type: none"> <li>- office and business support</li> </ul>	not consolidated (immaterial financial data)	95% by IPOPEMA, 5% by IBS Kft	100%

## 3. Basis of preparation

### 3.1. Statement of compliance

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

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

These interim condensed consolidated financial statements of the Group cover the three months ended March 31st 2015 and contain comparative data for the three months ended March 31st 2014 and as at December 31st 2014.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the case of full-year consolidated financial statements and should be read in conjunction with the consolidated financial statements of the IPOPEMA Securities Group for 2014.

### **3.2. Measurement currency and reporting currency of the financial statements**

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

### **3.3. Going-concern assumption**

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

### **3.4. Comparability of data**

There were no significant presentation changes in the three months ended March 31st 2015.

## **4. Changes in applied accounting policies**

In the three months ended March 31st 2015, there were no changes in the applied accounting policies compared with the policies published in the consolidated financial statements for 2014, issued on March 20th 2015. The consolidated financial statements for 2014 were prepared in accordance with the International Financial Reporting Standards adopted by the International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee.

## **5. Selected accounting policies**

### **Financial instruments**

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

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

#### Financial assets

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

#### Financial liabilities

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

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

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

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

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

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

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

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

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

Financial instruments and financial liabilities acquired in transactions on the regulated market are recognised as at the transaction date. 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 and FX forward contracts entered into by the Company. The fair value is determined based on stock-exchange prices on the reporting 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 (reporting 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 the end of each reporting period, financial assets held to maturity are measured at amortised cost with the effective interest rate.

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

## Loans and receivables

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

Loans advanced to IPOPEMA Securities' employees and business partners are classified under 'Loans advanced'. 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.

Furthermore, under loans and receivables the Group discloses receivables under lease of property, plant and equipment and intangible assets to IPOPEMA Business Services Kft. The lease agreement meets the definition of finance lease. Leasing receivables, comprised solely of current receivables, amounted to PLN 14 thousand as at March 31st 2015 and December 31st 2014.

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

### Financial liabilities measured at amortised cost

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

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

## Receivables

### Current receivables

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

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

Impairment losses are recognised in particular for:

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

Apart from the above general rule, the Group may also recognise impairment losses on an individual basis, when it believes that there is considerable risk that the full amount of a receivable may not be recovered. Such impairment losses were recognised on 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; otherwise, such cost is not tax-deductible. Impairment losses on receivables are reversed if the impairment decreases in subsequent periods and the increase in the value of the receivables may be attributed to events that occurred after the impairment loss was recognised. Reversed impairment losses are recognised under other income.

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

Current receivables from clients, current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses arise in connection with securities purchases and sales which have not yet been cleared at the clearing houses due to the transaction settlement procedure (T+3; as of October 6th 2014 the settlement period is T+2). In the case of purchase transactions on stock exchanges made to execute orders placed by clients whose accounts are kept by custodian banks, the Company recognises current liabilities towards banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)\* and current receivables from the clients for whom the purchase transactions were executed. In the case of sale transactions executed on stock exchanges to execute orders placed by clients whose accounts are kept by custodian banks, the Group discloses current receivables from banks conducting brokerage activities, other brokerage houses and commodity brokerage houses (parties to the market transactions)\* and current liabilities towards the clients for whom the sale transactions were executed.

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

### Non-current receivables

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

### Impairment losses

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

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

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

## Liabilities

### Current liabilities

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

Current liabilities include all liabilities to clients, liabilities to non-consolidated related entities, liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses under executed transactions, liabilities to the 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 whose measurement is discussed above in 'Financial liabilities at amortised cost'.

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

### Non-current liabilities

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

## 6. Accounting policies introduced in the first three months of 2015

Standards and interpretations which have been issued and are effective for annual periods beginning on or after January 1st 2015:

- IAS 19 'Employee Benefits – Defined Benefit Plans: Employee Contributions' – effective for annual periods beginning on or after July 1st 2014;
- Improvements to IFRS: Cycle 2010-2012 – in most part effective for annual periods beginning on or after July 1st 2014;
- Improvements to IFRS: Cycle 2011-2013 – in most part 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. In the European Union, this standard is effective for annual periods beginning on or after June 17th 2014.

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

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

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

- IFRS 9 'Financial Instruments' – effective for annual periods beginning on or after January 1st 2018;
- IFRS 11 (Revised) Accounting for Acquisitions of Interests in Joint Operations – effective for annual periods beginning on or after January 1st 2016;
- IFRS 14 'Regulatory Deferral Accounts' – effective for annual periods beginning on or after January 1st 2016;
- IFRS 15 Revenue from Contracts with Customers – effective for annual periods beginning on or after January 1st 2018;
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 27: Equity Method in Separate Financial Statements – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – effective for annual periods beginning on or after January 1st 2016;
- Annual Improvements to IFRSs 2010-2014 Cycle amending four standards – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IAS 1 under the Disclosure Initiative – effective for annual periods beginning on or after January 1st 2016;
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – effective for annual periods beginning on or after January 1st 2016.

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

## 8. Changes in estimates

In the first three months of 2015, there were no changes to estimates, except changes in accruals and deferred income, depreciation/amortisation and impairment losses on receivables, discussed in Note 14.

## 9. Translation of foreign-currency items

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

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

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



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

Currency	Mar 31 2015	Dec 31 2014
USD	3.8125	3.5072
EUR	4.0890	4.2623
HUF 100	1.3667	1.3538
RON	0.9277	0.9510
GBP	5.6295	5.4648
UAH	0.1623	0.2246
CZK	0.1486	0.1537
CHF	3.9110	3.5447
TRY	1.4571	1.5070
INR 100	6.0948	5.5473

Source: National Bank of Poland.

## 10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the Incentive Scheme adopted at the Company, to the extent it is implemented. To date, 2,178,474 shares have been allocated to be subscribed for by the eligible persons after certain criteria are met.

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.

	Jan 1–Mar 31 2015	Jan 1–Mar 31 2014
Number of shares	29,937,836	29,937,836
Weighted average number of shares	29,937,836	29,937,836
Diluted number of shares	29,937,836	29,969,181
Net earnings from continuing operations for period per share		
- basic	0.00	0.12
- diluted	0.00	0.12

## 11. Operating segments

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

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

Operating segments	3 months ended Mar 31 2015			
	Continuing operations			
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
<b>Revenue</b>				
Sales to external clients	9,244	10,633	3,152	23,029
Intersegment sales	-	-583	-	-583
<b>Segment's total revenue</b>	<b>9,244</b>	<b>10,050</b>	<b>3,152</b>	<b>22,446</b>
<b>Segment's costs</b>				
Segment's costs – purchases from external suppliers	-9,631	-8,977	-2,983	-21,591
Segment's costs – intersegment purchases	-	-	-	-
Consolidation eliminations	-	608	-	608
<b>Segment's total costs</b>	<b>-9,631</b>	<b>-8,369</b>	<b>-2,983</b>	<b>-20,983</b>
<b>Segment's profit/(loss) on core activities</b>	<b>-387</b>	<b>1,681</b>	<b>169</b>	<b>1,463</b>
Unallocated costs	-	-	-	-
Profit on continuing operations before tax and finance costs	-387	1,681	169	1,463
Interest income	67	56	5	128
Interest expenses	-217	-7	-	-224
Other net finance income/costs	-405	1	-34	-438
Other income/expenses	10	-2	-	8
Consolidation eliminations	-21	-3	-	-24
<b>Profit before tax and non-controlling interests</b>	<b>-953</b>	<b>1,726</b>	<b>140</b>	<b>913</b>
Income tax	284	372	133	789
Consolidation eliminations	-	-4	-	-4
<b>Total corporate income tax</b>	<b>284</b>	<b>368</b>	<b>133</b>	<b>785</b>
<b>Net profit for period</b>	<b>-1,237</b>	<b>1,358</b>	<b>7</b>	<b>128</b>
<i>Net profit for period, excluding costs of the incentive scheme</i>	<i>-1,214</i>	<i>1,358</i>	<i>7</i>	<i>151</i>
<b>Assets and liabilities as at Mar 31 2014</b>				
Segment's assets	291,946	30,822	8,644	331,412
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>291,946</b>	<b>30,822</b>	<b>8,644</b>	<b>331,412</b>
Segment's liabilities	239,687	4,485	974	245,146
Accruals and deferred income	1,985	3,398	-	5,383
Segment's net profit/(loss)	-1,237	1,358	7	128
Equity (net of profit/loss for current period)	54,385	19,681	2,855	76,921
Non-controlling interests	-	-	3,834	3,834
<b>Total equity and liabilities</b>	<b>294,820</b>	<b>28,922</b>	<b>7,670</b>	<b>331,412</b>

Operating segments	3 months ended Mar 31 2014			
	Continuing operations			Total
	Brokerage and related services	Investment fund and portfolio management	Consultancy services	
<b>Revenue</b>				
Sales to external clients	16,638	11,180	3,527	31,345
Intersegment sales	-	-935	-	-935
<b>Segment's total revenue</b>	<b>16,638</b>	<b>10,245</b>	<b>3,527</b>	<b>30,410</b>
<b>Segment's costs</b>				
Segment's costs – purchases from external suppliers	-12,611	-9,726	-3,323	-25,660
Segment's costs – intersegment purchases	-	-	-	-
Consolidation eliminations	-	959	-	959
<b>Segment's total costs</b>	<b>-12,611</b>	<b>-8,767</b>	<b>-3,323</b>	<b>-24,701</b>
<b>Segment's profit/(loss) on core activities</b>	<b>4,027</b>	<b>1,478</b>	<b>204</b>	<b>5,709</b>
Unallocated costs	-	-	-	-
Profit on continuing operations before tax and finance costs	4,027	1,478	204	5,709
Interest income	146	34	14	194
Interest expenses	-290	-10	-	-300
Other net finance income/costs	-878	31	4	-843
Other income/expenses	-15	50	41	76
Consolidation eliminations	-21	-3	-	-24
<b>Profit before tax and non-controlling interests</b>	<b>2,969</b>	<b>1,580</b>	<b>263</b>	<b>4,812</b>
Income tax	639	348	47	1,034
Consolidation eliminations	-	-2	-	-2
<b>Total corporate income tax</b>	<b>639</b>	<b>346</b>	<b>47</b>	<b>1,032</b>
<b>Net profit for the period</b>	<b>2,330</b>	<b>1,234</b>	<b>216</b>	<b>3,780</b>
<b>Net profit for the period without accounting for costs of the incentive scheme</b>	<b>2,354</b>	<b>1,234</b>	<b>216</b>	<b>3,804</b>
<b>Assets and liabilities as at Dec 31 2014</b>				
Segment's assets	284,037	29,868	10,755	324,660
Unallocated assets	-	-	-	-
<b>Total assets</b>	<b>284,037</b>	<b>29,868</b>	<b>10,755</b>	<b>324,660</b>
Segment's liabilities	228,948	4,220	3,144	236,312
Accruals and deferred income	3,581	4,044	-	7,625
Segment's net profit/(loss)	78	3,919	1,296	5,293
Equity (net of profit/loss for current period)	54,275	15,761	1,563	71,599
Non-controlling interests	-	-	3,831	3,831
<b>Total equity and liabilities</b>	<b>286,882</b>	<b>27,944</b>	<b>9,834</b>	<b>324,660</b>

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

### Cash and cash equivalents

Cash and cash equivalents comprise the following items:

<b>Cash and other assets</b>	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>
<b>Cash and other assets of the Group</b>		
a) at banks and in hand	20,798	20,898
b) other cash	27,195	29,810
<b>Total</b>	<b>47,993</b>	<b>50,708</b>
<b>Cash and other assets:</b>		
a) cash and other assets of the Group	34,572	33,133
b) cash and other assets of clients deposited in cash accounts at the brokerage house and paid towards acquisition of securities in an IPO or on the primary market	13,421	17,575
c) cash and other assets transferred from the settlement guarantee fund	-	-
<b>Total</b>	<b>47,993</b>	<b>50,708</b>

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 13,421 thousand as at March 31st 2015 and PLN 17,575 thousand as at December 31st 2014, is also disclosed under other cash.

### Receivables

<b>Current receivables</b>	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>
From clients / trade receivables	135,643	132,595
- from clients under transactions executed on the Warsaw Stock Exchange	104,079	113,368
- from clients under transactions executed on the Budapest Stock Exchange	12,090	1,239
- from clients under transactions executed on the Prague Stock Exchange	3,785	-
- from clients under transactions executed on the New York Stock Exchange	1,781	-
- from clients under transactions executed on the London Stock Exchange	137	-
- from clients under transactions executed on the Istanbul Stock Exchange	1,198	-
- from clients under transactions executed on the Frankfurt Stock Exchange	325	6,407
- from clients under transactions executed on the Amsterdam Stock Exchange	-	9
- from clients under transactions executed on Nasdaq	4,081	-
- from clients under transactions executed on the Zurich Stock Exchange	88	-
- from clients under transactions executed on the Paris Stock Exchange	244	18
- from clients under transactions executed on the Milan Stock Exchange	142	-
- other	7,693	11,554
From related entities	160	162
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	86,501	75,448
- under transactions executed on the Warsaw Stock Exchange*	71,658	74,537
- under transactions executed on the Budapest Stock Exchange	2,869	-
- under transactions executed on the Paris Stock Exchange	99	-
- under transactions executed on the New York Stock Exchange	-	372
- under transactions executed on the Madrid Stock Exchange	490	-
- under transactions executed on the Istanbul Stock Exchange	639	-

- under transactions executed on the Vienna Stock Exchange	9,384	-
- under transactions executed on the Frankfurt Stock Exchange	103	100
- other	1,259	439
From entities operating regulated markets and commodity exchanges	-	-
From the National Depository for Securities and exchange clearing houses	26,037	30,197
- from the settlement guarantee fund	26,037	30,197
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,019	4,099
From issuers of securities or selling shareholders	-	141
Taxes, subsidies and social security receivable	117	34
Other	8,080	7,095
<b>Total current receivables</b>	<b>260,557</b>	<b>249,771</b>

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

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

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

#### Financial assets

In Q1 2015 and in the comparative period, the policies regarding measurement of financial assets at fair value and classification of financial asset did not change.

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

In Q1 2015, the Group did not recognise any impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, nor did it reverse impairment losses recognised in previous periods, except for the changes in impairment losses on receivables (Note 14). In 2014, an impairment loss of PLN 11 thousand was recognised on financial instruments available for sale.

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

In Q1 2015, the Group acquired property, plant and equipment and intangible assets for PLN 270 thousand (Q1 2014: PLN 197 thousand).

#### Material purchase or sale transactions in property, plant and equipment

In Q1 2015 and 2014, the Group did not purchase or sell any material items of property, plant and equipment.

#### Material liabilities under purchase of property, plant and equipment

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

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

#### Share capital

As at March 31st 2015, the Company's share capital was PLN 2,993,783.60 (no change on December 31st 2014).

It was divided into 7,000,000 Series A ordinary bearer shares, 21,571,410 Series B ordinary bearer shares, and 1,366,426 Series C ordinary bearer shares.

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

#### Change in accruals and deferred income

	Jan 1– Mar 30 2015	Jan 1– Mar 30 2014	2014
As at beginning of reporting period	7,625	9,159	9,159
Provisions created in period	3,199	5,511	17,162
Used	5,441	6,133	18,473
Reversed	-	-	223
As at end of reporting period	5,383	8,537	7,625

#### Impairment losses on receivables

In Q1 2015, impairment losses on receivables increased by PLN 1 thousand. In the comparative period (Q1 2014), impairment losses on receivables fell by PLN 15 thousand.

#### Liabilities (current)

Current liabilities	Mar 31 2015	Dec 31 2014
To clients	90,508	88,991
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	134,076	129,333
- under transactions executed on the Warsaw Stock Exchange*	116,116	121,673
- under transactions executed on the Budapest Stock Exchange	6,188	1,238
- under transactions executed on the Prague Stock Exchange	3,782	-
- under transactions executed on the London Stock Exchange	137	-
- under transactions executed on the New York Stock Exchange	1,780	-
- under transactions executed on the Istanbul Stock Exchange	1,197	-
- under transactions executed on the Frankfurt Stock Exchange	324	6,395
- under transactions executed on Nasdaq	4,079	-
- under transactions executed on the Amsterdam Stock Exchange	-	9
- under transactions executed on the Zurich Stock Exchange	88	-
- under transactions executed on the Milan Stock Exchange	142	-
- under transactions executed on the Paris Stock Exchange	243	18
To entities operating regulated markets and commodity exchanges	698	672
- liabilities to the Warsaw Stock Exchange	635	-
- liabilities to the Budapest Stock Exchange	18	-
- liabilities to the Prague Stock Exchange	4	-
- liabilities to the Vienna Stock Exchange	41	-
To the National Depository for Securities and exchange clearing houses	1,249	198
Borrowings	13,441	12,206
- from related entities	-	-

- other	13,441	12,206
Debt securities	4	6
Taxes, customs duties and social security payable	1,407	1,261
Salaries and wages	-	3
To investment and pension fund companies and to investment and pension funds	2,012	1,908
Other	946	1,025
a) other	946	1,025
<b>Total current liabilities</b>	<b>244,341</b>	<b>235,603</b>

\* 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).

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

### Interest-bearing borrowings

<b>Current liabilities under borrowings</b>	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>
Credit facility	13,441	12,206
- outstanding amount	13,441	12,206
<b>Current liabilities under borrowings</b>	<b>13,441</b>	<b>12,206</b>

As at March 31st 2015, the Group's liabilities under borrowings related to its brokerage business amounted to PLN 13,441 thousand (December 31st 2014: PLN 12,206 thousand). The liabilities result from two overdraft facility agreements executed by the Company 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 September 16th 2015:

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.

### Bonds

In Q1 2015, the Company issued bonds with a total nominal value of PLN 2 thousand, with various series maturing in 2015–2017. The total amount of liabilities payable by the Company on redemption of the bonds will not exceed the bonds' par value and is not significant to the Company. The bond issues are related to the Variable Component Remuneration Policy implemented at the Company pursuant to the Minister of Finance's Regulation on the rules for establishment of a variable component remuneration policy for persons holding management positions at brokerage houses, dated December 2nd 2011. For more details, see the updated version of the document entitled 'Disclosure of information on IPOPEMA Securities S.A.'s capital adequacy', available on the Company's website. In Q1 2014, the Company did not issue any bonds.

In Q1 2015, the Company redeemed PLN 3 thousand worth of bonds (2014: PLN 2 thousand).

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

none

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

### Revenue from core activities

<b>Revenue from core activities</b>	<b>Jan 1– Mar 31 2015</b>	<b>Jan 1– Mar 31 2014</b>
Revenue from trading in securities	7,563	11,314
Revenue from investment banking services	1,672	5,316
Revenue from management of investment funds and clients' assets	10,050	10,245
Revenue from consultancy services	3,152	3,527
Other revenue from core activities	9	8
<b>Total revenue from core activities</b>	<b>22,446</b>	<b>30,410</b>

### Cost of core activities

<b>Cost of core activities</b>	<b>Jan 1– Mar 31 2015</b>	<b>Jan 1– Mar 31 2014</b>
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	2,295	2,844
Salaries and wages	8,415	10,788
Social security and other benefits	987	951
Employee benefits	115	156
Raw material and consumables used	179	189
Costs of maintenance and lease of buildings	1,020	970
Depreciation and amortisation expenses	597	632
Taxes and other public charges	470	633
Commissions and other charges	-	3
Other (including: distribution costs and costs paid to funds)	6,905	7,535
<b>Total cost of core activities</b>	<b>20,983</b>	<b>24,701</b>

## 16. Income tax

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

	<b>Jan 1– Mar 31 2015</b>	<b>Jan 1– Mar 31 2014</b>
Current income tax		
Current income tax expense	280	902
Deferred income tax		
Relating to temporary differences and their reversal	505	130
Deferred income tax affecting equity	-2	-1
<b>Income tax expense disclosed in the consolidated statement of comprehensive income</b>	<b>783</b>	<b>1,031</b>



	Jan 1– Mar 31 2015	Jan 1– Mar 31 2014
<b>Current income tax</b>		
Current income tax expense	280	902
Tax effect of costs related to share capital increase	-	-
<b>Deferred income tax</b>	505	130
Tax on unrealised gain/(loss) on financial assets available for sale	-2	-1
Tax on cash flow hedges settled during the year	-	-
<b>Tax expense recognised in equity</b>	<b>2</b>	<b>1</b>

### Tax settlements

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

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

### Deferred tax

Deferred tax liabilities increased by PLN 133 thousand in Q1 2015, and by PLN 4 thousand in Q1 2014.

Deferred tax assets went down by PLN 374 thousand in Q1 2015. In Q1 2014, they fell by PLN 127 thousand.

## 17. Employee benefits – employee share option plans

In Q1 2015 and Q1 2014, no shares were subscribed for under the share option plan as part of the incentive scheme.

On a consolidated basis, the cost of employee share option plans increased the cost of salaries and wages in Q1 2015 by PLN 23 thousand, compared with PLN 24 thousand in Q1 2014. The amount was charged against the profit of the operating segment of IPOPEMA Securities S.A.

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

## 18. Dividends paid and proposed

In Q1 2015, Group companies did not pay or resolve to pay any dividend.

On June 17th 2014, the General Meeting resolved to distribute dividend of PLN 9m. The 2013 profit of PLN 5,619 thousand and PLN 3,381 thousand of reserve funds were allocated to dividend payment. The dividend per share was PLN 0.30. The dividend record date was set for June 25th 2014, and the dividend payment date – for July 9th 2014. On the dividend payment date, a total of PLN 8,981 thousand was paid out to the shareholders. The distribution amount was PLN 19 thousand lower than the PLN 9m approved by the General Meeting as a result of rounding off the dividend per share. Pursuant to the General Meeting's resolution, the difference was contributed to the Company's reserve funds.

On May 13th 2014, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend of PLN 2m, i.e. PLN 35.71 per share. As at the date of these consolidated financial statements, the full amount of the dividend was paid out to the Company.

On May 19th 2014, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2013 in the amount of PLN 2m, i.e. approximately PLN 999.50 per share. The full amount of the dividend was paid out.

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

Group companies issued no equity or non-equity securities in Q1 2015 or Q1 2014.

In Q1 2015, the Group issued bonds with a total nominal value of PLN 2 thousand, and redeemed PLN 3 thousand worth of bonds. For more information on the issue and redemption of bonds, see Note 14.

## 20. 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., IPOPEMA Business Services Srl, and IPOPEMA Outsourcing Sp. z o.o. were not consolidated in these condensed consolidated financial statements.

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Mar 31 2015	1	287	96
% share in Parent's total assets	-	0.10	0.03
Revenue for period Jan 1 – Mar 31 2015	-	188	126
% share in Parent's revenue	-	2.03	1.37
Net assets as at Mar 31 2015	1	165	64
Net profit/(loss) for period Jan 1 – Mar 31 2015	-	129	33

(PLN '000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Kft.	IPOPEMA Business Services Srl.
Total assets as at Dec 31 2014	1	220	50
% share in Parent's total assets	-	0.08	-
Revenue for period Jan 1 – Mar 31 2014	-	231	-
% share in Parent's revenue	-	1.39	-
Net assets as at Dec 31 2014	1	53	50
Net profit (loss) for period Jan 1 – Mar 31 2014	-	20	-

## 21. Seasonality

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

## 22. Contingent liabilities and contingent assets

In the period covered by these condensed consolidated financial statements, the Company carried contingent liabilities under lease agreements. 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.

<b>Lease liabilities</b>	<b>Mar 31 2015</b>	<b>Dec 31 2014</b>
	<b>Present value of minimum lease payments</b>	
Within 1 year	2,956	3,063
Within 1 to 5 years	11,204	12,254
Over 5 years	-	124
<b>Total lease liabilities</b>	<b>14,160</b>	<b>15,441</b>

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

From April to December 2015, the Company will incur a cost of up to CZK 1,238 thousand (PLN 184 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 (a pre-condition for incurring that cost). In the corresponding period of the previous year (April–December 2014) the cost was CZK 1,238 thousand (PLN 188 thousand).

In addition to the above and the guarantees specified in Note 23, the Company also issued promissory notes as security for a credit facility (for a detailed description see Note 14), and paid a deposit of PLN 1m as security in the settlement of transactions on foreign stock exchanges.

## 23. Guarantees

In January 2012, PKO Bank Polski S.A. (formerly Nordea Bank Polska S.A.) issued to the Company a guarantee of up to EUR 268 thousand, secured with a security deposit of PLN 1,353 thousand. Under an amendment 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, mBank S.A. (formerly BRE Bank S.A.) issued 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 EUR 2.5m (the guarantee amount was changed on April 2nd 2015 to EUR 1.5m) and secures the Company's timely payment of liabilities towards Deutsche Bank arising in connection with the services provided by the Bank, consisting in settlement and clearing of BSE transactions. Under amendments made to the guarantee agreement in 2015, the guarantee was extended until April 1st 2016. In particular cases specified in the agreement, the guarantee expires on July 1st 2016. The guarantee is secured with a PLN 3.5m cash deposit.

## 24. Related party transactions

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

In the first three months of 2015 and in 2014, the Group did not conclude any material transactions with related parties other than on an arm's length basis.

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

Related party	Revenue from core activities	Other income	Purchases – core activities	Other purchases	Revenue from core activities	Other income	Purchases – core activities	Other purchases
	Jan 1 – Mar 31 2015				Jan 1 – Mar 31 2014			
IPOPEMA Business Services Kft.	-	-	184	-	-	36	186	-
IPOPEMA Business Services Srl	-	-	125	-	-	-	-	-
Members of the Management and Supervisory Boards	3	13	15	-	22	10	2	-
Other related entities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>13</b>	<b>324</b>	<b>-</b>	<b>22</b>	<b>46</b>	<b>188</b>	<b>-</b>

## Related party transactions – receivables and liabilities

Related party	Receivables		Liabilities	
	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
IPOPEMA Business Services Kft.	82	82	-	-
IPOPEMA Business Services Srl	77	80	-	-
Members of the Management and Supervisory Boards	13	11	-	-
Other related entities	-	-	-	-
<b>Total</b>	<b>172</b>	<b>173</b>	<b>-</b>	<b>-</b>

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

## 25. Items of the consolidated statement of cash flows

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

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

Financing activities – acquisition or loss of sources of 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	
	Mar 31 2015	Dec 31 2014	Mar 31 2015	Dec 31 2014
<b>Cash and cash equivalents</b>	<b>47,993</b>	<b>50,708</b>	<b>48,163</b>	<b>50,707</b>
1. In hand	2	3	2	3
2. At banks	20,796	20,895	20,796	20,895
3. Other cash	27,195	29,810	27,195	29,810
4. Cash equivalents (deposit for a period exceeding three months)	-	-	-	-
Accrued foreign exchange differences	-	-	170	- 1

As at March 31st 2015 and December 31st 2014, the difference between the presentation of cash in the statement of financial position and the statement of cash flows follows from presentation of cash net of the effect of foreign exchange differences.

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

## Differences in changes in balance-sheet items

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Mar 31 2015	Dec 31 2014	Mar 31 2015
Gross current and non-current receivables	264,199	253,407	-9,590
Net receivables	262,910	252,119	
Impairment losses on receivables	1,289	1,288	1
Accruals and deferred income	5,383	7,625	-2,477
<b>Change in impairment losses and accruals and deferrals</b>			<b>-2,476</b>

The difference between change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at March 31st 2015 net of receivables under loans advanced, receivables under payment to increase a security deposit made in 2015, and interest on a security deposit receivable, disclosed under investing activities.

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Mar 31 2014	Dec 31 2013	Mar 31 2014
Gross current and non-current receivables	399,517	277,893	-121,369
Net receivables	398,925	277,286	
Impairment losses on receivables	592	607	-15
Accruals and deferred income	8,537	9,159	-902
<b>Change in impairment losses and accruals and deferrals</b>			<b>-917</b>

The difference between the change in gross receivables disclosed in the statement of financial position and the amount disclosed in the statement of cash flows is attributable to the presentation of receivables as at March 31st 2014 by the amount of receivables under loans advanced and interest on security deposit receivable, disclosed under investing activities, and the amount of receivables under lease (non-current portion) disclosed under financing activities.

## Explanation concerning other items of the consolidated statement of cash flows

	Jan 1– Mar 31 2015	Jan 1– Mar 31 2014
<b>Cash flows from operating activities</b>		
Other adjustments	23	24
- incentive scheme	23	24
<b>Cash flows from investing activities</b>		
Other cash used in investing activities	1,000	-
- cash deposit securing a bank guarantee	1,000	-
Other cash from investing activities	-	12
- decrease in lease receivables	-	12

## 26. Pending court or administrative proceedings

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance with the provisions of its Articles of Association by one of the funds. On February 24th 2015, the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) issued a decision imposing a fine of PLN 50 thousand on IPOPEMA TFI for non-compliance with investment restrictions between September 2012 and July 2013. IPOPEMA TFI filed a request for re-examination of the case.

In May 2014, the President of the Office of Competition and Consumer Protection issued a final decision imposing a fine of PLN 17.7 thousand (EUR 4 thousand) on IPOPEMA Asset Management S.A. The fine was related to procedural irregularities which took place prior to the acquisition of Credit Suisse Asset Management (Polska) S.A. ('CSAM') by IPOPEMA Securities S.A. (CSAM belonged then to the Credit Suisse Group). As at the date of this report, the fine had been paid.

## 27. Material events and factors in Q1 2015

### Situation on equity markets

Amid an upward index trend seen across all Company markets, the value of trades executed in Q1 2015 was higher than the year before only on the Prague Stock Exchange (up 5.2%), while in Warsaw and Budapest it was down 13.7% and 7.4%, respectively, on the first three months of 2014. Over the same period, the Company's market share declined to 6.12% on the WSE and 2.75% on the BSE (from 6.70% and 4.02% in Q1 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company's revenue from trading in securities in Q1 2015 declined by 33.2% year on year (PLN 7,563 thousand vs PLN 11,314 thousand).

### Investment banking services

Q1 2015 saw a near standstill on the equity transaction market, with only one public offering above PLN 50m on the WSE in the period. Furthermore, the transactions which the Company is currently preparing were not scheduled to close in the first quarter of the year, as a result of which revenue from investment banking activities was PLN 1,672 thousand compared to PLN 5,316 thousand in Q1 2014 (when the Company was involved in a transaction to sell Globe Trade Centre shares and carried out a public share offering for Comperia and a bond offering for MCI Management).

### Activities of IPOPEMA TFI and IPOPEMA Asset Management

Despite an increase in the total value of assets under management (to PLN 22.6bn at the end of March 2015 vs PLN 18.6bn in the previous year), the decline in assets in actively managed funds (from PLN 734m to PLN 666m) translated into a slight decrease in revenue in the fund and portfolio management segment (by 1.9%, to PLN 10,050 thousand). Nevertheless, thanks to a 4.5% drop in the cost of operations, the segment registered a 10% increase in its net profit on the previous year (PLN 1,358 thousand vs PLN 1,234 thousand).

### IPOPEMA Business Consulting

A slight decrease in the number of consulting projects pursued in Q1 2015 relative to Q1 2014 resulted in a 10.6% decline in IPOPEMA Business Consulting's revenue, which translated into a lower net profit (PLN 7 thousand vs PLN 216 thousand in Q1 2014) despite a 10.2% drop in operating expenses.

## 28. Events subsequent to the end of reporting period

All events relating to the reporting period were disclosed in the accounting books and the condensed consolidated financial statements for the period January 1st – March 31st 2015.

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

Warsaw, May 14th 2015

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Jacek Lewandowski  
President of the Management  
Board

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Mariusz Piskorski  
Vice-President of the  
Management Board

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Stanisław Waczkowski  
Vice-President of the  
Management Board

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Mirosław Borys  
Vice-President of the  
Management Board

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Danuta Ciosek  
Chief Accountant