

The IPOPEMA Securities Group

Directors' Report on the Group's Operations

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

Warsaw, May 14th 2015

Contents

Part I

1. Financial performance	3
2. Material events and factors with a bearing on the financial performance	4
3. Factors with potential bearing on the Q2 2015 results	5
4. Performance vs forecasts	5

Part II

1. Structure of the IPOPEMA Securities Group	6
2. Changes in the structure of the IPOPEMA Securities Group	6
3. Shareholding structure of IPOPEMA Securities S.A.	6
4. Changes in the number of shares held by members of management and supervisory personnel	7
5. Issue, redemption and repayment of equity and non-equity securities	7
6. Loans, guarantees, sureties	7
7. Selected corporate events	7
8. Litigation and court proceedings	7
9. Related-party transactions	8
10. Material events subsequent to the reporting date	8

PART I

1. Net profit (loss)

Revenue

Lower revenue across all operating segments translated into a 26.2% decline in consolidated revenue of the IPOPEMA Group in Q1 2015 – down to PLN 22,446 thousand from PLN 30,410 thousand in Q1 2014.

At 44.4%, the drop was the largest in the brokerage services segment, where revenue from securities trading was down 33.2% (to PLN 7,563 thousand, from PLN 11,314 thousand in Q1 2014), and revenue from investment banking services stood at PLN 1,672 thousand (relative to PLN 5,316 thousand a year before). The lower revenue from brokerage operations was principally attributable to lower trading values on the WSE (drop by 13.7%) and a slight decline in the Company's market share (6.12% in Q1 2015 vs 6.70% in Q1 2014). The marked decline in revenue from investment banking services was largely due to the fact that the majority of transactions with a significant effect on revenue did not close in Q1 2015, which is scheduled to take place later in the year. The decline also happened amid difficult market conditions and stagnation in equity transactions.

At PLN 10,050 thousand (down 1.9% year on year), revenue from the fund and asset management segment (combined business of IPOPEMA TFI and IPOPEMA Asset Management) was the largest item of the IPOPEMA Group's consolidated revenue in Q1 2015 (44.8% of consolidated revenue from core activities). As at the end of March 2015, IPOPEMA TFI managed 84 funds and subfunds with a combined asset value of PLN 22.6bn (93 funds and PLN 18.2bn in combined assets as at the end of March 2014), while the asset value in actively managed funds (excluding white label funds) stood at PLN 666m (vs PLN 734m at end of Q1 2014).

In Q1 2015, IPOPEMA Business Consulting (consultancy segment) posted revenue of PLN 3,152 thousand (PLN 3,527 thousand a year earlier), which accounted for 14.0% of the IPOPEMA Group's consolidated revenue.

Costs and expenses

As a result of lower costs of operations across all business segments, the IPOPEMA Group's total costs of operations amounted to PLN 20,983 thousand in Q1 2015 – down by 15.1% on PLN 24,701 thousand in the corresponding period of 2014.

In January–March 2015, costs of operations in the brokerage services segment totalled PLN 9,631 thousand, having contracted by 23.6% on Q1 2014 (down from PLN 12,611 thousand), chiefly on the back of lower transaction costs and lower cost of salaries and wages.

In Q1 2015, cost controls implemented in the investment fund and portfolio management business resulted in a 4.5% decrease in total costs of operations – to PLN 8,369 thousand.

Thanks to tight cost discipline, IPOPEMA Business Consulting's total cost of operations were also down – by 10.2% on the previous year (PLN 2,983 thousand vs PLN 3,323 thousand).

Costs relating to the valuation of IPOPEMA Securities' share option plans (disclosed only in the consolidated financial statements) totalled PLN 23 thousand in Q1 2015 (Q1 2014: PLN 24 thousand), with the entire amount allocated to the brokerage activities segment.

Net profit/(loss)

In Q1 2015, consolidated profit on core activities was PLN 1,463 thousand, with net profit at PLN 128 thousand (vs 5,709 thousand and PLN 3,780 thousand respectively in the previous year).

As IPOPEMA Securities' equity interest in IPOPEMA Business Consulting is 50.02%, profit attributable to owners of the parent was PLN 125 thousand, and profit attributable to non-controlling interests was PLN 3 thousand.

In the brokerage services segment, despite lower costs of operations, the significant decline in revenue translated into a net loss of PLN 1,237 thousand (vs a PLN 2,330 thousand net profit in Q1 2014). IPOPEMA Securities' quarterly net loss, as disclosed in the separate financial statements, stood at PLN 1,193 thousand (Q1 2014: net profit of PLN 2,375 thousand) and was PLN 44 thousand lower than the segment's net loss (due to the cost of incentive schemes and other consolidation eliminations).

Despite marginally lower revenue in the fund and portfolio management segment, the higher decline in costs of operations translated into a higher net profit for the segment (PLN 1,358 thousand vs PLN 1,234 thousand in Q1 2014).

In the consultancy services segment, the decline in revenue was not offset despite lower costs, which resulted in a lower net profit of PLN 7 thousand in Q1 2015 relative to PLN 216 thousand in Q1 2014.

2. Material events and factors with bearing on the financial performance

Equity market and investment banking

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).

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).

As a result of the above factors, the brokerage services segment posted a net loss of PLN 1,237 thousand in Q1 2015 (relative to a PLN 2,330 thousand net profit in the previous year) despite lower cost of operations.

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 costs of operations.

3. Factors with potential bearing on the Q2 2015 results

Market situation on the Warsaw, Budapest and Prague stock exchanges and IPOPEMA Securities' position on the secondary market

The first months of the year saw an increase in indices across all of the Company's markets. At the end of April 2015, the WSE's WIG climbed 9.8%, the BSE's BUX was up 36.0%, and the PSE's PX gained 8.5%. However, despite this upward trend, only the Prague Stock Exchange registered an increase in trading volumes (of 5.2%), while in Warsaw and Budapest volumes were lower by 13.7% and 7.4% respectively. It is therefore difficult to predict the developments on the Company's markets in subsequent months of 2015.

IPOPEMA Securities' current investment banking projects and transaction pipeline

Following a challenging first quarter on the equity transaction market, the situation improved markedly in April and May. It is difficult to say whether the current climate will continue in the months to come. Nonetheless, the Company is currently working on several transactions scheduled to be finalised later in the year and continues to seek new customers, also from sectors which are more resilient to stock market volatility.

Further expansion of IPOPEMA TFI and IPOPEMA Asset Management

Changes of the situation on capital markets are reflected in the volume of inflows of assets to investment funds. Any strong market downturn causes a decline in the value of assets under management, but also undermines investors' confidence in this type of products, which translates not only into a very limited inflow of new funds but also into unit redemptions. Amid the currently favourable conditions on the equity market, Polish investment funds are recording consistent inflows and breaking records in terms of managed assets. While it is difficult to predict how investor sentiment will change in subsequent months of 2015, the prevailing interest rates, still at their record lows, may continue to encourage transfers of savings from bank deposits to investment funds, which may have a positive effect on the performance of the fund and portfolio management segment. However, a large proportion of IPOPEMA TFI's revenue (from management of closed-end funds) does not depend on the value of the funds' assets and, consequently, on market conditions.

Expansion of IPOPEMA Business Consulting's business

In the subsequent months of 2015, the key drivers of IPOPEMA Business Consulting's operations will include continued performance of its existing contracts and new additions to the order book, coupled with tight cost control.

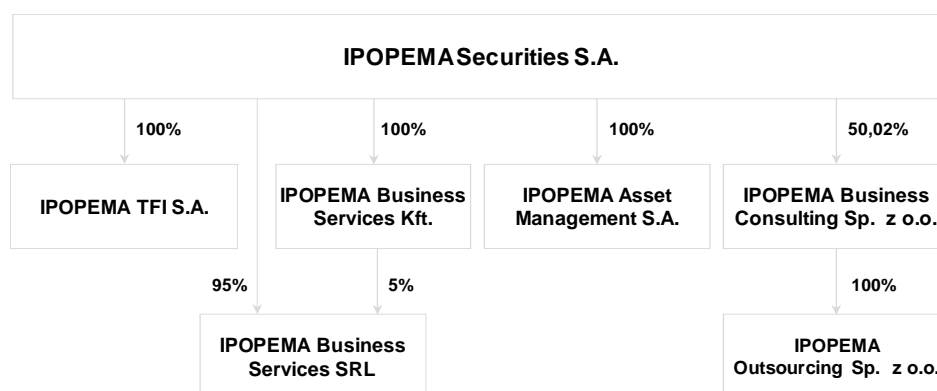
4. Performance vs. forecasts

The Company did not publish any performance forecasts.

Part II

1. Structure of the IPOPEMA Securities Group

The Group of IPOPEMA Securities S.A. consists of IPOPEMA Securities S.A., which is the parent of the Group, and the following subsidiaries: IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A., IPOPEMA Business Consulting Sp. z o.o., IPOPEMA Asset Management S.A., IPOPEMA Business Services Kft (Hungary), IPOPEMA Business Services SRL (Romania), and IPOPEMA Outsourcing Sp. z o.o. (a subsidiary of IPOPEMA Business Consulting). IPOPEMA Securities, IPOPEMA TFI, IPOPEMA Asset Management and IPOPEMA Business Consulting are consolidated, while IPOPEMA Business Services Kft, IPOPEMA Business Services SRL and IPOPEMA Outsourcing are excluded from consolidation based on the immateriality of their financial data.



2. Changes in the structure of the IPOPEMA Securities Group

In Q1 2015, there were no changes in the structure of the IPOPEMA Securities Group.

3. Shareholders of IPOPEMA Securities S.A.

As at March 31st 2015, the following shareholders held more than 5% of shares in IPOPEMA Securities S.A.:

Shareholder	Number of shares and voting rights at GM	% of total voting rights at GM
IPOPEMA PRE-IPO FIZAN ¹	2,990,789	9.99%
JLC Lewandowski S.K.A. ²	2,990,789	9.99%
OFE PZU Złota Jesień*	2,950,000	9.85%
IPOPEMA 10 FIZAN ³	2,851,420	9.52%
Katarzyna Lewandowska	2,136,749	7.14%
Quercus Parasolowy SFIO*	1,754,164	5.86%
Total shareholders holding over 5% of the share capital	15,673,911	52.35%

* 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.

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.

4. Changes in the number of shares held by members of management and supervisory personnel

Below are specified members of the management and supervisory staff who held, directly or indirectly through their subsidiaries or related entities (including dedicated funds), IPOPEMA Securities S.A. shares as at March 31st 2015. The shareholdings of members of the management and supervisory staff do not differ from those disclosed in the Annual Report for 2014.

Person	No. of shares and votes	% of ownership interest and total vote
Jacek Lewandowski – President of the Management Board ¹	6,320,868	21.11%
Stanisław Waczkowski – Vice-President of the Management Board	3,142,855	10.50%
Mariusz Piskorski – Vice-President of the Management Board	915,000	3.06%
Miroslaw Borys – Vice-President of the Management Board	696,428	2.33%
Total	11,075,151	36.99%

¹ As disclosed in the table in Section 3, shares in IPOPEMA Securities S.A. are also held by Katarzyna Lewandowska, Jacek Lewandowski's wife.

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

No non-equity or equity securities of IPOPEMA Securities S.A. were issued, redeemed or repurchased in Q1 2015.

6. Loans, guarantees, sureties

In Q1 2015 (and in the comparative period), the Company did not receive and did not provide any sureties or loans. The guarantees provided to the Company, disclosed in Note 11 to the financial statements of IPOPEMA Securities, were renewed.

7. Selected corporate events

No material corporate events occurred in Q1 2015.

8. Litigation and court proceedings

In March 2014, administrative proceedings against IPOPEMA TFI were initiated before the Polish Financial Supervision Authority concerning compliance with the provisions its Articles of Association by one of the funds. Even though IPOPEMA TFI presented detailed explanations and arguments, the Polish Financial Supervision Authority decided to impose a fine of PLN 50 thousand on IPOPEMA TFI. IPOPEMA TFI filed a request for re-examination of the case.

Apart from the above-mentioned proceedings, the Company was not party to any other court or administrative proceedings in Q1 2015.

9. Related-party transactions

In Q1 2015, the Company did not execute any material related party transactions.

10. Material events subsequent to the reporting date

Subsequent to March 31st 2015, there were no material events with a bearing on the Company's operations.

Warsaw, May 14th 2015

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