The
IPOPEMA Securities Group

Interim condensed consolidated financial statements

for half-year ended June 30th 2015

Warsaw, August 20th 2015

ipopema

Contents

STATEMENT OF COMPLIANCE

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

- to the best of our knowledge, the interim condensed consolidated financial statements prepared as at June 30th 2015 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 H1 2015 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, Poland, 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 reviewed the half-year separate and consolidated financial statements, was appointed in compliance with applicable laws. BDO Sp. z o.o. and the auditor who reviewed the half-year condensed consolidated financial statements of the IPOPEMA Securities Group prepared as at June 30th 2015 meet the relevant criteria for issuing an impartial and independent report on the reviewed interim condensed consolidated financial statements, in accordance with the applicable laws and professional standards.

Warsaw, August 20th 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	Daniel Ścigała Member of the Management Board

Financial highlights

Financial highlights	PLN '000 Half year ended June 30		EUR '000 Half year ended June 30	
	2015	2014	2015	2014
Revenue from core activities	45,903	53,772	11,104	12,869
Cost of core activities	43,653	45,705	10,559	10,938
Profit on core activities	2,250	8,067	544	1,931
Operating profit	1,877	7,735	454	1,851
Profit before tax	1,592	6,532	385	1,563
Net profit on continuing operations	679	5,049	164	1,208
Net profit	679	5,049	164	1,208
Net earnings per ordinary share (weighted average) (PLN/ EUR)				
- basic	0.02	0.17	0.01	0.04
- diluted	0.02	0.17	0.01	0.04
Net cash from operating activities	35,732	-16,316	8,643	-3,905
Total cash flows	36,518	-8,587	8,833	-2,055

Consolidated financial highlights	PLN '000			EUR '000		
	Jun 30 2015	Dec 31 2014	Jun 30 2014	Jun 30 2015	Dec 31 2014	Jun 30 2014
Total assets	325,625	324,660	432,133	77,633	76,170	103,856
Current liabilities	238,394	235,768	345,174	56,836	55,315	82,957
Equity	81,038	80,723	80,501	19,321	18,939	19,347
Number of shares	29,837,836	29,937,836	29,937,836	29,937,836	29,937,836	29,937,836
Book value per share (PLN/EUR)	2.71	2.70	2.69	0.65	0.63	0.65

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

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

Average exchange rate calculated as the arithmetic mean of the exchange rates quoted on the last day of each month in a given period	H1 2015	H1 2014
EUR	4.1341	4.1784

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

Exchange rate as at	Jun 30 2015	Dec 31 2014	Jun 30 2014
EUR	4.1944	4.2623	4.1609

Interim condensed consolidated statement of comprehensive income

for half-year ended June 30th 2015

	Note	Jan 1 2015 - Jun 30 2015	Jan 1 2014 - Jun 30 2014
CONTINUING OPERATIONS			
Revenue from core activities, including:	15	**45,903**	**53,772**
Revenue from brokerage activities		19,902	26,661
Revenue from investment fund and asset management		19,818	20,968
Revenue from consultancy services		6,183	6,143
Cost of core activities	15	**43,653**	**45,705**
Profit/(loss) on core activities		**2,250**	**8,067**
Gain (loss) on transactions in financial instruments held for trading		-379	-473
Gain (loss) on transactions in financial instruments available for sale		72	86
Other income		324	597
Other expenses		390	542
Operating profit/(loss)		**1,877**	**7,735**
Finance income		601	876
Finance costs		886	2,079
Profit/(loss) before tax		**1,592**	**6,532**
Income tax	16	913	1,483
Net profit/(loss) on continuing operations		**679**	**5,049**
DISCONTINUED OPERATIONS		**-**	**-**
Net profit/(loss) for period		**679**	**5,049**
Attributable to:			
Owners of the parent		658	4,991
Non-controlling interests		21	58
Earnings (loss) per share (PLN)		0.02	0.17
Diluted earnings (loss) per share (PLN)		0.02	0.17
Net profit for period		**679**	**5,049**
Other comprehensive income		**1**	**22**
Gains and losses on remeasurement of financial assets available for sale		1	27
Corporate income tax on items of other comprehensive income		-	-5
Comprehensive income for period		**680**	**5,071**
Attributable to:			
Owners of the parent		659	5,013
Non-controlling interests		21	58

Warsaw, August 20th 2015

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Daniel Ścigała
Member of the Management Board

Danuta Ciosek
Chief Accountant

Interim condensed consolidated statement of financial position

as at June 30th 2015

ASSETS	Note	Jun 30 2015	Dec 31 2014	Jun 30 2014
Cash and cash equivalents	12	87,219	50,708	44,245
Current receivables	12, 14	209,542	249,771	359,293
Current tax assets		216	1,188	883
Current prepayments and accrued income		1,094	1,356	1,332
Financial instruments held for trading		2,927	1,463	5,089
Financial instruments held to maturity		-	-	-
Financial instruments available for sale		10,697	8,727	9,774
Investments in jointly controlled entities and associates		-	-	-
Non-current receivables		5,858	2,348	2,337
Non-current loans advanced		253	364	9
Property, plant and equipment		4,488	4,568	5,133
Investment property		-	-	-
Intangible assets		2,396	2,752	2,849
Deferred tax assets		935	1,415	1,189
Non-current prepayments and accrued income		-	-	-
TOTAL ASSETS		**325,625**	**324,660**	**432,133**

EQUITY AND LIABILITIES		Jun 30 2015	Dec 31 2014	Jun 30 2014
Current liabilities	14	238,309	235,603	345,174
Current tax liabilities		85	165	-
Other financial liabilities		-	-	-
Non-current liabilities		570	444	536
Deferred tax liabilities		31	100	36
Accruals and deferred income	14	5,592	7,625	5,886
Provisions		-	-	-
Total liabilities		**244,587**	**243,937**	**351,632**
Share capital	13	2,994	2,994	2,994
Other capital reserves		13,606	13,570	13,592
Retained earnings		60,986	60,328	60,696
Total equity		**77,586**	**76,892**	**77,282**
Non-controlling interests		**3,452**	**3,831**	**3,219**
Total equity		**81,038**	**80,723**	**80,501**
TOTAL EQUITY AND LIABILITIES		**325,625**	**324,660**	**432,133**

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Interim condensed consolidated statement of cash flows

for half-year ended June 30th 2015

CASH FLOWS	Note	Jan 1 2015 - Jun 30 2015	Jan 1 2014 - Jun 30 2014
Cash flows from operating activities			
Profit before tax		**1,592**	**6,532**
Total adjustments:	25	**34,140**	**-22,848**
Depreciation and amortisation expenses		1,251	1,262
Foreign exchange gains/(losses)		207	-91
Interest and dividends		328	363
Gain (loss) on investing activities		-130	377
Increase/(decrease) in financial instruments available for sale		-56	-65
Increase/(decrease) in financial instruments held for trading		-1,464	-4,871
Increase/(decrease) in receivables		40,079	-84,672
Increase/(decrease) in current liabilities (net of borrowings)		-3,155	68,647
Change in provisions and impairment losses on receivables		-679	167
Increase/(decrease) in accruals and deferrals		-1,765	-3,236
Income tax		-503	-797
Other adjustments (including the cost of incentive schemes)		27	68
Net cash from operating activities		**35,732**	**-16,316**
Cash flows from investing activities			
Increase in loans advanced		-	-350
Decrease in loans advanced		96	168
Acquisition of property, plant and equipment and intangible assets		-542	-502
Disposal of property, plant and equipment		5	-
Cash provided by financial instruments available for sale and held to maturity		7,185	456
Acquisition of financial instruments available for sale and held to maturity		-9,221	-325
Interest received		94	95
Other cash used in investing activities		-1,000	-
Other cash from investing activities		101	33
Net cash from investing activities		**-3,282**	**-425**
Cash flows from financing activities			
Proceeds from borrowings		4,640	9,544
Proceeds from issue of debt securities		4	5
Repayment of debt securities		-3	-2
Repayment of borrowings		-	-
Proceeds from issue of share capital		-	-
Interest paid		-434	-467
Repayment of finance lease liabilities		-139	-116
Dividends to owners of the parent		-	-
Dividends distributed to non-controlling interests		-	-810
Net cash from financing activities		**4,068**	**8,154**
Total cash flows		**36,518**	**-8,587**

Net increase (decrease) in cash and cash equivalents		36,511	-8,504
Effect of exchange rate fluctuations on cash held		-7	83
Cash at beginning of period	25	50,707	53,041
Cash at end of period, including	25	**87,225**	**44,454**
restricted cash		*4,202*	*4,168*

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Interim condensed consolidated statement of changes in equity

for half-year ended June 30th 2015

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
		Other components of equity					
	Share capital	Share premium	Revaluation capital reserve	Other capital reserves	Retained earnings		
as at Jan 1 2015	**2,994**	**10,351**	**53**	**3,166**	**60,328**	**3,831**	**80,723**
Profit for period	-	-	-	-	658	21	679
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	35	-	-	35
Other comprehensive income	-	-	1	-	-	-	1
Dividend payment	-	-	-	-	-	-400	-400
Other adjustments	-	-	-	-	-	-	-
as at Jun 30 2015	**2,994**	**10,351**	**54**	**3,201**	**60,986**	**3,452**	**81,038**
as at Jan 1 2014	**2,994**	**10,351**	**92**	**3,059**	**64,686**	**4,161**	**85,343**
Profit for 2014	-	-	-	-	4,623	670	5,293
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	107	-	-	107
Other comprehensive income	-	-	-39	-	-	-	-39
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
as at Dec 31 2014	**2,994**	**10,351**	**53**	**3,166**	**60,328**	**3,831**	**80,723**
as at Jan 1 2014	**2,994**	**10,351**	**92**	**3,059**	**64,686**	**4,161**	**85,343**
Profit for period	-	-	-	-	4,991	58	5,049
Issue of shares	-	-	-	-	-	-	-
Costs of incentive scheme	-	-	-	68	-	-	68
Dividend payment	-	-	-	-	-8,981	-1,000	-9,981
Other comprehensive income	-	-	22	-	-	-	22
as at Jun 30 2014	**2,994**	**10,351**	**114**	**3,127**	**60,696**	**3,219**	**80,501**

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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 June 30th 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 June 30th 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.	- 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.	- management of portfolios of broker-traded financial instruments	full	100%	100%
IPOPEMA Business Consulting Sp. z o.o.	- 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. ('IBS Ktf')	- office and business support	not consolidated (immaterial financial data)	100%	100%
IPOPEMA Business Services Srl.	- office and business support	not consolidated (immaterial financial data)	95% by IPOPEMA, 5% by IBS Kft	100%

3. Basis of preparation

3.1st 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 half-year ended June 30th 2015 and contain comparative data for the half-year ended June 30th 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.

3.2nd 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.

3.3rd 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.

3.4th Comparability of data

There were no significant presentation changes in the half-year ended June 30th 2015.

4. Changes in applied accounting policies

In the half-year ended June 30th 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'.

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 depositary. 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+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.

<u>Liabilities</u>

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, other brokerage houses and commodity brokerage houses, current liabilities to clients and current liabilities to banks conducting brokerage activities, other brokerage houses and commodity brokerage houses'.

Non-current liabilities

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

6. Accounting policies introduced in the half-year ended June 30th 2015

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

- Annual Improvements to IFRSs cycle 2010–2012 – effective for annual periods beginning on or after July 1st 2014. The amendments concern:

  • IFRS 2: Definition of 'vesting conditions';

  • IFRS 3: Accounting for contingent consideration in a business combination;

  • IFRS 8: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets;

  • IFRS 13: Short-term receivables and payables;

  • IAS 7: Interest paid that is capitalised;

  • IAS 16/IAS 38: Revaluation method − proportionate restatement of accumulated depreciation;

  • IAS 24: Key management personnel;

- Annual Improvements to IFRSs cycle 2011−2013 – effective for annual periods beginning on or after July 1st 2014. The amendments concern:

  • IFRS 3: Scope exceptions for joint ventures;

  • IFRS 13: Scope of paragraph 52 (portfolio exception);

  • IAS 40: Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property;

- Amendments to IAS 19 'Employee Benefits' – effective for annual periods beginning on or after July 1st 2014;

- IFRIC 21 'Levies' – 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' – published by the International Accounting Standards Board on July 24th 2014; the standard's final version supersedes previous versions of IFRS 9, completing the Board's project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard regulates classification and measurement of financial assets and liabilities, as well as impairment and hedge accounting. IFRS 9 does not include guidelines on hedge accounting of portfolios of financial assets and liabilities, since these matters are covered by a separate project of the International Accounting Standards Board. The standard is effective for annual periods beginning on or after January 1st 2018;

- IFRS 14 'Regulatory Deferral Accounts' – published by the International Accounting Standards Board on January 30th 2014, effective for annual periods beginning on or after January 1st 2016. The standard permits an entity which is a first-time adopter of IFRS to continue to account for rate-regulated activities in accordance with its previous accounting policies. To ensure better comparability with entities which already use IFRS and do not account for such activities, in accordance with the published IFRS 14, amounts from rate-regulated activities should be presented as a separate item in the statement of financial position, statement of profit or loss, and statement of other comprehensive income;

- IFRS 15 'Revenue from Contracts with Customers' − published by the International Accounting Standards Board on May 28th 2014, effective for annual periods beginning on or after January 1st 2017;

- Amendments to IFRS 11 'Joint Arrangements' – effective for annual periods beginning on or after January 1st 2016; The amendment introduces new requirements concerning disclosure of acquisition of an interest in a joint operation, and provides guidance on how to account for the acquisition;

- Amendments to IAS 16 and IAS 38 – effective for annual periods beginning on or after January 1st 2016; Amendments to IAS 16 and IAS 38 introduced the rule related to 'consumption of the economic benefits' with respect to recognition of depreciation and amortisation. The IASB has clarified that revenue-based methods should not be used to calculate depreciation or amortisation;

- Amendments to IAS 27: Equity Method in Separate Financial Statements – effective for annual periods beginning on or after January 1st 2016. The amendment permits the use of the equity method as one of optional methods of accounting for investments in subsidiaries, associates and jointly-controlled entities in separate financial statements;

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' – effective for annual periods beginning on or after January 1st 2016. The amendments clarify the manner of accounting for a transaction in which a parent loses control over its subsidiary that does not constitute a business as defined in IFRS 3 Business Combinations through a sale or contribution of all or a part of shares in that subsidiary to an equity-accounted associate or joint venture;

- Amendments to various standards made as part of an annual IFRS improvement cycle: *Annual Improvements* 2012-2014 published on September 25th 2014 – effective for annual periods beginning on or after January 1st 2016. The amendments concern:

  • IFRS 5 Change of disposal method;

  • IFRS 7 Servicing contracts;

• IAS 19 Discount rate: regional market issue;

• IAS 34 Disclosure of information 'elsewhere in the interim financial report'.

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

8. Changes in estimates

In H1 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 złoty 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 złoty are translated into the złoty 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	Jun 30 2015	Dec 31 2014	Jun 30 2014
USD	3.7645	3.5072	3.0473
EUR	4.1944	4.2623	4.1609
HUF 100	1.3312	1.3538	1.3413
RON	0.9349	0.9510	0.9488
GBP	5.9180	5.4648	5.1885
UAH	0.1780	0.2246	0.2562
CZK	0.1538	0.1537	0.1515
CHF	4.0412	3.5447	3.4246
TRY	1.3993	1.5070	1.4338
INR 100	5.9022	5.5473	5.0724

Source: National Bank of Poland.

10. Earnings per share

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

To obtain diluted earnings per share, the weighted average number of shares in the period is adjusted to account for all potentially dilutive ordinary shares. In the Company's case, these are Series C shares which may be issued within the limit of conditional share capital in connection with the Incentive Scheme adopted at the Company, to the extent it is implemented. To date, 1,880,952 shares have been allocated to be subscribed for by the eligible persons after certain criteria are met. Given 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-Jun 30 2015	Jan 1-Jun 30 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	29,945,721
Net earnings from continuing operations for period per share		
- basic	0.02	0.17
- diluted	0.02	0.17

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	Half-year ended Jun 30 2015 Continuing operations Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Sales to external clients	19,902	20,985	6,183	**47,070**
Intersegment sales	-	-1,167	-	**-1,167**
Segment's total revenue	**19,902**	**19,818**	**6,183**	**45,903**
Segment's costs				
Segment's costs – purchases from external suppliers	-19,864	-18,869	-6,138	**-44,871**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	1,218	-	**1,218**
Segment's total costs	**-19,864**	**-17,651**	**-6,138**	**-43,653**
Segment's profit/(loss) on core activities	**38**	**2,167**	**45**	**2,250**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	38	2,167	45	**2,250**
Interest income	191	98	9	**298**
Interest expenses	-497	-16	-	**-513**
Other net finance income/costs	980	41	1	**1,022**
Other income/expenses	20	-29	-	**-9**
Consolidation eliminations	-1,442	-14	-	**-1,456**
Profit before tax and non-controlling interests	**-710**	**2,247**	**55**	**1,592**
Income tax	-223	-681	-12	**-916**
Consolidation eliminations	-	3	-	**3**
Total corporate income tax	**-223**	**-678**	**-12**	**-913**
Net profit for period	**-933**	**1,569**	**43**	**679**
644Net profit for period, excluding costs of the incentive scheme	***-898***	***1,569***	***43***	***714***
Assets and liabilities as at Jun 30 2015				
Segment's assets	287,528	29,156	8,941	**325,625**
Unallocated assets	-	-	-	**-**
Total assets	**287,528**	**29,156**	**8,941**	**325,625**
Segment's liabilities	233,516	3,877	1,602	**238,995**
Accruals and deferred income	2,457	3,135	-	**5,592**
Segment's net profit/(loss)	-933	1,569	43	**679**
Equity (net of profit/loss for current period)	54,399	19,671	2,837	**76,907**
Non-controlling interests	-	-	3,452	**3,452**
Total equity and liabilities	**289,439**	**28,252**	**7,934**	**325,625**

Operating segments	Half-year ended Jun 30 2014 Continuing operations Brokerage and related services	Investment fund and portfolio management	Consultancy services	Total
Revenue				
Sales to external clients	26,661	22,618	6,143	**55,422**
Intersegment sales	-	-1,650	-	**-1,650**
Segment's total revenue	**26,661**	**20,968**	**6,143**	**53,772**
Segment's costs				
Segment's costs – purchases from external suppliers	-21,921	-19,402	-6,081	**-47,404**
Segment's costs – intersegment purchases	-	-	-	**-**
Consolidation eliminations	-	1,699	-	**1,699**
Segment's total costs	**-21,921**	**-17,703**	**-6,081**	**-45,705**
Segment's profit/(loss) on core activities	**4,740**	**3,265**	**62**	**8,067**
Unallocated costs	-	-	-	**-**
Profit on continuing operations before tax and finance costs	4,740	3,265	62	**8,067**
Interest income	268	70	30	**368**
Interest expenses	-516	-19	-	**-535**
Other net finance income/costs	1,510	59	8	**1,577**
Other income/expenses	207	-145	42	**104**
Consolidation eliminations	-3,042	-7	-	**-3,049**
Profit before tax and non-controlling interests	**3,167**	**3,223**	**142**	**6,532**
Income tax	-755	-706	-27	**-1,488**
Consolidation eliminations	-	5	-	**5**
Total corporate income tax	**-755**	**-701**	**-27**	**-1,483**
Net profit for period	**2,412**	**2,522**	**115**	**5,049**
Net profit for period, excluding costs of the incentive scheme	***2,480***	***2,522***	***115***	***5,117***
Assets and liabilities as at Dec 31 2014				
Segment's assets	284,037	29,868	10,755	**324,660**
Unallocated assets	-	-	-	**-**
Total assets	**284,037**	**29,868**	**10,755**	**324,660**
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**
Total equity and liabilities	**286,882**	**27,944**	**9,834**	**324,660**

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

Cash and cash equivalents

Cash and cash equivalents comprise the following items:

Cash and other assets	Jun 30 2015	Dec 31 2014
Cash and other assets of the Group		
a) at banks and in hand	20,376	20,898
b) other	66,843	29,810
Total	**87,219**	**50,708**
Cash and other assets:		
a) cash and other assets of the Group	38,979	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	48,240	17,575
c) cash and other assets transferred from the settlement guarantee fund	-	-
Total	**87,219**	**50,708**

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 48,240 thousand as at June 30th 2015, and PLN 17,575 thousand as at December 31st 2014, is also disclosed under other cash.

Receivables

Current receivables	Jun 30 2015	Dec 31 2014
From clients / trade receivables	74,015	132,595
- under transactions executed on the Warsaw Stock Exchange	53,522	113,368
- under transactions executed on the Budapest Stock Exchange	317	1,239
- under transactions executed on the Amsterdam Stock Exchange	-	9
- under transactions executed on the Prague Stock Exchange	3,994	-
- under transactions executed on the Madrid Stock Exchange	188	-
- under transactions executed on the Paris Stock Exchange	380	18
- under transactions executed on the Frankfurt Stock Exchange	6,578	6,407
- under transactions executed on the Athens Stock Exchange	-	-
- under transactions executed on the New York Stock Exchange	164	-
- other	8,872	11,554
From related entities	79	162
From banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	103,292	75,448
- under transactions executed on the Warsaw Stock Exchange*	71,225	74,537
- under transactions executed on the Budapest Stock Exchange	10,516	-
- under transactions executed on Nasdaq	3,134	-
- under transactions executed on the New York Stock Exchange	5,764	372
- under transactions executed on the Copenhagen Stock Exchange	2,251	-
- under transactions executed on the Milan Stock Exchange	130	-
- under transactions executed on the Istanbul Stock Exchange	1,935	-
- under transactions executed on the Frankfurt Stock Exchange	5,351	100
- other	2,986	439

From entities operating regulated markets and commodity exchanges	16	-
From the National Depository for Securities and exchange clearing houses	23,137	30,197
- from the settlement guarantee fund	23,137	30,197
- other	-	-
From investment and pension fund companies and from investment and pension funds	4,391	4,099
From issuers of securities or selling shareholders	-	141
From commercial chamber	-	-
Taxes, subsidies and social security receivable	75	34
Other	4,537	7,095
Total current receivables	**209,542**	**249,771**

** 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 H1 2015 and in the comparative period, the policies regarding measurement of financial assets at fair value and classification of financial asset did not change. Neither did the Group record any changes in its economic environment or trading conditions which would materially affect the fair value of its financial assets and liabilities.

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

In 2014, an impairment loss of PLN 11 thousand was recognised on financial instruments available for sale, In H1 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).

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

In H1 2015, the Group acquired property, plant and equipment and intangible assets for PLN 542 thousand (H1 2014: PLN 502 thousand).

Material purchase or sale transactions in property, plant and equipment

In H1 2015 and in 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 June 30th 2015, the Group'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 interim condensed consolidated statement of financial position – liabilities and accruals and deferred income

Change in accruals and deferred income

	Jan 1- Jun 30 2015	Jan 1- Jun 30 2014	2014
As at beginning of reporting period	**7,625**	**9,159**	**9,159**
Provisions created in period	7,096	8,177	17,162
Used	9,129	11,227	18,473
Reversed	-	223	223
As at end of reporting period	**5,592**	**5,886**	**7,625**

Impairment losses on receivables

In H1 2015, impairment losses on receivables decreased by PLN 679 thousand following reversal and use of impairment losses. In the comparative period (H1 2014), impairment losses on receivables increased by PLN 167 thousand, and in 2014 the amount was up PLN 681 thousand.

Liabilities (current)

Current liabilities	Jun 30 2015	Dec 31 2014
To clients	146,371	88,991
To related entities	-	-
To banks conducting brokerage activities, other brokerage houses and commodity brokerage houses*	69,819	129,333
- to the Warsaw Stock Exchange *	60,842	121,673
- to the Budapest Stock Exchange	318	1,238
- to the Madrid Stock Exchange	188	-
- to the Prague Stock Exchange	1,354	-
- to the New York Stock Exchange	163	-
- to the Frankfurt Stock Exchange	6,574	6,395
- to the Paris Stock Exchange	380	18
- to the Amsterdam Stock Exchange	-	9
To entities operating regulated markets and commodity exchanges	812	672
- liabilities to the Warsaw Stock Exchange	737	574
- liabilities to the Budapest Stock Exchange	8	39
- liabilities to the Prague Stock Exchange	21	17
- liabilities to the Vienna Stock Exchange	42	42
- liabilities to the Chicago Stock Exchange	4	-
To the National Depository for Securities and exchange clearing houses	189	198
Borrowings	16,847	12,206
- from related entities	-	-
- other	16,847	12,206
Debt securities	5	6
Taxes, customs duties and social security payable	1,104	1,261

Salaries and wages	2	3
To investment and pension fund companies and to investment and pension funds	1,663	1,908
Other	1,497	1,025
a) dividends payable	400	-
b) other	1,097	1,025
Total current liabilities	**238,309**	**235,603**

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

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

Interest-bearing borrowings

Current liabilities under borrowings	Jun 30 2015	Dec 31 2014
Credit facility	16,847	12,206
- outstanding amount	16,847	12,206
Current liabilities under borrowings	**16,847**	**12,206**

As at June 30th 2015, the Company's liabilities under borrowings related to its brokerage business amounted to PLN 16,847 thousand (December 31st 2014: PLN 12,206 thousand). The liabilities result from two overdraft facility agreements concluded 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 H1 2015, the Company issued 20 registered bonds with a total nominal value of PLN 4 thousand, with various series maturing in 2015–2018. In H1 2014, the Company issued 16 registered bonds with a total nominal value of PLN 4.8 thousand, with various series maturing in 2014–2017. 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.

By the date of issue of these financial statements, the Group redeemed PLN 4.5 thousand worth of bonds (including PLN 3.3 thousand in H1 2015), compared with bonds worth PLN 2 thousand in H1 2014.

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

none

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

Revenue from core activities

Revenue from core activities	Jan 1 2015 - Jun 30 2015	Jan 1 2014 - Jun 30 2014
Revenue from trading in securities	14,811	19,842
Revenue from investment banking services	5,064	6,804
Revenue from management of investment funds and clients' assets	19,818	20,969
Revenue from consultancy services	6,183	6,143
Other revenue from core activities	27	14
Total revenue from core activities	**45,903**	**53,772**

Cost of core activities

Cost of core activities	Jan 1 2015 - Jun 30 2015	Jan 1 2014 - Jun 30 2014
Affiliation costs	-	-
Fees payable to regulated markets, commodity exchanges, the National Depository for Securities and exchange clearing houses	4,564	5,266
Fees payable to commercial chamber	-	-
Salaries and wages	17,595	19,355
Social security and other benefits	1,632	1,614
Employee benefits	246	269
Raw material and consumables used	389	385
Costs of maintenance and lease of buildings	2,004	1,932
Depreciation and amortisation expenses	1,251	1,262
Taxes and other public charges	921	1,143
Commissions and other charges	-	-
Other	15,051	14,479
Total cost of core activities	**43,653**	**45,705**

16. Income tax

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

	Jan 1 2015 - Jun 30 2015	Jan 1 2014 - Jun 30 2014
Current income tax		
Current income tax expense	502	797
Deferred income tax		
Relating to temporary differences and their reversal	411	686
Income tax expense disclosed in the consolidated statement of comprehensive income	**913**	**1,478**

Tax on unrealised gain/(loss) on financial assets available for sale	-	- 5
Tax on cash flow hedges settled during the year	-	-
Tax benefit/tax expense recognised in equity	**-**	**- 5**

Tax settlements

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

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

Deferred tax

In H1 2015, deferred tax liabilities decreased by PLN 69 thousand, while in H1 2014 they increased by PLN 7 thousand.

Deferred tax assets decreased by PLN 480 thousand in H1 2015, whereas in H1 2014 their value fell by PLN 684 thousand.

17. Employee benefits – employee share option plans

No eligible persons subscribed for any shares under the Incentive Scheme in place at the Company in H1 2015 or H1 2014.

In aggregate, on consolidated basis, the costs of share option plans increased the cost of salaries and wages by PLN 35.5 thousand in H1 2015 and by PLN 68 thousand in the comparative period (H1 2014). In both periods, these costs were fully taken to the profit or loss of IPOPEMA Securities S.A.

The value of individual parts of the Share Option Plan was measured using the Black-Scholes model, adjusted by 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 value), and the binomial tree model.

18. Dividends paid and proposed

On June 19th 2015, the General Meeting of IPOPEMA Asset Management S.A. resolved to pay dividend of PLN 1m, i.e. approximately PLN 17.85 per share. As at the date of these interim consolidated financial statements, the full amount of the dividend was paid out to the Company.

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

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. The dividend was paid out to the Company in full.

On May 19th 2014, the General Meeting of IPOPEMA Business Consulting Sp. z o.o. resolved to pay dividend for 2013 of 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

The Company did not issue any shares in H1 2015 or H1 2014.

The Company did however issue bonds in those periods, as discussed in detail in Note 14.

20. Exclusions of companies from consolidation

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

(PLN ‘000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Srl.	IPOPEMA Business Services Kft.
Total assets as at Jun 30 2015	1	116	108
% share in Parent’s total assets	-	0.04	0.04
Revenue for period Jan 1 – Jun 30 2015	-	252	186
% share in Parent’s revenue	-	1.26	0.93
Net assets as at Jun 30 2015	1	77	74
Net profit (loss) for period Jan 1 – Jun 30 2015	-	45	40

(PLN ‘000)	IPOPEMA Outsourcing Sp. z o.o.	IPOPEMA Business Services Srl.	IPOPEMA Business Services Kft.
Total assets as at Dec 31 2014	1	50	220
% share in Parent’s total assets	-	-	0.08
Revenue for period Jan 1 – Jun 30 2014	-	-	464
% share in Parent’s revenue	-	-	1.74
Net assets as at Dec 31 2014	1	50	53
Net profit (loss) for period Jan 1 – Jun 30 2014	- 1	-	34

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.

Lease liabilities	Jun 30 2015	Dec 31 2014
	Present value of minimum lease payments	
Within 1 year	3,066	3,063
Within 1 to 5 years	11,164	12,254
Over 5 years	-	124
Total lease liabilities	**14,230**	**15,441**

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

In the reporting period, the Group did not carry any contingent liabilities other than under lease agreements.

In the second half of 2015, the Company will incur a cost of up to CZK 825 thousand (PLN 127 thousand) under an agreement with its 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. In the corresponding period of 2014, the cost was CZK 825 thousand (PLN 125 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 1,358 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, 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 H1 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 – Jun 30 2015				Jan 1 – Jun 30 2014			
IPOPEMA Business Services Kft.	-	-	184	-	-	69	370	65
IPOPEMA Business Services Srl.	-	-	250	-	-	-	-	-
Members of the Management and Supervisory Boards	3	19	23	-	59	27	7	-
Other related entities	-	-	-	-	-	-	-	-
Total	**3**	**19**	**457**	**-**	**59**	**96**	**377**	**65**

Related party transactions – receivables and liabilities

Related party	Receivables			Liabilities		
	Jun 30 2015	Dec 31 2014	Jun 30 2014	Jun 30 2015	Dec 31 2014	Jun 30 2014
IPOPEMA Business Services Kft.	-	82	220	-	-	-
IPOPEMA Business Services Srl.	79	80	-	-	-	-
Members of the Management and Supervisory Boards	13	11	87	-	-	-
Other related entities	-	-	-	-	-	-
Total	**92**	**173**	**307**	**-**	**-**	**-**

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 consulting services as well as fund and asset management services, and 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	
	Jun 30 2015	Dec 31 2014	Jun 30 2015	Dec 31 2014
Cash and cash equivalents	**87,219**	**50,708**	**87,225**	**50,707**
1. In hand	3	3	3	3
2. At banks	20,373	20,895	20,373	20,895
3. Other cash	66,843	29,810	66,843	29,810
4. Cash equivalents (deposit for a period exceeding three months)		-	-	-
Accrued foreign exchange differences	-	-	6	-1

The difference between the presentation of cash in the statement of financial position and the statement of cash flows as at June 30th 2015 and December 31st 2014 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
	Jun 30 2015	**Dec 31 2014**	**Jun 30 2015**
Gross current and non-current receivables	216,009	253,407	40,079
Net receivables	215,400	252,119	
Impairment losses on receivables	609	1,288	-679
Accruals and deferred income	5,592	7,625	-1,765
Increase/(decrease) in accruals and deferrals			**-2,444**

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 June 30th 2014 net of the amount of receivables under loans advanced, security deposit receivable, receivables under disposal of investment certificates, and non-current receivables, disclosed under investing activities.

	Presentation in the consolidated statement of financial position		Presentation in the consolidated statement of cash flows – change
	Jun 30 2014	**Dec 31 2013**	**Jun 30 2014**
Gross current and non-current receivables	362,404	277,893	-84,672
Net receivables	361,630	277,286	
Impairment losses on receivables	774	607	167
Accruals and deferred income	5,886	9,159	-3,236
Increase/(decrease) in accruals and deferrals			**-3,069**

Explanation concerning other items of the consolidated statement of cash flows

	Jan 1 2015 - Jun 30 2015	**Jan 1 2014 - Jun 30 2014**
Cash flows from operating activities		
Other adjustments	27	68
- incentive scheme	35	68
- other	-8	-
Cash flows from investing activities		
Other cash used in investing activities	1,000	-
- cash deposit securing a bank guarantee	1,000	-
Other cash from investing activities	101	33
- decrease in lease receivables	-	13
- dividend received	101	20

26. Pending court or administrative proceedings

None of the Group companies was party to any litigation or court proceedings in H1 2015 or in 2014.

In July 2015, proceedings were instigated against IPOPEMA TFI by the General Inspector for Financial Information to impose a fine for failure to meet the obligation to register a transaction, provided for in Art. 8.1 of the Act on Countering Money Laundering and the Financing of Terrorism dated November 16th 2000, and failure to implement follow-up recommendations issued by the Polish Financial Supervision Authority within the set time limit. IPOPEMA TFI presented detailed explanations in the proceedings and filed for refraining from imposing the fine or discontinuing the 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). The fine was paid in full.

27. Material events and factors in H1 2015

Situation on the equity markets of the Warsaw, Budapest and Prague Stock Exchanges

After large-scale upward index movements in the Company’s main markets between January and April, in May and June 2015 sentiment more (WSE and PSE) or less (BSE) cooled. However, while the trading volume at the WSE was lower than a year earlier (down 4.6%), the trading volume in Budapest and Prague was higher than in the first six months of 2014 – by 7.2% and 15.6%, respectively. Over the same period, the Company’s market share shrunk to 6.19% on the WSE and 2.32% on the BSE (from 6.86% and 3.63% in H1 2014) because of growing competition, chiefly from foreign-based brokerage houses. As a result, the Company’s revenue from trading in securities in H1 2015 declined by 25.4% year on year (PLN 14,811 thousand vs. PLN 19,842 thousand).

Investment banking services

While in Q1 2015 the equity market practically came to a standstill, the following months saw a slight recovery. Unfortunately, the tense economic situation in Greece and the related uncertainty among investors led to the halting of two transactions handled by the Company, originally planned to be carried out in the first half of the year. Still, the transactions and projects that the Company did carry out in the first six months of the year yielded investment banking revenue of PLN 5,064 thousand (vs. PLN 6,804 thousand a year earlier).

Activities of IPOPEMA TFI and IPOPEMA Asset Management

Despite an increase in the total value of assets under management (to PLN 31.2bn at the end of June 2015 vs. PLN 23.9bn in the previous year), the decline in assets in actively managed funds (from PLN 712m to PLN 683m) translated into a slight revenue decrease in the fund and portfolio management segment (by 5.5%, to PLN 19,818 thousand). Coupled with practically unchanged operating expenses, that translated into lower net profit of the segment (PLN 1,569 thousand vs. PLN 2,522 thousand a year earlier).

IPOPEMA Business Consulting

Despite a slight year-on-year increase in revenue generated by IPOPEMA Business Consulting in H1 2015 (up 0.7%), the concurrent increase in operating expenses (up 0.9%) translated into lower net profit (PLN 43 thousand vs. PLN 115 thousand in H1 2014).

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 – June 30th 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, August 20th 2015

Jacek Lewandowski President of the Management Board	Mariusz Piskorski Vice-President of the Management Board	Stanisław Waczkowski Vice-President of the Management Board	Mirosław Borys Vice-President of the Management Board
Daniel Ścigała Member of the Management Board	Danuta Ciosek Chief Accountant		