



Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

BDO Sp. z o.o.
ul. Postępu 12,
02-676 Warszawa
Polska

THE GROUP
where the holding company is
IPOPEMA Securities S.A.
ul. Próżna 9
00-107 Warszawa

**Independent Auditor's Opinion and Report
on the consolidated financial statements
for the period from 1 January to 31 December 2016**

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-007, ul. Uniwersytecka 13, tel: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, Al. Pokoju 1, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wroclaw@bdo.pl

BDO Sp. z o. o. jest członkiem BDO International Limited, brytyjskiej spółki i częścią międzynarodowej sieci BDO, złożonej z niezależnych spółek członkowskich.

INDEPENDENT AUDITOR'S OPINION
for the General Shareholders Meeting and Supervisory Board of
the IPOPEMA Securities Group,
where the holding company is
IPOPEMA Securities S.A.

Report on the Audit of the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the IPOPEMA Securities S.A. Group ("the Holding Company") with its registered office in Warsaw at ul. Próżna 9, consisting of:

- the consolidated statement of financial position prepared as at 31 December 2016,
- the consolidated statement of comprehensive income for the period from 1 January to 31 December 2016,
- the consolidated statement of changes in equity for the period from 1 January to 31 December 2016,
- the consolidated statement of cash flows for the period from 1 January to 31 December 2016,
- information on significant accounting policies and other explanatory information.

Responsibilities of Holding Company Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Management is responsible for the preparation of the consolidated financial statements based on properly kept books of account, and for their fair presentation in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as other binding legal regulations. The Holding Company's Management is also responsible for such internal controls as it considers necessary to ensure that the consolidated financial statements are free of material misstatements resulting from fraud or error.

In accordance with the Accounting Act, the Holding Company's Management and members of its Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act.

This document is a translation.
The Polish original should be referred to in matters of interpretation.



Responsibilities of the Auditor

Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We performed the audit in accordance with the provisions of Chapter 7 of the Accounting Act, and in accordance with the International Standards on Auditing adopted as National Standards on Auditing in Resolution No. 2783/52/2015 passed by the National Council of Certified Auditors on 10 February 2015, with subsequent amendments. These standards require us to comply with ethical requirements and to plan and perform the audit in a manner that allows us to obtain sufficient assurance that the consolidated financial statements are free of material misstatements.

The audit consisted of performing procedures aimed at obtaining audit evidence on the amounts and information disclosed in the consolidated financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the consolidated financial statements due to fraud or error. In assessing this risk we consider the internal controls related to the preparation and fair presentation of the consolidated financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of the Holding Company's internal controls. An audit also includes assessing the appropriateness of the accounting policies used and the reasonableness of the estimates made by the Holding Company's management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the audited financial statements:

- a) give a true and fair view of the Group's financial position as at 31 December 2016, as well as of its financial result and cash flows for the period from 1 January to 31 December 2016, in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations announced in the form of European Commission regulations, as well as the accounting methods (policies) adopted by the Holding Company,
- b) are consistent, in content and in form, with the requirements of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2016 Journal of Laws, item 860), as well as with other applicable laws and regulations and with the Holding Company's Statute.

Report on Other Legal and Regulatory Requirements

Opinion on Directors' Report on the Group's Activities

Our opinion on the consolidated financial statements does not cover the Directors' Report on the Group's activities.

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the Group's activities is the responsibility of the Holding Company's



Management. The Holding Company's Management and members of its Supervisory Board are also responsible for ensuring that the Directors' Report on the Group's activities meets the requirements of the Accounting Act.

In connection with our audit of the consolidated financial statements our responsibility was to read the Directors' Report on the Group's activities and to indicate whether the information presented therein complies with the provisions of Article 49 of the Accounting Act and is consistent with the information presented in the accompanying consolidated financial statements. It was our responsibility to report whether, based on our knowledge obtained during the audit about the group and its environment, we have identified any material misstatements in the Directors' Report on the Group's activities.

In our opinion, the information contained in the Directors' Report on the Group's activities complies with the provisions of Article 49 of the Accounting Act and with the requirements of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (2016 Journal of Laws, item 860), and is consistent with the information presented in the accompanying consolidated financial statements.

Furthermore, based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Directors' Report on the Group's activities.

In connection with our audit of the consolidated financial statements it was also our responsibility to read the Holding Company's declaration on the application of corporate governance, constituting a separate section of the Directors' Report on the Group's activities. In our opinion, the declaration contains the information required by the implementing provisions issued based on Article 60 par. 2 of the Act on Trading in Financial Instruments of 29 July 2005 (2016 Journal of Laws, item 1639, with subsequent amendments). The information presented therein is consistent with the applicable regulations and with the information presented in the accompanying consolidated financial statements.

Warsaw, 21 March 2017

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

Maciej Wach
Certified Auditor No. 13278

On behalf of BDO Sp. z o.o.:

Dr. André Helin
Managing Partner
Certified Auditor No. 90004



Telefon: +48 22 543 16 00
Telefax: +48 22 543 16 01
E-mail: office@bdo.pl
Internet: www.bdo.pl

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02-676 Warszawa
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Audit Report
on the consolidated financial statements of
THE GROUP
prepared by
IPOPEMA Securities S.A.
for the financial year ended 31 December 2016

BDO Sp. z o.o. Sąd Rejonowy dla M. St. Warszawy, XIII Wydział Gospodarczy KRS: 0000293339, Kapitał zakładowy: 1.000.000 PLN., NIP 108-000-42-12. Biura regionalne BDO: Katowice 40-007, ul. Uniwersytecka 13, tel: +48 32 661 06 00, katowice@bdo.pl; Kraków 31-548, Al. Pokoju 1, tel: +48 12 378 69 00, krakow@bdo.pl; Poznań 60-650, ul. Piątkowska 165, tel: +48 61 622 57 00, poznan@bdo.pl; Wrocław 53-332, ul. Powstańców Śląskich 7a, tel: +48 71 734 28 00, wroclaw@bdo.pl

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I. GENERAL INFORMATION

1. Information about the Holding Company

The holding company of the IPOPEMA Securities S.A. Group ("the Group") is IPOPEMA Securities S.A. ("the Holding Company", "the Company").

The Holding Company's registered office is 00-107, Warszawa, ul. Prózna 9.

In accordance with the entry in the National Court Register and the Company's Statute, the Holding Company's activities consist of:

- brokerage activities associated with the securities and commodities market,
- other financial services, otherwise unclassified, excluding insurance and pension funds,
- other business and management consulting.

In the audited period the Company's main area of activity consisted of brokerage activities associated with the securities market.

The Holding Company operates on the basis of:

- the Company's Statute prepared in the form of a notarial deed on 2 March 2005 (Rep. A No. 2640/2005) with subsequent amendments,
- the Code of Commercial Partnerships and Companies,
- permit No. DDM-M-4020-60-1/2005 issued by the Securities and Exchange Commission on 30 June 2005 to conduct brokerage activities as specified in the decision.

On 22 March 2005 the Company was entered in the National Court Register at the Regional Court for the Capital City of Warsaw in Warsaw - XII Business Division Registration Section, in number KRS 0000230737.

The Company has been assigned tax identification number NIP: 5272468122, as well as statistical identification number REGON: 140086881.

As at 31 December 2016 the Holding Company's share capital amounted to 2 994 thousand zł and consisted of 29 937 836 shares with a nominal value of 0,10 zł per share.

No changes were made in the Company's share capital in 2016 or before the end of the audit.

The Company's shareholders as at 31 December 2016, according to the information provided by the Management Board:

Shareholder	Number of shares	% of votes at General Shareholders Meeting
Fundusz 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%
Fundusz IPOPEMA 10 FIZAN ³	2 851 420	9,52%
Katarzyna Lewandowska	2 136 749	7,14%
Quercus Parasolowy SFIO*	1 754 164	5,86%
Others	14 263 925	47,65%
Total shareholders	29 937 836	100,00%

*Data based on notifications received by the Company from the shareholders

¹The main participant of the Fund is Jacek Lewandowski - President of the Company's Management Board, as well as Katarzyna Lewandowska

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

³The sole participant of the Fund is Stanisław Waczkowski - Vice-President of the Company's Management Board

As at 31 December 2016 the Holding Company's equity totaled 83 635 thousand zł.

The function of group manager is exercised by the Holding Company's Management Board.

As at 31 December 2016 the Holding Company's Management Board comprised:

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

The following change was made in the Company's Management Board in the audited period and before the end of the audit: on 4 January 2017 Mr. Daniel Ścigała submitted a resignation from the function of Member of the Management Board effective of 31 January 2017.

2. Composition of the Group

The separate financial statements of the Holding Company for the financial year ended 31 December 2016 have been audited by BDO Sp. z o.o. and given an unqualified opinion.

As at 31 December 2016 the IPOPEMA Securities S.A. Group consisted of the following consolidated (direct and indirect) subsidiaries:

Company name	Auditor	Audit opinion	Consolidation method
IPOPEMA Towarzystwo Funduszy Inwestycyjnych S.A.	BDO Sp. z o.o.	Unqualified	Acquisition accounting
IPOPEMA Business Consulting Sp. z o.o.	BDO Sp. z o.o.	Audit of data for the purposes of the audit of the consolidated financial statements of IPOPEMA Securities Group - unqualified	Acquisition accounting

All of the consolidated entities had the same balance sheet date as the Holding Company.

Because their data is immaterial and does not distort the information about the financial results of the IPOPEMA Securities S.A. Group as at 31 December 2016, the consolidation did not cover the subsidiaries IPOPEMA Business Services Srl, IPOPEMA Financial Advisory Sp. z o.o. and IPOPEMA Financial Advisory Sp. z o.o. s.k.

3. Information about the authorized audit company and the auditor in charge

The consolidated financial statements of the IPOPEMA Securities S.A. Group for the year 2016 have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor was selected in Resolution No. 1/VIII/2007 passed by the Holding Company's Supervisory Board on 23 August 2007.

The audit was conducted based on an audit agreement signed on 24 July 2015, and performed under the direction of Maciej Wach, Certified Auditor No. 13278. The audit was performed at the Holding Company's registered office from 1 March 2017, intermittently until the issue of the audit opinion. It was preceded with a review of the consolidated financial statements for the 1st half of 2016.

We hereby declare that BDO Sp. z o.o., its management, the certified auditor and team performing the audit of the above-described financial statements meet the conditions required to issue an objective and independent opinion on the audited financial statements - as provided for in Article 56 par. 3 and 4 of the Act on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (2016 Journal of Laws, item 1000).

The Holding Company's Management submitted all of the declarations, explanations and information requested by the auditor and necessary to perform the audit.

No limitations had been placed on the scope of the audit or on the methods selected by the auditor to perform the audit.

4. Information about the consolidated financial statements for the previous financial year

The Group's consolidated financial statements prepared for the period from 1 January to 31 December 2015 had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The Group's consolidated financial statements for the period from 1 January to 31 December 2015 were approved in Resolution No. 7 passed by the General Shareholders Meeting of 29 June 2016.

The Group's consolidated financial statements for the year 2015 were filed with the National Court Register on 1 July 2016.

II. FINANCIAL ANALYSIS

Presented below are selected items from the consolidated statement of financial position and consolidated statement of comprehensive income, as well as key financial ratios, compared to analogical amounts for the previous years.

1. Main items from consolidated statement of financial position (in '000 zł)

	<u>31.12.2016</u>	% of balance sheet total	<u>31.12.2015</u>	% of balance sheet total	<u>31.12.2014</u>	% of balance sheet total
ASSETS						
Cash and other cash assets	42 714	12,6	148 949	42,2	50 708	15,6
Short-term receivables	268 907	79,1	178 434	50,5	249 771	76,9
Current income tax assets	0	0,0	209	0,1	1 188	0,4
Inventory	1 092	0,3	1 147	0,3	1 356	0,4
Short-term prepayments	126	0,0	1 214	0,3	1 463	0,5
Financial instruments held for sale	16 432	4,8	11 764	3,4	8 727	2,7
Financial instruments available for sale	1 384	0,4	1 367	0,4	2 348	0,7
Long-term receivables	54	0,0	1	0,0	364	0,1
Long-term loans	4 781	1,4	5 553	1,5	4 568	1,5
Tangible fixed assets	2 859	0,8	3 156	0,9	2 752	0,8
Intangible fixed assets	1 756	0,5	1 479	0,4	1 415	0,4
Deferred income tax assets	244	0,1	37	0,0	0	0,0
TOTAL ASSETS	340 349	100	353 310	100	324 660	100
LIABILITIES AND EQUITY						
Liabilities and cost provisions	256 714	75,4	268 902	76,1	243 937	75,1
Short-term liabilities	246 068	72,3	258 462	73,2	235 603	72,6
Current income tax liabilities	437	0,1	0	0,0	165	0,1
Long-term liabilities	487	0,1	593	0,2	444	0,1
Deferred income tax liabilities	49	0,0	133	0,0	100	0,0
Accruals	9 673	2,8	9 714	2,7	7 625	2,3
Equity	79 225	23,3	80 900	22,9	76 892	23,7
Share capital	2 994	0,9	2 994	0,8	2 994	0,9
Other reserves	13 830	4,1	13 675	3,9	13 570	4,2
Accumulated profits from previous years	62 401	18,3	64 231	18,2	60 328	18,6
Non-controlling interests	4 410	1,3	3 508	1,0	3 831	1,2
TOTAL LIABILITIES AND EQUITY	340 349	100	353 310	100	324 660	100

2. Main items from consolidated statement of comprehensive income (in '000 zł)

	1.01.2015- 31.12.2015	% of revenue	1.01.2014- 31.12.2014	% of revenue	1.01.2013- 31.12.2013	% of revenue
Revenue from ordinary activities	88 038	100,0	98 015	100,0	104 182	100,0
Revenue from brokerage activities	37 457	42,5	47 425	48,4	46 627	44,8
Revenue from investment fund services and asset management	32 762	37,3	38 525	40,3	42 054	40,3
Revenue from advisory services	17 819	20,2	12 065	12,3	15 501	14,9
Costs of ordinary activities	84 700	96,2	90 760	92,6	93 059	89,3
Profit/loss on ordinary activities	3 338	3,8	7 255	7,4	11 123	10,7
Profit/loss on financial instruments held for sale	10	0,0	-584	(0,6)	-1 429	(1,4)
Profit/loss on financial instruments available for sale	234	0,3	144	0,1	294	0,3
Other operating revenue	1 135	1,3	1 416	1,4	1 205	1,2
Other operating costs	1 048	1,2	1 490	1,5	2 119	2,0
Operating profit/loss	3 669	4,2	6 741	6,9	9 074	8,7
Financial revenue	1 464	1,7	1 381	1,4	2 025	1,9
Financial costs	2 037	2,3	2 664	2,7	3 942	3,8
Gross profit/loss	3 096	3,5	5 458	5,6	7 157	6,9
Income tax	731	0,8	1 478	1,5	1 864	1,8
Profit/loss on continuing operations	2 365	2,7	3 980	4,1	5 293	5,1
Discontinued operations	0	-	0	-	0	-
Net profit/loss for the year	2 365	2,7	3 980	4,1	5 293	5,1
Attributable to:						
Holding Company shareholders	1 463	1,7	3 903	4,0	4 623	4,4
Non-controlling interests	902	1,0	77	0,1	670	0,6
Other comprehensive income						
Profits and loss on re-measurement of financial assets available for sale	155	0,2	57	0,1	-39	(0,0)
	192	0,2	70	0,1	-48	(0,0)
Income tax on components of other comprehensive income	-37	(0,0)	-13	(0,0)	9	0,0
Comprehensive income for the year	2 520	2,9	4 037	4,1	5 254	5,0
Attributable to:						
Holding Company shareholders	1 618	1,8	3 960	4,0	4 584	4,4
Non-controlling interests	902	1,0	77	0,1	670	0,6

3. Key financial ratios

	2016	2015	2014
Profitability ratios			
Net sales profitability	2,9%	4,1%	5,0%
Return on assets	0,7%	1,1%	1,6%
Return on equity	3,0%	4,8%	6,5%
Liquidity ratios			
Current ratio	1,3	1,3	1,3
Book value per share	2,79	2,82	2,70
Comprehensive income for the period per share	0,08	0,13	0,18

4. Remarks

- Short-term receivables are the greatest assets item, amounting to 268 907 thousand zł, or 79,1% of the balance sheet total. Short-term receivables grew in 2016 in comparison with prior year by 50,7% and their share in total assets by 28,6 p.p. Cash and other cash assets at 42 714 thousand zł, constituting 12,6% of balance sheet sum have also a significant proportion of total assets.
- Short-term liabilities (246 068 thousand zł) and equity along with non-controlling interests (83 635 thousand zł) are the greatest liabilities items, accounting for 75,4% and 24,6% of the balance sheet total, respectively.
- In the year 2016 the Group generated a comprehensive income of 2 520 thousand zł, i.e. by 1 517 thousand zł lower than in 2015.
- Profit on ordinary activities amounted to 3 338 thousand zł and was by 54,0% lower than in the previous year. Revenue from ordinary activities consisted mainly of revenue from brokerage activities and revenue from investment fund services and asset management, accounting for 42,5% and 37,2% of revenue from ordinary activities, respectively. The decline in revenue from ordinary activities was accompanied by a decline in the costs of ordinary activities by 6,7%.
- The current ratio did not change in the audited period and remained at last year's value of 1,3.
- The profitability ratios decreased in the year 2016. Net sales profitability amounts to 2,9% (2015: 4,1%). The Group recorded lower return on assets and return on equity ratios of 0,7% and 3,0%, respectively.
- The decrease in equity led to an insignificant decrease in book value per share from 2,82 in 2015 to 2,79 in 2016.
- Comprehensive income for the period per share attributable to the Holding Company shareholders amounted to 0,05 compared to 0,13 last year.

In the course of the audit we found no indications that as a result of discontinuing or significantly limiting its operations the Holding Company will not be able to continue as a going concern in at least the next reporting period.

III. DETAILED INFORMATION

1. Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the IPOPEMA Securities S.A. Group have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union.

2. Completeness and correctness of consolidation documentation

The Group's consolidation documentation has been prepared in accordance with the requirements of the Minister's of Finance Decree of 25 September 2009 on the detailed methods used by entities other than banks, insurers and re-insurers to prepare the consolidated financial statements of groups (2009 Journal of Laws No. 169, item 1327).

In the course of the audit we found no un-remedied misstatements in the consolidation documentation with a significant effect on the audited consolidated financial statements, including with regard to the fulfillment of the requirements that consolidation documentation should comply with.

3. Methods used to value assets, liabilities and equity

The entities covered by the Group's consolidated financial statements apply consistent accounting principles and methods in the valuation of their assets and liabilities items.

4. Information about consolidated financial statements items

The structure of the Group's assets, liabilities and equity has been presented in the consolidated financial statements for the financial year ended 31 December 2015.

The data disclosed in the Group's consolidated financial statements are consistent with the consolidation documentation.

4.1 Equity

The equity disclosed in the financial statements is consistent with the consolidation documentation and the relevant legal documents.

As at 31 December 2016 minority capital amounted to 4 410 thousand zł.

Data regarding equity are presented in note 14 of the additional information in the consolidated financial statements

4.2 Financial year

All of the entities comprising the IPOPEMA Securities S.A. Group had the same financial year as the Holding Company. The financial year covered the period from 1 January to 31 December 2016.

5. Additional information

The information presented in the introduction and notes to the consolidated financial statements, containing a description of significant accounting methods and other information, has been presented completely and correctly in all material respects.

6. Management's Declaration

The Holding Company's Management submitted a written declaration about the completeness of the books of account, disclosure of all contingent liabilities and absence of significant post-balance sheet events.

Warsaw, 21 March 2017

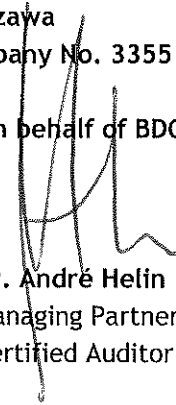
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