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BDO Sp. z o.o.
ul. Postępu 12,
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IPOPEMA Securities S.A.
ul. Próżna 9
00-107 Warszawa

Independent Auditor's Opinion
on the 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
IPOPEMA SECURITIES S.A

Report on the Audit of the Financial Statements

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

- introduction to the financial statements,
- the balance sheet prepared as at 31 December 2016,
- the profit and loss account for the period from 1 January to 31 December 2016,
- the statement of changes in shareholders' equity for the period from 1 January to 31 December 2016,
- the statement of cash flows for the period from 1 January to 31 December 2016,
- notes to the financial statements.

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

The Company's Management is responsible for the preparation of the financial statements based on properly kept books of account, and for their fair presentation in accordance with the Accounting Act of 29 September 1994 (2016 Journal of Laws, item 1047, with subsequent amendments), hereinafter referred to as "the Accounting Act", the related implementing provisions and other binding regulations. The Company's Management is also responsible for such internal controls as it considers necessary to ensure that the financial statements are free of material misstatements resulting from fraud or error.

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

Responsibilities of the Auditor

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

This document is a translation.

The Polish original should be referred to in matters of interpretation.



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 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 financial statements. We choose the procedures based on our judgement, including an assessment of the risk of material misstatements in the 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 financial statements in order to plan our audit procedures, and not to express an opinion on the effectiveness of the 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 entity's management, as well as evaluating the overall presentation of the 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 Company's financial position as at 31 December 2016, as well as of its financial result for the period from 1 January to 31 December 2016, in accordance with the applicable provisions of the Accounting Act, as well as the adopted accounting methods (policies),
- b) have been prepared on the basis of properly kept books of account, and
- c) 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 Company's Activities

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

In accordance with the Accounting Act and other binding regulations, the preparation of the Directors' Report on the Company's activities is the responsibility of the Company's Management. The Company's Management and members of its Supervisory Board are also responsible for ensuring



that the Directors' Report on the Company's activities meets the requirements of the Accounting Act.

In our opinion, the information contained in the Directors' Report on the Company'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 financial statements.

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

In connection with our audit of the financial statements it was also our responsibility to read the Company's declaration on the application of corporate governance, constituting a separate section of the Directors' Report on the Company'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 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



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Audit Report
on the financial statements of
IPOPEMA SECURITIES S.A.
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

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I. GENERAL INFORMATION

1. Information about the Company

The Company does business as IPOPEMA Securities Spółka Akcyjna [joint-stock company].

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

In accordance with the entry in the National Court Register and the Company's Statute, the 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 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 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

^fThe 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 Company's equity totaled 61 405 thousand zł.

The function of entity manager is exercised by the Management Board.

As at 31 December 2016 the 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 Ścigala - 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 Ścigala submitted a resignation from the function of Member of the Management Board effective of 31 January 2017.

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

The financial statements of IPOPEMA Securities S.A. 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 Company's Supervisory Board on 23 August 2007.

The audit was conducted based on an audit agreement signed on 19 July 2016, and performed under the direction of Maciej Wach, Certified Auditor No. 13278. The audit was performed at the Company's registered office from 1 March 2017, intermittently until the issue of the audit opinion. It was preceded with a review of the 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 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.

3. Information about the financial statements for the previous financial year

The books of account were opened based on the financial statements prepared for the period from 1 January to 31 December 2015, which had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The Company's financial statements for the period from 1 January to 31 December 2015 were approved in Resolution No. 1/VI/2016 passed by the General Shareholders Meeting of 3 June 2016.

In its Resolution No. 29/VI/2016 the General Shareholders Meeting of 29 June 2016 designated the Company's net profit for the period from 1 January to 31 December 2015, amounting to 3 493 thousand zł, to dividend payment. The amount of dividend per share was rounded down to full grosz, and the difference between the amount of net profit for 2015 specified above and the amount of dividend payable to the shareholders after rounding was posted to the Company's statutory reserve funds. The amount of dividend per share determined in this manner, calculated for the current number of outstanding Company shares (29,937,836), is PLN 0.11 (eleven grosz). To the statutory reserve capital the amount of 200 thousand zł was allocated.

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

II. FINANCIAL ANALYSIS

Presented below are selected balance sheet and profit and loss account items, as well as key financial ratios, compared to analogical amounts for the previous years.

1. Main balance sheet items (in '000 zł)

	% of balance sheet total		% of balance sheet total		% of balance sheet total	
	31.12.2016		31.12.2015		31.12.2014	
Cash and other cash assets	27 119	8,9	135 950	42,0	35 342	12,1
Short-term receivables	255 106	83,6	167 343	51,7	237 305	81,0
Financial instruments held for sale	126	0,0	1 214	0,4	1 463	0,5
Short-term prepayments	663	0,2	794	0,2	891	0,3
Short-term loans	149	0,0	368	0,1	208	0,1
Financial instruments available for sale	12 853	4,2	8 820	2,7	8 808	3,0
Long-term receivables	1 384	0,5	1 367	0,4	2 348	0,8
Long-term loans	54	0,0	1	0,0	364	0,1
Intangible fixed assets	2 475	0,8	2 495	0,8	2 030	0,7
Tangible fixed assets	3 746	1,2	4 136	1,3	3 455	1,2
Long-term prepayments	1 337	0,4	1 087	0,3	821	0,3
Total assets	305 012	100,00	323 575	100,0	293 035	100,0
Short-term liabilities	239 162	78,4	254 254	78,6	229 000	78,1
Long-term liabilities	158	0,1	133	0,0	2	0,0
Accruals	0	0,0	0	0,0	0	0,0
Cost provisions	4 287	1,4	5 561	1,7	3 908	1,3
Equity	61 405	20,1	63 627	19,7	60 125	20,5
Total liabilities and equity	305 012	100,00	323 575	100,0	293 035	100,0

2. Main profit and loss account items (in '000 zł)

	<u>1.01.2016-</u> <u>31.12.2016</u>	% of revenue	<u>1.01.2015-</u> <u>31.12.2015</u>	% of revenue	<u>1.01.2014-</u> <u>31.12.2014</u>	% of revenue
Revenue from brokerage activities	37 458	100,00	47 425	100,0	46 627	100,0
Cost of brokerage activities	37 238	99,4	42 986	90,6	42 167	90,4
Profit/loss on brokerage activities	220	0,6	4 439	9,4	4 460	9,6
Costs on financial instruments held for sale	766	2,0	1 436	3,0	2 370	5,1
Profit/loss on financial instruments held for sale	10	0,0	(585)	(1,2)	(1 430)	(3,1)
Profit/loss on financial instruments available for sale	1 509	4,0	1 400	3,0	3 001	6,4
Profit/loss on other operating activities	(29)	(0,1)	261	0,6	(230)	(0,5)
Operating profit/loss	1 710	4,6	5 515	11,6	5 801	12,4
Profit/loss on financial activities	(683)	(1,8)	(1 359)	(2,9)	(2 076)	(4,5)
Gross profit/loss	1 027	2,7	4 156	8,8	3 725	8,0
Income tax	(19)	(0,1)	663	1,4	499	1,1
Net profit/loss	<u>1 046</u>	2,8	<u>3 493</u>	7,4	<u>3 226</u>	6,9

3. Key financial ratios

	2016	2015	2014
Profitability ratios			
Net sales profitability	2,8%	7,4%	6,9%
Return on assets	0,3%	1,1%	1,1%
Return on equity	1,7%	5,5%	5,4%
Liquidity ratios			
Current ratio	1,2	1,2	1,2
Share efficiency			
Book value per share (in zł)	2,05	2,13	2,01
Net profit/loss per share (in zł)	0,03	0,12	0,11

4. Remarks

- Short-term receivables are the greatest assets item accounting for 83,6% of total assets, followed by cash and other cash assets at 8,9%. Short-term liabilities and equity are the greatest liabilities items, constituting 78,4% and 20,1% of the balance sheet total, respectively;
- In the financial year ended 31 December 2016 the Company generated a net profit of 1 046 thousand zł, which constitutes a decrease of 2 447 thousand zł from the year before;
- In the year 2016 the Company recorded lower revenue from brokerage activities in the amount of 37 458 thousand zł compared to 47 425 thousand zł in 2015, as well as lower costs of brokerage activities amounting to 37 238 thousand zł in the audited period compared to 42 986 thousand zł in the previous year;
- The Company's profitability ratios have fallen from last year. Net sales profitability amounts to 2,8% (2015: 7,4%). The return on assets ratio has gone down to 0,3% compared with 1,1% in the prior year. The return on equity amounts to 1,7% compared to 5,5% in the year 2015;
- As equity decreased in 2016 compared to 2015, the book value per share went down. In the audited period it amounted to 2,05 compared to 2,13 in 2015;
- Net profit/loss per share has declined from the previous year and amounts to 0,03 zł (2015: 0,12).

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

III. DETAILED INFORMATION

1. Assessment of the Company's accounting and internal control systems

The Company has documentation describing its accounting methods, as set forth in Article 10 of the Accounting Act.

The Company's books of account are kept at its registered office. The Company's accounting records are computerized using the Raks system.

During our audit of the financial statements we performed a random check of the operation of the Company's accounting system. It was not an objective of the audit to express a comprehensive opinion on the operation of this system.

In the course of our audit we found no misstatements in the books of account, which could have a significant effect on the audited financial statements. Our audit has shown that:

- the accounting methods (policies) are valid and applied continuously, and that the books of account were opened correctly,
- economic transactions are documented accurately, completely and clearly, and correctly classified for entry in the books of account,
- the methods used to secure access to data and the data processing system are appropriate,
- accounting entries are complete and accurate, made continuously and are consistent with the corresponding source documents and financial statements,
- accounting documents, books of account and financial statements are properly protected.

The Company's inventory count of its assets and liabilities, conducted in accordance with the scope, due date and frequency requirements of the Accounting Act, was performed correctly, and the resulting differences have been settled in the books of account of the audited period.

2. Information about selected significant financial statements items

The most significant financial statements items have been described in the notes to the Company's financial statements, as well as in the Directors' Report on the Company's activities.

3. Additional information

The information presented in the introduction and notes to the financial statements has been prepared completely and correctly.

4. Directors' Report

The Directors Report on the Company's activities includes all information required by Article 49 of the Accounting Act and by 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 (Journal of Laws of 2016, item 860), and the information contained therein is consistent with the information presented in the audited financial statements.

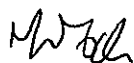
5. Management's Declaration

The 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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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