CAPITAL GROUP

X-TRADE BROKERS DM S.A.

REPORT FOR THE 1ST QUARTER 2016

DISCLAIMER

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TABLE OF CONTENTS

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	IN PLN'000 THREE-MONTH ENDED		IN EUR'000 THREE-MONTH ENDED	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Consolidated comprehensive income statement:				
Total operating income	82 765	95 510	19 001	23 021
Profit on operating activities	42 301	63 962	9 711	15 417
Profit before tax	39 765	61 780	9 129	14 891
Net profit	31 859	49 842	7 314	12 013
Net profit and diluted net profit per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	0,27	0,42	0,06	0,10
Consolidated cash flow statement:				
Net cash from operating activities	38 125	45 729	8 752	11 022
Net cash from investing activities	(409)	(62)	(94)	(15)
Net cash from financing activities	(72 149)	(66)	(16 564)	(16)
Increase/(Decrease) in net cash and cash equivalents	(34 433)	45 601	(7 905)	10 991

	IN PLN'000		IN EUR'000	
	31.03.2016	31.12.2015	31.03.2016	31.12.2015
Consolidated statement of financial position:				
Total assets	717 308	727 119	168 051	170 625
Total liabilities	403 549	353 070	94 543	82 851
Share capital	5 869	5 869	1 375	1 377
Equity	313 759	374 049	73 507	87 774
Number of shares	117 383 635	117 383 635	117 383 635	117 383 635
Carrying amount and diluted carrying amount per share attributable to shareholders of the Parent Company (in PLN/EUR per share)	2,67	3,19	0,63	0,75

The above data was translated into EUR as follows:

- items in the comprehensive income statement and cash flow statement – by the arithmetic average of exchange rates published by the National Bank of Poland as of the last day of the month during the reporting period:
  - for the current period: 4,3559;
  - for the comparative period: 4,1489;
- items of statement of financial position – by the average exchange rate published by the National Bank of Poland as of the end of the reporting period:
  - for the current period: 4,2684;
  - for the comparative period: 4,2615.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2016 (UNADUTED)	31.03.2015 (UNAUDITED)
Result of operations on financial instruments	6.1	81 465	93 605
Income from fees and charges	6.2	1 294	1 613
Other income		6	292
Total operating income	**6**	**82 765**	**95 510**
Salaries and employee benefits	7	(22 275)	(15 810)
Marketing	8	(7 990)	(4 807)
Other external services	9	(3 960)	(3 836)
Costs of maintenance and lease of buildings		(2 388)	(1 744)
Amortisation and depreciation		(1 389)	(1 454)
Taxes and fees		(313)	(410)
Fee expenses	10	(1 109)	(998)
Other costs		(1 040)	(2 489)
Total operating expenses		**(40 464)**	**(31 548)**
Profit on operating activities		**42 301**	**63 962**
Finance income	11	2 006	3 621
Finance costs	12	(4 542)	(5 803)
Profit before tax		**39 765**	**61 780**
Income tax	26	(7 906)	(11 938)
Net profit		**31 859**	**49 842**
Other comprehensive income		**(590)**	**(1 029)**
Items which will be reclassified to profit or loss after meeting specific conditions		(590)	(1 029)
– foreign exchange differences on translation of foreign operations		*212*	*349*
– foreign exchange differences on valuation of separated equity		*(990)*	*(1 701)*
– deferred income tax		*188*	*323*
Total comprehensive income		**31 270**	**48 813**
Net profit attributable to shareholders of the Parent Company		31 859	49 842
Total comprehensive income attributable to shareholders of the Parent Company		*31 270*	*48 813*
Earnings per share:			
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	25	0,27	0,42
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	25	0,27	0,42
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	25	0,27	0,42
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	25	0,27	0,42

The interim condensed consolidated comprehensive income statement should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)		31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
ASSETS				
Own cash and cash equivalents	14	290 116	325 328	332 383
Customers' cash and cash equivalents	14	315 566	298 138	258 577
Financial assets held for trading	15	63 772	64 254	66 529
Financial assets available for sale		212	213	233
Income tax receivables		5 724	2 443	185
Loans granted and other receivables	16	5 064	4 545	5 442
Prepayments and deferred costs		8 547	2 513	2 552
Intangible assets	17	12 581	13 340	16 918
Property, plant and equipment	18	3 866	4 107	4 334
Deferred income tax assets	27	11 860	12 238	12 277
Total assets		**717 308**	**727 119**	**699 430**
EQUITY AND LIABILITIES				
Liabilities				
Amounts due to customers	19	319 222	301 076	257 886
Financial liabilities held for trading	20	9 636	10 215	20 262
Income tax liabilities		2 179	4 562	8 705
Other liabilities	21	62 117	26 708	18 228
Provisions for liabilities		875	871	558
Deferred income tax provision	27	9 520	9 638	9 267
Total liabilities		**403 549**	**353 070**	**314 906**
Equity				
Share capital	23	5 869	5 869	5 869
Supplementary capital	23	71 608	71 608	71 608
Other reserves	23	212 554	189 092	189 092
Foreign exchange differences on translation	23	(1 231)	(641)	1 506
Retained earnings		24 959	108 121	116 449
Equity attributable to the owners of the Parent Company		**313 759**	**374 049**	**384 524**
Total equity		**313 759**	**374 049**	**384 524**
Total equity and liabilities		**717 308**	**727 119**	**699 430**

The interim condensed consolidated statement of financial position should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim condensed consolidated statement of changes in equity for the period from 1 January 2016 to 31 March 2016

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2016	**5 869**	**71 608**	**189 092**	**(641)**	**108 121**	**374 049**	**374 049**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	31 859	31 859	**31 859**
Other comprehensive income	–	–	–	(590)	–	(590)	**(590)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(590)**	**31 859**	**31 269**	**31 269**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss (note 24)	–	–	23 462	–	(115 021)	(91 559)	**(91 559)**
- dividend payment	–	–	–	–	(91 559)	(91 559)	**(91 559)**
- transfer to other reserves	–	–	23 462	–	(23 462)	–	**–**
As at 31 March 2016 (unaudited)	**5 869**	**71 608**	**212 554**	**(1 231)**	**24 959**	**313 759**	**313 759**

The interim condensed consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

Interim condensed consolidated statement of changes in equity for the period from 1 January 2015 to 31 December 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**189 092**	**2 535**	**66 607**	**335 711**	**335 711**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	119 035	119 035	**119 035**
Other comprehensive income	–	–	–	(3 176)	–	(3 176)	**(3 176)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(3 176)**	**119 035**	**115 859**	**115 859**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss	–	–	–	–	(77 521)	(77 521)	**(77 521)**
- dividend payment (note 24)	–	–	–	–	(77 521)	(77 521)	**(77 521)**
As at 31 December 2015 (audited)	**5 869**	**71 608**	**189 092**	**(641)**	**108 121**	**374 049**	**374 049**

The interim condensed consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these condensed consolidated financial statements.

Condensed consolidated interim statement of changes in equity for the period from 1 January 2015 to 31 March 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	EQUITY ATRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**189 092**	**2 535**	**66 607**	**335 711**	**335 711**
Total comprehensive income for the financial year							
Net profit	–	–	–	–	49 842	49 842	**49 842**
Other comprehensive income	–	–	–	(1 029)	–	(1 029)	**(1 029)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**(1 029)**	**49 842**	**48 813**	**48 813**
Transactions with the Parent Company's owners recognised directly in equity							
Appropriation of profit/offset of loss	–	–	–	–	–	–	**–**
– retained earnings	–	–	–	–	–	–	**–**
As at 31 March 2015 (unaudited)	**5 869**	**71 608**	**189 092**	**1 506**	**116 449**	**384 524**	**384 524**

The interim condensed consolidated statement of changes in equity should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(IN PLN'000)	NOTE	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	THREE-MONTH PERIOD ENDED 31.03.2015 (UNAUDITED)
Cash flows from operating activities			
Profit before tax		39 765	61 780
Adjustments:			
(Gain)/Loss on sale or disposal of items of property, plant and equipment		–	(15)
Amortisation and depreciation		1 389	1 454
Foreign exchange (gains)/losses from translation of own cash		779	606
Other adjustments	29.2	(568)	(965)
Changes			
Change in provisions		4	(7)
Change in balance of financial assets and liabilities held for trading		(97)	363
Change in balance of restricted cash		(17 428)	9 389
Change in balance of loans granted and other receivables		(519)	(1 538)
Change in balance of prepayments and accruals		(6 034)	(596)
Change in balance of amounts due to customers		18 146	(10 146)
Change in balance of other liabilities	29.1	15 995	(4 316)
Cash from operating activities		**51 432**	**56 009**
Income tax paid		(13 310)	(10 285)
Interest		3	5
Net cash from operating activities		**38 125**	**45 729**
Cash flow from investing activities			
Proceeds from sale of items of property, plant and equipment		–	6
Expenses relating to payments for property, plant and equipment	18	(279)	(352)
Expenses relating to payments for intangible assets	17	(130)	(4)
Sale/(Purchase) of financial assets held to maturity		–	288
Net cash from investing activities		**(409)**	**(62)**
Cash flow from financing activities			
Payments of liabilities under finance lease agreements		(30)	(61)
Interest paid under lease		(3)	(5)
Dividend paid to owners		(72 116)	–
Net cash from financing activities		**(72 149)**	**(66)**
Increase/(decrease) in net cash and cash equivalents		**(34 433)**	**45 601**
Cash and cash equivalents – opening balance		325 328	287 388
Effect of FX rates fluctuations on balance of cash in foreign currencies		(779)	(606)
Cash and cash equivalents – closing balance	**14**	**290 116**	**332 383**

The interim condensed consolidated cash flow statement should be read together with the supplementary notes which are an integral part of these interim condensed consolidated financial statements.

ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES

1. Information about the Parent Company and composition of the Group

The Parent Company in the X–Trade Brokers Dom Maklerski S.A. Group (the "Group") is X–Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Entity", "Parent Company", "Brokerage") with its headquarters located in Warsaw, at Ogrodowa street 58, 00–876 Warsaw.

X–Trade Brokers Dom Maklerski S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register, under No. KRS 0000217580. The Parent Company was granted a statistical REGON number 015803782 and a tax identification (NIP) number 527–24–43–955.

The Parent Company's operations consist of conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM–M–4021–57–1/2005.

1.1 Information on the reporting entities in the Parent Company's organizational structure

The interim condensed consolidated financial statements cover the following foreign branches which form the Parent Company:

- X–Trade Brokers Dom Maklerski Spółka Akcyjna, organizační složka – a branch established on 7 March 2007 in the Czech Republic. The branch was registered in the commercial register maintained by the City Court in Prague under No. 56720 and was granted the following tax identification number: CZK 27867102.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana – a branch established on 19 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish authorities and was granted the tax identification number ES W0601162A.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna, organizačna zložka – a branch established on 1 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial register maintained by the City Court in Bratislava under No. 36859699 and was granted the following tax identification number: SK4020230324.
- X–Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) – a branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: CUI 24270192.
- X–Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) – a branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: 4721939029.
- X–Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France – a branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689.
- X–Trade Brokers Dom Maklerski S.A., Sucursal Portugesa – a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register under No. 980436613.

1.2 Composition of the Group

The X–Trade Brokers Dom Maklerski S.A. Group is composed of X–Trade Brokers Dom Maklerski S.A. as the Parent Company and the following subsidiaries:

COMPANY NAME	COUNTRY OF REGISTERED OFFICE	PERCENTAGE SHARE IN THE CAPITAL		
		31.03.2016	31.12.2015	31.03.2015
XTB Limited	United Kingdom	100%	100%	100%
X Open Hub Sp. z o.o.	Poland	100%	100%	100%
DUB Investments Ltd	Cyprus	100%	100%	100%
X Trade Brokers Menkul Değerler A.Ş.	Turkey	100%	100%	100%
Lirsar S.A.	Uruguay	100%	100%	-

XTB Limited was established on 19 April 2010 under the name Tyrolese (691) Limited. The Company started its operating activities in November 2010 under a changed name – XTB UK Ltd. In 2012 it changed its name to X Financial Solutions Ltd, in 2013 it changed its name into X Open Hub Limited, and on 8 January 2015 to XTB Limited. The Company's results are consolidated under the full method from the date of its establishment.

On 6 March 2013, the Parent Company acquired 100% of the shares in xStore Sp. z o.o. with its registered office in Poland. In 2014, the Company changed its name to X Open Hub Sp. z o.o. The Company's results are consolidated under the full method from the date of its establishment.

On 15 October 2013 the Parent Company acquired 100% shares in DUB Investments Limited, with its registered office in Cyprus. The Company's results are consolidated under the acquisition method as of the date of its acquisition. The fair value of the consideration paid was PLN 1 292 thousand. As a result of the acquisition, the Parent Company identified goodwill of PLN 783 thousand as the difference between the acquisition price and the fair value of the acquired assets. As at the acquisition date, the subsidiary was tested for impairment; as a result of the test the full value of goodwill was charged to costs as at that date.

On 17 April and on 16 May 2014 the Parent Company acquired 100% shares in X Trade Brokers Menkul Değerler A.Ş. with its registered office in Turkey, as a result of which on 30 April 2014 it took control over the Company. The acquisition of 100% of the shares led to taking up control by the Parent Company. 12 999 996 shares were taken up against the loan granted to Jakub Zabłocki for the purchase of the entity; as at the moment of settlement, the loan was PLN 27 591 thousand. The remaining four shares were purchased with cash. The value of shares taken up by way of settlement against the loan amounted to PLN 28 081 thousand, the shares purchased with cash amounted to PLN 8,88. The fair value of the consideration paid was PLN 28 081 thousand and it was determined on the basis of a third–party valuation. The Group accounted for the transaction under the acquisition method, in accordance with the accounting policy adopted for transactions under joint control. As at the acquisition date particular net assets of the acquired company X Trade Brokers Menkul Değerler A.Ş. were measured at fair value. As a result of the accounting an intangible asset was isolated in the form of a licence for brokerage activities on the Turkish market of PLN 8 017 thousand. The estimated amortization period for this isolated intangible asset was established over a period of 10 years.

On 21 May 2014 the Parent Company acquired 100% shares in Lirsar S.A. with its registered office in Uruguay, for PLN 16 thousand. The fair value of net assets acquired amounted to PLN 16 thousand. The Company's results are consolidated under the acquisition method as of the date of its acquisition.

1.3 Composition of the Management Board of the Parent Company

In the period covered by the interim condensed consolidated financial statements, the Management Board was composed of the following persons:

NAME AND SURNAME	FUNCTION	DATE OF APPOINTMENT	DATE OF REMOVAL
Jakub Malý	Chairman of the Management Board	25.03.2014	till the date of approval of these interim condensed consolidated financial statements
Paweł Frańczak	Board Member	31.08.2012	till the date of approval of these interim condensed consolidated financial statements
Paweł Szejko	Board Member	28.01.2015	till the date of approval of these interim condensed consolidated financial statements

2. Material values based on professional judgments and estimates

2.1 Professional judgement and uncertainty of estimates

In the process of applying the accounting principles (policy), the Management Board of the Parent Company made the following judgements that have the greatest impact on the reported carrying amounts of assets and liabilities.

Classification of lease agreements

The Group classifies leases as operational or financial lease based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. This assessment is based on the economic content of each transaction.

The Group entered into finance lease contracts regarding fixed assets. The Group retains all the significant risks and rewards of ownership of these properties, concerning, among other things, the fact that the term of a contract does not cover a significant portion of the useful life of the property subject to operating leases.

Amortisation periods of intangible assets

Amortisation period of the isolated intangible asset in the form of the licence for conducting brokerage activities on the Turkish market is assessed based on the expected economic useful life of this asset. The amortisation period was determined according to the expected useful life of the asset on the Turkish market no shorter than 10 years. Should the circumstances leading to a change in the expected useful life change, the amortisation rates also would change, which will have an impact on the value of amortisation charges and the net book value of intangible assets.

Period for settlement of the deferred tax asset

The Group recognises a deferred tax asset based on the assumption that a tax profit will be generated in the future enabling its utilisation. A deterioration in tax results in the future might result in the assumption becoming unjustified. The deferred tax asset relates mainly to the losses generated by foreign operations and subsidiaries in the initial period of their operation recognised in the balance sheet. The Parent Company analyses the possibility of recognising such assets, taking into consideration local tax regulations, and analyses future tax budgets assessing the possibility of recovering these assets.

3. Basis for drafting the financial statements

3.1 Compliance statement

These interim condensed consolidated financial statements have been prepared according to the International Accounting Standard 34 "Interim Financial Reporting" approved by the European Union. Other standards, amendments to the binding standards and interpretations of the International Financial Reporting Interpretations Committee which have been recently adopted or are expected to be adopted have no impact on the Group's operations or their impact 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").

The interim condensed consolidated financial statements of the X–Trade Brokers Dom Maklerski S.A. Group prepared for the period from 1 January 2016 to 31 March 2016 with comparative data for the period ending 31 March 2015 and for the year ended 31 December 2015 cover the Parent Company's financial data and financial data of the subsidiaries comprising the "Group".

These interim condensed consolidated financial statements have been prepared on the historical cost basis, with the exception of assets and liabilities held for trading and financial instruments held for sale which are measured at fair value. The Group's assets are presented in the statement of financial position according to their liquidity, and its liabilities according to their maturities.

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The interim condensed consolidated financial statements include adjustments not recognised in the Group companies' accounting records, made in order to reconcile their financial statements with the IFRS.

The interim condensed consolidated financial statements do not cover all information and disclosures required to be presented in annual consolidated financial statements and they should be read jointly with the consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group for the year 2015.

The interim condensed consolidated financial statements were approved by the Management Board of the Parent Company on 16 May 2016. Drafting these interim condensed consolidated financial statements, the Parent Company decided that none of the Standards would be applied retrospectively.

3.2 Functional currency and reporting currency

The functional currency and the presentation currency of these interim condensed consolidated financial statements is the Polish zloty ("PLN"), and unless stated otherwise, all amounts are shown in thousands of zloty (PLN'000).

3.3 Going concern

The interim condensed consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these interim condensed consolidated financial statements, the Management Board of X–Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group companies' continued operations.

3.4 Comparability of data and consistency of the policies applied

Data presented in the interim condensed consolidated financial statements is comparable and prepared under the same principles for all periods covered by the interim condensed consolidated financial statements.

3.5 Changes in the accounting policies

These disclosures relate to the standards, amendments and interpretations approved by the EU and applicable from the year 2016, which have the greatest impact on the interim condensed consolidated financial statements of the Group. Other standards did not apply to the Group or did not have a significant impact on its interim condensed consolidated financial statements.

- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions

  The amendment concerns contributions made to defined benefits plans by employees or third parties. The amendment is aimed at simplifying the accounting principles concerning contributions which do not depend on the length of service.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Amendments to IAS 27 - Equity method in separate financial statements

  The amendment will allow using the equity method as one of the optional methods for recognizing investments in subsidiaries, jointly controlled entities and associates in separate financial statements.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Annual improvements to IFRS – 2010–2012 cycle

  The improvements relate to: IFRS 2 – the concept of "vesting conditions"; IFRS 3 - contingent consideration in a business combination; IFRS 8 – aggregation of operating segments and reconciliation of total assets of reporting segments with the entity's assets; IFRS 13 – short-term receivables and payables; IAS 16/IAS 38 – proportional restatement; IAS 24 – management personnel.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Changes resulting from the 2012–2014 IFRS review

  The improvements relate to: 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 application of these amendments did not affect the Group's financial position or results of operations.

- Amendments to IFRS 11 – Settlement of the acquisition of interest in a joint operation

  This amendment introduces additional guidelines concerning the method of recognition of acquisition of interest in a joint operation. It defines the method of accounting for such acquisitions.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Amendments to IAS 16 and IAS 38 – Clarification of acceptable amortization and depreciation methods

  The amendments to IAS 16 and IAS 38 introduce the principle of "consumption of economic benefits" with respect to recognizing amortization and depreciation. IASB clarifies that the method based on revenues generated from business activities should not be used to calculate amortization and depreciation.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture

  These amendments will be applicable only to sale or contribution of assets by an investor to its associate or joint venture.

  The application of these amendments did not affect the Group's financial position or results of operations.

- Amendments to IAS 1 – Disclosures

The application of these amendments did not affect the Group's financial position or results of operations. The Group has not decided to apply early any other standard, interpretation or amendment that has been published, but is not yet effective in accordance with the European Union regulations.

3.6 New standards and interpretations which have been published but are not yet binding

The following standards and interpretations have been published by the International Accounting Standards Board but are not yet binding:

- IFRS 9 Financial Instruments (published on 24 July 2014) – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2018,
- IFRS 14 Regulatory Deferral Accounts (published on 30 January 2014) – in accordance with the decision of the European Commission the process of endorsing the draft version of the standard will not be initiated before the final version of the standard is released – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2016,
- IFRS 15 Revenue from Contracts with Customers (published on 28 May 2014), comprising amendments to IFRS 15 Effective Date of IFRS 15 (published on 11 September 2015) – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 10 and IAS 28 Sales or contributions of assets between an investor and its associate/joint venture (published on 11 September 2014) – no decision has been made as to when the EFRAG will conduct the individual stages of the works leading to the endorsement of these amendments – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – the IASB has postponed the effective date indefinitely,
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (published on 18 December 2014) – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2016,
- IFRS 16 Leases (published on 13 January 2016) – no decision has been made as to when the EFRAG will conduct the individual stages of the works leading to the endorsement of these amendments – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2019,
- Amendments to IAS 12 Recognition of deferred tax assets for unrealized losses (published on 19 January 2016) – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2017,
- Amendments to IAS 7 Disclosure Initiative (published on 29 January 2016) – up until the date of approval of these interim condensed consolidated financial statements not yet endorsed by the EU – effective for annual periods beginning on or after 1 January 2017,
- Clarifications to IFRS 15 Revenue from Contracts with Customers (published on 12 April 2016) – not approved by the EU until the date of publication of these interim condensed consolidated financial statements – applicable for annual periods commencing on or after 1 January 2018.

As at the date of approval of these interim condensed consolidated financial statements for publication, the Management Board of the Parent Company is analysing the effect of IFRS 16 on the interim condensed consolidated financial statements. The Management Board of the Parent Company does not expect the introduction of the other standards and interpretations to have a material effect on the Group's accounting policies.

4. Adopted accounting policies

The accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with the accounting policies applied in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2015, except for the following new or amended standards and new interpretations binding for the annual periods starting on or after 1 January 2016.

5. Seasonality of operations

The Group's operations are not seasonal; therefore, the Group results presented herein do not experience significant fluctuations during the year.

6. Operating income

6.1 Result of operations on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
CFD		
Currency CFDs	22 211	34 017
Commodity CFDs	14 682	27 325
Index CFDs	43 848	33 999
Bond CFDs	867	193
Stock CFDs	296	(950)
Total CFDs	**81 904**	**94 584**
Options		
Currency options	698	466
Commodity options	219	124
Bond options	5	1
Index options	355	68
Total options	**1 277**	**659**
Gain on transactions in financial instruments	**83 181**	**95 243**
Bonuses and discounts paid to customers	(887)	(705)
Commission paid to cooperating brokers	(829)	(933)
Gain on transaction in financial instruments	**81 465**	**93 605**

The decrease in income on financial instruments in 2016 was caused by lower volatility in the financial markets than in comparative period of 2015. Above average volatility in the first quarter of 2015 resulted from the release of the Swiss franc in January 2015 and the beginning of European Central Bank's program of quantitative easing in March 2015.

Bonuses paid to customers are strictly related to trading in financial instruments by the customer with Group entities. Customers receive discounts and bonuses under bonus campaigns where the condition for awarding a bonus is the generation of a top-down determined trade volume in financial instruments in a specified period.

The Group concludes cooperation agreements with cooperating brokers who receive commissions which depend on the trade generated under the cooperation agreements. The income generated and the costs incurred between the Group and particular brokers relate to the trade between the broker and customers that are not his customers.

6.2 Income from fees and charges

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Brokerage fees on transactions in financial instruments	–	5
Other fees and charges	1 294	1 608
Total income from fees and charges	**1 294**	**1 613**

The Group did not offer any financial instruments listed on the Warsaw Stock Exchange to its customers in the first quarter of 2016. Brokerage fees on transactions on financial instruments in first quarter of 2015 concern in their entirety fees obtained on stock exchange trading on the Warsaw Stock Exchange, on own behalf and on account of the person issuing the instruction. Other fees and charges refer to brokerage services rendered under agreements concluded with other brokers. Other fees and charges refer to commission received from institutional partners and regulatory commission charged to retail customers.

6.3 Geographical areas

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Operating income		
Central and Eastern Europe	38 260	63 076
- including Poland	*22 534*	*44 232*
Western Europe	37 292	19 970
- including Spain	*21 385*	*6 144*
Latin America and Turkey	7 213	12 464
Total operating income	**82 765**	**95 510**

The countries from which the Group derives each time 15% and over of its revenue are: Poland and Spain. The share of other countries in the structure of the Group's revenue by geographical area does not in any case exceed 15%. Due to the overall share in the Group's revenue, Poland and Spain were set apart for presentation purposes within the geographical area.

The Group breaks its revenue down into geographical area by country in which a given customer was acquired.

7. Salaries and employee benefits

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Salaries	(18 442)	(12 879)
Social insurance and other benefits	(3 326)	(2 435)
Employee benefits	(507)	(496)
Total salaries and employee benefits	**(22 275)**	**(15 810)**

8. Marketing

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Marketing online	(6 356)	(3 851)
Marketing offline	(1 204)	(794)
Competitions for customers	(430)	(162)
Total marketing	**(7 990)**	**(4 807)**

Marketing activities carried out by the Group are mainly focused on Internet marketing, which is also supported by promotional activities in the form of competitions for customers.

9. Other external services

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
IT services	(308)	(473)
Support database systems	(979)	(731)
Market data delivery	(457)	(648)
Internet and telecommunications	(630)	(588)
Legal and advisory services	(827)	(626)
Accounting and audit services	(358)	(276)
Postal and courier services	(52)	(64)
Recruitment	(198)	(194)
Other external services	(151)	(236)
Total other external services	**(3 960)**	**(3 836)**

10. Commission expenses

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Stock exchange fees and charges	(498)	(369)
Commissions of foreign brokers	(14)	(204)
Bank commissions	(597)	(425)
Total commission expenses	**(1 109)**	**(998)**

11. Finance income

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Interest income		
Interest on own cash	1 151	714
Interest on customers' cash	238	333
Total interest income	**1 389**	**1 047**
Foreign exchange gains	612	2 570
Other finance income	5	4
Total finance income	**2 006**	**3 621**

Foreign exchange gains relate to unrealised differences on measurement of balance sheet items denominated in a currency other than the functional currency.

12. Finance costs

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Interest expense		
Interest paid to customers	(231)	(171)
Interest paid under lease agreements	(3)	(5)
Other interest	(47)	–
Total interest expense	**(281)**	**(176)**
Foreign exchange losses	(4 256)	(5 615)
Other finance costs	(5)	(12)
Total finance costs	**(4 542)**	**(5 803)**

Foreign exchange losses relate to unrealised differences on the measurement of balance sheet items denominated in a currency other than the functional currency.

13. Segment information

For management reporting purposes, the Group's operations are divided into the following two business segments:

1. Retail operations, which include the provision of trading in financial instruments for individual customers.
2. Institutional activity, which includes the provision of trading in financial instruments and offering trade infrastructure to entities (institutions), which in turn provide services of trading in financial instruments for their own customers under their own brand.

These segments do not aggregate other lower-level segments.

The management monitors the results of the operating segments separately, in order to decide on the implementation of strategies, allocation of resources and performance assessment. Operations in segment are assessed on the basis of segment profitability and its impact on the overall profitability reported in the financial statements.

Transfer prices between operating segments are based on market prices, according to the principles similar to those applied in settlements with unrelated parties.

COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD FROM 1.01.2016 TO 31.03.2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENTS
Result on transactions in financial instruments	71 163	10 302	81 465	81 465
CFDs				
Currency CFDs	20 270	1 941	22 211	22 211
Commodity CFDs	13 524	1 158	14 682	14 682
Index CFDs	36 719	7 129	43 848	43 848
Bond CFDs	829	38	867	867
Stock CFDs	167	129	296	296
Options				
Currency options	694	4	698	698
Commodity options	216	3	219	219
Bond options	5	–	5	5
Index options	354	1	355	355
Shares and stock exchange derivatives	–	–	–	–
Bonuses and discounts paid to customers	(887)	–	(887)	(887)
Commissions paid to cooperating brokers	(728)	(101)	(829)	(829)
Fee and commission income	378	916	1 294	1 294
Other income	6	–	6	6
Total operating income	**71 547**	**11 218**	**82 765**	**82 765**
Salaries and employee benefits	(21 497)	(778)	(22 275)	(22 275)
Marketing	(7 938)	(52)	(7 990)	(7 990)
Other external services	(3 628)	(332)	(3 960)	(3 960)
Costs of maintenance and lease of buildings	(2 287)	(101)	(2 388)	(2 388)
Amortisation and depreciation	(1 372)	(17)	(1 389)	(1 389)
Taxes and fees	(310)	(3)	(313)	(313)
Commission expense	(1 088)	(21)	(1 109)	(1 109)
Other expenses	(929)	(111)	(1 040)	(1 040)
Total operating expenses	**(39 049)**	**(1 415)**	**(40 464)**	**(40 464)**
Operating profit	**32 498**	**9 803**	**42 301**	**42 301**
Finance income	1 856	150	2 006	2 006
Finance costs	(4 528)	(14)	(4 542)	(4 542)
Profit before tax	**29 826**	**9 939**	**39 765**	**39 765**
Income tax	(5 930)	(1 976)	(7 906)	(7 906)
Net profit	**23 896**	**7 963**	**31 859**	**31 859**

ASSETS AND LIABILITIES AS AT 31 MARCH 2016 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENTS
Customers' cash and cash equivalents	251 749	63 817	315 566	315 566
Financial assets held for trading	61 337	2 435	63 772	63 772
Other assets	337 970	–	337 970	337 970
Total assets	**651 056**	**66 252**	**717 308**	**717 308**
Amounts due to customers	255 405	63 817	319 222	319 222
Financial liabilities held for trading	9 272	364	9 636	9 636
Other liabilities	74 691	–	74 691	74 691
Total liabilities	**339 368**	**64 181**	**403 549**	**403 549**

COMPREHENSIVE INCOME STATEMENT FOR THE PERIOD FROM 1.01.2015 TO 31.03.2015 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENTS
Result on transactions in financial instruments	88 730	4 875	93 605	93 605
CFDs				
Currency CFDs	35 410	(1 393)	34 017	34 017
Commodity CFDs	22 841	4 484	27 325	27 325
Index CFDs	31 650	2 349	33 999	33 999
Bond CFDs	196	(3)	193	193
Stock CFDs	(645)	(305)	(950)	(950)
Options				
Currency options	465	1	466	466
Commodity options	124	–	124	124
Bond options	1	–	1	1
Index options	67	1	68	68
Shares and stock exchange derivatives	–	–	–	–
Bonuses and discounts paid to customers	(705)	–	(705)	(705)
Commissions paid to cooperating brokers	(674)	(259)	(933)	(933)
Fee and commission income	578	1 035	1 613	1 613
Other income	292	–	292	292
Total operating income	**89 600**	**5 910**	**95 510**	**95 510**
Salaries and employee benefits	(15 296)	(514)	(15 810)	(15 810)
Marketing	(4 747)	(60)	(4 807)	(4 807)
Other external services	(3 433)	(403)	(3 836)	(3 836)
Costs of maintenance and lease of buildings	(1 726)	(18)	(1 744)	(1 744)
Amortisation and depreciation	(1 439)	(15)	(1 454)	(1 454)
Taxes and fees	(407)	(3)	(410)	(410)
Commission expense	(997)	(1)	(998)	(998)
Other expenses	(2 441)	(48)	(2 489)	(2 489)
Total operating expenses	**(30 486)**	**(1 062)**	**(31 548)**	**(31 548)**
Operating profit	**59 114**	**4 848**	**63 962**	**63 962**
Finance income	3 601	20	3 621	3 621
Finance costs	(5 786)	(17)	(5 803)	(5 803)
Profit before tax	**56 929**	**4 851**	**61 780**	**61 780**
Income tax	(11 001)	(937)	(11 938)	(11 938)
Net profit	**45 928**	**3 914**	**49 842**	**49 842**

ASSETS AND LIABILITIES AS AT 31 DECEMBER 2015 (AUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENTS
Customers' cash and cash equivalents	243 737	54 401	298 138	298 138
Financial assets held for trading	61 325	2 929	64 254	64 254
Other assets	364 727	–	364 727	364 727
Total assets	**669 789**	**57 330**	**727 119**	**727 119**
Amounts due to customers	246 675	54 401	301 076	301 076
Financial liabilities held for trading	9 140	1 075	10 215	10 215
Other liabilities	41 779	–	41 779	41 779
Total liabilities	**297 594**	**55 476**	**353 070**	**353 070**

ASSETS AND LIABILITIES AS AT 31 MARCH 2015 (UNAUDITED) (IN PLN'000)	RETAIL OPERATIONS	INSTITUTIONAL OPERATIONS	TOTAL REPORTING SEGMENTS	COMPREHENSIVE INCOME STATEMENTS
Customers' cash and cash equivalents	232 288	26 289	258 577	258 577
Financial assets held for trading	64 676	1 853	66 529	66 529
Other assets	374 324	–	374 324	374 324
Total assets	**671 288**	**28 142**	**699 430**	**699 430**
Amounts due to customers	231 597	26 289	257 886	257 886
Financial liabilities held for trading	19 670	592	20 262	20 262
Other liabilities	36 758	–	36 758	36 758
Total liabilities	**288 025**	**26 881**	**314 906**	**314 906**

14. Cash and cash equivalents

Broken down by type

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
In hand	26	28	6
In current bank accounts	586 803	584 895	553 216
Short–term bank deposits	18 853	38 543	37 738
Cash and other monetary assets in total	**605 682**	**623 466**	**590 960**

Restricted own and customers' cash

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Customers' cash and other monetary assets	315 566	298 138	258 577
Own cash and other monetary assets	290 116	325 328	332 383
Cash and other monetary assets in total	**605 682**	**623 466**	**590 960**

15. Financial assets held for trading

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
CFDs			
Currency CFDs	14 173	13 560	15 767
Commodity CFDs	9 688	12 045	11 331
Index CFDs	37 699	35 843	38 040
Bond CFDs	473	55	214
Stock CFDs	1 739	2 751	1 177
Total financial assets held for trading	**63 772**	**64 254**	**66 529**

Detailed information on the estimated fair value of the instrument is presented in note 34.1.1.

16. Loans and other receivables

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Gross amounts due from customers	2 286	2 057	1 030
Impairment write–downs of receivables	(1 381)	(1 044)	(648)
Total amounts due from customers	**905**	**1 013**	**382**
Amounts due from KDPW			
Amounts due from the clearing fund	83	–	198
Total amounts due from KDPW	**83**	**–**	**198**
Other receivables	4 450	3 918	5 178
Impairment write-downs of receivables	(374)	(386)	(316)
Total other receivables	**5 064**	**4 545**	**5 442**

Movements in impairment write-downs of receivables

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Impairment write-downs of receivables – at the beginning of the reporting period	**(1 430)**	**(796)**	**(796)**
– write-downs recorded	(472)	(3 562)	(1 661)
– write-downs reversed	133	555	121
– write-downs utilised	14	2 373	1 372
Impairment write-downs of receivables – at the end of the reporting period	**(1 755)**	**(1 430)**	**(964)**

Write-downs of receivables are the result of high volatility on financial markets in January 2015 as well as the debit balances which arose in customers' accounts in that period.

17. Intangible assets

Intangible assets in the period from 1 January 2016 to 31 March 2016 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2016	**4 949**	**10 792**	**8 017**	**–**	**23 758**
Additions	130	–	–	–	130
Net foreign exchange differences	1	–	–	–	1
Gross value as at 31 March 2016	**5 080**	**10 792**	**8 017**	**–**	**23 889**
Accumulated amortisation as at 1 January 2016	**(3 790)**	**(5 292)**	**(1 336)**	**–**	**(10 418)**
Amortisation for the current period	(150)	(540)	(200)	–	(890)
Accumulated amortisation as at 31 March 2016	**(3 940)**	**(5 832)**	**(1 536)**	**–**	**(11 308)**
Net book value as at 1 January 2016	**1 159**	**5 500**	**6 681**	**–**	**13 340**
Net book value as at 31 March 2016	**1 140**	**4 960**	**6 481**	**–**	**12 581**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2.

Intangible assets in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2015	**4 772**	**12 590**	**8 017**	**–**	**25 379**
Additions	185	–	–	–	185
Sale and scrapping	(5)	(1 798)	–	–	(1 803)
Net foreign exchange differences	(3)	–	–	–	(3)
Gross value as at 31 December 2015	**4 949**	**10 792**	**8 017**	**–**	**23 758**
Accumulated amortisation as at 1 January 2015	**(3 201)**	**(3 736)**	**(534)**	**–**	**(7 471)**
Amortisation for the current period	(589)	(2 488)	(802)	–	(3 879)
Sale and scrapping	3	932	–	–	935
Net foreign exchange differences	(3)	–	–	–	(3)
Accumulated amortisation as at 31 December 2015	**(3 790)**	**(5 292)**	**(1 336)**	**–**	**(10 418)**
Net book value as at 1 January 2015	**1 571**	**8 854**	**7 483**	**–**	**17 908**
Net book value as at 31 December 2015	**1 159**	**5 500**	**6 681**	**–**	**13 340**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2.

In 2015, the Company liquidated some of the intangible assets manufactured on its own due to the fact that they were not used in the Company's operations. The net value of the liquidated intangible assets amounted to PLN 866 thousand.

Intangible assets in the period from 1 January 2015 to 31 March 2015 (unaudited)

(IN PLN'000)	LICENCES FOR COMPUTER SOFTWARE	INTANGIBLE ASSETS MANUFACTURED INTERNALLY	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Gross value as at 1 January 2015	**4 772**	**12 590**	**8 017**	**–**	**25 379**
Additions	4	–	–	–	4
Net foreign exchange differences	(30)	–	–	–	(30)
Gross value as at 31 March 2015	**4 746**	**12 590**	**8 017**	**–**	**25 353**
Accumulated amortisation as at 1 January 2015	**(3 201)**	**(3 736)**	**(534)**	**–**	**(7 471)**
Amortisation for the current period	(156)	(630)	(200)	–	(986)
Net foreign exchange differences	22	–	–	–	22
Accumulated amortisation as at 31 March 2015	**(3 335)**	**(4 366)**	**(734)**	**–**	**(8 435)**
Net book value as at 1 January 2015	**1 571**	**8 854**	**7 483**	**–**	**17 908**
Net book value as at 31 March 2015	**1 411**	**8 224**	**7 283**	**–**	**16 918**

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in note 1.2.

18. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2016 to 31 March 2016 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2016	**8 407**	**7 601**	**141**	**–**	**16 149**
Additions	315	52	(87)	–	280
Sale and scrapping	(18)	(6)	–	–	(24)
Net foreign exchange differences	(15)	(36)	–	–	(51)
Gross value as at 31 March 2016	**8 689**	**7 611**	**54**	**–**	**16 354**
Accumulated amortisation as at 1 January 2016	**(6 638)**	**(5 404)**	**–**	**–**	**(12 042)**
Amortisation for the current period	(288)	(211)	–	–	(499)
Sale and scrapping	18	6	–	–	24
Net foreign exchange differences	10	19	–	–	29
Accumulated amortisation as at 31 March 2016	**(6 898)**	**(5 590)**	**–**	**–**	**(12 488)**
Net book value as at 1 January 2016	**1 769**	**2 197**	**141**	**–**	**4 107**
Net book value as at 31 March 2016	**1 791**	**2 021**	**54**	**–**	**3 866**

Property, plant and equipment in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2015	**7 730**	**6 848**	**418**	**–**	**14 996**
Additions	1 000	861	(277)	–	1 584
Sale and scrapping	(289)	(28)	–	–	(317)
Net foreign exchange differences	(34)	(80)	–	–	(114)
Gross value as at 31 December 2015	**8 407**	**7 601**	**141**	**–**	**16 149**
Accumulated amortisation as at 1 January 2015	**(5 882)**	**(4 625)**	–	**–**	**(10 507)**
Amortisation for the current period	(1 041)	(884)	–	–	(1 925)
Sale and scrapping	266	29	–	–	295
Net foreign exchange differences	19	76	–	–	95
Accumulated amortisation as at 31 December 2015	**(6 638)**	**(5 404)**	–	**–**	**(12 042)**
Net book value as at 1 January 2015	**1 848**	**2 223**	**418**	**–**	**4 489**
				–	
Net book value as at 31 December 2015	**1 769**	**2 197**	**141**	**–**	**4 107**

Property, plant and equipment in the period from 1 January 2015 to 31 March 2015 (unaudited)

(IN PLN'000)	COMPUTER SYSTEMS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES FOR PROPERTY, PLANT AND EQUIPMENT	TOTAL
Gross value as at 1 January 2015	**7 730**	**6 848**	**418**	**–**	**14 996**
Additions	111	72	169	–	352
Sale and scrapping	(94)	–	–	–	(94)
Net foreign exchange differences	(47)	(114)	–	–	(161)
Gross value as at 31 March 2015	**7 700**	**6 806**	**587**	**–**	**15 093**
Accumulated amortisation as at 1 January 2015	**(5 882)**	**(4 625)**	**–**	**–**	**(10 507)**
Amortisation for the current period	(269)	(199)	–	–	(468)
Sale and scrapping	103	–	–	–	103
Net foreign exchange differences	34	79	–	–	113
Accumulated amortisation as at 31 March 2015	**(6 014)**	**(4 745)**	**–**	**–**	**(10 759)**
Net book value as at 1 January 2015	**1 848**	**2 223**	**418**	**–**	**4 489**
Net book value as at 31 March 2015	**1 686**	**2 061**	**587**	**–**	**4 334**

Non-current assets by geographical area

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Non-current assets			
Central and Eastern Europe	8 750	9 534	12 832
- including Poland	*8 118*	*8 885*	*12 144*
Western Europe	777	803	689
- including Spain	*297*	*322*	*384*
Latin America and Turkey	6 920	7 110	7 731
Total non-current assets	**16 447**	**17 447**	**21 252**

19. Amounts due to customers

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Amounts due to customers	319 222	301 076	257 886

Amounts due to customers are connected with transactions concluded by the customers (including cash deposited in the customers' accounts).

20. Financial liabilities held for trading

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
CFDs			
Currency CFDs	2 135	2 459	6 580
Commodity CFDs	1 226	1 146	806
Index CFDs	5 522	5 613	12 418
Stock CFDs	731	982	422
Bond CFDs	22	15	36
Financial liabilities held for trading in total	**9 636**	**10 215**	**20 262**

21. Other liabilities

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Statutory liabilities	24 061	3 452	4 075
Liabilities due to shareholders	19 444	–	501
Provisions for other employee benefits	10 754	15 103	8 142
Trade liabilities	6 607	7 166	4 560
Liabilities due to employees	906	580	311
Liabilities under finance lease	345	375	452
Amounts due to brokers	–	–	187
Amounts due to the Central Securities Depository of Poland	–	32	–
Total other liabilities	**62 117**	**26 708**	**18 228**

Liabilities under employee benefits include estimates, as at the balance sheet date, of bonuses for the reporting period, including from the Program of variable remuneration elements, as well as the provision for unused holiday leave, established in the amount of projected benefits, which the Group is obligated to pay in the event of payment of holiday equivalents.

As at 31 March 2016 liabilities due to shareholders concern the unpaid dividend. As at the date of approving these interim condensed consolidated financial statements the dividend was fully paid out to shareholders.

Statutory liabilities include witholding tax on dividend in the amount of PLN 17 396 thousand.

Besides leasing liabilities, there are no other long-term liabilities.

Program of variable remuneration elements

Pursuant to the Variable Remuneration Elements policy applied by the Group, the employees of the Parent Company in the top management positions receive variable remuneration paid in cash and in financial instruments.

The value of provisions for employee benefits includes 50% of variable remuneration granted in cash, which is paid out directly after the employment year, in which the employee's work results are assessed, and 50% of the value based on financial instruments, paid in the years 2015–2018.

As at 31 March 2016, salaries and employee benefits included the provision for variable remuneration elements in the amount of PLN 439 thousand. As at 31 December 2015 the provision amounted to PLN 439 thousand.

22. Provisions for liabilities and contingent liabilities

22.1 Provisions for liabilities

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Provision for retirement benefits	117	123	118
Provision for legal risk	758	748	440
Total provisions	**875**	**871**	**558**

Provisions for retirement benefits are established on the basis of an actuarial valuation carried out in accordance with the applicable regulations and agreements connected with obligatory retirement benefits to be covered by the employer.

Provisions for legal risk include expected amounts of payments to be made in connection with disputes to which the Group is a party. As at the date of preparation of these interim condensed consolidated financial statements, the Group is not able to specify when the above liabilities will be repaid.

Movements in provisions in the period from 1 January 2016 to 31 March 2016 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2016	INCREASES	DECREASES		VALUE AS AT 31.03.2016
			USE	REVERSAL	
Provision for retirement benefits	123	–	–	5	118
Provision for legal risk	748	9	–	–	757
Total provisions	**871**	**9**	**–**	**5**	**875**

Movements in provisions in the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	VALUE AS AT 01.01.2015	INCREASES	DECREASES		VALUE AS AT 31.12.2015
			USE	REVERSAL	
Provision for retirement benefits	114	9	–	–	123
Provision for legal risk	451	297	–	–	748
Total provisions	**565**	**306**	**–**	**–**	**871**

Movements in provisions in the period from 1 January 2015 to 31 March 2015 (unaudited)

(IN PLN'000)	VALUE AS AT 01.01.2015	INCREASES	DECREASES USE	DECREASES REVERSAL	VALUE AS AT 31.03.2015
Provision for retirement benefits	114	4	–	–	118
Provision for legal risk	451	–	–	11	440
Total provisions	**565**	**4**	**–**	**11**	**558**

22.2 Contingent liabilities

The Company and the Group Companies are parties to a number of court proceedings associated with the Group's operations. The proceedings in which the Company and the Group companies act as defendants relate mainly to employees' and customers' claims. As at 31 March 2016, the total value of claims brought against the Company and the Group companies amounted to approx. PLN 4,67 million. As at the date of preparation of these interim condensed consolidated financial statements and during the period of 12 months preceding this date, there were no administrative, court, arbitration or criminal proceedings pending against the Company or the Group companies which could have a material effect on the Group's financial position or its results of operations.

23. Equity

Share capital structure as at 31 March 2016 (unaudited) and as at 31 December 2015 (audited)

SERIES /ISSUE	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN)	NOMINAL VALUE OF ISSUE (IN PLN'000)
Series A	117 383 635	0,05	5 869

Share capital structure as at 31 March 2015 (unaudited)

SERIES /ISSUE	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN)	NOMINAL VALUE OF ISSUE (IN PLN'000)
Series A, B, C, D, E	321 599	18,25	5 869

All shares in the Parent Company have the same nominal value, are fully paid for, and carry the same voting and profit-sharing rights. No preference is attached to any share series. On 2 September 2015, the Extraordinary General Shareholders' Meeting of the Parent Company passed a resolution on a share split and a change in the numbering of series of shares. As a result, the nominal value of the shares changed from PLN 18,25 to PLN 0,05 per share, and the number of shares changed from 321 599 to 117 383 635. The shares are now A-series ordinary registered shares.

Shareholding structure of the Parent Company

The shareholding structure of the Parent Company is constant in the period covered by the interim condensed consolidated financial statements and in each of the periods was as follows:

31.03.2016 (UNAUDITED)	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	94 879 925	4 744	80,83%
Systexan SARL	22 302 960	1 115	19,00%
Other shareholders	200 750	10	0,17%
Total	**117 383 635**	**5 869**	**100,00%**

31.12.2015 (AUDITED)	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	94 879 925	4 744	80,83%
Systexan SARL	22 302 960	1 115	19,00%
Other shareholders	200 750	10	0,17%
Total	**117 383 635**	**5 869**	**100,00%**

31.03.2015 (UNAUDITED)	NUMBER OF SHARES	NOMINAL VALUE OF SHARES (IN PLN'000)	SHARE
XXZW Investment Group S.A.	259 945	4 744	80,83%
Systexan SARL	61 104	1 115	19,00%
Other shareholders	550	10	0,17%
Total	**321 599**	**5 869**	**100,00%**

Other capitals

Other capitals consist of:

- supplementary capital, mandatorily established from annual profit distribution to be used to cover potential losses that may occur in connection with the Parent Company's operations, up to the amount of at least one third of the share capital, amounting to PLN 1 957 thousand and from surplus of the issue price over the nominal price in the amount of PLN 69 651 thousand, resulting from the capital increase in 2012 with a nominal value of PLN 348 thousand for the price of PLN 69 999 thousand,
- reserve capital, established from annual distribution of profit as resolved by the General Meeting of Shareholders to be used for financing of further operations of the Group or payment of dividend in the amount of PLN 212 554 thousand,
- foreign exchange differences on translation, including foreign exchange differences on translation of balances in foreign currencies of branches and foreign operations in the amount of PLN (1 231) thousand.

24. Profit distribution and dividend

Pursuant to the decision of the General Shareholders' Meeting of the Parent Company, the net profit for 2015 in the amount of PLN 115 021 thousand was partialy earmarked for the payment of a dividend in the amount of PLN 91 559 thousand, the remaining amount was transferred to reserve capital.

The dividend on ordinary shares for 2015, paid between 30 March to 8 April 2016, amounted to PLN 91 559 thousand (for 2014 dividend amounted to PLN 77 521 thousand).

The amount of dividend per share paid for 2015 was equal to PLN 0,78, the amount of dividend per share paid for 2014 was equal to PLN 0,66.

25. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Group uses the amount of net profit attributable to shareholders of the Parent Company as the numerator, i.e., there is no dilutive effect influencing the amount of profit (loss). The calculation of basic and diluted earnings per share, together with a reconciliation of the weighted average diluted number of shares is presented below.

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Profit from continuing operations attributable to shareholders of the Parent Company	31 859	49 842
Weighted average number of ordinary shares	117 383 635	117 383 635
Shares causing dilution (share option plan)	341 640	341 640
Weighted average number of shares including dilution effect	117 725 275	117 725 275
Basic net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,27	0,42
Diluted net profit per share from continuing operations for the year attributable to shareholders of the Parent Company	0,27	0,42

26. Income tax

Income tax disclosed in the current period's profit or loss

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Income tax - current portion		
Income tax for the reporting period	(7 670)	(11 237)
Income tax - deferred portion		
Occurrence/reversal of temporary differences	(236)	(701)
Income tax disclosed in profit or loss	**(7 906)**	**(11 938)**

Reconciliation of the actual tax burden

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Profit before tax	**39 765**	**61 780**
Income tax based on the applicable tax rate of 19%	**(7 555)**	**(11 738)**
Difference resulting from application of tax rates applicable in other countries	(74)	(62)
Non-taxable revenue	2	7
Non-deductible expenses	(128)	(309)
Realisation of tax losses for the preceding periods/(write-off of tax losses realised in the previous years)	12	8
Other items affecting the tax burden amount	(163)	156
Income tax disclosed in profit or loss	**(7 906)**	**(11 938)**

27. Deferred income tax

Change in the balance of deferred tax for the period from 1 January to 31 March 2016 (unaudited)

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 31.03.2016
Deferred income tax assets:			
Property, plant and equipment	124	(4)	120
Loans granted and other receivables	3	1	4
Financial liabilities held for trading	1 840	(126)	1 714
Provisions for liabilities	16	(3)	13
Prepayments and deferred costs	1 665	(5)	1 660
Other liabilities	20	(20)	–
Tax losses of previous periods to be settled in future periods	12 112	(391)	11 721
Total deferred income tax assets	**15 780**	**(548)**	**15 232**

(IN PLN'000)	AS AT 01.01.2016	PROFIT OR (LOSS)	AS AT 31.03.2016
Deferred income tax provision:			
Financial assets held for trading	11 866	(175)	11 691
Other liabilities	–	39	39
Loans granted and other receivables	34	(34)	–
Property, plant and equipment	1 092	(142)	950
Total deferred income tax provision	**12 992**	**(312)**	**12 680**
Deferred tax disclosed in profit or (loss)	**–**	**(236)**	**–**

(IN PLN'000)	AS AT 01.01.2016	INCLUDED IN EQUITY	AS AT 31.03.2016
Deferred tax provision included directly in the equity:			
Separate equity of branches	188	24	212
Total deferred tax provision through equity	**188**	**24**	**212**

Change in the balance of deferred tax for the period from 1 January 2015 to 31 December 2015 (audited)

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.12.2015
Deferred income tax assets:			
Property, plant and equipment	125	(1)	124
Loans granted and other receivables	–	3	3
Financial liabilities held for trading	2 740	(900)	1 840
Provisions for liabilities	14	2	16
Prepayments and deferred costs	1 412	253	1 665
Other liabilities	–	20	20
Tax losses of previous periods to be settled in future periods	12 664	(552)	12 112
Total deferred income tax assets	**16 955**	**(1 175)**	**15 780**

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.12.2015
Deferred income tax provision:			
Cash and cash equivalents	1	(1)	–
Financial assets held for trading	11 583	283	11 866
Loans granted and other receivables	–	34	34
Property, plant and equipment	1 742	(650)	1 092
Total deferred income tax provision	**13 326**	**(334)**	**12 992**
Deferred tax disclosed in profit or (loss)	**–**	**(841)**	**–**

(IN PLN'000)	AS AT 01.01.2015	INCLUDED IN EQUITY	AS AT 31.12.2015
Deferred tax provision included directly in the equity:			
Separate equity of branches	241	(53)	188
Total deferred tax provision through equity	**241**	**(53)**	**188**

Change in the balance of deferred tax for the period from 1 January to 31 March 2015 (unaudited)

(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.03.2015
Deferred income tax assets:			
Property, plant and equipment	125	(19)	106
Loans granted and other receivables	–	11	11
Financial liabilities held for trading	2 740	1 009	3 749
Provisions for liabilities	14	35	49
Prepayments and deferred costs	1 412	(381)	1 031
Tax losses of previous periods to be settled in future periods	12 664	(520)	12 144
Total deferred income tax assets	**16 955**	**135**	**17 090**
(IN PLN'000)	AS AT 01.01.2015	PROFIT OR (LOSS)	AS AT 31.03.2015
Deferred income tax provision:			
Cash and cash equivalents	1	(1)	–
Financial assets held for trading	11 583	954	12 537
Loans granted and other receivables	–	4	4
Property, plant and equipment	1 742	(121)	1 621
Total deferred income tax provision	**13 326**	**836**	**14 162**
Deferred tax disclosed in profit or (loss)	**–**	**(701)**	**–**

(IN PLN'000)	AS AT 01.01.2015	INCLUDED IN EQUITY	AS AT 31.03.2015
Deferred tax provision included directly in the equity:			
Separate equity of branches	241	(323)	(82)
Total deferred tax provision through equity	**241**	**(323)**	**(82)**

Geographical division of deferred tax assets

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Deferred income tax assets			
Central and Eastern Europe	87	71	97
- including Poland	–	–	–
Western Europe	11 773	12 167	12 168
- including Spain	–	–	–
Latin America and Turkey	–	–	12
Total deferred income tax assets	**11 860**	**12 238**	**12 277**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2016 (unaudited):

	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	3 364	12 884	–	9 520
Czech Republic	28	7	21	–
Slovakia	67	1	66	–
Germany	3 069	–	3 069	–
France	5 758	–	5 758	–
United Kingdom	2 946	–	2 946	–
Total	**15 232**	**12 892**	**11 860**	**9 520**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2015 (audited):

	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	3 501	13 139	–	9 638
Czech Republic	30	8	22	–
Slovakia	82	33	49	–
Germany	3 102	–	3 102	–
France	5 792	–	5 792	–
United Kingdom	3 271	–	3 271	–
Turkey	2	–	2	–
Total	**15 780**	**13 180**	**12 238**	**9 638**

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 March 2015 (unaudited):

	DATA ACCORDING TO THE NATURE OF ORIGIN		DATA PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	
	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION	DEFERRED INCOME TAX ASSTES	DEFERRED INCOME TAX PROVISION
Poland	4 886	14 153	–	9 267
Czech Republic	99	9	90	–
Slovakia	7	–	7	–
Germany	3 095	–	3 095	–
France	5 677	–	5 677	–
United Kingdom	3 396	–	3 396	–
Turkey	12	–	12	–
Total	**17 172**	**14 162**	**12 277**	**9 267**

28. Related party transactions

28.1 Parent Company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Parent Company. It holds 80,83% of shares and votes in the General Meeting. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent company for the Group and XXZW Investment Group S.A.

28.2 Figures concerning related party transactions

As at 31 March 2016, the Group had a liability to the shareholders in respect of unpaid dividend in the amount of PLN 19 444 thousand. As at 31 December 2015 and 31 March 2015, the Group had a liability to the parent company in the amount of PLN 501 thousand. In the periods covered by the interim condensed consolidated financial statements there we no revenues or expenses resulting from transactions with related entities.

28.3 Benefits to Management and Supervisory Board

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Benefits to the Management Board members	(374)	(743)
Benefits to the Supervisory Board members	(41)	–
Total benefits to the Management and Supervisory Board members	**(415)**	**(743)**

These benefits include base salaries, bonuses, contributions to social security paid for by the employer and supplementary benefits (money bills, healthcare, holiday allowances).

Members of the Management Board of the Parent Company are included in the scheme of variable remuneration elements specified in note 21 of the interim condensed consolidated financial statements. The value of the element settled in financial instruments in the years 2015 - 2018 acquired by the members of the Management Board amounts to PLN 439 thousand.

Members of the Management Board of the Parent Company, within the framework of the Options Program described in note 28.4 of the consolidated financial statements, acquired 341 640 rights to shares with the total value of PLN 462 thousand as at the balance-sheet date.

28.4 Share-based payments

Pursuant to the Shareholders Agreement of the Parent Company of 28 March 2011, the Parent Company introduced an incentive scheme for the key employees, who received the right to shares of the Parent Company before 2012, constituting a payment programme in the form of share options ("Options programme"). The value of the program depends on individual targets set for the employees in relation to the results of the Parent Company in specific years. The scheme covers the years 2011-2014. For 2011, rights to shares were acquired by three employees in the amount of 177 025 items, for 2012, one employee acquired rights to shares in the amount of 41 245 items, for 2013, one employee acquired rights to shares in the amount of 123 370 items and for 2014 and 2015, according to the best knowledge of the Parent Company's Management Board, no employee will acquire rights to shares. In total, the employees acquired 936 rights to shares. The estimated value of the scheme as at the balance-sheet date is PLN 462 thousand. The vesting period expired in 2015. Depending on individual contracts, the shares can be acquired starting from 2014 based on the participation rules specified in the Options Program.

	YEAR-ENDED 31.12.2013 (AUDITED)	31.12.2012 (AUDITED)	31.12.2011 (AUDITED)
Number of rights granted to employee 1	–	41 245	43 800
Number of rights granted to employee 2	123 370	–	95 995
Number of rights granted to employee 3	–	–	37 230
Total number of rights granted	**123 370**	**41 245**	**177 025**

No rights to shares were granted in the period covered by the interim condensed consolidated financial statements.

For the shares options granted, the fair value of services rendered by the key employees is measured in relation to the fair value of rights granted as at the date of granting. The fair value of rights is determined based on option estimation models, which include among others execution price, share price as at the date of granting, expected variability of option value during the programme and other appropriate factors affecting fair value. The Parent Company assesses the probability of acquiring the rights in the programme, which affects the programme value in the costs for the period.

The following ratios were adopted in the valuation of the share option plan: volatility ratio of 54,69%, risk-free interest rate of 5,03%, weighted average share price of PLN 494,42.

No other features relating to grant of options were taken into consideration during fair value measurement.

Unrealized rights to shares

	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Unrealized rights to shares as at the beginning of the period	**341 640**	**341 640**	**341 640**
Granted rights to shares	–	–	–
Lost rights to shares	–	–	–
Realized rights to shares	–	–	–
Expired rights to shares	–	–	–
Unrealized rights to shares as at the end of the period	**341 640**	**341 640**	**341 640**

Volatility used to measure the options was calculated on the basis of the average volatility of share prices of peer companies. Volatility in the peer group of companies was calculated based on historical daily rates of return. Based on the daily rates of return, the standard deviation was calculated and annualised, on the assumption that a trading year lasts 250 days. The period for which the rates of return were accounted for complied with the options exercise period. Volatility was calculated for each option in appropriate periods. Companies which were listed for a period shorter than the option exercise period were eliminated from the peer group.

28.5 Loans granted to the Management and Supervisory Board members

As at 31 March 2016, 31 December 2015 and 31 March 2015, there are no loans granted to the Management and Supervisory Board members.

29. Supplementary information and explanations to the cash flow statement

29.1 Change in the balance of other liabilities

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Change in other liabilities	35 409	(4 377)
Liability due to dividend payment	(19 444)	–
Payment of finance lease liabilities	30	61
Change in balance of other liabilities	**15 995**	**(4 316)**

29.2 Other adjustments

The 'other adjustments' item includes the following adjustments:

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Change in the balance of differences from the conversion of branches and subsidiaries	(590)	(1 029)
Foreign exchange differences on translation of financial instruments held for sale	1	8
Foreign exchange differences on translation of movements in property, plant and equipment, and intangible assets	21	56
Change in other adjustmens	**(568)**	**(965)**

Foreign exchange differences on translation of movements in tangible and intangible assets include the difference between the rates as at the opening balance and as at the closing balance adopted for valuation of the gross value of tangible and intangible assets in the Group's foreign entities and the difference between the rate applied to value amortisation and depreciation cost of fixed assets and intangible assets in the Group's foreign entities and the rate of translation of amortisation and depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

30. Post balance sheet events

As at the date of drafting these condensed consolidated interm financial statements there were no significant post balance sheet events.

31. Customers' financial instruments and nominal values of transactions in derivatives (off balance sheet items)

31.1 Nominal value of derivatives

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
CFDs			
Currency CFDs	892 530	1 065 917	855 046
Commodity CFDs	191 935	267 666	206 524
Index CFDs	958 414	1 140 266	874 312
Bond CFDs	20 585	9 308	26 713
Stock CFDs	47 937	92 934	76 483
Total derivatives	**2 111 401**	**2 576 091**	**2 039 078**

The nominal value of instruments presented in the chart above includes transactions with customers and brokers. As at 31 March 2016, transactions with brokers represent 3% of the total nominal value of instruments (as at 31 December 2015: 12% of the total nominal value of instruments, as at 31 March 2015: 2% of the total nominal value of instruments).

31.2 Customers' financial instruments

Presented below is a list of customers' instruments deposited in the accounts of the brokerage house:

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Listed stocks and rights to stocks registered in customers' securities accounts	230	221	1 428
Other securities registered in customers' securities accounts	341	341	593
Total customers' financial instruments	**571**	**562**	**2 021**

The management Board of the Parent Company made a decision on significant reduction of trades on instruments on GPW which reduced the value of customers' financial instruments.

32. Items regarding the compensation scheme

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
1. Contributions made to the compensation scheme		
a) opening balance	2 204	1 733
- *increases*	*119*	*119*
b) closing balance	2 323	1 852
2. XTB's share in the profits from the compensation scheme	**159**	**135**

33. Capital management

The Group's principles of capital management are established in the "Capital management policy in X–Trade Brokers Dom Maklerski S.A." of the Parent Company. The document is approved by the Parent Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Parent Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Group and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capital-related goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on an assessment of the Group's current and future capital requirements (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in X–Trade Brokers Dom Maklerski S.A."

As part of ICAAP, the Parent Company assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Group's operations and evaluates its quality. The Parent Company estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Group and taking into account stress test results.

As part of ICAAP, the Parent Company assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Group's operations and evaluates its quality. The Parent Company estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Group and taking into account stress test results.

The Parent Company is obligated to maintain the capitals (equity) to cover the higher of the following values:

- capital requirements calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and
- internal capital estimated in compliance with the Ordinance of the Minister of Finance of 27 September 2012 on defining detailed technical and organisational conditions for investment firms and banks, as referred to in Article 70 par. 2 of the Act on Trading in Financial Instruments, and custodian banks and

the conditions for internal capital estimation by brokerages (Journal of Laws 2012, item 1072, as amended).

The principles of calculation of own funds are established in the "The procedure for calculating risk adequacy ratios in X–Trade Brokers Dom Maklerski S.A." of the Parent Company and are not regulated by IFRS.

The parent company calculated equity in accordance with part two of the Regulation of the European Parliament and of the Council (EU) No. 575/2013 dated 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012 ("CRR"). At present, the total equity of the Group belongs to the best category – Tier 1.

Prudential consolidation according to the CRR applies to subsidiaries in excess of the threshold referred to in Article 19 of the CRR. As regards the Group, the Parent Company includes its subsidiary X-Trade Brokers Menkul Değerler A.Ş. in prudential consolidation and from 31 October 2015 includes its subsidiary XTB Limited.

In accordance with the Act on macroprudential supervision of the financial system and crisis management in the financial system of 5 August 2015, since 1 January 2016 the Group is obliged to maintain capital buffers. In the period covered by the interim condensed consolidated financial statements the Group was obliged to maintain the capital conservation buffer and countercyclical buffer.

Key values in capital management

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
The Group's own funds	**264 407**	**240 873**	**242 119**
Tier I Capital	264 407	240 873	242 119
Common Equity Tier I capital	264 407	240 873	242 119
Supplementary capital Tier I	–	–	–
Tier II capital	–	–	–
The Group's total risk exposure	**1 819 567**	**1 665 592**	**1 386 226**
Capital conservation buffer	22 745	N/A	N/A
Countercyclical capital buffer	467	N/A	N/A
Combined buffer requirement	**23 212**	N/A	N/A

The mandatory capital adequacy was not breached in the period covered by the interim condensed consolidated financial statements.

The table below presents data on the level of capitals and on the total capital requirement divided into requirements due to specific types of risks calculated in accordance with separate regulations together with average monthly values. Average monthly values were calculated as an estimation of the average values calculated based on statuses at the end of specific days.

In the table below, in order to ensure comparability of the presentation, the total capital requirement was presented as 8% of the total risk exposure, calculated in accordance with the CRR.

(IN PLN'000)	AS AT 31.03.2016 (UNAUDITED)	AVERAGE MONTHLY VALUE IN THE PERIOD (UNAUDITED)	AS AT 31.12.2015 (AUDITED)	AS AT 31.03.2015 (UNAUDITED)
1. Capital/Own funds	264 407	244 028	240 873	242 119
1.1. Base capital/Common Equity Tier I without deductions	289 947	268 217	265 354	266 221
1.2. Additional items of common equity / Supplementary capital Tier I	–	–	–	–
1.3. Items decreasing share capitals	(23 433)	(24 189)	(24 481)	(24 102)
2. Amount of Tier II capital included in the value of capital subject to monitoring / Tier II capital	–	–	–	–
I. Level of capitals subject to monitoring / Own funds	**264 407**	**244 028**	**240 873**	**242 119**
1. Market risk	80 324	73 427	67 894	52 186
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	3 575	3 545	3 904	4 728
3. Credit risk	25 398	26 689	25 181	25 210
4. Operating risk	36 268	34 790	36 268	28 774
5. Exceeding the limit of exposure concentration and the limit of high exposures	N/A	N/A	N/A	N/A
6. Capital requirement due to fixed costs	N/A	N/A	N/A	N/A
IIa. Overall capital requirement	**145 565**	**138 451**	**133 247**	**110 898**
IIb. Total risk exposure	**1 819 567**	**1 730 640**	**1 665 592**	**1 386 226**
Capital conservation buffer	22 745	21 633	N/A	N/A
Countercyclical capital buffer	467	502	N/A	N/A
Combined buffer requirement	**23 212**	**22 135**	N/A	N/A

Pursuant to CRR the duty to calculate the capital requirement in respect of fixed costs arises only in the event that the entity does not calculate the capital requirement in respect of operating risk.

34. Risk management

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken, as well as to establish appropriate limits to mitigate such risk on a regular basis.

At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.

The Parent Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Group's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Group's capital adequacy. In particular, the Committee supports the Risk Control Department in the area of identifying significant risks within the Group and creating a catalogue of risks, approves policies and procedures of risk and ICAAP management, reviews and approves analyses carried out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Group.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of the occurrence of new types of risk, significant changes in strategy and operating plans. The

Department also monitors the appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls the market risk of the Group's own investments, defines the overall capital requirement and estimates internal capital. The Risk Control Department reports directly to the Member of the Management Board responsible for the operation of the Group's internal control system.

The Parent Company's Supervisory Board approves risk management system, including procedures for internal capital estimation, capital management and planning.

34.1 Fair value

34.1.1 Carrying amount and fair value

The fair value of cash and cash equivalents is estimated as being close to their carrying amount.

The fair value of loans granted and other receivables, amounts due to customers and other liabilities is estimated as being close to their carrying amount in view of the short-term maturities of these balance sheet items.

34.1.2 Fair value hierarchy

The Group discloses fair value measurement of financial instruments carried at fair value, applying the following fair value hierarchy which reflects the significance of input data used to establish the fair value:

- **Level 1**: quoted prices (unadjusted) in active markets for the assets or liabilities;
- **Level 2:** input data other than quoted prices classified in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices). This category includes financial assets and liabilities measured using prices quoted in active markets for identical assets, prices quoted in active markets for identical assets considered less active or other valuation methods where all significant inputs originate directly or indirectly from the markets;
- **Level 3:** input data for valuation of a given asset or liability is not based on observable market data (unobservable inputs).

(IN PLN'000)		31.03.2016 (UNAUDITED)		
	LEVEL 1	LEVEL 2	LEVEL 3	ŁĄCZNIE
Financial assets				
OTC derivatives	–	63 772	–	**63 772**
Total assets	–	**63 772**	–	**63 772**
Financial liabilities				
Financial liabilities held for trading	–	9 636	–	**9 636**
Total liabilities	**–**	**9 636**	–	**9 636**

(IN PLN'000)		31.12.2015 (AUDITED)		
	LEVEL 1	LEVEL 2	LEVEL 3	ŁĄCZNIE
Financial assets				
OTC derivatives	–	64 254	–	**64 254**
Total assets	–	**64 254**	–	**64 254**
Financial liabilities				
Financial liabilities held for trading	–	10 215	–	**10 215**
Total liabilities	**–**	**10 215**	–	**10 215**

(IN PLN'000)	31.03.2015 (UNAUDITED) LEVEL 1	LEVEL 2	LEVEL 3	ŁĄCZNIE
Financial assets				
OTC derivatives	–	66 529	–	**66 529**
Total assets	–	**66 529**	–	**66 529**
Financial liabilities				
Financial liabilities held for trading	–	20 262	–	**20 262**
Total liabilities	**–**	**20 262**	–	**20 262**

In the period covered by the interim condensed consolidated financial statements, there were no transfers of items between the levels of the fair value hierarchy.

The fair value of contracts for differences (CFDs) is determined based on the market prices of underlying instruments, derived from independent sources, adjusted for the spread specified by the Company. The valuation is performed using closing prices or the last bid and ask prices. CFDs are measured as the difference between the current price and the opening price, taking account of accrued commissions and swap points.

The impact of adjustments due to credit risk of the contractor, estimated by the Group, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Group. Therefore, the Group does not recognise the impact of unobservable input data used for the estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as level 3 of the fair value hierarchy.

34.2 Market risk

In the period covered by these interim condensed consolidated financial statements, the Group entered into OTC contracts for differences (CFDs) and digital options. The Group may also acquire securities and enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on the risk factor:

- Currency risk connected with fluctuations of exchange rates
- Interest rate risk
- Commodity price risk
- Equity investment price risk

The Group's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Group's practice in this area is consistent with the following principles:

- The Management Board defines in the investment strategy short-, medium-, and long-term investment objectives, rules of establishment and methods of management of an investment portfolio, amount of funds to be invested, as well as the rules and mechanisms for hedging against excesses of the permitted exposure concentration limits and large exposures. The resolution is approved by the Supervisory Board. As part of the internal procedures, the Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.

34.2.1 Currency risk

The Group enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Group also offers instruments denominated in foreign currencies. Also, the Group has assets in foreign currencies, i.e. the so-called currency positions. Currency positions include the brokerage's own funds denominated in foreign currencies held for the purpose of settling transactions in foreign markets and connected with foreign operations.

The carrying amount of the Group's assets and liabilities in foreign currencies as at the balance sheet date (from the perspective of the Parent Company) is presented below: the values for all base currencies are expressed in PLN'000:

Assets and liabilities denominated in foreign currencies as at 31 March 2016 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN								CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	
Assets									
Own cash and cash equivalents	65 636	112 010	3 907	39 203	9 186	3 822	47 450	281 214	290 116
Customers' cash and cash equivalents	23 816	166 030	1 624	27 565	3 692	4 163	3 848	230 738	315 566
Financial assets held for trading	3 176	28 054	328	4 614	1 303	1 419	1 685	40 579	63 772
Financial assets available for sale	–	–	–	–	–	–	212	212	212
Income tax receivables	–	551	–	2 031	–	–	244	2 826	5 724
Loans granted and other receivables	315	2 068	1 212	129	2	147	397	4 270	5 064
Prepayments and deferred costs	–	294	300	142	–	4	298	1 038	8 547
Intangible assets	–	47	–	47	–	3	37	134	12 581
Property, plant and equipment	–	632	211	444	–	24	402	1 713	3 866
Deferred income tax assets	–	8 893	2 946	21	–	–	–	11 860	11 860
Total assets	**92 943**	**318 579**	**10 528**	**74 196**	**14 183**	**9 582**	**54 573**	**574 584**	**717 308**
Liabilities									
Amounts due to customers	24 547	167 298	1 760	27 801	3 862	4 203	3 820	233 291	319 222
Financial liabilities held for trading	516	4 910	119	442	117	326	29	6 459	9 636
Income tax liabilities	–	160	–	–	–	–	–	160	2 179
Other liabilities	328	6 115	2 428	1 956	–	324	2 608	13 759	62 117
Provisions for liabilities	–	–	–	–	–	758	49	807	875
Deferred income tax provision	–	–	–	–	–	–	–	–	9 520
Total liabilities	**25 391**	**178 483**	**4 307**	**30 199**	**3 979**	**5 611**	**6 506**	**254 476**	**403 549**

Assets and liabilities denominated in foreign currencies as at 31 December 2015 (audited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN								CARRYING AMOUNT
	USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	
Assets									
Own cash and cash equivalents	71 732	136 172	9 001	32 734	8 711	2 620	44 221	305 191	325 328
Customers' cash and cash equivalents	28 510	150 297	2 448	25 558	3 102	4 066	3 009	216 990	298 138
Financial assets held for trading	3 277	27 844	927	4 435	1 009	1 394	1 211	40 097	64 254
Financial assets available for sale	–	–	–	–	–	–	213	213	213
Income tax receivables	–	630	–	1 567	–	–	245	2 442	2 443
Loans granted and other receivables	394	2 084	1 067	141	3	101	116	3 906	4 545
Prepayments and deferred costs	–	221	118	143	–	6	210	698	2 513
Intangible assets	–	53	–	42	–	5	33	133	13 340
Property, plant and equipment	–	625	247	454	–	27	395	1 748	4 107
Deferred income tax assets	–	8 943	3 271	22	–	–	–	12 236	12 238
Total assets	**103 913**	**326 869**	**17 079**	**65 096**	**12 825**	**8 219**	**49 653**	**583 654**	**727 119**
Liabilities									
Amounts due to customers	29 878	150 670	3 101	25 527	3 295	4 127	2 926	219 524	301 076
Financial liabilities held for trading	764	4 554	501	363	101	562	23	6 868	10 215
Income tax liabilities	–	106	–	–	–	–	–	106	4 562
Other liabilities	309	7 730	3 043	1 611	75	425	2 463	15 656	26 708
Provisions for liabilities	–	–	–	–	–	748	40	788	871
Deferred income tax provision	–	–	–	–	–	–	–	–	9 638
Total liabilities	**30 951**	**163 060**	**6 645**	**27 501**	**3 471**	**5 862**	**5 452**	**242 942**	**353 070**

Assets and liabilities denominated in foreign currencies as at 31 March 2015 (unaudited)

(IN PLN'000)	VALUE IN FOREIGN CURRENCIES CONVERTED TO PLN USD	EUR	GBP	CZK	HUF	RON	OTHER CURRENCIES	TOTAL	CARRYING AMOUNT
Assets									
Own cash and cash equivalents	40 111	112 766	8 672	31 637	6 477	4 208	43 478	247 349	332 383
Customers' cash and cash equivalents	27 807	122 833	879	24 458	3 982	2 334	5 912	188 205	258 577
Financial assets held for trading	2 962	34 092	88	4 286	1 546	842	1 076	44 892	66 529
Financial assets available for sale	–	–	–	–	–	–	233	233	233
Income tax receivables	–	181	–	–	–	–	–	181	185
Loans granted and other receivables	124	1 863	2 088	142	–	35	656	4 908	5 442
Prepayments and deferred costs	–	296	40	202	–	13	439	990	2 552
Intangible assets	–	39	–	104	–	10	58	211	16 918
Property, plant and equipment	–	603	159	434	–	40	391	1 627	4 334
Deferred income tax assets	–	8 779	3 396	90	–	–	12	12 277	12 277
Total assets	**71 004**	**281 452**	**15 322**	**61 353**	**12 005**	**7 482**	**52 255**	**500 873**	**699 430**
Liabilities									
Amounts due to customers	28 346	124 016	998	24 522	4 010	2 375	3 122	187 389	257 886
Financial liabilities held for trading	1 023	11 610	43	964	165	90	66	13 961	20 262
Income tax liabilities	–	1 495	–	399	–	–	–	1 894	8 705
Other liabilities	1 115	6 420	1 064	1 506	88	214	151	10 558	18 228
Provisions for liabilities	–	–	–	–	–	440	46	486	558
Deferred income tax provision	–	–	–	–	–	–	–	–	9 267
Total liabilities	**30 484**	**143 541**	**2 105**	**27 391**	**4 263**	**3 119**	**3 385**	**214 288**	**314 906**

A change in exchange rates, in particular, the PLN exchange rate, affects the balance sheet valuation of the Group's financial instruments and the result on translation of foreign currency balances of other balance sheet items. Sensitivity to exchange rate fluctuations was calculated with the assumption that all foreign currency rates change by ±5% to PLN. The carrying amount of financial instruments was revalued.

The sensitivity of the Group's equity and profit before tax to a 5% increase or decrease of the PLN exchange rate is presented below:

(IN PLN'000)	31.03.2016 (UNAUDITED)		31.03.2015 (UNAUDITED)	
	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%	INCREASE IN EXCHANGE RATES BY 5%	DECREASE IN EXCHANGE RATES BY 5%
Income/ (expenses) of the period	5 751	(5 751)	8 031	(8 031)
Equity, of which:	3 938	(3 938)	3 058	(3 058)
Foreign exchange differences on translation	3 938	(3 938)	3 058	(3 058)

The sensitivity of equity is connected with foreign exchange differences in the translation of value in functional currencies of the foreign operations.

34.2.2 Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Group to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Group, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates.

The basic interest rate risk for the Group is the mismatch of interest rates:

- paid to customers in connection with funds deposited in cash accounts in the Group, and
- of the bank account and bank deposits where the Group's customers' funds are invested.

In addition, the source of the Group's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments.

As a rule, the change in bank interest rates does not significantly affect the Group's financial position, since the Group determines interest rates for funds deposited in customers' cash accounts based on a variable formula, in an amount not higher than the interest rate received by the Group from the bank maintaining the bank account in which customers' funds are deposited.

Interest rates applicable to cash accounts are floating, and related to WIBID/WIBOR/LIBOR/EURIBOR rates. Therefore, the risk of interest rate mismatch adverse to the brokerage house is very low.

Since the Group maintains a low duration of assets and liabilities and minimises the duration gap, sensitivity of the market value of assets and liabilities to calculations of market interest rates is very low.

As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Group's operations.

Sensitivity analysis of financial assets and liabilities where cash flows are exposed to interest rate risk

The structure of financial assets and liabilities where cash flows are exposed to interest rate risk is as follows:

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Financial assets			
Cash and cash equivalents	605 682	623 466	590 960
Total financial assets	**605 682**	**623 466**	**590 960**
Financial liabilities			
Amouts due to customers	85 743	62 132	64 744
Other liabilities	345	375	452
Total financial liabilities	**86 088**	**62 507**	**65 196**

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in first quarter of 2016 and 2015, using the average 1M interest rate in a given market.

(IN PLN'000)	31.03.2016 (UNAUDITED)		31.03.2015 (UNAUDITED)	
	INCREASE BY 50 PB	DECREASE BY 50 PB	INCREASE BY 50 PB	DECREASE BY 50 PB
Profit/(loss) before tax	3 017	(3 017)	2 628	(2 628)

Sensitivity analysis of financial assets and liabilities whose fair value is exposed to interest rate risk

In the period covered by these interim condensed consolidated financial statements and in the comparative period, the Group did not hold any financial assets or liabilities whose fair value would be exposed to the risk of changes in interest rates.

34.2.3 Other price risk

Other price risk is exposure of the Group's financial position to unfavourable changes in the prices of commodities, equity investments (equity, indices) and debt instruments (in a scope not resulting from interest rates).

The carrying amount of financial instruments exposed to other price risk is presented below:

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Financial assets held for trading			
Commodity CFDs			
Precious metals	2 541	3 146	1 767
Base metals	333	335	87
Other	8 449	8 322	9 818
Total commodity CFDs	**11 323**	**11 803**	**11 672**
Equity instruments			
Stocks	1 737	2 237	1 176
Indicies	37 906	35 376	38 400
Total equity instruments	**39 643**	**37 613**	**39 576**
Debt instruments	**473**	**55**	**214**
Total financial assets held for trading	**51 439**	**49 471**	**51 462**
Financial liabilities held for trading			
Commodity CFDs			
Precious metals	461	200	416
Base metals	5	17	5
Other	801	895	392
Total commodity CFDs	**1 267**	**1 112**	**813**
Equity instruments			
Stocks	718	764	421
Indicies	5 325	5 526	12 176
Total equity instruments	**6 043**	**6 290**	**12 597**
Debt instruments	**21**	**16**	**37**
Total financial liabilities held for trading	**7 331**	**7 418**	**13 447**

The Group's sensitivity to fluctuations in the prices of specific commodities and equity investments by ±5% with regard to equity and profit before tax is presented below.

(IN PLN'000)	31.03.2016 (UNAUDITED)		31.03.2015 (UNAUDITED)	
	INCREASE BY 5%	DECREASE BY 5%	INCREASE BY 5%	DECREASE BY 5%
Income/ (expenses) of the period				
Commodity CFDs				
Precious metals	(96)	96	(937)	937
Base metals	(148)	148	23	(23)
Other	(1 795)	1 795	(3 261)	3 261
Total commodity CFDs	**(2 039)**	**2 039**	**(4 175)**	**4 175**
Equity instruments				
Stocks	(46)	46	(140)	140
Indicies	2 471	(2 471)	(753)	753
Total equity instruments	**2 425**	**(2 425)**	**(893)**	**893**
Debt instruments	**762**	**(762)**	**886**	**(886)**
Total income/ (expenses) for the period	**1 148**	**(1 148)**	**(4 182)**	**4 182**

34.3 Liquidity risk

For the Group, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in X–Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts.

In order to manage liquidity in relation to certain bank accounts associated with the operations of financial instruments, the Parent Company uses the liquidity model described in the procedure for the management of own cash and cash equivalents. The essence of the model is to determine the safe area of the state of free cash flow that does not require corrective action.

Where the upper limit is achieved, the Parent Company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the Parent Company makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Tasks relating to the maintenance and updating of the rules of the liquidity model are performed by the Parent Company's Trading Department. Trading Department employees are required to analyse liquidity at least once a week, as well as to transfer the relevant information to the Parent Company's Accounting Department in order to make certain operations in the accounts. Selected accounts are monitored on a daily basis.

The subsidiaries manage liquidity by analysing the anticipated cash flows and by matching the maturities of assets with the maturities of liabilities. The subsidiaries do not use any models for managing liquidity. Liquidity management based on the liquidity gap analysis is effective and sufficient – in subsidiaries, there were no incidents related to lack of liquidity or the lack of possibility of meeting financial obligations. In extraordinary cases, the subsidiaries' liquidity may be provided by the Parent Company.

The procedure also provides for the possibility of deviating from its application, and such procedure requires the consent of at least two members of the Parent Company's Management. Information on deviations is transmitted to the Risk Control Department of the Parent Company.

The Parent Company has also implemented liquidity contingency plans, which were not used in the period covered by the consolidated financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organisational units of the Parent Company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the Parent Company's operating activities. In its liquidity analysis, the existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration.

Supervision and control operations concerning the balance of cash accounts are also performed by the Risk Control Department of Parent Company on a daily basis.

The contractual payment periods of financial assets and liabilities are presented below. The marginal and cumulative contractual liquidity gap, calculated as the difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.

Contractual payment periods of financial assets and liabilities as at 31 March 2016 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	605 682	605 682	605 682	–	–	–	–
Financial assets held for trading							
CFDs	63 772	63 772	63 772	–	–	–	–
Total financial assets held for trading	63 772	63 772	63 772	–	–	–	–
Financial instruments available for sale	212	212	–	–	–	–	212
Loans granted and other receivables	5 064	5 064	3 405	14	1 404	158	83
Total financial assets	**674 730**	**674 730**	**672 859**	**14**	**1 404**	**158**	**295**
Financial liabilities							
Amounts due to customers	319 222	319 222	319 222	–	–	–	–
Financial liabilities held for trading							
CFDs	9 636	9 636	9 636	–	–	–	–
Total financial liabilities held for trading	9 636	9 636	9 636	–	–	–	–
Other liabilities	62 116	62 116	57 740	4 160	216	–	–
Total financial liabilities	**390 974**	**390 974**	**386 598**	**4 160**	**216**	**–**	**–**
Contractual liquidity gap in maturities (paymnet dates)			286 261	(4 146)	1 188	158	295
Contractual cumulative liquidity gap			286 261	282 115	283 303	283 461	283 756

Contractual payment periods of financial assets and liabilities as at 31 December 2015 (audited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	623 466	623 466	623 466	–	–	–	–
Financial assets held for trading							
CFDs	64 254	64 254	64 254	–	–	–	–
Total financial assets held for trading	64 254	64 254	64 254	–	–	–	–
Financial instruments available for sale	213	213	–	–	–	–	213
Loans granted and other receivables	4 545	4 545	2 901	–	1 644	–	–
Total financial assets	**692 478**	**692 478**	**690 621**	**–**	**1 644**	**–**	**213**
Financial liabilities							
Amounts due to customers	301 076	301 076	301 076	–	–	–	–
Financial liabilities held for trading							
CFDs	10 215	10 215	10 215	–	–	–	–
Total financial liabilities held for trading	10 215	10 215	10 215	–	–	–	–
Other liabilities	26 708	26 708	13 446	13 013	249	–	–
Total financial liabilities	**337 999**	**337 999**	**324 737**	**13 013**	**249**	**–**	**–**
Contractual liquidity gap in maturities (paymnet dates)			365 884	(13 013)	1 395	–	213
Contractual cumulative liquidity gap			365 884	352 871	354 266	354 266	354 479

Contractual payment periods of financial assets and liabilities as at 31 March 2015 (unaudited)

(IN PLN'000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	UP TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 – 5 YEARS	OVER 5 YEARS	WITH NO SPECIFIED MATURITY
Financial assets							
Cash and cash equivalents	590 960	590 960	590 960	–	–	–	–
Financial assets held for trading							
CFDs	66 529	66 529	66 529	–	–	–	–
Total financial assets held for trading	66 529	66 529	66 529	–	–	–	–
Financial instruments available for sale	233	233	–	–	–	–	233
Loans granted and other receivables	5 442	5 442	3 563	102	1 481	98	198
Total financial assets	**663 164**	**663 164**	**661 052**	**102**	**1 481**	**98**	**431**
Financial liabilities							
Amounts due to customers	257 886	257 886	257 886	–	–	–	–
Financial liabilities held for trading							
CFDs	20 262	20 262	20 262	–	–	–	–
Total financial liabilities held for trading	20 262	20 262	20 262	–	–	–	–
Other liabilities	18 228	18 228	13 696	4 205	327	–	–
Total financial liabilities	**296 376**	**296 376**	**291 844**	**4 205**	**327**	**–**	**–**
Contractual liquidity gap in maturities (paymnet dates)			369 208	(4 103)	1 154	98	431
Contractual cumulative liquidity gap			369 208	365 105	366 259	366 357	366 788

The Group does not expect the cash flows presented in the maturity analysis to occur significantly earlier or in significantly different amounts.

34.4 Credit risk

The chart below shows the carrying amounts of financial assets corresponding to the Group's exposure to credit risk:

(IN PLN'000)	31.03.2016 (UNAUDITED)		31.12.2015 (AUDITED)		31.03.2015 (UNAUDITED)	
	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK	CARRYING AMOUNT	MAXIMUM EXPOSURE TO CREDIT RISK
Financial assets						
Cash and cash equivalents	605 682	605 682	623 466	623 466	590 960	590 960
Financial assets held for trading *	63 772	3 378	64 254	1 830	66 529	9 684
Financial assets available for sale	212	212	213	213	233	233
Loans granted and other receivables	5 064	5 064	4 545	4 545	5 442	5 442
Total financial assets	**674 730**	**614 336**	**692 478**	**630 054**	**663 164**	**606 319**

** As at 31 March 2016, the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 63 722 thousand (as at 31 December 2015: PLN 64 254 thousand, as at 31 March 2015: PLN 66 529 thousand). This exposure was collateralised with customers' cash, which, as at 31 March 2015, covered the amount of PLN 59 929 thousand (as at 31 December 2105: PLN 61 331 thousand, as at 31 March 2015: PLN 56 294 thousand). Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralised.*

The credit quality of the Group's financial assets is assessed based on external credit quality assessments, risk weights assigned based on the CRR, taking account of the mechanisms used to mitigate credit risk, the number of days past due, and the probability of counterparty insolvency.

The Group's assets fall within the following credit rating brackets:

- Fitch Ratings - from F1+ to C
- Standard & Poor's Ratings Services – from A-1+ to B
- Moody's – from P-2 to NP

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and customers' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 March 2016, the Group had deposit accounts in 38 banks and institutions (as at 31 December 2015: in 39 banks and institutions, as at 31 March 2015: in 40 banks and institutions). The ten largest exposures are presented in the table below (numbering of banks and institutions determined individually for each period):

31.03.2016 (UNAUDITED)		31.12.2015 (AUDITED)		31.03.2015 (UNAUDITED)	
ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)	ENTITY	(IN PLN'000)
Bank 1	111 058	Bank 1	96 946	Bank 1	97 658
Bank 2	72 609	Bank 2	71 302	Bank 2	80 482
Bank 3	71 249	Bank 3	62 549	Bank 3	62 129
Bank 4	69 062	Bank 4	60 058	Bank 4	51 357
Bank 5	31 639	Bank 5	46 973	Bank 5	36 653
Bank 6	29 122	Bank 6	36 647	Bank 6	28 863
Bank 7	22 900	Bank 7	26 786	Bank 7	26 804
Bank 8	21 075	Bank 8	26 265	Bank 8	25 376
Bank 9	19 043	Bank 9	25 213	Bank 9	19 687
Bank 10	18 464	Bank 10	24 201	Bank 10	17 985
Other	139 461	Other	146 526	Other	143 966
Total	**605 682**	**Total**	**623 466**	**Total**	**590 960**

The table below presents a short-term assessment of the credit quality of the Group's cash and cash equivalents according to credit quality steps determined based on external credit quality assessments (where step 1 means the best credit quality and step 6 – the worst) and the risk weights assigned based on the CRR.

CREDIT QUALITY STEPS	CARRYING AMOUNT (IN PLN'000)		
	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (UNAUDITED)
Cash and cash equivalents			
Step 1	244 619	237 400	250 221
Step 2	286 372	314 378	310 952
Step 3	48 473	54 355	10 937
Step 4	26 218	17 333	18 850
Step 5	–	–	–
Step 6	–	–	–
Total	**605 682**	**623 466**	**590 960**

Financial assets held for trading

Financial assets held for trading result from transactions in financial instruments entered into with the Group's customers and the related hedging transactions.

Credit risk involving financial assets held for trading is connected with the risk of customer or counterparty insolvency. With regard to OTC transactions with customers, the Company's policy is to mitigate the counterparty credit risk through the so-called "stop out" mechanism. Customer funds deposited in the brokerage serve as a security. If a customer's current balance is 30% or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, customer account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the customers. In addition, in order to mitigate counterparty credit risk, the Group includes special clauses in agreements with selected customers, in particular, requirements regarding minimum balances in cash accounts.

Transactions executed by customers on a regulated market practically did not carry significant credit risks, as instructions are covered with funds in cash accounts or securities in securities accounts. The Group's hedging methods and conditions for accepting orders comply with the applicable regulations.

Due to the mechanisms in place, used to mitigate credit risk, the credit quality of financial assets held for trading is high and does not show significant diversity.

The Group's top 10 exposures to counterparty credit risk taking into account collateral (net exposure) are presented in the table below (numbering of counterparties determined individually for each period):

31.03.2016 (UNAUDITED)		31.12.2015 (AUDITED)		31.03.2015 (UNAUDITED)	
ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)	ENTITY	NET EXPOSURE (IN PLN'000)
Entity 1	410	Entity 1	299	Entity 1	1 066
Entity 2	362	Entity 2	211	Entity 2	852
Entity 3	334	Entity 3	172	Entity 3	610
Entity 4	254	Entity 4	131	Entity 4	439
Entity 5	147	Entity 5	100	Entity 5	367
Entity 6	134	Entity 6	90	Entity 6	347
Entity 7	95	Entity 7	78	Entity 7	317
Entity 8	92	Entity 8	56	Entity 8	289
Entity 9	89	Entity 9	54	Entity 9	287
Entity 10	87	Entity 10	50	Entity 10	273
Total	**2 004**	**Total**	**1 241**	**Total**	**4 847**

Financial assets held to maturity

As at 31 March 2016 and in the comparative periods, there were no financial assets held to maturity.

Other receivables

Other receivables do not show a significant concentration, and they arose in the normal course of the Group's business. Non-overdue other receivables are collected on a regular basis and, from the perspective of credit quality, they do not pose a material risk to the Group.

NOTES TO QUARTERLY REPORT

1. Information about the Group's operations

In the 1st quarter of 2016, the Group introduced new instruments in the CFD EQUITY DMA. Several hundred new leveraged instruments based on underlying assets listed on global stock exchanges were prepared.

In the 1st quarter of 2016, the Group increased the number of financial instruments to more than 1 500, which allowed it not only to extend the customer base, but also to introduce cross-selling of leveraged instruments.

In the 1st quarter of 2016 the Group consistently implemented Salesforce in its branches (a tool for the comprehensive management of customer relations from the first contact through further service stages to signing the agreement and maintaining post-sale relations). The tool allows reporting and performing real-time analyses at every level of detail. It gives a better understanding of users and customers, which helps optimize the costs of obtaining and retaining customers. Creating a customer’s commercial profile and development of the automated ordering centre allows preparing an offer that better suits customers’ needs and makes it possible to reduce order lead-time.

In the 1st quarter of 2016, the migration of Poland and the branches located in Germany and Spain to Salesforce was completed and the process of migration of the branches in the Czech Republic and Slovakia was commenced. A new, updated website was developed for each of these branches.

In order to increase the quality and competitiveness of the services provided, the servers located in Germany were modernized in the 1st quarter of 2016, resulting in an even faster execution of the customers' orders.

The 1st quarter of 2016 was also a period of increased marketing activity of the Group on selected markets and more active marketing and sales operations. In February, the XTB Group launched a global marketing campaign with the participation of Mads Mikkelsen, a new ambassador of XTB, who will promote the Group for two years.

In the 1st quarter of 2016, market volatility had a positive effect on the Group's operating results, whereas the customers’ activity reached a level similar to the average for 2015, slightly exceeding expectations.

2. Summary and analysis of the Group’s results

2.1 General information

The Group conducts its operations through two business segments: retail operations and institutional operations. The Group’s retail business is focused on providing online trading in various instruments based on assets and underlying instruments from the financial and commodities markets to individual clients. In the 3 month period ended 31.03.2016 and 31.03.2015, it represented 86,4% and 93,8%, respectively, of the Group’s total operating income. In the 1st quarter of 2016, the retail operations segment generated a net profit of PLN 23,9 million (1st quarter of 2015: PLN 45,9 million), whereas the institutional operations segment generated a net profit of PLN 8,0 million (1st quarter of 2015: PLN 3,9 million).

The Group conducts its retail business through online trading platforms that allow retail clients to trade CFDs and options over a wide range of underlying global financial assets and instruments comprising, in particular currencies, equities, ETFs, indices, commodities and some exotic assets (e.g. CO2 emissions). As at 31 March 2016, the Group’s total retail client base comprised over 130 000 retail accounts. For its institutional clients, the Group offers technologies that allow clients to set up their own trading environment under their own brands and acts as a liquidity provider to its institutional clients. In the 1st quarter of 2016 and 2015, the Group’s institutional operations segment represented 13,6% and 6,2%, respectively, of the Group’s total operating income. In the 3 months period ended 31.03.2016 and 31.03.2015, the institutional segment accounted for 25% and 7,9% of the Group’s total net profit.

In the 1st quarter of 2016, the Group’s total operating income, EBITDA and net profit amounted to PLN 82,8 million, PLN 43,7 million and PLN 31,9 million, respectively. In the 1st quarter of 2015, the Group’s total operating income, EBITDA and net profit amounted to PLN 95,5 million, PLN 65,4 million and PLN 49,8 million, respectively.

2.2 Factors affecting the Group's operating and financial results

The Group's operating and financial results are mainly affected by: (i) the number of active accounts, transaction volumes and deposit amounts; (ii) volatility on financial and commodity markets; (iii) general market, geopolitical and economic conditions; (iv) competition on the FX/CFD market; and (v) regulatory environment.

The key factors affecting the Group's financial and operating results in the 3 month period ended 31.03.2016 are discussed below. The Management Board believes that these factors had and may continue to have an effect on the business activities, operating and financial results, financial condition and development perspectives of the Group.

2.3 Selected financial ratios

The financial ratios presented in the following table are not a measure of the financial results in accordance with the IFRS nor should they be treated as a measure of the financial results or cash flows from operating activities, or considered an alternative to a profit. These ratios are not defined in a harmonised manner and may not be comparable with the ratios presented by other companies, including companies operating in the same sector as the Group.

	THREE-MONTH PERIOD ENDED OR AS AT	
	31.03.2016	**31.03.2015**
EBITDA (in PLN'000) [1]	43 690	65 416
EBITDA margin (%)[2]	52,8	68,5
Net profit margin (%)[3]	38,5	52,2
Return on equity –ROE (%)[4]	37,1	55,4
Return on assets – ROA (%)[5]	17,6	29,4
Aggregate capital adequacy ratio (%)[6]	14,5	17,5

[1]) *EBITDA calculated as operating profit, including amortisation and depreciation.*
[2]) *Calculated as the quotient of operating profit, including amortisation and depreciation, and operating income..*
[3]) *Calculated as the quotient of net profit and operating income.*
[4]) *Calculated as the quotient of net profit and average balance of equity (calculated as the arithmetic mean of the total equity as at the end of the prior period and as at the end of the current reporting period; ratios for 3-months periods were annualized).*
[5]) *Calculated as the quotient of net profit and average balance of total assets (calculated as the arithmetic mean of the total assets as at the end of the prior period and as at the end of the current reporting period; ratios for 3-months periods were annualized).*
[6]) *Calculated as the quotient of equity and total risk exposure.*

The table below shows data on the Group's transaction volumes (in lots) by geographical area for the periods indicated.

	THREE-MONTH PERIOD ENDED	
	31.03.2016	**31.03.2015**
Retail operations segment	**469 757**	**504 222**
Western Europe	148 944	164 037
Central and Eastern Europe	264 809	277 498
Latin America and Turkey	56 004	62 686
Institutional operations segment	**63 444**	**88 683**
Total	**533 201**	**592 905**

The table below shows data on the Group's revenue by geographical area for the periods indicated.

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016	31.03.2015
Gain on transactions in financial instruments:	**81 465**	**93 605**
Central and Eastern Europe	37 484	61 954
Western Europe	36 794	19 187
Latin America and Turkey	7 187	12 464
Fee and commission income:	**1 294**	**1 613**
Central and Eastern Europe	770	829
Western Europe	498	784
Latin America and Turkey	26	-
Other income:	**6**	**292**
Central and Eastern Europe	6	292
Western Europe	-	-
Latin America and Turkey	-	-
Total operating income[1]:	**82 765**	**95 510**
Central and Eastern Europe, including:	38 260	63 076
- Poland[2]	22 534	44 232
Western Europe, including:	37 292	19 970
- Spain[2]	21 385	6 144
Latin America and Turkey	7 213	12 464

[1]) *The countries where the Group always generates 15% or more of its revenues include Poland and Spain. The share of any of the other countries in the Group's revenue structure by geographical area does not exceed 15%.*
[2]) *The country which generates the highest revenue in the region.*

The table below presents: (i) the number of new accounts opened by the Group's clients in individual periods; (ii) the number of active accounts; (iii) the aggregate number of accounts; (iv) the amount of net deposits in the individual periods; (v) average operating income per one active account; and (vi) the transaction volume in lots; and (vii) profitability per lot. The information presented in the table below is related to the aggregate operations in the retail and institutional operations segments.

	THREE-MONTH PERIOD ENDED	
	31.03.2016	31.03.2015
New accounts[1]	6 438	5 592
Average number of active accounts[2]	16 087	15 062
Accounts in total	132 170	100 136
Net deposits (in PLN'000)[3]	108 066	88 448
Average operating income per active account (in PLN'000)[4]	5,1	6,3
Transaction volume in CFD instruments in lots[5]	533 201	592 905
Profitability per lot (in PLN)[6]	155	161

[1]) *The number of accounts opened by the Group's clients in the individual periods.*
[2]) *The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[3]) *Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.*
[4]) *The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[5]) *A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.*
[6]) *Total operating income divided by the transaction volume in CFDs in lots.*

Retail operations segment

The table below presents key operational indicators in the retail operations segment of the Group for the respective periods indicated therein.

	THREE-MONTH PERIOD ENDED	
	31.03.2016	31.03.2015
New accounts	6 435	5 577
Average number of active accounts[1]	16 052	15 027
Accounts in total	132 058	100 054
Number of transactions[2]	6 114 854	5 192 841
Transaction volume in CFD instruments in lots[3]	469 757	504 222
Net deposits (in PLN'000)[4]	83 292	80 698
Average operating income per active account (in PLN'000)[5]	4,5	6,0
Average cost of obtaining an account (in PLN'000)[6]	1,2	0,9
Profitability per lot (in PLN)[7]	152	178

[1]) *The average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[2]) *Total number of open and closed transations in a given period.*
[3]) *A lot is a unit of trading in financial instruments; in the case of foreign currency transactions, a lot corresponds to 100,000 units of the underlying currency; in the case of instruments other than CFDs based on currencies, the amount is specified in the instruments table and varies for various instruments.*
[4]) *Net deposits comprise deposits placed by clients less amounts withdrawn by the clients in a given period.*
[5]) *The Group's operating income in a given period divided by the average quarterly number of accounts via which at least one transaction has been concluded over the last three months.*
[6]) *Average cost of obtaining an account comprise total marketing costs of the Group divided by the number of new accounts in given period.*
[7]) *Total operating income divided by the transaction volume in CFDs in lots.*

The table below presents the average quarterly number of accounts maintained by the Group on which at least one trade was executed in the last three months, by geographical location. The locations of active accounts have been determined based on the location of the Group's office (that maintains the account) except for accounts maintained by XTB Limited. The accounts maintained by XTB Limited have been classified based on the client's country of residence rather than the location of the Group's office.

	THREE-MONTH PERIOD ENDED			
	31.03.2016		31.03.2015	
Western Europe	5 118	31,9%	4 836	32,2%
Central and Eastern Europe	9 791	61,0%	9 378	62,4%
Latin America and Turkey	1 143	7,1%	813	5,4%
Total	**16 052**	**100,0%**	**15 027**	**100,0%**

Institutional operations segment

Since 2013, the Group has provided its services to institutional clients, including brokerage houses and other financial institutions.

The table below presents information regarding to the average number of accounts in the Group's institutional operations segment in the periods as indicated.

	THREE-MONTH PERIOD ENDED	
	31.03.2016	31.03.2015
Average number of active accounts	35	35
Average number of accounts (active and non-active) in total	112	82

The table below presents the Group's turnover (in lots) in the institutional operations segment in the periods as indicated.

	THREE-MONTH PERIOD ENDED	
	31.03.2016	31.03.2015
Trading in CFD derivatives (in lots)	63 444	88 683

2.4 Discussion of the Group's operating results for the 1st quarter of 2016

The table below shows selected items of the consolidated statement of comprehensive income for the periods indicated.

(IN PLN'000)	THREE-MONTH PERIOD ENDED		CHANGE
	31.03.2016	31.03.2015	(%)
Result of operations on financial instruments	81 465	93 605	(13,0)
Income from fees and commissions	1 294	1 613	(19,8)
Other income	6	292	(97,9)
Total operating income	**82 765**	**95 510**	**(13,3)**
Salaries and employee benefits	(22 275)	(15 810)	40,9
Marketing	(7 990)	(4 807)	66,2
Other external services	(3 960)	(3 836)	3,2
Costs of maintenance and lease of buildings	(2 388)	(1 744)	36,9
Amortisation and depreciation	(1 389)	(1 454)	(4,5)
Taxes and fees	(313)	(410)	(23,7)
Commission expense	(1 109)	(998)	11,1
Other expenses	(1 040)	(2 489)	(58,2)
Total operating expenses	**(40 464)**	**(31 548)**	**28,3**
Operating profit	**42 301**	**63 962**	**(33,9)**
Finance income	2 006	3 621	(44,6)
Finance costs	(4 542)	(5 803)	(21,7)
Profit before tax	**39 765**	**61 780**	**(35,6)**
Income tax	(7 906)	(11 938)	(33,8)
Net profit	31 859	49 842	(36,1)

Operating income

The Group's income is primarily derived from its retail activities and consists of: (i) spreads (the difference between the offer price and the bid price); (ii) net result (profits offset by losses) from the Group's market making activities; (iii) fees and commissions charged by the Group to its clients; and (iv) swap points charged by the Group (being the difference between the notional forward rate and the spot rate of a given financial instrument). Accordingly, the Group's ability to generate long-term revenue growth depends mainly on its ability to expand its client base (attract new clients, retain and reactivate the existing ones) through effective marketing, development of innovative new products and services, implementation of new distribution channels and expansion of its business into new markets.

In the 1st quarter of 2016, the retail operations segment generated approximately 88% of the total turnover of the Group, and the institutional operations segment generated approximately 12%.

The table below shows information on the Group's operating income for the periods indicated.

	THREE-MONTH PERIOD ENDED			
	31.03.2016		31.03.2015	
	PLN'000	(%)	PLN'000	(%)
Result of operations on financial instruments	81 465	98,4	93 605	98,0
Income from fees and charges	1 294	1,6	1 613	1,7
Other income	6	0,0	292	0,3
Total operating income	**82 765**	**100,0**	**95 510**	**100,0**

The Group's operating income is mainly determined by the result of operations on financial instruments representing 98,4% and 98,0% of the total operating income in the 1st quarter of 2016 and 2015, respectively. Three products have the largest share in the result of operations on financial instruments: currency CFDs, commodity CFDs and index CFDs that constituted 26,7%, 17,6% oraz 52,7% respectively of the result of operations on financial instruments in the 1st quarter of 2016 (35,7%, 28,7% oraz 35,7% in the 1st quarter of 2015). Other products, such as bond CFDs and equity CFDs, and option derivatives constituted 3,0% and (0,1)%, respectively, of the result of operations on financial instruments in the described periods.

The result of operations on financial instruments

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016	31.03.2015	CHANGE (%)
CFDs			
Currency CFDs	22 211	34 017	(34,7)
Commodity CFDs	14 682	27 325	(46,3)
Index CFDs	43 848	33 999	29,0
Bond CFDs	867	193	349,2
Equity CFDs	296	(950)	(131,2)
Total CFDs	81 904	94 584	(13,4)
Option derivatives	1 277	659	93,8
Gross result of operations on financial instruments	**83 181**	**95 243**	**(12,7)**
Bonuses and discounts paid to clients	(887)	(705)	25,8
Commissions paid to cooperating brokers	(829)	(933)	(11,1)
Net result of operations on financial instruments	**81 465**	**93 605**	**(13,0)**

In January and February 2016 high volatility was recorded on the markets, which contributed to the Company's good results in those months. In March, however, lower volatility made the Group's revenue become flatter, which significantly impacted the result for the 1st quarter of 2016.

In the 1st quarter of 2016 the Group recorded high increase in the income from index CFDs (by 29% i.e. PLN 9,8 million comparing to the 1st quarter of 2015). Higher income from index CFDs in the 1st quarter of 2016 resulted mainly from relevant drops on stock market indices at the beginning of 2016. In making the investing decisions, the Group's clients search for instruments with high volatility, which they believe may generate higher profits. Significant volatility of stock market indices at the beginning of 2016 resulted in visible increase of the volume of financial instruments based on indices and higher revenue generated by the Group.

The decrease in income from commodity CFDs (by 46,3% i.e. PLN 12,6 million in the 1st quarter of 2016 comparing to the 1st quarter of 2015) resulted mainly from the 50% oil price correction that took place since the beginning of the year and has negative impact on the Group's global position on those instruments.

Moreover, the 1st quarter of 2015 was characterized by excessive market volatility, which contributed to increased customer activity. The most important events in the 1st quarter of 2015 were: the SNB decision to discontinue the policy of defending the CHF exchange rate in January 2015 and starting the quantitative-easing programme by the European Central Bank in March 2015. Those events caused relevant movements in the prices of all classes of instruments, which in turn contributed to the Group's high revenue in this period.

Operating expenses

In the 1st quarter of 2016 operating expenses increased by PLN 8,9 million i.e 28,3%. comparing to the 1st quarter of 2015. It resulted mainly from the increase in costs of salaries and employee benefits by PLN 6,5 million and increase of marketing expenses by PLN 3,2 million.

Higher costs of salaries and employee benefits was mainly due to an increase in the average employment level in the Group in the 1st quarter of 2016 of 21,2% compared with the corresponding period of the year 2015.

The average monthly cost of salaries and employee benefits per employee in the Group was PLN 18 thousand and PLN 16 thousand, respectively, in the 1st quarter of 2016 and 1st quarter of 2015. The average employment in the 1st quarter of 2016 was 406 persons, and 335 persons in the corresponding period of the year 2015.

The increase in marketing expenses was mainly a result of implementing the Group's strategy of increased marketing and sales activities on particular markets.

3. Company's authorities

3.1 Management Board

As at 31 March 2016 and as at submission date of this quarterly report, i.e. 16 May 2016, the Management Board was composed of the following persons:

Jakub Malý – Chairman of the Management Board,
Paweł Frańczak – Board Member,
Paweł Szejko – Board Member.

There were no changes in the composition of the Management Board of the Parent Company in the reporting period.

3.2 Supervisory Board

As at 31 March 2016 and as at submission date of this quarterly report, i.e. 16 May 2016, the Supervisory Board was composed of the following persons:

Jakub Leonkiewicz – Chairman of the Supervisory Board,
Łukasz Baszczyński – Board Member,
Jarosław Jasik – Board Member,
Michał Kędzia – Board Member,
Bartosz Zabłocki – Board Member.

There were no changes in the composition of the Supervisory Board of the Parent Company in the reporting period and as at the submission date of the report.

4. Information on shares and shareholding structure

4.1 Equity

As at 31 March 2016 and as at the submission date of this quarterly report, i.e. 16 May 2016 share capital of X-Trade Brokers Dom Maklerski S.A. comprised of 117 383 635 A-series ordinary shares. The nominal value of the shares is PLN 0,05 per share.

4.2 Shares in the free float

On 13 April 2016 the Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) (the "PFSA") approved the Prospectus prepared in relation to the initial public offering of the Company's shares sold by the key shareholder.

On 26 April 2016 the final number of shares (16 433 709) and final share's price (PLN 11,50) in the initial public offering was set.

On 26 April 2016 the Central Securities Depository of Poland (KDPW) adopted a resolution on dematerialization of 16 433 709 shares of the Company subject to the public offering and contingent dematerialization of other shares, i.e. 100 949 926 shares of the Company.

On 29 April 2016 the final allotment of 16 433 709 ordinary bearer shares was made under the offering. In connection with the final allotment of the offer shares, 1 644 000 of the offer shares were allotted to individual investors, whereas 14 789 709 of the offer shares were allotted to institutional investors.

On 4 May 2016 the Management Board of the WSE adopted a resolution regarding the admission of the Company's offer shares to exchange trading on the main market of the WSE. The Resolution came into force as of the day of its adoption. On 5 May 2016 the Management Board of the WSE adopted a resolution to introduce the Company's shares, as of 6 May 2016, to regular exchange trading on the main market.

4.3 Shareholders holding directly or indirectly via related parties at least 5% of total votes at the Parent's General Shareholders' Meeting as at the submission date of the foregoing report

As at 1 January 2016 and 31 March 2016 the shareholding structure was as follows:

	NUMBER OF SHARES	SHARE
XXZW Investment Group S.A. [1]	94 879 925	80,83%
Systexan SARL[2]	22 302 960	19,00%
Other shareholders	200 750	0,17%
Total	**117 383 635**	**100,00%**

[1]) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.
[2]) SYSTEXAN S.à r.l. with its registered office in Luxembourg jest is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.

Subsequent to the end of the reporting period, the initial public offering was conducted, in which the key shareholder sold 16 433 709 shares in the Company. On 29 April 2016 the allotment of the offer shares was made under the offering. After the allotment, the Company received a notification from one of its shareholders, XXZW Investment Group S.A., with its registered office in Luxembourg, in accordance with Article 69 of the Polish Act on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated 29 July 2005, informing that following the sale of 16 433 709 A-series ordinary shares in the Company, the shareholder holds 78 446 216 shares/votes representing 66,83% share in the share capital/overall number of votes at the General Meeting of Shareholders. Detailed information concerning the above mentioned notification was submitted in the current report No. 8/2016 dated 6 May 2016.

As at the submission date of this quarterly report, i.e. 16 May 2016, the shareholding structure was as follows:

	NUMBER OF SHARES	SHARE
XXZW Investment Group S.A. [1]	78 446 216	66,83%
Systexan SARL[2]	22 302 960	19,00%
Other shareholders	16 634 459	14,17%
Total	**117 383 635**	**100,00%**

[1]) XXZW Investment Group S.A. with its registered office in Luxembourg is directly controlled by Jakub Zabłocki, who holds shares representing 81,97% of the share capital authorising the exercise of 81,97% of the votes at the general meeting of the shareholders of XXZW.
[2]) SYSTEXAN S.à r.l. with its registered office in Luxembourg jest is directly controlled by the Polish Enterprise Fund VI L.P., with its registered office in the Cayman Islands.

Percentage share in the share capital of the Parent Company of the above mentioned shareholders is equal to the percentage share in total votes at the General Shareholders' Meeting.

4.4 Shares and rights held by Members of the Management and Supervisory Board

In the reporting period and as at the submission date of the foregoing report the supervising persons held no shares or options authorising them to acquire the shares of the Parent Company.

Under the Incentive Plan, three persons authorized to participate in the Incentive Plan acquired options authorizing them to acquire or subscribe for total of 341 640 shares in the Company, with Jakub Malý subscribing for 219 507 shares in the Company and Paweł Frańczak subscribing for 37 328 shares in the Company.

Mr. Paweł Szejko holds no options authorising him to acquire or subscribe for shares in the Company.

The managing persons hold no shares in the Company.

5. Other information

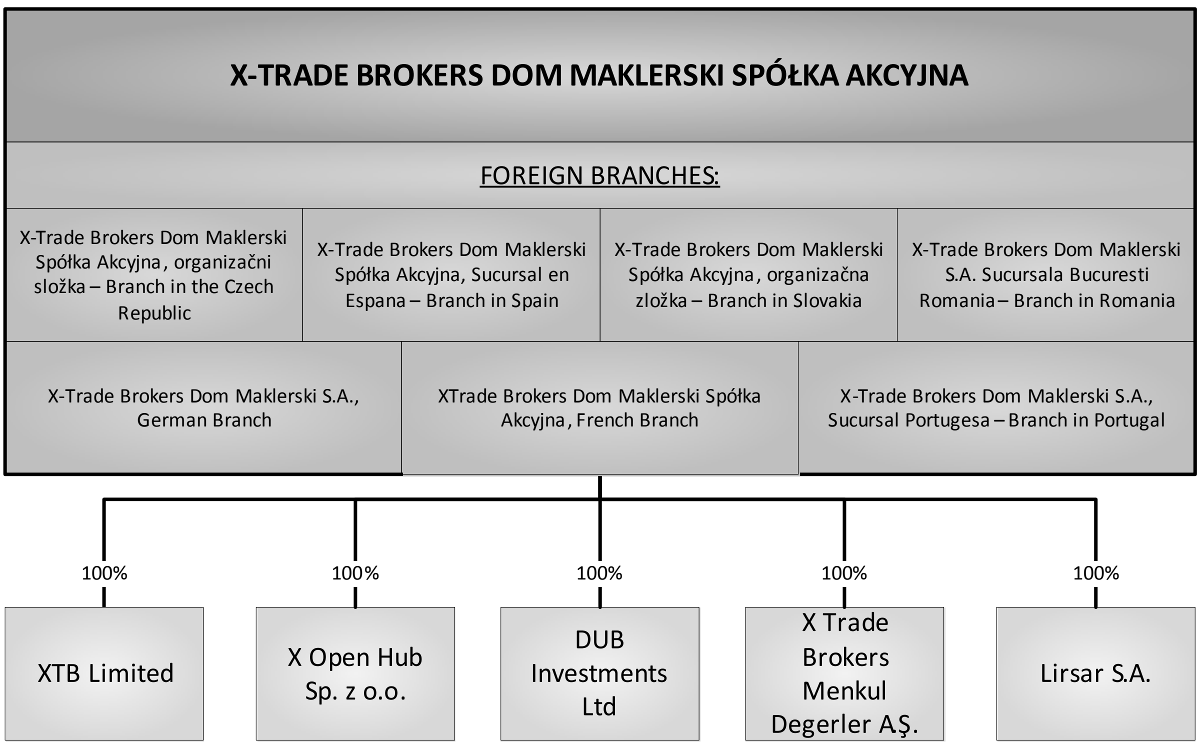
5.1 Description of the Group

The Parent Company in the X–Trade Brokers Dom Maklerski S.A. Group (the 'Group') is X–Trade Brokers Dom Maklerski S.A. with its headquarters located in Warsaw.

The Parent Company's operations consist of conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The Parent Company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005, No. DDM–M–4021–57–1/2005.

As at the submission date of the foregoing report the Group comprised 5 subsidiaries. The Company has 7 foreign branches.

The chart below presents the corporate structure of the Group, including the number of votes at the general meeting or the meeting of shareholders which may be exercised by a given shareholder.



All subsidiaries' results are fully consolidated since the date of foundation/ acquisition.

Neither the Company nor any Group Company holds any shares in other undertakings which could materially impact the assessment of its assets and liabilities, financial condition and profits and losses.

Subsidiaries

Basic information about the Group Companies, which are directly or indirectly dependent on the Company, is provided below.

XTB Limited

The Company holds 100% of the shares in the share capital of XTB Limited, which authorises it to exercise 100% of the votes at the meeting of the shareholders of XTB Limited.

XTB Limited business comprises, among other things, the following types of operations: (i) arranging (bringing about) investment deals; (ii) dealing in investments as an agent; and (iii) dealing in investments as the principal.

X Open Hub sp. z o.o.

The Company holds 100% of the shares in the share capital of X Open Hub sp. z o.o., which authorises it to exercise 100% of the votes at the meeting of the shareholders of X Open Hub sp. z o.o.

Main scope of business of the company is offering electronic applications and trading technology.

DUB Investments Ltd

The Company holds 100% of the shares in the share capital of DUB Investments Ltd., which authorises it to exercise 100% of the votes at the meeting of the shareholders of DUB Investments Ltd.

DUB Investments Ltd business comprises: (i) accepting and forwarding orders relating to one or more financial instruments; and (ii) managing share packages. DUB Investments Ltd may conduct the above-mentioned types of operations with respect to all of the financial instruments defined by the MiFID Directive.

X Trade Brokers Menkul Değerler A.Ş.

The Company holds 100% of the shares in the share capital of X Trade Brokers Menkul Değerler A.Ş., which authorises it to exercise 100% of the votes at the general meeting of X Trade Brokers Menkul Değerler A.Ş.

X Trade Brokers Menkul Değerler A.Ş. business encompasses among others: (i) investment consulting; (ii) trading in derivatives; (iii) leveraged trading on the forex market; and (iv) trading intermediation.

Lirsar S.A.

The Company holds 100% of the shares in the share capital of Lirsar S.A., which authorises it to exercise 100% of the votes at the meeting of the shareholders. Lirsar S.A. business comprises conducting operations within the scope of investment consulting (in Spanish: Asesore de Inversion).

The Group continues to closely monitor all investment opportunities in companies providing similar products and services in the markets in which the Group operates that could complement the product and service offering of the Group. As at the submission date of the report, the Group has not identified any specific acquisition targets.

5.2 Changes in the Group's structure

In the period from 1 January 2016 to 31 March 2016 as of the date of the submission of the foregoing report there were no changes in the X-Trade Brokers Dom Maklerski S.A. Group's structure.

5.3 Related party transactions

In the 3 month period ended 31 March 2016 and 31 March 2015 there were no material related parties transactions concluded on other than arm's length basis.

The table below shows the Group's transactions and balances of settlements with related parties:

(IN PLN'000)	31.03.2016 REVENUE	31.03.2016 RECEIVABLES	31.03.2015 REVENUE	31.12.2015 RECEIVABLES	31.03.2015 RECEIVABLES
Subsidiaries:					
XTB Limited	4 289	3 095	912	5 543	370
Dub Investments	39	13	37	13	12
X Open Hub Sp. z o.o.	166	389	292	468	146
X-Trade Brokers Menkul Degerler A.S	6 313	4 111	14 488	4 885	5 014
Lirsar S.A.	5	646	–	658	630

(IN PLN'000)	31.03.2016 COSTS	31.03.2016 LIABILITIES	31.03.2015 COSTS	31.12.2015 LIABILITIES	31.03.2015 LIABILITIES
Shareholders	–	19 444	–	–	501
Subsidiaries:					
XTB Limited	(7 205)	3 570	(3 291)	3 849	650
Dub Investments	(264)	260	(238)	49	64
X Open Hub Sp. z o.o.	(32)	22	(21)	34	12
X-Trade Brokers Menkul Degerler A.S	(3 078)	4 834	(3 180)	6 574	3 948
Lirsar S.A.	–	–	–	–	–

5.4 Information on loan sureties or guarantees of at least 10% of the Parent Company's equity granted by the Parent Company or its subsidiaries to one entity or its subsidiary

In the reporting period, i.e. from 1 January 2016 to 31 March 2016, neither the Parent Company nor any of its subsidiaries granted any warranties in respect of loans or advances or any guarantees to any third party or its subsidiary, including guarantees or warranties whose combined value would amount to at least 10% of the Group's equity.

As at 31 March 2016 neither the Parent Company nor any of its subsidiaries had any warranties granted in respect of loans or advances or any guarantees to any third party or its subsidiary, including guarantees or warranties whose combined value would amount to at least 10% of the Group's equity.

5.5 The Management Board's position concerning the realization of previously published forecasts of the results for the current year

The Group did not publish any forecasts of its results.

5.6 Information on significant proceedings pending before a court, a court of arbitration or a public administration authority

As at the date of submission of this report, the Company and its subsidiaries were not parties to any proceedings whose value would exceed, individually or in aggregate, 10% of the Issuer's equity.

5.7 Factors which in the Management's Board belief may impact the Group's operations for at least next quarter

The Management Board believes that the following trends have impacted and will maintain and continue to impact the Group's operations until the end of 2016 and in some cases also longer:

- Increased effectiveness of marketing. Thanks to the intensive development of marketing tools and their more effective use by the Group, the Management Board expects a growth in the number of active accounts maintained mainly by XTB Limited in the United Kingdom belonging to international clients outside the Group's main markets, especially from the Middle East and the remaining parts of Asia.
- The Management Board expects an increase of marketing costs in the 2nd quarter of 2016, compared to the 2015 quarterly average, in connection with the launch of the branding campaign using Mads Mikkelsen as the ambassador of the XTB brand.
- At a meeting on 23 December 2015, the PFSA approved the draft of the "Guidelines concerning the rendering of brokerage services on the OTC derivatives market" (the "PFSA Guidelines"), which were subsequently published. The PFSA Guidelines apply to many aspects of offering services on the OTC market, including, inter alia, the role of supervisory boards and management boards in the process of offering services, the promotion of such services, soliciting clients, outsourcing client solicitation, providing clients with information on the characteristics of and the risks involved in investing on the OTC market, the method of testing if the services provided are adequate to individual client knowledge and experience, the nature of margin collateral, financial leverage and the stop-out mechanism, as well as their practical application, the time required to execute client instructions, information for clients about OTC market profitability statistics, the terminology applied in contracts with clients, transaction costs and the process of the annulment and correction of transactions. The PFSA Guidelines, which were based on prevailing laws and interpretations thereof, do not constitute generally applicable provisions which would be mandatory provisions legally binding for the Company.

  Nevertheless, they may materially affect the Group's operations in all the areas which are regulated by the PFSA Guidelines. The actual implementation of the PFSA Guidelines may force the Group to incur significant financial expenditures and to implement material organisational changes. As at the submission date of this report, it is not clear if the requirements specified in the PFSA Guidelines are to apply to the Group's operations exclusively in Poland or also within the territories of the other countries in which the Group operates. If the PFSA Guidelines were to also apply to the Group's operations outside Poland, this may have an additional adverse effect on the Group's competitive position in comparison to entities operating on foreign markets which will not be subject to the PFSA Guidelines.

The Management Board of the Parent Company believes there are no other information, apart from described in the report, significant in evaluation of the Group's situation.

INTERIM CONDENSED FINANCIAL STATEMENTS

INTERIM CONDENSED COMPREHENSIVE INCOME STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED	
	31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Result of operations on financial instruments	71 399	86 308
Income from fees and charges	1 143	1 455
Other income	6	292
Total operating income	**72 548**	**88 055**
Salaries and employee benefits	(17 234)	(13 034)
Marketing	(6 123)	(3 990)
Other external services	(3 186)	(2 993)
Costs of maintenance and lease of buildings	(1 444)	(1 269)
Amortisation and depreciation	(1 128)	(1 199)
Taxes and fees	(114)	(142)
Fee expenses	(956)	(866)
Other costs	(689)	(2 168)
Total operating expenses	**(30 874)**	**(25 661)**
Profit on operating activities	**41 674**	**62 394**
Finance income	282	3 143
Finance costs	(4 065)	(5 878)
Profit before tax	**37 891**	**59 659**
Income tax	(7 505)	(11 770)
Net profit	**30 386**	**47 889**
Other comprehensive income	**344**	**(542)**
Items which will be reclassified to profit or loss after meeting specific conditions	344	(542)
– foreign exchange differences on translation of foreign operations	*1 146*	*31*
– foreign exchange differences on valuation of separated equity	*(990)*	*(707)*
– deferred income tax	*188*	*134*
Total comprehensive income	**30 730**	**47 347**
Earnings per share:		
- basic profit per year attributable to shareholders of the Parent Company (in PLN)	0,26	0,41
- basic profit from continued operations per year attributable to shareholders of the Parent Company (in PLN)	0,26	0,41
- diluted profit of the year attributable to shareholders of the Parent Company (in PLN)	0,26	0,41
- diluted profit from continued operations of the year attributable to shareholders of the Parent Company (in PLN)	0,26	0,41

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(IN PLN'000)	31.03.2016 (UNAUDITED)	31.12.2015 (AUDITED)	31.03.2015 (NIEBADNE)
ASSETS			
Own cash and cash equivalents	239 088	275 592	305 085
Customers' cash and cash equivalents	297 365	282 793	244 976
Financial assets held for trading	61 529	62 452	65 985
Financial assets available for sale	66 095	63 447	50 160
Income tax receivables	5 480	2 198	181
Loans granted and other receivables	10 684	13 930	8 365
Prepayments and deferred costs	7 948	2 181	2 073
Intangible assets	6 064	6 626	9 578
Property, plant and equipment	3 246	3 457	3 772
Deferred income tax assets	8 914	8 966	8 869
Total assets	**706 413**	**721 642**	**699 044**
EQUITY AND LIABILITIES			
Liabilities			
Amounts due to customers	303 367	289 285	250 529
Financial liabilities held for trading	9 021	9 686	19 734
Income tax liabilities	2 178	4 561	8 705
Other liabilities	60 707	26 015	18 875
Provisions for liabilities	826	831	512
Deferred income tax provision	9 517	9 638	9 274
Total liabilities	**385 616**	**340 016**	**307 629**
Equity			
Share capital	5 869	5 869	5 869
Supplementary capital	71 608	71 608	71 608
Other reserves	211 926	188 954	188 954
Foreign exchange differences on translation	1 008	664	64
Retained earnings	30 386	114 531	124 920
Total equity	**320 797**	**381 626**	**391 415**
Total equity and liabilities	**706 413**	**721 642**	**699 044**

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Interim condensed statement of changes in equity for the period from 1 January 2016 to 31 March 2016

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2016	**5 869**	**71 608**	**188 954**	**664**	**114 531**	**381 626**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	30 386	30 386
Other comprehensive income	–	–	–	344	–	344
Total comprehensive income for the financial year	**–**	**–**	**–**	**344**	**30 386**	**30 730**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	23 462	–	(115 021)	(91 559)
- dividend payment	–	–	–	–	(91 559)	(91 559)
- transfer to other reserves	–	–	23 462	–	(23 462)	–
As at 31 March 2016 (unaudited)	**5 869**	**71 608**	**212 416**	**1 008**	**29 896**	**320 797**

Interim condensed statement of changes in equity for the period from 1 January 2015 to 31 December 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**188 954**	**606**	**77 031**	**344 068**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	115 021	115 021
Other comprehensive income	–	–	–	58	–	58
Total comprehensive income for the financial year	**–**	**–**	**–**	**58**	**115 021**	**115 079**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	–	–	(77 521)	(77 521)
- dividend payment	–	–	–	–	(77 521)	(77 521)
As at 31 December 2015 (audited)	**5 869**	**71 608**	**188 954**	**664**	**114 531**	**381 626**

Interim condensed statement of changes in equity for the period from 1 January 2015to 31 March 2015

(IN PLN'000)	SHARE CAPITAL	SUPPLEMENTARY CAPITAL	OTHER RESERVES	FOREIGN EXCHANGE DIFFERENCES ON TRASNLATION OF FOREIGN OPERATIONS	RETAINED EARNINGS	TOTAL EQUITY
As at 1 January 2015	**5 869**	**71 608**	**188 954**	**606**	**77 031**	**344 068**
Total comprehensive income for the financial year						
Net profit	–	–	–	–	47 889	47 889
Other comprehensive income	–	–	–	(542)	–	(542)
Total comprehensive income for the financial year	**5 869**	**71 608**	**188 954**	**64**	**124 920**	**391 415**
Transactions with the Parent Company's owners recognised directly in equity						
Appropriation of profit/offset of loss	–	–	–	–	–	–
- retained earnings	–	–	–	–	–	–
As at 31 March 2015 (unaudited)	**5 869**	**71 608**	**188 954**	**64**	**124 920**	**391 415**

INTERIM CONDENSED CASH FLOW STATEMENT

(IN PLN'000)	THREE-MONTH PERIOD ENDED 31.03.2016 (UNAUDITED)	31.03.2015 (UNAUDITED)
Cash flows from operating activities		
Profit before tax	37 891	59 659
Adjustments:		
(Gain)/Loss on sale or disposal of items of property, plant and equipment	–	(15)
Amortisation and depreciation	1 128	1 199
Foreign exchange (gains)/losses from translation of own cash	803	598
Other adjustments	340	(490)
Changes		
Change in provisions	(5)	(11)
Change in balance of financial assets and liabilities held for trading	258	290
Change in balance of restricted cash	(14 572)	4 238
Change in balance of loans granted and other receivables	3 226	3 576
Change in balance of prepayments and accruals	(5 767)	(351)
Change in balance of amounts due to customers	14 082	(4 442)
Change in balance of other liabilities	15 280	(2 673)
Cash from operating activities	**52 664**	**61 578**
Income tax paid	(13 240)	(10 160)
Interest	(2)	5
Net cash from operating activities	**39 422**	**51 423**
Cash flow from investing activities		
Proceeds from sale of items of property, plant and equipment	–	6
Expenses relating to payments for property, plant and equipment	(231)	(247)
Expenses relating to payments for intangible assets	(119)	(1)
Expenses relating to purchase of shares in subsidiaries	(2 648)	(2 857)
Loans granted	–	(622)
Net cash from investing activities	**(2 998)**	**(3 721)**
Cash flow from financing activities		
Payments of liabilities under finance lease agreements	(30)	(61)
Interest paid under lease	(3)	(5)
Dividend paid to owners	(72 116)	–
Net cash from financing activities	**(72 149)**	**(66)**
Increase/(decrease) in net cash and cash equivalents	**(35 725)**	**47 636**
Cash and cash equivalents – opening balance	275 592	258 055
Effect of FX rates fluctuations on balance of cash in foreign currencies	(779)	(606)
Cash and cash equivalents – closing balance	**239 088**	**305 085**

Warsaw, May 16th 2016

Jakub Malý President of the Management Board	**Paweł Frańczak** Member of the Management Board	**Paweł Szejko** Member of the Management Board

Ewa Stefaniak
The person responsible
for bookkeeping

xtb
online trading

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