

**X-Trade Brokers Dom Maklerski S.A.  
Group**

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2013**

The opinion contains 2 pages  
The supplementary report contains 11 pages  
Opinion of the independent auditor  
and supplementary report on the audit  
of the consolidated financial statements  
for the financial year ended  
31 December 2013

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of X-Trade Brokers Dom Maklerski S.A.*

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw, Ogrodowa Street 58 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

#### *Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements*

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the

consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the accompanying consolidated financial statements of X-Trade Brokers Dom Maklerski S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

### **Specific Comments on Other Legal and Regulatory Requirements**

#### *Report on the Group's Activities*

As required under the Accounting Act, we report that the accompanying report on the Group's activities includes, in all material respects, the information by paragraph 22 of the Decree of Minister of Finance dated 28 December 2009 on special rules of accounting for brokerage houses (Official Journal from 2009 No. 226, item 1824 with amendments) and the information is consistent with the standalone financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

#### *Signed on the Polish original*

.....  
Mariola Szczesiak  
Key Certified Auditor  
Registration No. 9794  
Limited Liability Partner with power of attorney

#### *Signed on the Polish original*

.....  
Magdalena Grzesik  
Key Certified Auditor  
Registration No. 12032

4 April 2014

**X-Trade Brokers Dom Maklerski S.A.  
Group**

**Supplementary report  
on the audit of the  
consolidated financial  
statements  
Financial Year ended  
31 December 2013**

The supplementary report contains 11 pages  
The supplementary report on the audit of the  
consolidated financial statements  
for the financial year ended  
31 December 2013

## Contents

1.	General	3
1.1	Identification of the Group	3
1.1.1	Name of the Group	3
1.1.2	Registered office of the Parent Company of the Group	3
1.1.3	Registration of the Parent Company in the National Court Register	3
1.1.4.	Management of the Parent Company	3
1.2	Information about companies comprising the Group	3
1.2.1	Companies included in the consolidated financial statements	3
1.2.2	Entities excluded from consolidation	4
1.3	Key Certified Auditor and Audit Firm Information	4
1.3.1	Key Certified Auditor information	4
1.3.2	Audit Firm information	4
1.4	Prior period consolidated financial statements	4
1.5	Audit scope and responsibilities	5
1.6	Information on audits of the financial statements of the consolidated companies	6
1.6.1	Parent Company	6
1.6.2	Other consolidated entities	6
2	Financial analysis of the Group	7
2.1	Summary analysis of the consolidated financial statements	7
2.1.1	Consolidated statement of financial position	7
2.1.2	Consolidated statement of comprehensive income	8
2.2	Selected financial ratios	9
3	Detailed report	10
3.1	Accounting principles	10
3.2	Basis of preparation of the consolidated financial statements	10
3.3	Method of consolidation	10
3.4	Goodwill arising on consolidation	10
3.5	Consolidation of equity and calculation of non-controlling interest	10
3.6	Consolidation eliminations	11
3.7	Notes to the consolidated financial statements	11
3.8	Report of the Management Board of the Parent Company on the Group's activities	11

## **1. General**

### **1.1 Identification of the Group**

#### **1.1.1 Name of the Group**

X-Trade Brokers Dom Maklerski S.A. Group

#### **1.1.2 Registered office of the Parent Company of the Group**

Ogrodowa Street 58  
00-876 Warsaw

#### **1.1.3 Registration of the Parent Company in the National Court Register**

Registration court:	District Court in for the Capital City of Warsaw in Warsaw , XII Commercial Department of the National Court Register
Date:	22 September 2004
Registration number:	KRS 0000217580
Share capital as at the end of reporting period:	PLN 5,869,181.75

#### **1.1.4. Management of the Parent Company**

The Management Board is responsible for management of the Company.

At 31 December 2013, the Management Board of the Company was comprised of the following members:

- |                              |                                      |
|------------------------------|--------------------------------------|
| • Mr Jakub Wojciech Zabłocki | – President of the Management Board, |
| • Mrs Ewa Liliana Stefaniak  | – Member of the Management Board,    |
| • Mr Piotr Baszak            | – Member of the Management Board,    |
| • Mr Paweł Ryszard Frańczak  | – Member of the Management Board,    |
| • Mr Jakub Mały              | – Member of the Management Board.    |

On 25 March 2014 Chairman of the Board Mr. Jakub Zabłocki was dismissed from the position of Chairman of the Board according to the Resolution of the Extraordinary General Meeting. At the same time on the position of the Chairman of the Board has been appointed former Member of the Board Mr. Jakub Mały.

### **1.2 Information about companies comprising the Group**

#### **1.2.1 Companies included in the consolidated financial statements**

As at 31 December 2013, the following companies were consolidated by the Group:

Parent Company:

- X-Trade Brokers Dom Maklerski S.A.

Subsidiaries consolidated on the full consolidation basis:

- X Open Hub Ltd (formerly X Financial Solutions Ltd),

- DUB Investments Ltd,
- xStore Ltd,
- xStore Sp. z o.o.,
- X-Trade Brokers Asesores Bursatiles S.A.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2013, as a result of the Parent Company acquiring a controlling interest:

- DUB Investments Ltd – subject to consolidation for the period from 15 October 2013 to 31 December 2013,
- xStore Sp. z o.o – subject to consolidation for the period from 6 March 2013 to 31 December 2013.

### **1.2.2 Entities excluded from consolidation**

As at 31 December 2013, all subsidiaries of the Group were consolidated.

## **1.3 Key Certified Auditor and Audit Firm Information**

### **1.3.1 Key Certified Auditor information**

Name and surname: Mariola Szczesiak  
Registration number: 9794

### **1.3.2 Audit Firm information**

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Address of registered office: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000339379  
Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register  
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

## **1.4 Prior period consolidated financial statements**

The consolidated financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 28 June 2013.

The consolidated financial statements were submitted to the Registry Court on 3 July 2013.

## **1.5 Audit scope and responsibilities**

This report was prepared for the General Meeting of X-Trade Brokers Dom Maklerski S.A. with its registered office in Warsaw, Ogrodowa Street 58 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Company's General Meeting dated 16 December 2010.

The consolidated financial statements were audited in accordance with the contract dated 16 November 2011, concluded on the basis of the resolution of the Company's General Meeting dated 10 November 2011 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements at the Parent Company in March 2014.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements.

The Management Board of the Parent Company submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).



## **1.6 Information on audits of the financial statements of the consolidated companies**

### **1.6.1 Parent Company**

The separate financial statements of the Parent Company for the year ended 31 December 2013 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified opinion.

### **1.6.2 Other consolidated entities**

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
X Open Hub Ltd (formerly X Financial Solutions Ltd)	Chantrey Vellacott DFK LPP	31 December 2013	unqualified opinion
DUB Investments Ltd	Meritorius Audit Ltd	31 December 2013	unqualified opinion
xStore Ltd	entity was not audited	31 December 2013	not applicable
xStore Sp. z o.o.	entity was not audited	31 December 2013	not applicable
X-Trade Brokers Asesores Bursatiles S.A.	entity was not audited	31 December 2013	not applicable

## 2 Financial analysis of the Group

### 2.1 Summary analysis of the consolidated financial statements

#### 2.1.1 Consolidated statement of financial position

ASSETS	31.12.2013 PLN '000	% of total assets	31.12.2012 PLN '000	% of total assets
<b>Assets</b>				
Cash and cash equivalents	413,332	74	394,041	76
Financial instruments held for trading	71,541	13	44,387	9
Current tax receivables	8	-	2,974	1
Loans and other receivables	40,522	7	43,600	8
Current prepayments	2,265	-	2,402	-
Intangible assets	12,929	2	9,337	2
Property, plant and equipment	4,692	1	3,660	1
Deferred tax assets	16,641	3	15,410	3
<b>Total assets</b>	<b>561,929</b>	<b>100</b>	<b>515,810</b>	<b>100</b>
<b>TOTAL ASSETS</b>	<b>561,929</b>	<b>100</b>	<b>515,810</b>	<b>100</b>

EQUITY AND LIABILITIES	31.12.2013 PLN '000	% of total equity and liabilities	31.12.2012 PLN '000	% of total equity and liabilities
<b>Liabilities</b>				
Due to customers	246,057	44	210,841	41
Financial liabilities held for trading	11,479	2	7,397	1
Tax liabilities	4,795	1	2,094	-
Other liabilities	24,414	4	12,617	3
Provision for liabilities	608	-	506	-
Deferred tax liabilities	17,994	3	12,126	3
<b>Total liabilities</b>	<b>305,348</b>	<b>54</b>	<b>245,580</b>	<b>48</b>
<b>Equity</b>				
Share capital	5,869	1	5,869	1
Supplementary capital	71,608	13	71,501	14
Other reserve capitals	102,187	18	155,343	30
Foreign currency translation	470	-	(300)	-
Retained earnings	76,447	14	37,817	7
<b>Equity attributable to owners of parent company</b>	<b>256,581</b>	<b>46</b>	<b>270,230</b>	<b>52</b>
Non-controlling interests	0	-	0	-
<b>Total Equity</b>	<b>256,582</b>	<b>46</b>	<b>270,230</b>	<b>52</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>561,929</b>	<b>100</b>	<b>515,810</b>	<b>100</b>

## 2.1.2 Consolidated statement of comprehensive income

	1.01.2013 - 31.12.2013	1.01.2012 - 31.12.2012
	PLN '000	PLN '000
Income from financial instruments	234,515	164,972
Fee and commission income	5,111	4,682
Other revenue	683	587
<b>Revenue from operating activities</b>	<b>240,309</b>	<b>170,242</b>
Salaries and employee benefits	(49,132)	(37,535)
Marketing	(19,833)	(28,770)
Other external services	(20,651)	(14,967)
Rental expenses	(6,520)	(4,901)
Depreciation and amortisation	(3,888)	(3,008)
Taxes and fees	(724)	(6,979)
Commission costs	(25,130)	(13,320)
Other expenses	(8,309)	(7,102)
<b>Costs from operating activities</b>	<b>(134,187)</b>	<b>(116,582)</b>
<b>Profit on operating activities</b>	<b>106,123</b>	<b>53,660</b>
Financial revenues	5,442	9,954
Financial expenses	(6,204)	(13,679)
<b>Profit before taxes</b>	<b>105,361</b>	<b>49,934</b>
Income tax	(24,779)	(9,397)
<b>Profit for the period</b>	<b>80,582</b>	<b>40,537</b>
<b>Net profit attributable to:</b>		
Owner's equity	80,582	40,537
Non-controlling interest	-	-
<b>OTHER COMPERHENSIVE INCOME</b>		
Items that will not be reclassifies to profit or loss	770	1,340
Items that may be reclassified subsequently to profit or loss	-	-
<b>Total comprehensive income for the period</b>	<b>81,352</b>	<b>41,877</b>
<b>Total comprehensive income attributable to</b>		
Owner's equity	81,352	41,877
Non-controlling interest	-	-

## 2.2 Selected financial ratios

	2013	2012	2011
Total assets (PLN '000)	561,929	515,810	542,791
Shareholders' equity (PLN '000)	256,581	270,230	318,353
Net profit (PLN '000)	80,582	40,537	104,693
<b>Return on net operating activity</b>			
<u>profit for the period x 100%</u>	33.5%	23.8%	43.8%
Revenue from operating activities			
<b>Return on equity</b>			
<u>profit for the period x 100%</u>	45.8%	17.6%	49.0%
(Shareholders' equity - profit for the period)			

### **3 Detailed report**

#### **3.1 Accounting principles**

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

#### **3.2 Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the X-Trade Brokers Dom Maklerski S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327).

#### **3.3 Method of consolidation**

The method of consolidation is described in note 3.1 of the notes to the consolidated financial statements.

#### **3.4 Goodwill arising on consolidation**

The method of calculating goodwill arising on consolidation is described in note 3.1.3 of the notes to the consolidated financial statements.

#### **3.5 Consolidation of equity and calculation of non-controlling interest**

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non-controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

### **3.6 Consolidation eliminations**

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records X-Trade Brokers Dom Maklerski S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

### **3.7 Notes to the consolidated financial statements**

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

### **3.8 Report of the Management Board of the Parent Company on the Group's activities**

The report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by paragraph 22 of the Decree of Minister of Finance dated 28 December 2009 on special rules of accounting for brokerage houses (Official Journal from 2009 No. 226, item 1824) and the information is consistent with the standalone financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
ul. Chłodna 51  
00-867 Warsaw

*Signed on the Polish original*

.....  
Mariola Szczesiak  
Key Certified Auditor  
Registration No. 9794  
Limited Liability Partner with power of attorney

*Signed on the Polish original*

.....  
Magdalena Grzesik  
Key Certified Auditor  
Registration No. 12032

4 April 2014