# CONSOLIDATED FINANCIAL STATEMENT

FOR THE BUSINESS YEAR ENDING ON MARCH 31ST, 2015

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

Group LIVECHAT SOFTWARE SA

Wrocław, June 16th, 2015

CONTENTS

# SELECTED FINANCIAL DATA

| Title | Thousand PLN | | Thousand EUR | |
|---|---|---|---|---|
| | 01.04.2014 - 31.03.2015 | 01.04.2013 - 31.03.2014 | 01.04.2014 - 31.03.2015 | 01.04.2013 - 31.03.2014 |
| I. Net revenues from sales of products, goods and materials | 33 043 945 | 18 941 132 | 7 906 952 | 4 540 822 |
| II. Profit (loss) on operational activity | 23 193 806 | 12 063 240 | 5 549 952 | 2 891 962 |
| III. Gross profit (Loss) | 23 144 558 | 12 111 411 | 5 538 168 | 2 903 510 |
| IV. Net profit (Loss) | 18 557 139 | 9 700 492 | 4 440 463 | 2 325 532 |
| V. Net cash flow from operating activities | 17 840 419 | 11 139 648 | 4 268 962 | 2 670 546 |
| VI. Net cash flow from investing activities | (1 577 360) | 1 731 897 | (377 440) | 415 194 |
| VII. Net cash flow from financial activities | (9 527 500) | (6 000 000) | (2 279 797) | (1 438 400) |
| VIII. Net cash flow total | 6 735 559 | 6 871 545 | 1 611 725 | 1 647 339 |
| IX. Total assets | 21 288 128 | 12 911 609 | 5 206 194 | 3 063 337 |
| X. Liabilities and provision for liabilities | 1 549 245 | 2 200 594 | 378 881 | 522 101 |
| XI. Long-term liabilities | 3 754 | 5 928 | 918 | 1 407 |
| XII. Short-term liabilities | 1 545 491 | 2 194 666 | 377 963 | 520 694 |
| XIII. Equity | 19 738 883 | 10 711 015 | 4 827 313 | 2 541 236 |
| XIV. Share capital | 515 000 | 515 000 | 125 948 | 122 186 |
| XV. Number of shares | 25 750 000 | 25 750 000 | 25 750 000 | 25 750 000 |
| XVI. Profit (loss) per single ordinary share(in PLN/ EUR) | 0,72 | 0,38 | 0,17 | 0,09 |
| XVIII. Net book value per single share ( in PLN/ EUR)) | 0,77 | 0,42 | 0,19 | 0,10 |

| | | |
|---|---|---|
| Please state the exchange rate of PLN/EUR for calculating balance sheet figures | 0,2446 | 0,2373 |
| Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement | 0,2393 | 0,2397 |

CONSOLIDATED STATEMENT OF FINANCIAL STANDING

| Specification | Note | Balance as at | Balance as at |
|---|---|---|---|
| | | 2015-03-31 | 2014-03-31 |
| **FIXED ASSETS** | | **3 930 849** | **3 100 731** |
| Tangible fixed assets | 2 | 354 878 | 380 694 |
| Investment real property | | - | - |
| Goodwill | | - | - |
| Other intangible assets | 1 | 3 056 959 | 1 206 507 |
| Shares and stocks | | - | - |
| - including: investments accounted for using equity method | | - | - |
| Long-term receivables | | 47 271 | - |
| Other long-term financial assets | | - | - |
| Deferred tax assets | 15 | 125 855 | 84 065 |
| Other fixed assets | 3 | 345 886 | 1 429 465 |
| **CURRENT ASSETS** | | **17 357 279** | **9 810 878** |
| Inventory | | - | - |
| Trade receivables | 4 | 438 694 | 457 043 |
| Receivables for current income tax | | - | - |
| Other receivables | 4 | 1 703 002 | 984 630 |
| Other financial assets | | - | 107 169 |
| Cash and its equivalents | 5 | 15 158 080 | 8 226 779 |
| Prepayments and accruals | 6 | 57 503 | 35 258 |
| **ASSETS CLASSIFIED AS INTENDED FOR SALE** | | | **-** |
| Tangible fixed assets intended for sale | | - | - |
| Other assets classified as intended for sale | | - | - |
| **Total assets :** | | **21 288 128** | **12 911 609** |

Wrocław, June 16th, 2015.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

| Specification | | Balance as at | Balance as at |
|---|---|---|---|
| | | 2015-03-31 | 2014-03-31 |
| **EQUITY** | | **19 738 883** | **10 711 015** |
| Share capital | 6.1 | 515 000 | 515 000 |
| Called up share capital | | - | - |
| Supplementary capital from issuance of shares | | - | - |
| Supplementary capital from retained earnings and transactions of mergers under common control | 6.2 | 621 016 | 493 132 |
| Exchange rate differences after calculation | | (3 034) | (2 679) |
| Revaluation reserve for employee benefits | | - | - |
| Reserve capital | | - | - |
| Hedging reserve | | - | - |
| Figures recognised directly in capital related to financial assets classified as available for sale | | - | - |
| Undistributed result from previous years | 6.3 | 48 762 | 5 070 |
| Net profit (loss) of the business year | | 18 557 139 | 9 700 492 |
| **Equity attributable to shareholders of the parent company** | | **19 738 883** | **10 711 015** |
| **Equity attributable to non-controlling shares** | | **-** | **-** |
| **LONG-TERM LIABILITIES** | | **3 754** | **5 928** |
| Reserve due to deferred income tax | 15 | 3 754 | 5 928 |
| Provision for pension benefits and similar | | - | - |
| Other provisions/ reserves | | - | - |
| Credits and loans | | - | - |
| Other financial liabilities | | - | - |
| Other long-term liabilities | | - | - |
| **SHORT-TERM LIABILITIES** | | **1 545 491** | **2 194 666** |
| Credits and loans | | - | - |
| Other financial liabilities | | - | - |
| Trade liabilities | 8 | 363 882 | 748 467 |
| Tax payables | | 592 725 | 1 035 624 |
| Provision for pension benefits and similar | | - | - |
| Other short-term provisions/reserves | | - | - |
| Other liabilities | 8 | 588 884 | 410 575 |
| Accrued income | | - | - |
| **LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE** | | **-** | **-** |
| **Total liabilities :** | | **21 288 128** | **12 911 609** |

Wrocław, June 16th, 2015.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

| CONSOLIDATED STATEMENT OF FINANCIAL RESULT AND TOTAL INCOME ( by-function format) | | | |
|---|---|---|---|
| **Specification** | **Note** | **For period 01.04.2014 31.03.2015** | **For period 01.04.2013 - 31.03.2014** |
| **Continued activity** | | | |
| Revenues from sales | 9 | 33 043 945 | 18 941 132 |
| Prime costs of sale | 10 | 5 080 302 | 3 955 081 |
| **GROSS POFIT (LOSS) ON SALES** | | **27 963 643** | **14 986 051** |
| Sales expenses | | 2 636 393 | 1 207 502 |
| General and administrative costs | | 2 048 865 | 1 937 625 |
| **POFIT (LOSS) ON SALES** | | **23 278 385** | **11 840 924** |
| Other operating revenues | 11 | 13 235 | 231 394 |
| Other operating expenses | 11 | 97 814 | 9 077 |
| **PROFIT (LOSS) ON OPERATING ACTIVITY** | | **23 193 806** | **12 063 241** |
| Financial revenues | 12 | 115 430 | 59 620 |
| Financial expenses | 13 | 164 678 | 11 449 |
| Profit on sales of shares to an associated company | | - | - |
| Profit sharing in associated companies | | - | - |
| **PROFIT (LOSS) BEFORE TAX** | | **23 144 558** | **12 111 412** |
| Income tax | 16 | 4 587 419 | 2 410 920 |
| **PROFIT (LOSS ) ON CONTINUED ACTIVITY** | | **18 557 139** | **9 700 492** |
| Profit (loss) on discontinued activity | - | - | - |
| **NET PROFIT (LOSS)** | | **18 557 139** | **9 700 492** |
| **Other total revenues** | | - | - |
| **Other comprehensive income items that will not be reclassicified into profit or loss** | | **-** | **-** |
| Actuarial profit and loss | | - | - |
| Effects of evaluation of fixed assets | - | - | - |
| **Other comprehensive income items that, after meeting certain requirements, will be reclassicified into profit or loss** | | | **-** |
| Hedge accounting | | - | - |
| Translation differences on foreign operations | | - | - |
| Effects of revaluation of financial assets available for sale | | - | - |
| Other profit sharing in associated companies | | - | - |
| **Other total income** | | **-** | **-** |
| **Total income** | | **18 557 139** | **9 700 492** |

Wrocław, June 16th, 2015.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

| Earnings per single share (in zł/gr per single share) | Note | For period: 01.04.2014 31.03.2015 | For period: 01.04.2013 - 31.03.2014 |
|---|---|---|---|
| **On continuing and discontinued activity** | | | |
| Ordinary | | 0,72 | 0,38 |
| Diluted | | 0,72 | 0,38 |
| | | | |
| **On continuing activity** | | | |
| Ordinary | | 0,72 | 0,38 |
| Diluted | | 0,72 | 0,38 |
| | | | |
| Profit (loss) on continuing and discontinued activity | | 18 557 139 | 9 700 492 |
| Profit (loss) on continuing activity | | 18 557 139 | 9 700 492 |
| Weighted average number of shares | | 25 750 000 | 25 750 000 |
| Weighted average diluted number of ordinary shares | | 25 750 000 | 25 750 000 |

Earnings on the continuing activity per share are measured as the quotient of profit on continuing activity attributable to ordinary shareholders of a parent company and weighted average number of issued ordinary shares in the business year.

Diluted earnings on continuing activity per single share are computed as the quotient of profit on continuing activity attributable to ordinary shareholders of a parent company ( after deduction of interest on redeemed preference shares converted into ordinary shares) and the weighted average number of issued ordinary shares in the business year (adjusted with the effect of diluting options and diluting redeemed preference shares converted into ordinary shares).

# CONSOLIDATED STATEMENT OF CASH FLOWS

| Specification | | For period: 01.04.2014 - 31.03.2015 | For period: 01.04.2013 - 31.03.2014 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Net profit | | 18 557 139 | 9 700 492 |
| Total adjustments | | (716 720) | 1 439 155 |
| Depreciation and amortisation | | 835 584 | 550 585 |
| Foreign exchange gain (loss) | | - | 54 523 |
| Interest and profit sharing (dividend) | | - | (48 560) |
| Profit (loss) on operating activity | | 40 929 | - |
| Profit on sale of shares in the associate | | - | - |
| Ineffective part of cash flows hedges | | - | - |
| Changes in working capital | | (1 593 233) | 814 623 |
| Change in provisions | | (2 175) | 211 023 |
| Change in inventories | | - | - |
| Change in receivables | | (1 025 216) | (537 478) |
| Change in short-term liabilities – excluding financial liabilities | | (751 044) | 1 162 554 |
| Change in prepayments and accruals | | 185 202 | (21 476) |
| Other adjustments | | - | 67 984 |
| **Net cash flows from operating activity** | | **17 840 419** | **11 139 647** |
| **CSH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Expenses on acquisition of intangible assets | | (1 684 529) | (1 960 765) |
| Proceeds (inflows) from sale of intangible assets | | - | - |
| Expenses on acquisition of tangible fixed assets | | - | - |
| Proceeds (inflows) from sale of tangible fixed assets | | - | - |
| Expenses on acquisition of investment property | | - | - |
| Proceeds (inflows) from sale of investment property | | - | - |
| Expenses on acquisition of financial assets available for sale | | - | - |
| Proceeds (inflows) from sale of financial assets available for sale | | - | 3 644 102 |
| Expenses on acquisition of financial assets intended for trading | | - | - |
| Proceeds (inflows) from sale of financial assets intended for trading | | - | - |
| Expenses on acquisition of subsidiaries (decreased by assets taken over) | | - | - |
| Proceeds (inflows) from sale of subsidiaries | | - | - |
| Loans granted | | - | - |
| Repayment of granted loans and other financial assets | | 90 640 | - |
| Interest received | | 16 529 | 48 560 |
| Dividends received | | - | - |
| **Net cash flows on investment activities** | | **(1 577 360)** | **1 731 897** |
| **CASH FLOWS FROM FINANCIAL ACTIVITY** | | | |
| Net proceeds from issuance of shares | | - | - |
| Buy back | | - | - |
| Proceeds from issuance of debt securities | | - | - |
| Redemption of debt securities | | - | - |
| Proceeds from incurred credits and loans | | - | - |

| | | | |
|---|---|---|---|
| Repayment of credits and loans | | - | - |
| Payment of liabilities arising from financial leasing | | - | - |
| Dividend paid | | (9 527 500) | (6 000 000) |
| Interest paid | | - | - |
| **Net cash flows from financial activity** | | **(9 527 500)** | **(6 000 000)** |
| **NET TOTAL CASH FLOWS** | | **6 735 559** | **6 871 545** |
| **BALANCE CHANGE OF CASH, INCLUDING** | | 6 931 301 | 6 871 545 |
| - change in cash due to exchange rate gains or losses | | 195 742 | - |
| **OPENING BALANCE OF CASH** | | 8 226 779 | 1 355 234 |
| **CLOSING BALANCE OF CASH (F +/- D), including** | | **15 158 080** | **8 226 779** |

Wrocław, June 16th, 2015.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

**FURTHER INFORMATION AND EXPLANATORY NOTES**

**General**

a) Information on the parent company

Consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA ("Capital group", "Group") contains:

1. Consolidated financial statement made on March 31st, 2015, which presents the total balance of assets, equity and liabilities in the amount of 21.288.128 PLN.

2. Consolidated statement on the financial result and comprehensive/total income for the period from April 1st, 2014 until March 31st, 2015 which presents the income of 18 557.139 PLN,

3. Consolidated statement of changes in equity for the period of from April 1st, 2014 until March 31st, 2015 presenting equity capital increase by amount of 9.027.868 PLN,

4. Consolidated statement of cash flows for the period from April 1st, 2014 until March 31st, 2015 presenting an increase of net cash flows by 6.931.301 PLN.

5. Further information

b) Capital group

The parent company of LIVECHAT SOFTWARE S.A. (hereinafter referred to as the "Capital group", "Group") is LIVECHAT SA (hereinafter referred to as "Parent Company").

The Parent Company was established by virtue of a Notarial deed of September 10th, 2007. Its particulars are entered into the register of entrepreneurs of the National Court Register kept by the Regional Court of Wrocław- Wrocław Fabryczna – VI Economic Division under the number KRS 0000290756. The Parent Company was granted the statistical number REGON 932803200.

The Company's head office is located at 3 Dębowa Street in Wrocław ( postal code: 53-134) which is also the basic location of the activities run by the Capital Group.

c) Composition of the Management Board and the Supervisory Board

The Management Board of the Parent Company as of the day of approving the financial statement for publishing was composed of:
* Mariusz Ciepły – President of the Management Board
*Urszula Jarzębowska – member of the Management Board

During the reporting period and until the day of approving the statement for publishing the composition of the Management Board of the Parent Company did not change.

The Supervisory Board of the Parent Company as of March 31st, 2015 as well as of the day of approving the statement for publishing was composed of:

- Maciej Jarzębowski - Chairman of the Supervisory Board
- Andrzej Różycki - Deputy Chairman of the Supervisory Board
- Grzegorz Bielowicki – member of the Supervisory Board
- Jakub Sitarz – member of the Supervisory Board
- Piotr Sulima – member of the Supervisory Board

d) Principal activity of the Group

The principal activity run by the Parent Company and its subsidiaries is according to the Polish Classification of Businesses – 62.09.Z - Other services in information and computer technology

e) Information on the Capital group

The Consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA comprised the subsidiary LiveChat Inc based in Wilmington, New Castle county, Delaware (USA) with its office in Chapel Hill, Northern Carolina (USA), in which the Parent company holds 100% of shares.

f) Approval for publication

The present consolidated financial statement was approved for publishing by the Company's Management Board on June 16th, 2015.

g) Translation of figures presented in a foreign currency and translation into the presentation currency

The Company translated as of March 31st, 2015 its accounts presented in USD using the exchange rate of 1USD = 3,8125 PLN

## Basis for preparation of financial statements and accounting principles applied

a) Declaration on compliance

The present consolidated financial statement was prepared in accordance with accounting principles contained in the International Financial Reporting Standards (IFRS) which were adopted by the European Union, published and binding before March 31st, 2015. Taking into account the process continuing in the European Union to introduce the IFRS as well as the activity run by the Group, there are no significant differences in terms of the principles of accounting applied by the Group between the IFRS in force and the standards that are going to become in force after march 31st, 2015. The Group will apply the amended standards after April 1st, 2015.

b) Basis for preparing the financial statements

The present consolidated statement was prepared according to the principle of historical cost.
The Company's operating currency as well as the presentation currency of the consolidated financial statement is PLN, and all the accounts are shown in PLN (unless indicated otherwise).

The statement was prepared assuming that the Company will continue to operate in the foreseeable future. As at the date of approving the consolidated financial statement there is no evidence indicating that the Company may not be able to continue its operations.

c) Effect of applying new accounting standards or amending standards or rules of interpretation

When preparing the present consolidated financial statement the Group applied the same accounting principles as when preparing its previous consolidated financial statement, except for the principles, that were amended or introduced as a result of applying new IFRS regulations in force after April 1st, 2014. For the purpose of the present consolidated financial statement the following new and amended standards and interpretations which have applied since January 1st, 2014 were applied for the first time:

- ISFR 10 " Consolidated financial statements " (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);
-IFRS 11 "Joint arrangements" (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);
- ISFR 12 "Disclosure of interests in other entities" (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);
- ISFR 27 "Separate financial statements" 2011 version (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);
- ISFR 28 "Investments in associates and joint ventures" 2011 version (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);
- ISFR 32 "Financial instruments: presentation, offsetting of financial assets and financial liabilities" (applies for year periods with effective date on January 1st, 2014 or later);

- amendments to ISFR 10, ISFR 11 and ISFR 12 " Transition guidance" (applies to year periods with effective date on January 1st, 2013 or later – in EU not later than for year periods with effective date on January 1st, 2014 or later);

- amendments to ISFR 10, ISFR 12 and ISFR 27 " Investment entities" (applies to year periods with effective date on January 1st, 2014 or later);

- amendments to IAS 39 " Novation of derivatives and continuation of hedge accounting" issued on June 27th, 2013 (apply to year periods with effective date on January 1st, 2014 or later);

- amendments to IAS 36 "Disclosures of non-financial assets, recoverable amount" issued on May 29th, 2013 (apply to year periods with effective date on January 1st, 2014 or later).
The above standards and interpretations had no significant impact on the present consolidated financial statement, except for additional disclosures required in accordance with ISFR 12.

New standards, amendments to the standards in force and interpretations which were not adopted by the EU:

- ISFR 9 "Financial instruments" Classification and revaluation with further amendments (applies to year periods with effective date on January 1st, 2018 or after that date);
- IFRIC interpretation 21 "Levies" issued on May 20th, 2013 ( (applies to year periods with effective

date on July 17th, 2014 or after that date);
- impact amendments to ISFR 2010-2012 issued on December 12th,2013 (apply to year periods with effective date on July 1st, 20184or after that date);
- impact amendments to ISFR 2012-2014 issued on September 25th,2014 (apply to year periods with effective date on July 1st, 2016 or after that date);
- amendments to IAS 19 “Employee benefits: Employee contributions” (apply to year periods with effective date on June 1st, 2014 or after that date);
- ISFR 14 “ Regulatory deferral accounts” issued on January 30th, 2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
- ISFR 15 “ Revenues from agreements with clients” issued on May 28th, 2014 (apply to year periods with effective date on June 1st, 2017 or after that date);
- amendments to ISFR 11 “ Joint agreements: settlements of acquiring a share in joint operations” issued on May 6th, 2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
- amendments to IAS 16 “ Tangible fixed assets” and IAS 38 “Intangible assets. Explanation of allowable methods of amortisation” issued on May 12th,2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
- amendments to IAS 16 “Tangible fixed assets” and IAS 41 “Agriculture: Production plants” issued on June 30th, 2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
- amendments to IAS 27 “Separate financial statements: Equity method in separate financial statements” issued on August 12th, 2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
- amendments to ISFR 10 “Consolidated financial statements” and IAS 28 “ Investments in associates and joint ventures: Sales and contribution with assets between an investor and its associate or a joint venture” issued on September 11th, 2014 (apply to year periods with effective date on June 1st, 2016 or after that date);
The Group has not decided to apply any of the standards, interpretations or amendments, which have not become in force so far. The Company's Management Board is currently analysing and evaluating their impact on the accounting principles applied by the Company and future financial statements of the Group.

d) principles of accounting

The statement was prepared according to the principle of historical cost.

Voluntary change in accounting principles

When preparing the consolidated financial statement the Group did not change voluntarily the previously applied accounting principles.

Presentation of financial statements

The financial statement is presented in accordance with IAS 1.

Profit and loss statement is presented in by-function format, whereas statement of cash flows is presented using an indirect method.

In case of retrospective entering of amendments to accounting principles or error adjustments, the Company presents the balance sheet additionally prepared for the beginning of the reference period.

Consolidation

The consolidated financial statement comprises a consolidated financial statement of the parent company as well as a consolidated financial statement of the company controlled by the Group, that is its subsidiary, made as at March 31st, 2015. Control means the ability to influence financial and operating policy of a subsidiary in order to obtain economic benefits from the subsidiary's activities.

Financial statements of the parent company and the subsidiary comprised by the consolidated financial statement are prepared as at the same balance sheet day, namely March 31st,2015. Where it is necessary, adjustments are made into the financial statement of the subsidiary in order to standardise the accounting principles used by the company to adapt to the principles used by the Capital group.

The subsidiary is covered by consolidation using the full consolidation method.

The full method of consolidation means combining financial statement of a parent company and its subsidiary by summing up the full amounts, particular items of assets, liabilities, equity, revenues and expenses. In order to present the Capital Group as a single economic entity, the following exclusions are made:
* at the moment of acquiring control the company's goodwill or profit are recognised according to ISFR 3,
* non-controlling interests and shares are presented separately,
* intra Capital Group balances (revenues, expenses, dividends) are eliminated in full,
* profits or losses from intra Capital Group transactions that are recognised in the balance value of assets such as inventories and fixed assets, are eliminated. Losses from intra Group transactions are analysed in terms of asset impairment loss from the Group perspective,
* the deferred tax due to temporary differences resulting from eliminating profits and losses on intra Capital group transactions is recognised ( according to IAS 12).

Transactions in foreign currencies

The consolidated financial statement is presented in PLN which is also the functional currency of the parent Company.

Transactions in other than PLN currencies are translated into Polish zloty using the exchange rate on the date of the transaction (spot exchange rate).

On the balance sheet day the financial items in foreign currencies are translated into Polish zloty at the closing exchange rate at the end of the reporting period, that is the average exchange rate fixed for a particular foreign currency by the National Bank of Poland.

Non-monetary items are measured in terms of historical cost in a foreign currency and shown at the historical cost value on the transaction day.

Non-monetary items in the consolidated financial statement measured at their fair value presented in a foreign currency are evaluated at the exchange rate on the date the fair value is determined, that is the average rate fixed for a particular foreign currency published by the National Bank of Poland.

Exchange rate differences resulting from recalculations or translations of monetary items other than derivatives, are recognised in the other revenues or operating expenses in the net value, excluding exchange rate differences capitalised in the assets in cases defined by accounting principles.

Intangible assets
Intangible assets cover patents and licences, software, R&D expenses and the other intangible assets that meet the criteria of IAS 38.

The intangible assets are presented on the balance sheet day at their acquisition cost or manufacture cost lowered by a depreciable amount and an impairment write-off/ allowance.
Intangible assets with finite useful life are amortised using straight-line method over the period of their economic useful life. Periods of use of particular intangible assets are verified annually and, when necessary, adjusted from the beginning of the next business year.

Expected useful life period for particular intangible asset groups is:

| Group | Rate |
|---|---|
| R&D | 20 – 30% |

Maintenance cost of software incurred in the following periods is recognised as the cost of the period at the time it was incurred.

R&D expenses are recognised as intangible assets only if the criteria below are met:
* completion of an intangible asset is feasible from the technical point of view so that it can be intended for use or sale,
*The group intends to complete an asset and its use or sale,
*the group is able to use or sell the intangible asset,
* the intangible assets will bring economic benefits, and the group can prove such benefits, for example by the existence of such an item in the market or its usability for the Group needs,
* the Group is provided with technical, financial or other sources necessary for completing R&D works for a single intangible asset,
* investments made during R&D works can be fairly evaluated and assign to a particular intangible asset.

Investments made on R&D conducted as part of a single project are carried forward onto the next period, if it is possible, it would be advisable to state that they can be recovered in future. Evaluation of future benefits is made in accordance with the principles referred to in IAS 36.

After the investments are initially recognised in R&D the historical cost model is applied according to which assets are recognised at their acquisition cost or manufacture cost lowered by accumulated amortisation and accumulated impairment write-offs/allowances. Completed R& D are amortised using a straight-line method over the period of their economic useful life, which, on the average, is 3-5 years.

Profit and loss on disposal of intangible assets is defined as a difference between revenues from sale and the net value of those fixed assets and are recognised in the profit and loss account as the other revenue or operating expense.

<u>Tangible assets</u>

Tangible assets are initially recognised at the acquisition costs or manufacture costs. The acquisition cost is increased by all the costs directly attributable to bringing the asset to use.
After initial recognition of tangible assets, excluding land, they are then presented at their acquisition cost or manufacture cost lowered by depreciation and impairment loss. Tangible assets during the manufacture process are not amortised until the construction or installation is completed and the tangible asset is commissioned.
Fixed assets are mortised with straightline method over the estimated period of a given asset useful life, which for particular fixed asset groups is:

| Group | Rate |
|---|---|
| Computers | 30% |

Depreciation starts in a month following the month in which the fixed asset becomes ready for use. Economic useful life and depreciation methods are verified once a year and may result in depreciation made in the years to come.

Fixed assets are divided into elements being items of a significant value, to which a separate useful life period can be assigned. A fixed asset element can also be the cost of a major inspection as well as significant spare parts and equipment, if they are used over a period longer than one year. Current expenses incurred after a fixed asset commissioning, such as maintenance and repair costs are recognised in the profit and loss amount on the day they are incurred.

A fixed asset item can be cancelled from the balance sheet after it is sold or if it is not expected that further use of such an item can bring economic benefits. Profit or loss on sale, liquidation or stopping to use fixed assets are determined as a difference between revenues from sale and the net value of these fixed assets and are recognised in the profit and loss account as other revenues or operating expenses.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset or a financial liability is presented in the balance sheet when the Group becomes a party to such an instrument contract. Standardised contracts of purchase and sale of financial assets and liabilities are recognised as at the day the transaction is made.

The Group derecognizes from its statement a financial liability only when it expired, that means when the obligation specified in the contract was discharged, expired or cancelled.

When a financial asset or liability is recognised, the group measures it at its fair value, that is at the fair value of the transaction cost (payment made or received). The Group classifies the transaction costs as the initial value of all the financial assets and liabilities, except for assets and liabilities evaluated at their fair value through profit and loss statement.

On the balance sheet day financial assets or liabilities are measured according to the principles shown below:

Financial assets

For the purpose of evaluation after initial recognition, the Group classifies financial assets other than hedging derivatives divided into:

* loans and receivables
* available-for-sale assets

The above categories are defined by accounting principles on the balance sheet day as well as by recognising revaluation profits or losses in the financial result or in other total income. Profits or losses recognised in the financial result are presented as financial revenues or expenses, except for write-offs to trade receivables, which are presented as the other operating expenses.

All financial assets, except for the assets presented at their fair value through the financial result, are measured on every balance sheet day due to the possibility of impairment loss. A financial asset is amortised if there is an objective evidence for its impairment loss. Impairment loss evidence is analysed for each category of financial assets separately, which is presented below.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which

are not quoted in an active market. Loans and receivables are measured at the amortised cost using the effective interest method. Measurement of short-term receivables is made in the value of the amount to be received due to insignificant discount effects.
Financial assets classified as loans and receivables are presented in the balance sheet as:
* short-term assets in the items referred to "Trade receivables and other receivables" and "Cash and its equivalents".

Allowances for doubtful receivables are measured when receiving the full amount of receivables ceased to be probable. Significant balances of receivables are subject to individual evaluation in case of debtors that delay in payments or if there is an evidence that the debtor is not able to pay his dues ( for example, his difficult financial standing, court proceedings instituted against him, negative changes in his economic surroundings). For receivables that are not subject to individual analysis, signs of impairment loss are analysed as parts of particular asset categories defined due to credit risk ( resulting, for example, from a business branch, region or receivers). Thus, revaluation write-off factor for particular categories is based on observing trends related to date payment problems in a not remote past.

Available-for-sale assets are non-derivative financial assets which are designated as available for sale or are not classified as any of financial asset categories.

Under this category the Group recognises investments not held to maturity. Those assets are indicated in the balance sheet as "the other financial assets".

Available-for-sale financial assets are measured at fair value. Revaluation profits and losses are recognised as the other comprehensive income and are accumulated in the available-for-sale financial asset revaluation capital, excluding impairment losses and exchange rate differences on cash which are recognised in the financial result. The financial result also includes interest, which would have been recognised when measuring those financial assets at amortised cost using the effective interest rate method.

Impairment loss reversal concerning financial assets available for sale is recognised in the other comprehensive income, except for revaluation write-offs to debt securities, the reversal of which is recognised in the financial result, if an increase of the instrument value can be objectively linked with an event occurring after the impairment loss has been recognised.

At the moment an asset is eliminated from the balance sheet, accumulated profits and losses, previously recognised in other comprehensive income are transferred from equity to the financial result and are presented in the other comprehensive income as reclassification due to transferring to the financial result.

<u>Financial liabilities</u>
Financial liabilities other than hedging derivatives are presented in the following balance sheet items:

* trade liabilities and other liabilities

After the initial recognition the Group measures financial liabilities at amortised cost using the effective exchange rate method, excluding financial liabilities intended for sale or designated as measured at fair value through the financial result. The Group designates as financial liabilities measured at fair value through the financial result derivatives which are not designated as hedging instruments. Short-term trade liabilities are measured at the value of the amounts to be received due to insignificant discount effects.

Profits and losses on measurement of financial liabilities are recognised in the company's performance financial result.

Cash and its equivalents
Cash and its equivalents covers cash on hand and in bank accounts, as well as short-term investments of great liquidity, easily exchangeable for cash with low risk of changing value.

Equity
Share capital is presented at the nominal value of issued shares in accordance with the By-laws of the parent company and an entry in the National Court Register.
Shares of the parent company acquired and held by the parent company or consolidated subsidiaries decrease the equity. Own shares are measured at acquisition cost.
The other capitals comprise retained earnings at the amount required by the Code of Commercial Companies.

Provisions, contingent liabilities and assets
Provisions are created when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that settling this obligation will require an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation. Date of incurring as well as the amount of the obligation can be uncertain.

Provisions for future operating losses are not made.

Provisions are recognised at the value of estimated investments necessary to settle the present obligation basing on the most probable evidence available on the day of preparing the consolidated financial statement , including risk and degree of uncertainty. In case money impact in time is significant, the provision amount is determined by discounting the prospected future cash flows to the current value using a discount rate reflecting current market assessments of money value in time and the possible risk related to a particular obligation. If the discounting method is applied, the increase of provisions with time is recognised as financial expenses.

If the Group expects that the expenses covered by the provision will be paid back, for example by virtue of an insurance contract, than the payment back is recognised as a separate element of assets, but only, when there is a sufficient indicator ensuring that such a payment back is likely to occur. However, the value of such an asset cannot exceed the amount of the provision.

In case outflow of resources for settling the present obligation is not possible, the contingent liability is not recognised in the balance sheet, except for contingent liabilities identified in the process of combining economic entities according to ISFR 3.
The company creates especially provisions for servers' maintenance costs due to the sale completed. They are classified as short-term liabilities.

Revenues from sales
Sales revenues are recognised at fair value of payments received or due and represent product receivables ( access services) obtained in the process of regular operations, decreased by discounts, VAT and other trade taxes (excise tax). The revenues are recognised at the amount at which it is probable that the economic benefits associated with a particular transaction will flow to the Group and when the revenue amount can be measured reliably.

Sales of services
Revenues from sales of services are recognised if the following conditions are met:
* the group has transferred to the buyer the significant risks and rewards of ownership of the goods.

The condition is regarded as met at the moment the access to the offered software is established for the user.
* the amount of the revenue can be measured reliably,
* it is probable that economic benefits associated with the transaction will flow to the group,
* the costs incurred and that will be incurred due to the transaction can be measured reliably.

Interest and dividend
Revenues from interest are recognised successively as they grow using the effective exchange rate method. Dividends are recognised at the moment of establishing the shareholders' rights to dividends.

Operating expenses
Operating expenses are recognised in the profit and loss statement using the matching principle. In its consolidated financial statement the Group presents costs by-function.

Income tax (including deferred tax)
The tax charged to the financial result comprises current tax and deferred tax, which was not recognised in other comprehensive income or directly in equity.
Current tax is determined basing on the taxable profit for a given business year. Taxable profit (loss) differs from the gross profit (loss) presented in the books due to a temporary transfer of taxable revenues and costs being the cost of obtained revenues to other periods and due to excluding revenue and expense items which will never be subject to taxation. Tax charges are computed basing on tax rates in force in a given tax year.

Deferred tax is computed using a balance method as tax to be paid or refunded in future periods on differences between balance sheet values of assets and liabilities and the corresponding tax values used for calculating the taxable base.

Provision for deferred tax is created from all positive temporary differences subject to taxation, whereas an asset due to deferred tax is recognised up to the value at which it is probable, that it will be possible to decrease future taxable profits by the recognised negative temporary differences. Neither an asset nor provision is recognised if the temporary difference results from the initial recognition of assets or liabilities in a transaction which is not a business combination and which at the time of its occurrence does not have an impact either on the taxable or accounting result. Provision for deferred income is not recognised on goodwill which is not subject to amortisation according to tax law.

Deferred tax is measured using tax rates which will be in force when an asset item is realized or provision settled in accordance with regulations in force on the balance sheet day.

The value of an asset due to deferred tax is analysed for each balance sheet day, and in case the prospected taxable profits will not be sufficient to realize the asset or its part, a relevant write-off is made.

Net earnings per share
Net earnings per share for each period are calculated by dividing net profit for a given period by the weighted average number of shares.

Significant values based on professional judgement and estimates
When preparing the consolidated financial statement the Management Board of the parent company follows judgement when making estimates and assumptions that affect the applied methods and the presented amounts of assets, liabilities, equity, revenues and expenses. The actual results may differ from the estimates of the Management Board. Information on the estimates and assumptions which

are significant for the consolidated financial statement are presented below.

a) periods of economic useful life of fixed assets
The Management Board of the parent company verifies annually periods of economic useful life of fixed assets subject to amortisation. As at March 31st, 2015 the Management Board estimates, that the economic useful life periods accepted by the Group for amortisation purposes reflect the expected period of receiving economic benefits by those assets in future. However, the real periods of receiving benefits by those assets in future may differ from the assumed ones, also due to technical ageing of the assets.

b) provisions for maintenance of IT infrastructure and services
The Management Board of the parent company assesses the cost related to maintenance of servers related to the sold accesses to the offered software. This provision is presented as liability.

c) Assets for deferred tax
Probability of settling an asset due to deferred tax with future taxable profits is based on the budget of the companies comprised by the Group approved by the Management Board of the parent company. If the prospected financial results show that the Group companies will reach the taxable income, the assets for deferred tax are recognised in the full amount.

d) Impairment loss of non-financial assets
In order to determine the use value the Management Board assesses the prospected cash flows and the rate with which the cash flows are discounted to the current value ( see the section on impairment loss of non-financial assets). In the process of measuring the current value of the future cash flows the prospected financial results are assumed. The assumptions refer to future events and circumstances. The actually realized values may differ from the estimated ones, which in the following reporting periods may cause adjustments in the value of the assets of the Group.

e) Functional currency and the presentation currency
The functional currency of the parent Company as well as the presentation currency of the consolidated financial statement is the Polish zloty (PLN). In the Group there is an entity that has another currency than Polish zloty. The financial statement of this company comprised by the present financial statement was translated in accordance with IAS 21.

## 1. Intangible assets

The most important element of intangible assets is R&D related to the new versions of products offered by the Company.

| Intangible assets in the reporting period | Goodwill | Patents and licences | R&D expenses | Other intangible assets |
|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| **Gross opening balance** | **-** | **-** | **2 193 039** | **-** |
| Acquisition | - | - | - | - |
| Reclassification (from long-term prepayments and accruals) | - | - | 2 487 960 | - |
| Decrease due to sales | - | - | - | - |
| Decrease due to liquidation | - | - | | - |
| Transfer (reclassification) onto fixed assets intended for sale | - | - | - | - |
| Decrease and increase due to reclassification | - | - | - | - |
| **Gross closing balance** | **-** | **-** | **4 680 999** | **-** |
| **Opening redemption balance** | **-** | **-** | **986 532** | **-** |
| Amortisation increase for the period | - | - | 637 508 | - |
| Reclassification | - | - | - | - |
| Decrease due to sales | - | - | - | - |
| Decrease due to liquidation | - | - | - | - |
| Transfer (reclassification) onto fixed assets intended for sale | - | - | - | - |
| Decrease and increase due to reclassification | - | - | - | - |
| **Gross closing balance** | **-** | **-** | **1 624 040** | **-** |
| **Opening revaluation write-offs** | **-** | **-** | **-** | **-** |
| Increase over the period | - | - | - | - |
| Reclassification | - | - | - | - |
| Decrease due to sales | - | - | - | - |
| Decrease due to liquidation | - | - | - | - |
| Transfer (reclassification) onto fixed assets intended for sale | - | - | - | - |
| Release of write-offs | - | - | - | - |
| **Closing revaluation write-offs** | **-** | **-** | **-** | **-** |
| **Closing net value** | **-** | **-** | **3 056 959** | **-** |

Intangible assets are not in any of the presented periods subject of hedge accounting. The Group does not possess intangible assets intended for sale.

## 2. Tangible assets

| **Tangible assets** | **As at 31.03.2015** | **As at 31.03.2014** |
|---|---|---|
| Land | - | - |
| Right to perpetual usufruct | - | - |
| Buildings and structures | - | - |

| | | |
|---|---|---|
| Machinery and equipment | 354 878 | 333 699 |
| Vehicles | - | - |
| Other fixed assets | - | 46 995 |
| Fixed assets in the course of construction | - | - |
| Advances for fixed assets | - | - |
| **TOTAL FIXED ASSETS:** | **354 878** | **380 694** |

The most important element of machinery and equipment are computers. All the presented fixed assets are owned by the Group and are not subject to leasing.

| **Tangible fixed assets in the reporting period** | **Land** | **Right to perpetual usufruct** | **Buildings and structures** | **Machinery and equipment** | **Vehicles** | **Other fixed assets** | **Fixed assets in the course of construction** |
|---|---|---|---|---|---|---|---|
| **Opening gross balance** | **-** | **-** | **-** | **624 060** | **-** | **60 663** | **-** |
| Carried from fixed assets under construction | - | - | - | - | - | - | - |
| Direct acquisition | - | - | - | 213 188 | - | - | - |
| Reclassification | - | - | - | - | - | - | - |
| Increase due to combination of businesses | - | - | - | - | - | - | - |
| Decrease due to sales | - | - | - | - | - | - | - |
| Decrease due to liquidation | - | - | - | 128 651 | - | 60 663 | - |
| Transfer onto fixed assets intended for sale | - | - | - | - | - | - | - |
| Decrease and increase due to reclassification | - | - | - | - | - | - | - |
| **Gross closing balance** | **-** | **-** | **-** | **708 597** | **-** | **-** | **-** |
| **Opening redemption balance** | **-** | **-** | **-** | **290 361** | **-** | **13 668** | **-** |
| Amortisation increase for the period | - | - | - | 193 436 | - | 1 516 | - |
| Increase due to combination of businesses | - | - | - | - | - | - | - |
| Reclassification | - | - | - | 1 427 | - | 4 549 | - |
| Decrease due to sales | - | - | - | - | - | - | - |
| Decrease due to liquidation | - | - | - | 128 651 | - | 19 733 | - |
| Transfer onto fixed assets intended for sale | - | - | - | - | - | - | - |
| Decrease and increase due to reclassification | - | - | - | - | - | - | - |
| **Gross closing balance** | **-** | **-** | **-** | **353 719** | **-** | **-** | **-** |
| **Opening revaluation write-offs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Increase over the period | - | - | - | - | - | - | - |
| Reclassification | - | - | - | - | - | - | - |
| Decrease due to sales | - | - | - | - | - | - | - |
| Decrease due to liquidation | - | - | - | - | - | - | - |
| Transfer onto fixed assets intended for sale | - | - | - | - | - | - | - |
| Release of write-offs | - | - | - | - | - | - | - |
| **Closing revaluation write-offs** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Closing net value** | **-** | **-** | **-** | **354 878** | **-** | **-** | **-** |

At the end of the period ended on March 31st, 2015 as well as at the end of the period ended on March 31st, 2014 there were no significant liabilities due to a purchase of tangible fixed assets nor any security on the Group's tangible assets.

## 3. Other fixed assets

Other fixed assets are mainly composed of unfinished R & D projects.

## 4. Trade receivables and other receivables

The majority of trade receivables concerns short-term receivables from payment agents and transfer of payments collected from customers.  The other trade receivables mature at up to 30 days.

Trade receivables and the other receivables are measured  at the amount of the amortised cost using the effective exchange rate method and taking into account the revaluation write-offs on receivables. The accounting value of the receivables is close to their fair value. Trade receivables with maturity date of below 360 days following the date they became due are not subject to discounting.

| Receivables | 31.03.2015 | | | 31.03.2014 | | |
|---|---|---|---|---|---|---|
| | Value | Revaluation write-off | Balance sheet value | Value | Revaluation write-off | Balance sheet value |
| Trade receivables | 495 559 | 56 865 | 438 694 | 471 717 | 14 674 | 457 043 |
| Receivables due to the current income tax | - | - | - | - | - | - |
| Receivables due to the other taxes, duties, and social insurance | 1 343 126 | - | 1 343 126 | 678 667 | - | 678 667 |
| Other receivables | 359 876 | - | 359 876 | 305 963 | - | 305 963 |
| **TOTAL RECEIVABLES:** | **2 198 561** | **56 865** | **2 141 696** | **1 456 347** | **14 674** | **1 441 673** |

| Receivables as at 31.03.2015 (net – overdue structure after a revaluation write-off | Current | up to 1 month | from 1 to 3 months | from 3 to 6 months | From 6 months to 1 year | Above a year | Total |
|---|---|---|---|---|---|---|---|
| Trade receivables | 417 811 | | 18 221 | 2 662 | - | - | 438 694 |
| Receivables due to the current income tax | | | | | | | 0 |
| Receivables due to the other taxes, customs, and social insurance | 1 343 126 | - | - | - | - | - | 1 343 126 |
| Other receivables | 359 876 | - | - | - | - | - | 359 876 |
| Total | **2 120 813** | **-** | **18 221** | **2 662** | **-** | **-** | **2 141 969** |

As at March 31st, 2015  the value of overdue receivables not covered by provisions amounted to 20 883 PLN.

## 5. Cash and its equivalents

Cash in bank bears the interest  according to a variable interest rate. Short-term deposits are made for various periods depending on the current needs of the Group for cash and bear interest as fixed for them. The fair value of cash and cash equivalents equals its balance sheet value.

| Cash | As at | As at |
|---|---|---|
| | **31.03.2015** | **31.03.2014** |
| Cash in hand | 66 | 66 |
| Cash on bank accounts | 15 158 0014 | 8 226 713 |
| Other cash and its equivalents | - | - |
| **TOTAL CASH:** | **15 158 080** | **8 226 779** |

Cash comprises cash in hand and on bank accounts. They are shown in their nominal value. Cash in foreign currencies is evaluated on the balance sheet day according to the average rate for a particular currency fixed by the National Bank of Poland for this day. Inflows of cash and cash equivalents onto bank accounts during a year is evaluated according to the rates of the National Bank of Poland and the valuation of the outflows is based on FIFO method.

## 6. Prepayments and accruals

| Active prepayments and accruals | As at | As at |
|---|---|---|
| | **31.03.2015** | **31.03.2014** |
| Other | 57 503 | 35 258 |
| **TOTAL PREPAYMENTS AND ACCRUALS:** | **57 503** | **35 258** |

## 7. Equity

### 7.1 Share capital

| Equity | Number of issued shares as at | Number of issued shares as at |
|---|---|---|
| | **31.03.2015** | **31.03.2014** |
| Series A | 25 000 000,00 | 25 000 000,00 |
| Series B | 750 000,00 | 750 000,00 |
| **Total:** | **25 750 000,00** | **25 750 000,00** |

| Shareholder | Share in the capital as at March 31st, 2014 | Share in the capital as at March 31st, 2015 | Share in the capital on the balance sheet day |
|---|---|---|---|
| Tar Heel Capital OS LLC | 20,80% | 17,68% | 13,61% |
| Mariusz Ciepły | 20,00% | 17,39% | 17,39% |
| Maciej Jarzębowski | 15,30% | 12,70% | 12,70% |
| Jakub Sitarz | 14,64% | 12,75% | 12,75% |
| THC Fund Management Ltd. | 12,12% | 0,00% | 0,00% |
| MetLife OFE | 0,00% | 5,41% | 5,41% |
| Copernicus Capital TFI | 0,00% | 17,10% | 13,17% |
| Pozostali | 17,14% | 16,97% | 24,97% |
| **Shares in public trading** | n.d. | 100,00% | 100,00% |

| | | | |
|---|---|---|---|
| **TOTAL** | **100,00%** | **100,00%** | **100,00%** |

People who are entitled to dividend are people who on dividend day will have shares of LIVECHAT Software S.A. on a securities account. The Company's Shareholders are entitled to dividend from the net profit presented in the statement of LIVECHAT Software S.A. in the amount fixed by the General Annual Meeting of Shareholders. A single ordinary share entitles to cast one vote.

Lock up agreement

On December 11th, 2013 the Company's shareholders, namely Mariusz Ciepły, Urszula Jarzębowska, Jakub Sitarz, Maciej Jarzębowski, Szymon Klimczak, Krzysztof Górski, Tar Heel Capital OS LLC, THC Fund Management Ltd., Inner Investment Ltd., TF Assets Management Ltd. concluded with the Issuer and Trigon Dom Maklerski SA based in Kraków a Lock up Agreement. The Lock up Agreement covered the Issuer's shares, that would be held by shareholders after the Offering, namely:

1) not fewer than 4.469.450 shares constituting not less than 17,36% of the Company's share capital and entitling to not less than 17,36 % of votes at the Annual Shareholders' Meeting that belong to Mariusz Ciepły,
2) not fewer than 1.210.250 shares constituting not less than 4,70 % of the Company's share capital and entitling to not less than 4,70% of votes at the Annual Shareholders' Meeting that belong to Urszula Jarzębowska,

3) not fewer than 3.274.375 shares constituting not less than 12,72 % of the Company's share capital and entitling to not less than 12,72 % of votes at the Annual Shareholders' Meeting that belong to Jakub Sitarz,

4) not fewer than 3.260.700 shares constituting not less than 12,66% of the Company's share capital and entitling to not less than 12,66% of votes at the Annual Shareholders' Meeting that belong to Maciej Jarzębowski,

5) not fewer than 515.000 shares constituting not less than 2,00 % of the Company's share capital and entitling to not less than 2,00 % of votes at the Annual Shareholders' Meeting that belong to Szymon Klimczak,

6) not fewer than 403.000 shares constituting not less than 1,57 % of the Company's share capital and entitling to not less than 1,57 % of votes at the Annual Shareholders' Meeting that belong to Krzysztof Górski,

7) not fewer than 4.552.600 shares constituting not less than 17,68 % of the Company's share capital and entitling to not less than 17,68 % of votes at the Annual Shareholders' Meeting that belong to Tar Heel Capital OS LLC,

8) not fewer than 2.734.405 shares constituting not less than 10,62 % of the Company's share capital and entitling to not less than 10,62 % of votes at the Annual Shareholders' Meeting that belong to THC Fund Management Ltd.,

9) not fewer than 951.965 shares constituting not less than 3,70 % of the Company's share capital and entitling to not less than 3,70% of votes at the Annual Shareholders' Meeting that belong to Inner Investment Ltd,

10) not fewer than 515.755 shares constituting not less than 2,00 % of the Company's share capital and entitling to not less than 2,00 % of votes at the Annual Shareholders' Meeting that belong to TF

Assets Management Ltd.

By virtue of the said agreement the Company's shareholders are specifically obliged:

1) not to dispose of the Issuer's shares in any way ( either gratuitously or for valuable consideration),

2) not to charge nor dispose of the Issuer's shares in any other way, that would result in changing the ownership status of the Issuer's shares, especially, not to pledge shares to secure liabilities incurred by themselves or third parties, excluding a pledge or securities for bank credits.

The shareholders committed themselves to deposit Issuer's shares on accounts kept by Trigon DM, where they will be locked up.

The commitment of shareholders referred to above has been binding from the date of signing the Agreement until the date following the lapse of twelve months from the date of allotment of Shares for sale ( the allotment means the date on which the right people representing the Company signed the list of investors to whom the Shares for sale were allotted), provided that the shareholders' commitments are not in force in case of:

1) announcing a tender offer for Issuer's shares, independently of whether it is a conditional or unconditional offer,

2) a commitment to sell or exchange Issuer's shares in reply to the offer referred to in i.1 above,

3) conclusion of a contract with Trigon DM by an entity indicated by shareholders, the contents of which will basically comply with the present Agreement,

4) prior written consent of Trigon DM,

5) sale of shares as a result of a court judgement due to a decision issued by a public administration body,

6) sale of shares as part of a buy back announced and run by the Issuer,

7) transferring shares onto a legal successor of every shareholder,

8) sale or transfer of shares as a result of proceedings in bankruptcy, liquidation or similar,

9) transferring shares onto any entity of the capital group adequately of each of shareholders,

10) when shares are not allowed for public trading.

<u>7.2 Supplementary capital</u>

Supplementary capital was formed when the parent company retained a part of its profits from previous years.

<u>7.3 Undistributed result from previous years</u>

The item undistributed result of previous years refers only to undistributed net result of previous years and does not contain any other economic events.

7.4 Dividends

By virtue of the resolution of the Annual Shareholders' Meeting of July 23rd, 2014 the net profit of the parent company for the business year 2013/1014 was intended for:

- payment of dividends – 9.527.500 PLN
- increase of the supplementary capital – 127.884,76 PLN.

# 8. Trade and other liabilities

| Trade and other short-term liabilities | As at 31.03.2015 | As at 31.03.2014 |
|---|---|---|
| Trade liabilities | 363 882 | 748 467 |
| Taxes | 592 725 | 1 035 624 |
| Payroll | - | - |
| Other taxation, custom duties and social insurance | 15 727 | 19 695 |
| Accruals and other liabilities | 573 157 | 390 880 |
| **TOTAL SHORT-TERM LIABILITIES:** | **1 545 491** | **2 194 666** |

| Liabilities as at 31.03.2015 – Aging liabilities | Current | Up to 1 month | From 1-3 months | From 3 months to 1 year | From 1 year to 5 years | Total |
|---|---|---|---|---|---|---|
| Trade liabilities | 358 727 | 5 155 | - | - | - | 363 882 |
| Due to current income tax | 592 725 | - | - | - | - | 592 725 |
| Payroll | - | - | - | - | - | - |
| Other taxation, custom duties and social insurance | 15 727 | - | - | - | - | 15 727 |
| Accruals and other liabilities | 573 157 | - | - | - | - | 573 157 |
| Total | **1 540 336** | **5 155** | **-** | **-** | **-** | **1 545 491** |

| Liabilities – currency structure | 31.03.2015 | | 31.03.2014 | |
|---|---|---|---|---|
| | in foreign currencies | in PLN after translation | in foreign currencies | in PLN after translation |
| PLN | 1 450 178 | 1 450 178 | 2 094 412 | 2 094 412 |
| EUR | - | - | - | - |
| USD | 25 000 | 95 313 | 33 039 | 100 254 |
| Total | **X** | **1 545 491** | **X** | **2 194 666** |

# 9. Revenues from sales

| Sales revenues (continued activity) | For period ended 31.03.2015 | Fore period ended 31.03.2014 |
|---|---|---|
| Revenues from sales of products | - | - |

| | | |
|---|---|---|
| Revenues from sales of services | 33 043 945 | 18 941 132 |
| Revenues from sales of goods | - | - |
| Revenues from sales of materials | - | - |
| **TOTAL SALES REVENUES** | **33 043 945** | **18 941 132** |

Due to a uniform character of its operations the Company does not identify operating segments.

Over 95% of the consolidated revenues from sales is generated by the Company through its subsidy in USA.

## 10. Operating expenses

| Cost by nature | For period ended | For period ended |
|---|---|---|
| | **31.03.2015** | **31.03.2014** |
| Amortisation | 835 584 | 550 585 |
| Energy and materials used | 146 753 | 102 305 |
| External services | 6 786 674 | 4 694 545 |
| Taxes and charges | 3 994 | 2 132 |
| Cost of employee benefits | 892 191 | 791 658 |
| Other cost by nature | 1 100 364 | 958 983 |
| Value of materials and goods sold | - | - |
| **TOTAL COST BY NATURE** | **9 765 560** | **7 100 208** |
| **Adjustments:** | | |
| | - | |
| Own cost of sales | (5 080 302) | (3 955 081) |
| Cost of sales | (2 636 393) | (1 207 502) |
| Administrative expenses | (2 048 865) | (1 937 625) |
| **TOTAL OPERATING EXPENSES** | **(9 765 560)** | **(7 100 208)** |

The consolidated financial statement features a change in the presentation of the own cost of sales, cost of sales and administrative expenses in relation to reference/comparable data. The presentation change resulting from an error made in the previous period, did not affect the total amount of operating expenses. The effect of a change in comparable data is shown in the table below:

| Cost item | After the change | Before the change |
|---|---|---|
| Own cost of sales | (3 955 081) | (2 965 600) |
| Sales cost | (1 207 502) | (1 761 360) |
| Administrative cost | (1 937 625) | (2 373 248) |
| **TOTAL OPERATING EXPENSES** | **(7 100 208)** | **(7 100 208)** |

## 11. Other operating income and expenses

| Other operating expenses | For period ended | For period ended |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |
| Loss on sale of non-financial fixed assets | - | - |
| Recognition of provisions | - | - |
| Recognition of revaluation write-offs, including: | 56 865 | 5 940 |
| - tangible fixed assets, | - | - |
| - intangible assets | 56 865 | - |
| - trade receivables | - | 5 940 |
| - inventories | - | - |
| - other assets | - | - |
| Assets recognised in expenses | 40 930 | 2 133 |
| Other | 19 | 1 004 |
| | - | - |
| **TOTAL OTHER OPERATING EXPENSES** | **97 814** | **9 076** |

| Other operating income | For period ended | For period ended |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |
| Profit on sale of non-financial fixed assets | - | - |
| Release of reserves/provisions | - | 209 900 |
| Reversal of provisions, including: | - | 9 494 |
| - tangible fixed assets, | - | - |
| - intangible assets | - | - |
| - trade receivables | - | 7 054 |
| - inventories | - | - |
| - other assets | - | 2 440 |
| Revenue from lease | 12 000 | 12 000 |
| Other | 1 235 | - |
| | - | - |
| **TOTAL OTHER OPERATING INCOME** | **13 235** | **231 393** |

The other operating expenses basically comprised provisions for receivables as well as the cost related to liquidation of investment in a foreign facility.

## 12. Financial income

| Financial income | For period ended | For period ended |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |
| Interest | 115 430 | 52 545 |
| Other | - | 7 074 |
| **TOTAL FINANCIAL INCOME** | **115 430** | **59 620** |

## 13. Financial costs

| Financial costs | For period ended | For period ended |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |
| Interest | 164 678 | 520 |
| Other | - | 10 929 |
| **TOTAL FINANCIAL COSTS** | **164 678** | **11 449** |

# 14. Financial instruments

| Financial instruments by category | As at | As at |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |
| **Financial assets** | **17 299 776** | **9 775 620** |
| Assets measured at fair value through profit and loss statement | - | - |
| Shares in subsidiaries measured at acquisition cost | - | - |
| Loans and own receivables measured at amortised cost | - | 107 169 |
| Own receivables measured at the nominal value | 2 141 696 | 1 441 672 |
| Assets held to maturity | - | - |
| Available-for-sale assets | - | - |
| Money | 15 158 080 | 8 226 779 |
| **Financial liabilities** | **1 545 491** | **2 194 666** |
| Liabilities measured at fair value through profit and loss statement | - | - |
| Liabilities measured at amortised cost | - | - |
| Liabilities at the nominal value | 1 545 491 | 2 194 666 |
| Financial guarantee agreements | - | - |
| Other financial liabilities | - | - |

# 15. Deferred income tax

| Deferred income tax | As at | As at |
|---|---|---|
| | 2015-03-31 | 2014-03-31 |
| **Assets due to deferred income tax** | **Value** | **Value** |
| Exchange rate profit or loss - receivables | 15 637 | 8 479 |
| Provisions for maintenance of IT infrastructure | 108 890 | 74 267 |
| Exchange rate profit or loss - liabilities | 1 318 | 1 319 |
| Provision for issues claimed at court | - | - |
| Other | - | - |
| **TOTAL ASSETS DUE TO DEFERRED INCOME TAX:** | **125 855** | **84 065** |
| **Provision for deferred income tax** | **Value** | **Value** |
| Exchange rate differences on cash | - | - |
| Exchange rate difference on receivables | 3 754 | 2 788 |
| Interest charged | - | 3 140 |
| **TOTAL PROVISION FOR DEFERRED INCOME TAX:** | **3 754** | **5 928** |

# 16. Current income tax

| Income tax – explanation of the difference between the tax measured according to the rate in force and the tax presented | For period ended | For period ended |
|---|---|---|
| | 31.03.2015 | 31.03.2014 |

| | | |
|---|---|---|
| **PROFIT BEFORE TAX** | **23 144 558** | **12 111 412** |
| Income tax according to the rate in force in the period (19%) | (4 397 466) | (2 301 168) |
| Previous years' income tax recognised in the current reporting period | - | - |
| **Tax on fixed differences between the balance sheet profit and the taxable base** | **(189 953)** | **(116 854)** |
| **Related to revenues (+)** | - | - |
| **Related to expenses(-)** | - | - |
| Fixed costs excluded from the taxable base (NKUP): | (189 953) | (116 854) |
| **Tax on temporary differences not taken into account when calculating deferred income tax** | **-** | **7 102** |
| **Related to revenues (+)** | - | - |
| Release of the provision for issues claimed at court | - | 40 345 |
| Other | - | 1 312 |
| **Related to expenses (-)** | - | - |
| Increase in the provision for IT | | (34 555) |
| Provision for issues claimed at court | | |
| Other | | |
| **Income tax indicated in the financial statement** | **(4 587 419)** | **(2 410 920)** |
| Effective tax rate | 20% | 20% |

## 17. Benefits to the key managing staff (including remuneration to the members of the Management Board and the Supervisory Board)

Total amount of short-term employee benefits for the members of the Management Board was (in PLN):

| | **01.04.2014-31.03.2015** | | **01.04.2013-31.12.2014** | |
|---|---|---|---|---|
| | **Gross** | **Net** | **Gross** | **Net** |
| Mariusz Ciepły | 162 000,00 | 132 840,00 | 162 000,00 | 132 840,00 |
| Urszula Jarzębowska | 108 000,00 | 88 560,00 | 108 000,00 | 88 560,00 |
| Total: | **270 000,00** | **221 400,00** | **270 000,00** | **221 400,00** |

Members of the Management Board did not receive any other remuneration nor have any entitlement thereto.

**Remuneration to the Supervisory Board**
Members of the Supervisory Board did not receive any remuneration.

**Other benefits and unsettled loans and advance payments of the key managing staff**
As at March 31st, 2015 the company has receivables due to advance payments amounting to:
- Mariusz Ciepły – 101 014,30 PLN
- Urszula Jarzębowska – 63 467,71 PLN,

All transactions with the key managing staff of the Company are made according to market conditions.

## 18. Contingent items, other off-balance sheet items and tax settlements

As at the balance sheet day the Company does not have any contingent items or off-balance sheet items.

Tax settlements

Tax settlements and other fields subject to regulations (for example, foreign currency issues) can be audited by administrative bodies which are authorised to impose significant penalties and sanctions. The fact that there is no reference to fixed regulations in Poland leads to the occurrence of ambiguity and confusion. Often there are differences in opinion as far as interpretation of tax regulations is concerned, related to internal government bodies as well as the ones existing between governmental entities and enterprises, giving rise to conflicts and uncertainty. Such circumstances cause that tax risk in Poland is much higher than in other countries with a better developed tax systems.

Tax settlements can be subjected to control and auditing by tax authorities. As a result of an audit made the tax settlement of the Group so far can be increased by additional tax liabilities. In the opinion of the Group as at March 31st, 2015 its tax liabilities were settled correctly.

## 19. Employment

The Group does not employ employees, it only liaises with economic entities on civil-law contract basis.

## 20. Description of factors and events, especially of non-typical character, having an impact on the financial results generated.

In the opinion of the Company's Management Board in the period from April 1st, 2014 until March 31st, 2015 there were no major events of non-typical character having an impact on the financial results generated by the Group.

## 21. Transactions with related parties

| Consolidated entities | Receivables | Liabilities | Sales | Purchase |
|---|---|---|---|---|
| LiveChat, Inc | 1 453 158 | 0 | 32 126 394 | 5 074 419 |

The company did not make any transactions with related parties upon other than market conditions. Transactions with the key personnel are shown in note 17.

## 22. Remuneration of an auditor

| | | |
|---|---|---|
| - auditing the financial/consolidated financial statement | 2014 | 2015 |
| - auditing a separate financial statement | 16.000PLN | 16.000PLN |
| - auditing a consolidated financial statement | 4.000PLLN | 4.000PLN |
| - review of an interim financial statement | 12.000PLN | 12.000PLN |
| Total | 32.000PLN | 32.000PLN |

Other certification services, including reviewing the financial/consolidated financial statements

| | | |
|---|---|---|
| - tax consulting | 0PLN | 0PLN |
| - other services | 0PLN | 50.000PLN |

## 23. Cyclicality and seasonality of the activities run

No cyclicality or seasonality of the sales can be observed in the capital group.

**24. Objective and principles of risk management**
The main financial instruments used by the entity and its subsidiaries are cash and short-term deposits. The main objective of those financial instruments is optimization of the financial result of the Group and securing exchange rate risk. The group also has other financial instruments, such as trade receivables and liabilities, which become due in the course of the operations carried out.

The principle applied by the Group presently and throughout the reporting period is not trading with financial instruments.

**24.1 Foreign exchange risk**
Since 95% of the sales is performed in USD the Group is exposed to foreign exchange risk due to the transactions made.

The Group did not secure (hedge) its sales denominated in foreign currencies ( similarly as in the previous years).

In order to decrease foreign exchange risk the parent company's Management Board exchanges the received USD into Polish zloty.

The Management Board regularly monitors USD exchange rate and adapts its price policy thereto.

**24. 2 Interest rate risk**

Exposure of the Group to the risk resulting from changing interest rate first of all refers to depositing the generated financial surplus. Due to the character of operations carried out, the Company does not have financial liabilities.

**24.3 Price risk**

The basic type of the services purchased are services rendered by qualified IT engineers. Due to the fact that the company's operations are run in Wrocław, where there are many qualified IT engineers operating, and the local technical university educates many IT students, the risk of price increase is not crucial here.

**24.4 Credit risk**

The business model adopted by the group assumes sales completion only when receiving payment is guaranteed.

The share of customers to whom merchandise credit is granted is hardly 4%.
The Management Board of the parent company regularly monitors credit risk of its contracting parties.

**24.5 Risk related to liquidity**

Due to the character of the operations of the Group, this type of risk is not practically important here.

**25. Events after the balance sheet date**
After the balance sheet date there were no events that might have an effect of the financial statement.

Wrocław, June 16th, 2015

Mariusz Ciepły, President of the Management Board
Urszula Jarzębowska, member of the Management Board