INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

FOR THE PERIOD OF NINE MONTHS ENDING ON DECEMBER 31ST, 2015

DRAWN UP IN ACCORDANCE WITH INTERNATIONAL STANDARDS OF FINANCIAL REPORTING

Capital Group LIVECHAT SOFTWARE SA

Wrocław, February 1st, 2016

1. CONTENTS

1. SELECTED FINANCIAL DATA

Title	PLN		EUR	
	01.04.2015 - 31.12.2015	01.04.2014 - 31.12.2014	01.04.2015 - 31.12.2015	01.04.2014 - 31.12.2014
I. Net revenues from sales of products, goods and materials	37 425 683	22 502 006	8 917 884	5 371 433
II. Profit (loss) on operational activity	25 229 291	16 152 256	6 011 698	3 855 690
III. Gross profit (Loss)	24 847 924	16 076 118	5 920 824	3 837 515
IV. Net profit (Loss)	19 962 906	12 909 377	4 756 810	3 081 585
V. Net cash flow from operating activities	21 825 108	12 127 865	5 200 541	2 895 031
VI. Net cash flow from investing activities	(1 847 762)	(1 200 254)	(440 289)	(286 512)
VII. Net cash flow from financial activities	(18 282 500)	(9 527 500)	(4 356 399)	(2 274 301)
VIII. Net cash flow total	1 694 846	1 400 111	403 852	334 219
IX. Total assets	24 673 063	15 623 326	5 789 760	3 665 468
X. Liabilities and provision for liabilities	3 138 587	1 519 472	736 498	356 491
XI. Long-term liabilities	-	241	-	57
XII. Short-term liabilities	3 138 587	1 519 231	736 498	356 435
XIII. Equity	21 534 476	14 103 854	5 053 262	3 308 977
XIV. Share capital	515 000	515 000	120 849	120 827
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)	0,78	0,50	0,18	0,12
XVIII. Net book value per single share (in PLN/ EUR))	0,84	0,55	0,20	0,13

Please state the exchange rate of PLN/EUR for calculating balance sheet figures	0,2347	0,2346
Please state the exchange rate of PLN/EUR for calculating the statement figures of the total revenues and cash flow statement	0,2383	0,2387

2. INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL STANDING

STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 31.12.2015	Balance as at 31.03.2015	Balance as at 31.12.2014
FIXED ASSETS		**4 893 405**	**3 930 849**	**3 728 236**
Tangible fixed assets	4	524 003	354 878	382 705
Investment real property		-	-	-
Goodwill		-	-	-
Other intangible assets	3	3 441 365	3 056 959	2 852 013
Shares and stocks		-	-	-
- including: investments accounted for using equity method		-	-	-
Long-term receivables	5	-	47 271	-
Other long-term financial assets		-	-	-
Deferred tax assets	15	168 147	125 855	107 050
Other fixed assets	8	759 891	345 886	386 468
CURRENT ASSETS		**19 779 658**	**17 357 280**	**11 895 090**
Inventory		-	-	-
Trade receivables	6	449 609	438 694	764 328
Receivables for current income tax		-	-	-
Other receivables	6	2 383 754	1 703 002	1 318 738
Other financial assets			-	175 360
Cash and its equivalents	7	16 852 926	15 158 080	9 626 890
Prepayments and accruals	8	93 369	57 504	9 773
ASSETS CLASSIFIED AS INTENDED FOR SALE		**-**	**-**	**-**
Tangible fixed assets intended for sale		-	-	-
Other assets classified as intended for sale		-	-	-
Total assets :		**24 673 063**	**21 288 128**	**15 623 326**

Wrocław, February 1ST, 2016.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

STATEMENT OF FINANCIAL STANDING

Specification	Note	Balance as at 31.12.2015	Balance as at 31.03.2015	Balance as at 31.12.2014
EQUITY		**21 534 476**	**19 738 883**	**14 103 854**
Share capital	9	515 000	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	9	787 907	621 016	621 016
Exchange rate differences after calculation	9	2 919	(3 034)	3 913
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	9	265 744	48 762	54 548
Net profit (loss) of the business year	9	19 962 906	18 557 139	12 909 377
Equity attributable to shareholders of the parent company		**21 534 476**	**19 738 883**	**14 103 854**
Equity attributable to non-controlling shares		-	-	-
LONG-TERM LIABILITIES			**3 754**	**241**
Reserve due to deferred income tax			3 754	241
Provision for pension benefits and similar		-	-	-
Other provisions/ reserves		-	-	-
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Other long-term liabilities		-	-	-
SHORT-TERM LIABILITIES		**3 138 587**	**1 545 491**	**1 519 231**
Credits and loans		-	-	-
Other financial liabilities		-	-	-
Trade liabilities	10	465 714	363 882	80 108
Tax payables	10	1 836 655	592 725	896 888
Provision for pension benefits and similar		-	-	-
Other short-term provisions/reserves		-	-	-
Other liabilities	10	836 217	588 884	542 235
Accrued income		-		
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS INTENDED FOR SALE	-	-	-	-
Total liabilities :		**24 673 063**	**21 288 128**	**15 623 326**

Wrocław, February 1st, 2016.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

3. INTERIM CONDENSED CONSOLIDATED STATEMENT OF THE FINANCIAL RESULT AND TOTAL INCOME (by-function format)

CONSOLIDATED STATEMENT OF FINANCIAL RESULT AND TOTAL INCOME (by-function format)			
Specification	**Note**	**For period 01.04.2015 31.12.2015**	**For period 01.04.2014 – 31.12.2014**
Continued activity			
Revenues from sales	11	37 425 683	22 502 006
Prime costs of sale	12	5 732 978	3 236 344
GROSS POFIT (LOSS) ON SALES		**31 692 705**	**19 265 662**
Sales expenses	12	3 747 512	1 687 555
General and administrative costs	12	2 718 158	1 434 812
POFIT (LOSS) ON SALES		**25 227 035**	**16 143 295**
Other operating revenues	13	2 256	10 229
Other operating expenses	13	-	1 268
PROFIT (LOSS) ON OPERATING ACTIVITY		**25 229 291**	**16 152 256**
Financial revenues	14	226 741	425 404
Financial expenses	14	608 109	501 542
Profit on sales of shares to an associated company		-	-
Profit sharing in associated companies		-	-
PROFIT (LOSS) BEFORE TAX		**24 847 924**	**16 076 118**
Income tax		4 885 018	3 166 741
PROFIT (LOSS) ON CONTINUED ACTIVITY		**19 962 906**	**12 909 377**
Profit (loss) on discontinued activity		**-**	**-**
NET PROFIT (LOSS)		**19 962 906**	**12 909 377**
Other total revenues			
Other comprehensive income items that will not be reclassified into profit or loss		**-**	**-**
Other comprehensive income items that, after meeting certain requirements, will be reclassified 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		-	-
Income tax related to other total income		-	-
Other total income		**-**	**-**
Total income		**19 962 906**	**12 909 377**

Wrocław, February 1st, 2016.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

4. NET EARNINGS PER SINGLE ORDINARY SHARE (PLN)

Earnings per single share (in PLN/GR per single share)	For period: 01.04.2015-	For period: 01.04.2014 -
On continuing and discontinued activity		
Ordinary	0,78	0,50
Diluted	0,78	0,50
On continuing activity		
Ordinary	0,78	0,50
Diluted	0,78	0,50
Profit (loss) on continuing and discontinued activity	19 962 906	12 909 377
Profit (loss) on continuing activity	19 962 906	12 909 377
Weighted average number of shares	25 750 000	25 750 000
Weighted average diluted number of ordinary shares	25 750 000	25 750 000

5. INTERIM CONDENSED CONSOLIDATED REPORT ON CHANGES IN EQUITY

CONSOLIDATED REPORT ON CHANGES IN EQUITY FOR THE PERIOD : 01.04.2015 - 31.12.2015	Equity attributable to the owners of the parent company							
	Share capital	Called up share capital and own shares	Supplementary capital	Capital arising from application of hedge accounting	Currency translation profit/loss of a subsidiary	Undistributed profit (loss) from previous years	Profit (loss) of the business year	Total equity
Balance on 01.04.2015	**515 000**	**-**	**621 016**	**-**	**(3 034)**	**48 762**	**18 557 139**	**19 738 883**
Changes in accounting principles (policy)								
Settlement of the result of a subsidiary						216 982	(107 748)	
Balance after adjustments	**515 000**	**-**	**621 016**	**-**	**(3 034)**	**265 744**	**18 449 391**	**19 738 883**
Issuance of shares								
Transfer of the net result								
Transfer of the financial result to capital			166 891				(166 891)	
Dividend paid							(18 282 500)	
Buyback								
Total transactions with owners	**-**	**-**	**166 891**	**-**	**-**	**-**	**(18 449 391)**	**-**
Net profit/loss in the period:							19 962 906	
Other total income:								
Reevaluation of fixed assets				-				
Financial assets available for sale								
Cash flow hedges								
Exchange rate differences from revaluation of entities operating abroad					5 954			
Exchange rate differences transferred to the financial result - sale of foreign entities								
Share in the total income of entities evaluated with equity method								
Total comprehensive income	**-**	**-**	**-**	**-**	**5 954**	**-**	**19 962 906**	**-**
Transfer to retained earnings (sale of revaluated fixed assets)								
Balance as of 31.12.2015	**515 000**	**-**	**787 907**	**-**	**2 919**	**265 744**	**19 962 906**	**21 534 476**

6. INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Specification		For period: 01.04.2015 – 31.12.2015	For period: 01.04.2014 – 31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit		19 962 906	12 909 377
Total adjustments		1 862 202	(781 511)
Depreciation and amortisation		880 226	595 734
Foreign exchange gain (loss)		-	-
Interest and profit sharing (dividend)			-
Profit (loss) on operating activity		-	-
Profit on sale of shares in the associate		-	-
Ineffective part of cash flows hedges		-	-
Changes in working capital		865 564	(1 291 343)
Change in provisions		-	-
Change in inventories		-	-
Change in receivables		(691 667)	(641 394)
Change in short-term liabilities – excluding financial liabilities		1 593 096	(675 435)
Change in prepayments and accruals		(35 865)	25 485
Other adjustments		116 412	(85 902)
Net cash flows from operating activity		**21 825 108**	**12 127 865**
CSH FLOWS FROM INVESTING ACTIVITIES			
Expenses on acquisition of intangible assets		(1 502 912)	(1 049 849)
Proceeds (inflows) from sale of intangible assets			-
Expenses on acquisition of tangible fixed assets		(344 850)	(150 405)
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		-	-
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		-	-
Interest received		-	-
Dividends received		-	-
Net cash flows on investment activities		**(1 847 762)**	**(1 200 254)**
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		(18 282 500)	(9 527 500)
Interest paid		-	-
Net cash flows from financial activity		**(18 282 500)**	**(9 527 500)**

NET TOTAL CASH FLOWS		**1 694 846**	**1 400 111**
BALANCE CHANGE OF CASH, INCLUDING		1 694 846	1 400 111
- change in cash due to exchange rate gains or losses		-	-
OPENING BALANCE OF CASH		15 158 080	8 226 779
CLOSING BALANCE OF CASH (F +/- D), including		**16 852 926**	**9 626 890**

Wrocław, February 1st, 2016.

Mariusz Ciepły, President of the Board

Urszula Jarzębowska, member of the Board

7. FURTHER INFORMATION AND EXPLANATORY NOTES

1. General

a) Information on the parent company

The interim condensed consolidated financial statement of the Capital group of LIVECHAT SOFTWARE SA ("Capital group", "Group") contains:
1. Interim condensed consolidated financial statement made on December 31sst, 2015, which presents the total balance of assets, equity and and liabilities in the amount of 24 673 063 PLN.

2. Interim condensed consolidated statement on the financial result and comprehensive/total income for the period from April 1st, 2015 until December 31sst , 2015 which presents the income of 19 962 906 PLN;

3. Interim condensed consolidated statement of changes in equity for the business period of from April 1st, 2015 until December 31sst , 2015 presenting equity capital increase by amount of 1 795 593 PLN;

4. Interim condensed consolidated statement of cash flows for the period from April 1st, 2015 until December 31sst , 2015 presenting a increase of net cash flows by 1 694 846 PLN;

5. Further information

b) Capital group

The parent company of LIVECHAT SOFTWARE Joint Stock (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 the composition of the Management Board of the Parent Company did not change.

The Supervisory Board of the Parent Company as of December 31st, 2015 was composed of:

- Maciej Jarzębowski - President of the Supervisory Board
- Andrzej Różycki - Vice President 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

The Composition of the Management Board as well as of the Supervisory Board did not change on the day of approving the report.

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, computer programming activities and 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 interim financial statement was made for the period from April 1st, 2015 until December 31st, 2015 (including the comparable data) and was approved for publishing by the Company's Management Board on February 1st, 2016.

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

The Company translated as of December 31st, 2015 its accounts presented in USD using the exchange rate of 1USD = 3,9011 PLN

2. Basis for preparation of financial statements and accounting principles applied

a) Declaration on compliance

The present interim condensed consolidated financial statement was prepared in accordance with accounting principles contained in the International Financial Reporting Standards (IFRS), especially with the International Financial Reporting Standard no 34 and the IFRS adopted by the European Union. 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 approved by the European Union.

IFRS cover standards and interpretations accepted by the Council for the Financial Reporting Standards (CIFRS) and the Committee for Interpretation of the International Financial Reporting (CIIFR).

The present interim condensed consolidated financial statement is presented in PLN.

The statement was prepared assuming that the companies in the group 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 companies of the group may not be able to continue its operations.

The interim condensed consolidated financial statement does not comprise all the information and disclosures required for an annual consolidated financial statement and should be read along with the consolidated financial statement of the Group for the year ended on March 31st, 2015.

b) Effect of amendments in the standards or interpretations
During the reporting period the voluntarily applied standards and interpretations were not changed.
The principles (policy) of accounting used for drawing up the present condensed consolidated financial statement for the period of 9 months ending on December 31st, 2015 are coherent with the principles used for elaborating the annual consolidated financial statement for 2014/2015.

c) principles of accounting

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

Presentation of financial statements
The financial statement is presented in accordance with IAS 1.
In case of retrospective entering of amendments to accounting principles or error adjustments, the Company presents the report on its financial standing prepared additionally 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 December 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 December 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 investments are recognized in the profit and loss account at the moment they are 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 foreseen period of their economic useful life, which, on the average, is 3 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 of the other revenue or operating expense.

Tangible assets

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 amortised 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 a possible depreciation adjustment 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 in the 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.
A financial asset is derecognized from the balance sheet in case the rights to economic benefits as well as the risk arising from a concluded contract have been exercised, ceased or the Group has waived them.
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.

On the acquisition day the Group measures a financial asset or liability 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.

<u>Cash and its equivalents</u>
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.

<u>Equity</u>
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 capital from the sale of shares above their nominal value is created from the surplus of the issue price above the share nominal value decreased by the issuance cost.
The other capitals comprise retained earnings at the amount required by the Code of Commercial Companies.

<u>Provisions, contingent liabilities and assets</u>
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.

Revenues from sales

Sales revenues are recognised at fair value of payments received or due and represent product receivables (services) obtained in the process of regular operations, decreased by discounts, VAT and other trade taxes . 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.

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.

Periods of economic useful life of fixed assets

The Management Board of the parent company verifies annually (on the balance sheet day) periods of economic useful life of fixed assets subject to amortisation. As at ...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.

The Management Board of the parent company assesses the cost related to maintenance of servers related to the sold accesses to the offered software.

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.

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.

3. Intangible assets

3.1 – Intangible assets	As at 31.12.2015	As at 31.03.2015
Goodwill	-	-
Patents and licenses	-	-
R&D expenses	3 441 365	3 056 959
Other intangible assets, including the value of intangible assets under implementation	-	-
TOTAL INTANGIBLE ASSETS:	**3 441 365**	**3 056 959**

3.2 Intangible assets in the reporting period from 1.04.2015 to 31.12.2015	Goodwill	Patents and licences	R&D expenses	Other intangible assets
Gross opening balance		**5 362**	**4 675 637**	
Acquisition	**-**	-	-	**-**
Reclassification (from long-term prepayments and accruals)	-	-	1 088 907	-
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	**-**	**5 362**	**5 764 544**	**-**
Opening redemption balance	**-**	**5 362**	**1 618 678**	**-**
Amortisation increase for the period	-	-	704 501	-
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	**-**	**5 362**	**2 323 179**	**-**
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	**-**	**-**	**3 441 365**	**-**

The most important intangible asset is the completed R&D related to subsequent versions of the products offered by the Group.

4. Tangible assets

Tangible assets	As at	As at
	31.12.2015	31.03.2015
Land	-	-
Right to perpetual usufruct	-	-
Buildings and structures	-	-
Machinery and equipment	-	-
Vehicles	-	-
Other fixed assets	524 003	354 878
Fixed assets in the course of construction	-	-
Advances for fixed assets	-	-
TOTAL FIXED ASSETS:	**524 003**	**354 878**

The most important element of of the other tangible assets is computer equipment. The value of the machinery purchased in the first half of the business year 2015/16 amounted to 344.849 PLN. As at December 31st,2015 there were no significant liabilities related to the purchase of fixed assets.

4.2 Tangible fixed assets in the reporting period from 1.04.2015 to 31.12.2015	Land	Right to perpetual usufruct	Buildings and structures	Machinery and equipment	Vehicles	Other fixed assets	Fixed assets in the course of construction, advance payments
Opening gross balance	**-**	**-**	**-**	**-**	**-**	**708 597**	**-**
Carried from fixed assets under construction	-	-	-	-	-	-	-
Direct acquisition	-	-	-	-	-	344 849	-
Reclassification	-	-	-	-	-	-	-
Increase due to combination of businesses	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-
Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing balance	**-**	**-**	**-**	**-**	**-**	**1 053 446**	**-**
Opening redemption balance	**-**	**-**	**-**	**-**	**-**	**353 719**	**-**
Amortisation increase for the period	-	-	-	-	-	175 725	-
Increase due to combination of businesses	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-
Decrease due to sales	-	-	-	-	-	-	-
Decrease due to liquidation	-	-	-	-	-	-	-
Transfer onto fixed assets intended for sale	-	-	-	-	-	-	-

Decrease and increase due to reclassification	-	-	-	-	-	-	-
Gross closing redemption balance	**-**	**-**	**-**	**-**	**-**	**529 444**	**-**
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	**-**	**-**	**-**	**-**	**-**	**524 002**	**-**

5. Long-term receivables

There were no long-term receivables as of the balance sheet day.

6. 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.

6.1 Receivables	**31.12.2015**			**31.03.2015**		
	Value	**Revaluation write-off**	**Balance sheet value**	**Value**	**Revaluation write-off**	**Balance sheet value**
Trade receivables	493 286	43 677	449 609	495 559	56 865	438 694
Receivables due to the current income tax		-	-	-	-	-
Receivables due to the other taxes, duties, and social insurance	1 811 576	-	1 811 576	1 343 126	-	1 343 126
Other receivables	572 179	-	572 179	359 876	-	359 876
TOTAL RECEIVABLES:	**2 877 041**	**43 677**	**2 833 363**	**2 198 561**	**56 865**	**2 141 696**

As at December 31st, 2015 the Group had no overdue receivables not covered by provisions.

7. Cash and its equivalents

Cash comprises cash in hand and on bank accounts.

8. Prepayments and accruals

Long term prepayments and accruals mainly refer to uncompleted R&D.
Short-term prepayments and accruals refer to expenses settled over time (deferred costs).

9. Equity

9.1 Share capital

SHARE CAPITAL (STRUCTURE) – 31.12.2015								
	Share type	**Type of share preference**	**Type of share right limits**	**Number of shares (in thousand items)**	**Series/issuance value by nominal value**	**Method of capital payment**	**Registration date**	**Dividend entitlement**
Series A	Ordinary bearer's	no	no	25 000,00	500 000	Contribution in cash	18.12.2014	According to KSH
Series B	Ordinary bearer's	no	no	750	15 000	Contribution in cash	18.12.2014	According to KSH
Total shares				**25 750,00**				
Total share capital					**515 000**			
Nominal value of a single share= 0,02 PLN								

Capital ownership structure as of December 31^{st}, 2015

	Capital share as of March 31st, 2015	Capital share as of June 30th, 2015	Capital share as of September 30th, 2015	Capital share as of December 31st, 2015
Tar Heel Capital OS LLC	17,68%	13,61%	13,61%	13,61%
MetLife OFE	5,41%	5,41%	5,41%	-
Copernicus Capital TFI	17,10%	13,17%	13,17%	13,17%
Shareholders' agreement including above 5 % of the Company's capital			51,%	51,%
Mariusz Ciepły	17,39%	17,39%	17,39%	17,39%
Maciej Jarzębowski	12,70%	12,70%	12,70%	12,70%
Jakub Sitarz	12,75%	12,75%	12,75%	12,75%
Others	16,97%	24,97%	16,81%	22,22%
Shares in public trading	100,00%	100,00%	100,00%	100%
TOTAL	100,00%	100,00%	100%	100%

9.2 Supplementary capital
Supplementary capital was formed by retaining a part of the Company's profits from previous years.

9.3 Undistributed result from previous years
The item undistributed result of previous years refers only to undistributed net result of previous

years and does not contain any other economic events.

9.4 Dividends

Dividends	For business year 2014/15	For business year 2013/14
Dividend paid	18 282 500,00	9 527 500,00
Number of shares	25 750 000	25 750 000
Dividend per single share	0,71	0,37

10. Trade and other liabilities

10.1 Trade and other short-term liabilities	As at 31.12.2015	As at 31.03.2015
Trade liabilities	465 714	363 882
Taxes	-	-
Payroll	-	-
Other taxation, custom duties and social insurance	1 836 655	592 725
Accruals and other liabilities	836 217	588 884
TOTAL SHORT-TERM LIABILITIES:	**3 138 587**	**1 545 491**

10.2 Liabilities as at 31.12.2015 – 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	465 714	465 714				465 714
Due to current income tax	-	-				-
Payroll	-					-
Other taxation, custom duties and social insurance	1 836 655	1 836 655				1 836 655
Accruals and other liabilities	836 217	836 217				836 217
Total	**3 138 587**	**3 138 587**	**-**	**-**	**-**	**3 138 587**

All liabilities are denominated in PLN.

11. Revenues from sales

11.1 Sales revenues (continued activity)	For period ended 31.12.2015	Fore period ended 31.12.2014
Revenues from sales of products	-	-

Revenues from sales of services	37 425 683	22 502 006
Revenues from sales of goods	-	-
Revenues from sales of materials	-	-
TOTAL SALES REVENUES	**37 425 683**	**22 502 006**

Due to a uniform character of its operations the Company does not identify operating segments. Almost 95% of the consolidated revenues from sales is generated by the Company through its subsidy in USA.

12. Operating expenses

12.1 Cost by nature	For period ended	For period ended
	31.12.2015	31.12.2014
Amortisation	880 226	595 734
Energy and materials used	405 317	96 633
External services	8 772 698	4 297 207
Taxes and charges	1 535	3 954
Cost of employee benefits	915 710	623 765
Other cost by nature	1 223 161	741 418
Value of materials and goods sold	-	-
TOTAL COST BY NATURE	**12 198 647**	**6 358 711**
Adjustments:		
Change in stock		
Own cost of sales	5 732 978	3 236 344
Cost of sales	3 747 512	1 687 555
Administrative expenses	2 718 158	1 434 812
TOTAL OPERATING EXPENSES	**12 198 647**	**6 358 711**

13. Other operating income and expenses

The other operating expenses basically comprise the revenues from sublease.

14. Financial income and costs

Financial income consists of the obtained interest on bank deposits and financial resources.
Financial costs merely refer to the currency exchange losses.

15. Deferred income tax

	01.04.2015 - 31.12.2015	01.04.2014 - 31.12.2014
Gross figure	**24 847 924**	**16 033 846**
Temporary and fixed differences	**1 107 500**	**784 125**

Taxable base	**25 952 964**	**16 817 971**
Income tax	**4 931 063**	**3 195 414**

Deferred tax was calculated only basing on temporary differences between the tax and balance valuation.

16. Financial instruments

16.1 -Financial instruments by category	As at 31.12.2015		As at 31.03.2015	
	Book value	Fair value	Book value	Fair value
Financial assets	**19 686 289**	**19 686 289**	**11 709 957**	**11 709 957**
Assets measured at fair value through profit and loss statement	-	-	-	-
Shares in subsidiaries measured at acquisition cost	-	-	-	-
Loans and own receivables measured at amortized cost	-	-	-	-
Own receivables measured at the nominal value	2 833 363	2 833 363	2 083 067	2 083 067
Assets held to maturity	-	-	-	-
Available-for-sale assets	-	-	-	-
Money	16 852 926	16 852 926	9 626 890	9 626 890
Financial liabilities	**3 138 587**	**3 138 587**	**1 519 231**	**1 519 231**
Liabilities measured at fair value through profit and loss statement	-	-	-	-
Liabilities measured at amortised cost	-	-	-	-
Liabilities at the nominal value	3 138 587	3 138 587	1 519 231	1 519 231
Financial guarantee agreements	-	-	-	-
Other financial liabilities	-	-	-	-

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:

Name and surname	01.04.2015 – 31.12.2015	01.04.2014 – 31.12.2014
Mariusz Ciepły	162 000,00	162 000,00
Urszula Jarzębowska	108 000,00	108 000,00
Razem	**270 000,00**	**270 000,00**

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 December 31st, 2015 the company has receivables due to advance payments amounting to:
- Mariusz Ciepły – 120 008,90 PLN
- Urszula Jarzębowska – 96 299,73PLN

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

There were no such items.

19. Employment

Average employment by job positions	For the period ended 31.12.2015	For the period ended 31.12.2014
Physical workers	-	-
Office workers	57	34
Total number of job positions	**57**	**34**

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, 2015 until December 31st, 2015 there were no major events of non-typical character having an impact on the financial results generated by the Group.

21. Events after the balance sheet date

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

22. Transactions with related parties

Consolidated entities	Receivables	Liabilities	Sales	Purchase
LiveChat, Inc	4 652 404	-	36 788 458	2 464 088

23. Cyclicality and seasonality of the activities run

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

Wrocław, February 1st, 2016

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