



FLOW ■ TRADERS

Half Year Report 2016

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Flow Traders at a Glance

2016 FINANCIAL HIGHLIGHTS

Global ETP Assets under Management (AuM) (€bn)
30 June 2016

2,850
+7%

31 December 2015: 2,667

Global ETP Value Traded (€bn) First six months 2016

11,118
+11%

First six months 2015: 10,010

Flow Traders ETP Value Traded (€bn)
First six months 2016

293
-5%

First six months 2015: 310

Net Trading Income (NTI) (€m) First six months 2016

132.5
-10%

First six months 2015: 147.4

EBITDA (€m)
First six months 2016

65.2
+51%

First six months 2015: 43.2

Net Profit (€m)
First six months 2016

51.9
+69%

First six months 2015: 30.7

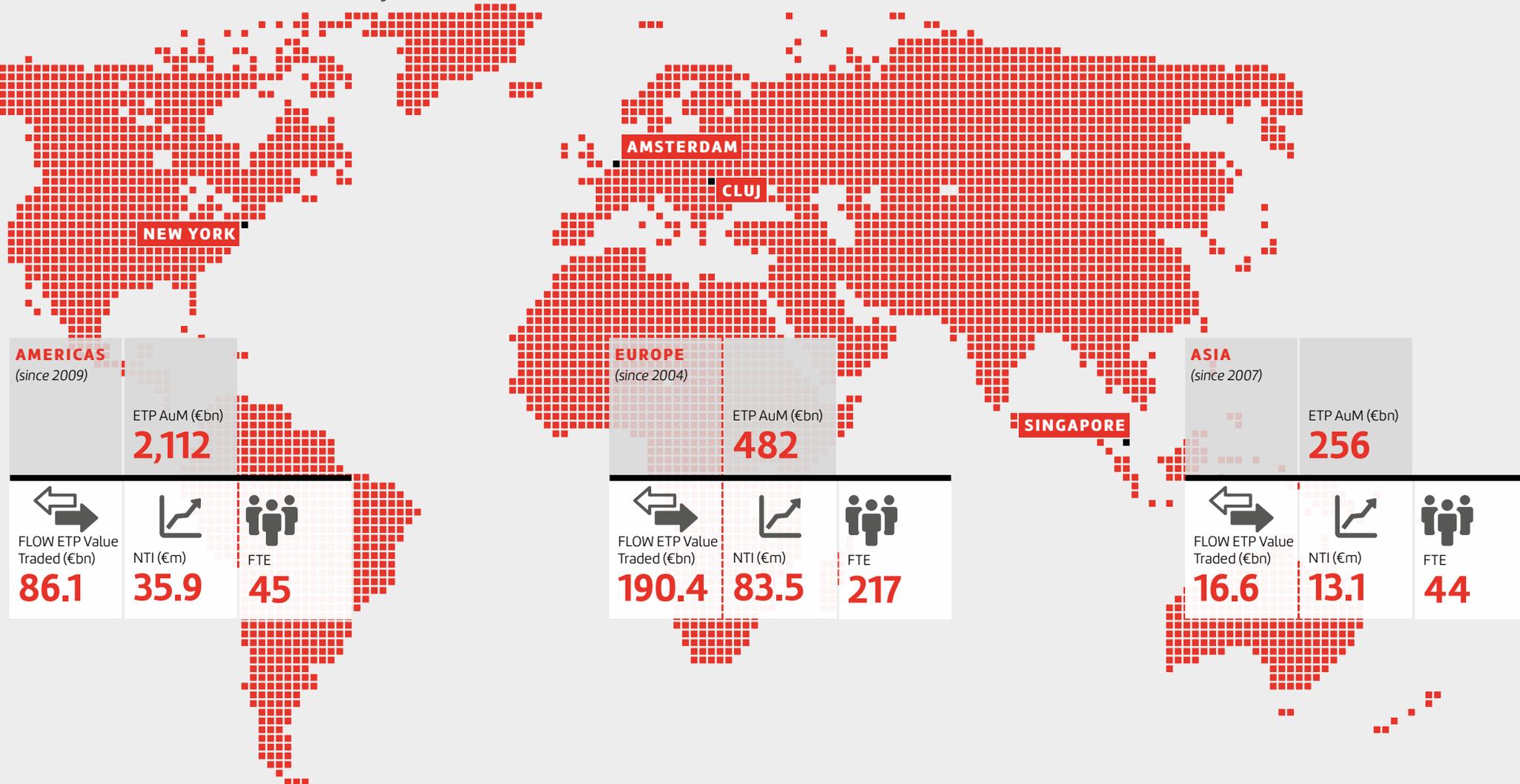
Interim dividend 2016 (€)

0.55
+10%

Interim dividend 2015: 0.50

Flow Traders at a Glance

DIVERSIFIED ACROSS THE GLOBE - PER 30 JUNE 2016



Profile

Who we are

We are a leading global technology-enabled liquidity provider that specializes in Exchange Traded Products (ETPs). With 306 employees as of 30 June 2016, we ensure that our trading desks in Europe, the Americas and Asia provide liquidity across all major exchanges globally, 24 hours a day. Founded in 2004, we continue to cultivate the entrepreneurial, innovative and team-oriented culture that has been with us since the beginning.

What we do

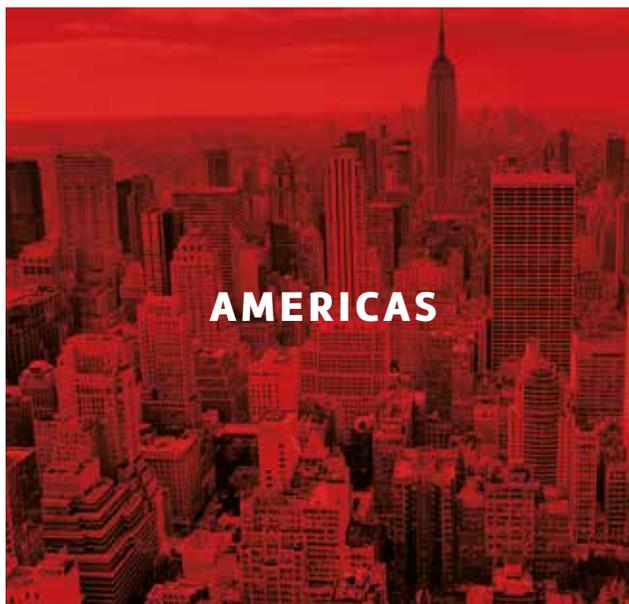
As a financial technology company, our proprietary technology platform enables us to quote bid and ask prices in thousands of ETP listings, as well as similar financial products. We also provide liquidity to institutional counterparties off-exchange. Market participants benefit from higher execution quality and lower overall trading costs, while the markets benefit from greater efficiency and more transparency.

As a principal trading firm, we trade for our own account only. We do not have clients, nor do we provide any

investment services or ancillary services to others.

Our strategies are designed to use information that is publicly available and we use fairly simple, non-controversial and transparent order types. We are a strong supporter of fair, transparent and orderly markets.

We derive our Net Trading Income from the small price differences at which investors are willing to trade ETPs or other financial instruments with us, and those of the underlying or related financial instruments at which we hedge the resulting exposures. We do not have a directional opinion on the markets and aim to be hedged perfectly and instantaneously where possible. This focus on risk management is at the heart of our organization, and our risk functions are closely integrated into our platform.



Our Business

We provide liquidity in exchange traded products (ETPs), which are baskets of securities made up of shares, bonds, or commodities. ETPs often track indices and, unlike most mutual funds, can be traded throughout the day on trading venues. We do this globally, enabling investors to buy and sell ETPs efficiently by quoting bid and ask prices under virtually all market circumstances.

Markets & Trends

Market

The market trend over the first six months of 2016 was similar to 4Q15 with a sharp decrease in value traded. While ETP value traded declined significantly compared to 2015, AuM rose to EUR 2.9 tn, highlighting a long term upward trend. Trading remained skewed towards those products that are highly liquid with corresponding tighter spreads. Investors were taken hold of geopolitical developments such as the UK's looming vote to leave the European Union ('Brexit'). Another focus of attention was a range of macroeconomic developments like the FED rate move and various economic reports. This, combined with decelerating growth in China, flagging oil and industrial metal prices, as well as anxiously awaited elections in the United States and Europe, caused investors to adopt more defensive strategies. This resulted in record inflows to both minimum volatility funds and fixed income, with the rise in fixed income reflecting investors' appetite for yield. There was also a shift towards commodities, fueled by the sharp decline in oil prices earlier this year. Negative interest rates in Japan and Europe, combined with deflation concerns, resulted in record inflows to gold funds, signaling a flight to safety. Emerging markets have been going through significant turmoil due to economic concerns in China and volatile commodity prices.

Brexit intensified moves to safe havens as gold and fixed income. Moreover, investors moved away from riskier assets as financials and emerging markets, with emerging markets managing to rebound in the following days. Although

spreads widened significantly in the immediate aftermath of Brexit, eventually spreads stabilized and depending on the product returned to relatively normal proportions within hours of the event. Flow Traders has continued to provide liquidity to markets during Brexit and markets as a whole appear to have functioned well without any erroneous pricing.

Flow Traders

During the first six months of 2016 we continued to focus on our organic growth strategy, expanding the number of products traded and increasing the number of traders we employ, as well as continuing to carefully control costs. Our business remains value traded driven, and regional performance reflected market trends. In the United States we were granted a FINRA license and are now in the process of becoming operational in the OTC market. This should bring us additional potential market value traded. Thereby we were able to grow our business further and were able to increase our revenues in the United States, which is one of the most mature and competitive markets globally. In APAC we see slow and fragmented markets but are working on operational improvements. In EMEA, we continued to expand the number of products we trade and the number of institutional counterparties for which we provide bid and ask quotes.

Pricing

Pricing ETPs accurately

Accurately pricing the ETPs for which we provide liquidity is critical to the success of our business. Mistakes mean we could lose money or a trade to a competitor. It's that simple. Our experience in establishing the pricing relationship between the ETPs and the underlying assets, in a variety of market conditions, means we can offer competitive bid and ask prices, while still covering our trading costs and locking in transaction profit. To achieve this we use pre-set hedging strategies, which aim to instantly reduce our market exposure, creating a market-neutral position. It's these hedging strategies that enable us to trade ETPs in such a way that our Net Trading Income is unaffected by any price movements of the underlying or related securities.

Cutting edge proprietary technology platform

As a financial technology company, it is no surprise that technology lies at the heart of our business, enabling us to provide liquidity in a variety of market environments across the globe. We trade using proprietary and scalable software, with the vast majority of our applications developed in-house. These include pricing and trading software, market data processing tools, pre-trade risk controls, and other risk and compliance tools. This is the main reason that our Technology department makes up around one-third of our total staff.

One of our software platform's core features is its modular design, which allows us to rapidly test and implement ongoing enhancements. This also means we can easily and cost-effectively expand our coverage of securities, asset classes, and geographical markets as we grow the business.



Our Risk Management

Real-time risk management

Managing risk effectively across the company is key to successful trading. Within the trading environment, we reduce our risk by monitoring our trades and positions, market exposure, portfolio efficiency, and liquidity on a real-time basis. Our risk management system is fully integrated with our trading platform, analyzing pricing data and ensuring that our order activity is conducted within pre-determined trading and position limits. At the same time, the system reconciles internal transaction records against those of our prime brokers and exchanges where possible. Off-exchange, we use strict risk management approval and monitoring procedures for institutional trading counterparties. Additionally, we settle almost all of our off-exchange trades through delivery-versus-payment, which means that the delivery of securities occurs simultaneously with payment by the buyer, thus limiting counterparty risk.

How we manage our risks

Managing market risk

Market risk is the risk of loss resulting from unfavorable market movements, such as prices, when positions in financial instruments are held. The value of a financial instrument may fluctuate because of changes in factors such as equity prices, currency rates, future dividend expectations, interest rates and volatilities. Our hedging strategies, in combination with the use of straightforward products and continuous monitoring, aim to minimize this

risk. The Risk and Mid-Office department monitors market risk exposure on a continuous basis (including intraday). Based on the limits set per product or the aggregated risk, limit breaches, if any, will trigger action from the Risk team in order to reduce the risk. In addition, the trading positions are also monitored daily, and the applicable haircuts and margins are computed by our prime brokers.

Managing a drop in trading volumes

Our Net Trading Income and profitability are primarily a function of the level of trading activity, or trading volumes, in the financial instruments in which we trade, and the bid-ask spreads (which largely determine the profit on the trade, or margins, we capture) resulting from the difference between the prices which buyers are willing to pay for the financial instruments we sell and the prices which sellers are willing to accept for the financial instruments we buy. Trading volumes in securities, derivatives and other financial instruments on exchanges and in other trading venues worldwide are directly affected by factors beyond our control, including economic and political conditions, broad trends in business and finance, regulatory requirements, actions by central banks, and changes in the markets in which such transactions occur.

We have developed strategies to cope with periods of little market movement. From our experience we know that in these periods some trading desks tend to earn less where others show an increase in earnings. Therefore, these strategies may serve as a (partial) hedge in such circumstances. In addition we aim to expand our coverage in both our products traded and the venues connected which

enables us to increase our total volume traded. To control the risk of low market activity, we actively manage our costs and aim to keep our fixed costs low.

Managing counterparty risk

With regard to dealing with third parties, such as issuers, trading venues, prime brokers or approved counterparties for off-exchange trading, we have strict on-boarding procedures, risk management approval and ongoing monitoring in place. Before entering into a new business relationship with a counterparty, we review their financial standing, reputation and recent developments. Transactions with such third parties are validated and reconciled by separate departments.

To address the credit risk we face, we clear almost all of our on-exchange trades through our prime brokers and central counterparties (CCPs). Trades that are not offered for clearing (e.g. in off-exchange trading) are typically settled by way of delivery-versus-payment, which means that the delivery of securities occurs simultaneously with payment by the buyer. This limits counterparty risk. In order to further mitigate counterparty risk, we make sure that the settlement cycle of trades is kept short, aiming to ensure that the counterparty risk is only borne during the limited time of the settlement cycle. If a settlement cycle of more than three days is required, the trade can only be executed with prior approval from the Risk and Mid-Office department.

Managing liquidity risk

Our liquidity risk, the risk that there is not sufficient trading capital or regulatory capital, is managed by intra-day monitoring of credit lines from our prime brokers, cash, portfolio efficiency and liquidity. Furthermore, in our trading we focus on trading liquid exchange-listed instruments which helps us unwind positions more easily than in the case of illiquid or unlisted instruments. In addition, Flow Traders is an authorized participant for over 25 ETP issuers reflecting more than 80% of the worldwide issuer ETP assets under management. This position allows us to create and redeem ETPs with their issuers. Our settlement risk is mitigated by a multilayered monitoring process of settlements.

Managing operational and IT risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people, systems or external events. Operational risk management is an integral part of Flow Traders' management information and control systems. As our operational risks are concentrated in technology events at exchanges and clearing houses, our investment in technology is important to mitigate those associated risks.

We operate an integrated, in-house developed, high-performance and customized technology platform with frequent and controlled deployments of new hardware and software. Our infrastructure has a modular design which allows us to rapidly test and implement improvements in both hardware and software on an ongoing basis. Controlled releases of hardware and software enhancements provide for minimal disruption to our business.

The environment in which our trading software (or updates of our trading software) is developed is strictly separated from the environment in which such trading software operates in production. Access to the source code is strictly controlled and limited. Prior to releasing our trading software, or an update into the production environment, relevant elements of our trading software are subjected to a review of its code, validation in an environment that is separate from our production environment, validating in limited production (processing a strictly limited number of trades) on one trading desk in respect of trading a single

'In every office there are multiple dedicated risk managers present'

financial instrument, followed by more extensive testing across multiple desks and/or trading multiple financial instruments. Each step, and progression through each step, is documented.

Flow Traders has a monitoring system in place to control uninterrupted trading activities in real time. Multilayer monitoring is employed to avoid errors, but, when these occur the relevant teams are notified via multiple notification channels. We rely on multiple third party service providers for business and market data.

Our systems are designed such that they can be monitored real-time, as well as being maintained and supported by qualified professionals from any office. Our risk management system is fully integrated with our trading platform, analyzing real-time pricing data, and is designed to ensure that our order activity is conducted within strict pre-determined trading and position limits. For example, our pre-trade risk controls are designed to prevent the trading engines from sending orders which deviate from our pre-defined risk parameters, such as price and volume limits set by the Risk and Mid-Office department, which keeps our ordering, trading and positions well within tolerance levels. Our monitoring tools reconcile trades, prices and positions against those of our exchanges and prime brokers. Our IT systems are regularly subjected to penetration tests by external experts. We have a comprehensive IT security system that is designed to protect us from attacks both from inside and outside the platform.

Where we have a technical interface with institutions like our prime brokers and exchanges, the integrity of the connection between the systems and the data that is being exchanged is subject to prior conformance testing and continuous monitoring. Unexpected deviations are flagged and investigated. We also have a disaster recovery plan in place, which, for instance, provides that our Amsterdam office acts as a backup site for other offices.

Managing our regulatory risk

While we have no clients and do not provide investment services or ancillary services to third parties, our markets and nearly all aspects of our business are heavily regulated. Where applicable, entities forming part of our group have obtained the regulatory licenses and approvals needed to operate their regulated businesses.

Flow Traders' trading operations are established in four international jurisdictions. As a group we currently trade on almost 100 venues worldwide. In addition, we operate on various other venues through brokers. As we have to comply with our home regulations and the local regulations and trading rules of all venues on which we trade, our regulatory landscape is vast. Legislators and regulators worldwide strengthen their supervision within our environment, demanding a professional and well-structured compliance organization.

Our Compliance department assists management and operations at group and local level by identifying, advising on, reviewing and reporting on regulations. It also seeks to maintain a compliant business environment through training and monitoring in order to ensure and enhance the group's conformance with its regulatory obligations.

The Compliance and Risk and Mid-Office departments have promulgated and implemented pre-trade risk controls, internal rules and regulations that were developed following regulatory requirements, guidelines from market authorities, industry best practices and our own best practices.

While we believe we are well-positioned to address and implement new regulations in general, and while we spend considerable resources to anticipate and implement new regulations, we typically cannot (fully) assess what the impact of such regulations will eventually be in practice. New regulation or revised interpretations of regulation may or may not be beneficial to our business.

Actual or alleged noncompliance with applicable laws or regulatory requirements could adversely affect our

reputation, profitability and prospects. This may also be the case for differences in interpretation or lack of timely or complete implementation of regulatory requirements. Sanctions could include fines, penalties, disgorgements and censures, suspension or expulsion from trading venues or the revocation or limitation of licenses. We aim to minimize such risks by focusing considerable management attention, employing highly-qualified compliance and risk professionals, deploying training, monitoring and reporting systems, and continuously evaluating and implementing current and upcoming regulation on our operations. Notwithstanding such efforts, given the highly regulated nature of our business, we are regular subjects of routine (and sometimes more targeted) inquiries and audits from regulators and trading venues. It is difficult to predict or manage the outcome of such inquiries, although we aim to be as transparent and cooperative as possible given the circumstances.

We continuously invest in good professional relationships with trading venues, regulators and other relevant parties. Flow Traders is a founding member of the FIA European Principal Traders Association (FIA EPTA), a member of the FIA Principal Traders Group (FIA PTG) in the U.S. and a member of FIA Asia. These are European and U.S. industry groups that consist of leading principal trading firms. We are also a member of the Dutch Association of Proprietary Traders (APT), operating as an industry body of Netherlands-based liquidity providers. As part of these important groups, we continue to promote, foremost, the principle that all markets and market participants should be adequately and transparently regulated. Within these groups we contribute to discussions regarding current and new regulation, including CRD/CRR, MAR, MiFID II, Reg AT and market regulation. We will continue to contribute to these

discussions and will persist in maximizing transparency in respect of our industry, its benefits for all market participants and fair, orderly and transparent financial markets.

Statement by the Management Board

As required by section 5:25c of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) we state that according to the best of our knowledge:

- The financial statements present a true and fair view of the assets, the liabilities, the financial position and the result of Flow Traders N.V. and the companies included in the consolidation; and
- The interim financial statements provide a true and fair view of the position as at 30 June 2016 and the state of affairs during the first six months of 2016 of Flow Traders N.V. and its affiliated companies, whose data have been included in its financial statements, and that the interim financial statements describe the essential risks faced by Flow Traders N.V.

Amsterdam, 11 August 2016

Management Board
Dennis Dijkstra, Co-CEO
Sjoerd Rietberg, Co-CEO

Condensed Interim Financial Statements 30 June 2016

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION *In thousands of euro*

	Note	At 30 June 2016	At 31 December 2015
Assets			
Cash and cash equivalents		3,782	1,925
Financial assets held for trading	4	5,037,790	3,392,765
Trading receivables	4	876,987	1,161,238
Other receivables		15,183	11,170
Investments available-for-sale		3,516	3,364
Investments in associates		842	808
Property and equipment	9	20,912	22,574
Intangible assets		1,491	1,503
Deferred tax assets		1,902	4,106
Total assets		5,962,405	4,599,453
Liabilities			
Financial liabilities held for trading	4	3,085,176	2,032,994
Trading payables	4	2,534,467	2,183,294
Liabilities at fair value		2,630	2,609
Other liabilities		86,178	119,170
Current tax liabilities		1,463	14,390
Deferred tax liabilities		322	449
Total liabilities		5,710,236	4,352,906
Equity			
	10		
Share capital		4,653	4,653
Share premium		151,419	150,826
Retained earnings		79,390	74,024
Currency translation reserve		17,050	17,710
Fair value reserve		(343)	(666)
Total equity		252,169	246,547
Total equity and liabilities		5,962,405	4,599,453

The notes on pages 16 to 22 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *In thousands of euro*

For the six months ended 30 June

	Note	2016	2015
Gross trading income		181,621	194,200
Fees related to the trading activities		(27,317)	(28,703)
Net financial expenses related to the trading activities		(21,807)	(18,073)
Net trading income		132,497	147,424
Personnel expenses	6	(45,293)	(85,639)
Depreciation of property and equipment		(3,048)	(2,877)
Amortization of intangible assets		(186)	(239)
Write off of tangible assets	9	(2,595)	(29)
Other expenses	7	(22,061)	(18,587)
Operating expenses		(73,183)	(107,371)
Operating result		59,314	40,053
Result/(impairment) of equity-accounted investees		36	-
Profit before tax		59,350	40,053
Tax expense	8	(7,449)	(9,402)
Profit for the period		51,901	30,651
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		(660)	7,020
Available for sale net changes in fair value		323	(420)
Other comprehensive income for the year (net of tax)		(337)	6,600
Total comprehensive income for the year		51,564	37,251
Earnings per share			
Basic and fully diluted earnings per share ¹		1.12	0.66

¹ The earnings per share over 2015 have been calculated as if it had outstanding shares based on the number of outstanding shares over 2015.

The notes on pages 16 to 22 are an integral part of these condensed interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *In thousands of euro*

	Capital account member A	Capital account member B	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2016	-	-	4,653	150,826	17,710	(666)	74,024	246,547
Profit	-	-	-	-	-	-	51,901	51,901
Total other comprehensive income	-	-	-	-	(660)	323	-	(337)
Total comprehensive income for the period	-	-	-	-	(660)	323	51,901	51,564
Transactions with owners of the Company								
Additional share premium	-	-	-	593	-	-	-	593
Dividends	-	-	-	-	-	-	(46,535)	(46,535)
Total transactions with owners of the company	-	-	-	593	-	-	(46,535)	(45,942)
Balance at 30 June 2016	-	-	4,653	151,419	17,050	(343)	79,390	252,169

	Capital account member A	Capital account member B	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2015	15,000	118,077	-	-	9,600	115	-	142,792
Profit	-	30,651	-	-	-	-	-	30,651
Total other comprehensive income	-	-	-	-	7,020	(420)	-	6,600
Total comprehensive income for the period	-	30,651	-	-	7,020	(420)	-	37,251
Transactions with owners of the Company								
Capital contribution	-	22,165	-	-	-	-	-	22,165
Total transactions with owners of the company	-	22,165	-	-	-	-	-	22,165
Balance at 30 June 2015	15,000	170,893	-	-	16,620	(305)	-	202,208

The notes on pages 16 to 22 are an integral part of these condensed interim financial statements.

	2016	2015
Cash flows from operating activities		
Profit for the period	51,901	30,651
Adjusted for:		
Depreciation of property and equipment	3,048	2,878
Amortization of intangible assets	186	239
Write off of (in) tangible assets	2,595	29
Result/(impairment) of equity-accounted investees (net of tax)	(36)	-
Net financial expenses related to the trading activities	21,807	18,073
Tax expense	7,449	9,402
	-	-
Changes in working capital		
■ (increase)/decrease financial assets held for trading	(1,645,025)	(377,004)
■ (increase)/decrease trading receivables	284,251	(1,934,986)
■ (increase)/decrease other receivables	(2,637)	(1,769)
■ increase/(decrease) financial liabilities held for trading	1,052,182	590,842
■ increase/(decrease) trading payables	351,173	1,645,074
■ increase/(decrease) other liabilities	(32,290)	34,055
■ increase/(decrease) other	646	6,347
Cash flow from business operations	95,250	23,831
Interest paid	(22,025)	(18,470)
Interest received	218	397
Corporate income tax paid	(22,678)	(8,068)
Cash (used in)/provided by operating activities	50,765	(2,310)

CONSOLIDATED STATEMENT OF CASH FLOWS *In thousands of euro*

For the six months ended 30 June

	2016	2015
Cash flows from investing activities		
(Acquisition)/sale investments available for sale	-	-
Investment in associates	-	-
Acquisition of property and equipment	(4,543)	(4,389)
Acquisition of intangible assets	(173)	(112)
Net cash (used in)/provided by investing activities	(4,716)	(4,501)
Cash flows from financing activities		
Financial lease	(481)	(202)
Dividend paid	(46,535)	(11,294)
Capital contributions	2,831	18,177
Net cash (used in)/provided by financing activities	(44,185)	6,681
Effect of movements in exchange rates on cash and cash equivalents	(7)	53
Net change in cash and cash equivalents	1,857	(77)
Changes in cash		
Cash and cash equivalents at opening	1,925	2,322
Cash and cash equivalents at close	3,782	2,245
Changes in cash	1,857	(77)

Notes to the condensed interim financial statements

All amounts in thousands of euro, unless stated otherwise.

1. Reporting entity

Flow Traders N.V. (referred to as the 'Company') is a public limited liability company (*naamloze vennootschap*). It is incorporated under the laws of the Netherlands, having its seat (*statutaire zetel*) in Amsterdam, The Netherlands, having its registered office at Jacob Bontiusplaats 9, 1018 LL Amsterdam, The Netherlands and registered with the Trade Register of the Chamber of Commerce (*Kamer van Koophandel*) under number 34294936.

These condensed interim financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a leading global technology-enabled liquidity provider that specializes in exchange traded products (ETPs). The Group's goal is to be a leading ETP-focused liquidity provider.

The condensed interim financial statements of the Group for the six months period ended 30 June 2016 incorporate financial information of Flow Traders N.V., its controlled entities and interests in associates. The condensed interim financial statements were authorised for issue by the Company's Management Board and the Supervisory Board on 11 August 2016.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2015.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2015.

The balance sheet as per 31 December 2015 includes a reclassification between 'financial assets/liabilities held for trading' to 'investments available for sale' and 'liabilities at fair value'. This reclassification relates to certain positions which classify as available for sale assets. As both position off-set each other the movements the results are recognised directly in profit and loss.

The board report as set out on page 5 to 9 is integral part of these condensed consolidated interim financial statements.

3. Operating segments

The Group has the following regions through which the Group operates via its local subsidiaries in the Netherlands, Romania (together Europe), United States of America (Americas) and Singapore (Asia).

The Group's trading assets and liabilities attributable to each segment are reported to management on the basis of net liquidity. Consequently, the reported total assets in each segment are net of the segment's financial liabilities held for trading and trading payables.

SEGMENT REPORTING

For the six months ended 30 June 2016

	Europe	Americas	Asia	Total
Gross trading income	114,243	48,028	19,350	181,621
Fees related to the trading activities	(17,959)	(6,095)	(3,263)	(27,317)
Net financial expenses related to the trading activities	(12,796)	(6,037)	(2,974)	(21,807)
Net trading income	83,488	35,896	13,113	132,497
Intercompany recharge	11,957	-	-	11,957
Total revenue	95,445	35,896	13,113	144,454
Personnel expenses	(31,342)	(9,024)	(4,927)	(45,293)
Depreciation of property and equipment	(2,054)	(620)	(374)	(3,048)
Amortization of intangible assets	(153)	(10)	(23)	(186)
Write off of (in) tangible assets	(2,595)	-	-	(2,595)
Intercompany recharge	-	(9,602)	(2,355)	(11,957)
Other expenses	(11,304)	(7,923)	(2,834)	(22,061)
Operating expenses	(47,448)	(27,179)	(10,513)	(85,140)
Operating result	47,997	8,717	2,600	59,314
Result/(impairment) of equity-accounted investees	36	-	-	36
Profit before tax	48,033	8,717	2,600	59,350
Tax expense	(3,497)	(3,644)	(308)	(7,449)
Profit for the period	44,536	5,073	2,292	51,901
Assets	182,239	100,415	51,779	334,433
Liabilities	54,556	17,380	10,327	82,263

SEGMENT REPORTING

For the six months ended 30 June 2015

	Europe	Americas	Asia	Total
Gross trading income	126,678	30,348	37,174	194,200
Fees related to the trading activities	(18,239)	(5,291)	(5,173)	(28,703)
Net financial expenses related to the trading activities	(11,704)	(4,078)	(2,291)	(18,073)
Net trading income	96,735	20,979	29,710	147,424
Intercompany recharge	9,308	-	-	9,308
Total revenue	106,043	20,979	29,710	156,732
Personnel expenses	(60,678)	(17,371)	(7,590)	(85,639)
Depreciation of property and equipment	(1,780)	(619)	(478)	(2,877)
Amortization of intangible assets	(140)	(62)	(37)	(239)
Write off of (in) tangible assets	(29)	-	-	(29)
Intercompany recharge	-	(182)	(9,126)	(9,308)
Other expenses	(12,556)	(3,465)	(2,566)	(18,587)
Operating expenses	(75,183)	(21,699)	(19,797)	(116,679)
Operating result	30,860	(720)	9,913	40,053
Result/(impairment) of equity-accounted investees	-	-	-	-
Profit before tax	30,860	(720)	9,913	40,053
Tax expense	(7,718)	-	(1,684)	(9,402)
Profit for the period	23,142	(720)	8,229	30,651
Assets	185,086	93,636	38,724	317,446
Liabilities	82,633	20,867	11,731	115,231

4. Fair values of financial instruments

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation models

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;
- level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data;
- level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of the fair value hierarchy technique is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognized valuation techniques and models (including net present value and discounted cash flow models, Black-Scholes option pricing models and comparisons with similar instruments for which market observable prices exist) for determining the fair value of common and more simple financial instruments that use only observable market data and require little management judgement and estimation. Observable prices or model inputs (including risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations) are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

When the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

Valuation framework

The Group has a control framework with respect to the measurement of fair values. This framework includes a Risk and Mid-Office department which is independent of the Trading department and reports directly to the Management Board. The Risk and Mid-Office department has overall responsibility for independently verifying the results of trading and investment operations and all significant fair value measurements. The daily reconciliation of the positions and prices between the prime brokers and the Trading department is most important.

The prime brokers of the Group provide electronic position statements on a daily basis which are uploaded automatically into the Group's databases. The Group and its prime brokers agreed when files will be available and methods for transmission and communication. All data is normalized by the Group so it can be used in multiple internal systems. The information is mainly used for daily independent reconciliation of positions and prices, resulting in profit and loss accounts.

The following reconciliations are executed on a daily basis:

- reconciliation of the positions - The Risk and Mid-Office department reconciles the positions of the Trading department with information provided by the prime brokers. All differences are reconciled and agreed by the Trading department of the Group and the prime brokers;
- reconciliation of prices - The Risk and Mid-Office department reconciles prices as provided by the Trading Department with those of the prime brokers and/or data from external data vendors required. All differences are reconciled and the Risk and Mid-Office department makes sure that any required follow up action is taken, either by the prime broker or the Trading department. Therefore all prices are checked with independent sources.

Results of these reconciliation processes are communicated and agreed with Heads of Trading, the Risk and Mid-Office department and the Management Board on a daily basis.

a) Financial assets and liabilities held for trading

The Group mainly trades on regulated and active markets. The financial assets and liabilities held for trading are carried at fair value, based whenever possible on quoted market prices, as published by exchanges, market data vendors and prime brokers.

The valuation of trading positions, both the long and the short positions, is determined by referencing to their quoted bid or ask prices from the exchanges at the reporting date. Such financial assets and liabilities are classified as Level 1. For offsetting (delta neutral) positions, the Group uses mid-market prices to determine fair value.

Substantial part of the financial assets and liabilities held for trading are carried at fair value, based on theoretical prices which can differ from quoted market prices. The theoretical prices reflect price adjustments primarily caused by the fact that the Group continuously prices its financial assets and liabilities based on all available information. This includes prices for identical and near-identical positions, as well as the prices for securities underlying the Group's positions, on other exchanges that are open after the exchange on which the financial asset or liability is traded closes. The Group's Risk and Mid-Office department monitors whether all price adjustments based on market observable data can be substantiated. Consequently, such financial assets and liabilities are classified as Level 2.

b) Available-for-sale investments

The fair value of available-for-sale investments is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique based on market observable data and are classified as level 2.

c) Other receivables

The carrying value of other receivables with a maturity of less than one year is assumed to approximate the fair value.

Fair value hierarchy

	At 30 June 2016			
	Level 1	Level 2	Level 3	Total
Long positions in equity securities trading	209,200	4,271,984	-	4,481,184
Mark to market derivatives assets	-	556,606	-	556,606
Financial assets held for trading	209,200	4,828,590	-	5,037,790
Investments available-for-sale	2,630	886	-	3,516
Total long positions	211,830	4,829,476	-	5,041,306
Short positions in equity securities trading	128,832	2,447,795	-	2,576,627
Mark to market derivatives liabilities	-	(508,549)	-	508,549
Financial liabilities held for trading	128,832	2,956,344	-	3,085,176
Liabilities at fair value	2,630	-	-	2,630
Total short positions	131,462	2,956,344	-	3,087,806

	At 31 December 2015			
	Level 1	Level 2	Level 3	Total
Long positions in equity securities trading	233,164	2,299,816	-	2,532,980
Mark to market derivatives assets	64	859,721	-	859,785
Financial assets held for trading	233,228	3,159,537	-	3,392,765
Investments available-for-sale	2,609	755	-	3,364
Total long positions	235,837	3,160,292	-	3,396,129
Short positions in equity securities trading	289,655	1,315,112	-	1,604,767
Mark to market derivatives liabilities	-	428,227	-	428,227
Financial liabilities held for trading	289,655	1,743,339	-	2,032,994
Liabilities at fair value	2,609	-	-	2,609
Total short positions	292,264	1,743,339	-	2,035,603

Due to the short holding period between acquisition and sale, there are no transfers between level 1 and level 2. There are no level 3 positions.

5. Earnings per share

The calculation of the earnings per share has been based on the profit for the first six months attributable to ordinary shareholders and number of ordinary shares outstanding.

The earnings per share over the first six months 2015 have been calculated as if the entity was converted into a public limited liability company and listed, under the assumption that the number of shares outstanding per 30 June 2015 would be equal to 2016.

	For the six months ended 30 June	
	2016	2015
Profit for the six months ended	51,901	30,651
Profit attributable to ordinary shareholders	51,901	30,651
Weighted average number of shares		
Issued ordinary shares as per 30 June	46,534,500	46,534,500
Earnings per share	1.12	0.66

6. Personnel expenses

	For the six months ended 30 June	
	2016	2015
Wages and salaries	8,850	6,857
Bonuses	32,679	42,514
Social security charges	1,138	868
Recruitment and other employment costs	2,626	2,397
Stock appreciation rights expenses	-	33,002
Personnel expenses	45,293	85,638

7. Other expenses

	For the six months ended 30 June	
	2016	2015
Technology	17,048	12,330
Housing	1,659	1,790
Advisors and assurance	636	874
Regulatory costs	212	336
Fixed exchange costs	2,037	1,777
IPO expenses	-	798
Various expenses	469	682
Other expenses	22,061	18,587

8. Taxation

Tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group's consolidated effective tax rate for the first half year ended 30 June 2016 is 13% (first half year ended 30 June 2015: 23%). The change in effective tax rate was caused mainly by the following factor:

- Certain costs that were settled in 2015 were initially considered non-deductible for tax purposes, but have been approved by the tax authorities to be deductible, resulting a positive one-off benefit on the Group's effective tax rate of approximately 8% over the first six months in 2016, without this one-off the effective tax rate would have been around 20%.

9. Property and equipment

As a result of disposing part of our non-core infrastructure the Company recognised an addition write off of €2.6m during the first half of 2016.

10. Equity

Share capital and share premium

All ordinary shares rank equally with regard to the Company's residual assets. There are no preferred shareholders.

	At 30 June	
	2016	2015
In issue 1 January	46,534,500	-
Member capital converted to shares (conversion to N.V.)	-	-
Total	46,534,500	-

Ordinary shares

Holders of the Company's ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to Company shares held by the Group are suspended.

Total authorized capital of the Company is €10 million consisting of 100 million shares of which currently 46,534,500 shares are issued. The nominal value per share is €0.10 each, and therefore the issued and paid up capital amounts to €4,653,450.

Shares acquired by a group of employees (participants) in 2015 are subject to a lock-up period. When a participant leaves the Company before the end of the lock-up period, the participant must offer any such unreleased shares to the Company at the lower of the price paid by the participant or the market price. During 2015 and 2016, a third-party broker sold shares offered by leaving participants in the market during open periods, resulting in an increase of share premium of €593 thousand over the first six months 2016.

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Revaluation reserve

The revaluation reserve comprises the fair value movements on all investments available for sale of the Group.

Interim Dividends

It is proposed that an interim cash dividend of €0.55 per share will be paid out to shareholders for the financial year 2016, subject to 15% dividend tax (*dividendbelasting*).

11. Other contingent liabilities

Claims

The Group is not involved in any significant legal procedures and/or claims and there are no other contingent liabilities.

Fiscal unity

The Group constitutes a fiscal unity with its fully owned Dutch subsidiaries for Dutch corporate income tax purposes. Moreover, Flow Traders B.V. forms part of a fiscal unity for VAT purposes, covering part of the Dutch Group. All companies in the fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

12. Group entities

SIGNIFICANT SUBSIDIARIES

	Country of incorporation	Ownership interest as per 30 June	
		2016	2015
Flow Traders Holding B.V.	Netherlands	100%	100%
Flow Traders U.S. B.V.	Netherlands	100%	100%
Flow Traders B.V.	Netherlands	100%	100%
Global Connect B.V.	Netherlands	100%	100%
Flow Traders Technologies B.V.	Netherlands	100%	100%
Flow Traders Asia Pte. Ltd.	Singapore	100%	100%
Flow Traders Hong Kong Ltd*	Hong Kong	-	100%
Flow Traders U.S. Holding LLC	United States of America	100%	n/a
Flow Traders U.S. LLC	United States of America	100%	100%
Flow Traders U.S. Institutional Trading LLC	United States of America	100%	n/a
Flow Traders Technologies SRL	Romania	100%	100%

* Entity is liquidated.

Significant restrictions

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which its subsidiaries operate. Please refer to the Capital Management section of this report for more information.

Subsequent events

Subsequent events have been evaluated through the time of issuing these financial statements on 11 August 2016.

No material subsequent events have occurred since 30 June 2016 that require recognition or disclosure in this year's financial statements.

Review Report

To: the Supervisory Board, the Management Board and Shareholders of Flow Traders N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Flow Traders N.V., Amsterdam, as set out on pages 10 to 22, that comprise the condensed consolidated statement of financial position as at June 30, 2016, the condensed consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and the notes, comprising a summary of the significant accounting policies and other explanatory information. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including Standard 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at and for the six month period ended June 30, 2016 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the European Union.

The Hague, August 11, 2016

Ernst & Young Accountants LLP
signed by Tom de Kuyper

This document contains “forward-looking statements” which relate to, without limitation, our plans, objectives, strategies, future operational performance, and anticipated developments in the industry in which we operate. These forward-looking statements are characterized by words such as “anticipate”, “estimate”, “believe”, “intend”, “plan”, “predict”, “may”, “will”, “would”, “should”, “continue”, “expect” and similar expressions, but these expressions are not the exclusive means of identifying such statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause circumstances or our actual results, performance or achievements to be materially different from any future circumstances, results, performance or achievements expressed or implied by such statements. Such factors include, among other things, reduced levels of overall trading volume and lower margins; dependence upon prime brokers, ETP issuers, trading counterparties, CCPs and custodians; losing access to an important exchange or other trading venue; occurrence of a systemic market event; incurrence of trading losses; failures or disruption of our trading platform or our or third-party technical infrastructure; risks associated with operational elements of our business and trading generally; ineffective risk management systems, processes and strategies; intense competition in our business; dependence on continued access to sources of liquidity; capacity constraints of computer and communications systems; dependence on third-party software, infrastructure or availability of certain software systems; damage to our reputation and the reputation of our industry; loss of key staff or failure to attract and retain other highly skilled professionals; changes to applicable regulatory requirements; compliance with applicable laws and regulatory requirements, including those specific to our industry; enhanced media and regulatory attention and its impact upon public perception of us or of companies in our industry; and other risks.

The forward-looking statements contained in this document are based on assumptions, beliefs and expectations that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure you that such expectations will prove to be correct. Given the risks and uncertainties associated with forward-looking statements, you are cautioned not to place undue reliance on such forward-looking statements.

Such forward-looking statements speak only as of the date on which they are made. Accordingly, other than as required by applicable law or the rules of the stock exchange on which our securities are listed, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. Any forward-looking statements should not be regarded as a representation or warranty by us or any other person with respect to the achievement of the results set out in such statements or that the underlying assumptions used will in fact be the case. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected.

Statements regarding the market, industry and trends, including ETP Assets under Management in certain markets, ETP Value Traded in certain markets and Flow Traders’ competitive position are based on outside data and sources.

F L O W ■ T R A D E R S

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