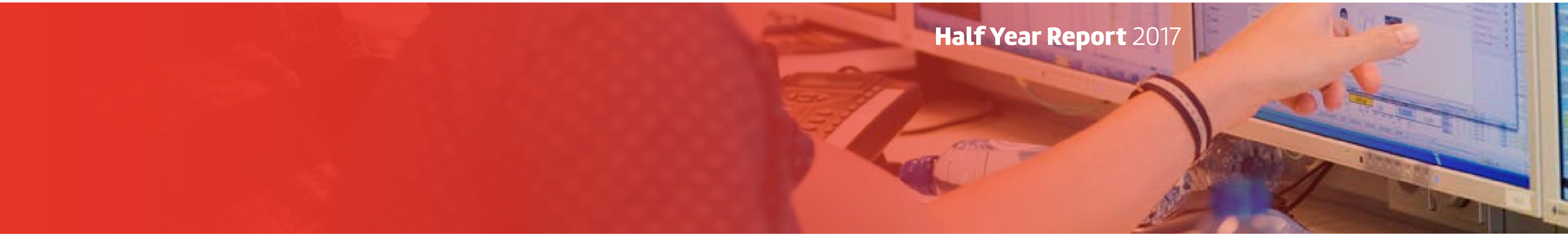
FLOW TRADERS



Half Year Report 2017

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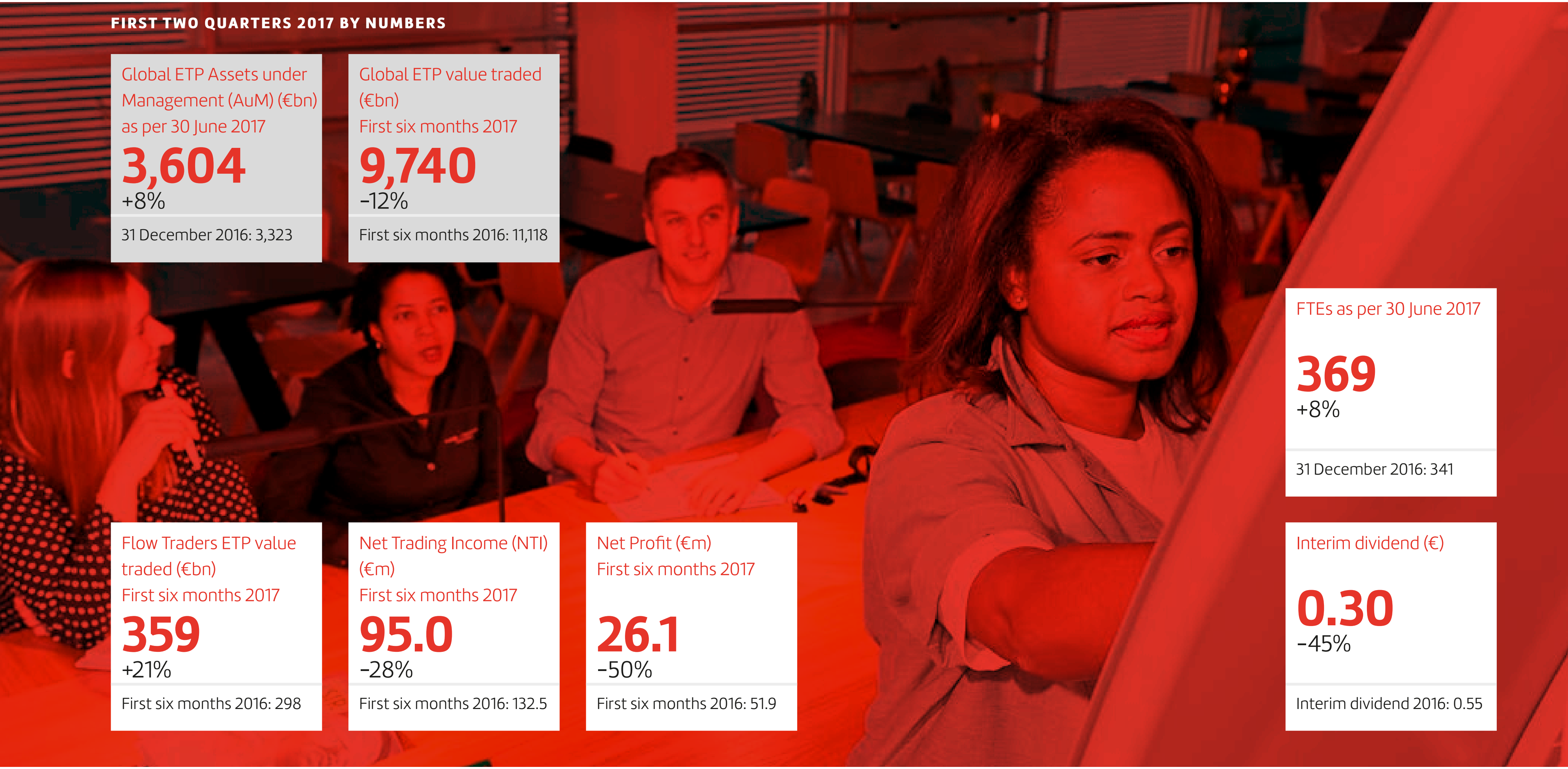


FIRST TWO QUARTERS 2017 BY NUMBERS

Global ETP Assets under Management (AuM) (€bn) as per 30 June 2017
3,604
+8%
31 December 2016: 3,323

Global ETP value traded (€bn) First six months 2017
9,740
-12%
First six months 2016: 11,118

FTEs as per 30 June 2017
369
+8%
31 December 2016: 341

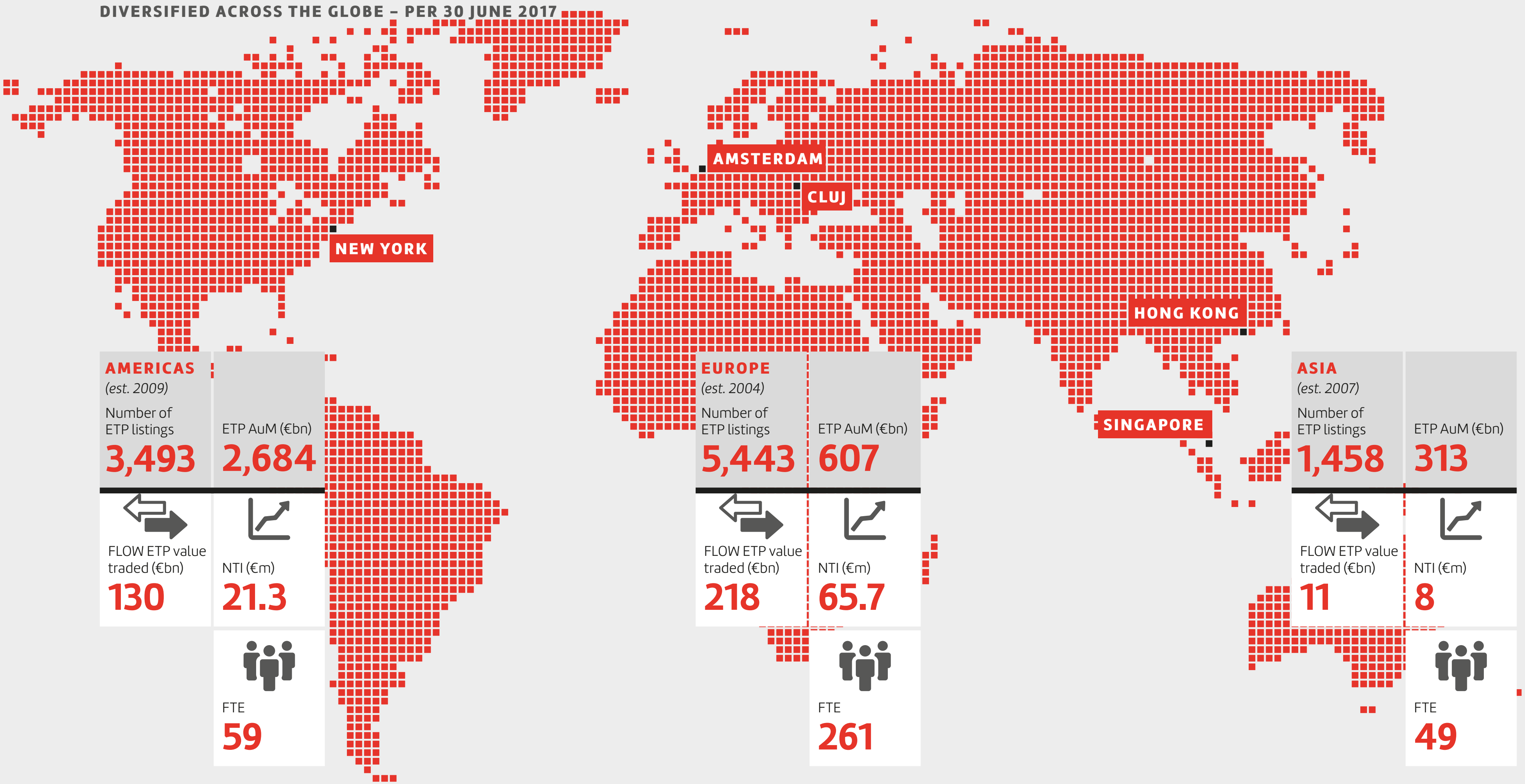
Flow Traders ETP value traded (€bn) First six months 2017
359
+21%
First six months 2016: 298

Net Trading Income (NTI) (€m) First six months 2017
95.0
-28%
First six months 2016: 132.5

Net Profit (€m) First six months 2017
26.1
-50%
First six months 2016: 51.9

Interim dividend (€)
0.30
-45%
Interim dividend 2016: 0.55

Flow Traders at a Glance



Profile

Who we are

We are a leading global technology-enabled liquidity provider, specialized in Exchange Traded Products (ETPs). 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. We are a highly profitable and cash generative growth company that continues to invest in its team, technology, products and strategies because we are confident in our future.

What we do

As a technology company operating in a financial services industry, we use our proprietary technology platform 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 across all regions. Liquidity provision makes markets more efficient and transparent, promoting better execution quality and lower overall trading costs for market participants.

As a principal trading firm, we trade for our own account and own risk 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 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. 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 first six months of 2017 were characterized by very slow market conditions with trading activity globally at its lowest point in over a decade. In these challenging market conditions, the underlying growth drivers in the ETP market remained intact, as the ETP market continued to grow further to €3,604 billion in Global Assets Under Management (31 December 2016 €3,323bn) while the number of ETP listings continued to grow to well over 10,000. Due to the market sentiment and lackluster investor activity, spreads tightened as the volumes traded overall came down and more of the trading activity was focused on the higher liquid products, impacting the profit pool available in the markets.

Due to the low volatility in the market and the growth in the ETP Assets under Management, velocity slowed down as well, consistent with the drop in volumes traded.

Flow Traders

Despite the slowdown in ETP value traded, Flow Traders delivered a resilient performance, as we continued to focus on improving our operational efficiency. We improved the performance of our technology platform, onboarded more counterparties and further developed our operational excellence.

We also announced some major strategic steps to warrant global growth of Flow Traders in the future. We decided to seriously investigate setting up an FX infrastructure, which will enable us to optimize internal FX flows and becoming a market maker in various currencies. That market increasingly has shown signs of further electronification and offers as such opportunities for liquidity providers like Flow Traders. We also announced the opening of a new office in Hong Kong, as part of our strategic rollout to improve our presence and performance in Asia. In the US, we are on the verge of further rolling out the off-exchange trading setup completely after having completed the first trial period with a number of counterparties.

Our costs developed as planned and we are still investing as the underlying growth drivers still develop as expected. As always, balance sheet management remains high on our agenda and our capital positions remained well above the regulatory requirements.

Pricing

Pricing ETPs accurately

Being able to accurately price the ETPs in which we provide liquidity in is vital to the success of our business. Get it wrong, and we lose money or a trade goes to a competitor. 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. We achieve this using pre-set hedging strategies, which (where possible) instantly reduce our market exposure, creating a market-neutral position. And it’s these hedging strategies that enable us to trade

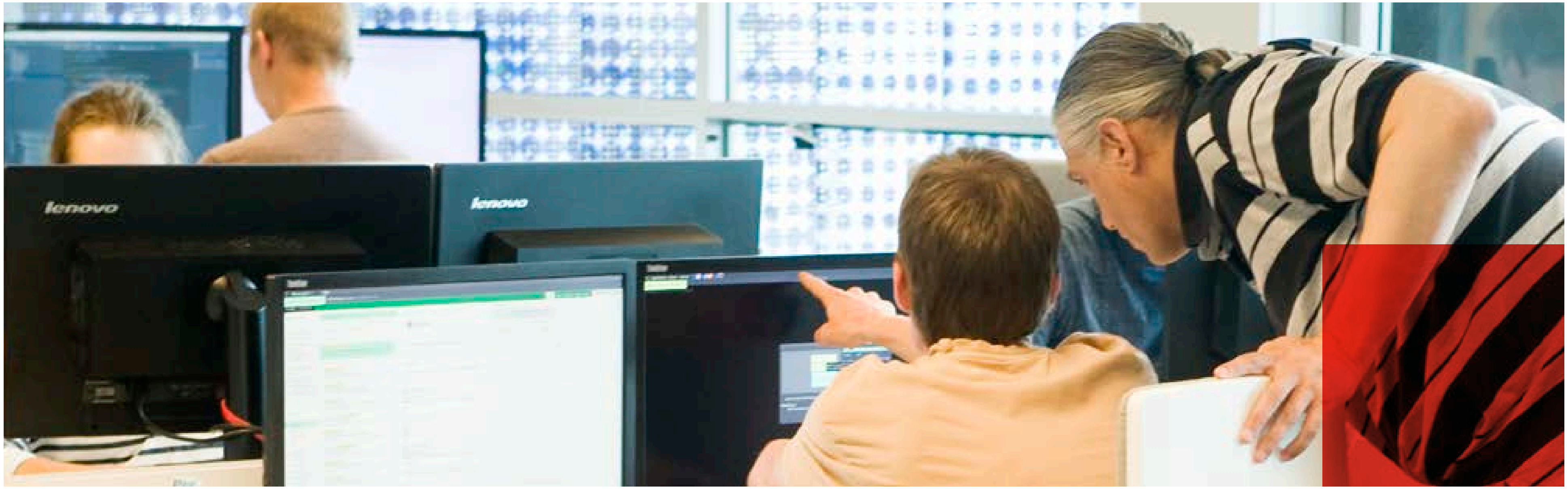
ETPs in such a way that our Net Trading Income is unaffected by any price movements of the underlying or related securities.

Cutting edge proprietary technology platform

We are a technology-driven liquidity provider in financial products. Technology lies at the heart of the 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 over 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.

In the first six month of 2017 our total technology expenses grew 11% compared to the first six months of 2016 to support the improvements in our infrastructure and the growth in number of trading venues. In total our technology expenses were 41% of the total fixed expenses in the first six months of 2017. Excluding salaries this would be 63%, showing our focus on technology as part of Flow Traders' business model.



Our Risk Management

Flow Traders is designed to be risk-averse and risk-aware. We are intensely focused on risk management. We aim to keep our net exposure and market risk as small as possible by hedging exposure fully, and where possible, perfectly and instantaneously at all times. We monitor our activities on a real-time, fully automated basis using our robust risk management framework. As a result of this, over the first six months of 2017 we had no days in which daily Net Trading Income was negative (loss days).

Organization

Our trading professionals, who closely monitor our trading system, together with our Global Heads of Trading, are our first line of defense. Our Risk and Mid-Office, Compliance, Finance and Internal Audit departments serve as other internal multiple lines of defense. We maintain a strict segregation of duties, where Risk and Mid-Office, Compliance and Finance are separate departments, each reporting individually to our Management Board. In addition, trading venues and our prime brokers provide various risk controls, monitoring, and data we can use to reconcile our own records, while our regulators and other professional parties query us from time to time in respect of, among other things, our processes and risk controls.

We have a four-eyes approach, which means that every trading desk is staffed by at least two traders, at least one of whom is a senior trader, to monitor each other's trading. Our Heads of Trading supervise our trading activities closely during the trading day.

We also use our remuneration model to promote risk awareness and responsible trading. Individual variable remuneration is dependent on the contribution to the success of Flow Traders as a whole, thereby discouraging a culture of 'star' behavior. It fosters collaboration and teamwork, instead of focusing on individual trading profitability (in the case of traders). Deferred variable remuneration acts as a first loss tranche to compensate for any operating loss in the subsequent years, before such loss would impact shareholder equity, serving as a powerful incentive for risk-awareness and prudent trading behavior. In addition, a number of employees were invited to invest in Flow Traders in the past at fair value, using their own net worth, which, together with the lock-up attached to those shares, should align their interests with the long-term future of the company.

Our trading strategies are designed to be non-directional, non-speculative and market-neutral. This means we aim to limit net exposure on the products we trade: we have no opinion on what the market does, and market movements do not affect the profit or loss on our positions. In addition, we maintain our policy of hedging our trades fully and, where possible, perfectly and instantaneously at all times. We hedge our positions in order to minimize net exposure and market risk. The vast majority of our trades are relatively small in size, further limiting trading risks.

Risk committee and reporting

The Management Board determines our risk appetite and provides guidelines for overall risk management. The Risk and Mid-Office department proposes policies to govern and monitor specific risk areas which need to be approved by the Management Board. Risk management is carried out under policies approved by the Management Board.

Members of our capital management team and our Trading and Risk and Mid-Office departments work closely together to ensure that the risks we take are in line with the company's strategy as determined by the Management

Board (e.g. in terms of the products traded, positions, markets and their characteristics, the factors of which are continuously assessed given market circumstances and our trading portfolio at that time). The Risk and Mid-Office department independently assesses, monitors, quantifies and documents possible risks, which are inherent to trading in an automated environment. Our risk management framework is robust and transparent, capturing risks which are relevant to our business. We continuously reassess the limits set and methodologies used in our risk management framework.

Risk information is reported to the Global Head of Risk and Mid-Office, Heads of Trading and Management Board on a daily basis. An escalation process is in place in the event a material issue arises and any relevant steps and decisions are well-documented. The Risk and Mid-Office department also defines and assesses possible scenarios, and plans accompanying mitigating actions. In every office there are dedicated risk departments present that have (at least) weekly calls with all risk team members. Our risk team members regularly rotate roles to disseminate knowledge, serve as a fresh pair of eyes, and be able to manage risk in all offices from every location in a consistent manner.

We have a standing risk committee that continuously assesses the risks we face in our business, comprised of our Global Head of Risk and Mid-Office and our Global Head of Trading. Aside from ongoing ad-hoc communication, there are recurring meetings in which they discuss all relevant position limits, strategies, procedures, capital requirements and other requirements of prime brokers and market developments. Any major changes to our risk systems, strategies and limit setting must subsequently be approved by the Management Board. In addition, the Trading and Risk Committee of the Supervisory Board include supervision and monitoring, as well as advising the Management Board on the operation of our internal risk management and control systems. The Trading and Risk Committee is also responsible for providing advice to the Management Board on the company's development, performance and sustainability of its trading strategies. It maintains regular contact with the company's Trading and Risk and Mid-Office departments and reports periodically to the Supervisory Board.

'Our risk management framework is robust and transparent'

Following a review of the company's risk assessment processes, the monitoring of the company's internal risk management and control systems has been identified as a priority and as a joint responsibility of the Supervisory Board and all committees. The members of the Supervisory Board have agreed that the Supervisory Board and each committee monitors risks identified as relevant to their specific area of expertise. This means that the relevant items set out in chapter 1.4 of the Dutch Corporate Governance Code have been discussed by the Supervisory Board and all committees.

Pursuant to our risk management policies, our automated management information systems generate reports in real-time on a daily basis. These reports include risk profiles, profit and loss analyzes and trading performance reports. Some reports are processed immediately and others require intermediate checks by our Risk and Mid-Office department. All of these reports are shared with our global Risk and Mid-Office team and management to comply with our four-eyes principle. Our assets and liabilities are marked-to-market daily by reference to official exchange prices, and they are re-valued continuously throughout the trading day for risk management and asset/liability management purposes.

Selected risks and how we address them

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. 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 central 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 multi-layered 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 being 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 orders) on one trading desk in respect of trading a single financial instrument, followed by more extensive testing across multiple desks and/or trading multiple financial instruments. Each step, and progression through the steps, is documented.

Flow Traders has a monitoring system in place to control undisrupted 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 in 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 the 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 more than 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.

Laws and regulations, including tax laws, are subject to change or can be interpreted differently in practice over time. While we believe we are well-positioned to address and implement new or changing regulations in general, and while we spend considerable resources to anticipate and implement new or changing regulations, we typically cannot (fully) assess what the impact of such regulations will eventually be in practice. New regulations or revised interpretations of regulations 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 regularly subject of 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 US and a member of FIA Asia. These are 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 regulations, including CRD IV/CRR, MiFID II, Reg AT and market regulations. 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 5:25d of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) we state that according to the best of our knowledge:

- the interim financial statements present a true and fair view of the assets, the liabilities, the financial position and profit or loss 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 information required pursuant to article 5:25d paragraph 8 and 9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Amsterdam, 27 July 2017

Management Board
Dennis Dijkstra, Co-CEO
Sjoerd Rietberg, Co-CEO
Marcel Jongmans, CFO

Condensed Consolidated Interim Financial Statements 30 June 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *In thousands of euro*

	Note	At 30 June 2017	At 31 December 2016
Assets			
Cash and cash equivalents		3,047	2,736
Financial assets held for trading	4	3,860,339	4,611,770
Trading receivables	4	194,556	1,127,374
Other receivables		10,218	12,307
Investments available-for-sale		4,725	4,640
Investments in associates		1,324	1,343
Property and equipment	9	23,717	21,597
Intangible assets		1,542	1,570
Current tax assets		3,731	742
Deferred tax assets		3,430	5,592
Total assets		**4,106,629**	**5,789,672**
Liabilities			
Financial liabilities held for trading	4	2,186,877	2,279,392
Trading payables	4	1,598,178	3,119,212
Liabilities at fair value		3,294	3,281
Other liabilities		57,512	109,836
Current tax liabilities		2,296	7,587
Deferred tax liabilities		274	273
Total liabilities		**3,848,431**	**5,519,581**
Equity	9		
Share capital		4,653	4,653
Share premium		152,456	152,456
Retained earnings		87,415	93,887
Currency translation reserve		14,018	19,533
Fair value reserve		(344)	(438)
Total equity		**258,198**	**270,091**
Total equity and liabilities		**4,106,629**	**5,789,672**

The notes on pages 18 to 24 are an integral part of these condensed consolidated interim financial statements.

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

	Note	For the six months ended 30 June 2017	2016
Gross trading income		156,047	181,621
Fees related to the trading activities		30,636	27,317
Net financial expenses related to the trading activities		30,438	21,807
Net trading income		**94,973**	**132,497**
Personnel expenses	6	33,241	45,293
Depreciation of property and equipment		3,234	3,048
Amortization of intangible assets		178	186
Write off of tangible assets		22	2,595
Other expenses	7	26,508	22,061
Operating expenses		**63,183**	**73,183**
Operating result		**31,790**	**59,314**
Result/(impairment) of equity-accounted investees		17	36
Profit before tax		**31,807**	**59,350**
Tax expense	8	5,707	7,449
Profit for the period		**26,100**	**51,901**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - foreign operations		(5,515)	(660)
Available for sale net changes in fair value		94	323
Other comprehensive income for the year (net of tax)		**(5,421)**	**(337)**
Total comprehensive income for the year		**20,679**	**51,564**
Earnings per share			
Basic and fully diluted earnings per share		0.56	1.12

The notes on pages 18 to 24 are an integral part of these condensed consolidated interim financial statements.

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

	Share capital	Share premium	Currency translation reserve	Fair value reserve	Retained earnings	Total
Balance at 1 January 2017	**4,653**	**152,456**	**19,533**	**(438)**	**93,887**	**270,091**
Profit	–	–	–	–	26,100	26,100
Total other comprehensive income	–	–	(5,515)	94	–	(5,421)
Total comprehensive income for the period		**–**	**(5,515)**	**94**	**26,100**	**20,679**
Transactions with owners of the Company						
Dividends	–	–	–	–	(32,572)	(32,572)
Total transactions with owners of the company	**–**	**–**	**–**	**–**	**(32,572)**	**(32,572)**
Balance at 30 June 2017	**4,653**	**152,456**	**14,018**	**(344)**	**87,415**	**258,198**

	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**

The notes on pages 18 to 24 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS *In thousands of euro*

	For the six months ended 30 June	
	2017	**2016**
Cash flows from operating activities		
Profit for the period	26,100	51,901
Adjusted for:		
Depreciation of property and equipment	3,234	3,048
Amortization of intangible assets	178	186
Write off of (in)tangible assets	22	2,595
Result/(impairment) of equity-accounted investees (net of tax)	(17)	(36)
Net financial expenses related to the trading activities	30,438	21,807
Tax expense	5,707	7,449
Changes in working capital		
■ (increase)/decrease financial assets held for trading	751,431	(1,645,025)
■ (increase)/decrease trading receivables	932,818	284,251
■ (increase)/decrease other receivables	2,089	(2,637)
■ increase/(decrease) financial liabilities held for trading	(92,515)	1,052,182
■ increase/(decrease) trading payables	(1,521,034)	351,173
■ increase/(decrease) other liabilities	(51,959)	(32,290)
■ increase/(decrease) other	(4,987)	646
Cash flow from business operations	**81,505**	**95,250**
Interest paid	(30,438)	(22,025)
Interest received	–	218
Corporate income tax paid	(11,825)	(22,678)
Cash (used in)/provided by operating activities	**39,242**	**50,765**

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS *In thousands of euro*

	For the six months ended 30 June	
	2017	**2016**
Cash flows from investing activities		
(Acquisition)/sale investments available for sale	–	–
Investment in associates	–	–
Acquisition of property and equipment	(5,781)	(4,543)
Acquisition of intangible assets	(158)	(173)
Net cash (used in)/provided by investing activities	**(5,939)**	**(4,716)**
Cash flows from financing activities		
Financial lease	(365)	(481)
Dividend paid	(32,572)	(46,535)
Capital contributions	–	2,831
Net cash (used in)/provided by financing activities	**(32,937)**	**(44,185)**
Effect of movements in exchange rates on cash and cash equivalents	(55)	(7)
Net change in cash and cash equivalents	**311**	**1,857**
Changes in cash		
Cash and cash equivalents at opening	2,736	1,925
Cash and cash equivalents at close	3,047	3,782
Changes in cash	**311**	**1,857**

Notes to the condensed consolidated 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, and 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 consolidated 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 consolidated interim financial statements of the Group for the six months period ended 30 June 2017 incorporate financial information of Flow Traders N.V., its controlled entities and interests in associates. The condensed consolidated interim financial statements were authorised for issue by the Company's Management Board and the Supervisory Board on 27 July 2017.

2. *Basis of preparation*

These condensed consolidated 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 2016.

The accounting policies applied in these condensed consolidated 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 2016.

The board report as set out on page 5 to 11 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 and Hong Kong (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 2017

	Europe	Americas	Asia	Total
Gross trading income	98,336	44,636	13,075	156,047
Fees related to the trading activities	17,994	10,155	2,487	30,636
Net financial expenses related to the trading activities	14,665	13,141	2,632	30,438
Net trading income	**65,677**	**21,340**	**7,956**	**94,973**
Intercompany recharge	2,526		–	2,526
Total revenue	**68,203**	**21,340**	**7,956**	**97,499**
Personnel expenses	21,695	7,916	3,630	33,241
Depreciation of property and equipment	2,054	765	415	3,234
Amortization of intangible assets	147	14	17	178
Write off of (in) tangible assets	1	–	21	22
Intercompany recharge	–	2,193	333	2,526
Other expenses	12,571	10,215	3,722	26,508
Operating expenses	**36,468**	**21,103**	**8,138**	**65,709**
Operating result	**31,735**	**237**	**(182)**	**31,790**
Result/(impairment) of equity-accounted investees	17	–	–	17
Profit before tax	**31,752**	**237**	**(182)**	**31,807**
Tax expense	5,627	83	(3)	5,707
Profit for the period	**26,125**	**154**	**(179)**	**26,100**
Assets	**214,707**	**73,746**	**34,914**	**323,367**
Liabilities	**42,486**	**16,916**	**5,766**	**65,168**

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	11,30	7,923	2,83	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**

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 valuated 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 valuated 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 2017
	Level 1	Level 2	Level 3	Total
Long positions in equity securities trading	134,142	3,710,908	–	3,845,050
Mark to market derivatives assets	–	15,289	–	15,289
Financial assets held for trading	**134,142**	**3,726,197**	**–**	**3,860,339**
Investments available-for-sale	–	4,725	–	4,725
Total long positions	**137,436**	**3,727,628**	**–**	**3,865,064**
Short positions in equity securities trading	139,872	2,043,550	–	2,183,422
Mark to market derivatives liabilities	–	3,455	–	3,455
Financial liabilities held for trading	**139,872**	**2,047,005**	**–**	**2,186,877**
Liabilities at fair value	–	3,294	–	3,294
Total short positions	**143,166**	**2,047,005**	**–**	**2,190,171**

Our Net Trading Capital (including cash, trading payables and trading receivables) amounted €273 million per 30 June 2017.

	Level 1	Level 2	Level 3	Total
				At 31 December 2016
Long positions in equity securities trading	255,133	4,336,440	-	4,591,573
Mark to market derivatives assets	-	20,197	-	20,197
Financial assets held for trading	**255,133**	**4,356,637**	**-**	**4,611,770**
Investments available-for-sale	-	4,640	-	4,640
Total long positions	**255,133**	**4,361,277**	**-**	**4,616,410**
Short positions in equity securities trading	431,282	1,848,110	-	2,279,392
Mark to market derivatives liabilities	-	-	-	-
Financial liabilities held for trading	**431,282**	**1,848,110**	**-**	**2,279,392**
Liabilities at fair value	-	3,281	-	3,281
Total short positions	**431,282**	**1,851,391**	**-**	**2,282,673**

Our Net Trading Capital (including cash, trading payables and trading receivables) amounted €343 million per 31 December 2016.

Due to the short holding period between acquisition and sale, there are no significant 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.

EARNINGS PER SHARE	For the six months ended 30 June	
	2017	2016
Profit for the six months ended	26,100	51,901
Profit attributable to ordinary shareholders	**26,100**	**51,901**
Weighted average number of shares		
Issued ordinary shares as per 30 June	**46,534,500**	**46,534,500**
Earnings per share	**0.56**	**1.12**

6. *Personnel expenses*

	For the six months ended 30 June	
	2017	2016
Wages and salaries	11,069	8,847
Bonuses	17,347	32,678
Social security charges	1,325	1,138
Recruitment and other employment costs	3,499	2,630
Personnel expenses	**33,241**	**45,293**

7. *Other expenses*

	For the six months ended 30 June	
	2017	2016
Technology	18,766	17,048
Housing	1,963	1,659
Advisors and assurance	925	636
Regulatory costs	757	212
Fixed exchange costs	2,298	2,037
Various expenses	1,799	469
Other expenses	**26,508**	**22,061**

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 2017 is 17.9% (first half year ended 30 June 2016: 13%). This percentage is impacted by the partition of the profit before tax between the underlying regions.

9. *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	
	2017	2016
In issue 1 January	46,534,500	46,534,500
Total number of shares	**46,534,500**	**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 the first six months of 2017 no employees part of this plan have left the company.

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 €0.30 per share will be paid out to shareholders for the financial year 2017, subject to 15% dividend withholding tax (*dividendbelasting*).

10. *Other contingent liabilities*

Claims

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

11. *Group entities*

SIGNIFICANT SUBSIDIARIES	Country of incorporation	Ownership interest as per 30 June	
		2017	2016
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%	100%
Flow Traders U.S. LLC	United States of America	100%	100%
Flow Traders U.S. Institutional Trading LLC	United States of America	100%	100%
Flow Traders Technologies SRL	Romania	100%	100%

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.

Related party transactions

No material related parties transactions have taken place in the first six months of the year.

Subsequent events

Subsequent events have been evaluated through the time of issuing these financial statements on 27 July 2017.

No material subsequent events have occurred since 30 June 2017 that require recognition or disclosure in this condensed consolidated interim 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 12 to 24, that comprise the condensed consolidated statement of financial position as at 30 June 2017, 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 30 June 2017 are not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*, as adopted by the European Union.

The Hague, 27 July 2017

Ernst & Young Accountants LLP
signed by T. de Kuijper

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 inside and outside data and sources.

FLOW TRADERS

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