IT Competence Group S.E.
Waalre

Annual report 2016

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To our Shareholders

2016 - Another year of progress and achievement

The IT Competence Group started the first half year 2016 with a significant increase of revenues and earnings. As we started a new offensive for future growth in Q3, our figures were stressed by the investment in further upgrading staff. We are convinced that we will only achieve our vision with excellent employees. And our vision is still clear. IT Competence Group wants to be the most trusted partner for our customers by consistently delivering excellence - bringing together the knowledge, expertise and skills of our people from across our network.

In the focus of our daily business are people - on one hand our customers and on the other hand our employees. On both sides we continue to face challenging market conditions. While the world IT market is still growing rapidly, the business landscape in our sector is demanding and the employment market is very tight. A real challenge with a lot of chances for us! Our commercial expertise and global scale, including a strong presence in Germany, helps us maximize the value of our marketed brands in our main service areas. At the same time we will steadily evaluate the risks occurring in the rapidly changing IT market.

Revenue from the sale of our IT services generates cash flow, which helps us fund business investment. It also enables us to meet our debt service obligations. This involves balancing the interests of our business, financial creditors and shareholders.

Before closing, and on behalf of the Board, we want to thank the employees of IT Competence Group for their individual contribution in 2016. We and our fellow Supervisory Directors remain strongly convinced of the potential for your company. We believe that IT Competence Group SE has the right strategy, a strong customer base and the right skills for it to achieve its true potential. Looking back, it has been a year of progress and achievement. We now look forward to 2017 with confidence based on the existing programs in which we are engaged and the depth of order backlog we have secured. At the same time we emphasize that 2017 will be a year of transition and further growth is expected in 2018.

Waalre, June 2, 2017

Robert Käß	Wolfgang Wagner
Managing Director	Managing Director

Fiscal year 2016 at a glance

Total Revenues
2016 € 24.8m
2015 € 24.4m

Gross Margin
2016 € 16.7m
2015 € 15.8m

EBIT
2016 € -0.2m
2015 € 0.9m

Result after Tax
2016 € -0.3m
2015 € 0.5m

TOTAL assets
2016 € 8.5m
2015 € 8.9m

The Company

IT Competence Group SE acts as a holding company for growth-oriented IT service companies. It combines a maximum of entrepreneurial freedom for its subsidiaries with the advantages of a publicly listed group to support them in gaining a leading position in their respective markets. Currently, the Group's operational business is based in Germany. In line with a buy and build strategy, the holding focuses on the acquisition, development and administration of the individual companies. The strategic objective of IT Competence Group SE is to offer its customers ideal solutions for their information technology requirements and to offer comprehensive support in the planning and
implementation of the latest technologies.

In a complex and constantly changing market environment we possess the necessary technical and personnel know-how enabling us to offer our clients all required services from a single source.

Therefore, we trust especially in the advancement and cooperation of strong independent subsidiary companies under the umbrella of the Holding in order to realise extensive synergies for our customers. The services of IT Competence Group SE unburden our clients from worrying about IT problems and allow them to focus on optimising their core business.

Within the group we aim at a continuous advancement of each individual subsidiary company, fostered by continued cooperation with the existent management and a financial participation of the management in the company.

Our subsidiaries include:

ITCG AG (formally known as Human Internet CONSULT AG) is a subsidiary of IT Competence Group SE since October 31, 2006. ITCG AG is an IT consultancy with its registered office in Munich. The company with offices in Munich, Mainz, Ludwigsburg, Hürth, Bielefeld and Karlsruhe is active throughout Germany mainly in the areas of IT processes, IT organisation, IP convergence and IT security.

net on AG is a subsidiary of IT Competence Group SE since June 2011. The net on AG is an IT-service provider. With dedicated resources, net on AG offers a comprehensive range of IT solution packages. The company is equipped to fully manage the technology infrastructure or provide any level of support to augment the existing staff.

DeskSite GmbH is a subsidiary of IT Competence Group SE since June 2007. DeskSite is a young IT service company with its registered office in Munich. After a strategic repositioning, the company's focus is now on employee services.

Sinnwell AG is a subsidiary of IT Competence Group SE since September 2013. The company is active throughout Germany mainly in the telecommunications industry.

proMX is situated in Nürnberg (Germany) and its focus is business software applications. IT Competence Group SE holds a majority share in proMX GmbH since 2015.

Management

IT Competence Group SE is organised as a SE company under Dutch law with a two-tier board structure. The company's management consists of a Management Board ("Raad van Bestuur") and a Supervisory Board ("Raad van Commissarissen"). Furthermore, each subsidiary has a local management team.

o Board of Directors

Robert Käß

Robert Käß joined the Management Board of IT Competence Group SE in November 2008. He is also one of the founding partners of the consulting company The ACON Group SE. He founded AdVal Capital Management AG in 1998, a Munich-based consulting company specialised in the field of finance. In his capacity as CEO of AdVal he invested in several technology companies and advised six companies on their way to IPO. He started his career as a management consultant with KPMG. Robert Käß holds a Master in Business Administration from LMU in Munich.

Wolfgang Wagner

Wolfgang Wagner joined the Management Board of IT Competence Group SE in November 2016. He started his career at Dresdner Bank and worked for several years as a consultant and business analyst in the financial market. Subsequently he gained a broad experience of all belongs of a service company working for several years with a publisher. Wolfgang Wagner holds a Master in Business Administration from LMU in Munich as well as a special degree as chief accountant.

- Supervisory Board

Dr. Jens Bodenkamp

Dr Bodenkamp is currently active as a Business Angel. Previously he was Managing Director of the ETF Group Deutschland GmbH, a wholly-owned subsidiary of the globally active venture capital firm ETF Group based in Lugano, Switzerland, responsible for the German language market segment. Previously Dr Bodenkamp directed Intel Corporation's broadband programme in Europe, responsible for strategy, strategic alliances, marketing and targeted investments in the broadband space.

Erich Hoffmann

Mr. Erich Richard Hoffmann is the Founder of ContTect GmbH. He currently serves as a Consulting Engineer and has also successfully supported a number of start-up companies since 2000. In the past Mr. Hoffmann designed test equipment for several applications and introduced inspection systems for CD, CD-R, MO, LD, LCD and MD formats plus physical optical disc checkers.

Shareholder structure

By the end of the fiscal year 2016, the number of shares outstanding was 1,875,000 thereof Navigator Equity Solutions SE, the main shareholder, holds 75.6% of the shares (2015: 75,5%).

Annual Shareholders' Meeting

The Annual General Meeting of IT Competence Group SE for the fiscal year 2015 took place in Waalre, the Netherlands, on July 19, 2016. In total 29.9% of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

Development of Earnings, Asset and Financial Situation

The consolidated financial statement have been prepared in accordance with Title 9 Book 2 of the Netherlands Civil Code.

Earnings situation

- Revenue Development

In the fiscal year 2016, IT Competence Group generated total (net) revenues of 24.8m euros (2015: 24.4m euros). This represents an increase of 1,6%. The Group's total operating costs in the fiscal year 2016 amounted to 16.9m euros (2015: 15.0m euros) an increase of 13.6%.

- Earnings Development

In the fiscal year 2016, IT Competence Group generated a gross margin of 16.7m euros (2015: 15.8m euros). The gross margin increased from 64.8% to 67.3%.

The Group's operating result (EBIT) amounted to -0.2m euros (2015: 0.9m euros). The clear decline was primarily attributable to the investment in further staff preparing future growth. For this the personnel expenses increased from 11.1m euros in 2015 to 13.2m euros in 2016.

Asset Situation

Balance Sheet

As of December 31, 2016, the IT Competence Group balance sheet total amounted to 8.5m euros (December 31, 2015: 8.9m euros).

The group's total fixed assets were unchanged at 3.5m euros (2015: 3.5m euros). Current assets decreased to 5,0m euros (2015: 5.3m euros). Within the current assets, cash and cash equivalents decreased from 3,0m euros in 2015 to 1.2m euros at the end of 2016.

The Group's capital decreased to 0.6m euros (2015: 0.9m euros). The solvency ratio has decreased from 10% in 2015 to 7% in 2016. The company is primarily financed with a subordinated long term loan of 2.8m euros and a long term loan of 0.3m euros, both provided by Navigator Equity Solutions SE.

Current liabilities decreased from 4.9m euros to 4.8m euros, consisting of trade payables amounting to 1.9m euros (2015: 2.1m euros), debt to group companies of 1.1m euros (2015: 1.1m euros) other liabilities of 1.0m euros (2015: 1.2m euros), current tax liability of 0.5m euros (2015: 0.6m euros) and bank overdrafts of 0.3m euros (2015: nil).

The net cash flow over the year was 1.9m euros negative. The liquidity position of 1.2m euros is sufficient to meet future liabilities. The company is fully capable to generate the cash needed for daily business and expansion.

The investments in 2016 amounted to 0.3m euros and relate to the acquisition of client lists of 0.2m euros (intangible fixed assets) and replacement investments of 0.1m euros (tangible fixed assets).

Employees

As of December 31, 2016, the number of employees at IT Competence Group amounted to 202 (2015: 172).

Board Remuneration

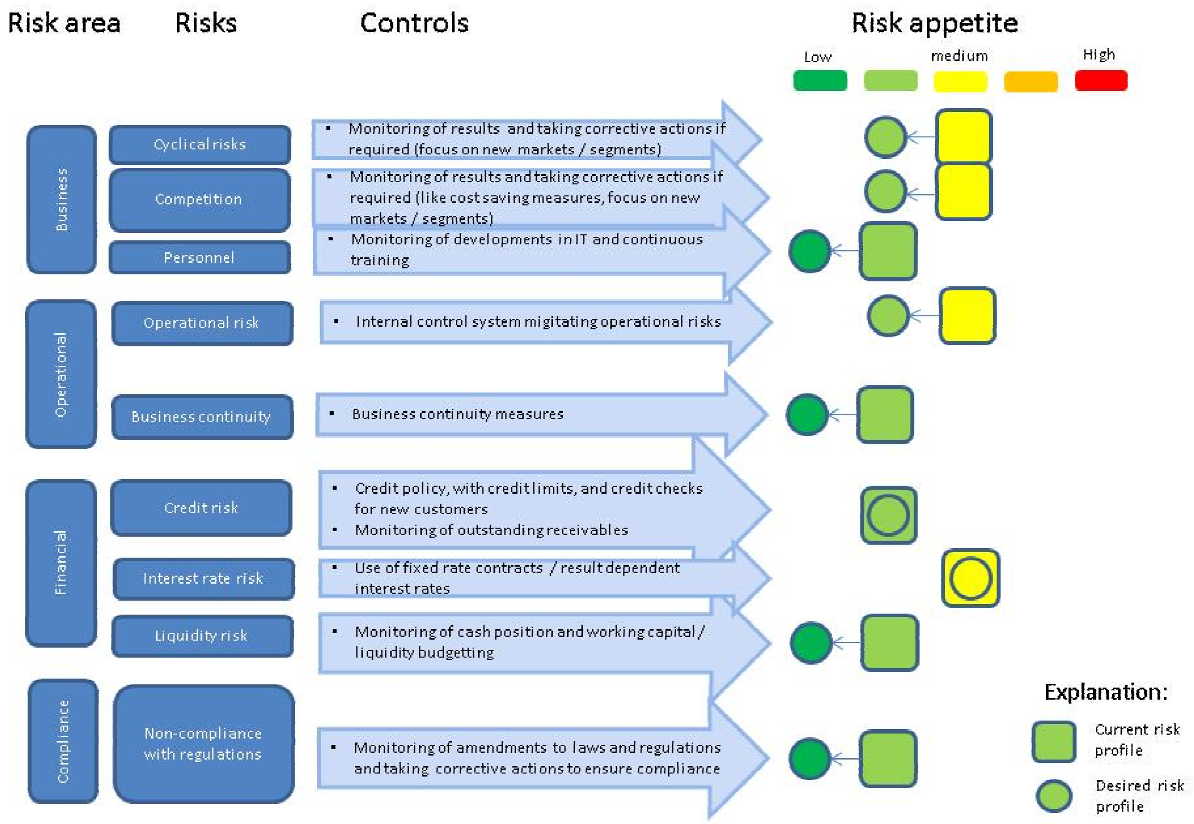
The Board of Directors and management of the operating companies received a competitive remuneration in 2016. Total remuneration amounted to 0.7m euros (2015: 0.7m euros).

Risk management system

IT Competence Group's future business development will always be influenced by both elements of chance and risk. Our risk management system serves to recognise, observe and communicate both chance and risk. This ensures the punctual delivery of information to the relevant decision makers so that the development of suitable measures to both utilise chance and contain risk can be implemented.

IT Competence Group strives for a balance between returns and risks, and continuously assesses where the identified risks also offer opportunities. Managing business risks is a continuous process that is conducted by the Board of Directors and local management. Risks are considered against the backdrop of the adopted strategy. The risk management process is designed to identify potential events that impact the business and the business results and to control risks to ensure that they remain within pre-defined margins. The internal control system offers a reasonable degree of certainty that the business objectives will be realized, is deemed to be in line with the size of the business and is regularly reviewed for improvement and corrective actions.

Risk appetite for significant risks identified
The Board of Directors determines the Company's current risk profile in periodical risk assessments, which is evaluated and compared to its desired risk profile. If the current risk profile exceeds the desired risk profile, action plans are prepared to reduce risk exposure. The table below shows the Company's risk appetite for the significant risks identified.



Cyclical Risks
Customers' demand in the IT market is always dependent on the customers' own business and financial situation and hence also on the general economic development. Currently, the global and German economy is recovering successfully from a deep recession and is expected to generate good growth also for the foreseeable future. This is also reflected in a positive forecast for the development of the IT services market in the coming years. However, there is no guarantee that the current growth is sustainable and there are still a number of significant risks for the future economic development, especially in Europe and Germany. Thus, if the general economic environment should start to deteriorate, this will also have negative effects on the development of the IT services market as well as on the financial and asset situation of the Group.

The Company monitors its cyclical risks and takes corrective actions if required, e.g. by focusing on new markets and segments.

Competition
The IT services market is highly fragmented and characterised by intense competition. Competition for the Group companies arises from a small number of bigger players in the market as well as from a large number of small competitors. Such competition is even boosted by former employees of Group companies going into business for themselves. As in every other market, strong competition is always putting pressure on pricing and margins in the market, thus also affecting the Group's profitability. If the Group companies are not able to prevail in this highly competitive environment there may be adverse effects on the Group's financial and asset situation.

The Company monitors its competitiveness and takes corrective actions if required, e.g. by focusing on new markets and segments and/or taking cost saving measures.

Personnel Risks
The IT business is rapidly changing and evolving new technologies. Thus it is necessary that the technical staff of the Group companies always stays on top of these developments and continuously expands its skills to remain state-of-the art. If the Group companies do not provide for this risk by organising sufficient education and training programs they might lose their competitive capacity, resulting in respectively adverse effects on the Group's financial and asset situation. Currently, the Group's management has no reason to believe that any of the above mentioned
risks represents an acute threat to the Group's continuation.

Operational risks
All internal processes and systems are covered by our internal procedures. Business continuity measures are in place. We expect no financial loss due to failing of these processes.

Financial risks and the use of financial instruments
The Company is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, interest rate risk and liquidity risk. The Company's risk management focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Exposure to credit, interest rate and liquidity risk arises in the normal course of the Company's business:

- Credit risk: The Company has strict policies and procedures in place regarding collecting receivables from debtors.
- Interest rate risk: Interest risk represents the risk of fluctuations in the amounts of interest-bearing loans resulting from changes in the market interest rates. The Company reduces its interest rate risk by entering into fixed rate contracts and contracts with result dependent interest rates.
- Liquidity risk: Looking at the current liquidity position, cash flows, 2017 budget, and business plans for the coming years, management believes that the cash generated will be adequate to secure the continuity of the company's operations. Following the financial statements, the Company's financing structure is healthy. Liquidity and cash flow risks are low.

Compliance risks
Amendments to laws and/or regulations may have a positive or a negative effect on the Company's market activities. The Company monitors amendments to laws and regulations and takes corrective actions to ensure continuous compliance.

Quantification of risks on result and financial position
As the risks identified are difficult to quantify, we were not able to determine the impact of these risks on result and financial position, were the risks to materialize.

Risks and uncertainties which materialized the financial year 2016
There were no significant risks or uncertainties that materialized during 2016.

Improvements to the risk management system
The risk management methodology meets the requirements of the Board of Directors. During the financial year 2016 no changes were made to the risk management system.

Corporate social responsibility

The Company complies to all labor laws and regulations. To ensure the health and safety of employees is, continuous training in work safety is given to all employees.

Research and Development

As an IT-service provider, the Company has limited research and development activities.

Outlook 2017

We expect our revenues and results to increase in 2017 when compared to 2016 due to improved market conditions and as a result of the investments made.

Staff levels are expected to grow in accordance with revenue growth. Investments are expected to be in line with 2016.

IT Competence Group S.E.
Waalre

Internal Control and Management Statement

With due observance of the limitations that are inevitably inherent in any risk management and internal control system, our internal risk management and control systems provide reasonable assurance that our financial reports are free of material misstatement.

Due to staff changes there was insufficient segregation of duties within the payment process during a period of 2016. Investigation showed that this deficiency did not lead to any incidents in 2016. The deficiency was resolved by end of 2016. The other procedures, measures and controls which form the internal control system were adequate and effective in 2016.

The phrase "reasonable assurance" is taken to mean the level of assurance that would be provided by a director acting with due care under the given circumstances. The set of procedures involving the internal risk management and control systems, and the related findings, recommendations and measures have been discussed with the
Supervisory Board and the independent external auditor.

In addition, we declare, based on Article 5.25c Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

o the consolidated financial statements of 2016 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of IT Competence Group SE and its consolidated operations; and

o the management report includes a true and fair review of the position as per 31 December 2016 and of the development and performance during 2016 of IT Competence Group SE and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the IT Competence Group is being confronted.

Waalre, June 2, 2017

R. Käß W.Wagner

FINANCIAL STATEMENTS

1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2016

(after appropriation of result)

		December 31, 2016		December 31, 2015	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(1)	3,331,806		3,410,440	
Tangible fixed assets	(2)	128,642		129,144	
Financial fixed assets		16,021		-	
			3,476,469		3,539,584
CURRENT ASSETS					
Receivables, prepayments and accrued income	(3)				
Trade receivables		3,430,722		2,100,456	
Taxes and social securities		116,676		-	
Other receivables, deferred assets		321,616		249,208	
			3,869,014		2,349,664
Cash and cash equivalents			1,171,981		3,005,421
			8,517,464		8,894,669

		December 31, 2016		December 31, 2015	
		€	€	€	€
LIABILITIES					
GROUP CAPITAL	(4)				
Group equity share of the legal entity		489,154		790,474	
Third-party share in group equity		123,352		65,796	
			612,506		856,270
SUBORDINATED LOANS	(5)		2,790,000		2,790,000
LONG-TERM LIABILITIES	(6)				
Loans from group companies			300,000		300,000
CURRENT LIABILITIES	(7)				
Bank overdraft		250,544		-	
Trade creditors		1,894,854		2,085,909	
Group companies		1,106,108		1,083,133	
Taxes and social securities		521,376		624,141	
Liabilities, accruals and deferred income		1,042,076		1,155,216	
			4,814,958		4,948,399
			8,517,464		8,894,669

2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2016

		2016		2015	
		€	€	€	€
Net turnover	(8)	24,994,737		24,538,006	
Movement of inventories of finished goods and work in progress		-172,562		-108,171	
Total revenues			24,822,175		24,429,835
Purchase value net turnover		8,119,041		8,611,418	
Gross margin			16,703,134		15,818,417
Employee expenses	(9)	13,247,160		11,067,359	
Amortisation and depreciation	(10)	344,107		280,044	
Other operating expenses		3,284,848		3,615,481	
			16,876,115		14,962,884
Operating result			-172,981		855,533
Interest and similar income	(11)	40		80	
Interest and similar expenses	(12)	-78,962		-93,818	
Financial income and expenses			-78,922		-93,738
Result from normal operations before tax			-251,903		761,795
Taxation on result of ordinary activities	(13)		3,741		-300,252
Result from normal operations after tax			-248,162		461,543
Share of minority interest in result	(14)		-57,556		17,116
Result after tax			-305,718		478,659

3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

Activities

IT Competence Group SE (CoC file 17193337) is a company domiciled in The Netherlands. The address of the Company's registered office is Laan van Diepenvoorde 3, 5582 LA Waalre. The Group is a publicly listed holding company focusing on fast growing IT service companies with business activities in IT consulting and outsourcing solutions.

As per January 1, 2011 IT Competence SE has a permanent establishment in Germany, the address of the Company's office is Schlossdomäne Monrepos 6, 71634 Ludwigsburg.

Group structure

The parent company of IT Competence Group SE is Navigator Equity Solutions SE, which holds 75.46% of the outstanding shares.

In the financial statements of IT Competence Group S.E. the financial information is consolidated of IT Competence Group S.E. and her following group companies:

LIST OF PARTICIPATING INTERESTS

Name, statutory registered office	Share in issued capital
	%
ITCG AG Ludwigsburg	100.00
Desksite GmbH München	100.00
net on AG München	100.00
DeskSite GmbH Ludwigsburg	100.00
Sinnwell AG München	100.00
proMX GmbH Nürnberg	50.01

Cash flow statement

The Company has used the exemption from disclosing a cash flow statement based on Dutch GAAP 360 paragraph 104.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of IT Competence Group S.E. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Acquisition and disposal of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is disclosed under accruals and deferred income (refer to the respective note).

Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as groups held-for-disposal.

Consolidation

The consolidation includes the financial information of IT Competence Group S.E., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which IT Competence Group S.E. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly as per balance sheet date are also taken into account.

Group companies and other entities in which IT Competence Group S.E. exercises control or whose central management it conducts are consolidated in full. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates prevailing at balance sheet date. The exchange differences resulting from the conversion as of balance sheet date, taking into account possible hedge transactions, are recorded in the profit and loss account.

Financial instruments

Securities included in financial and current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading, as well as derivatives of which the underlying object is listed on a stock exchange. All other on-balance financial instruments are carried at (amortised) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its recoverable amount. With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to the relevant section.

Goodwill resulting from acquisitions and calculated in accordance with section "Acquisition and disposal of group companies" is capitalised and amortised on a straight-line basis over the estimated economic life.

Tangible fixed assets

Tangible fixed assets are presented at acquisition price less cumulative depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

Financial fixed assets

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.
The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.
If the valuation of an associate based on the net asset value is negative, it will be stated at € 1. If and insofar as IT Competence Group S.E. can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this. Newly acquired associates are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.
The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is recognised in the income statement.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. For determining the value, any impairments are is taken into account.

Deferred income tax assets relate to unutilised tax losses are valued ad nominal value.
The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Impairment of fixed assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.
An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted, based on a market-based discount rate.
If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

If an impairment loss has been incurred on an investment in an equity instrument carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss shall be reversed only if the evidence of impairment is objectively shown to have been removed.

Work in progress

Construction contracts commissioned by third parties comprises the balance of project costs realised, and if applicable, recognised losses and instalments already invoiced. Construction contracts are separately presented in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities. Expenditure relating to project costs for work not yet performed is recognised under inventories.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

Long-term liabilities

Upon initial recognition, the loans and liabilities recorded are stated at fair value and then valued at amortised cost.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

The result is the difference between the realisable value of the services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Net turnover

Revenues from services are recognised in proportion to the services rendered, based on the cost incurred in respect of the services performed up to balance sheet date, in proportion to the estimated costs of the aggregate services to be performed. The cost price of these services is allocated in the same period.

The progress made on the contract is determined based on the contract costs incurred as at the balance sheet date in proportion to the total estimated contract costs. If the result of the contract cannot (yet) be estimated reliably, the revenue is recognised in the income statement for the amount of the contract costs incurred from which it is likely that they can be recovered; the contract costs are then recognised in the income statement for the period in which they were incurred.

Purchase value net turnover

Purchase value net turnover represents the direct and indirect expenses attributable to revenue and mainly relate to purchase expenses related to the services rendered.

Employee expenses

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.
The company applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result.

Amortisation and depreciation

Intangible fixed assets and tangible fixed assets are amortised and depreciated from the date of when they are available for use, based on the estimated economic life / expected future useful life of the asset.

Financial income and expenses

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate.
Changes in the value of financial instruments recognised at fair value (securities) are recorded in the profit and loss account.

Share in result of participating interests

The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to IT Competence Group S.E.

Taxes

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

4 NOTES TO THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2016

Fixed assets

	12/31/2016	12/31/2015
	€	€
1. *Intangible fixed assets*		
Goodwill	3,177,354	3,387,023
Client lists and other intangible fixed assets	154,452	23,417
	3,331,806	3,410,440

	Goodwill	Client lists and other intangible fixed assets	Total
	€	€	€
Carrying amount as of January 1, 2016			
Purchase price	5,182,136	75,076	5,257,212
Cumulative depreciation	-1,795,113	-51,658	-1,846,771
	3,387,023	23,418	3,410,441
Movement			
Investments	-	168,768	168,768
Amortization	-209,669	-37,734	-247,403
	-209,669	131,034	-78,635
Carrying amount as of December 31, 2016			
Purchase price	5,182,136	243,844	5,425,980
Cumulative depreciation	-2,004,782	-89,392	-2,094,174
	3,177,354	154,452	3,331,806

The goodwill of € 2,834,208 (2015: € 3,025,279) relates to the acquisition of the shares in ITCG AG. The remaining life is 16 years. Furthermore, an amount of € 94,308 (2015: € 99,272) relates to the acquisition of the shares of net on AG. The remaining life is 19 years. And an amount of € 248,837 (2015 : € 262,472) relates to the acquisition of the shares of proMX GmbH. The remaining life is 18 years.

The business model of IT Competence Group S.E. (ITC) is to acquire, restructure, integrate and develop companies in the IT industry. The aim is to keep all business acquired by ITC within the group and support them in the long run. Due to the long term approach Management of ITC decided to depreciate the goodwill of the acquired companies over the period of 20 to 25 years.

Amortisation rates

	%
Goodwill	4 - 5
Client lists and other intangible fixed assets	25

	12/31/2016	12/31/2015
	€	€
2. *Tangible fixed assets*		
Plant and machinery	19,559	42,838
Other tangible fixed assets	109,083	86,306
	128,642	129,144

	Plant and machinery	Other tangible fixed assets	Total
	€	€	€
Carrying amount as of January 1, 2016			
Purchase price	136,608	489,594	626,202
Cumulative depreciation and impairment	-93,770	-403,288	-497,058
	42,838	86,306	129,144
Movement			
Investments	-	96,202	96,202
Depreciation	-23,279	-73,425	-96,704
	-23,279	22,777	-502
Carrying amount as of December 31, 2016			
Purchase price	136,608	585,796	722,404
Cumulative depreciation	-117,049	-476,713	-593,762
Carrying amount as of December 31, 2016	19,559	109,083	128,642

Depreciation rates

	%
Plant and machinery	10-20
Other tangible fixed assets	10-20

	12/31/2016	12/31/2015
	€	€
Other receivables		
Deferred tax claims	16,021	-

	2016	2015
	€	€
Deferred tax claims		
Carrying amount as of January 1	-	-
Movement	16,021	-
Carrying amount as of December 31	16,021	-

Current assets

3. *Receivables, prepayments and accrued income*

	12/31/2016	12/31/2015
	€	€
Trade receivables		
Trade receivables	3,430,722	2,100,456

Trade receivables all have a remaining term of less than 1 year, unless stated otherwise.

Receivables from group companies

Corporate income tax		
Corporate income tax	116,676	-
Other receivables, deferred assets		
Other receivables, deferred assets	321,616	249,208

4. **Group capital**

Group equity share of the legal entity

Please refer to the notes to the non-consolidated balance sheet on page 35 of this report for an explanation of the equity.

5. **Subordinated loans**

Loan Navigator Equity Solutions SE	2,790,000	2,790,000

A loan of € 2,790,000 is subordinated to all existing and future liabilities of the company. An interest rate equal to the 6-month Euro Interbank Offered Rate (Euribor) is calculated. To the extent that the Company's commercial result is positive, the Company is obliged to pay a profit dependent interest, which will be determined as follows:
- € 0 - € 500,000, 0.5%
- € 500,000 - € 1,000,000, 1.0%
- € 1,000,000 and more, 2.0%

The interest charge over 2016 amounts to 0.5% (2015: 1,062%).

The loan will be repaid within a maximum period of 5 years (31 December 2018). Trade debtors, shares in the participation of net on AG, shares in the participation of DeskSite GmbH are pledged on first demand. Furthermore the shares in the participation of ITCG AG are pledged on second demand.

6. Long-term liabilities

	12/31/2016	12/31/2015
	€	€
Loans from group companies		
Navigator Equity Solutions SE	300,000	300,000

The interest charge on the payable to Navigator Equity Solutions SE is 3%. Repayment is due 31 December 2018.

7. Current liabilities

Trade creditors		
Creditors	1,894,854	2,085,909

Group companies		
Navigator Equity Solutions SE	1,106,108	1,083,133

Taxes and social securities		
Corporate income tax	-	174,468
Valued added tax	195,397	206,751
Pay-roll tax	219,759	207,740
Other taxes	106,220	35,182
	521,376	624,141

	12/31/2016	12/31/2015
	€	€
Corporate income tax		
Corporate income tax	-	174,468

Other liabilities, accruals and deferred income		
Prepayments	-	228,187
Other accruals and deferred income	1,042,076	927,029
	1,042,076	1,155,216

Contingent liabilities

Lease and rental obligations

The company and its group companies have liabilities arising from rental and lease commitments, of less than 1 year of € 719,606. The liabilities arising from rental and lease commitments between 1 and 5 years amount to € 1,252,886. The liabilities arising from rental and lease commitments of more than 5 year amount to € 673,422.

5 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2016

8. **Net turnover**

The net turnover for 2016 of the legal entity and its subsidiaries and/or groupcompanies has increased with 1.9%.

	2016	2015
	€	€
9. **Employee expenses**		
Wages and salaries	11,269,908	9,408,533
Social security charges	1,939,102	1,602,252
Pension costs	38,150	56,574
	13,247,160	11,067,359

Staff

During the 2016 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 202 (2015: 172). All employees are employed outside of the Netherlands.

Management's total remuneration approximated € 678,000 in 2016 (2015: € 652,000).

	2016	2015
	€	€
10. **Amortisation and depreciation**		
Intangible fixed assets	247,403	217,404
Tangible fixed assets	96,704	62,640
	344,107	280,044

Financial income and expenses

	2016	2015
11. *Interest and similar income*		
Other interests and income	40	80
12. *Interest and similar expenses*		
Other interest and expenses	-40,681	-63,481
Interest payable group	-22,975	-30,337
Other interest payable	-15,306	-
	-78,962	-93,818
13. **Taxation on result of ordinary activities**		
Corporate income tax	3,741	-300,252
14. **Share of minority interest in result**		
Minority interest proMX GmbH	-57,556	17,116

6 COMPANY BALANCE SHEET AS OF DECEMBER 31, 2016

(after appropriation of result)

		December 31, 2016		December 31, 2015	
		€	€	€	€
ASSETS					
FIXED ASSETS					
Intangible fixed assets	(15)		3,083,046		3,287,751
Tangible fixed assets	(16)		495		1,316
Financial fixed assets	(17)				
Participations in group companies		1,856,741		1,890,356	
Receivables from group companies		222,153		248,181	
			2,078,894		2,138,537
CURRENT ASSETS					
Receivables, prepayments and accrued income	(18)				
Trade receivables		-		272	
Receivables from group companies		560,283		532,028	
Other receivables, deferred assets		1,190		-	
			561,473		532,300
Cash and cash equivalents			40,620		25,707
			5,764,528		5,985,611

		December 31, 2016		December 31, 2015	
		€	€	€	€
EQUITY AND LIABILITIES					
SHAREHOLDERS' EQUITY	(19)				
Issued share capital		1,875,000		1,875,000	
Share premium reserve		22,663		22,663	
Other reserves		-1,008,878		-762,114	
			888,785		1,135,549
SUBORDINATED LOANS	(20)		2,790,000		2,790,000
LONG-TERM LIABILITIES	(21)				
Loans from group companies			926,433		903,596
CURRENT LIABILITIES	(22)				
Trade creditors		2,884		20,139	
Group companies		1,103,606		1,082,426	
Taxes and social securities		27,312		29,124	
Liabilities, accruals and deferred income		25,508		24,777	
			1,159,310		1,156,466
			5,764,528		5,985,611

7 COMPANY PROFIT AND LOSS ACCOUNT 2016

		2016		2015	
		€	€	€	€
Net turnover	(23)	816,917		807,590	
Purchase value net turnover		38,907		48,130	
Gross margin			778,010		759,460
			778,010		759,460
Employee expenses	(24)	386,259		372,973	
Amortisation and depreciation		205,526		202,258	
Other operating expenses		390,929		353,332	
			982,714		928,563
Operating result			-204,704		-169,103
Interest and similar income	(26)	23,945		23,634	
Interest and similar expenses	(27)	-36,787		-51,032	
Financial income and expenses			-12,842		-27,398
Result before tax			-217,546		-196,501
Taxation on result of ordinary activities			-		-
			-217,546		-196,501
Share in result of participating interests	(28)		-33,615		425,013
Result after tax			-251,161		228,512

8 NOTES TO THE COMPANY BALANCE SHEET AS OF DECEMBER 31, 2016

Fixed assets

15. *Intangible fixed assets*

	Goodwill
	€
Carrying amount as of January 1, 2016	
Purchase price	5,049,453
Cumulative depreciation	-1,761,702
	3,287,751
Movement	
Amortization	-204,705
Carrying amount as of December 31, 2016	
Purchase price	5,049,453
Cumulative depreciation	-1,966,407
	3,083,046

The goodwill of € 2,834,208 (2015: € 3,025,279) regards the acquisition of the shares in ITCG AG. The remaining life is 16 years. Furthermore, an amount of € 248,837 (2015 : € 262,472) relates to the acquisition of the shares of proMX GmbH. The remaining life is 18 years.

The business model of IT Competence Group S.E. (ITC) is to acquire, restructure, integrate and develop companies in the IT industry. The aim is to keep all business acquired by ITC within the group and support them in the long run. Due to the long term approach Management of ITC decided to depreciate the goodwill of the acquired companies over the period of 20 to 25 years.

Amortisation rates

	%
Goodwill	4 - 5

16. *Tangible fixed assets*

	Other tangible fixed assets
	€
Carrying amount as of January 1, 2016	
Purchase price	2,888
Cumulative depreciation and impairment	-1,572
	1,316

	Other tangible fixed assets
	€
Movement	
Depreciation	-821
Carrying amount as of December 31, 2016	
Purchase price	2,888
Cumulative depreciation	-2,393
Carrying amount as of December 31, 2016	495

Depreciation rates

	%
Other tangible fixed assets	10-20

17. *Financial fixed assets*

	12/31/2016	12/31/2015
	€	€
Participations in group companies		
ITCG AG at Ludwigsburg	1,733,336	1,824,530
Desksite GmbH at München (100%)	1	1
net on AG at München (100%)	1	1
Sinnwell AG at München (100%)	1	1
proMX GmbH at Nürnberg (50%)	123,402	65,823
	1,856,741	1,890,356

	2016	2015
	€	€
ITCG AG		
Carrying amount as of January 1	1,824,530	1,382,395
Share in result	-91,194	442,135
Carrying amount as of December 31	1,733,336	1,824,530

At balance sheet date the participations DeskSite GmbH, net on AG and Sinnwell AG have a negative equity value and are therefore valued at € 1 each.

The negative equity of Desksite GmbH amounts to € 175,445, and the profit in 2016 amounts to € 5,910.
The negative equity of net on AG amounts to € 79,194, and the loss in 2016 amounts to € 5,286.
The negative equity of Sinnwell AG amounts to € 144,989, and the loss in 2016 amounts to € 55, 180.

	2016	2015
	€	€
proMX GmbH		
Carrying amount as of January 1	65,823	-
Acquisition value	-	82,945
Share in result	57,579	-17,122
Carrying amount as of December 31	123,402	65,823

	12/31/2016	12/31/2015
	€	€
Receivables from group companies		
Desksite GmbH at München (100%)	147,017	143,859
net on AG at München (100%)	-	34,525
Sinnwell AG at München (100%)	75,136	69,797
	222,153	248,181

Current assets

18. *Receivables, prepayments and accrued income*

Trade receivables

Trade receivables	-	272

Trade receivables all have a remaining term of less than 1 year, unless stated otherwise.

Receivables from group companies

ITCG AG	41,478	51,168
Desksite GmbH	17,374	17,374
net on AG	501,431	460,133
Sinnwell AG	-	3,353
	560,283	532,028

Other receivables, deferred assets

Prepayments and accrued income	1,190	-

19. **Shareholders' equity**

	12/31/2016	12/31/2015
	€	€
Issued share capital		
Subscribed and paid up 1,875,000 ordinary shares at par value € 1.00	1,875,000	1,875,000

The statutory share capital amounts to € 9,375,000

	2016	2015
	€	€
Share premium reserve		
Carrying amount as of January 1	22,663	20,160
Movement	-	2,503
Carrying amount as of December 31	22,663	22,663
Other reserves		
Carrying amount as of January 1	-762,117	-1,035,626
Allocation of financial year net result	-251,161	228,512
Repurchase shares	4,400	45,000
Carrying amount as of December 31	-1,008,878	-762,114

The variance between the consolidated equity and the company's equity is similar to the negative equity of the 100% participations in DeskSite GmbH, net on AG and Sinnwell AG amounting to respectively € 175,446 (2015: € 181,356), € 79,195 (2015: € 73,909) and € 144,990 (2015: € 89,809), less the valuation in the company balance sheet at balance sheet date at € 1 each.

The difference between the consolidated result and the company only result of € 54,557 (2015: € 250,147) can be explained by the movement of not recognised losses of participations in group companies with a negative equity.

At December 31, 2016 the Group held 41,055 (2015: 45,455) of the Company's shares.

	12/31/2016	12/31/2015
	€	€
20. Subordinated loans		
Loan Navigator Equity Solutions SE	2,790,000	2,790,000

A loan of € 2,790,000 is subordinated to all existing and future liabilities of the company. An interest rate equal to the 6-month Euro Interbank Offered Rate (Euribor) is calculated. To the extent that the Company's commercial result is positive, the Company is obliged to pay a profit dependent interest, which will be determined as follows:
- € 0 - € 500,000, 0.5%
- € 500,000 - € 1,000,000, 1.0%
- € 1,000,000 and more, 2.0%

The interest charge over 2016 amounts to 0.5% (2015: 1,062%).

The loan will be repaid within a maximum period of 5 years (31 December 2018). Trade debtors, shares in the participation of net on AG, shares in the participation of DeskSite GmbH are pledged on first demand. Furthermore the shares in the participation of ITCG AG are pledged on second demand.

21. **Long-term liabilities**

	12/31/2016	12/31/2015
	€	€
Loans from group companies		
ITCG AG	926,433	903,596

The interest charge on the payable to ITCG AG is 4%. Repayment is due 31 December 2018.

22. **Current liabilities**

Trade creditors		
Creditors	2,884	20,139
Group companies		
ITCG AG	7,100	-
Navigator Equity Solutions SE	1,096,376	1,082,426
net on AG	130	-
	1,103,606	1,082,426
Taxes and social securities		
Valued added tax	17,640	16,563
Pay-roll tax	9,672	12,561
	27,312	29,124

	12/31/2016	12/31/2015
	€	€
Other liabilities, accruals and deferred income		
Other accruals and deferred income	25,508	24,777

9 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT 2016

23. **Net turnover**
The revenues increased in 2016 compared to 2015 with 1.2%.

	2016	2015
	€	€
24. **Employee expenses**		
Wages and salaries	319,921	306,363
Social security charges	65,731	66,217
Pension costs	607	393
	386,259	372,973

Staff

During the 2016 financial year, the average number of employees, converted into full-time equivalents, amounted to 10 (2015: 6).

Management's total remuneration approximated € 103,000 in 2016 (2015: € 90,000).

Depreciation of tangible fixed assets

Other tangible fixed assets	821	962

Other operating expenses

25. *General expenses*

Other general expenses	390,929	353,332

26. *Interest and similar income*

Interest receivable group	23,945	23,634

27. *Interest and similar expenses*

Other interest and expenses	-	-2
Interest payable group	-36,787	-51,030
	-36,787	-51,032

28. **Share in result of participating interests**

Share in result of participating interests	-33,615	425,013

Appropriation of the result for 2016

The board of directors proposes to deduct the negative result for 2016 of € 251,161 from the other reserves. This proposal has been processes in the annual account in advance of the adoption by the General Meeting.

Signing of the financial statements

Preparation financial statements

The consolidated and separate financial statements are prepared by the management.

Waalre, June 2, 2017

Directors:
Robert Käß Wolfgang Wagner

Members Supervisory board :
Dr Jens Bodenkamp Erich Hoffmann

IT Competence Group S.E.
Waalre

OTHER INFORMATION

1 Independent auditor's report

To: The shareholders of IT Competence Group S.E.

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2016 of IT Competence Group SE, based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of IT Competence Group SE as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2016;
2. the consolidated and company profit and loss account for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of IT Competence Group SE in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

B. REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Waalre, June 2, 2017

Stroeken B.V.

Signed by: F.A.A. Stroeken RA

2 STATUTORY APPROPRIATION OF PROFIT

Based on article 15 of the statutes the result is at disposal of the General Shareholders Meeting which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders'equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Article 15 of the company's Articles of Association:

1. Following the prior approval of the supervisory board, the management board is authorised to reserve such a portion of the profit as it deems necessary, with due observance of the obligation to retain statutory reserves, or any reserves prescribed by these articles.

2. Any profit remaining following the reserves rretained to in the foregoing paragraph is placed at the disposal of the general meeting. A resolution to distribute profits in cash shall be adopted by the general meeting of shareholders by more than half of the votes cast. A resolution to distribute rofits in kind shall be adopted by the general meeting of shareholders with a majority of at least ninety-five percent (95%) of the votes cast, provided that at least fifty percent (50%) of the issued share capital is represented at the general meeting of shareholders.

3. Other than by adoption of the annual accounts, the general meeting is authorised to cancel the reserves, either wholly or in part, at the proposal of the management board, which proposal is approved by the supervisory board. A deficit may only be offset against the reserves prescribed by law to the extent that this is allowed by law.

4. The company may only pay out to shareholders and other entitled parties any profit subject to distribution to the extent that its equity capital exceeds the amount of the paid and called-up portion of the capital plus the reserves that must be retained by law or in accordance with the articles of association.

5. In calculation the profit distribution, shares that the company holds in its own capital do not count and no profit is distributed in respect of them except if and to the extent that the shares in question are encumbered with a right of usufruct established by the company at the time they were acquired. These shares do not confer any right to a share in the balance left after winding-up either.