

**IT Competence Group S.E.  
Waalre**

**Annual report 2015**



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## **FINANCIAL REPORT**



## **DIRECTOR'S REPORT**

### **To our Shareholders**

2015 - A year of steady progress and achievement.

The IT Competence Group started the financial year 2015 fairly great and achieved it to continue this great performance through the year. So we were able to increase our business goals after an excellent Q3.

Our vision is 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.

More generally, we continue to face challenging market conditions. While the world IT market is growing and underlying demographic trends remain favourable to long-term growth, many of the drivers of demand and supply in the sector are under pressure. But our commercial expertise and global scale, including a strong presence in Germany, helped maximise the value of our marketed brands in our main service areas.

In April 2015, we completed the acquisition of a stake in proMX GmbH and we created a new organisation with a clear vision, a strong identity and a culture hungry for success. Our company now holds a majority in shares in proMX GmbH. We welcome the new members of proMX on our IT Competence Group team.

proMX is situated in Nürnberg (Germany) and its focus is business software applications. The company has won several awards in the past especially it was awarded as Microsoft's "Partner of the Year" in Germany and also as Microsoft's "Dynamics Online Software Advisory" in Europe, the Middle East and Africa. With this new stake we expand our portfolio on software products and software development to complete our service offer. Beside the services in the fields of Microsoft Dynamics CRM and the relevant solutions, proMX offers an own software product called "proRM Business solutions", which is a compatible extension to MS Dynamics CRM for sales, resources and project management tasks.

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, I want to thank the employees of IT Competence Group. Their outstanding efforts helped us achieve so much in 2015 returning to growth. I and my 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, an improved customer proposition and the right skills for it to achieve its true potential. Looking back, it has been a year of steady progress and achievement. We now look to 2016 with confidence based on the existing programmes in which we are engaged and the depth of order backlog we have secured.

Waalre, May 23, 2016

Robert Käß

Managing Director

IT Competence Group S.E.  
Waalre

### **Fiscal year 2015 at a glance**

Total Revenues  
2015 € 24.4m  
2014 € 20.6m

Gross Margin  
2015 € 15.8m  
2014 € 13.5m

EBIT  
2015 € 0.9m  
2014 € 0.3m

Result after Tax  
2015 € 0.5m  
2014 € 0.1m

Total assets  
2015 € 8.9m  
2014 € 7.1m

### **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").

#### **o Board of Directors**

**Robert Käß**

Robert Käß joined the Management Board of Navigator Equity Solutions 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.

#### **o 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.

## **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:

Human Internet CONSULT AG is a subsidiary of IT Competence Group SE since October 31, 2006. Human Internet CONSULT AG is an IT consultancy with its registered office in Murr/Ludwigsburg. The company with offices in Berlin, Munich, Hamburg, Ludwigsburg and Frankfurt is active throughout Germany mainly in the areas of IT processes, IT organisation, IP convergence and IT security.

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 Ludwigsburg. After a strategic repositioning, the company's focus is now on business and process management consulting.

net on AG is a subsidiary of IT Competence Group SE since June 2011. The net on AG is an ITservice 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.

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

In April 2015, we completed the acquisition of a stake in proMX GmbH, our company now holds a majority in shares in proMX GmbH. proMX is situated in Nürnberg (Germany) and its focus is business software applications.

## **Shareholder structure**

By the end of the fiscal year 2015, the number of shares outstanding was 1,875,000 thereof Navigator Equity Solutions SE, the main shareholder, holds 75.5% of the shares.

## **Annual Shareholders' Meeting**

The Annual General Meeting of IT Competence Group SE for the fiscal year 2014 took place in Waalre, the Netherlands, on July 14, 2015. In total 7.2% of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

## **Development of Earnings, Asset and Financial Situation and outlook**

### Earnings situation

#### o Revenue Development

In the fiscal year 2015, IT Competence Group generated total (net) revenues of 24.4m euros (2014: 20.6m euros). This represents an increase of 18.4%.

The Group's total operating costs in the fiscal year 2015 amounted to 15.0m euros (2014: 13.2m euros) an increase of 13.6%.

#### o Earnings Development

In the fiscal year 2015, IT Competence Group generated a gross profit of 15.8m euros (2014: 13.5m euros). The gross margin slightly decreased from 65.5% to 64.8%.

The Group's operating result (EBIT) amounted to 0.9m euros (2014: 0.3m euros). This was primarily attributable to slightly higher revenues. The personnel expenses increased from 9.8m euros 2014 to 11.1m euros 2015.

Pre-tax earnings amounted to 0.8m euros (2014: 0.2m euros). After deduction of income tax amounting to -0.3m euros (2014: -0.1m euros), the income for the period amounted to 0.5m euros (2014: 0.1m euros).

### Asset Situation

#### o Balance Sheet

As of December 31, 2015, the IT Competence Group balance sheet total amounted to 8.9m euros (December 31, 2014: 7.1m euros).

The group's total fixed assets was unchanged at 3.5m euros (2014: 3.5m euros). Current assets increased to 2.3m euros (2014: 2.0m euros). Within the current assets, cash and cash equivalents increased from 1.6m euros in 2014 to 3.0m euros at the end of 2015.

The equity capital increased to 0.9m euros (2014: 0.3m euros). Current liabilities increased from 4.0m euros to 4.9m euros, consisting of trade payables amounting to 2.1m euros (2014: 1.1m euros), other liabilities of 1.2m euros (2014: 1.4m euros) and current tax liability of 0.6m euros (2014: 0.4m euros).

The equity ratio has increased from 15% in 2014 to 19% in 2015.

The net cash flow over the year was 1.4m euros positive. The liquidity position of 3.0m euros is sufficient to meet future liabilities. The company is fully capable to generate the cash needed for daily business and expansion.

### Outlook 2016

We expect our revenues and results to increase in 2016 when compared to 2015 due to improved market conditions. Staff levels are expected to grow in accordance with revenue growth.

## **Employees**

As of December 31, 2015, the number of employees at IT Competence Group amounted to 172 (2014: 143).

The Board of Directors and management of the operating companies received a competitive remuneration in 2015. Total remuneration amounted to 0.7m euros (2014: 0.5m euros).

## **Risk Report**

IT Competence Group's future business development will always be influenced by both elements of chance and risk. Our risk management 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. This system offers a reasonable degree of certainty that the business objectives will be realised.

Apart from the general risks that exist in the business environment, due to the nature of its industry, IT Competence Group is also subjected to other risks. These have been summarised below:

### **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.

### **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.

### **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

### **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 and that these systems were adequate and effective in 2015. There are no indications that they will not be adequate and effective in the current year. 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 2015 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 2015 and of the development and performance during 2015 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, May 23, 2016

Robert Käß , Managing director

## **FINANCIAL STATEMENTS**

**1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2015**  
(after appropriation of result)

	December 31, 2015		December 31, 2014	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
Intangible fixed assets	(1)	3,410,440	3,334,993	
Tangible fixed assets	(2)	<u>129,144</u>	<u>121,624</u>	
		3,539,584		3,456,617
<b>CURRENT ASSETS</b>				
<b>Receivables, prepayments and accrued income</b>	(3)			
Trade receivables		2,100,456	1,521,720	
Other receivables, deferred assets		<u>249,208</u>	<u>435,729</u>	
		2,349,664		1,957,449
<b>Cash and cash equivalents</b>		3,005,421		1,647,375
		<u>8,894,669</u>	<u>7,061,441</u>	

	December 31, 2015		December 31, 2014	
	€	€	€	€
<b>LIABILITIES</b>				
<b>GROUP CAPITAL</b>	(4)			
Group equity share of the legal entity		790,474	264,312	
Third-party share in group equity		<u>65,796</u>	<u>-</u>	
		856,270		264,312
<b>SUBORDINATED LOANS</b>	(5)	2,790,000		2,790,000
<b>LONG-TERM LIABILITIES</b>	(6)			
Loans from group companies		300,000		-
<b>CURRENT LIABILITIES</b>	(7)			
Trade creditors		2,085,909	1,116,059	
Group companies		1,083,133	1,052,796	
Taxes and social securities		624,141	415,020	
Liabilities, accruals and deferred income		<u>1,155,216</u>	<u>1,423,254</u>	
		4,948,399		4,007,129
		<u>8,894,669</u>	<u>7,061,441</u>	

## 2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2015

	2015		2014	
	€	€	€	€
<b>Net turnover</b> (8)	24,538,006		20,778,528	
Movement of inventories of finished goods and work in progress	-108,171		-156,476	
<b>Total revenues</b>		24,429,835		20,622,052
Purchase value net turnover	8,611,418		7,112,681	
<b>Gross margin</b>		15,818,417		13,509,371
Employee expenses (9)	11,067,359		9,792,689	
Amortisation and depreciation (10)	280,044		266,819	
Other operating expenses	3,615,481		3,118,569	
		14,962,884		13,178,077
<b>Operating result</b>		855,533		331,294
Interest and similar income (11)	80		801	
Interest and similar expenses (12)	-93,818		-90,833	
<b>Financial income and expenses</b>		-93,738		-90,032
<b>Result from normal operations before tax</b>		761,795		241,262
Taxation on result of ordinary activities (13)		-300,252		-99,221
<b>Result from normal operations after tax</b>		461,543		142,041
Share of minority interest in result (14)		17,116		-
<b>Result after tax</b>		478,659		142,041

### 3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### GENERAL

##### Activities

IT Competence Group SE 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.

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

##### Basis of preparation

Certain comparative figures have been reclassified to align to current year's presentation.

##### Group structure

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
	%
Human Internet CONSULT AG Ludwigsburg	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 Navigator Equity Solutions SE 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.

### **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 from the 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.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied.

## **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.

### **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 Navigator Equity Solutions SE 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 taken into account.

### **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 recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount 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 recoverable amount; the recoverable amount is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the profit and loss account 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 or 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.

### **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.

### **Subordinated loans**

These loans are subordinated to all existing and future liabilities of the company and are presented at nominal value.

### **Long-term and short-term liabilities**

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

## **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, 2015

##### Fixed assets

	12/31/2015	12/31/2014
	€	€
<i>1. Intangible fixed assets</i>		
Goodwill	3,387,023	3,320,585
Client lists and other intangible fixed assets	23,417	14,408
	<u>3,410,440</u>	<u>3,334,993</u>
	Goodwill	Client lists and other intangible fixed assets
	€	€
<i>Carrying amount as of January 1, 2015</i>		Total
Purchase price	4,909,438	138,454
Cumulative depreciation	<u>-1,588,853</u>	<u>-124,046</u>
	<u>3,320,585</u>	<u>3,334,993</u>
<i>Movement</i>		
Investments	272,698	6,965
Divestments (Cumulative depreciation)	-	-97,995
Divestments (Purchase price)	-	97,963
New consolidations (Purchase price)	-	27,652
Amortization	-206,260	-11,144
New consolidations (cumulative depreciation)	-	-14,432
	<u>66,438</u>	<u>9,009</u>
<i>Carrying amount as of December 31, 2015</i>		
Purchase price	5,182,136	75,076
Cumulative depreciation	<u>-1,795,113</u>	<u>-51,659</u>
	<u>3,387,023</u>	<u>23,417</u>

The goodwill of € 3,025,279 (2014: € 3,216,349) relates to the acquisition of the shares in Human Internet Consult GmbH. The remaining life is 16 years. Furthermore, an amount of € 99,272 (2014: € 104,236) relates to the acquisition of the shares of net on AG. The remaining life is 20 years. And an amount of € 262,472 (2014 : € 0) relates to the acquisition of the shares of proMX GmbH. The remaining life is 19 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

	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<i>2. Tangible fixed assets</i>		
Plant and machinery	42,838	46,388
Other tangible fixed assets	86,306	75,236
	<u>129,144</u>	<u>121,624</u>

	<u>Plant and machinery</u>	<u>Other tangible fixed assets</u>	<u>Total</u>
	€	€	€
<i>Carrying amount as of January 1, 2015</i>			
Purchase price	129,160	351,502	480,662
Cumulative depreciation and impairment	-82,772	-276,266	-359,038
	<u>46,388</u>	<u>75,236</u>	<u>121,624</u>
<i>Movement</i>			
Investments	10,530	41,980	52,510
Divestments (Purchase price)	-3,082	-58,055	-61,137
Divestments (Cumulative depreciation)	3,080	57,958	61,038
New consolidations (Purchase price)	-	154,166	154,166
Depreciation	-14,078	-48,562	-62,640
New consolidations (Cumulative depreciation)	-	-136,417	-136,417
	<u>-3,550</u>	<u>11,070</u>	<u>7,520</u>
<i>Carrying amount as of December 31, 2015</i>			
Purchase price	136,608	489,593	626,201
Cumulative depreciation	-93,770	-403,287	-497,057
Carrying amount as of December 31, 2015	<u>42,838</u>	<u>86,306</u>	<u>129,144</u>

*Depreciation rates*

	%
Plant and machinery	10-50
Other tangible fixed assets	5-50

## Current assets

### 3. Receivables, prepayments and accrued income

	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<i>Trade receivables</i>		
Trade debtors	<u>2,100,456</u>	<u>1,521,720</u>

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

#### *Receivables from group companies*

#### *Other receivables, deferred assets*

Other receivables, deferred assets	<u>249,208</u>	<u>435,729</u>
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## 4. Group capital

### *Group equity share of the legal entity*

Please refer to the notes to the non-consolidated balance sheet on page 31 of this report for an explanation of the equity.

## 5. Subordinated loans

Loan Navigator Equity Solutions SE	<u>2,790,000</u>	<u>2,790,000</u>
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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 2015 amounts to 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 Human Internet Consult AG are pledged on second demand.

## 6. Long-term liabilities

	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<i>Loans from group companies</i>		
Navigator Equity Solutions SE	<u>300,000</u>	<u>-</u>

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

## 7. Current liabilities

<i>Trade creditors</i>		
Creditors	<u>2,085,909</u>	<u>1,116,059</u>
<i>Group companies</i>		
Navigator Equity Solutions SE	<u>1,083,133</u>	<u>1,052,796</u>
<i>Taxes and social securities</i>		
Corporate income tax	174,468	78,756
Valued added tax	206,751	172,248
Pay-roll tax	207,740	164,016
Other taxes	35,182	-
	<u>624,141</u>	<u>415,020</u>
<i>Other liabilities, accruals and deferred income</i>		
Other short term loans	-	406,500
Prepayments	228,187	319,406
Other accruals and deferred income	927,029	697,348
	<u>1,155,216</u>	<u>1,423,254</u>

## Contingent liabilities

### *Lease obligations*

The company and its group companies have liabilities arising from rental and lease commitments, which amount to:

Less than 1 year:	€ 694,000
Between 1 and 5 years:	€ 905,000
More than 5 years:	€ 0

## 5 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2015

### 8. Net turnover

The net turnover for 2015 of the legal entity and its subsidiaries and/or groupcompanies has increased with 18.1%.

	2015	2014
	€	€
<b>9. Employee expenses</b>		
Wages and salaries	9,408,533	8,341,879
Social security charges	1,602,252	1,420,348
Pension costs	56,574	30,462
	<u>11,067,359</u>	<u>9,792,689</u>

### Staff

During the 2015 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 172 (2014: 143).

Management's total remuneration approximated € 652,000 in 2015 (2014: € 540,000).

### 10. Amortisation and depreciation

Intangible fixed assets	217,404	204,824
Tangible fixed assets	62,640	61,995
	<u>280,044</u>	<u>266,819</u>

### Financial income and expenses

#### 11. Interest and similar income

Other interests and income	<u>80</u>	<u>801</u>
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#### 12. Interest and similar expenses

Other interest and expenses	-63,481	-67,955
Interest payable group	-30,337	-22,878
	<u>-93,818</u>	<u>-90,833</u>

#### 13. Taxation on result of ordinary activities

Corporate income tax	<u>-300,252</u>	<u>-99,221</u>
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#### 14. Share of minority interest in result

Minority interests proMX GmbH	<u>17,116</u>	<u>-</u>
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**6 COMPANY BALANCE SHEET AS OF DECEMBER 31, 2015**  
(after appropriation of result)

	December 31, 2015		December 31, 2014	
	€	€	€	€
<b>ASSETS</b>				
<b>FIXED ASSETS</b>				
<i>Intangible fixed assets</i> (15)		3,287,751		3,216,349
<i>Tangible fixed assets</i> (16)		1,316		2,278
<i>Financial fixed assets</i> (17)				
Participations in group companies	1,890,356		1,382,398	
Receivables from group companies	<u>213,656</u>		<u>641,155</u>	
		2,104,012		2,023,553
<b>CURRENT ASSETS</b>				
<i>Receivables, prepayments and accrued income</i> (18)				
Trade receivables	272		-	
Receivables from group companies	<u>566,553</u>		<u>246,768</u>	
		566,825		246,768
<i>Cash and cash equivalents</i>		25,707		65,927
		<u>5,985,611</u>		<u>5,554,875</u>

	December 31, 2015		December 31, 2014	
	€	€	€	€
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' EQUITY</b>	(19)			
Issued share capital	1,875,000		1,875,000	
Share premium reserve	22,663		20,160	
Other reserves	-762,114		-1,035,626	
		1,135,549		859,534
<b>SUBORDINATED LOANS</b>	(20)	2,790,000		2,790,000
<b>GUARANTEE CAPITAL</b>		3,925,549		3,649,534
<b>LONG-TERM LIABILITIES</b>	(21)			
Loans from group companies		903,596		752,889
<b>CURRENT LIABILITIES</b>	(22)			
Trade creditors		20,139		33,659
Group companies		1,082,426		1,052,796
Taxes and social securities		29,124		40,497
Liabilities, accruals and deferred income		24,777		25,500
		1,156,466		1,152,452
		<u>5,985,611</u>		<u>5,554,875</u>

## 7 COMPANY PROFIT AND LOSS ACCOUNT 2015

		2015		2014	
		€	€	€	€
<b>Net turnover</b>	(23)	<u>807,590</u>		<u>900,082</u>	
<b>Total revenues</b>			807,590		900,082
Purchase value net turnover		<u>48,130</u>		<u>38,098</u>	
<b>Gross margin</b>			<u>759,460</u>		<u>861,984</u>
			759,460		861,984
Employee expenses	(24)	<u>372,973</u>		<u>322,024</u>	
Amortisation and depreciation		202,258		191,538	
Other operating expenses		<u>353,332</u>		<u>357,683</u>	
			<u>928,563</u>		<u>871,245</u>
<b>Operating result</b>			<u>-169,103</u>		<u>-9,261</u>
Interest and similar income	(25)	23,634		23,327	
Interest and similar expenses	(26)	<u>-51,032</u>		<u>-46,071</u>	
<b>Financial income and expenses</b>			<u>-27,398</u>		<u>-22,744</u>
<b>Result from normal operations before tax</b>			<u>-196,501</u>		<u>-32,005</u>
Taxation on result of ordinary activities			-		5,087
			<u>-196,501</u>		<u>-26,918</u>
Share in result of participating interests	(27)		<u>425,013</u>		<u>195,666</u>
<b>Result after tax</b>			<u><u>228,512</u></u>		<u><u>168,748</u></u>

## 8 NOTES TO THE COMPANY BALANCE SHEET AS OF DECEMBER 31, 2015

### Fixed assets

#### 15. Intangible fixed assets

	Goodwill
	€
<i>Carrying amount as of January 1, 2015</i>	
Purchase price	4,776,755
Cumulative depreciation	<u>-1,560,406</u>
	<u>3,216,349</u>
<i>Movement</i>	
Investments	272,698
Amortization	<u>-201,296</u>
	<u>71,402</u>
<i>Carrying amount as of December 31, 2015</i>	
Purchase price	5,049,453
Cumulative depreciation	<u>-1,761,702</u>
	<u>3,287,751</u>

The goodwill of € 3,025,279 (2014: € 3,216,349) regards the acquisition of the shares in Human Internet Consult GmbH. The remaining life is 17 years. Furthermore, an amount of € 262,472 (2014 : € 0) relates to the acquisition of the shares of proMX GmbH. The remaining life is 19 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
	€
<i>Carrying amount as of January 1, 2015</i>	
Purchase price	2,888
Cumulative depreciation and impairment	-610
	<u>2,278</u>
<i>Movement</i>	
Depreciation	<u>-962</u>
<i>Carrying amount as of December 31, 2015</i>	
Purchase price	2,888
Cumulative depreciation	-1,572
Carrying amount as of December 31, 2015	<u>1,316</u>
<i>Depreciation rates</i>	%
Other tangible fixed assets	5-50

17. *Financial fixed assets*

	12/31/2015	12/31/2014
	€	€
<i>Participations in group companies</i>		
Human Internet CONSULT AG	1,824,530	1,382,395
DeskSite GmbH	1	1
net on AG	1	1
Sinnwell AG	1	1
proMX GmbH	65,823	-
	<u>1,890,356</u>	<u>1,382,398</u>
	2015	2014
	€	€
<i>Human Internet CONSULT AG</i>		
Carrying amount as of January 1	1,382,395	1,186,729
Share in result	442,135	195,666
Carrying amount as of December 31	<u>1,824,530</u>	<u>1,382,395</u>

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.

	2015	2014
	€	€
<i>proMX GmbH</i>		
Carrying amount as of January 1	-	-
Acquisition value	82,945	-
Share in result	-17,122	-
Carrying amount as of December 31	<u>65,823</u>	<u>-</u>
	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<i>Receivables from group companies</i>		
DeskSite GmbH	143,859	125,963
net on AG	-	447,372
Sinnwell AG	69,797	67,820
	<u>213,656</u>	<u>641,155</u>

	Balance as of January 1, 2015	Reclassifi- cation to short term	Interest	Additions / repayments	Carrying amount as of December 31, 2015
	€	€	€	€	€
DeskSite GmbH	125,963	-	2,896	15,000	143,859
net on AG	447,372	-460,133	18,761	-6,000	-
Sinnwell AG	67,820	-	1,977	-	69,797
	<u>641,155</u>	<u>-460,133</u>	<u>23,634</u>	<u>9,000</u>	<u>213,656</u>

## Current assets

### 18. Receivables, prepayments and accrued income

	12/31/2015	12/31/2014
	€	€
<i>Trade receivables</i>		
Trade debtors	<u>272</u>	<u>-</u>

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

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	12/31/2015	12/31/2014
	€	€
<i>Receivables from group companies</i>		
DeskSite GmbH	17,374	17,285
net on AG	494,658	86,329
Human Internet CONSULT Systems GmbH	51,168	140,253
Sinnwell AG	3,353	2,901
	<u>566,553</u>	<u>246,768</u>

#### 19. Shareholders' equity

##### *Issued share capital*

Geplaatst en volgestort zijn 1,875,000 gewone aandelen nominaal € 1	<u>1,875,000</u>	<u>1,875,000</u>
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The statutory share capital amounts to € 9,375,000

	2015	2014
	€	€
<i>Share premium reserve</i>		
Carrying amount as of January 1	20,160	-
Movement	2,503	20,160
Carrying amount as of December 31	<u>22,663</u>	<u>20,160</u>

##### *Other reserves*

Carrying amount as of January 1	-1,035,626	-1,230,711
Allocation of financial year net result	228,512	168,748
Repurchase shares	45,000	26,337
Carrying amount as of December 31	<u>-762,114</u>	<u>-1,035,626</u>

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 € 181,356 (2014: € 186,687), € 73,909 (2014: € 324,046) and € 89,809 (2014: € 84,488), 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 € 250,147 (2014: € 26,707) can be explained by the movement of not recognised losses of participations in group companies with a negative equity.

At December 31, 2015 the Group held 45,455 of the Company's shares.

	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<b>20. Subordinated loans</b>		
Loan Navigator Equity Solutions SE	<u>2,790,000</u>	<u>2,790,000</u>

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 2015 amounts to 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 Human Internet Consult AG are pledged on second demand.

#### 21. Long-term liabilities

##### *Loans from group companies*

Human Internet CONSULT AG	<u>903,596</u>	<u>752,889</u>
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The interest charge on the payable to Human Internet CONSULT AG is 4%. Repayment is due 31 December 2018.

#### 22. Current liabilities

##### *Trade creditors*

Creditors	<u>20,139</u>	<u>33,659</u>
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##### *Group companies*

Navigator Equity Solutions SE	<u>1,082,426</u>	<u>1,052,796</u>
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##### *Taxes and social securities*

Valued added tax	16,563	32,195
Pay-roll tax	<u>12,561</u>	<u>8,302</u>
	<u>29,124</u>	<u>40,497</u>

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	<u>12/31/2015</u>	<u>12/31/2014</u>
	€	€
<i>Other liabilities, accruals and deferred income</i>		
Other accruals and deferred income	<u>24,777</u>	<u>25,500</u>



IT Competence Group S.E.  
Waalre

## **OTHER INFORMATION**

1 Independent audit report

To: Board of directors

### **Report on the financial statements**

We have audited the accompanying financial statements 2015 of IT Competence Group SE, Amsterdam, which comprise the consolidated and company balance sheet as at December 31, 2015, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### *Management's responsibility*

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

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion with respect to the financial statements*

In our opinion, the financial statements give a true and fair view of the financial position of IT Competence Group SE as at December 31, 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

IT Competence Group S.E.  
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**Report on other legal and regulatory requirements**

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Waalre, May 23, 2016

Stroeken Rossieau 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 retained 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 profits 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.

## **3 APPROPRIATION OF THE RESULT FOR THE 2014 FINANCIAL YEAR**

The annual account for 2014 was adopted by the General Shareholders Meeting held on July 14, 2015. The General Shareholders Meeting has determined the appropriation of the result as it was proposed.

## **4 APPROPRIATION OF THE PROFIT FOR 2015**

The board of directors proposes to add the profit for 2015 of € 228,512 to the other reserves. This proposal has been processed in the annual account in advance of the adoption by the General Meeting.