



FundShare Fund Management B.V.

Half-year report June 30, 2018
(unaudited)

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Profile and key figures

Change of name

With effect from July 19, 2018 the name of the company was changed from HiQ Invest B.V. to FundShare Fund Management B.V.

The composition of the management board was changed per August 14, 2018. N.J. Klok CFA and dr. Ir. J.H.M. Anderluh stepped down and were replaced by A. Rose and drs. O. de Hek RBA.

Profile

FundShare Fund Management B.V. (the Company) is authorised by the financial supervisory authorities in The Netherlands to act as an investment fund manager (*beheerder*) and accordingly received a license under the Dutch act on financial supervision (Wft). The financial supervisory authorities issued the licence on November 3, 2006 on the basis of article 2:67 Wft, and from June 17, 2014 also based on article 2:69c Wft.

The Company manages the following alternative investment funds (AIF) and undertakings for the collective investment in transferable securities (UCITS):

- FundShare Fundamental Value Fund (AIF);
- HIQ Invest Market Neutral Fund (AIF);
- FundShare Umbrella Fund (AIF); and
- FundShare UCITS Umbrella Fund (UCITS).

Together hereafter: the “Funds”.

The Company was founded on August 9, 2006, has its statutory seat in Amsterdam, The Netherlands and is registered with the Chamber of Commerce and Industry in Amsterdam under number 34252934.

The website of the Company is: www.management.fundshare.nl

Group structure

The Company is a 100% subsidiary of LPE Capital B.V. LPE Capital B.V. is a holding company and as such forms a group with its direct and indirect owned operating companies (the “Group”). The following entities are part of the Group:

- DeGiro B.V. (“DEGIRO”) (investment firm) (100%);
 - Stichting DeGiro (special purpose safekeeping entity);
 - Stichting DeGiro II (special purpose safekeeping entity);
 - Stichting DeGiro IIb (special purpose safekeeping entity);
- LPE Software B.V. (software- and ICT infrastructure development) (100%);
- ML Concepts B.V. (concept developer internet pages) (85%);
 - Codern Venture SRL (software development) (60%);
 - ML Concepts Administration U.G. (100%);
- FundShare Administrator B.V. (fund administrator) (100%);
 - DAF Depository B.V. (100%).
- Expat Pension Housing Beheer B.V. (100%);
- GMO Limited (a lead-generating company) (100%);
- DeGiro APAC Holding B.V. (100%) (a holding company);
 - DeGiro Hong Kong Limited (applying for a licence) (100%);
- DeGiro Australia Pty Limited (preparing application for licence) (100%); and
- DeGiro Hypotheken B.V. (preparing application for licence) (100%).

Overview of Key figures

Key figures	30/06/2018	30/06/2017	30/06/2016	30/06/2015
Revenues	734,023	2,479,905	189,053	690,243
Cost of sales	72,890	13,235	11,153	3,983
Gross margin	661,133	2,466,670	177,900	686,260
Operating expenses	1,343,274	1,132,825	882,103	1,150,194
Operating result	-682,141	1,333,845	-704,203	-463,934
Net result	-502,152	1,006,389	-537,999	-351,488
Number of employees (headcount)	12	24	17	11

Financial statements

Balance sheet as of June 30, 2018

(Amounts in EUR, after appropriation of result)

Assets	30/06/2018	31/12/2017
Fixed assets		
Tangible fixed assets	239,071	259,114
Financial fixed assets	1	1
	239,072	259,115
Current assets		
<i>Receivables</i>		
Trade receivables	175,974	63,439
Receivables from Group companies	1,601,478	1,320,063
Deferred tax assets	1,116	1,116
Prepayments and accrued income	118,340	919,196
	1,896,908	2,303,814
Securities	113,542	202,217
Cash and cash equivalents	84,833	111,279
Total Assets	2,334,355	2,876,425

Equity & Liabilities	30/06/2018	31/12/2017
Shareholder's equity		
Issued and paid up capital	18,000	18,000
Share premium reserve	2,422,983	2,422,983
Other reserves	-790,479	-288,327
	1,650,504	2,152,656
Provisions		
Deferred tax liability	1,583	1,583
Provision for deferred remuneration	43,243	87,415
	44,826	88,998
Current liabilities		
Trade creditors	163,475	130,473
Payables to Group companies	96,088	176,403
Taxes and social security premiums	71,329	28,567
Other liabilities	70,237	45,584
Accrued expenses and deferred income	237,896	253,744
	639,025	634,771
Total Equity & Liabilities	2,334,355	2,876,425

Profit and loss account over the period January 1, 2018 – June 30, 2018

Over the period January 1- June 30 (Amounts in EUR).

Profit and loss account	2018	2017
Revenues	734,023	2,479,905
Cost of sales	72,890	13,235
Gross profit	661,133	2,466,670
Employee expenses	731,300	704,044
Depreciation tangible fixed assets	16,259	17,475
General and administrative expenses	595,715	411,306
Total operating expenses	1,343,274	1,132,825
Operating result	-682,141	1,333,845
Other financial results	-2,121	1,211
Result before taxation	-684,262	1,335,056
Corporate Income Tax gains (loss)	182,110	-328,667
Net result	-502,152	1,006,389

Mutation overview shareholder's equity over the period January 1, 2018 – June 30, 2018

Over the period January 1- June 30 (Amounts in EUR).

Shareholder's equity	30/06/2018	30/06/2017
Issued and paid up capital	18,000	18,000
Share premium reserve	2,422,983	2,422,983
Other reserves		
Opening balance 1 January	-288,327	-1,222,677
Result current year	-502,152	1,006,389
Share-based payment	0	45,255
Closing balance 30 June	-790,479	-171,033
Total shareholder's equity	1,650,504	2,269,950

Notes to the half-year 2018 financial statements

1 General

1.1 Change of name

With effect from July 19, 2018 the name of the company was changed from HiQ Invest B.V. to FundShare Fund Management B.V.

The composition of the management board was changed per August 14, 2018. N.J. Klok CFA and dr. Ir. J.H.M. Anderluh stepped down and were replaced by A. Rose and drs. O. de Hek RBA.

1.2 Activities

The Company, with its registered office in Amsterdam, The Netherlands is a wholly owned subsidiary of LPE Capital B.V. in Amsterdam. The Company is registered at the Chamber of Commerce and Industry in Amsterdam under number 34252934. The activities of the Company consist of the management of four investment funds (hereinafter: the “Funds”), namely:

- * FundShare Fundamental Value Fund;
- * HiQ Invest Market Neutral Fund;
- * FundShare Umbrella Fund; and
- * FundShare UCITS Umbrella Fund;

1.3 Financial supervision

The Company is regulated by The Netherlands Authority for the Financial Markets (“AFM”) and De Nederlandsche Bank (“DNB”). The Company is a fund manager with a license to manage both UCITS- and AIF funds.

1.4 Group companies

In addition to the Company the following active entities are part of the Group:

- LPE Capital B.V. (parent company and head of the Group);
- DeGiro B.V. (“DEGIRO”) (investment firm) (100%);
 - Stichting DeGiro (special purpose safekeeping entity);
 - Stichting DeGiro II (special purpose safekeeping entity);
 - Stichting DeGiro IIb (special purpose safekeeping entity);
- LPE Software B.V. (software- and ICT infrastructure development) (100%);
- ML Concepts B.V. (concept developer internet pages) (85%);
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 - ML Concepts Administration U.G. (100%);
- FundShare Administrator B.V. (fund administrator) (100%);
 - DAF Depository B.V. (100%).
- Expat Pension Housing Beheer B.V. (100%);
- GMO Limited (a lead-generating company) (100%);
- DeGiro APAC Holding B.V. (100%) (a holding company);
 - DeGiro Hong Kong Limited (applying for a licence) (100%);
- DeGiro Australia Pty Limited (preparing application for licence) (100%); and
- DeGiro Hypotheken B.V. (preparing application for licence) (100%).

1.4.1 Affiliated parties (Non Group Companies)

The following affiliated party is not part of the Group:

- * HiQ Trading and Liquidity Providing N.V. (an investment company whose shares are kept by the legal owner of HiQ Invest Market Neutral Fund and in which the Company holds a priority share).

1.5 Branch offices (foreign operations)

The Company has branches in Sofia, Bulgaria and Hong Kong.

1.6 Continuity

During this financial reporting period ended on June, 30 2018 the Company had a net loss of EUR 502,152 and a positive shareholder's equity of EUR 1,650,504. This net loss was mainly caused by the lower performance fee and outflow of assets under management of the investment fund HiQ Invest Market Neutral Fund. These factors could raise doubt that the Company will be able to continue as a going concern.

However, based on management's expectations of positive future results and new initiatives, the financial statements are prepared on the basis that the Company will continue as a going concern.

The minimum regulatory capital requirements for the Company in 2018 amounts to EUR 719,000. This means that after the appropriated result of net loss of EUR 502,152, the Company has a shareholder's capital surplus of approximately EUR 930,000.

1.7 Significant accounting estimates and judgements

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may vary from these estimates. The estimates and the underlying assumptions are constantly assessed. If necessary to provide the transparency required under article 362 paragraph 1 Book 2 of the Dutch Civil Code, the nature of these estimates and judgements, are disclosed in the notes to the relevant financial statement item. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

2 General accounting principles regarding the valuation of assets and liabilities

2.1 General

2.1.1 Basis of preparation

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The accounting policies applied are based on the historical cost convention, unless stated otherwise.

2.1.2 Financial reporting period

These financial statements have been prepared for the reporting period starting from January 1 till June 30, besides the comparative figures in the balance sheet. The comparative figures in the balance sheet are at the end of the last financial year.

2.2 Foreign currencies

2.2.1 Functional currency

The amounts in the financial statements are stated in consideration of the currency in the economic environment in which the Company performs its business activities (the functional currency). The financial statements are presented in euro (EUR). This is both the Company's functional and presentation currency.

2.2.2 Transactions in foreign currencies

Transactions denominated in foreign currency are translated to EUR at the exchange rate applicable on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate applicable on the balance sheet date. Non-monetary assets and liabilities in foreign currencies that are stated at historical cost are translated into EUR at

the applicable exchange rates on the transaction date. Translation gains and losses on monetary assets and liabilities are taken to the profit and loss account.

2.2.3 Foreign operations

The assets and liabilities of foreign operations are translated to EUR at exchange rates applicable on the balance sheet date. Income and expenses of foreign operations are translated into EUR at the exchange rate applicable on the transaction date.

2.3 Recognition and derecognition of assets and liabilities

An asset is included in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet (derecognition). Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

2.4 Financial instruments

A financial instrument is a contract that simultaneously gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

In this connection, financial assets particularly comprise cash and cash equivalents, equity instruments held in other entities (e.g. investments in participating interests), trade accounts receivable, receivables from Group companies and investments securities.

Financial liabilities generally represent a contractual obligation to deliver cash or other financial assets. These include in particular, trade creditors, payables to Group companies and other liabilities. Within the Company, purchases and sales of (derivative) financial instruments are generally recorded as of the trade date, i.e. the date that the Company commits to purchase or sell the financial instrument. Financial assets and financial liabilities are generally reported separately (i.e. without being netted).

2.4.1 Measurement of fair value

Fair value (market value) is the amount for which an asset can be exchanged or a liability can be settled between knowledgeable willing parties in an arm's length transaction.

2.4.2 Initial recognition and subsequent measurement

Financial instruments are initially stated at fair value (i.e. the transaction price), including discount or premium and directly attributable transaction costs. However, if financial instruments are subsequently measured at fair value through profit and loss, then directly attributable transaction costs are separately recognized in the profit and loss account.

2.4.3 Investments in securities

Securities consist of short term positions (available for sale) in unlisted securities. Investments in unlisted equity securities are stated at fair value. The fair value of unlisted units in investment funds is determined by reference to the underlying net asset value (NAV) of each of the individual funds.

Changes in the market values of securities are reported in the profit and loss account under "Changes in value of financial fixed assets and securities".

2.5 Tangible fixed assets

Tangible fixed assets are valued at the purchase price less straight-line depreciation based on the expected economic (useful) life, or at the lower realisable value.

The expected useful life is:

Tangible asset category	Depreciation term
Leasehold improvement	5 years
Furniture	5 years
Computers and software	5 years

A tangible fixed asset is derecognised in the event of disposal or if no future economic benefits are expected from its disposal or use. Any gains or losses arising from its balance sheet derecognition (calculated as the difference between the net proceeds on disposal and the book value of the asset) are taken through profit or loss for the year in which the asset is derecognised. The residual value of the asset, its economic life and valuation principles are reviewed and, if necessary, adapted at the end of the financial year.

2.6 Financial fixed assets

2.6.1 Participating interests

Participating interests, over which significant influence can be exercised, are valued using the net asset value method based on the Company's accounting policies. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

Participating interests with a negative net asset value are valued at EUR 1. If the company fully or partly guarantees the liabilities of these participating interests a provision is set up, primarily comprising the receivables from this investment. A provision is created for the remainder, either being the share in the losses incurred by the investment, or the amount of payments the company is obliged to make on behalf of these investments.

Newly acquired associates are initially recognized 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.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

For financial fixed assets, an assessment is made as of each balance sheet date as to whether there are indications that these assets are subject to impairment. If there are such indications, the recoverable value of the asset is estimated. The recoverable value is the higher of the value in use and the net realisable value. If the carrying value of an asset is higher than the recoverable value, an impairment loss is recorded for the difference between the carrying value and the recoverable value.

2.7 Current assets

2.7.1 Receivables

2.7.1.1 Receivables from Group companies

The intra group balances outstanding are recorded at their nominal value (and if applicable) less a provision for doubtful items at balance sheet date.

2.7.1.2 Trade and other receivables

At initial recognition trade and other receivables are measured at fair value. After initial recognition receivables are valued at amortized cost less impairment losses. The amortized cost value equals the nominal value, if no directly attributable transaction costs or premium/discounts are applicable.

2.7.1.3 Deferred tax assets

Deferred tax assets are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses and credits carried forward. Deferred tax assets are recognized to the extent that it

is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The calculation of the deferred tax asset is based on the tax rates prevailing at the end of the reporting period or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred tax assets are stated at nominal value.

2.7.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in bank accounts with a maturity of less than twelve months. Cash and cash equivalents are measured at nominal value.

2.8 Provisions

2.8.1 General

Provisions are made for legal or constructive obligations that exist at the balance sheet date, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The provisions are carried at the nominal value of the expenditure that is expected to be required to settle the obligation. When an affiliated company reimburses the obligations, this amount is settled in the current account between both Group companies

2.8.2 Provision for deferred tax liabilities

Provisions for deferred tax liabilities are determined using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The calculation of the deferred tax liability 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. The deferred tax liabilities are measured at nominal value.

2.8.3 Provision for deferred remuneration

The provision for deferred remuneration refers to conditional performance based remuneration awards where the actual payment is deferred for a period of, in principle, three years and depends on the performance (net asset value) of two specific investment funds managed by a related party to the Company. The change in value of the remuneration awards directly related to the performance of the investment funds is expressed in the calculation of the provision.

2.9 Current liabilities

Payables are classified as current liabilities if payment is due within one year, if not, they are presented as non-current liabilities. Payables are initially recognized at fair value and subsequently measured at amortized cost. The amortized cost value equals the nominal value, if there are no directly attributable transaction costs or premium/discounts applicable.

3 General accounting principles for determination of the result

Income and expense items are recognised in the period to which they relate, having due regard to the above accounting principles. Revenues are recognised if it is probable that their economic benefits will flow to the Company and the revenues can be reliably measured.

3.1 Revenues

3.1.1 Management and other fees

Management and other fees represent management fees, operating fees, performance fees and entry and exit fees.

3.1.1.1 Performance fees

With respect to the calculation of the performance fee of HiQ Invest Market Neutral Fund (Market Neutral Fund) the following applies:

If the return of the Market Neutral Fund after deduction of costs, is higher than 10% per year (the hurdle rate) calculated on the first NAV after January 1, 2017 with the NAV being higher than, EUR 17.5 (D-class), the surplus will be recognized as revenue by the Company as a 'hurdle' rate performance fee.

To the extent that the return of Market Neutral Fund after deduction of costs is lower than 4% per year in relation to an initial price of EUR 17.50 in the D-class (EUR 18.78 A-class and EUR 17.80 C-class) the Company will endeavour to refund the difference by returning the previous earned performance fee, provided that the liquidity and capital position of the Company reasonably allows this. A provision will be recognized if the conditions in note 2.8.1 are met.

3.2 Cost of sales

This relates to depositary and administration fees charged by suppliers in connection with the funds managed by the Company.

3.3 Employee expenses

Salaries and wages, social security charges and other salary related expenses are recognized over the period in which the employees provide their services to the group.

3.3.1 Share-based payments

The Group operates an equity-settled, share based payment plan, under which the Company receive services from eligible employees as consideration for conditionally awarded depositary receipts connected to equity instruments of LPE Capital B.V. The fair value of the depositary receipts, at the grant date, is recognized as an employee expense with a corresponding increase in equity (equity-settled) over the period that the employees become unconditionally entitled to the depositary receipts (vesting period). The wage tax charges related to the conditionally awarded depositary receipts will be paid by the Company. This will be categorized as a cash settled share-based payment.

The depositary receipts have been granted to employees of group entities in 2016 and 2017 as part of the remuneration policy. The related shares of the Company are held by an administration foundation, Stichting Participatie LPE Groep (*stichting administratiekantoor*) which has issued the depositary receipts to the employees. The grant of the depositary receipts is conditional on the employee completing service until December 31, 2017.

3.4 Financial income and expenses

Financial income and expenses comprise interest income and expenses on cash and cash equivalents and changes in value of securities.

3.5 Taxes

3.5.1 Corporate income tax (CIT)

Corporate income tax is calculated on the basis of the standard tax rates in the countries where the results were achieved, taking into account applicable tax facilities in these countries. Corporate income tax comprises the current and deferred income tax relating to the reporting period. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. If the carrying values of assets and liabilities for financial reporting purposes differ from their values for tax purposes (tax base), this results in temporary differences. A provision for deferred tax liabilities is recognized for taxable temporary differences.

3.5.2 Value added tax (VAT)

The Company is exempted from VAT with respect to revenues generated from the management of investment funds and the execution of investment transactions and the granting of loans. Due to this

exemption a significant portion of invoiced VAT is not recoverable. Expenses therefore include non-recoverable VAT.

3.5.3 Fiscal unity

Under the Dutch corporate income tax act, Dutch companies (and Dutch permanent establishments of foreign subsidiaries) can form a consolidated group for tax purposes, a so-called 'fiscal unity'. The Company is part of a fiscal unity for corporate income tax (CIT) and value added tax (VAT) purposes together with its parent company, LPE Capital and other fiscal unity members within the Group. Each of the companies within the fiscal unity recognizes the pro rata portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the applicable tax facilities. All companies in this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity.

3.6 Result from participations

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 the Company.

Notes to the balance sheet

4 Off balance sheet assets and liabilities

The off balance sheet assets and liabilities are valued at nominal value, if applicable unless stated otherwise.

4.1 Office lease obligations

The Company has the following office lease obligations:

Office lease obligation	Total duration	Yearly obligation
Sofia (Bulgaria)	5 years	180,585

The office lease obligations are secured by a bank guarantee.

4.2 Contingent liability in a fiscal unity

The Company is part of a fiscal unity for corporate income tax and value added tax purposes with her parent company LPE Capital B.V. All group companies within this fiscal unity are jointly and severally liable for the tax obligations of the fiscal unity as a whole.

4.3 Other off balance sheet items

The Company, as manager of the fund, aims to return a minimum yield of 4% per 12 months for HiQ Invest Market Neutral Fund. The Company will test this on a monthly basis and will endeavour to refund the difference by returning the previous earned performance fee, provided that the liquidity and capital position of the Company reasonably allows this. Based upon management's best estimate as per June 30, 2018, management assumes that the performance fees earned per this date will not be affected in any future repayment.

Notes to the profit and loss account

5 Remuneration policies and practices

5.1 Main principles

The remuneration policy is based on the following main principles:

- ✓ it aims at promoting a sound and effective risk management;
- ✓ it does not encourage the taking of more risks than is acceptable considering the risk profiles, rules or instruments of incorporation of the UCITS and AIFMD funds it manages;
- ✓ it aims to achieve and maintain a sound capital base.
- ✓ it is in line with the business strategy, objectives, values and long-term interests of the company; and
- ✓ it is designed to avoid conflict of interests.

The remuneration policy is intended to be flexible and it is designed to safeguard a sound capital base, while providing sufficient reward to key personnel. The remuneration comprises a fixed component, a variable component and discretionary pension benefits, whereby the fixed and variable components of the remuneration are distributed in a balanced way.

The criteria used for calculating the remuneration are aimed at reflecting the link between payment and performance.

The variable remuneration of all the employees is calculated taking the financial achievements of the company in the previous year and the projection of the regulatory capital requirement for the next year into account. The variable remuneration may be paid partially in financial instruments (units in investment funds managed by the Company) and may be subject to retention and/or deferral over a period which is deemed appropriate in light of the risks of the managed funds.

5.2 Annual Review

The management board in its supervisory function has adopted the remuneration policy. The remuneration policy is reviewed on an annual basis, in order to ensure compliance with national laws and regulations and in order to monitor that it operates as intended. The implementation of the remuneration policy is subject to central and independent review performed annually by the compliance department, in order to assess its compliance with policies and procedures laid down by the management board in its supervisory function. As a result of the annual reviews, the remuneration policy is assessed to be in line with current applicable laws and regulations and its implementation is deemed to be in compliance with the policy itself.

6 Transactions with related parties

During the year there were no transactions (other than intra-group) with related parties that were not at arm's length and which should be disclosed in the financial statements.

7 General

These financial statements have not been audited or a limited review has been performed.

8 Subsequent events

There have been no events after the end of the financial year that give further information about the actual situation at the balance sheet date or raise doubt regarding the assumption of continuity of the Company.

Amsterdam, August 29, 2018

Drs. O. De Hek RBA
Director

A. Rose
Director

Other information

Statutory arrangement regarding the allocation of the result

Article 14 of the Articles of Association includes the following regarding the appropriation of the result: The corporate profit shown in the financial statements approved by the General Meeting of Shareholders – to the extent that the profit is not to be used for the creation or maintenance of reserves prescribed by law – is at the disposal of the General Meeting of Shareholders, that decides regarding reservation or distribution of profits. The distribution of profits may only be made to a maximum amount that exceeds the portion of equity that is issued and called plus the legally held reserves.

Branch offices

The Company has branch offices in Sofia, Bulgaria and Hong Kong.