



HiQ Invest B.V.

**Annual Report for the year ended
December 31, 2016**



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Profile and key figures

Profile

HiQ Invest 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.

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

- HiQ Invest 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 at the Chamber of Commerce and Industry in Amsterdam under number 34252934.

The website of the Company is: www.hiqinvest.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 wholly owned operating companies (the “Group”). The following active companies are part of the Group:

- LPE Capital B.V. (parent company and head of the Group);
- HiQ Trading Software B.V. (software- and ICT infrastructure development)
- DeGiro B.V. (investment company)
- ML Concepts B.V. (concept- developer internet pages):
 - Codern Venture SRL (Software development) (60%);
 - ML Concepts Administration U.G.
- FundShare Administrator B.V. (fund administrator);
- Stichting DeGiro (a securities giro/ custodian founded by DeGiro B.V.);
- Stichting DeGiro II (a securities giro/ custodian founded by DeGiro B.V.);
- Stichting DeGiro IIb (a securities giro/safekeeping entity founded by DeGiro B.V.);
- Expat Pension Housing Beheer B.V.;
- GMO Limited (a marketing company); and
- DAF Depository B.V. (depository of AIFMD and UCITS investment funds).

Overview of Key figures

Key figures	2016	2015	2014	2013	2012
Revenues	384,553	985,442	2,335,102	3,718,301	1,489,698
Cost of sales	29,706	19,482	26,291	119,655	45,942
Gross margin	354,847	965,960	2,308,811	3,598,646	1,443,756
Operating expenses	1,921,765	2,025,360	2,373,717	2,140,147	1,235,638
Operating result	-1,566,918	-1,059,400	-64,906	1,458,499	208,118
Net result	-1,163,481	-800,858	-17,979	1,216,948	189,109
Average employees during the financial year (FTE)	20.36	12.87	10.26	8.13	6.00
Number of employees	19	15	13	8	6



Directors' report

The directors of the Company hereby present the financial statements for the financial year ended on December 31, 2016. The "Profile and key figures" on page two is considered to be an integral part of the Directors' report.

Financial and Operating Review

Revenues, expenses and results after tax

Net revenues

The Company's most important source of income consist of management of the Funds.

The decrease in revenues from EUR 985,442 to EUR 384,553 is due to:

- Lower management and operating fees: this year the management fees amount to a total of EUR 319,638 (2015: EUR 685,154) a decrease of 53%. The decrease is mainly due to the nearly 60% decrease in average assets under management in 2016 of the HiQ Invest Market Neutral Fund.

Operating expenses

The total operating expenses decreased with EUR 103,595 compared with 2015, caused mainly by the focus on cost reduction the management.

Net result

The net result amounted to EUR 1,163,481 negative (2015: EUR 800,858 negative).

Results of the managed Funds

HiQ Invest Market Neutral Fund

HiQ Invest Market Neutral Fund ended the year 2016 with a Net Asset Value ("NAV") of EUR 20.23 (2015: EUR 14.48) per A-Class participation, EUR 19.19 (2015: EUR 13.89) per C-Class participation and EUR 18.86 (2015: EUR 13.65) per D-Class participation, which meant a positive return in each asset class. The total return in 2016 is +38.17% (D-Class). The average assets under management in 2016 have decreased from around EUR 32.1 million to EUR 13 million.

HiQ Invest Fundamental Value Fund

During the reporting period from January 1 2016 until December 31, 2016, the Net Asset Value has increased from EUR 14.71 to EUR 15.81. This has resulted in a positive annual return of 7.48%. The cumulative return of the Fundamental Value Fund is 58.08%. The aggregated net annual return, since inception on the January 1, 2007, is 5.81% (net of expenses).

FundShare Umbrella Fund (AIF)

FundShare Umbrella Fund was launched in 2012. The total assets under management, in this umbrella fund consisting of 15 active sub funds, per December 31, 2016 amount to EUR 315 million (2015: EUR 225 million).

FundShare UCITS Umbrella Fund (UCITS)

FundShare UCITS Umbrella Fund was launched in 2014. The total assets under management, in this umbrella fund consisting of 14 active sub funds, per December 31, 2016 amount to EUR 235 million (2015: EUR 80 million).



Financial position at the balance sheet date

Solvency and liquidity

Solvency and liquidity	2016	2015
Shareholder's equity (a.)	1,218,306	1,215,479
Current liabilities (b.)	684,906	631,592
Total liabilities (c.)	773,123	701,368
Current assets (d.)	1,776,302	1,687,703
Total assets (e.)	1,991,429	1,916,847
Solvency ratio: debt-to-assets (c.)/(e.)	39%	37%
Current ratio: (d.)/(b.)	2.59	2.67

Solvency is addressed through the debt-to assets ratio: total liabilities divided by total assets. It measures how much of total assets were financed by (intercompany) creditors and liabilities (debt). The ratio increased in 2016, mainly due to increase in intercompany creditors.

Liquidity is addressed through the current ratio. It measures the ability of the Company to repay current liabilities with current assets. The current ratio decreased in 2016, mainly due to an increase in intercompany creditors. The current ratio of 2.59 means that at the balance sheet date, the current assets cover 2.59 times the amount of short term liabilities.

Cash flows and financing requirements

Cash and cash equivalents increased from EUR 9,377 to EUR 29,500. We expect, due to increased revenues from the Funds in 2017, no need for additional capital.

Capital requirements

For capital adequacy purposes the minimum own, equity capital of the Company should be at least the higher of:

- o EUR 125,000 with a premium of 0.02% of the excess of assets under management exceeding EUR 250 million, up to a maximum of EUR 10 million; or
- o 25% of the fixed costs of the preceding financial year (the fixed overhead requirement).

As the fixed overhead requirement is the highest, the minimum required regulatory capital of the Company amounts to EUR 499,000 in 2016. The eligible available capital at the balance sheet date amounts to EUR 579,000. The Company is sufficiently capitalized.

Personnel and remuneration

The staff has been expanded in 2016. From 15 employees in 2015 to 19 employees in 2016.

Financial instruments and risk management

The financial instruments in the balance sheet include: trade receivables, securities and cash and cash equivalents. The Company is therefore exposed to credit risks, liquidity and market risks (other price risk). The main risks with respect to significant financial instruments exposure are the following.

Market risk (other price risk)

Market risk arises mainly from uncertainty about future values of financial instruments influenced by other price, currency and interest rate movements. As a result of the Company's investments in equity-instruments in non-listed units in AIFs, the Company is exposed to price risk, as the net asset values of these AIFs fluctuate. This risk is not actively managed by the Company.

No other significant liquidity or credit risks are applicable.



Principal risks, uncertainties and risk appetite

The Company is exposed to principal risks and uncertainties arising from its main business activities. The Company has a low risk appetite. Below please find a description of the principal risks, other than the above described financial instrument risks.

Compliance risk

The compliance risk is the risk that a failure to comply with applicable laws, regulations, internal policies and best practices may result in legal penalties, financial losses or reputational damages. In the worst case scenario such failure may result in the suspension or termination of the license.

Mitigating measures:

- **Compliance Function:** An independent Compliance Department at LPE Group level.
- **Implementation of new laws:** The Compliance Department is focussed and responsible for identification, interpretation and embedding of legislative and regulatory developments.
- **Compliance culture:** through a Code of Conduct, compliance training and workshops the importance of compliance embedded in our operations and work flows is addressed.

Impact and expected impact of compliance risk

Based on feedback from the financial regulators, the compliance risk did not have any impact in 2016. The financial regulatory environment is currently subject to continuous developments and this requires an effort for the organization in order to adequately interpret and implement newly adopted laws and regulation within the organization. The Compliance Department constantly monitors the legal and regulatory framework in order to keep up to date with any change which may impact the organization as well as with guidance provided by the regulator(s) at a national and European level. Due to this, the Company expects to be able to keep its organization and processes fully compliant with applicable laws and regulations. Therefore, the potential impact of the compliance risk for the year 2017 is expected to be low.

Investment strategy and return performance risk

The quality of execution of investment policy (including if relevant algorithmic strategies) of the Funds is a dominant factor that will determine the performance of the Fund. Consistent negative returns could lead to a significant outflow and reducing AuM. This will have an adverse effect on the results and the financial condition of the Company.

Mitigating measures

- **Investment policy restrictions:** there are pre-trade restriction verifications in place.
- **Pre set risk limits:** We have pre and post trade risk system in place. Orders that are place through the trading application must first pass through a series of pre set risk controls.
- **Market data reasonability:** before being used by a trading algorithm price data feeds are verified for reasonableness.
- **Increased human interference in investment strategies:** the Company has hired more traders to work on the automated strategies of the fund to increase fundamental investment analysis.
- **Daily profit and loss analysis and position reconciliations:** for all funds the outcome of (automated) investment decisions are analyzed and monitored and monitored by senior management based on profit and loss per strategy. For a reliable profit and loss report the trading system positions are reconciled with the broker statements.
- **Positions risk management:** the financial risks of the positions of a fund are where applicable monitored on a daily basis by the traders and the risk department. If these risks are not at an acceptable level, measures are taken to bring these risks back to an acceptable level.



Impact and expected impact of investment strategy risk

Even though HiQ Invest Market Neutral achieved positive returns in 2016, the fund experienced significant outflow. With the positive 2016 returns the Company managed to recuperate the fund from the losses of the previous two years. Participants have decided to redeem on the recuperation of a large part of their previous unrealised losses.

Regulatory environment

AIFMD

The Alternative Investment Fund Managers Directive (AIFMD) took effect in 2013. The AIFMD imposes more detailed requirements on the management of investment funds. The Dutch legislature has translated these European rules into legislation in the Netherlands. These management requirements pertain to such matters as risk management, outsourcing and remuneration policy. In addition, investment funds must have a depositary that extensively monitors fund management execution. The new rules took effect on July 21, 2013. The Company has used the transitional year and has been in compliance with the new rules on July 22, 2014. The Company's licence has been automatically converted into the AIFM licence on July 22, 2014.

UCITS license

The Company obtained a license in 2014 from the AFM to manage undertakings for the collective investment in transferable securities (UCITS).

Management and Fund Governance

In-control statement

Our description of operations satisfies the requirements of the Financial Supervision Act (Wet op het financieel toezicht) and the Decree on Conduct of Business Supervision of Financial Undertakings under the Wft-Bgfo/ Besluit gedragstoezicht financiële ondernemingen Wft – Bgfo).

During the period under review, we assessed various aspects of the business operations. In the course of our work we did not find any indications that should lead us to conclude that the description of the structure of our operations as referred to in article 121 of the Bgfo does not satisfy the requirements set out in the Financial Supervision Act and related regulations. Based on this we confirm, in our capacity as manager of HiQ Invest Market Neutral Fund, HiQ Invest Fundamental Value Fund, FundShare Umbrella Fund and FundShare UCITS Umbrella Fund, to have a description of the operations as referred to in article 121 of the Bgfo which satisfies the requirements laid down in that Decree.

We have not become aware of any fact or other element that would make us believe that the operational structure was not carried out in an efficient way and in accordance with the description. We therefore state with a reasonable level of certainty that, during the period under review, our operations have been carried out effectively and in accordance with the description.

Fund Governance

In 2010 the Company, as investment fund manager, implemented the Fund Governance Principles ("Code of Conduct"). This Code of Conduct is based on the formulated 'Principles of Fund Governance' by the Dutch Fund and Asset Management Association (DUFAS). The purpose of the Code of Conduct for fund managers is to guarantee control and integrity in their business operations and proper service as meant in the Wft.

In the Code of Conduct a distinction is made between 1) guidelines for the daily management tasks that give a further elaboration to the principle of preventing conflict of interest and acting in the interest of investors and 2) guidelines to guarantee compliance to the Code of Conduct within the organization of the fund manager. The Code of Conduct of DUFAS is designed in cooperation with the Ministry of Finance and the AFM. Through this Code of Conduct the Company provides interpretation to its governance policy. The full text of the Code of Conduct of the Company is published on the website: www.hiqinvest.nl



Outlook

Personnel

The team of traders and fund managers has expanded again during the reporting period. We are currently working with a team of 18 people on the performance of the Funds that are managed by the Company. This number is expected to increase in the years to come.

Investments and Financing

Besides investments in human capital, the Company will invest further in the servers and computers in order to further improve the automatic execution and processing of investment transactions. The Company is completely financed with equity and it is expected to remain that way for the next couple of years. The aforementioned investments will be financed out of equity.

Inflow of investment funds

For 2017 we expect HiQ Invest to strong increase its revenues. We expect that 2017 will be a profitable year which could provide for significant compensation for the losses incurred in the prior two years.

HiQ Invest Market Neutral Fund: Due to the new fee structure introduced mid January 2017, we expect this fund to have a significant contribution to the total revenues and profitability of HiQ Invest B.V. in 2017.

FundShare Cash Funds Fund: We expect to the net inflow for the Cash Funds to increase in line with the growth of DeGiro's client base.

Based on the above, the management is confident about the near future. Finally, we express our appreciation for the efforts made by all the people who are involved in our activities.

Change in fee structure HiQ invest market Neutral Fund

In January 2017 a new fee structure for HiQ Invest Market Neutral fund became effective. This decision was communicated mid December 2016. The announcement can be found in the document center of the website of the Company (www.hiqinvest.nl). The its expected that the changed fee structure will generate additional revenues.

Amsterdam, April 26, 2017

dr. Ir. J.H.M. Anderluh
Director

drs. N.J. Klok CFA
Director



Financial statements 2016



Balance sheet as of December 31, 2016

(Amounts in EUR, before appropriation of result)

Assets	Notes	31/12/2016	31/12/2015
Fixed assets			
Tangible fixed assets	5	215,126	229,143
Financial fixed assets	6	<u>1</u>	<u>1</u>
		215,127	229,144
Current assets			
<i>Receivables</i>			
Trade receivables	7.1	68,240	105,951
Receivables from Group companies	7.2	713,714	1,009,540
Deferred tax assets	7.3	664,600	267,129
Other receivables	7.4	5,742	7,225
Prepayments and accrued income	7.5	<u>42,618</u>	<u>64,047</u>
		1,494,914	1,453,892
Securities	8	251,888	224,434
Cash and cash equivalents	9	29,500	9,377
Total Assets		1,991,429	1,916,847

Equity & Liabilities		31/12/2016	31/12/2015
Shareholder's equity			
Issued and paid up capital	10.2	18,000	18,000
Share premium reserve	10.3	2,422,983	1,302,983
Other reserves	10.4	-59,196	695,354
Unappropriated result	10.5	<u>-1,163,481</u>	<u>-800,858</u>
		1,218,306	1,215,479
Provisions			
Provision for deferred remuneration	11.1	<u>88,217</u>	<u>69,776</u>
		88,217	69,776
Current liabilities			
Trade creditors	12.1	122,232	209,848
Payables to Group companies	12.2	331,595	225,828
Taxes and social security premiums	12.3	76,732	39,419
Other liabilities	12.4	59,056	9,161
Accrued expenses and deferred income	12.5	<u>95,291</u>	<u>147,336</u>
		684,906	631,592
Total Equity & Liabilities		1,991,429	1,916,847

The accompanying notes are an integral part of these financial statements.



Profit and loss account for the year ended December 31, 2016

Over the period 1 January - 31 December (Amounts in EUR).

Profit and loss account	Notes	2016	2015
Revenues	14	384,553	985,442
Cost of sales	15	29,706	19,482
Gross margin		354,847	965,960
	16		
Employee expenses	16.1	1,135,756	991,614
Depreciation tangible fixed assets	16.2	16,471	20,161
General and administrative expenses	16.3	769,538	1,013,585
Total operating expenses		1,921,765	2,025,360
Operating result		-1,566,918	-1,059,400
Other financial results	17	10,595	-9,485
Result before taxation		-1,556,323	-1,068,885
Corporate Income Tax gain (loss)	18	392,842	268,027
Net result		-1,163,481	-800,858

The accompanying notes are an integral part of these financial statements.



Notes to the 2016 financial statements

1 General

1.1 Activities

The Company, with its registered office in Amsterdam, The Netherlands is a 100%-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:

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

1.2 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.

1.3 Group companies

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

- LPE Capital B.V. (parent company registered in Amsterdam and head of the Group);
- HiQ Trading Software B.V. (software- and ICT infrastructure development)
- DeGiro B.V. (investment company)
- ML Concepts B.V. (concept- developer internet pages):
 - Codern Venture SRL (Software development) (60%);
 - ML Concepts Administration U.G.
- FundShare Administrator B.V. (fund administrator);
- Stichting DeGiro (a securities giro/ custodian founded by DeGiro B.V.);
- Stichting DeGiro II (a securities giro/ custodian founded by DeGiro B.V.);
- Stichting DeGiro IIb (a securities giro/safekeeping entity founded by DeGiro B.V.);
- Expat Pension Housing Beheer B.V.;
- GMO Limited (a marketing company); and
- DAF Depository B.V. (depository of AIFMD and UCITS investment funds).

1.3.1 Affiliated parties (Non Group Companies)

The following affiliated parties are 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
- HiQ TLP Hong Kong Limited (a Hong Kong based company founded by HiQ Trading and Liquidity Providing N.V.).



1.3.2 Branches

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

1.4 Continuity

During the year ended on December 31, 2016 the Company had a net loss of EUR 1,163,481, a negative cash flow from operations of EUR 1,084,055 and a positive shareholder's equity of EUR 1,218,306. This net loss was mainly caused by the negative performance and outflow of assets under management of the investment fund HiQ 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 other matters which are set out below and in the outlook paragraph of the director's report, the financial statements are prepared on the basis that the Company will continue as a going concern.

The minimum regulatory capital requirements (refer to note 10.1) for the Company in 2016 amounts to EUR 499,000. This means that after the payments of additional share premium and the appropriated result of net loss of EUR 1,163,481, the Company has a shareholder's capital surplus of approximately EUR 80,000.

1.4.1 Equity capital contribution

In 2016 the Company received equity capital contributions of EUR 1,120,000. The management expects that the Company will be able to generate a profit in 2017 due to expected increased revenues from the Funds. As a result of this profit the management expects that the Company will not need additional equity capital contributions in 2017.

1.5 Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements and accompanying notes. Estimates, by their nature, are based on judgment and available information. Therefore, actual results may vary materially from those estimates. If and insofar as is necessary for the insight required according to article 2:362, paragraph 1 of the Netherlands Civil Code ("BW"), the nature of these judgements and estimates including the related assumptions are included in the notes to the relevant account balances.

2 General 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 annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The accounting policies applied are based on the historical cost convention, unless otherwise stated.

2.1.2 Financial reporting period

The financial year of the Company coincides with the calendar 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 annual 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 euro at the applicable exchange rates on the transaction date. Translation gains and losses 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, collateralized loans granted and investments securities.

Financial liabilities generally represents a contractual obligation to deliver cash or other financial assets. 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).



2.5 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
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 (subsidiaries) where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. Investments in subsidiaries with negative equity are valued at EUR 1. If the company fully or partly guarantees the liabilities of these subsidiaries a provision is set up, primarily relating to 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 with respect to these investments. 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.

2.6.2 Deferred tax assets

Deferred tax assets are stated at nominal value. Deferred income tax assets (in case of loss carry-forward) are recognized to the extent that it is probable that future taxable profits 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 enable all or part of the asset to be recovered.

2.7 Current assets

2.7.1 Trade and other receivables

At initial recognition trade and other receivables are stated at fair value. After initial recognition receivables are valued at amortised cost less impairment losses (provision for bad debts). The amortised cost value equals the nominal value if no directly attributable transaction costs or premium/discounts are applicable

2.7.2 Receivables from (payables to) group companies

The intra group balances outstanding are recorded at their nominal value less a provision for doubtful items at year end.



2.7.3 Investments in unlisted equity securities

Investments in unlisted equity instruments (units in investment funds) are after their initial recognition 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.

Positive changes in fair value are recognized directly in equity (revaluation reserve) until the time of realisation, to the extent that the result of the individual investment is cumulatively positive, under deduction of any provision for deferred taxes. Upon derecognition of the investment, the accumulated result recognised in equity is transferred to the profit and loss account. Any accumulated decrease in fair value to below purchase price is recognised in the profit and loss account under financial income and expenses.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and call deposits with a maturity of less than twelve months. Debts in current account at banks are included in debts to credit facilities under current liabilities. Cash and cash equivalents are stated at nominal value.

2.9 Provisions

2.9.1 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 amounts necessary to settle. The provisions are stated at the nominal value of the expenditures that are required to settle the liabilities and losses. When a affiliated company reimburses the obligations, this amount is settled in the current account between both group companies.

2.9.2 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 the investment funds managed by the Company (the Funds). The change in value of the long-term employee awards directly related to the performance of the Funds is expressed in the calculation of the provision.

2.9.3 Provision for deferred tax liabilities

A provision is formed for deferred tax liabilities based on the temporary differences on the balance sheet date between the tax book value of assets and liabilities and the book value included in these financial statements. Deferred tax liabilities are entered for all taxable temporary differences. The deferred tax liabilities are valued at nominal value.

2.10 Current liabilities

At initial recognition liabilities are stated at fair value. After initial recognition liabilities are valued at the amortized cost. The amortised cost value equals the nominal value if no directly attributable transaction costs or premium/discounts are applicable.



3 General principle for recognition and measurement of income and expenses

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.

3.2 Cost of sales

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

3.3 Share-based payments

The fair value at the grant date of the performance shares rights is recognized as a personnel expense with a corresponding increase in equity (equity-settled) over the period that the employees become unconditionally entitled to the share rights.

The costs of the share plan for the eligible staff are spread evenly over the performance period, during which vesting conditions are applicable subject to continued services. The wage tax charges related to the conditionally awarded shares will be cash settled by the company. This will be categorized as a cash settled performance share based payment.

3.4 Operating expenses

Operating expenses represent employee expenses, depreciation expenses and general and administrative expenses.

3.5 Financial income and expenses

Financial income and expenses comprise interest income and expenses on cash and changes in the value of investment in unlisted equity securities.

3.6 Taxes

3.6.1 Corporate income tax (CIT)

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, 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 recognised for taxable temporary differences.

3.6.2 Value added tax (VAT)

The Company is exempted from VAT with respect to revenues generated from the management of investment fund. Due to this exemption a significant portion of invoiced VAT is irrecoverable. Expenses therefore include irrecoverable VAT.



3.6.3 Fiscal unity

The Company is part of a fiscal unity for corporate income tax and value added tax (VAT) purposes together with its parent company, LPE Capital B.V. and other group companies. Each of the companies recognises the pro rata portion of corporate income tax that the relevant company would incur as an independent taxpayer, taking into account the applicable tax facilities (such as the innovation box).

4 Cash flow statement

Based on the fact that capital, directly or indirectly, is fully provided by a legal entity that prepares a comparable cash flow statement (RJ 360 104), the Company itself prepares no cash flow statement. These figures are included in the consolidated cash flow statements of LPE Capital B.V. The consolidated financial statements of LPE Capital B.V. are filed with the Trade Register of The Netherlands.



Notes to the balance sheet

Fixed assets

5 Tangible fixed assets

5.1 Tangible fixed assets

Movement schedule tangible fixed assets	2016	2015
Opening balance 1 January	229,143	195,591
Investments	62,131	116,396
Disposals	0	-7,218
Depreciation	-76,148	-75,626
Closing balance 31 December	215,126	229,143

5.1.1 Breakdown per category

Category	Purchase value	Depreciation through 2015	Depreciation 2016	Book value
Furniture	97,402	-68,656	-9,254	19,492
Computers & software	467,440	-204,912	-66,894	195,634
Total	564,842	-273,568	-76,148	215,126

6 Financial fixed assets

6.1 Participation in other subsidiaries

The Company holds one priority share with a nominal value of EUR 1 in HiQ Trading and Liquidity Providing N.V., an investment firm dealing for own account, registered in Amsterdam. The total interest held in this company is below 0.01%.

7 Current assets

7.1 Trade receivables

Trade receivables	2016	2016
Trade receivables	68,240	105,951
Total	68,240	105,951

7.2 Receivables from group companies

Receivables from group companies	2016	2015
LPE Capital B.V.	0	746,590
DeGiro B.V.	670,415	218,865
FundShare Administrator B.V.	26,407	44,085
GMO Limited	16,892	0
Total	713,714	1,009,540

The loan receivables in current account from group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.



7.3 Deferred tax assets

Deferred tax assets	2016	2015
Deferred tax assets	664,600	267,129
Total	664,600	267,129

The deferred tax assets are specified as follows:

Movement schedule deferred tax assets	2016	2015
Balance at 1 January	267,129	0
Recognised unused tax loss carry-forwards	397,471	267,129
Closing balance 31 December	664,600	267,129

Deferred tax assets	2016	2015
Deferred tax assets due to temporary differences	24,796	0
Deferred tax assets due to unused tax losses	639,804	267,129
Total	664,600	267,129

A deferred tax asset is recognized for an unused tax loss carry forward, based on the expected profitability of the Company in the future. On the basis of the current forecasts we expect that we fully recover the tax losses within the fiscal unity.

7.4 Other receivables

The other receivables are specified as follows:

Other receivables	2016	2015
Other receivables	5,742	7,225
Total	5,742	7,225

7.5 Prepayments and accrued income

Prepayments and accrued income	2016	2015
Prepayments	42,618	64,047
Total	42,618	64,047

The prepayments are due within one year.

8 Investments in unlisted equity securities

Investments in unlisted equity instruments	2016	2015
Investments in unlisted equity instruments	251,888	224,434
Total	251,888	224,434

The investments in unlisted equity instruments concerns investments in units of investments funds (AIF) managed by the Company. The units are priced at the validated net asset values at the balance sheet date.



8.1.1 Breakdown per category

Category breakdown	2016	2015
At free disposal	55,971	59,427
Linked to provision for deferred remuneration	195,917	165,007
Total	251,888	224,434

Linked to provision for deferred remuneration for an amount of EUR 195,917 this entails conditional bonus awards which are subsequently linked to the changes in value of units in two (alternative) investment funds managed by the Company. A minimum deferral period of three years is applicable. After this period the conditional bonus can be paid out if the conditions are fulfilled.

The deferred and conditional bonus awards are fully funded through earmarked investments in units of funds managed by the Company just after at the granting date. Income tax payments on the deferred bonus amounts are due when the net deferred bonus amounts are actually paid to employees.

9 Cash and cash equivalents

The cash and cash equivalents are specified as follows:

Cash and cash equivalents	2016	2015
Current accounts	29,500	9,372
Cash in hand	0	5
Total	29,500	9,377

Cash at current accounts are not restricted and are at the Company's free disposal.

10 Shareholder's equity

The shareholder's equity is specified as follows:

Shareholder's equity	2016	2015
Share capital	18,000	18,000
Share premium reserve	2,422,983	1,302,983
Other reserves	-59,196	695,354
Unappropriated result	-1,163,481	-800,858
Total	1,218,306	1,215,479

10.1 Initial capital requirement and fixed overhead requirement

The Company as both a UCITS and AIF manager has to comply with an initial capital requirement of EUR 125,000 with a premium of 0.02% of the excess of AUM over EUR 250 million and a fixed overhead requirement. The minimum required regulatory capital is equal to the higher of the initial capital of EUR 125,000 plus the aforementioned premium and the fixed overhead requirement (FOR).

The minimum required regulatory capital of the Company amounts to EUR 499,000 in 2016.



10.2 Share capital

The authorised share capital amounts to EUR 90,000, divided in 900 ordinary shares, with a nominal value of EUR 100 each. 180 shares are issued and paid-up. The shares are wholly owned (100%) by the parent company LPE Capital B.V.

10.3 Share premium

The movement in the share premium is specified as follows:

Share premium reserve	2016	2015
Opening balance 1 January	1,302,983	302,983
Capital contributions	1,120,000	1,000,000
Closing balance 31 December	2,422,983	1,302,983

10.4 Other reserves

The movement in the other reserves is specified as follows:

Movement schedule other reserves	2016	2015
Opening balance 1 January	695,354	713,333
Appropriation of result of prior year	-800,858	-17,979
Share-based payment	46,308	0
Closing balance 31 December	-59,196	695,354

10.5 Unappropriated result

The movement in the unappropriated result is specified as follows:

Movement schedule unappropriated result	2016	2015
Opening balance 1 January	-800,858	-17,979
Subtraction appropriated result	800,858	17,979
Unappropriated result	-1,163,481	-800,858
Closing balance 31 December	-1,163,481	-800,858

11 Provisions

11.1 Provision for deferred remuneration

Provision for deferred remuneration	2016	2015
Opening balance 1 January	69,776	78,711
Changes in value	18,441	-8,935
Closing balance 31 December	88,217	69,776

This entails conditional bonus awards which are subsequently linked to the changes in value of units in two investment funds managed by the Company. A deferral period of three years minimum is applicable. After this period the conditional bonus is paid out if the conditions are fulfilled. The provisions has a residual term of less than one year.



The deferred bonus awards are fully funded through earmarked investments in units of two managed funds by the Company at the granting date. Income tax payments on the deferred bonus amounts are due when the net deferred bonus amounts are actually paid to employees. For further information on the remuneration policy please refer to reference 19 of the notes to the financial statements.

12 Current liabilities

12.1 Trade creditors

Trade creditors	2016	2015
Trade creditors	122,232	209,848
Total	122,232	209,848

12.2 Liabilities to group companies

Payables to group companies	2016	2015
LPE Capital B.V.	52,215	0
HiQ Trading Software B.V.	263,515	217,908
DAF Depository B.V.	15,865	7,920
Total	331,595	225,828

The loan amounts payables in current account to group companies are non-interest bearing. There are no arrangements in place regarding timing and magnitude of repayments or with respect to the security of these payments.

12.3 Taxes and social security premiums

The taxes and social security premiums are specified as follows:

Taxes and social security premiums	2016	2015
Payroll taxes and social security premiums	67,940	37,389
Value added tax	0	273
Corporate income tax	5,811	1,757
Other taxes	2,981	0
Total	76,732	39,419

12.4 Other liabilities

Other liabilities	2016	2015
Other liabilities	59,056	9,161
Total	59,056	9,161

12.5 Accrued expenses and deferred income

Accrued expenses and deferred income	2016	2015
Accruals and other payables	95,291	147,336
Total	95,291	147,336

The accruals and other payables will be paid within one year.



13 Off balance sheet assets and liabilities

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

13.1 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.



Notes to the profit and loss account

14 Revenues

The revenue composition is specified as follows:

Revenues	2016	2015
Management fees	319,638	685,154
Entry and exit fees	17,173	241,417
Operating fees	47,742	58,871
Total	384,553	985,442

14.1 Management fees

The Company has entered into separate agreements per Fund together with the depository. The Funds offer investors the opportunity to participate. Under these agreements, the Company for portfolio and risk management services, is entitled to receive management fees on an annual basis calculated on a monthly basis over the net asset value of these Funds.

14.2 Performance fee

The Company as manager of AIF and UCITS charged in 2016 and 2015 no performance fees

14.3 Entry and exit fees

The Company as manager of AIF and UCITS for some funds charges entry and exit fees as a percentage of the subscription and/or redemption amount.

14.4 Operating fees

Operating costs (e.g. Bloomberg terminals, trading systems etc.) arising directly from the operation of the HiQ Invest Market Neutral Fund are separately charged to this fund.

15 Cost of sales

The cost of sales concerning outsourcing and other external costs with respect to the funds managed by the Company is specified as follows:

Cost of sales	2016	2015
Service fee administrator	21,762	6,938
Service fee depository	6,779	10,544
Other sales expenses	1,165	2,000
Total	29,706	19,482



16 Operating expenses

16.1 Employee expenses

Employee expenses	2016	2015
Salaries	801,751	729,598
Social security contributions	89,189	83,223
Other employee expenses	171,601	195,449
Share-based payments	96,077	0
Wage tax reduction*	-52,927	-62,854
(Re)charged employee expenses by group companies	30,065	46,198
Total	1,135,756	991,614

*This reduction in the wage tax paid refers to a facility provided by the Research and Development Promotion Act (WBSO).

16.1.1 Remuneration

For the performance period 2016 the Company has awarded performance related cash bonuses. The total fixed and variable remuneration for the directors and other employees (*identified staff*) is shown in the table below:

Details remuneration	2016	2015
Fixed remuneration	723,301	673,463
Variable remuneration	174,527	56,135
<i>Which is paid in cash for an amount of</i>	<i>78,450</i>	<i>56,135</i>
<i>Which is deferred for an amount of</i>	<i>96,077</i>	<i>0</i>
Total	897,828	729,598

Allocation remuneration	2016	2015
Directors	32,333	66,953
Identified staff	865,495	662,645
Total	897,828	729,598

For further information on the remuneration policy please refer to reference 19 of the notes to the financial statements.

16.2 Depreciation tangible fixed assets

Depreciation expenses	2016	2015
Depreciation furniture	9,254	17,675
Depreciation computers & software	66,894	57,951
Profit on sold fixed assets	0	-539
(Re)charged depreciation expenses	-59,677	-54,926
Total	16,471	20,161



16.3 General and administrative expenses

General and administrative expenses	2016	2015
Rents and services	82,647	71,367
Market data and exchange fees	438,176	437,847
Communication and information	28,242	87,737
Marketing expenses	2,299	1,274
Financial supervision	47,525	59,132
Audit and consultancy fees*	113,048	160,164
Office expenses and insurance	10,382	19,697
Bank charges	10,987	7,916
Other expenses	36,232	168,451
Total	769,538	1,013,585

Within the Group most of the general and administrative expenses are allocated based on allocation keys. Based on these allocation keys the Company recharged an amount of EUR 464,794 to related group companies and received charges in the amount of EUR 49,655 from group companies.

* The Company has appointed Mazars Paardekooper Hoffman Accountants N.V. as its Independent Auditor. The Independent Auditor's remuneration accounted for in 2016 amounted to EUR 46,000 (including VAT) with respect to audit fees (2015: EUR 27,225). The Independent Auditor has been engaged to perform the audit of these annual accounts of the Company (EUR 18,150 including VAT) and the investment funds (AIF and UCITS) under its management. The Independent Auditor did not provide any non-audit services to the Company.

In the other expenses is included a negative amount of EUR 1,424 due to currency differences.

17 Other financial results

Other financial result	2016	2015
Interest income (expenses)	-640	0
Changes in value of securities and derivatives	11,235	-9,485
Total	10,595	-9,485

18 Corporate Income Tax

The components of the Corporate Income Tax gains (expenses) are as follows:

Corporate income tax gain or expenses	2016	2015
Result before taxes	-1,556,323	-1,068,885
Permanent differences	2,206	-14,613
Temporay differences	103,845	26,581
Taxable income (loss)	-1,450,272	-1,056,917
Current income tax gains (charge)	-4,630	-1,757
The components of income tax gains are as follows:		
Current income tax gain (charge)	-4,630	-1,757
Deferred tax gain (charge)	397,471	269,784
Total	392,842	268,027



The applicable statutory nominal corporate income tax rates in The Netherlands are 25% (2015: 25%) for profits above the amount of EUR 200,000 and 20% for profits below the amount of EUR 200,000 (2015: 20%). The statutory tax rates applicable in Bulgaria and Hong Kong are 10% and 16.5%.

Deferred tax gain is the movement of deferred tax assets as reflected in note 7.3.

19 Remuneration policies and practices

19.1 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 employees' performance is yearly evaluated based on their skill, expertise and quality of work, on the results reached and on the degree the pre-fixed objectives have been partially or fully reached. The input for the assessment is provided by the senior management and top management, while the ultimate responsibility for awarding remuneration and benefit lays on the management board in its supervisory function.

The fixed component of the remuneration reflects the relevant work experience and organizational responsibility of the relevant employee.

The variable component is designed to reflect both financial and non-financial criteria. The variable component of the remuneration for employees is calculated based on a combination of the assessment of:

- ✓ the performance of the individual;
- ✓ the performance of the relevant business unit and/or UCITS/AIF concerned
- ✓ the overall results of the company; and
- ✓ the performance of the group.

Employees engaged in control functions are compensated in accordance with the achievements of the objectives linked to their function and in such a way that their objectivity and independence is not compromised.

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.



19.2 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.

19.3 Average number of employees

During 2016 an average number of 20.36 employees (including directors) were employed based on a full time employment (2015: 12.87). The breakdown of the average employees is as follows:

Average number of employees	2016	2015
Working in The Netherlands	7.89	10.47
Working outside The Netherlands	12.47	2.40
Total	20.36	12.87

19.4 Remuneration of directors

The remuneration of the directors of the Company (fixed and variable) amounted to EUR 32,333 in 2016 (2015: EUR 66,953).

20 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.

21 Proposal for result appropriation 2016

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2016 result after taxation (net result): a negative amount of EUR 1,163,481 to be subtracted from the other reserves. The result after tax for 2016 is included under unappropriated result in shareholder's equity.

22 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, April 26, 2017

Dr. Ir. J.H.M. Anderluh
Director

Drs. N.J. Klok CFA
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 Bulgaria (Sofia) and Hong Kong.

Auditor's report of the independent accountant

The auditor's report is included on the next pages of this annual report.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of HiQ Invest B.V.

Report on the audit of the financial statements 2016 included in the annual report

Our opinion

We have audited the financial statements 2016 of HiQ Invest B.V., based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of HiQ Invest B.V. as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

The financial statements comprise:

1. the balance sheet as at 31 December 2016;
2. the 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 HiQ Invest B.V. 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.

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 and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

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.

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 and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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.

We communicate with management 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.

Rotterdam, 26 April 2017

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

w.s. drs. C.A. Harteveld RA