



2016 financial statements

Centric Holding

CONTENTS

Management report	3
Profile	6
Key figures	8
Consolidated balance sheet and profit and loss account	9
Consolidated balance sheet (assets)	9
Consolidated balance sheet (liabilities)	9
Consolidated profit and loss account	10
Consolidated statement of cash flows	11
Summary of total consolidated profits for 2016	12
Explanation	
Principles of accounting for consolidation	13
Principles of accounting for the valuation of assets and liabilities	13
Principles of accounting for the determination of the profit or loss	18
Notes to the consolidated balance sheet	19
Notes to the consolidated profit and loss account	24
Company balance sheet and profit and loss account	28
Company balance sheet (assets)	28
Company balance sheet (liabilities)	28
Company profit and loss account	29
Notes to the company balance sheet	30
Specification of assets	30
Shareholders' equity and specification of liabilities	31
Profit	31
Notes to the company profit and loss account	32
Supplementary information	33
Acknowledgements	34

MANAGEMENT REPORT

Centric can look back on 2016 with satisfaction. We closed the year with income after taxation totalling 20.2 million euros, which represents an 8.6 percent rise on the figure for 2015 (18.6 million euros). Sales came in at 451.6 million euros, compared to 462.7 million in 2015.

The positive operating result is encouraging, and shows that the new direction we took in 2015 is indeed bearing fruit. This new direction is one of a more clearly defined operational focus, putting customers first and targeting structural improvement of our return-on-sales ratio, which will have a positive impact on the company's solvency. At 55%, solvency already reached satisfactory levels in 2016 (2015: 52%). With a current ratio of 1.19, liquidity is more than sufficient (2015: 1.0). 2016 brought growth in various segments. The fact that sales were below the 2015 level was expected, mainly due to falling oil prices impacting on the Norwegian economy. As a result, demand for temporary staff fell sharply, putting pressure on our Norwegian subsidiaries' sales. Going forward, we expect our shift from reselling hardware and on-site support to IT outsourcing combined with our hybrid cloud proposition to materialise further. This is a strategic choice that will ultimately lead to better gross margins and a strong recurring revenue component. This will, in turn, aid business continuity and enable us to keep investing in new and existing products and services. As we have now struck a balance between our new activities and our existing ones, we expect sales to stabilise in 2017.

Centric has been posting excellent profits year after year, due partly to our ability to differentiate ourselves by combining profound technological insight with many years' experience with industry-specific processes. We offer all our customers across the entire chain a wide-ranging and unique portfolio of products and services, including a considerable number of business-critical solutions and services. For many of our customers, we take care of a broad array of services.

Centric can provide industry-specific software, generic products and services for infrastructure and outsourcing, as well as software for generic processes and Business Process Outsourcing. In providing all these solutions and services, our primary aim is to achieve the highest possible level of quality. We therefore work relentlessly on innovating and expanding our portfolio and seek to strike up long-term partnerships with our clients. We ultimately make the difference by operating as an expert and committed service provider. We want to make life easier for people and organisations, we take responsibility and we record our commitments in result obligations.

People

We strongly believe in the power of people. In developing our solutions and services, we always put end users first, asking how we can provide employees and customers with the best possible support through smart user-friendly technology. This is what we call our PeopleCentricity – never losing sight of the human aspect. PeopleCentricity is also the philosophy that drives how we treat our professionals. We also look at the person behind the employee. We invest in our employees' development, offering them a wide range of training options, clear career paths, attractive career opportunities and personal support. In 2017, we will further intensify our efforts in this area with the opening of an internal career centre.

For a company like Centric, spotting and nurturing young talent early is essential. We have therefore set up various programmes aimed at students, recent graduates and young people. We attract young talent by offering challenging traineeships, we launched a mentoring pilot in 2016, we worked closely together with universities and other educational institutions and we had numerous students gain work experience at our company. All these things help make Centric an attractive employer.

Our Craft programme also plays a key role in this respect, as it has our employees share their knowledge with professionals outside Centric and provides coaches for the wider IT community. This is how we invest in the development of our field.

Commitment on the part of the management and board is also important in keeping employees engaged and interested. Considering all the changes Centric is facing, leadership plays an ever more important role in the development of the company. With this in mind, we have set up the Centric Management Development (CMD) programme in 2016, which is intended to prepare colleagues for key positions across the organisation.

Innovation

As a large non-listed company, we reinvest our profits in our portfolio and future-oriented research, bearing any risk involved entirely ourselves. Our focus as a technology firm is on progress through responsible innovation funded by reinvesting profits.

Strategic direction

In 2015, Centric calibrated its strategic direction, identifying markets in which we can and want to stand out, and defining our proposition for these segments. Having made clear choices on the direction to take, we are now able to adapt our organisation in a way that allows us to serve our customers even better.

Our focus is on three vertical market segments: financials, supply chain and public sector. Our aim is to become a top-3 player in each of these three markets. In the financial industry and the public sector, we expect to excel on a local level. With our supply chain portfolio, we are targeting a leading position both on a local scale and on an international scale.

Aside from that, we want to become a key player when it comes to IT specialist staffing, supplying customised solutions and Mission Critical Outsourcing through our hybrid cloud proposition.

In 2016, Centric continued to invest in the SaaSification of our application portfolio, developing new products on a SaaS basis in line with current market needs. One example is Motion, an entirely SaaS-based HR solution that we make available to our customers from Centric's private cloud. Work on the move to the cloud will continue unchanged in 2017.

Corporate Social Responsibility

Centric wants to be and stay successful for clients, employees and partners. That is why we do business without ever losing sight of our environment. In 2016, we again worked hard to help people with poor job prospects improve their chances.

We struck up a partnership with Eindhoven-based IT training and staffing provider ProgramIT and one of our colleagues was appointed *Brabants Besten* ambassador for Innovative Employership for the 2016/2017 period.

Centric is furthermore working to reduce energy consumption. Together with our sister companies Antea Group and Strukton, we switched to 100% renewable power and carbon-offset gas supplied by Greenchoice in 2016. Aside from that, a third Centric building was awarded ISO 14001 certification, a standard that requires operations to meet strict environmental criteria.

IT for sustainability

Centric believes that IT can play a clear role in pursuing sustainability, as it can be a means to make processes and even entire industries more sustainable. But soft-

ware itself also has an impact on power consumption. Until recently, it was impossible to pinpoint exactly how great this impact was. In 2016, Centric and Utrecht University presented a methodology that is intended to make it possible to measure just how much power software consumes, while also offering ways to produce detailed analyses. This methodology enables software makers to find the right balance between power consumption and aspects such as performance during the design phase.

Risks

Since its founding, Centric has been striving to strike a healthy balance in its markets and activities, aiming to secure continuity for both customers and employees. Given that there is always some level of risk involved in doing business, Centric has consciously chosen to spread its operations out over different markets and countries. Diversification enables us to absorb any negative consequences of risks taken in a specific country or focus area.

In Scandinavia, we have always been a staffing provider. Our staffing business works with short-term contracts that are highly susceptible to economic fluctuations. It is therefore in the interest of the company's continuity to expand our IT outsourcing activities internationally. IT outsourcing comes with long-term contracts that give our employees and customers security and peace of mind, and which allow us to absorb market fluctuations.

Centric is not a listed company and does not have third-party debts, as reflected by the solvency ratio and liquidity ratio – Centric's cash management is in good shape and the liquidity position at the end of 2016 was strong.

In all countries in which Centric operates, labour market shortages are a threat to continuity of software solution development in the long term. By investing in the growth of our Romanian site, we expect to be able to turn this threat into an opportunity. There is close collaboration between colleagues in the Netherlands, Belgium and Romania, also in the field of infrastructure.

Current developments in society and the role of technology have put security and privacy high on our stakeholders' agendas. The importance of security and privacy is also reflected in changing legislation, such as the upcoming entry into force of the General Data Protection Regulation (GDPR) in May 2018. Under this new piece of legislation, all software providers must implement the concept of security by design, meaning that any software they develop must be proven to meet the most stringent security requirements. This is high on Centric's agenda. One example of our commitment to security and privacy is our signing of the Grip on Secure Software Development (SSD) manifesto. The Grip on SSD method offers a fine framework to engage with our customers on this issue and agree on security requirements, processes and consultation structures. We will thus ensure together with our clients that important subjects such as privacy and security will always be on the agenda.

The board therefore faces 2017 with confidence.

Centric's Executive Board

Karim Henkens – CEO

Hans Schrijver – CCO

Guust Sturm – COO

Centric's Non-executive Board

Gerard Sanderink

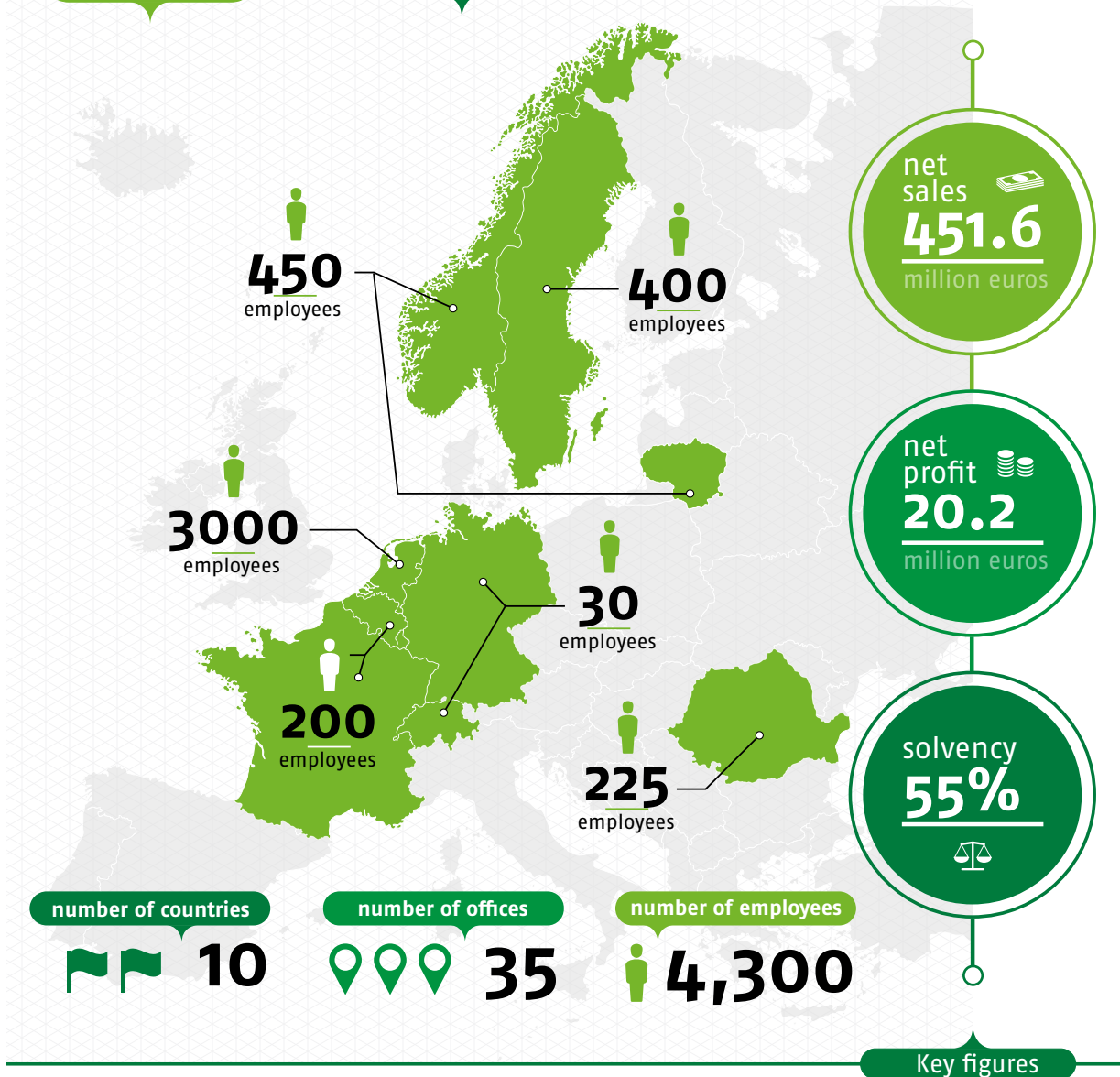
Martijn Janmaat

Aike Schoots

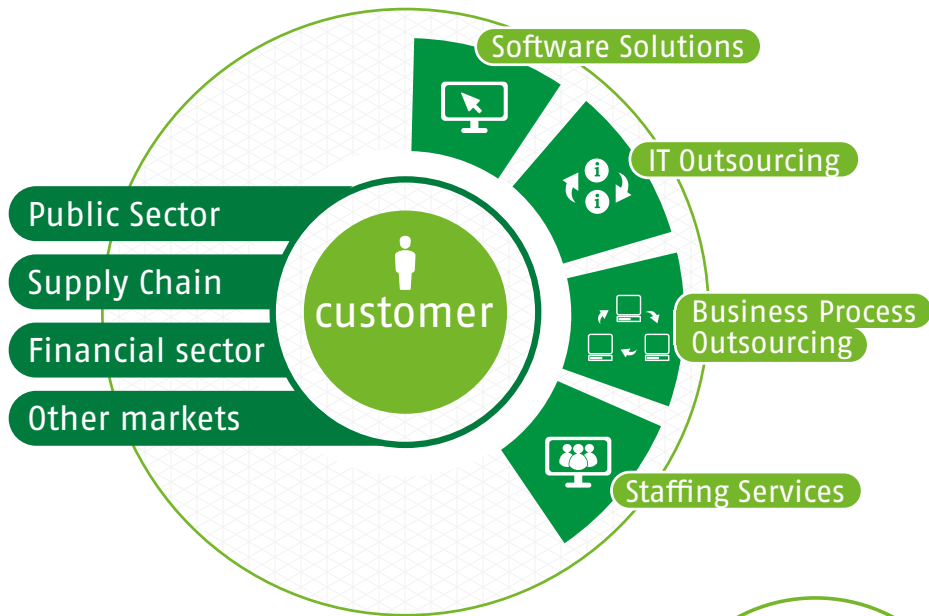
Gouda, 28 March 2017

2016

Countries



Our offer



we believe in

BEING REAL
SOLIDITY

PEOPLE

FULFILMENT
PRAGMATISM

PROGRESS
CHALLENGES

connect.
engage.
succeed.

Our promise

Our values



STICHTING
GERARD SANDERINK

KEY FIGURES

In thousands of euros

	2016	2015	2014
Shareholders' equity	142,281	132,305	119,115
Total capital	260,485	254,949	237,135
Solvency total capital	55%	52%	50%
Net cash flow	3,961	1,102	15,883
Net sales	451,609	462,739	494,473
Net profit (after taxation)	20,209	18,588	15,548
Depreciation & amortisation	4,884	5,151	5,731
Taxes (corporate income tax)	6,079	6,845	4,555
EBIT	26,511	25,864	20,338
Average number of employees	4,292	4,498	4,801

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

	Notes		2016		2015
ASSETS					
Fixed assets					
Intangible fixed assets	1.1	98		209	
Tangible fixed assets	1.2	8,496		10,531	
Financial fixed assets	1.3	<u>120,152</u>		<u>129,248</u>	
			128,746		139,988
Current assets					
Inventories	2.1	8,214		6,368	
Receivables	2.2	94,731		83,690	
Cash		<u>28,794</u>		<u>24,903</u>	
			131,739		114,961
TOTAL ASSETS			260,485		254,949
LIABILITIES					
Shareholders' equity	3.1	142,187		132,245	
Third-party share in group equity	3.2	<u>94</u>		<u>60</u>	
Group equity			142,281		132,305
Reserves	4		6,833		8,491
Current liabilities	5		111,371		114,153
TOTAL LIABILITIES			260,485		254,949

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

	Notes		2016		2015
NET SALES	6	451,531		462,562	
Other operating income		78		177	
Sum of operating income			451,609		462,739
Purchase price of goods for resale	7.1	41,137		35,333	
Outsourced activities	7.2	63,846		63,631	
Wages and salaries	7.3	251,474		260,497	
Depreciation and impairment	7.4	4,884		5,180	
Other operating costs	7.5	63,757		72,234	
Sum of operating costs			425,098		436,875
Operating results			26,511		25,864
Finance income and expenses	8		-81		-385
Income/loss from ordinary activities before taxation			26,430		25,479
Taxes on income/loss from ordinary activities			-6,079		-6,845
Share in profit (loss) on participating interests			-100		0
Income/loss from ordinary activities after taxation			20,251		18,634
Third-party share in group results			-42		-46
Income/loss after taxation			20,209		18,588

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros

		2016		2015
Income/loss after taxation	20,209		18,588	
Changes without cash flow:				
Third-party share in group results	34		46	
Profit taxes	6,079		6,845	
Depreciation and impairment	4,884		5,151	
Changes in reserves	-1,658		-99	
Cash flow from operating activities for changes in working capital		29,548		30,531
Changes in working capital:				
Accounts payable	2,917		-3,034	
Accrued current liabilities	-4,933		4,566	
Inventories	-1,846		-774	
Trade accounts receivable	-6,949		-72	
Other receivables, prepayments and accrued income	-4,092		1,490	
Changes in working capital	-14,903		2,176	
Taxes paid on profits	-6,845		-4,555	
	-21,748		-2,379	
Cash flow from operating activities		7,800		28,152
Investments in intangible fixed assets	-2,861		-2,686	
Acquisition of financial participations	0		-4,500	
Disinvestments in tangible fixed assets, incl. other changes	123		0	
Changes in other financial fixed assets	8,899		-229	
Cash flow from investing activities		6,161		-7,415
Other changes	0		-19,635	
Dividends paid out	-10,000		0	
Cash flow from financing activities		-10,000		-19,635
Total net cash flow		3,961		1,102
Balance of cash and cash equivalents on 1 January		24,903		23,816
Differences on exchange of cash and cash equivalents		-70		-15
Balance of cash and cash equivalents on 31 December		28,794		24,903

SUMMARY OF TOTAL CONSOLIDATED PROFITS FOR 2016

In thousands of euros

		2016		2015
Consolidated net income after taxation		20,209		18,588
Impairment of goodwill taken to equity	0		-5,400	
Translation differences for operations abroad	-267		145	
Correction for preceding years	0		-105	
Total of the changes made directly in shareholders' equity as part of the group equity		-267		-5,360
Total profits		19,942		13,228

PRINCIPLES OF ACCOUNTING FOR CONSOLIDATION, VALUATION AND DETERMINATION OF PROFIT

General

Financial year

The financial year runs from 1 January 2016 to 31 December 2016.

Company activities

Businesses and government bodies can approach Centric Holding B.V. and its subsidiaries for temporary assistance in the form of secondment of professionals, software products that support business processes and the total outsourcing of IT infrastructure or specific business processes.

Parent company

The company is fully owned by Sanderink Investments B.V. in Gouda (ultimate parent company).

Visitor address

Antwerpseweg 8
2803 PB Gouda
Netherlands
Chamber of Commerce registration number: 38023630

Assessments and estimates

The Group's management makes various assessments and estimates in the application of the principles and rules for drafting the financial statements. The main assessments and estimates, including the associated assumptions, are as follows:

Principles of accounting for consolidation

All companies in which Centric Holding BV has majority control are included in the consolidated financial statements of Centric Holding BV.

The profit or loss of companies that have been acquired are recognised in the consolidated profit and loss account from the date of acquisition or to the date of sale.

The third-party share in shareholders' equity and in the profit is shown separately in the consolidated financial statements.

The following companies are recognised in full in the consolidated financial statements.

Centric Netherlands Holding B.V., Gouda
Centric International Holding B.V., Gouda
Centric Offices Holding B.V., Gouda
Centric Pensioenbelangen Personeel B.V., Gouda
Centric TSolve GmbH, Ratingen, Germany

All financial participations are fully owned subsidiaries unless stated otherwise.

A full list of financial participations and associated capital interests has been filed with the Rotterdam Chamber of Commerce.

Principles of accounting for the valuation of assets and liabilities

The financial statements have been prepared with due observance of the stipulations in the Dutch Civil Code, Book 2, Part 9.

CURRENCY

The euro, the group's functional and performance currency, is the currency used in the consolidated financial statements. Every entity within the group determines its own functional currency and the items in the financial statements for every entity are valued on the basis of this functional currency.

A transaction in foreign currencies is valued at the initial processing at the functional exchange rate on the transaction date. Monetary balance sheet items in foreign currencies are converted at the functional exchange rate on the balance sheet date. Non-monetary balance sheet items in foreign currencies, which have been valued at historical cost, are converted at the functional exchange rate on the transaction date.

Non-monetary balance sheet items in foreign currencies, which have been valued at the current value, are

converted at the functional exchange rate applicable at the time of item valuation. Differences on exchange occurring upon settlement or conversion of monetary items in foreign currencies are incorporated into the profit and loss accounts, with the exception of differences on exchange resulting from net investments in business activities in foreign countries and loans taken out in order to fund or effectively hedge net investments in business activities in foreign countries, respectively.

These exchange-rate differences are recognised directly in the translation differences reserve.

The translation differences reserve has been included under the "Statutory Reserves" item. On the balance sheet date, the assets and liabilities from business activities in foreign countries are converted into the group's performance currency (the euro) at the rate on the balance sheet date; and the income and expenditure in the profit and loss accounts is converted at the average rate for the year. The resulting exchange-rate differences are recognised directly in the statutory reserves in the "Translation differences reserve". Upon disposal of the foreign business activities, the relevant accumulated sum of the translation differences that was included in the shareholders' equity in the profit and loss accounts is accounted for as part of the sales profits.

Fair value

The fair value of the financial instruments is determined using available market information or estimation methods. The following estimation methods are used to determine the fair value:

- The fair value is derived from the fair value of its components or a comparable instrument if a reliable fair value can be identified for the components or a comparable instrument.
- Generally accepted valuation models and valuation techniques are used.

Amortised cost

The amortised cost is determined using the effective interest method minus any write-downs (directly, or by creating a reserve) due to impairment or uncollectable debt. In the calculation, premiums/discounts at the time of acquisition are taken into account, as are transaction

costs and fees that are an integral part of the effective interest rate.

Unless stated otherwise, the assets and liabilities are recognised at nominal value.

ASSETS

Intangible fixed assets

Goodwill, paid when acquiring companies, is the amount by which upon the initial incorporation the cost of an entity exceeds the net fair value of the identifiable assets and liabilities.

If, when acquiring an entity, separately identifiable intangible assets can be identified, these are capitalised and depreciated over the relevant depreciation period. A depreciation period varying from 4 to 12 years applies to the value of a customer portfolio, depending on the type and expected churn rate. An amortisation period of 0.5 to 6 years applies for the value of an order portfolio.

Goodwill paid on the acquisition of operations is capitalised and depreciated using the straight-line method over a period of 10 years or the difference between the acquisition price and the book values of the assets and liabilities acquired is recognised in the shareholders' equity.

Intangible fixed assets relating to the capitalisation of software packages developed in-house are depreciated during the period in which the sale of the packages concerned is expected to occur.

Tangible fixed assets

The tangible fixed assets are valued at purchase price less depreciation using the straight-line method, based on the expected service life.

In the year of investment, the depreciation is proportional to time.

The depreciation rates are:

<i>Computer systems (hardware and software):</i>	33 1/3 %
<i>Computer software:</i>	33 1/3 %
<i>Renovations and other operating assets:</i>	20 %
<i>Buildings and premises:</i>	0 – 10%

Financial fixed assets

Acquisitions are incorporated into the financial statements using the purchase accounting method. This means that, on the acquisition date, the acquired assets and liabilities are valued at fair value. The difference between the purchase price and the company's share in the fair value of the acquired identifiable assets and liabilities at the moment of the transaction of a financial participation is recognised as goodwill.

Financial fixed assets include financial participations recognised at net asset value, as well as loans valued at fair value plus the directly attributed transaction costs and subsequently valued at amortised cost as per the effective interest method.

Financial participations where the company does not exercise significant influence over financial or business policy are valued at the purchase price, or the realisable value if lower. In the profit and loss account, dividends are accounted for as returns from financial participations.

Third-party shares in financial participations with a negative shareholders' equity are valued at nil. If valuation of a financial participation at the net asset value returns a negative figure, it will be valued at nil. If and insofar as the company fully or partly guarantees the debts of the financial participation, or firmly intends to enable the financial participation to pay its debts, a reserve will be formed.

Deferred tax receivables are valued at nominal value.

Tax receivables are recognised if it can be reasonably assumed that they can be set off against taxes payable in the next few years. Deferred tax receivables and liabilities within the same group tax entity are shown netted. Insofar as a receivable has an estimated term of more than one year, this receivable is recognised as a financial fixed asset.

Inventories

The merchandise inventory is valued at historical cost less a reserve for any obsolescence applicable. The inventory of work in progress is valued on the basis of direct expenses incurred and an attributed share of the indirect expenses, less any reserves deemed necessary and instalments billed.

Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are included at the original invoice sum (historical cost) minus impairment based on estimates of creditworthiness of the accounts receivable in question, while also taking historical data into account. The recognised impairment is the best estimate of the outstanding amount that the company will not be able to collect. Doubtful debts are written off as soon as it is determined that they are uncollectable.

Cash

Cash is valued at the nominal value. Cash that is expected not to be at the group's disposal for over twelve months is classified as a financial fixed asset.

Impairment of financial assets

On the balance sheet date, the group makes an assessment of whether a financial asset or a group of financial assets has been impaired. If there are objective indications of impairment for any category of financial assets that are valued at (amortised) cost, the extent of the loss will be determined based on the impairment and recognised in the profit and loss account.

For financial assets that are valued at amortised cost, the extent of the loss is the difference between the book value of the asset and the best possible estimate of future cash flows, converted to their net present value at the effective interest rate of the financial asset as calculated upon first recognition of the instrument. A previously included valuation loss will be reversed, provided that the reduction of the impairment is related to an objective event after amortisation, up to a maximum of the amount needed to value the asset at amortised cost at the time of the reversal if there would not have been an impairment. The reversed loss must be recognised in the profit and loss account. The book value of the receivables is reduced using a reserve for uncollectability.

Classification of shareholders' equity and loan capital

A financial instrument or the constituent components of such an instrument are classified in the consolidated financial statements as loan capital or as shareholders' equity in line with the economic reality of the contractual agreement from which the financial instrument ensues. In the individual financial statements, a financial instrument is classified in line with the legal reality. Interest, dividends, income and expenses relating to (part of) a financial instrument are recognised in the financial statements depending on the classification of the financial instrument as either a financial liability or an equity instrument.

LIABILITIES

Reserves

Reserves are included at nominal value with the exception of the reserve for pensions and the reserve for anniversary allowances. The reserve for pensions has been provisionally set at the amount calculated using the straight-line method. The reserve for pensions also includes the present value of the back-service liabilities. The reserve for anniversary allowances is based on actuarial calculations of future payments, which have been converted to their net present value, taking into account the probability of leaving the company and of death. A reserve for deferred tax liabilities has been created based on the current taxation rate. If this can be set off against tax losses, it is taken into account when calculating the deferred taxation. Deferred tax debits will only be taken into account if it may be reasonably assumed that they can be set off.

Reserves/impairment/deferred tax receivables

Restructuring reserve

The restructuring reserve accounted for is based on a detailed formal reorganisation plan. Restructuring reserves are only included if a reliable estimate can be made.

Doubtful debt reserve

The doubtful debt reserve is determined statistically on the basis of an individual assessment of all outstanding receivables, with an objective estimate of the risk of uncollectability on each receivable. This objective estimate is based on past experience, information on the relevant debtor from the stakeholders, correspondence and a risk estimate by the management.

Deferred tax receivables

Deferred tax receivables are only valued if the management expects future profits on them.

Pension plans

The premium payable to the pension provider is accounted for under expenses in the profit and loss account.

The premium due and the premium paid in advance at year-end are accounted for as 'Accruals and deferred income' and 'Prepayments and accrued income' respectively. A reserve is recognised for liabilities other than the premium payable to the pension provider if, on the balance sheet date, there is a legally enforceable or actual liability towards the pension provider and/or employees, if it is likely that a resource outflow is necessary in order to settle this liability and if a reliable estimate can be made of the size of the liability. The reserve for additional obligations to the pension provider and/or employees is valued at the best estimate of the sums needed to settle the relevant obligations as of the balance sheet date. The reserve is valued at the present value if the effect of the time value of money is significant (whereby the discount rate before taxation represents the actual market rate).

A pension receivable due to a surplus at the pension provider is included if the group has power of disposal over the surplus, if it is likely that it will result in future economic benefits for the group and if the receivable can be reliably calculated. A pension surplus is valued in the same way as a reserve.

Long-term liabilities

Long-term liabilities are valued at the fair value of the consideration and subsequently valued at the amortised cost using the effective interest method. The part of the long-term liabilities that must be repaid within one year is accounted for as a long-term liability repayment liability under the 'Current liabilities'.

Current liabilities

Current liabilities are valued at the fair value of the consideration and subsequently valued at the amortised cost using the effective interest method.

Netting

Assets and loan capital items are only balanced in the financial statements if and to the extent that:

- a sound legal instrument is available to simultaneously settle the asset and the loan capital item netted; and
- there is a definitive intent to settle the balance as such or both items simultaneously.

Derecognition of financial assets and liabilities in the balance sheet

A financial instrument will no longer be recognised in the balance sheet if a transaction leads to all or virtually all entitlements to economic benefits and all or virtually all risks relating to the position have been transferred to a third party.

PRINCIPLES OF ACCOUNTING FOR THE DETERMINATION OF THE PROFIT OR LOSS

Net sales

The net sales are recognised in the period in which the associated service was rendered, or the delivery made.

Costs

Costs are determined with due observance of the aforementioned principles of valuation and are allocated to the financial year to which they relate.

Profits are accounted for in the year in which the goods were delivered or the services rendered. Losses are taken into account in the year in which they are foreseeable.

Depreciation

Depreciation/amortisation is spread evenly over time according to the estimated service life.

Depreciation/amortisation on purchases made in the financial year is in proportion to the time period.

Result from financial participations

Result from financial participations is recognised according to the net asset value method.

Extraordinary income and expenses

The 'Extraordinary income and expenses' item comprises any income and expenses not stemming from ordinary activities.

Taxation

Taxation is calculated on the basis of the profit accounted for, taking into account any items eligible for tax exemption and expenses that are fully or partially non-deductible. The taxation is allocated to the profit on ordinary activities and the extraordinary profit in proportion to its share.

PRINCIPLES OF ACCOUNTING FOR THE STATEMENT OF CASH FLOWS

The cash flow statement is drawn up using the indirect method. Amounts received and paid relating to interest and profit taxes are included in the cash flow from operating activities. The sums for acquiring new group companies, if paid in cash, are included in the cash flow from investing activities. Upon acquisition, the cash available in new group companies is recognised in the cash flow from investing activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

In thousands of euros

Mergers and acquisitions

On 1 January 2016, Centric Netherlands B.V. sold its shares in Centric Roermond B.V.

The organisation of Centric Norway was restructured in 2016, which included the renaming of companies and migration of certain operations to other companies. As part of this internal reorganisation, IT and Finance activities, which used to be handled by one single company, were split up into separate legal entities.

Centric Nordic AS (formerly an intermediate holding company) was renamed Centric IT AS. This company is now the base of all employees who work on IT staffing in Norway.

Centric Professionals AS' financial professional staffing activities were moved to a new legal entity, Centric Office Professionals AS. Centric Professionals AS was renamed Centric IT Professionals AS.

Furthermore, a new company has been founded, Centric Office AS. This company was set up as the base for all employees in the field of financial professional staffing.

Centric Sweden AB was renamed Centric IT Solutions AB.

On 30 December 2016, Centric BPO Services sold part of its pension administration operations to Centric Pension & Insurance Solutions.

Events after the balance sheet date

None.

1.1 Intangible fixed assets

The intangible fixed assets relate to purchased goodwill paid upon the acquisition of activities, as well as the capitalised software packages developed in-house.

The item has developed as follows:

	2016	2015
Book value at 1 January	209	319
Depreciation	111	110
Book value at 31 December	98	209
Purchase price	3,452	3,452
Accumulated depreciation	3,354	3,243

1.2 Tangible fixed assets

	Buildings and renovations	Computer (Machinery and plant)	Other fixed systems assets	Total operating
Book value at 31 December 2014	5,286	5,233	2,362	12,881
Investments or acquisitions	329	1,738	776	2,843
Depreciation	1,435	2,739	896	5,070
Exchange-rate gains/losses	-13	-8	-19	-40
Disinvestments and sales	81	0	2	83
Book value at 31 December 2015	4,086	4,224	2,221	10,531
Book value at 31 December 2015	4,086	4,224	2,221	10,531
Investments or acquisitions	75	2,126	660	2,861
Depreciation	1,349	2,419	799	4,567
Exchange-rate gains/losses	7	8	6	21
Disinvestments and sales	121	65	164	350
Book value at 31 December 2016	2,698	3,874	1,924	8,496
Purchase price	9,448	26,205	5,983	41,636
Accumulated depreciation	6,750	22,331	4,059	33,140

1.3 Financial fixed assets

	31/12/2016	31/12/2015
Deferred tax receivables	270	502
Loans receivable	119,882	128,746
Minority shareholders	0	0
	120,152	129,248

	Deferred tax receivables	Loans receivable	Minority shareholders	Total
Book value at 31 December 2014	260	109,111	13	109,384
Write-down	0	0	-13	-13
Addition	242	19,635	0	19,877
Book value at 31 December 2015	502	128,746	0	129,248

	Deferred tax receivables	Loans receivable	Minority	Total shareholders
Book value at 31 December 2015	502	128,746	0	129,248
Write-down	-232	-8,864	0	-9,096
Addition	0	0	0	0
Book value at 31 December 2016	270	119,882	0	120,152

Loans receivable concerns Centric Holding B.V.'s cash as part of the cash pool with Sanderink Investments B.V. that is not at the free disposal of Centric Holding B.V.

Deferred tax receivables

At the end of 2016, there were temporary differences between the profit for Centric Norway AS determined for commercial purposes and that determined for tax losses. These have been valued at a rate of 27%.

There is also an amount of EUR 8,019,000 of compensable losses in Belgium, that have not been valued.

2.1 Inventories

Finished goods for resale

31/12/2016	31/12/2015
8,214	6,368
8,214	6,368

2.2 Receivables

Trade accounts receivable

Uncollectability reserve

Receivables from group companies

Taxation and social security contributions

Prepayments, accrued income and other receivables

31/12/2016	31/12/2015
75,356	68,424
-2,145	-1,593
1,977	1,408
126	20
19,417	15,431
94,731	83,690

The doubtful debt item has developed as follows:

Book value at 1 January

Donations

Withdrawals

Release

Book value at 31 December

2015	
-1,593	-1,359
794	321
59	87
183	0
-2,145	-1,593

3.1 Shareholders' equity

Please refer to the company balance sheet for more information on the shareholders' equity.

3.2 Third-party shares in group equity

Balance at 31 December 2015

Changes:

Exchange-rate gains/losses

Result of third-party share in group results

Balance at 31 December 2016

	60
-8	
42	
	34
	94

4. Reserves

Balance at 31 December 2015

Donation

Withdrawal/release

Balance at 31 December 2016

Anniversaries	Pension	Other	Total
1,970	432	6,089	8,491
990	3	218	1,211
621	0	2,248	2,869
2,339	435	4,059	6,833

The anniversary allowance reserve can be considered to be long term.

The other reserves are reserves on account of ongoing and long-term procedures and reservations for the rental costs of vacated premises for which contractual obligations still exist. Aside from that, a deferred tax position for Scandinavia has been included here.

5. Current liabilities

Trade accounts payable
Liabilities to group companies
Pension obligations
Taxation and social security contributions
Corporate income tax payable
Other liabilities, accruals and deferred income

31/12/2016	31/12/2015
23,135	20,899
48	133
1,552	3,974
21,993	22,379
4,940	6,374
59,703	60,394
111,371	114,153

FINANCIAL INSTRUMENTS

General

The main financial instruments are bank loans and credit facilities and cash and cash equivalents. The primary objective of the financial instruments is to obtain financing for business activities. Furthermore, there are various other financial assets and liabilities, for example trade accounts receivable and debts to suppliers, that result directly from business activities. There are no derivatives or financial instruments for trading purposes.

Interest risk

Interest risks with respect to the interest-bearing loans and bank liabilities have not been hedged. The amount paid in interest is linked to the EURIBOR rate.

Currency risk

Most of the group's activities are carried out within the euro zone. The subsidiaries outside of the euro zone generally trade in their own national currencies. The transaction risk for shareholders' equity and loans extended to subsidiaries outside of the euro zone is not hedged. The currency risk is limited to the foreign subsidiaries.

Commitments not evident from the consolidated balance sheet

The total contractual obligation for payment of rental, lease and purchase commitments are as follows.

	31/12/2016	31/12/2015
Within 1 year	20,621	23,518
After 1 year but within 5 years	34,465	30,219
After 5 years	4,174	552
	59,260	54,289

Centric Holding B.V. and its associates and joint ventures have issued bank guarantees totalling €3 million.

The bank accounts of the company are included in the interest and balance compensation of Sanderink Investments B.V., for which joint and several liability has been agreed.

The Norwegian and Swedish associates and joint ventures have a shared credit facility with DNB Bank ASA, for a sum of NOK 90,450,000 (€9,950,000), for which joint and several liability has been agreed.

The Dutch group companies together form a fiscal unit for corporate income tax and VAT and are therefore liable as a whole for the tax debt of the fiscal unit.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

In thousands of euros

	2016	2015
6.1 Net sales		
Licences	13,624	11,244
Maintenance and management	133,602	115,695
Services	256,872	295,384
Trade	44,155	38,161
Other	3,193	2,076
Total to third parties	451,446	462,560
Group companies	85	2
	451,531	462,562
Sales in the Netherlands	336,260	344,341
Sales in Europe	113,395	127,086
Other	1,876	1,135
	451,531	462,562
6.2 Other operating income		
Other operating income	78	177
	78	177
7.1 Hardware and software purchase price		
Purchase price of goods for resale	41,137	35,333
	41,137	35,333
7.2 Outsourced activities		
Outsourced activities	63,242	62,988
Outsourced activities for group companies	604	643
	63,846	63,631

7.3 Wages and salaries	2016	2015
Salaries	202,332	217,197
Pension costs	10,403	9,109
Social security taxes	38,739	34,191
	251,474	260,497

Employees	2016	2015
Number of employees at year-end	4,588	4,501
<i>Average number of employees expressed as full-time equivalents (FTEs)</i>		
Directors	48	55
Sales & marketing	157	190
General management	628	594
Production	3,459	3,659
	4,292	4,498

With 1,511 of these employees working outside the Netherlands (2015: 1,438).

Recognition of remuneration of executive and non-executive directors

	2016	2017
Executive directors	1,105	1,055
Non-executive directors	31	34
	1,136	1,089

Remuneration is made up of fixed pay, social security taxes paid by the employer, pension obligations, early retirement obligations, anniversary allowances, continued payment during a sabbatical, entitlement to top-up of social benefits etc., profit sharing and bonuses.

7.4 Depreciation	2016	2015
Depreciation of intangible fixed assets	111	110
Depreciation of tangible fixed assets	4,567	5,070
Impairment	206	0
	4,884	5,180

7.5 Other operating costs	2016	2015
Other staff costs	32,541	34,496
Office expenses	12,001	10,721
Communication costs	2,557	3,743
Accommodation	11,904	14,751
Cost of sales	4,195	2,817
Temporary agency staff/other temporary staff	1,301	861
Miscellaneous costs	-742	4,845
	63,757	72,234

8. Finance income and costs

Finance income
Finance costs
Foreign exchange gains/losses

2016	2015
84	95
-95	-465
-70	-15
-81	-385

2016 profit appropriation

At the stockholders' meeting, where the 2016 financial statements will be presented and approved, it will be proposed to assign the profit of €20,208,950 to the other reserve. This proposal has been included in the balance sheet at 31 December.

Tax position at 31 December 2015

Add: Income/loss from ordinary activities before taxation	26,430
Fixed amount for mixed expenses	574
Less: Result from associates and joint ventures before taxation:	

Bakerware B.V.
Centric Roermond B.V.
SPL Technology B.V.
TCM B.V.
Centric Tsolve GmbH
Centric Nordic Holding AS
Quadris NV
Centric Waregem NV
Centric Oostkamp NV
Centric Belgium NV
Centric Germany GmbH
Centric France SAS
Centric IT Solutions Romania SRL

708
-18
0
551
14
407
-3
-2
195
-182
1,198
2
1,693
4,563

Less: Difference between valuation for tax purposes and commercial valuation	600
Taxable amount in the Netherlands	21,841
Taxable profit from innovation box in 2016	2,601

Corporate income tax at 5% deducted from profit for financial year (group tax entity)

130

Corporate income tax at 25% deducted from profit for financial year (group tax entity)

4,810

Bakerware B.V.	141	
SPL Technology BV	0	
TCM B.V.	37	
Centric Tsolve GmbH	0	
Centric Nordic Holding AS	659	
Quadris NV	0	
Centric Waregem NV	0	
Centric Oostkamp NV	0	
Centric Belgium NV	15	
Centric Germany GmbH	19	
Centric France SAS	0	
Centric IT Solutions Romania SRL	268	
Corporate income tax for companies not part of the group tax entity:		1,139
Corporate income tax for Centric Holding BV		6,079

Effective corporate income tax is 23%.

Centric Holding B.V. is part of the group tax entity with Sanderink Investments B.V.

At the end of the financial year there are compensable losses, outside of the group tax entity, that remain to be settled, amounting to EUR 8,019,000, and which have not been capitalised in the balance sheet.

The Dutch corporate income tax for the financial year is settled through the intercompany current accounts.

COMPANY BALANCE SHEET AS AT 31 DECEMBER

After profit appropriation proposal

In thousands of euros

ASSETS	<i>Notes</i>		31/12/2016		31/12/2015
Fixed assets					
Financial fixed assets	9	<u>132,594</u>	132,594	<u>124,883</u>	124,883
Current assets					
Receivables	10.1	262		343	
Cash	10.2	<u>9,893</u>	10,101	<u>7,585</u>	7,928
TOTAL ASSETS			142,695		132,811
LIABILITIES	<i>Notes</i>		31/12/2016		31/12/2015
Shareholders' equity	11		142,187		132,245
Reserves	12		0		100
Current liabilities	13		508		466
TOTAL LIABILITIES			142,695		132,811

COMPANY PROFIT AND LOSS ACCOUNT

In thousands of euros

	2016	2015
Profit on financial participations after taxation	20,228	18,793
Other income and expenditure after taxation	-19	-205
Income/loss after taxation	20,209	18,588

NOTES TO THE COMPANY BALANCE SHEET

In thousands of euros

General

The company has drafted the individual financial statements in accordance with the legal stipulations given in the Dutch Civil Code, Part 9, Book 2. The financial statements were drawn up on 28 March 2017. The principles of accounting for the valuation and determination of profit for the company financial statements are the same as the principles specified for the consolidated financial statements.

Consolidated group companies are recognised at net asset value. The profit from financial participations corresponds to the share of the profit for the companies in question in that financial year.

The company profit and loss account was compiled in compliance with Article 402 of the Dutch Civil Code, Book 2.

Notes to mergers and acquisitions are included in the notes to the consolidated balance sheet.

9. Financial fixed assets

The financial participations item has developed as follows:

	2016	2015
Book value at 1 January	124,883	144,250
Goodwill amortisation	0	-5,400
Profit/loss for financial year	20,228	18,793
Dividend	-12,250	-32,800
Correction for preceding financial years	0	-105
Foreign exchange adjustment	-267	145
Book value at 31 December	132,594	124,883

10.1 Receivables

	31/12/2016	31/12/2015
Trade accounts receivable	246	128
Reserves for uncollectable debt	0	-108
Receivables from group companies	6	318
Taxation and social security taxes	7	2
Other receivables, prepayments and accrued income	3	3
	262	343

10.2 Cash

The bank accounts of the company are included in the interest and balance compensation of Sanderink Investments B.V., for which joint and several liability has been agreed.

As a result, the balance is not at the free disposal of the company.

11. Shareholders' equity

	Subscribed capital	Capital surplus	Statutory reserves	Other reserves	Total
Balance at 31 December 2015	16	0	-237	132,466	132,245
Profit	0	0	0	20,209	20,209
Differences on exchange	0	0	-267	0	-267
Dividend	0	0	0	-10,000	-10,000
Balance at 31 December 2016	16	0	-504	142,675	142,187

The authorised capital stock amounts to €56,723 divided into 200 shares of €226.89 each. 70 shares have been issued and paid up.

The statutory reserve is for translation differences for foreign financial participations.

12. Reserves

	31/12/2016	31/12/2015
Other reserves	0	100
	0	100

Reserves

	Other	Total
Balance at 31 December 2015	100	100
Withdrawal/release	100	100
Balance at 31 December 2016	0	0

13. Current liabilities

	31/12/2016	31/12/2015
Trade accounts payable	290	265
Pension obligations	202	201
Other liabilities, accruals and deferred income	16	0
	508	466

NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT

In thousands of euros

14. Audit fees

The fees for the auditing organisation break down as follows:

	2016	2015
Audit of financial statements	294	269
Other auditing	804	507
Other non-auditing services	59	54
	1,157	830

The fees for the auditing organisation are presented in accordance with Article 382a of the Dutch Civil Code, Part 9, Book 2.

OTHER INFORMATION

Profit appropriation

Statutory provisions for profit appropriation

Profit appropriation takes place in accordance with statutory provisions. Accordingly the profit is declared at the stockholders' meeting.

Branch offices

In addition to the head office in Gouda (the Netherlands), the company has branch offices in the Netherlands in Almere, Assen, Badhoevedorp, Capelle a/d IJssel, Den Bosch, Deventer, Emmen, IJsselstein, Leusden, Meppel, Moordrecht, Rijssen, Son, Weesp and Zoetermeer, as well as branch offices in Oostkamp (Belgium), Waregem (Belgium), Ratingen (Germany), Orléans (France), Bergen (Norway), Drammen (Norway), Hamar (Norway), Oslo (Norway), Stavanger (Norway), Tønsberg (Norway), Trondheim (Norway), Tromsø (Norway), Iasi (Romania), Gothenburg (Sweden), Jönköping (Sweden), Linköping (Sweden), Örebro (Sweden), Malmö (Sweden), Stockholm (Sweden) and Eggenwil (Switzerland).



Acknowledgements

Edited by	Centric
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