# AND International Publishers N.V.
# Annual Report 2016

# AND INTERNATIONAL PUBLISHERS N.V.

# ANNUAL REPORT 2016

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# Profile, mission and strategy

## Profile

AND manufactures and supplies digital maps that are used for location-based services throughout the whole world for various applications.

AND has two offices with in total more than 100 employees. The head office is located in Capelle aan den IJssel. In addition there is a production facility in India. The main activities in the Netherlands include:

- the purchasing of geographical sources for the production of digital maps;
- research and development of production tools for the production in India, as well as innovation in the field of improving the production process;
- guaranteeing the quality of the digital maps by the quality department;
- sales of digital maps from the database with world coverage.

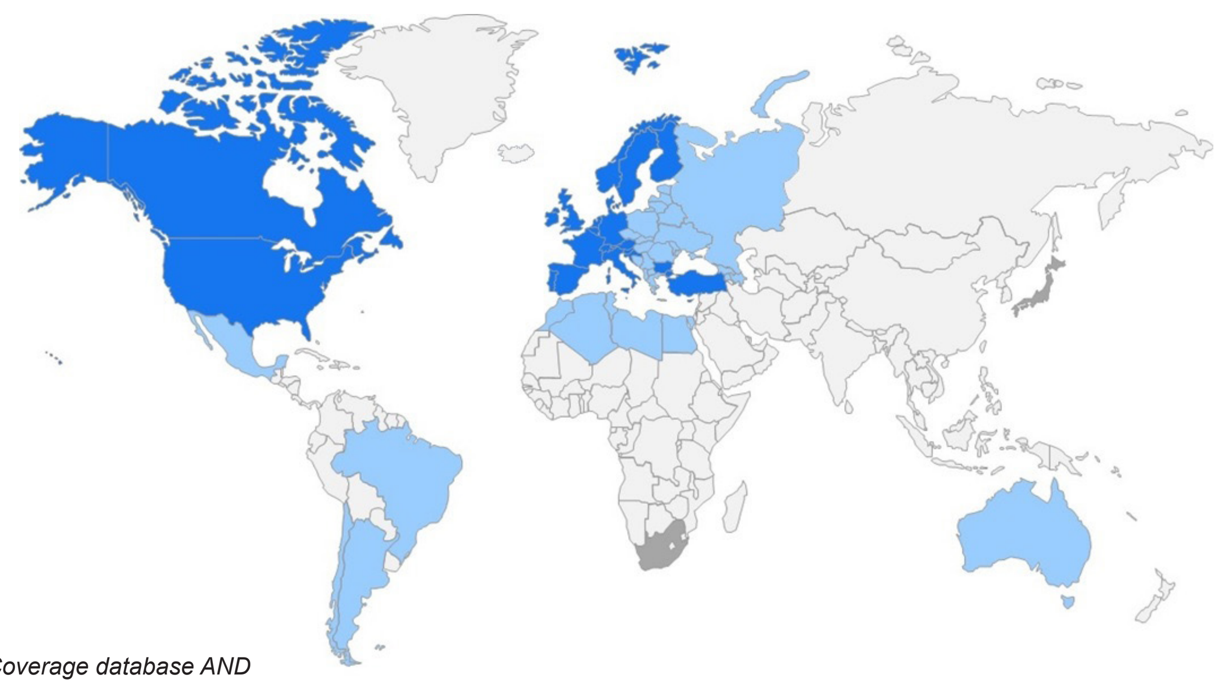
The production facility in India is responsible for producing digital maps. In recent years AND has built a database that has now achieved worldwide coverage at navigation level. In 2014 AND took an important step in the further development of its mapping database. An upgrade and enrichment program has been started to build a premium navigation map of the USA and Canada. This program was completed in January 2016. Together with the already available Western-European navigation maps, this means AND has doubled the coverage of its navigation maps. AND's digital maps are used in smartphones, vehicle satnavs, internet-based mapping, fleet management and other applications.

AND also aims to increase its added value by offering its maps and data as custom-tailored services. Central to this is the addition of location-intelligence, with the goal of improving company processes through the use of location technologies and big geodata.

## Mission and strategy

As an independent player, AND focuses on the creation of long-term value for its shareholders through the provision of digital maps for location-based services. AND aims to achieve this by:

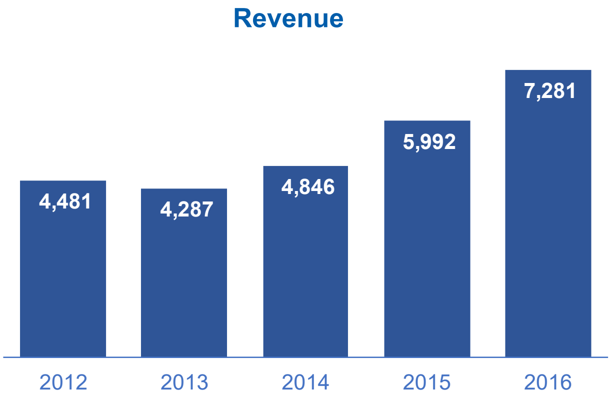
- cost-efficient production;
- flexibility in the type of use and time of the map;
- favorable (competitive) pricing;
- offering custom-tailored solutions.

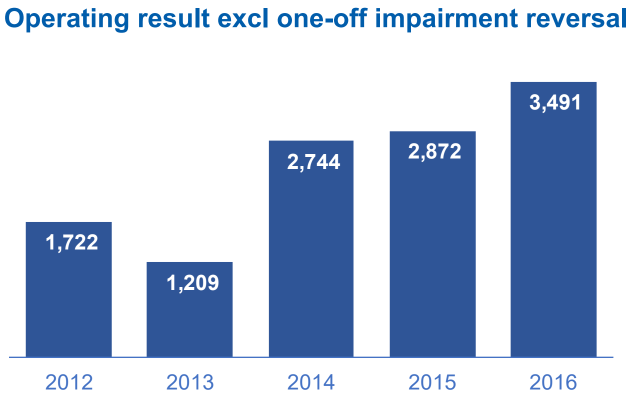


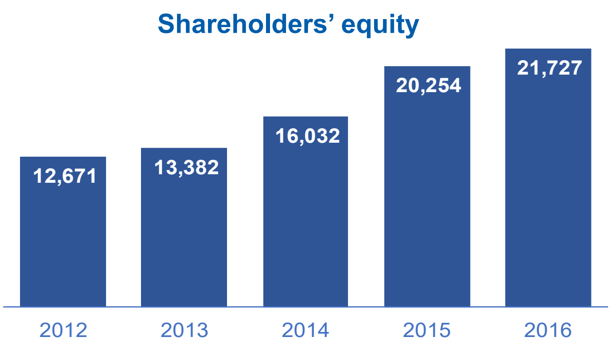
*Coverage database AND*

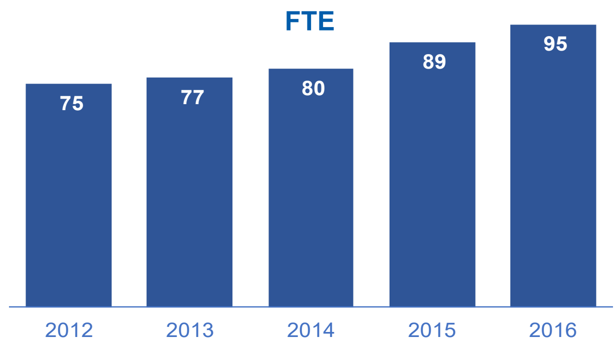
# Key figures

| in thousands of euros, unless stated otherwise | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| **Results** | | | | | |
| Revenue | **7,281** | 5,992 | 4,846 | 4,287 | 4,481 |
| Operating result excl. one-off impairment reversal | **3,491** | 2,872 | 2,744 | 1,209 | 1,722 |
| One-off impairment reversal | **-** | 2,500 | - | - | - |
| Operating result after one-off impairment reversal | **3,491** | 5,372 | 2,744 | 1,209 | 1,722 |
| Net profit | **2,780** | 5,087 | 2,563 | 1,234 | 1,754 |
| **Capital** | | | | | |
| Shareholders' equity and liabilities | **21,727** | 20,254 | 16,032 | 13,382 | 12,671 |
| Shareholders' equity | **20,339** | 18,111 | 12,987 | 10,731 | 9,599 |
| Solvency (as % of balance sheet total) | **94%** | 89% | 81% | 80% | 76% |
| **Data per share** | | | | | |
| Average number of outstanding shares | **3,727,137** | 3,727,137 | 3,727,137 | 3,727,137 | 3,727,137 |
| Shareholders' equity | **5.46** | 4.86 | 3,48 | 2,88 | 2,58 |
| Lowest share price | **7.40** | 2.85 | 2,56 | 1,39 | 0,83 |
| Highest share price | **10.90** | 8.94 | 3,93 | 3,20 | 1,72 |
| Closing share price | **8.79** | 8.35 | 3,00 | 3,20 | 1,50 |
| Market capitalisation | **32.762** | 31,122 | 11,181 | 11,927 | 5,591 |
| **Personnel** | | | | | |
| Average number of fulltime employees (fte's) | **95** | 89 | 80 | 77 | 75 |



# Information about the AND share

## Stock exchange listing

AND International Publishers N.V. was established on 18 March 1998 and has been listed on NYSE Euronext Amsterdam since 15 May 1998 (symbol: AND, ISIN-code: NL0000430106).

## Capital and shares

The authorized capital of AND amounts to a total of €13,875,000 and is divided into 18,500,000 ordinary shares of €0.75 each. As of 31 December 2016, a total of 3,727,173 shares had been issued and paid up.

## Notification substantial holdings

According to the Financial Supervision Act (Wft) on substantial holdings, shareholders are required to disclose their holdings if it represents 5% or more of the issued shares of the capital of a listed company. The following interests of more than 5% are known (as of 31 December 2016):

| | | |
|---|---|---|
| Parkland NV (through Roosland Beheer BV) | 34,47% | 21 December 2011 |
| QuaeroQ cvba | 12,72% | 7 January 2014 |
| Gijs van Lookeren Campagne | 5,00% | 20 August 2012 |

## Share price movements

In 2016 the price of the AND share increased by 5% to €8,79 per share. During the reporting year 2016 a total of 11,106 transactions (2015: 8,916) in the AND share were executed. A total of 2,103,153 shares (2015: 2,483,256) were traded for a total value of €19.9 million (2015: €13.5 million).

## Dividend policy

AND is a growing company in a dynamic sector. Since the company tries in principle to finance its growth out of its own resources, it takes account of various factors in setting the dividend, such as growth opportunities, investments, cash needs, financial position and shareholders' interests in the medium term. Dividend distributions are discussed each year by the Management Board and the Supervisory Board.

Given the good results for 2016, AND will be putting a resolution before the General Meeting of Shareholders proposing to pay a cash dividend of €0.15 per share with a nominal value of €0.75 in respect of the 2016 financial year. AND also has the intention to pay an annual dividend on a regular basis whenever possible and having due regard to the existing dividend policy. In addition AND sees various opportunities to invest in technology and markets to strengthen its capacities and position in addition to the current investments in its map expansion.

## Investor relations

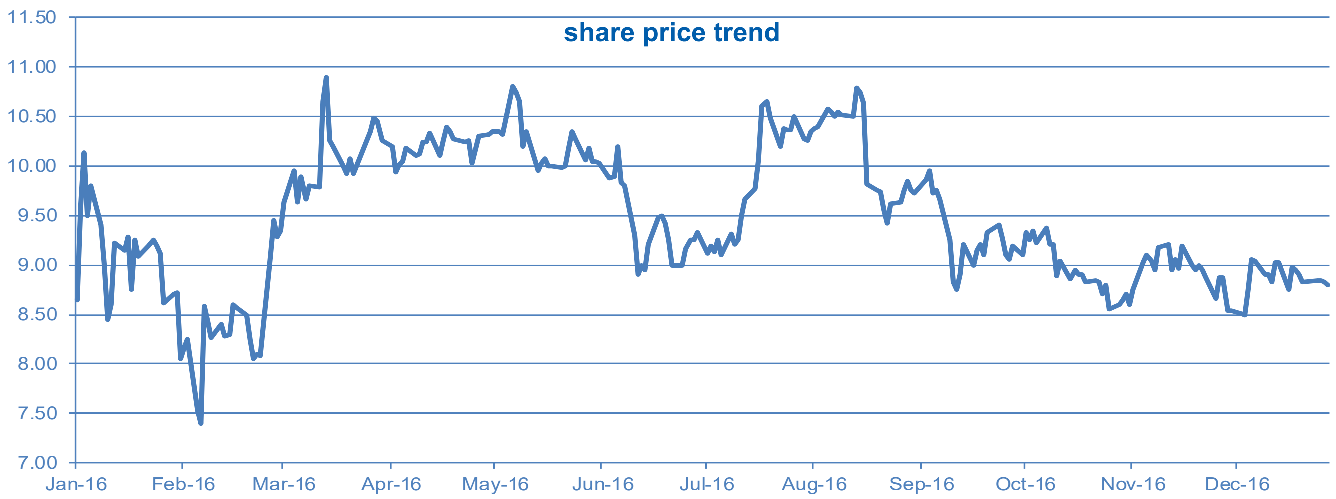
AND values good communication with investors and analysts very highly as it enables them to make a good and realistic estimation of the potential value of the AND share.

## Regulation to prevent insider trading

AND has drawn up regulations for employees and other insiders regarding the ownership of and transactions in financial instruments issued by AND. Employees and advisors who are considered by AND as insider, are, by the signing of a statement, bound to comply with the regulations. The Management Board and the Supervisory Board have also complied with the provisions of Market Abuse Regulation, the rules for the notification of voting rights, capital, control and capital holdings in issuing institutions. The Authority for the Financial Markets (AFM) monitors compliance with these regulations.

## Financial Calendar

| | |
|---|---|
| 11 May | Annual General Meeting of Shareholders |
| 15 May | Ex-dividend date |
| 16 May | Record date for dividend entitlement |
| 18 May | Divdend payment |
| 17 August | Half-yearly results for 2017 |



## Management Board and Supervisory Board

### Mr. ir. H.F. van der Linde MBA (1965), CEO

Dutch nationality.

Appointed as CEO on 15 May 2012.

Current terms ends 15 May 2020.

Ancillary positions:

Board member Stichting Mapcode Foundation

### Mr. R.M. Westerhof, MSc, (1943), chairman

Dutch nationality.

Appointed as supervisory director 30 December 2009.

Current terms ends on 30 December 2017.

Ancillary positions:

Member of the Supervisory Boards of TCL Multimedia Ltd and Teleplan N.V.

Chairman of the Supervisory Board of Sparta Beheer B.V.

### Mr. M.S. Douma, MSc, (1980)

Dutch nationality.

Appointed as supervisory director on 15 May 2012.

Current term ends on 15 May 2020.

Ancillary positions:

Investment Director Indofin Group

### Mr. B.J. Glick (1953)

American nationality

Appointed as supervisory director on 10 October 2016.

Current terms ends on 10 October 2020.

Ancillary positions:

President, PTV America Inc, Member of the Baord of directors,  Location Inc.,

Advisory Board Member Vagabond Vending Inc.,

Partner Carillon Ventures LLC, GeoCodex LLC, Spatial Justice Resouces Inc

# Preface by the Management Board

Dear shareholders and other stakeholders,

I am proud to report that 2016 was an excellent year for AND, with a further increase in revenue and operating profit (excluding the one-off reversal of impairment loss in 2015). Additionally, thanks to our prudent financial policy, our finances are very solid, enabling us to pay a dividend at the same time as continuing to invest in the quality of our digital mapping and innovative technologies.

Over the past years, AND has been focusing on investing in the quality of its digital maps and expanding their coverage. In January the production of the high quality premium navigation map of Canada was completed. This completes the upgrade and enrichment program for high quality premium navigation maps of North America. One month later, AND entered into a material agreement to license mapping data with one of the largest European internet companies. This license agreement includes worldwide map coverage. This license underlines once more our position where on the one hand we are one of a few that own proprietary worldwide digital maps, and on the other hand these digital maps are of increasing strategic importance for many types of businesses.

AND also continued to further develop new innovative technologies and products in 2016. For example, AND developed a unique database of detailed postal code areas of the United States. For this product, a multi-year sales contract has already been signed with a prominent customer. Also our research for a position in the automotive industry is progressing. Last year we joined the ADASIS platform in which automakers and map makers are connected, and AND conducts various pilot projects and tests with partners such as CycloMedia. Not only the automotive as a market is interesting but also the possibility to new innovative map production methods.

Our solid financial position means that AND not only does not have any bank borrowings but also enjoys a solvency ratio (equity in relation to total assets) of 94%, enabling us to fund the investments we need to make out of our own resources. We shall be continuing to invest in maintaining, expanding and marketing of our digital maps. I am also excited with the appointment of Barry Glick as supervisory board member, the opening of our office AND North America, LLC and the appointment of Bennett Moe as VP Sales. This marks a further step in AND's growth but one in which we shall continue to pursue our prudent financial policy.

In order to allow shareholders to benefit from, among other things good results in 2016, the shareholders' meeting will be invited to pass a resolution declaring a dividend of €0.15 per share.

The successful year 2016 was made possible by the enormous commitment on the part of our employees and the active support of our Supervisory Board. I should accordingly like to take this opportunity to express my gratitude to them and to thank our customers for their loyalty and our shareholders for their confidence in us and their support.

Hugo van der Linde
CEO


*Opening Euronext on 9 December 2016, because of 20- years of AND's listing*

# Report of the Supervisory Board

We hereby present to the shareholders the financial statements for 2016 prepared by the Management Board for adoption by the general meeting of shareholders. These financial statements have been audited and given an unqualified report by the external auditors Mazars Paardekooper Hoffman Accountants N.V. ('Mazars'). The financial statements were discussed by us with the Management Board in the presence of Mazars. We invite shareholders to adopt the financial statements as they stand.

We also invite shareholders to approve the proposed declaration of a dividend of € 0.15 per share. The provisions of the Articles of Association concerning profit appropriation are stated on page 50. We also recommend that shareholders ratify the decisions of the Management Board in their conduct of the business and the supervision exercised by the Supervisory Board.

In the extraordinary meeting of 10 October 2016 Mr. Barry Glick was nominated and appointed als new and third member of the Supervisory Board. Mr. Glick has the American nationality and has extended international experience within the field of AND. Currently the Supervisory Board consists of three members.

During the financial year 6 supervisory board meetings and two shareholders meetings were held. Topics discussed include strategy, finance, risk management, regulatory requirements, commerce, technological and market developments. The Supervisory Board also considered its own performance as well as that of the Management Board. The Supervisory Board has discussed its desired profile, composition and competencies. The shareholdersmeeting also decided to change the remunerationsystem from a fee per meeting to an annual fee. This has been fixed for the chairman at €20,000 and for members at €15,000.

Particular attention has been devoted to substantive discussions on partnerships given all developments in global markets, standardization trends and technological developments.

During 2016 the company has further developed itself and has given its activities an increasingly character based on its existing and emerging products and services. On this basis the Supervisory Board is confident about future prospects of the company.

Mr. Glick and Mr. Westerhof are independent of AND in accordance with the Dutch Corporate Governance Code (best practice provision III.2.1). Mr. Douma is working for one of the large shareholders of AND (Indofin Group through Parkland NV)and for that reason not independent.

For 2016 the Supervisory Board has not exercised its power to revise or recover bonuses.

Rotterdam, 16 March 2017

Supervisory Board

R.M. Westerhof
M.S. Douma
B.J. Glick

# Report of the Management Board

## General Developments

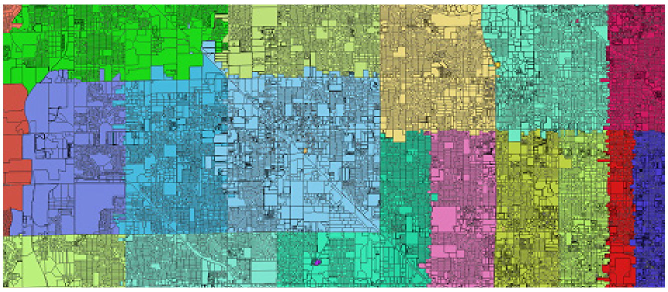
In January the production of the high quality premium navigation map of Canada was completed. This completes the upgrade and enrichment program for high quality premium navigation maps of North America. AND more than doubled the coverage of AND's navigation maps.

In February, AND entered into a material agreement to license mapping data with one of the largest European internet companies. The license agreement includes AND´s worldwide digital maps.

In April, AND announced a licensing agreement with CycloMedia. This empowers AND's capability to deploy data generated by cars in its digital maps. In 2016 AND started a pilot project. This step enhances AND's growth prospects in the automotive sector, which is on the brink of new developments driven by technology and an important user of digital maps.

In addition, AND announced that it has been enrolled as a member of ADASIS, a platform for car manufacturers and map makers to standardize interface between in-vehicle ADAS (Advanced Driver Assistance Systems) applications and map data sources. Partners of ADASIS include car manufacturers (for example BMW, Daimler, FORD, Honda, Renault, Toyota, Volkswagen and Volvo) and map makers (such as HERE and TomTom).

During the third quarter AND decided to develop a new product, a database with detailed postal code areas of the United States. For this product, a multi-year sales contract has already been signed with a prominent customer. From 2017 this product will contribute to the revenue and results.



In the third quarter Barry Glick was formally nominated to strengthen the Supervisory Board. The Extraordinary General Meeting of Shareholders of 10 October officially appointed Mr. Glick as member of the Supervisory Board. He has been appointed for a period of four years. The Supervisory Board now consists of three members.

In the fourth quarter Bennett Moe was appointed as VP Sales to expand the business in North-America.

In 2016 AND has executed several customized orders during the third quarter. Together with the Dutch police a so called tile server is delivered with specific point of interests and together with a part of the Dutch government a so called tile server was delivered. Also, AND worked on and successfully completed various custom projects which involved accepting total confidentiality with respect to the client, the work involved and the financials of the project and is therefore unable to disclose any further details.

Financially, 2016 can be summarized as follows:

- revenue increased by 22% to €7.3 million (2015: €6.0 million)
- operating result decreased from €5.4 million to €3.5 million (2015 included an amount of €2.5 million for reversal of an impairment loss)
- operating result excluding the one-off impairment reversal increased from €2.9 million to €3.5 million
- net profit amounted €2.8 million (2015: €5.1 million)
- net results excluding the reversal of the impairment amounted to €2.8 million (2015: €3.2 million)

For further disclosures relating to these figures, reference is made to the section on financial developments.

## Market developments and trends

In 2016 the trend that everything and everybody is connected continued, for example through smartphones, smart watches, smart meters and other devices with positioning. As a result, the market for location services and mapping is growing. Many of these apps use the standard APIs (Application Programming Interfaces) forming part of the SDKs (Software Development Kits) of the mobile operating systems.

The existence of location services that are available free of charge has resulted in businesses becoming vastly more aware of the importance of location to their business processes. The map underlying location services for business processes is being customized much more frequently in order for those business processes to be optimised and leverage big data.

AND sees more and more companies that indicate that maps are of strategic importance. There is also a growing need for cloud-based location services. With its LBS (Location Based Services) platform, AND provides the ideal answer to this need. AND also continues to see a growing demand for customized products and an increasing readiness on the part of customers to pay for services rather than map licences only. AND responds to these needs by offering flexibility in data layers as well as new business models.

In the automotive market, AND envisages a rapidly accelerating demand for location services in connection with autonomous car and the connected car. The developments surrounding autonomous cars only strengthen the strategic importance of worldwide maps in this sector. AND already participates in various pilots and initiatives and continues to explore the potential for occupying a successful position in the automotive market.

Although the need for digital worldwide mapping and location services continues to grow, the number of suppliers able to provide global coverage is very limited. AND is one of few mapping companies owning worldwide proprietary maps including detailed and premium maps of the main markets of Europe and North America. AND shall continue to invest in our digital mapping in the years ahead in order to expand the coverage even further and improve quality.

## Financial developments

### *Revenue and costs*

Revenue increased from €5,992,000 to €7,281,000. The contract signed in February 2016 contributed substantially to the revenue in 2016.

Costs for maps and sources amounted to €81,000 (2015: €56,000). These costs are related to geographical sources for the maintenance of the database.

Personnel expenses decreased in 2016 by 6% to €2,272,000 (2015: €2,426,000).

The expense related to share-based compensation amounted to €232,000 compared to €594,000 in 2015. This decrease is explained by the fact that the increase of the share price in 2016 was lower compared to the increase in 2015.

Due to the reversal of the impairment loss and the investment in the map of North America in 2015 and the resulting amortization charge, the amortization of intangible fixed assets increased from €634,000 in 2015 to €841,000 in 2016.

The costs involved for the further development of the database, which qualify for capitalization, have been capitalized and, for the whole of 2016, amounted to a total of €580,000 (2015: €1,424,000).

The other operating expenses increased to €893,000 in 2016 (2015: €774,000).

### *Cash flow*

The net cash flow from operating activities in 2016 amounted to €3,720,000 compared to €2,270,000 in 2015. The cash flow from investing activities amounted to €729,000 negative (2015: €1,522,000 negative). The cash flow from financing activities amounted to €589,000 negative (2015: €29,000 negative).

### *Taxation*

The tax expense for 2016 amounted to €690,000 (2015: €206,000). The effective tax burden amounted to 19.9% (2015: 3.9%). As at year-end 2016, the balance of carry forward tax losses amounted to a total of €400,000.

### *Financial position*

Total assets increased by €1,473,000 in 2016, to €21,727,000. Solvency ratio amounted to 94% of the balance sheet total at the end of 2016 (2015: 89%).
As of 31 December 2016 AND held €6,945,000 in cash and cash equivalents (2015: €4,542,000).

### *Investments*

The total investment in intangible assets amounted to €660,000 in 2016 (2015: €1,512,000). The investment in property, plant and equipment amounted to €69,000 (2015: €10,000).

## Research and development

Research and development play an important role within AND's business operations. AND stimulates innovation and wants to fulfil a pioneering role within the market in which it operates. Within AND the Services department is responsible for innovation. Part of the activities of this department qualifies as search- and development work. As in 2015, AND received a subsidy (WBSO) from the government. For 2016 the total of this subsidy amounted to €85,000 (2015: €76,000). Just like in 2016 AND will, again, invest in research and development in 2017.

## Personnel and organisation

The number of FTEs for 2016 totals 18.4 (2015: 18.5) for AND Rotterdam and 76.5 (2015: 71.7) for AND India. In 2017 the workforce will minimally be equal to the level of 2016.

The Management Board and the Supervisory Board periodically evaluate whether changing conditions exist which should influence the size and composition of the Management Board and the Supervisory Board. An important factor which thereby plays an important role is the size of AND. At this moment there are no female members in the Management Board or the Supervisory Board. For future vacancies AND will consider the distribution of seats between men and women as recommended by the Management & Supervision Act (Wet Bestuur & Toezicht).

## Risk management

### *General*

The Management Board is responsible for the proper functioning of the internal risk management and control systems. Among other things these consist of the determination of the strategy and the budget. The realised results and liquidity positions are discussed each month and compared with the results for the previous year and the budget.

AND is aware that internal risk management and control systems – however professional these may be – do not provide any absolute certainty that the corporate goals will be achieved or that these systems will be able to entirely prevent inaccuracies of material importance, loss, fraud and violations of laws and regulations. Although the risk management and internal control systems can still be further improved, AND considers that the systems provide a reasonable degree of certainty and that the financial reporting does not contain any inaccuracies of material importance.

### *Risks and uncertainties*

Like all companies, AND is exposed to commercial, technical and financial risks that are inherent to entrepreneurship. The following (non-exhaustive) specific risks apply to AND:

- a substantial part of the revenue is achieved among a limited number of customers. In 2016 the top 3 customers accounted for approximately 88% (2015: 81%) of total revenue;
- in the yearly realization of the revenue AND is dependent

on the realization of substantial revenue from new licenses. In 2016 the revenue from one-off nature amounted to 87% (2015: 78%) of the total annual revenue;

- 11% of the 2016 revenue (2015: 71%) was generated by contracts in dollars and it is expected that sales of the navigation map of North America will result in a relative increase in the number of dollar-denominated contracts signed with American players;
- in general a potential new client needs to adjust its software to integrate a new map-supplier in its product. This extra investment for this new client can lead to a longer lead-time of the sales-process. Furthermore this extra investment potentially forms an additional barrier in closing the sale;
- for maintenance of the database and further development AND is dependent on the availability of (geographic) sources and technology from third-parties. Limitations in the availability of these sources and technologies can lead to maps and technologies of AND which might be insufficiently developed and/or maintained;
- AND is active in a strongly dynamic and competitive industry. The technology for the production and maintenance of digital maps is very innovative and competitive. This requires continuous investment and innovation from AND to adjust its organization to the trends in the industry. Shortcomings in the adjustment of the organization to trends can have a substantial negative effect on the business and financial position of AND;
- within the industry in which AND operates large, known parties are active with more financial and technical means, a higher map-coverage as well as a larger workforce than AND. This offers them more possibilities to finance and utilize potential opportunities in the market;
- the free or low-cost availability of maps and data. This may lead to pressure on the earning-capacity of the maps and technologies of AND;
- in the market in which AND operates, careful compliance with legal intellectual property provisions as well as maintaining AND's own thereto related conditions to protect its own intellectual property rights is a critical aspect. AND might be confronted with claims for infringement on the intellectual property rights of others which may lead to payment for damages which can have a negative influence on the financial position. Furthermore, this can lead to decreased map-coverage;
- AND is working with parties who in general require strict secrecy and confidentiality. AND might be confronted with claims if the secrecy and confidentiality requirements of other parties are violated. This can lead to payment for damages as well as loss of large clients;
- unforeseen disruptions in the business operations as well as disasters can bring damage to AND. If these circumstances present themselves, this can lead to delay and discontinuity of the services as well as leading to loss of critical assets, such as systems, maps and data.

*Risk-management of financial instruments*

The use of financial instruments arises from the operating activities of the Group. These instruments include cash, trade and other receivables and trade and other payables. AND's current policy in the case of material amounts in foreign currencies is to make use of derivative financial instruments if desirable in order to hedge potential risk relating to these financial instruments. The use of these instruments exposes AND to the following risks:

- credit risk
- liquidity risk
- currency risk
- interest rate risk

*Credit risk*

The credit risk arises primarily from debtors. The Group has a debtor portfolio of creditworthy customers spread over various regions. Most of the sales relate to solid, creditworthy entities. In comparison to the actual revenue, the write-downs on debtors in recent years have been minimal. The Group therefore considers that the credit risk is adequately controlled, e.g. by adequate credit management.

*Liquidity risk*

As at year-end the Group held total cash balances of €6,945,000. The availability of these cash balances is sufficient to meet current liabilities. Past experience has indicated that the Group has always been able to obtain sufficient (additional) financing for its operations.

*Currency risk*

Company policy is aimed at concluding sales contracts in euros wherever possible. A certain element of the sales is however realized from contracts in foreign currency. In 2016 this figure was approximately 11% (2015: 71%) of total revenue.
For contracts in foreign currencies of material amounts, AND is able to make use of hedge contracts in order to mitigate the currency risk.
Apart from the currency risk from sales contracts in foreign currency, the company is exposed to a currency risk on the activities in India, since the reporting currency is the Indian Rupee.

*Interest risk*

The Group does not have any interest-bearing loans and the interest risk is therefore limited to fluctuations in the interest rate on deposits and other bank balances. Surplus cash is invested in short-term deposits at a variable rate of interest.

## Corporate social responsibility

As a producer and provider of digital maps, AND is making a positive contribution to a more sustainable environment. Digital maps enable transport companies, for example, to plan their routes more efficiently and to use their vehicle fleet more effectively. The production of digital maps is moreover a low-pollution activity.

AND undertakes a lot of research and development and, as noted previously, received a further government grant for this purpose in 2016. In this way AND is contributing towards innovative capacity in the Netherlands.

Throughout the production of digital maps in India AND is, on the one hand, promoting the transfer of knowledge to and employment in India. The basic conditions of employment and fringe benefits in India may be regarded as good. Among other things these include medical insurance, pension facilities and education. On the other hand AND's operations in India are cost-efficient.

## Dividend proposal

Given the good results for 2016, AND will be putting a resolution before the General Meeting of Shareholders to be held on 11 May 2017 proposing to pay a dividend of €0.15 per share in respect of the 2016 financial year, or 20% of the net profit. AND continues its intent to pay an annual dividend on a regular basis whenever possible and having due regard to the existing dividend policy. Since the company wishes in principle to finance its growth as far as possible from its own resources, calculation of the dividend takes account of various factors such as growth potential, level of investment, cash requirements, the capital position and the interests of shareholders in the medium term..

## Outlook

The year 2016 was an excellent year again for AND. The economic conditions, market developments and business models in the market for digital maps are still highly uncertain. The results will depend among others on the strength of economic recovery, the developments in the market for navigation and location-based services. Also AND is still highly dependent on a few large customers and new orders to be acquired. With our AND North America office opened in December 2016 AND expects to further develop the North American market. AND also expects further progress with its research and initiatives in new markets, for example the automotive. AND is positive regarding new opportunities within the current fast changing technology and market developments. AND does not provide a financial outlook for 2017.

Rotterdam, 16 March 2017

Management Board
H.F. van der Linde, CEO

# Management declaration

## Report pursuant to Section 5:25c of the Financial Supervision Act in the Netherlands

In the opinion of the Management Board, the 2016 financial statements of AND International Publishers N.V. give a true and fair view of the assets, liabilities, financial position and profit of AND International Publishers N.V. and its consolidated companies and the 2016 annual report gives a true and fair view of the financial position as at 31 December 2016, and the course of events during 2016 of AND International Publishers N.V. and its consolidated companies, whose details are included in the financial statements. The significant risks AND International Publishers N.V. faces are described in this annual report.

Rotterdam, 16 March 2017

Management Board
H.F. van der Linde, CEO

# Corporate Governance

## General

AND International Publishers N.V. is a public limited liability company incorporated under the laws of the Netherlands with its registered office in Rotterdam, the Netherlands. AND International Publishers N.V. has a two-tier management structure, with the Management Board and a separate Supervisory Board. The Management Board and Supervisory Board are independent of one another. Both bodies give account for the performance of their tasks to the General Meeting of Shareholders (hereafter referred to as the 'General Meeting').

The Management Board and the Supervisory Board endorse the principle embodied in the Dutch Corporate Governance Code ('the Code') that the company is a long-term form of collaboration between the various parties involved. They recognize their integral responsibility for correctly balancing all the interest concerned while safeguarding the continuity of the business. The aim of the Company is to create long-term shareholder value.

AND believes that the details of the Code do not always take into account the size of the company, but endorses the principles and associated best practice provisions in the Code.

AND has taken cognizance of the updated Code of December 2008, which came into force on 1 January 2009. AND has assessed the amendments to the code carefully and thoroughly. Any departures from the Code are discussed below.

## Management Board

The Management Board is entrusted with the company and represents the company. The Management Board is responsible for the achievement of the targets, strategy and policies, financing, development of the results and Corporate Social Responsibility. The Management Board is also responsible for the internal risk management and control systems related to business activities and for compliance with all relevant legislation and regulations. The Management Board submits all information to the Supervisory Board in due time and is accountable to the Supervisory Board and the General Meeting of Shareholders.

In accordance with the Articles of Association certain decisions of the Management Board are subject to the approval of the Supervisory Board and the General Meeting of Shareholders.

The Management Board determines, with the approval of the Supervisory Board, which portion of the profit will be reserved. The remaining profit is at the disposal of the General Meeting of Shareholders. The dividend policy is set out on page 7 of the annual report.

By virtue of its designation by the General Meeting of Shareholders, the Management Board, with the approval of the Supervisory Board, is authorized to decide to issue shares and to limit or exclude the shareholders' preferential subscription right. This designation is requested at the General Meeting of Shareholders and is always valid for a maximum period of five years.

Among other things, the Management Board needs the approval of the Supervisory Board to enter into or terminate a long-term relationship of major importance to the company, to participate in the capital of other companies and to undertake investments, in each case in so far as the value hereof exceeds a quarter of the issued capital plus the reserves.

## Supervisory Board

The task of the Supervisory Board is to supervise the management of the Management Board and the general course of business within AND. The Supervisory Board also advises the Management Board. The Supervisory Board members perform their tasks with the interest of AND and its stakeholders in mind and also bearing in mind the Corporate Social Responsibility aspects relevant for AND.

The Supervisory Board consists of at least two members. The number of members of the Supervisory Board is determined by the Supervisory Board. Given the size of the Board, there are no separate audit, remuneration, selection and appointment committees. The tasks of these committees are instead undertaken by the Supervisory Board as a whole.

## General Meeting of Shareholders

The powers of the General Meeting of Shareholders are stipulated in legislation and Articles of Association and can be summarized as follows:

- approval of decisions that would cause a major change to the identity or character of AND or its business;
- appointment and dismissal of Management Board and Supervisory Board members;
- adoption of the Supervisory Board remuneration policy;
- adoption of the financial statements of AND and discharge of the members of the Management Board and the Supervisory Board;
- approval of the profit appropriation;
- authorization to acquire the company's own shares, to issue shares (or to grant rights to acquire shares) and the limitation or exclusion of preference rights in relation to shares;
- approval of decisions to amend the Articles of Association or dissolve AND.

The following are also discussed with the General Meeting of Shareholders:

- the Annual Report of AND;
- changes to the reserves and dividend policy;
- changes to the Corporate Governance structure.

General Meetings of Shareholders are held once a year, no later than six months from the end of the previous financial year. Extraordinary General Meetings are held as frequently as deemed necessary by the Supervisory Board or the Management Board.
All notices of the General Meeting of Shareholders shall be published on the Company's website, in a national newspaper and in the Official Price List ('Officiële Prijscourant').

## Departures from the best practice provisions of the Code

Although AND International Publishers N.V. endorses the principles of the Code, AND departs from the following best practice provisions of the Code:

*Best practice provisions II.1.2*

From a competition perspective AND has not included operating and financial targets which are used with the strategy in the annual report.

*Best practice provisions II.2.4*

The options which have been granted by AND do not have the condition that they may be exercised only after three years from the date of assignment. From 2015 onwards AND has decided if new options are granted to comply with the required terms from provision II.2.4 for exercise of three years after assignment.

*Best practice provision II.2.12 and II.2.13*

AND has not included a separate remuneration report from the Supervisory Board in the financial statements. This is because the size of AND and the Management Board. The Management Board of AND consists of only one director. The remuneration components of this director are further disclosed in the notes to the financial statements.

*Best practice provision III.5.10*

In relation to the preparation of the remuneration report reference is made to departure II.2.12.

*Best practice provision IV.1.1*

AND values the continuity of the Management Board and the Supervisory Board and wants to protect its shareholders from possible quick changes in the Management Board and the Supervisory Board. For this reason AND maintains requirement from the Articles of Association of two-third representation in case of a decision to oust the binding character of a nomination to appoint a director or supervisory director and/or a decision to the resignation of a director or supervisory director.

*Best practice provision V.3*

Given the size of AND, no separate internal auditor has been appointed.

## Internal insider trading rules

The Management Board of AND International Publishers N.V. has formulated a set of rules regarding price-sensitive information. Under these rules, any AND employee who is in possession of information that may reasonably be expected to influence the price of the securities may not engage in transactions in AND securities or recommend a third party to engage in transactions in AND securities. It is likewise forbidden to communicate price-sensitive information to a third party and engage in transactions during a closed period. These rules also apply to the members of the Management Board and Supervisory Board and other designated individuals.

## Takeover guideline

Pursuant to Section 1 of the Decree Article 10 Takeover Directive, AND provides the following notes:

*Capital structure*

The capital structure is indicated on page 7, 'Information about the AND share'.

*Disclosure of major holdings*

The major holdings of which AND is aware are stated on page 7, 'Information about the AND share'.

*Appointment and dismissal of members of the Supervisory Board and Management Board*

The number of members of the Management Board and the Supervisory Board are determined by the Supervisory Board. The latter must have at least two members.

Members of the Management Board and the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders on the basis of a timely (within three months) and binding nomination by at least two persons. The General Meeting may rescind the binding nature of that nomination by a vote passed by at least two thirds of the votes cast representing at least half the issued capital.

*Amendment of Articles of Association*

A decision to amend the Articles of Association or to dissolve AND may be taken by the General Meeting only upon a proposal by the Management Board approved by the Supervisory Board.

*Powers of the Management Board*

The powers of the Management Board are stated in the section on the Management Board in this chapter. At its meeting on 12 May 2016 the General Meeting gave the Board a mandate to issue shares for a period of 18 months. The issue of shares may not exceed 10% of the issued share capital for ordinary purposes, with an additional 10% allowed where mergers and acquisitions are involved.

*Payment upon termination of employment contract pursuant to a public bid*

The Management Board and one other employee qualify under certain conditions for payment of one year's salary upon ending of the employment following from a public offer.

*Payment upon public offer*

In the event of a change of control Management Board receives a bonus of 1 year's salary.

## Corporate Governance Declaration

This declaration is included pursuant to Article 2a of the Decree: further stipulations regarding the content of annual reports dated 1 January 2010 (hereafter the 'Decree'). For the statements in this declaration as understood in Articles 3, 3a and 3b of the Decree please see the relevant sections of this annual report. The following should be understood to be inserts to and repetitions of these statements:

- compliance with the provisions and best practice principles of the Code (page 17 'Corporate Governance');
- the most important characteristics of the management and control systems in connection with the Group's financial reporting process (page 12 'Risk management');
- the functioning of the Shareholders' Meeting and its primary authorities and the right of shareholders and how they can be exercised (page 16 'General Meeting of Shareholders);
- the composition and functioning of the Management Board and Supervisory Board (page 11 'Report of the Management Board', page 16 chapter 'Corporate Governance' and page 8 'Management Board and Supervisory Board');
- the information concerning the disclosure of the information required by the Decree Article 10 EU Takeover Directive, as required by Article 3b of the Decree, may be found in this chapter under 'Takeover Directive'.

# FINANCIAL STATEMENTS 2016

## 1. Consolidated statement of profit or loss

| in thousands of euros | Note | 2016 | 2015 |
|---|---|---|---|
| **Revenue** | **6.24** | **7,281** | **5,992** |
| | | | |
| Maps and sources | 6.25 | **(81)** | (56) |
| Personnel expenses | 6.26 | **(2,272)** | (2,426) |
| Share-based compensation | 6.27 | **(232)** | (594) |
| Depreciation | 6.32 | **(51)** | (60) |
| Amortization | 6.33 | **(841)** | (634) |
| Other operating expenses | 6.30 | **(893)** | (774) |
| **Total operating expenses** | | **(4,370)** | **(4,544)** |
| Capitalised development costs | 6.33 | **580** | 1,424 |
| Reversal impairment loss | 6.33 | **-** | 2,500 |
| **Net operating expenses** | | **(3,790)** | **(620)** |
| | | | |
| **Operating result** | | **3,491** | **5,372** |
| Financial income | | **(21)** | (79) |
| **Result before tax** | | **3,470** | **5,293** |
| Taxation | 6.31 | **(690)** | (206) |
| **Net profit** | | **2,780** | **5,087** |
| | | | |
| **Profit / (loss) attributable to:** | | | |
| Shareholders of the company | | **2,780** | **5,087** |
| | | | |
| Basic earnings per share (euro) | 6.38 | **0.75** | **1.36** |
| Diluted earnings per share (euro) | 6.38 | **0.75** | **1.36** |

The notes on page 27 to 42 are an integral part of these consolidated financial statements.

## 2. Consolidated statement of comprehensive income

| in thousands of euros | 2016 | 2015 |
|---|---|---|
| **Net result** | **2,780** | **5,087** |
| **Other comprehensive income for the year** | | |
| *Items that may be subsequently reclassified to profit or loss:* | | |
| Foreign currency translation differences on foreign operations | **7** | **37** |
| **Total comprehensive income for the year (after income tax)** | **2,787** | **5,124** |
| **Comprehensive income attributable to:** | | |
| Shareholders of the company | **2,787** | 5,124 |

The notes on page 27 to 42 are an integral part of these consolidated financial statements.

## 3. Consolidated statement of financial position

*As at 31 December (before appropriation of result)*

| in thousands of euros | Note | 2016 | 2015 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 6.32 | **107** | 89 |
| Intangible assets | 6.33 | **13,650** | 13,831 |
| Deferred tax assets | 6.34 | **382** | 1,056 |
| **Total non-current assets** | | **14,139** | **14,976** |
| | | | |
| Trade and other receivables | 6.35 | **643** | 736 |
| Cash and cash equivalents | 6.36 | **6,945** | 4,542 |
| **Total current assets** | | **7,588** | **5,278** |
| | | | |
| **Total assets** | | **21,727** | **20,254** |
| | | | |
| **Shareholders' equity** | | | |
| Issued and paid-up capital | 6.37 | **2,795** | 2,795 |
| Share premium reserve | 6.37 | **36,227** | 36,227 |
| Legal reserve | 6.37 | **10,308** | 10,387 |
| Result for the year | 6.37 | **2,780** | 5,087 |
| Retained earnings | 6.37 | **(31,771)** | (36,385) |
| **Total shareholders' equity** | **6.37** | **20,339** | **18,111** |
| | | | |
| **Liabilites** | | | |
| Defined benefit plans | | **12** | 12 |
| Other liabilities | 6.39 | **249** | 279 |
| **Total non-current liabilities** | | **261** | **291** |
| | | | |
| Trade and other liabilities | 6.40 | **1,127** | **1,852** |
| **Total current liabilities** | | **1,127** | **1,852** |
| | | | |
| **Total liabilities** | | **1,388** | **2,143** |
| | | | |
| **Total shareholders' equity and liabilities** | | **21,727** | **20,254** |

The notes on page 27 to 42 are an integral part of these consolidated financial statements.

## 4. Consolidated summary of changes in shareholders' equity

| in thousands of euros | Issued and paid-capital | Share premium reserve | Legal reserves | Unappro-priated result | Retained earnings | Total share-holders' equity |
|---|---|---|---|---|---|---|
| | 6.37 | 6.37 | 6.37 | 6.37 | | |
| **As at 31 December 2014** | **2,795** | **36,227** | **6,906** | **2,563** | **(35,504)** | **12,987** |
| **Comprehensive income** | | | | | | |
| Distribution of result 2014 | - | - | - | (2,563) | 2,563 | - |
| Result for the year | - | - | - | 5,087 | - | 5,087 |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences on foreign operations | - | - | 37 | - | - | 37 |
| **Total comprehensive income** | **-** | **-** | **37** | **2,524** | **2,563** | **5,124** |
| **Other movements** | | | | | | |
| Transfer to legal reserve | - | - | 3,444 | - | (3,444) | - |
| **As at 31 December 2015** | **2,795** | **36,227** | **10,387** | **5,087** | **(36,385)** | **18,111** |
| **Comprehensive income** | | | | | | |
| Distribution of result 2015 | - | - | - | (4,528) | 4,528 | - |
| Result for the year | - | - | - | 2,780 | - | 2,780 |
| **Other comprehensive income** | | | | | | |
| Foreign currency translation differences on foreign operations | - | - | 7 | - | - | 2,787 |
| **Total comprehensive income** | **-** | **-** | **77** | **(1,748)** | **4,528** | **2,787** |
| **Transactions with owners** | | | | | | |
| Dividend payment | - | - | - | (559) | - | (559) |
| **Other movements** | | | | | | |
| Transfer to legal reserve | - | - | (86) | - | 86 | - |
| **As at 31 December 2016** | **2,795** | **36,227** | **10,308** | **2,780** | **(31,771)** | **20,339** |

The notes on page 27 to 42 are an integral part of these consolidated financial statements.

## 5. Consolidated cash flow statement

| in thousands of euros | Note | 2016 | 2015 |
|---|---|---|---|
| Operating result | | **3,491** | 5,372 |
| Adjustments for: | | | |
| Depreciation tangible fixed assets | 6.32 | **51** | 60 |
| Amortization intangible fixed assets | 6.33 | **841** | 634 |
| Reversal impairment loss intangible assets | 6.33 | **-** | (2,500) |
| Non-cash transactions | 6.24 | **-** | (868) |
| Changes in working capital: | | | |
| Change in receivables | 6.35 | **96** | (306) |
| Change in defined benefit plans | | **-** | (2) |
| Change in other liabilities | 6.40 | **(723)** | (9) |
| **Cash flow from operating activities** | | **3,756** | **2,382** |
| Finance income / (expenses) | | **(21)** | (79) |
| Income tax paid | | **(15)** | (33) |
| **Net cash flow from operating activities** | | **3,720** | **2,270** |
| Investments in intangible fixed assets and capitalized development costs | 6.33 | **(660)** | (1,512) |
| Investments in property, plant and equipment | 6.32 | **(69)** | (10) |
| **Cash flow from investing activities** | | **(729)** | **(1,522)** |
| Dividend payment | | **(559)** | - |
| Long-term liabilities | 6.39 | **(30)** | (29) |
| **Cash flow from financing activities** | | **(589)** | **(29)** |
| Net increase / (decrease) in cash and cash equivalents | | **2,402** | 719 |
| Opening balance cash and cash equivalents | 6.36 | **4,542** | 3,817 |
| | | **6,944** | **4,536** |
| Impact of exchange rate differences in foreign currencies | | **1** | 6 |
| **Closing balance cash and cash equivalents** | **6.36** | **6,945** | **4,542** |

The notes on page 27 to 42 are an integral part of these consolidated financial statements.

# 6. Notes to the consolidated financial statements

## 6.1 General

AND International Publishers N.V. (the 'company') was incorporated on 18 March 1998 as a public limited company under Dutch law and is at the head of the AND Group. The company has its registered office in Rotterdam, the Netherlands. Since 15 May 1998 the company has been listed on the NYSE Euronext Stock Exchange in Amsterdam.

AND manufactures and supplies digital maps that are used for location-based services throughout the whole world for mobile phones, the Internet and desktop applications. AND's digital maps are used in smartphones, car-navigation, Internet Based Mapping, Fleet Management and other applications.

The consolidated financial statements of the Company for the 2016 financial year include the accounts of the Company and its subsidiary companies (together referred to as the 'Group'). The financial statements were drawn up by the Management Board and were approved for publication by resolution of 16 March 2017.

## 6.2 Statement of compliance

The consolidated financial statements of AND International Publishers NV have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

## 6.3 New accounting standards

For 2016 the following standards and interpretations, as well as amendments to those, apply to the financial year of 2016 for the first time:

- IFRS 10 (amendment) 'Consolidated Financial Statements', IFRS 12 (amendment) 'Disclosure of Interests in Other Entities' and IAS 28 (amendment) 'Investments in Associates and Joint Ventures' - Investment entities: Applying the consolidation exception
- IAS 19 (amendment) 'Employee Benefits' – Defined benefit plans: Employee contributions
- Annual Improvements to IFRS (2010 - 2012)
- Annual Improvements to IFRS (2012 - 2014)
- IAS 16 (amendment) 'Property, Plant and Equipment', IAS 38 (amendment) 'Intangible Assets'
- IAS 16 (amendment) 'Property, Plant and Equipment', IAS 41 'Agriculture'
- IFRS 11 (amendment) 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations
- IAS 27 (amendment) 'Separate Financial Statements' - Equity method in separate financial statements
- IAS 1 (amendment) 'Presentation of Financial Statements' - Disclosure initiative

Application of these news standards (if relevant) did not have any material impact on the consolidated results or financial postion of AND.

The following standards and interpretations have been published but have not yet been applied, or are not applicable:

- IFRS 15 Revenue from Contracts with Customers and Amendments to IFRS 15: Effective date of IFRS 15
- IFRS 7 as amended by IFRS 9 'Financial instruments'
- IAS 7 (amendment) 'Disclosure Initiative'
- IAS 12 (amendment) 'Recognition of Deferred Tax Assets for Unrealised Losses'
- IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS (2014 - 2016)
- IAS 40 (amendment) Transfers of investment property
- IFRS 10 and 28 (amendment) 'Sale or contribution of assets between an investor and its associate or joint venture
- IFRIC 22 'Foreign currency transactions and advance consideration

AND has assessed the impact of these amendments and does not expect that these amendments will have a material impact on the consolidated results or financial postion of AND.

## 6.4 Significant accounting policies

The financial statements are presented in euros, which is the Company's functional currency, rounded-off to the nearest thousand. The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The results of which form the basis for making the judgements regarding the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most important estimates and judgments relate to the provision of possible impairments of fixed assets, provisions, deferred tax liabilities, share-based compensation and pension obligations. The actual outcomes can differ from these estimates.

The accounting policies set out below have been applied consistently for all the periods presented in these consolidated financial statements. The accounting policies have been applied consistently by all Group companies.

## 6.5 Basis of consolidation

*Subsidiaries*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power directly or indirectly to govern the financial and operational policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Where necessary the accounting policies of subsidiaries have been adapted to the accounting policies applied by the Group.

*Transactions eliminated on consolidation*

Intra-Group balances and any unrealized gains and losses or income and expenses arising from intra-Group transactions are eliminated when preparing the consolidated financial statements. Unrealized gains from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication for impairment.

## 6.6 Foreign currencies

*Foreign currency transactions*

Transactions in foreign currencies are translated into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are translated into euros at the exchange rate prevailing on that date. Foreign exchange differences arising on translation are recognized in the profit and loss account.

*Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euros at the foreign exchange rates prevailing on the balance sheet date. The revenue and expenses of foreign operations are translated into euros it average rates throughout the year.

The currency differences due to the translation of the net investment in foreign activities are taken to the translation differences reserve, a separate component of shareholders' equity. These are not distributable unless the participating interest in question has been sold or liquidated. If the exchange differences reserve shows a debit balance, the amount that may be distributed from the other reserves is reduced by that amount.

If a foreign activity is wholly or partially sold, the associated cumulative exchange differences are transferred to the profit and loss account as part of the profit or the loss on the disposal.

## 6.7 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost price of the replacement of a part of an item of property, plant or equipment is included by the Group in the book value of that asset when those costs are incurred, where it is likely that the future economic benefits relating to the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to the profit and loss account as a charge when they are incurred.

Depreciation costs are charges to the profit and loss account on a straight-line basis over the estimated useful lifetime of each component of an item of property, plant and equipment. Estimated useful lifetimes are as follows:

- computer equipment 3 years
- office furnishings and equipment 3 - 10 years
- vehicles 5 years

The depreciation methods, life and residual values are assessed annually.

## 6.8 Intangible fixed assets

The valuation of the database is made at acquisition price or at cost of manufacture. The cost of manufacture consists of all direct wages and other costs and (indirect) costs that may be reasonably and consistently assigned to the manufacture. Maintenance expenses not directly assignable to the database are charged directly to the result in the year in which those costs are incurred.

The costs incurred on extensions of the database are capitalised at cost of manufacture. By extensions are understood the addition of new countries, the expansion of the road network in existing countries to a more detailed level and data enrichments. Extensions are capitalised in so far as:

- they meet the definition of an intangible fixed asset;
- they are likely to generate future benefits;
- the cost price can be reliably determined.

Due to the impairment loss that occurred in 2011 the Management Board decided to switch to amortization of the database and thereby assessing its lifetime as good as possible.

In determining the amortization-method AND made use of the current fiscal treatment of the database as well as the systematics that other comparable market parties use. Based on this the amortization period has been set to 20 years and the amortization is recorded on a straight-line basis. This amortization system has been initialised as per 1 July 2011. The residual value has been determined at null because there is no active market for the database.

The Management Board evaluates the capitalised costs for the database each year in order to determine whether the book value can be covered out of future income (i.e. an impairment test). If that is not the case, an impairment loss will be recognised.

For further details and assumptions in relation to the impairment test on the database reference is made to section 6.33 of the notes.

## 6.9 Trade and other receivables

Trade and other receivables are valued when first recognised at fair value plus any directly assignable transaction costs. After the initial recognition, trade and other receivables are valued at amortised cost price, where necessary after deduction of any provisions deemed necessary for uncollectability (i.e. impairment losses). The maximum term is one year.

## 6.10 Cash and cash equivalents

Cash and cash equivalents concern the cash and bank balances held and other deposits on call are valued at fair value.

## 6.11 Impairment of assets

The book value of the Group's assets are reviewed each balance sheet date in order to determine whether there are any indications for impairments. If such indications exist an estimate is made of the realisable value of the asset. In the case of assets with an indeterminable life, the realisable value is estimated each year.

An impairment loss is recognised if the book value of an asset exceeds the realisable value.

In the case of assets the realisable value is equal to the higher of the fair value after deduction of selling costs or the value in use. In determining the value in use the present value of the estimated future cash flows are calculated with the aid of a discount rate that reflects both the current market rate and the specific risks relating to the asset. Since there is no active market for the database, fair value can't be used for the intangible fixed assets, for which reason AND makes use of the value in use.

In addition an assessment is made as to whether a previously taken impairment loss no longer exists or has been reduced. If that is the case the previously taken loss is reversed and the book value of the asset is increased to realisable value.

For further details and assumptions in relation to the impairment test on the database reference is made to section 6.33 of the notes.

## 6.12 Share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as own shares and presented as a deduction from total equity.

A dividend distribution to AND shareholders is treated as a liability at the point at which the General Meeting of Shareholders takes a decision to that effect.

## 6.13 Personnel remuneration

*Defined contribution plans*

A defined contribution plan is a scheme concerning benefits upon leaving employment whereby the Group pays fixed premiums to a separate entity and there is no legally enforceable or factual obligation to make further contributions. Obligations arising from promised contributions to pension schemes are treated as a charge in the profit and loss account when the contributions are payable. A granted contribution scheme applies to the employees of the Dutch companies.

*Defined benefit plans*

A pension plan on the basis of granted pension entitlements is one that pays an amount in pension entitlements that an employee will receive upon retirement, generally dependent on factors such as age, years of service and remuneration. In the case of the employees of the Indian company the pension scheme has certain characteristics of a defined benefit plan. Given the small and non-material size of the pension obligation no information on this has been provided in the notes.

## 6.14 Share-based compensation

AND allocates share options that may be qualified as share-based compensation. The options will be settled in cash. For these options the fair value is taken as a charge, with a corresponding entry of a liability. The fair value is to begin with determined as from the assignment date and is divided over the period up to the point at which the options become unconditional. The valuation and the liability are re-determined on each balance sheet date, as is the settlement date.
The fair value is determined on the basis of the Black & Scholes model. Further details are provided in section 6.27 of the notes.

## 6.15 Provisions

A provision is recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and this obligation can be estimated reliably. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, of the risks to the liability.

## 6.16 Deferred tax receivables

Deferred tax receivables are calculated on the basis of the nominal taxation rates applying at the end of the financial year or at the rates applying in future years, in so far as already determined by law. Deferred tax receivables arising from forward loss compensation are valued if it may reasonably be assumed that these will be realised.
Deferred taxes are valued at nominal value. The Management Board annually reassesses the deferred tax receivable and reviews it on the basis of a planning period, in which the profit forecasts based on the most recent budget play an important part.

## 6.17 Trade and other liabilities

Trade and other liabilities with a term of more than one year are recognised under long-term liabilities. Trade and other liabilities are valued at amortised cost price. The initial recognition is at fair value less directly attributable transaction costs. Considering the short-term character of these particulars the amortised cost price and fair price are set equal to the nominal value.

## 6.18 Revenue

Revenue is recognised in so far as it is likely that the economic benefits will flow to the company and that the amount of the income can be reliably determined.

AND's revenue is mainly generated by the granting of licences to use the geographic data drawn from the database. In addition AND supplies services, for example on the basis of the AND LBS platform. AND concludes agreements whereby fixed amounts are charged or whereby a minimum sum is charged against any offsettable royalties, in case these exceed the minimum amount.

In case of licence agreements whereby a fixed amount or a minimum amount is charged for a certain period, the revenue is assigned in proportion to the period of the applicable licence agreement. When a license is perpetual the revenue is accounted for at the moment of delivery when the terms of contract are fulfilled. When a service is delivered the revenue is accounted to the period in which the service is performed. Royalties are recognised in the period to which the reported royalties relate to.

### 6.19 Government grants

AND receives subsidies for innovation projects (WBSO subsidy). The Research and Development Promotion Act, [Wet Bevordering Speur- en Ontwikkelingswerk – WBSO']) is a tax incentive scheme under which the Dutch government pays a part of the wages for R&D. The received subsidy matches the related costs.

### 6.20 Costs

Costs are determined on the basis of historic cost and assigned to the financial year to which they relate. Research costs are charged to the profit and loss account. Development costs are capitalised in so far as they comply with the relevant criteria described in section 6.33, 'Intangible fixed assets'.

Payments made under operating leases are carried in the profit and loss account on a straight-line basis over the term of the lease.

### 6.21 Taxation

The tax on profits is calculated on the pre-tax result in the profit and loss account, after deduction of tax losses carried forward from preceding financial years and exempted profit elements and after addition of non-deductible expenses, taking account of movements in deferred tax receivables and deferred tax liabilities. The tax rate applying in the financial year in question is used for the calculation of the profit on the result.

### 6.22 Consolidated cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. The movement in liquid assets is based on the operating result according to the consolidated profit and loss account. The cash flows are divided into cash flows from operating activities, investment activities and financing activities. Translation differences in foreign currencies are not presented separately in the cash flow statement but are included as part of the reconciliation between the opening and closing balance of liquid assets under the 'exchange rate differences in foreign currencies' item.

### 6.23 Segmentation

There are no different segments in the sense of IFRS 8 identified based on the internally available (financial) management information. The explanatory requirements on the grounds of IFRS 8.32-34 are recorded in explanation 6.24.

## 6.24 Revenue and other income

The revenue may be analysed geographically as follows:

| | 2016 | 2015 |
|---|---|---|
| Europe | **6,423** | 879 |
| North-America | **858** | 5,113 |
| **Total** | **7,281** | **5,992** |

Revenue mainly consists of licences and royalties from geographical data and for 2016 amount to approximately €6.5 million (2015: €5.1 million). In 2016 there were two customers each accounting for over 10% of revenue (2015: three customers). A substantial part of the revenue is achieved among a limited number of customers. In 2016 the top 3 customers accounted for approximately 88% (2015: 81%) of total revenue. In the yearly realization of the revenue AND is dependent on the realization of substantial revenue from new licenses. In 2016 the revenue from one-off nature amounted to 87% (2015: 78%) of the total annual revenue. For 2016 an amount of approximately €0.1 million (2015: €0.9 million) is related to non-cash revenue.

## 6.25 Maps en sources

Maps and sources concern the procurement of geographical sources such as maps, satellite images and house number ranges.

## 6.26 Personnel expenses

| | 2016 | 2015 |
|---|---|---|
| Salaries | **1,822** | **1,726** |
| Social security contribution | **173** | **159** |
| Contribution of defined contribution schemes | **76** | **59** |
| Outsourced work | **-** | **235** |
| Temporary personnel | **178** | **233** |
| WBSO (subsidy) | **(85)** | **(76)** |
| Other personnel costs | **108** | **90** |
| **Total** | **2,272** | **2,426** |

| | | |
|---|---|---|
| Geographical distribution of the average number of full-time employees of the group | | |
| Netherlands | **18.4** | 18.5 |
| India | **76.5** | 71.7 |
| **Total** | **94.9** | **90.2** |

| | | |
|---|---|---|
| Average salary per employee | | |
| Netherlands | **89.9** | 83.7 |
| India | **5.1** | 5.6 |

The costs spent in 2016 for investments in the database amount to €580,000 (2015: €1,424,000). Based on the criteria for capitalization in note 6.8 these costs qualify for capitalization in the consolidated income statement under the item capitalised development costs.

## 6.27 Share-based compensation

Share options have been granted to the members of the Management Board and to one employee. The exercise price of these options is based on the market price at the time of the assignment. A summary of the granted options as well as the movements during the financial year is provided below.

| | Granted to | |
|---|---|---|
| | 2014 | Total |
| Number assigned | **125,000** | 125,000 |
| Method of settlement | **cash** | |
| Exercise price (in euros) | **2,83** | |
| **Outstanding at 1 January 2016** | **125,000** | **125,000** |
| Exercised | **(125,000)** | (125,000) |
| **Outstanding per 31 December 2016** | **0** | **0** |

The weighted average share price of the options exercised in 2016 at the time of exercise was €10.21.

The expense of share-based compensation is as follows:

| | 2016 | 2015 |
|---|---|---|
| Cash settled share-based compensation | **232** | 594 |
| **Total** | **232** | **594** |

From the expense of cash-settled on share-based compensation an amount of €139,000 (2015: €354,000) is related to the cash settled options of Mr. van der Linde.

The fair value of the outstanding options has been determined on the basis of the Black & Scholes model. The following variables have been applied:

| | 2016 | 2015 |
|---|---|---|
| Weighted average share price (in euros) | **n/a** | 8.35 |
| Weighted average exercise price (in euros) | **n/a** | 2.83 |
| Weighted average volatility (in %) | **n/a** | 47% |
| Weighted average risk free interest rate (in %) | **n/a** | 0.25% |
| Weighted average expected life (in years) | **n/a** | 0.3 |
| Expected dividends (in %) | **n/a** | 0% |

The average expected volatility is based on the historical volatility of the AND share taking account of the expected term of the options.

## 6.28 Remuneration Management Board

| in euros | 2016 | 2015 |
|---|---|---|
| Short-term employee benefits | **204,000** | 203,000 |
| Rewards payable in time | **7,000** | 6,000 |
| Share-based rewards | **139,000** | 354,000 |
| Bonus payment | **105,000** | 94,000 |
| **H.F. van der Linde** | **455,000** | **657,000** |

In 2015, the Supervisory Board decided to replace the option plan, under which cash-settled options were granted each year, by a bonus plan. This bonus plan has a short-term and a long-term component. The Supervisory Board sets criteria which must be met in order to proceed to payment of the bonus.
Rewards payable in time relate to the employers pension contribution.
The remuneration based on share-based compensation and bonuses has no relation to the amount that is paid, but on the expense that has been charged towards the result in the reported year. The expense from the crisis-levy has not been recorded under the above mentioned remuneration of the Management Board.

In case of a change of control Mr. van der Linde receives a bonus to the size of 1 year salary.

### Termination benefits

The termination benefit for Mr. van der Linde amounts to one years' salary in case of termination of employment.
No loans, advances or guarantees have been granted to the members of the Management Board.

### Share-based compensation of the Management Board

| | Year of assignment | Exercise price | Outstanding at 31 December 2015 | Outstanding at 31 December 2016 | Method of settlement |
|---|---|---|---|---|---|
| H.F. van der Linde | 2014 | 2,83 | 75,000 | - | cash |
| **Total** | | | **75,000** | **-** | |

The options of Mr. van der Linde granted in 2014 were exercised in 2016 at an exercise price of €2.83. The share price at the moment of exercise amounted to €10.21. The relevant conditions of these options were fulfilled.

As of 31 December 2016 the Management Board does not have shares in AND International Publishers N.V.

## 6.29 Remuneration Supervisory Board

| in euros | 2016 | 2015 |
|---|---|---|
| M.S. Douma | **15,000** | 14,000 |
| B.J. Glick | **3,402** | - |
| R.M. Westerhof | **20,000** | 14,000 |
| **Total** | **38,402** | **28,000** |

No loans, advances or guarantees have been granted to the member of the Supervisory Board. The members of the AND Supervisory Board do not hold any shares in AND International Publishers N.V.

## 6.30 Other operating expenses

| | 2016 | 2015 |
|---|---|---|
| Accomodation, office & ICT | **236** | 243 |
| Marketing, PR & IR | **72** | 34 |
| Travel, company cars | **239** | 202 |
| Legal, accounting en audit | **249** | 215 |
| Provision for doubtful debtors | **-** | 5 |
| Other operating expenses | **97** | 75 |
| **Total** | **893** | **774** |

Total operating lease expenses amount to €73,000 (2015: €66,000). The operating expenses relate to the car fleet. The total rental expenses relate to office space in The Netherlands and India and amount to €129,000 (2015: €134,000).

## 6.31 Taxation

| | 2016 | 2015 |
|---|---|---|
| Current tax expenses | **637** | 1,323 |
| Deferred tax expenses / (tax income) | **53** | (1,117) |
| **Total income taxes** | **690** | **206** |

The effective tax burden is specified as follows:

| | | 2016 | | 2015 |
|---|---|---|---|---|
| Pre-tax profix | | **3,470** | | 5,293 |
| Rate of tax on profits based on local tax rate | 25.0% | **867** | 25.0% | 1,323 |
| Effect of foreign tax rates | 0.1% | **4** | 0.1% | 7 |
| Non-deductable costs | - | **-** | 2.8% | 148 |
| Effect of valuation of tax losses | - | **-** | -23.9% | (1,267) |
| Correction previous years | -5.2% | **(181)** | -0.1% | (5) |
| **Total tax burden** | **19.9%** | **690** | **3.9%** | **206** |

Correction previous years in 2016 includes a correction for share-based compensation which should have been treated as a temporary difference instead of permanent difference. The amount of the temporary difference is not material and for that reason the comparable figures of 2015 have not been adjusted. As per December 2016 share-based compensation is not applicable anymore. The tax expense is settled with the available tax carry forward losses. The effective tax burden, based on the pre-tax results, amounts to 19.9% (2015: 3.9%).

## 6.32 Tangible fixed assets

| | Computer equipment | Office & equipment | Vehicles | Total |
|---|---|---|---|---|
| **Cost price** | | | | |
| Position at 1 January 2015 | 508 | 204 | 28 | 740 |
| Investments | 9 | 1 | - | 10 |
| Disposals | (27) | (17) | - | (44) |
| Currency translation differences | 17 | 9 | 2 | 28 |
| **Position at 31 December 2015** | **507** | **197** | **30** | **734** |
| Position at 1 January 2016 | 507 | 197 | 30 | 734 |
| Investments | 64 | 4 | - | 68 |
| Disposals | (96) | (9) | (14) | (119) |
| Currency translation differences | 3 | 1 | - | 4 |
| **Position at 31 December 2016** | **478** | **193** | **16** | **687** |
| **Depreciation and impairment losses** | | | | |
| Position at 1 January 2015 | 419 | 174 | 13 | 606 |
| Depreciation | 51 | 6 | 4 | 61 |
| Disposals | (29) | (17) | - | (46) |
| Currency translation differences | 13 | 10 | 1 | 24 |
| **Position at 31 December 2015** | **454** | **173** | **18** | **645** |
| Position at 1 January 2016 | 454 | 173 | 18 | 645 |
| Depreciation | 41 | 6 | 3 | 50 |
| Disposals | (96) | (9) | (14) | (119) |
| Currency translation differences | 3 | 1 | - | 4 |
| **Position at 31 December 2016** | **402** | **171** | **7** | **580** |
| **Book value** | | | | |
| Position at 1 January 2015 | 89 | 30 | 15 | 134 |
| **Position at 31 December 2015** | **53** | **24** | **12** | **89** |
| Position at 1 January 2016 | 53 | 24 | 12 | 89 |
| **Position at 31 December 2016** | **76** | **22** | **9** | **107** |

## 6.33 Intangible fixed assets

| | Database |
|---|---|
| **Purchase-/investmentvalue** | |
| Position at 1 January 2015 | 23,188 |
| Investments/capitalised development costs | 1,512 |
| **Position at 31 December 2015** | **24,700** |
| Position at 1 January 2016 | 24,700 |
| Investments/capitalised development costs | 660 |
| **Position at 31 December 2016** | **25,360** |
| **Amortization and impairment losses** | |
| Position at 1 January 2015 | 12,735 |
| Amortization | 634 |
| Reversal impairment loss | (2,500) |
| **Position at 31 December 2015** | **10,869** |
| Position at 1 January 2016 | 10,869 |
| Amortization | 841 |
| **Position at 31 December 2016** | **11,710** |
| **Book value** | |
| Position at 1 January 2015 | 10,453 |
| **Position at 31 December 2015** | **13,831** |
| Position at 1 January 2016 | 13,831 |
| **Position at 31 December 2016** | **13,650** |

### Maintained assumptions

As at the balance sheet date an impairment test was performed, on the basis of which there are no indications that the database is subject to any impairment. The determination of the realisable value has been based on the value in use, since the fair value cannot be determined in the absence of an active market for the database. The value in use has been determined on the basis of the present value of the expected future cash flows over a period of five years and a terminal value for the subsequent period.

The most important assumptions on which the cash flow projections are based are:

- for the cash flows after the period of five years a growth rate of nihil is used;
- the cash flows have been discounted using a weighted average cost of capital (WACC) of 14.3% (2015: 12.7%);
- for the costs and expenses the plans for the maintenance of the database has been taken into account and also the expected growth in sales and associated costs;
- a part of the expected revenue consists of non-recurring income;
- for a material part of the expected revenue no underlying contracts exist yet, the estimate is based on discussions and outstanding leads with potential customers.

### Uncertainty in valuation

In note 6.4 it has been explained that in case of possible impairment losses estimates are used. In the impairment analysis future income is estimated by the Management Board and these estimates are subjective. In 2011 an impairment loss was identified and as a consequence the valuation of the database has been adjusted. This downward adjustment needs to be reversed in case the outcome of the impairment test indicates to a higher value. In case the outcome of the impairment analysis is lower, an additional downward adjustment needs to be made. The valuation as per 31 December 2016 is based on the best estimate from Management Board of the future income and discount rate to be used. Considering that for a material part of the projected revenue there are no underlying contracts, there is uncertainty in the financial statements. A sensitivity analysis has been prepared for both the discount rate as well as the deviation from the expected growth in expected cash flow.

### Sensitivity analysis

A sensitivity analysis has been prepared for both the WACC as well as the deviation from the expected growth in the expected cash flow.

| Sensitivity analysis WACC | | | |
|---|---|---|---|
| WACC (%) | 13,3% | 14,3% | 15,3% |
| Impairment | 743 | - | (680) |

| Sensitivity analysis deviation from expected growth in cash flows | | | |
|---|---|---|---|
| Deviation in the growth from cash flow | -5,0% | 0% | 5,0% |
| Impairment | (664) | - | 664 |

The table above shows that if the discount rate which is used would be 1% higher, an additional impairment loss of € 680,000 would be present, while if the discount rate which is used would be 1% lower, an amount of € 743,000 of the impairment loss should be reversed. A similar effect is visible when the assumption is made if the forecasted growth in cash flow would be 5% higher or lower. A higher than expected growth in cash flows would lead to retrieval of a portion of the impairment loss.

It is important to add to the sensitivity analysis that every material change in the assumption can lead to an adjustment in the valuation of the database and, as a consequence, which can be both upwards and downwards.

### Research and development

The costs for research and development amounted to €1,041,500 (2015: €1,866,000). The costs for development are equal to the capitalised development costs in the database. These amounted to €580,000 in 2016 (2015: €1,424,000). The costs for research and development related to the hours granted for WBSO amount to €461,500 (2015: €422,000).

### 6.34 Deferred tax receivables

The balance of the deferred tax receivables arising from temporary differences between the valuation of balance sheet items for tax and commercial purposes respectively as well as the valuation of carried forward tax losses is composed as follows:

| | 2016 | 2015 |
|---|---|---|
| Tangible fixed assets | **22** | 25 |
| Intangible fixed assets | **258** | 306 |
| Personnel-related compensation | **4** | 5 |
| Fiscal value of recognised tax losses | **98** | 720 |
| **Total** | **382** | **1,056** |

The valued tax losses of the Dutch companies at the end of 2016 amount to €0.4 million (2015: €2.9 million). This amount has been determined on the basis of a planning period in which the profit forecasts based on the most recent budgets are an important factor. The actual outcomes will probably differ from the forecasts since the assumed events will generally not work out as expected. The resultant discrepancies could be of material significance. The positive results of 2016 has been used to compensate with the available carry forward tax losses.

The deferred tax receivable related to intangible fixed assets is related to the difference between commercial and fiscal valuation of the database.

In addition a deferred tax receivable has been recognised since there is a difference from 1 January 2007 onwards between the depreciation of tangible fixed assets for tax and commercial purposes respectively.

The deferred tax receivable in relation to personnel-related remuneration concerned is a temporary difference between the treatment of personnel-related remuneration in India for commercial and tax purposes respectively.

### Deferred taxes not recognised:

| in millions of euros | 2016 | 2015 |
|---|---|---|
| Tax losses | - | - |

### The expiry date of the accumulated losses which are not recognised are shown in the following table:

| in millions of euros | 2016 | 2015 |
|---|---|---|
| up to and including 2015 | - | - |
| up to and including 2020 | - | - |
| **Total** | **-** | **-** |

## 6.35 Trade and other receivables

| | 2016 | 2015 |
|---|---|---|
| Debtors | **431** | 437 |
| Prepaid expenses | **53** | 105 |
| Royalties yet to be received | **27** | 41 |
| Accruals and other receivables | **132** | 153 |
| **Total** | **643** | **736** |

Debtors are presented after deduction of impairment losses. At the end of 2016 debtors included no provision for impairments of trade debtors (2015: nihil).

## 6.36 Cash and cash equivalents

| | 2016 | 2015 |
|---|---|---|
| Cash at bank and in hand | **741** | 560 |
| Deposits | **6,204** | 3,982 |
| **Total** | **6,945** | **4,542** |

The cash and cash equivalents are at the free disposal of the company. At the end of 2016 a total of €27,563 in bank guarantees was issued (2015: €27,563).

## 6.37 Shareholders' equity

| | Issued and paid-up capital | Share premium reserve | Legal reserve | Unappro-priated result | Retained earnings | Total share-holders' equity |
|---|---|---|---|---|---|---|
| Position at 31 December 2014 | **2,795** | **36,227** | **6,906** | **2,563** | **(35,504)** | **12,987** |
| Distribution of result 2014 | - | - | - | (2,563) | 2,563 | - |
| Total realised and unrealised results | - | - | 37 | 5,087 | - | 5,124 |
| Addition to legal reserve | - | - | 3,444 | - | (3,444) | - |
| **Position at 31 December 2015** | **2,795** | **36,227** | **10,387** | **5,087** | **(36,385)** | **18,111** |
| Distribution of result 2015 | - | - | - | (4,528) | 4,528 | - |
| Dividend payment | - | - | - | (559) | - | (559) |
| Total realised and unrealised results | - | - | 7 | 2,780 | - | 2,787 |
| Addition to legal reserve | - | - | (86) | - | 86 | - |
| **Position at 31 December 2016** | **2,795** | **36,227** | **10,308** | **2,780** | **(31,771)** | **20,339** |

On 16 May 2016 a dividend of €0.15 per share have been paid to the shareholders.

## Share capital

| Capital issued and fully paid | number | in € |
|---|---|---|
| Position at 1 January 2015 | 3,727,137 | 2,795,353 |
| **Position at 31 December 2015** | **3,727,137** | **2,795,353** |
| | | |
| **Position at 31 December 2016** | **3,727,137** | **2,795,353** |

The authorised share capital at 31 December 2016 consisted of 18,500,000 (2015: 18,500,000) shares with a nominal value of €0.75 each.

## Legal reserve

A legal reserve is held for the capitalised development costs for the database. This reserve forms part of the tied capital and can be distributed to a limited extent only.

The translation reserve consists of the exchange differences arising from the translation of the financial statements of foreign participations. The build-up of this reserve commenced on 1 January 2004. Any reserve for translation differences to be formed in the future will form part of the tied capital and can be distributed to a limited extent only.
The development of the legal reserves is as follows:

| | Reserve capitalized development costs | Reserve translation differences | Total legal reserves |
|---|---|---|---|
| **Position at 31 December 2014** | **7,191** | **(285)** | **6,906** |
| Movements in financial year | 944 | 37 | 981 |
| Movements as a result of reversal of impairment loss | 2,500 | - | 2,500 |
| **Position at 31 December 2015** | **10,635** | **(248)** | **10,387** |
| Movements in financial year | (86) | 7 | (81) |
| **Position at 31 December 2016** | **10,549** | **(241)** | **10,308** |

## 6.38 Earnings per share

The ordinary earnings per share have been calculated by dividing the net profit attributable to the holders of ordinary shares in the parent company by the weight average number of ordinary shares issued during the year.

The diluted earnings per share have been calculated by dividing the net profit attributable to the holders of ordinary shares in the parent company by the sum of the weighted average number of ordinary shares issued during the year and the weighted average number of ordinary shares that would have been issued upon the conversion into ordinary shares of all potential ordinary shares that could lead to dilution.

The earnings per share were calculated as follows:

| | 2016 | 2015 |
|---|---|---|
| Average weighted number of issued shares | **3,727,137** | 3,727,137 |
| Dilution effect of options | **-** | - |
| Dilution effect of warrants | **-** | - |
| **Average weighter number of issued shares after dilution** | **3,727,137** | **3,727,137** |
| Result for financial year | **2,780,000** | 5,087,000 |
| **Basic profit / (loss) per share** | **€ 0,75** | **€ 1,36** |
| **Diluted profit / (loss) per share** | **€ 0,75** | **€ 1,36** |

## 6.39 Other long term liabilities

| | 2016 | 2015 |
|---|---|---|
| Position at 1 January | **279** | 308 |
| Loan lawsuit settlement | **(30)** | (29) |
| **Position at 31 December** | **249** | **279** |

For the settlement with the counterparty in 2011, a payment scheme was arranged. The remaining outstanding amount at the end of 2016 was €397,000. Of this, an amount of €100,000 has been included in trade and other payables. The agreed annual instalment in respect of interest and repayments is €50,000. The annual amount due in respect of interest and repayments as at year-end 2015 and 2016 has not been paid because an attachment order has been served by a third party on the outstanding receivable from the counterparty. In 2017 the attachment order is solved and the outstanding amounts for 2015 and 206 have been paid. The portion of the outstanding amount is liable to interest at a rate of 2.5%. The outstanding amount has been recognised at amortised cost, with the outgoing cash flows discounted at a rate of 6.0%.

## 6.40 Trade and other liabilities

| | 2016 | 2015 |
|---|---|---|
| Creditors | **206** | 233 |
| Taxes and social security premiums | **42** | 30 |
| Sales invoices in advance | **410** | 502 |
| Other debts | **469** | 1,087 |
| | **1,127** | **1,852** |

In 2015 an amount of €690,000 for the liability for share-based compensation is included in other debts.

## 6.41 Financial instruments and risk control

The use of financial instruments arises from the group's operating activities. The group's financial instruments comprise cash, debtors and other receivables, creditors and other liabilities. AND's present policy in the case of material amounts in foreign currencies is to make use of derivatives where desirable in order to hedge potential risks in relation to these financial instruments.

### Credit risk

Credit risk is the risk of a financial loss for the Group if a customer or counterparty of a financial instrument fails to comply with the contractual obligation that has been entered into. Credit risks arise primarily from claims on debtors.
The Group has a debtor portfolio of creditworthy parties spread over various regions. The majority of the sales concern solid, creditworthy parties. Where necessary, customers are subjected to a credit appraisal. In relation to the realised sales, write-downs on debtors have been minimal over the past few years.

The book value of the financial assets represents the maximum risk and amounted at balance sheet date to:

| | 2016 | 2015 |
|---|---|---|
| Trade and other receivables | **643** | 736 |
| Cash and cash equivalents | **6,945** | 4,542 |
| **Total** | **7,588** | **5,278** |

The cash and cash equivalents are held with banks with an A, A2, A+ rating based on Standard & Poor's, Moody's and Fitch ratings.

The age structure of trade receivables as at the balance sheet date is as follows:

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | **gross** | **provision** | **gross** | **provision** |
| Not overdue | **354** | **-** | 203 | - |
| 1 to 60 days overdue | **32** | **-** | 234 | - |
| 60 - 180 days overdue | **45** | **-** | - | - |
| More than one year overdue | **-** | **-** | - | - |
| **Total** | **431** | **-** | **437** | **-** |

From the internal review of the credit quality of individual trade receivables which are not overdue no material risks have arisen. The credit quality is judged based on payment history or credit reports.
As per the balance sheet date important concentration of credit risks related to trade receivables is not applicable.

The movements in the impairment losses for debtors during the year were as follows:

| | 2016 | 2015 |
|---|---|---|
| Position as at 1 January | **-** | 15 |
| Recognised impairment losses | **-** | 5 |
| Amortized trade receivables | **-** | (20) |
| Impairment losses reversed | **-** | - |
| **Total** | **-** | **-** |

The write-off on trade receivables took place based on individual assessment of earlier trade receivables for which a provision was made.

## Liquidity risk

The liquidity risk is the risk that the Group will be unable to discharge its financial obligations at the required time. The Group had a total balance of cash and cash equivalents of €6,945,000 as of the end of the year. The availability over this cash and cash equivalents is sufficient to fulfil current obligations. Excess cash and cash equivalents are placed on deposits to generate interest revenue. Past experience indicates that the Group has always been able to obtain sufficient (additional) financing for its activities.

The contractual due dates and cash flows (including owed interest) for the financial commitments are as follows:

| 31 December 2016 | book value | contractual cash flows | < 6 months | 6 -12 months | > 1 year |
|---|---|---|---|---|---|
| Creditors | 206 | 206 | 206 | - | - |
| Taxes and social security premiums | 42 | 42 | 42 | - | - |
| Other long-term debts | 249 | 304 | - | 50 | 254 |
| Other debts | 469 | 469 | 469 | - | - |
| **Total** | **966** | **1,022** | **717** | **50** | **254** |

| 31 December 2015 | book value | contractual cash flows | < 6 months | 6 -12 months | > 1 year |
|---|---|---|---|---|---|
| Creditors | 233 | 233 | 233 | - | - |
| Taxes and social security premiums | 30 | 30 | 30 | - | - |
| Other long-term debts | 279 | 354 | - | 50 | 304 |
| Other debts | 1,087 | 1,058 | 1,058 | - | - |
| **Total** | **1,629** | **1,675** | **1,321** | **50** | **304** |

### Currency risk
The currency risk incurred by the Group arises from the purchases and sales denominated in a currency other than the functional currency of the Group. Company policy is aimed at concluding sales contracts in euros wherever possible. A certain part of the sales in 2016 is however realised from contracts in foreign currency. Apart from the currency risk from sales contracts in foreign currency the company is exposed to a currency risk on the activities in India, since the reporting currency is the Indian rupee.

The most important exchange rates during the financial year are as follows:

| | 2016 | 2015 | 2016 | 2015 |
|---|---|---|---|---|
| EUR | **1,00** | 1,00 | **1,00** | 1,00 |
| USD | **0,90** | 0,91 | **0,95** | 0,92 |
| GBP | **1,23** | 1,37 | **1,17** | 1,36 |
| INR | **0,013** | 0,013 | **0,014** | 0,014 |

As of the balance sheet date the Group has the following outstanding amounts in foreign currency:

| x € 1.000 | USD | | INR | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Trade and other receivables | **407** | 130 | **-** | - |
| Trade and other debts | **(5)** | (2) | **(627)** | (633) |
| **Totaal** | **402** | **128** | **(627)** | **(633)** |

### Sensitivity analysis
An appreciation/depreciation of the Euro in relation to the Dollar and the Indian Rupee related to the outstanding amounts in foreign currency (see table above) has the following impact on the results:

| x € 1.000 | USD | | INR | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| Impact result appreciation € with 5% | **(20)** | (6) | **31** | 32 |
| Impact result depreciation € with 5% | **20** | 6 | **(31)** | (32) |

### Interest risk
The Group does not have any interest-bearing loans and the interest risk is therefore limited to fluctuations in the interest rates on deposits and other bank balances. Surplus cash is invested in short-term deposits at a variable rate of interest.

### Capital management
The capital management of the Group is aimed at sustaining the capital structure that allows the Group to achieve its strategic goals and operational needs and contributes to future development of the activities of the Group.
The Group manages its capital structure and adjusts this when deemed necessary after changes in the economic conditions. To maintain or adjust the capital structure, the Group can issue new shares, pay back capital to shareholders or adjust the dividend policy. In the case of AND, the shareholders' equity qualifies as share capital according to the IFRS definition. For the dividend policy, reference is made to the section containing information on AND shares on page 7.

## 6.42 Rental and operating lease agreements
The amounts owed under rental and operating lease agreements fall due as follows:

| | 2016 | 2015 |
|---|---|---|
| < 1 year | **179** | 157 |
| 1 - 5 year | **233** | 271 |
| > 5 year | **-** | - |
| **Total** | **412** | **428** |

The Group rents buildings and vehicles under operating leases. A charge of €202,000 was recognised in the profit and loss account for the financial year 2016 in respect of operating leases (2015: €200,000).

## 6.43 Related parties

The parties affiliated to the group, of which AND International Publishers N.V. is the parent company, may be divided into: group companies, members of the Supervisory Board and members of the Management Board. A list of the group companies may be found in section 7 of the notes. In the normal course of business AND Products BV receives services from AND Data India Pvt. Ltd. Such transactions take place at normal market conditions and the total amount for these services in 2016 amounted to € 768,000 (2015: € 804,000). Transactions among group companies are eliminated in the consolidation. For the remuneration paid to the members of the Management Board and the Supervisory Board reference is made to in sections 6.28 and 6.29 of the notes.

The total remuneration for key management (including the Management Board and the Supervisory Board) in 2016 amounted to €775,000 (2015: €1,105,000). Of this, €485,000 (2015: €474,000) relates to short-term employee benefits and €289,000 (2015: €631,000) to long-term employee benefits.

## 6.44 Subsequent events

There are no post-balance sheet events.

## 7. AND International Publishers NV subsidiaries

The following entities have been fully included in the consolidation.

| Entity | Location, country | Interest |
|---|---|---|
| AND Products B.V. | Rotterdam, The Netherlands | 100% |
| AND Data India Pvt. Ltd. | Pune, India | 100% |
| AND International Publishers Plc (dormant) | Oxford, Great Britain | 100% |
| AND Holding B.V. (dormant) | Rotterdam, The Netherlands | 100% |
| AND Publishers B.V. (dormant) | Rotterdam, The Netherlands | 100% |

## 8. Company statement of financial position

*As of 31 December (before profit appropriation)*

| in thousands of euros | Note | 2016 | 2015 |
|---|---|---|---|
| **Fixed assets** | | | |
| Non-current assets | 10.3 | **23,950** | 19,891 |
| Deferred tax assets | 10.4 | **98** | 720 |
| **Total non-current assets** | | **24,048** | **20,611** |
| Trade and other receivables | 10.5 | **12** | 12 |
| Cash and cash equivalents | | **3** | 10 |
| **Total current assets** | | **15** | **22** |
| **Total assets** | | **24,063** | **20,633** |
| **Shareholders' equity** | | | |
| Issued and paid-up capital | | **2,795** | 2,795 |
| Share premium reserve | | **36,227** | 36,227 |
| Legal reserve | | **10,549** | 10,635 |
| Exhance difference reserve | | **(241)** | (248) |
| Unappropriated result | | **2,780** | 5,087 |
| Other reserves | | **(31,771)** | (36,385) |
| **Total shareholders' equity** | **10.6** | **20,339** | **18,111** |
| **Liabilities** | | | |
| **Total non-current liabilities** | | **-** | **-** |
| Trade and other liabilities | 10.7 | **3,724** | 2,522 |
| **Total current liabilities** | | **3,724** | **2,522** |
| **Total liabilities** | | **3,724** | **2,522** |
| **Total shareholders’ equity and liabilities** | | **24,063** | **20,633** |

# 9. Company statement of profit or loss

| in thousands of euros | Note | 2016 | 2015 |
|---|---|---|---|
| Personnel expenses | | **(429)** | (764) |
| Other operating expenses | | **(224)** | (214) |
| **Other operating result** | | **(653)** | **(978)** |
| | | | |
| Financial income | | **3** | - |
| **Result before tax** | | **(650)** | **(978)** |
| Result from participations after tax | 10.3 | **4,052** | 5,524 |
| Taxation | | **(622)** | 541 |
| **Net profit** | | **2,780** | **5,087** |

# 10. Notes to the company financial statements

## 10.1 General

The company financial statements form part of the financial statements 2016 of AND International Publishers N.V.

## 10.2 Principles for the valuation of assets and liabilities and the determination of the result

In order to determine the accounting policies for its company financial statements, AND International Publishers N.V. makes use of the option offered in Article 2:362 (8) of the Netherlands Civil Code. This means that the principles for the valuation of assets and liabilities and the determination of the result of the company financial statements of AND International Publisher N.V. are equal to those of the consolidated financial statements. Under these principles, participations over which significant influence is exerted are valued according to the net asset value method. A description of those principles may be found in the notes to the consolidated financial statements.

## 10.3 Financial fixed assets

Participating interests are valued at net asset value according to the accounting policies of the parent company's financial statements where significant influence is exercised over the financial and commercial policy.

| | 2016 | 2015 |
|---|---|---|
| Participating interests in group companies | | |
| Position at 1 January | **19,891** | 14,330 |
| Share in result after-tax | **4,052** | 5,524 |
| Currency differences | **7** | 37 |
| **Position at 31 December** | **23,950** | **19,891** |

AND International Publishers N.V. is at the head of the Group and has capital interests that are explained in part 7 on page 43 of the financial statements.

## 10.4 Deferred tax receivables

Notes on the deferred tax receivables may be found in section 6.34 of the notes to the consolidated financial statements.

## 10.5 Trade and other receivables

| | 2016 | 2015 |
|---|---|---|
| Prepaid expenses | **12** | 12 |
| **Total** | **12** | **12** |

## 10.6 Shareholders' equity

Notes on the shareholders' equity may be found in section 6.37 of the notes to the consolidated financial statements.

## 10.7 Trade and other liabilities

| | 2016 | 2015 |
|---|---|---|
| Creditors | **15** | 32 |
| Group companies | **3,653** | 1,696 |
| Other liabilities | **56** | 794 |
| **Total** | **3,724** | **2,522** |

## 10.8 Personnel

During the reporting year, the company employed no members of staff (2015: 0). At the time of signing the financial statements, the company had one director and three supervisory directors.

### 10.9 Fiscal entity

AND International Publishers N.V. forms a fiscal entity for corporation tax purposes with all the Dutch companies and AND publishers Plc. In accordance with the standard conditions for a fiscal unity, the participating companies are jointly and severally liable for the payment of taxes. In addition AND International Publishers N.V. forms a fiscal entity with AND Products B.V. for VAT purposes. These two companies are also jointly and severally liable for the payment of any taxes in respect of VAT.

### 10.10 Remuneration of the Management Board and Supervisory Board

Notes on the remuneration including option rights of the Management Board and Supervisory Board may be found in sections 6.28 and 6.29 of the notes.

### 10.11 Auditor's fees

The fees for Mazars are as follows:

| 2016 | Mazars accountants | Mazars other |
|---|---|---|
| Audit | 52,500 | - |
| Fiscal advice | - | - |
| **Total** | **52,500** | **-** |

| 2015 | Mazars accountants | Mazars other |
|---|---|---|
| Audit | 42,500 | - |
| Fiscal advice | - | - |
| **Total** | **42,500** | **-** |

Rotterdam, 16 March 2017

Management Board

H.F. van der Linde

Supervisory Board

R.M. Westerhof
M.S. Douma
B.J. Glick

# 11. Other information

## 11.1 Independent auditor's report

*To the shareholders and Supervisory Board of AND International Publishers N.V.*

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

#### *OUR OPINION*

We have audited the 2016 financial statements of AND International Publishers N.V. based in Rotterdam. The financial statements include the consolidated financial statements and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of AND International Publishers N.V. as at 31 December 2016 and of its result and its cash flows for 2016, in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of AND International Publishers N.V. as at 31 December 2016 and of its result for the year 2016 in accordance with Part 9 Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2016;
2. the following statements for 2016: the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated summary of changes in shareholders' equity and the consolidated cash flow statement; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2016;
2. the company statement of profit or loss for 2016; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### *THE 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 AND International Publishers N.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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *MATERIALITY*

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 326,000. The materiality is based on 1.5% of the assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 10,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### *SCOPE OF THE GROUP AUDIT*

AND International Publishers N.V. heads a group of companies. The financial information of these companies is included in the consolidated financial statements of AND International Publishers N.V.

Considering our ultimate responsibility for our opinion, we are responsible for the direction, supervision and performance of the group audit. In this context we have determined the nature and extent of the audit procedures for components of the group. Determining factors are the significance and/or the risk-profile of the group entities or activities. For all consolidated companies we performed audit procedures varying from full scope audits to desk top reviews.

The audit of AND Data India Pvt. Ltd. has been performed by our colleagues of Mazars Pune (India). For the purposes of this audit we have sent extensive group instructions and had several exchanges on the results of this audit.

By performing the audit procedures at the components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

### *OUR KEY AUDIT MATTERS*

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. They are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### *VALUATION OF INTANGIBLE FIXED ASSETS (THE DATABASE)*

The database has been valued at EUR 13.6 million as per 31 December 2016. Valuation of this balance is important for our audit because this valuation highly depends on management judgment and therefor contains an inherent uncertainty in the valuation. Management judgment is affected by expected future market and economic conditions. Management performed an analysis to examine whether the valuation of this balance is appropriate.

Based on the current forecast for the upcoming years, which are further disclosed under 6.33, management determined that there are no indications for impairment. We have examined the assumptions used in the calculation of the database value based on appropriateness. For the audit we used a valuation-expert to evaluate the acceptability of the assumptions and the method of calculation applied by the company.

We refer to note 6.33 in the financial statements, in which the uncertainty is explained in relation to the database.

### *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 report of the Management Board;
- the report of the Supervisory Board;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

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

The Management Board is responsible for the preparation of the other information, including 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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### *ENGAGEMENT*

We were engaged by the General Meeting (of Shareholders) as auditor of AND International Publisher N.V., as of the audit for the year 2008 and have operated as statutory auditor ever since that date.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

### *RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS*

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with

EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board 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, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks 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.

The Management Board 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.
The Supervisory Board is responsible for overseeing the company's financial reporting process.

### 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. A full description of our responsibilities is available at the NBA website.

Rotterdam, 16 March 2017

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

O. Opzitter RA

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*end audit - declaration*

### 11.2 Post-balance sheet events

For post-balance sheet events please refer to section 6.44 of the financial statements.

### 11.3 Profit appropriation

Article 30 of the company's Article of Association lays down that the Management Board may propose adding a proportion of the profits for the year to the other reserve subject to approval by the Supervisory Board. The remainder of the results is at the disposal of the shareholders.

The profit for 2016 amounts to a total of €2,780,000. Out of the net profit, the Management Board proposes to pay shareholders a cash dividend of €0.15 per ordinary share of nominal value €0.75 in respect of 2016. As regards the remainder, an amount of €2,221,000, it is proposed that this should be added to the general reserves.

The proposed profit appropriation has not been included in the balance sheet.

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