



Foreword

2016 was a year which saw Ctac go through a period of strong development. A development that is associated with our quality as a company and also with our focus areas. Intensive partnering with customers is a key aspect of this. We would rather be *part of the business* instead of being a mere business partner. Sparring with customers and helping them seek solutions to improve their market position and competitiveness by optimising their business processes (implementations and optimisations), or by managing the applications in *any* cloud, enables customers to work more efficiently. But this requires us to challenge organisations. *'Enabling Ambitions'* requires *challenging* and, in turn, that requires high-level processes and product knowledge. Our knowledge of what SAP and Microsoft have to offer and of developments in the market as regards technology and innovative applications are unrivalled. It is our task and also our ambition to translate this into added value for our clients. Given the enormous changes in the market, and the speed at which they are taking place, we also see this as our duty.

The retail sector is a typical example of how quickly business operations are changing. Companies in this sector use surprising online and offline combinations. For instance, web shops that have suddenly decided to also open up physical shops, but that work according to a business model that is based on internet sales. This means that the total customer engagement model should be set up on several channels. Here Ctac helps retailers to get started with an omni-channel platform and a totally integrated cash register solution that will really benefit their business.

Because so much is changing, organisations really want to concentrate more on their core business. ICT is becoming ever more complex and requires internal education to give people state-of-the-art knowledge. However this is becoming ever less attractive and, in fact, organisations lack the time and capacity to handle such matters as optimising databases themselves. Being able to have all the necessary functionality and service, which is also flexible, at one's disposal then becomes a very attractive idea. More and more often our customers want us to provide the total IT infrastructure and architecture that helps organisations optimise their business operations. This is currently our major challenge and, in this respect, we are making great strides.

There is nothing nicer than challenging customers – and employees – to get the best out of themselves. Here, the focus is on suitable portfolios, i.e. the right products for the right market. On the one hand, we serve major corporations with business consultancy and targeted SAP products and Winshuttle, whereas on the other hand, we cater for smaller companies with products such as Navision, the Microsoft Business Suite 365, and also Winshuttle. Standard software continues to be our starting point because the standard enables cost efficient maintenance and matches virtually all business processes thanks to its modular character. If quality and availability are at an optimum level, and the costs are transparent, customers will be less inclined to ask for expensive bespoke solutions.

In 2016, we have further professionalised our organisation. This includes the setting up of Project Boards to firmly monitor projects from the pre-sales phase. Quality and

efficiency are two notions that have characterised Ctac's business operations in recent years. We wish to serve our customers with appropriate solutions, based on the standard, and with the rigour and quality awareness of a major player. We also have all the relevant certifications for this. At the same time, we are 'small' enough to look at things from the customer's perspective and to continue to look for solutions for its specific needs and wishes. This results in solutions that are just a bit more flexible than is customary in the market and - in better approachability. Everyone in the organisation, no matter how high or low in the hierarchy, can virtually always be reached directly on the phone. This is a unique quality of Ctac, and one that we explicitly wish to maintain.

Last year we also set to work intensively with our labour market communication. Our primary message is that Ctac is a very attractive employer. Our better than market-compliant employee benefits are not the deciding factor in this; what is more important is that we offer very interesting and challenging projects at the highest level. And furthermore, we offer a most pleasant atmosphere to work in. The high potentials that enter our organisations are teamed up with technical experts and learn a lot from them – and this enriches their careers. Our Young Professionals, a group of some eighty people, meet each other at regular intervals in order to exchange knowledge and skills and this leads to accelerated growth. In our organisation, junior level employees can develop to senior level within three years. And we give ample opportunities to ambitious young people who are looking to shape and steer their own future themselves, and to make a career with Ctac. We have also professionalised our recruitment of 'the best and brightest' by hiring two new recruiters and introducing improved screening.

In 2016, because we do so much more than just providing solutions, Ctac developed from a Total Solution Provider to a Business & Cloud Integrator. Our focus now is on optimising business processes. We still provide solutions, but they are increasingly integrated with our customer's business and with services ranging from public cloud to private cloud, and all hybrid forms in between. Because we have both technological and functional knowledge, as well as integration knowledge, we say: we offer *any cloud*. And because we are at

Content

home in consultancy and in the customer's industry, our services always seamlessly match their specific demand. By critically looking at their logistics processes, production processes or warehouse processes together with our customers, we make sure that the solution really does itself justice. Enabling an organisation to achieve a better return: that is what we mean by being *part of the business* and delivering added value.

Customer satisfaction is an important way of measuring this. Our help desk asks our customers to score our solution skills and our speed of action. These scores are

fed back directly to the department in question, where they represent a continual stimulus to further improve our service provision.

Ctac intends to continue the upward trend in 2017. The organisation, optimised and focussed on collaboration, ambition and ownership, is ready for this, as is the market. Apart from external conditions that are beyond our control, there is nothing to prevent further growth.

Henny Hilgerdenaar, CEO
Douwe van der Werf, CFO

3	FOREWORD
5	CONTENT
6	CTAC IN FIGURES
8	PROFILE CTAC
16	THE CTAC SHARE
18	BOARD OF DIRECTORS
19	SUPERVISORY BOARD
20	REPORT OF THE BOARD OF DIRECTORS
33	COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE
35	REPORT OF THE SUPERVISORY BOARD
38	FINANCIAL STATEMENTS
42	General information about Ctac
42	Main accounting principles for the financial statements
48	Accounting principles for the cash flow statement
48	Financial Risk Management
50	Key estimates and assumptions
50	Information by segment
52	Intangible fixed assets
54	Tangible fixed assets
54	Deferred taxes
56	Other receivables
56	Trade receivables and other receivables
58	Cash and cash equivalents
58	Shareholders' equity
58	Other liabilities
59	Provisions
60	Trade payables and other debts
60	Assets and liabilities Held for Sale
61	Personnel costs
62	Other operating expenses
62	Financing income and expenses
63	Taxes
64	Results per share
64	Off-balance sheet contingent and contractual obligations
65	Acquisitions and divestments
66	Related parties
67	Events after the balance sheet date
69	Explanatory notes to the company balance sheet and profit and loss account
70	Intangible fixed assets
71	Tangible fixed assets
71	Financial fixed assets
72	Trade receivables and other receivables
72	Shareholders' equity
72	Deferred tax liabilities
73	Trade payables and other debts
73	Personnel costs
73	Other operating expenses
74	Financing income and expenses
74	Taxes
75	Contingent liabilities
75	Directors' declaration
76	OTHER INFORMATION
80	INDEPENDENT AUDITOR'S REPORT
86	HISTORICAL SUMMARY
88	APPENDIX 1
89	INDEX OF TERMINOLOGY
90	COLOPHON

Ctac in figures

Key figures	2016	2015
Results (in EUR x 1 million)		
Net turnover	86.2	86.1
Gross margin	57.9	59.3
Operating result	3.1	3.4
Result from ordinary activities before tax	2.9	3.2
Net result	2.6	2.4
Cash flow (net result plus depreciation and amortisation)	3.8	3.8
Employees (FTE)		
As of 31 December	432	453
Average over the year	435	449
Turnover per employee (per FTE x EUR 1,000)	198	192
Turnover per chargeable employee (per FTE x EUR 1,000)	237	225
Selection of balance sheet figures (EUR x 1 million)		
Shareholders' equity	15.4	13.6
Net bank debt	1.7	2.7
Total assets	39.8	40.4
Ratios		
Operating result/net turnover	3.5%	3.9%
Net result/net turnover	3.0%	2.8%
Net result/average shareholders' equity	18.0%	19.5%
Shareholders' equity/total assets	38.8%	33.7%
Data per share of EUR 0.24 nominal value		
Number of weighted average outstanding ordinary shares	12,515,497	12,515,497
Net result (before share of minority shareholders)	0.21	0.19
Cash flow (net result + depreciation and amortisation)	0.30	0.30
Shareholders' equity	1.23	1.09
Proposed dividend	0.07	0.06

Profile

Ctac, as a Business & Cloud Integrator with a great deal of passion and commitment, helps organisations increase their business value by setting up, maintaining and updating their ICT landscape. We have been doing this since 1992 on the basis of sound technological knowledge combined with an in-depth knowledge of sectors and business processes. This expertise constitutes the foundation of a broad range of propositions for supporting all core processes at businesses, from financial administration to logistics, and from procurement to sales. Ctac operates from the Netherlands, Belgium and France.

We describe our main objective as - offering customised innovative and future-proof products and services at the interface of business and ICT in order to enable our clients to realise their ambitions. This objective has been incorporated into our mission statement, *Enabling ambitions by transforming Information Technology into Business Value*, as well as in our tagline: *Enabling your Ambition*.

Enabling your Ambition

Ctac realises this transformation by presenting itself in a target-oriented manner and by evolving into a Value Partner: a strategic ambition for the coming years. Business consultancy and cloud integration also play an important role in this. We look at how we can support, optimise and innovate the client's business operations and help the client move forward: how do they benefit from the improvements as a result of our proposition? In their work, every Ctac consultant makes clear the added value that will be achieved.

In addition to value consultancy, other factors, including strategic factors, are also important. In particular, technological innovation and the provision of 'Value Propositions' set the tone here. Providing total convenience for the client by being a Business & Cloud Integrator is another deliberate strategy of Ctac.

From IT Supplier to Value Partner

Ctac realises this transformation by presenting itself in a target-oriented manner and by evolving into a Value Partner: a strategic ambition for the coming years. Business consultancy and cloud integration also play an important role in this. We look at how we can support, optimise and innovate the client's business operations and help the client move forward: how do they benefit from the improvements as a result of our proposition? In their work, every Ctac consultant makes clear the added value that will be achieved.

In addition to value consultancy, other factors, including strategic factors, are also important. In particular, technological innovation and the provision of '**Value Propositions**' set the tone here. Providing total convenience for the client by being a **Business & Cloud Integrator** is another deliberate strategy of Ctac.

Value Propositions

Companies generally demand solutions that give them direct benefits, with short implementation times and controllable costs, and that form a basis for the versatility that every organization in the 'new world' should strive for. Ctac provides an effective answer for this with its Composed Solutions: unique and powerful industry solutions that are composed of ready-made components. Characterised by the optimal coordination between software, business processes and employees, they can be easily combined into a broad, modular solution. This could be an end-to-end solution, but it does not necessarily need to be. One example is the Fit4Retail template to which we can link an e-commerce solution or a cash register. The possibilities are endless. The client benefits from a 'customised standard solution' that is at the same time scalable and perfectly tailored to the company's needs.

These preconfigured propositions can be quickly taken into use and the benefits can be reaped within a short period. Ctac already provides these propositions for the Retail, Wholesale, and Manufacturing and Real Estate markets. We fully guide these propositions for our client, i.e. from determining the situation all the way through to implementation. Here the guiding principle is that the business operations must not be inconvenienced and that the client must be able to reap the benefits of the chosen proposition as soon as possible.

A number of Value Propositions are realised in cooperation with our partners. Here, Ctac works to a policy based on entering into strategic partnerships with professional parties whose product & service portfolios are a meaningful addition to Ctac's broad portfolio. Besides SAP and Microsoft, who provide the basic software, we work together with leading players such as Dell Boomi, Transparix, Winshuttle & inRiver.

Business & Cloud Integrator Complete Portfolio

Scale is crucial to facilitating our clients' ambitions. We are therefore also able to conceive and build any ICT solutions required, as well as maintaining them. With this combination of *conceive, build & keep-it-running*, we provide total convenience for the client.

In addition to sector-specific propositions, we also supply a broad range of generic solutions such as Business Insights, Logistics Services and Customer Engagement Commerce solutions, including in the cloud(s), via (cloud) integration Platform-as-a-Service (iPaaS), Software-as-a-Service (SaaS), Platform-as-a-Service (PaaS) or Infrastructure-as-a-Service (IaaS). Ctac completes its broad product range with a series of high-quality services that enable clients to make the most of their ICT investments. These range from business consultancy and software development to cloud services, including training and secondment. This is based, without exception, on a professional approach, an innovative perspective, and personal contact.

Ctac is also a specialist of the Microsoft Cloud portfolio covering Azure, Microsoft Dynamics365 Business Edition and Office 365. User organisations benefit from continuous updates of the fast-paced developments at Microsoft, but at lower management and implementation costs. For instance, Office 365 comprises cloud versions of the well-known email, communication and collaboration software etc. Ctac also ensures seamless integration with existing systems.

Through Microsoft Dynamics CRM Online, we supply organisations with powerful CRM software via Microsoft's Cloud Service. This translates into global access, predictable costs on the basis of use, and a Service Level Agreement (SLA) with the right uptime guarantee for the specific customer's requirements. CRM Online is flexibly scalable on the basis of need.

Ctac guarantees an optimal service level, regardless of whether this concerns the implementation of business software or the management of systems. This can also mean that we act as the ICT director for our clients, a role that we are pleased to assume. If necessary, together with critically selected third parties, we will successfully implement the total solution together.

In line with our strategy of being a Business Integrator, Ctac's portfolio of products and services was expanded further in 2016 with Customer Engagement & Commerce (CEC) activities. This expansion seamlessly integrates with the markets we are active in. The Retail, Wholesale and Manufacturing sectors in particular show a transition from process- & product-driven to customer-driven business. The current CEC portfolio provides all the means necessary for a personal approach. The fully Hybris Suite, consisting of Commerce, Digital Marketing, CRM & Service solutions, complemented by our own XV Retail Point-of-Sale & Loyalty solution and inRiver's Product Information Management (PIM) solution make us ready for the future.

Ever-more companies are acquiring applications from the various clouds available from several suppliers.

Ctac integrates these and we look after our clients by leveraging our position as a single point of contact to promote our clients' technical, organisational and possibly contractual relationships. Of course, we combine the clouds through our single-sign-on proposition, enabling users to experience the relevant applications as a single environment. This makes us both a Business Integrator and a Cloud Integrator.

"ACHIEVING AMBITIONS REQUIRES INNOVATION TO BE CONSTANTLY APPLIED TO BUSINESS PROCESSES"

Innovation Partner Focus on the future

Achieving ambitions requires innovation to be constantly applied to business processes. Technological innovation is therefore high on our agenda. We are especially interested in sustainable solutions with added value because companies invest in technology with a view to long-term profitability. Ctac proactively seeks out new possibilities for making the ICT environment of organisations more future-proof. Trends such as in-memory computing, mobility, the Internet of Things (IoT) and cloud services are directly translated into added value for the client. In doing this, we anticipate the latest questions from customers: how do you deal with Big Data? How can you use apps to work more efficiently? What advantages are there to working in the cloud? For example, in 2015, we were the first to bring our HANA TDI platform onto the market in those countries where we are active. This platform offers clients recognisable benefits, such as scalability, speed and cost reduction. This was sufficient reason for our clients to embrace this platform en masse in 2016.

Over the past 24 years, our professionals have built up an extensive and in-depth expertise in the business processes applicable within various markets. This knowledge forms the basis for our wide range of innovative solutions for virtually all core processes within companies. Each and every one of these solutions is a relevant solution that has been developed in close cooperation with the market and is therefore optimally tailored to the ambitions of the client. Due to this process of co-innovation, companies can bring their information processing to the desired level more quickly and immediately operate more efficiently.

Ctac also actively contributes to innovation programmes at our technology partners and our clients.

Structured approach

Innovation will continue to have our full attention in the coming years. All activities in this area are combined in an innovation team. The underlying reasoning is that more unity results in more cohesion and therefore in more success.

Examples

Our focus on innovation over the past few years has resulted in several successful innovations, such as Pick-by-Vision (an order picking solution supported by Augmented Reality), a Gesture Control demo, SAP & IoT-powered Mindstorms robots and conveyor belts, and the launch of various apps, including the Verbeeten app and an app for housing associations. We were the first company to convert our SAP Retail environment, including the Fit4Retail template, to SAP HANA, SAP's in-memory solution that speeds up data processing by a factor of up to 1,000, the HANA TDI platform.

Ctac was also the first company to seriously devote itself to SAP's cloud solutions. This has resulted in a formal cloud partnership with this leading supplier. We were also the winner of the Best SAP Cloud Value award concerning SAP Hosting, SAP HANA, SAP Cloud Services and SAP AMS, and several other awards. This means that all Ctac's services – management, cloud, HANA and applications, and combinations thereof – are certified. We continued to hold the Excellence status for SAP Hosting and other services making us one of the few parties in Europe with the highest possible SAP qualifications. We see these certifications as extra confirmation that our entire organisation has a very high level of expertise and one that continuously delivers work of the highest quality.

Furthermore, Ctac is an early adopter of the SAP Fiori application; a solution that converts complex SAP screens to simple, browser-based screens for mobile devices, etc. In addition, we have conducted various Design Thinking and Innovation sessions with customers such as Vivare, Action, Bakker Coevorden and Bavaria, often resulting in surprising new insights.

Concerning innovations, the HANA TDI platform must not go unmentioned. This Tailored Datacenter Integration platform that runs on IBM technology was put into use by many organisations in 2016. By making use of the scale benefits of the Ctac Cloud, the platform offers companies extra flexibility to scale up and scale down their in-memory capacity so that they will pay less if their size decreases. The SAP S/4HANA TDI platform also offers more flexibility and possibilities regarding operation, availability and fall-back options. Ctac also offers its clients the option to migrate their current SAP environment to a near-zero-downtime solution: SAP's new generation of business suite software. This migration is carried out in a phased manner.

And finally, in 2016, Ctac was the first company to launch the new Integration-Platform-as-a-Service (iPaaS), based on the much acclaimed Dell Boomi technology to take our clients' worries away as regards the new world of integration and as regards clouds.

Domains

Ctac's service comprises three domains that together make up its Business & Cloud Integrator portfolio: Consultancy, Cloud Services and Resourcing.

1. Consultancy

The basic premise underlying our consultancy service is to create an interplay between business consultancy and technical consultancy such that, in line with our mission, we can convert ICT into business value for the client. To this end, we work together with several software suppliers, including SAP, Microsoft and Winshuttle. Ctac's field of operation includes the Netherlands, Belgium and France. Within the consultancy domain, we offer a project-based, as well as a secondment-based approach. Ctac has the option of contracting entire projects or of partially resourcing them and/or providing the programme or project management for these projects. In addition, we supply professionals for technical or more business-oriented, specialist roles.

Because our work is, and will continue to be, the work of people, we have made project management an integral part of our services. This enhances our capacity to provide direction to the 'soft' side of change: the individual and all of his/her facets are often the decisive factor in transforming projects into a success. Our approach in this discipline demonstrates how we get the best out of people and consequently achieve the desired project result.

Another part of our consultancy services is Ctac Learning. This supports user organisations to optimally prepare themselves and also supports users in the use of their systems. Furthermore, Ctac Learning provides practical, customised training courses that keep employee development in line with the systems and the organisation. To guarantee the highest possible return on training, Ctac Education embraces the High Impact Training (HIT) methodology, which is distinctive because of its pragmatism, efficiency and affordability. Finally, Ctac Learning looks after the setup of Performance Support; a methodology designed to obtain knowledge and to provide access to it at the right moment

These aspects help clients to conduct their change management better.

Ctac's Consultancy is focused on specific sector solutions as well as on general solutions that are suitable for any business.

Sector solutions – strength from in-depth market knowledge

Corporate life has no room for 'one size fits all'. This is why we develop market-specific solutions that optimally anticipate the requirements and wishes of the various markets. They offer the flexibility and efficiency that organisations expect, and have a right to expect, of their ICT. For our market-oriented activities, it's all about knowledge of the customer and their processes (customer intimacy). To this end, and over the past few decades, Ctac has developed an extensive knowledge of various sectors such as Retail, Wholesale, Manufacturing & Real Estate. We act as a business partner and provide tailored solutions to these markets. Moreover, our people are aware of the challenges, follow new developments closely, and speak the company's language. As we are a frontrunner in signalling changes in the market, we can translate trends into innovative functional and ICT solutions that give the client a leading edge.

General solutions – performance as a result of durable solutions

Ctac's knowledge-oriented business consultants and developers deliver in-depth product expertise to optimise core processes and solve specific customer issues. They develop innovative state-of-the-art solutions that are sector-independent and can therefore be implemented in any market. The application of innovation helps to create distinctiveness and strengthens the competitive position of clients. And so that they can achieve this time and again, our consultants combine solid technical know-how with many years of experience. Disciplines in which we excel include e-Commerce, Business Intelligence (BI), Mobility, Lo Customer Engagement Commerce, Business Insights (BI), Mobility, Logistics, Finance, Business Productivity and Learning. In order to quickly and easily deliver one uniform reality, Ctac has developed a link between the flexible Microsoft Dynamics CRM business software and SAP. Our user-friendly and highly integrated e-business solutions are also part of the portfolio.

2. Cloud services

Ever-more services that companies purchase originate from one or more clouds. Interconnecting various cloud environments is a challenge that caught our attention and Ctac is one of the first Total Solution Providers which subsequently developed solutions in this area. Providing a workable and high-performing situation at the workplace is the starting point. We achieve this on the basis of deploying the right resources for access and accessibility, i.e. to make it appear as if the client is using a single cloud environment. Of course we assume ownership of this and we can always look after our clients on the basis of the appropriate contract form.

The market has a major need for hosting solutions and managed computer environments that relieve customers from these onerous tasks. Ctac has been active in this field for over fifteen years in the Netherlands, as well as in Belgium. We do this through a dedicated team of specialists who have in-depth knowledge of the various markets. The strength of the team, the expertise of our people, and our particular focus on the result are important distinguishing factors in this. Ctac Cloud Services focuses on configuring, managing and supporting powerful and complex infrastructures for database-oriented, business crucial ERP systems and Business Productivity environments. On the basis of our number of customers, we are a market leader in the Benelux in terms of SAP.

We provide total management services for companies of all sizes and in every sector. No woolly stories or lengthy reports, but fast, practical solutions that immediately lead to improvement and convenience. These are primarily designed for organisations that wish to secure a professional infrastructure on their way to achieving operational excellence. To deliver this, we have the highest certifications at the personal and process level available in the market.

Cloud services

Technology is developing at an astonishing pace. That is why innovation is high on our agenda. For example, consider cCloud2.0, an innovative step in providing flexible and scalable server and storage capacity. With cCloud2.0, Ctac offers a high-quality package of services based on Infrastructure as a-Service (IaaS) and Platform-as-a-Service (PaaS). Among other things, it offers a standard framework for communication with mobile devices and Big Data solutions. This makes the platform future-proof.

cCloud2.0 gives organisations the highest possible flexibility in terms of using their capacity. The ability to quickly scale up during peaks in business activity is child's play and payment is based on use. Furthermore, clients can specify their IT needs themselves via a self-service portal. The flexibility we provide is unique in the market and rests on in-house developed high-tech components. cCloud2.0 was developed on the basis of our experience with 230,000 national and international users of SAP, Microsoft and other systems. Thanks to the pay-per-use model, the services are adjustable 24/7 and clients can achieve substantial savings without having to make investments themselves.

In order to achieve all this, Ctac works together intensively with leading technology partners such as SAP, Microsoft and IBM.

3. Resourcing

For organisations that are looking for additional knowledge or capacity, we can provide SAP or Microsoft consultants on a temporary basis. We are able to draw from over 700 of our own experienced professionals and/or from high quality ICT specialists, project- and program managers within our sizable freelance network. Ctac Resourcing combines the client's requirements with the competencies of our candidates to create an optimal match for secondment and hiring, as well as 'midlance' (employment with Ctac on a result-based salary).

Markets

The Ctac organisation focusses on specific markets in which it excels in terms of knowledge of the client and their essential processes. The solutions we contribute are specific to the relevant segment and are supported on a project-oriented basis. Drawing from a broad pool of knowledge, experience and our network, Ctac's specialists speak the client's language. Time and time again, they are the first to signal market changes and to transform them into innovative ICT solutions.

Ctac operates in the following industries

- **Retail**

In Retail, companies do not want to have to think too much about the basics – ICT should happen automatically. A streamlined and flexible system tailored to the sector offers the best conditions for growth. We use templates that are geared to retail processes, developed after years of experience in this sector. Solutions that provide companies with insight, analyses and efficiency for their 'clicks', as well as for their 'bricks'.

The retail market is very much in motion. Ctac's clients will have to go along with the digital transformation. Offline shops are integrated with online shops much more frequently and much more intensively. In its capacity as Business Integrator, Ctac can also be of help in this respect. In early 2016, Ctac started intensifying its Customer Engagement & Commerce activities and added the SAP Hybris proposition to its portfolio.

- **Wholesale**

Innovative wholesale traders look beyond purchasing and sales, and also offer services such as rental and maintenance. Ctac shares this innovative ambition and helps organisations to realise optimal information management systems, tailored to provide maximum support to their core processes. Easy to use with software that is available to all players in the market – from small to large.

- **Manufacturing**

The ideal factory is built on a solid foundation – one that we help companies to create. This foundation gives maximum insight into schedules, purchase orders, actual costing, delivery reliability and stocks. Everything needed to monitor margins, create optimal returns and become efficient through versatility.

- **Real Estate**

Tailored to the Real Estate market, we offer a progressive real estate solution with a wide range of functions: Ctac Fit4Woco. A well-thought-out solution that opens up a new world and that provides total control over the processes that are unique to the sector. A solution for any organisation that operates with ambition in the real estate market. The Ctac Real Estate team is the largest and most experienced SAP RE Team in the Benelux.

Specialisms

Ctac works together with its customers to develop solutions that have an impact on the future business operations and positioning of organisations. In this respect, sustainable growth and value creation are our strategic starting points. We deliberately choose product-market combinations with strong growth potential. The solutions from SAP and Microsoft amply meet this criterion and furthermore enable us to provide sector-focused applications. The following themes from Ctac's portfolio are among our specialisms:

- **Business Insights**

For us, Business Insights (BI) is more than simply making raw data accessible, and then analysing and understanding this data. Its essence is about translating it into useful information that can result in action and produce an operational, tactical or strategic result by applying knowledge. Ctac therefore ensures that your investments in BI also lead to a real competitive advantage, namely the rationalised management of processes and better risk control.

- **Cloud**

The ability to adapt to a changing market and portfolio with agility is the most important pro-cloud argument for companies. Ctac anticipates this need with a total package of state-of-the-art cloud services that are available 24/7. No investments in infrastructure or licenses, always the latest software updates, and guaranteed availability. Once again, this enables clients to focus on their core business in the secure knowledge that their applications are in safe hands.

- **Business Productivity (CRM, SharePoint, Collaboration, Communication, Document Management)**

People determine the success of an organisation. Optimised collaboration among employees, partners and clients is essential to consolidate and enhance this success. For example, the creation of virtual offices in which various people, teams and companies can work together on the same objects - independent of time, location or device. This makes information easier to find and allows insights to be more effectively shared. This increases productivity and the organisation's strength.

- **Office Automation**

Business operations are increasingly shifting to online and the cloud. Ctac's managed workplace provides users with the certainty that their office is always available. Via our online workplace services, we create secure access to the digital business environment from any device, anywhere in the world. The benefits: the ability to work at any time and everywhere with the latest software at predictable costs.

- **Customer Engagement & Commerce (CEC)**

Together with its clients, Ctac studies how Customer Engagement can bring success for an organisation, based on the principle that an optimum end customer experience always leads to profit. Increased turnover, a larger range of customers, or a better relationship with the market – we make all this possible. Our CEC team specialises in a broad range of solutions that seamlessly fit into any type of enterprise and any strategic objective. And always with the right system for the right company. Ctac has defined this as a prime focus and has taken steps to further intensify this activity. One such step was entering into a number of partnerships, including with SAP Hybris & inRiver.

- **Application Management**

The demand by organisations for having their ICT landscape worries taken out of their hands is increasing. Ctac caters to this need by offering application management for SAP, Microsoft and office automation. These services provide a suitable answer to all issues regarding continuity, performance, capacity and optimisation. In this way, we establish the foundation for a professional service, supplemented with a self-service portal and a 24/7 service desk.

- **Business Applications**

Markets are increasingly competitive and dynamic, as a result of which processes change regularly. Business software cannot afford to lag behind in this process of adaptation. Whether such adaptation involves

changes to SAP or Microsoft software, or entirely new applications, Ctac makes it all possible. We supply business applications that can be immediately implemented with seamless integration into any environment whatsoever, thus making the desired progress as painless as possible.

- **CRM**

Regardless of the CRM system a company selects, Ctac has the required in-house expertise to provide a complete CRM strategy, including implementation. The solution can be on-site, cloud-based or hybrid. It can also be SAP or Microsoft. We have known both systems inside-out for years. And if the organisation uses both SAP and Microsoft, then we can ensure a seamless integration between both, including real-time synchronisation.

- **Learning and change management**

Every functional and technical ICT upgrade and optimisation strengthens an organisation. But if your employees do not make maximum use of the systems, you will be missing out on opportunities. Ctac Learning keeps the skills of all users up to speed. We deliver customised training in several ways and we use Performance Support to safeguard knowledge and make it accessible at the right time. Our solutions are efficient, affordable, and always have results as their top priority.

- **Data management**

With the staggering growth of data today, there is a cry from the market to increase the return from all this data. The objective is to transform data into information. The lack of sound and strategic information management can result in untenable situations and sky-high (production) costs for organisations. At Ctac we know that with the right Enterprise Information Management processes the benefits are substantial. On the basis of in-depth knowledge and years of experience, we help client after client to derive greater returns from their complex information environment.

- **App development**

Smartphone, laptop, tablet – more and more people are mobile and also use these devices for their work. That causes companies to be faced with challenges such as how to secure their business data, how to manage their mix of different devices, and how to identify the appropriate processes for which to develop apps. Ctac offers an answer to all this with an extensive portfolio of end-to-end mobility solutions that focus on the user. In other words, boost your business through mobility.

• *Technical and Functional Management*

After an intensive implementation process, organisations want their SAP systems, Microsoft applications and office automation to provide optimal performance – and for this to be sustained. As SAP's biggest Platinum management partner, and also as a Microsoft Gold Partner, Ctac has the right tools and know-how in house to provide you with a suitable answer to all emerging issues concerning any required new functionality, continuity, performance, capacity and optimisations. Well over 450 expert, functional consultants and ICT specialists are standing by, ready to make this come true time and time again.

• *XV Retail Suite*

Since 2007, our XV Retail Suite – an authentic Ctac product – has provided important added value to the processes of our Retail & Wholesale customers, fully integrated with SAP. Both the primary payment processes and the secondary processes that ensure a closed flow of money and goods on the shop floor can be supported by XV Retail. In times where there is increasing pressure on physical shops, Ctac is innovating and is investing in its solution and transforming it from just the in-store channel to a set of services that provide price & promotions calculation, shopping basked functionality, new forms of ordering and paying, and loyalty, on any channel.

The Ctac share

Financial schedule 2017/2018

09 March 2017	Publication of 2016 financial figures
29 March 2017	Publication of 2016 annual report
10 May 2017	Publication of quarterly report for the first quarter of 2017
10 May 2017	General Meeting of Shareholders
10 August 2017	Publication of half-year figures for 2017
02 November 2017	Publication of quarterly report for the third quarter of 2017
09 March 2018	Publication of 2017 financial figures
16 May 2018	General Meeting of Shareholders

Paid-up and called-up capital

The authorised share capital amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share, all of which are bearer shares. The issued share capital consists of 12,515,497 ordinary shares and 1 priority share.

Development of share capital

The number of outstanding ordinary shares on 31 December 2016 was 12,515,497.

Dividend policy

In principle, Ctac's dividend policy aims to pay out 30 to 40 percent of the net profit to the shareholders. Ctac may depart from this policy in connection with the financing of future growth.

Further to wishes that were specifically expressed during the General Meeting of Shareholders of 11 May 2016, it has been decided that, in the future, the dividend policy shall be adjusted by starting from an optional dividend in cash or shares, if relevant.

Key figures for ordinary shares

Number of weighted average outstanding ordinary shares: 12,515,497
Highest closing price 2016 (EUR): 3.36
Lowest closing price 2016 (EUR): 2.00
Closing price year-end 2016 (EUR): 3.18
Net result per share (EUR): 0.21
Operating result per share (EUR): 0.24
Dividend per share (EUR): 0.07
Dividend yield in % at year-end 2016: 2.2%
Net asset value (EUR): 1.23

Data per share of EUR 0.24 nominal value

	2016	2015
Number of weighted average outstanding ordinary shares	12,515,497	12,515,497
Net result attributable to group shareholders	0.21	0.19
Cash flow (net profit plus depreciation)	0.30	0.30
Shareholders' equity	1.23	1.09
Proposed dividend	0.07	0.06

Act on disclosure of major Holdings

As at 31 December 2016, the register of the Netherlands Authority for the Financial Markets (AFM) in connection with the disclosure of major holdings of shareholders in securities-issuing institutions contained the following investors with participating interests higher than 3% (source: AFM).

Date of disclosure	Disclosing Party	Interest
6 November 2014	P.C. van Leeuwen	5.20%
8 July 2015	J.P. Visser	15.09%
8 July 2015	Decico B.V.	5.06%
01 March 2016	Alpha Holding B.V., Elpico B.V., Invenet B.V.	4.99%
14 March 2016	HECO S.A.	5.08%
13 May 2016	H.A.M. Cooijmans	22.83%
11 November 2016	HECO S.A.	5.15%

Board of Directors



Mr H.L.J. Hilgerdenaar (1960),
Dutch nationality.

Director under the articles of association
Chief Executive Officer (CEO)



Mr D.G.H. van der Werf (1955),
Dutch nationality.

Director under the articles of association
Chief Financial Officer (CFO)

Supervisory Board



Mr H.G.B. Olde Hartmann (1959),
Dutch nationality.

Chairman of the Supervisory Board.

Director/owner of Financieel
Bedrijfsmanagement (FBM) B.V.
Supervisory board memberships at
Papierverwerkende Industrie Van
den Brink B.V., Adimec Holding B.V.,
and Vleems Holding B.V.

*Appointed to the Supervisory
Board of Ctac in May 2005. The
current term is for
four years until the date of the
2017 Annual General Meeting of
Shareholders.*



Mr E. Kraaijenzank (1956),
Dutch nationality.

Board member, CFO Avebe.
Member of the Supervisory Board
of HZPC. Mr Kraaijenzank has also
been a member of the Supervisory
Board of WLN since October 2016.

*Appointed to the Supervisory
Board of Ctac in May 2009. The
current term is for four years
until the date of the 2020 Annual
General Meeting of Shareholders.*



Ms E. Karsten (1954), Nederlandse
nationaliteit.

Chair of the Supervisory Board
of the Oldenzaal Sint Maarten
Healthcare Group. Ms Karsten has
been the Chair of the Supervisory
Board of NCFS (Nederlandse Cystic
Fibrosis Stichting (Dutch Cystic
Fibrosis Foundation) from 2016.
Member of the Board of VCTE
(Vereniging Commissarissen en
Toezichhouders Erasmus (Erasmus
Association of Supervisory Directors
and Compliance Officers)).

*Appointed to the Supervisory
Board of Ctac in May 2014. The
current term is for four years
until the date of the 2018 Annual
General Meeting of Shareholders.*

Report of the board of directors

INTRODUCTION

Overview of key figures:

Results	2016	2015	2014	2013	2012
(in EUR x 1,000)					
Net turnover	86,230	86,092	83,395	77,028	79,861
Net result	2,613	2,414	1,750	1,160	805
Personnel					
Average number of employees (FTE)	435	449	441	439	448
Ratios					
Operating result/net turnover	3.5%	3.9%	3.2%	2.8%	2.5%
Operating result/net turnover	3.0%	2.8%	2.1%	1.5%	1.0%

Strategy 'Enabling Your Ambition'

Ctac has determined that its mission is to facilitate the ambitions of its clients by transforming the advantages of information technology into actual 'business value'. This also includes challenging the ambitions of employees.

Within this context Ctac distinguishes the following objectives:

- to unburden (international) clients in the (larger) SME segment by offering suitable and reliable ICT solutions at acceptable rates. These solutions should also make an important contribution to the sustainable profitability of these clients and their competitiveness for the continuity of their companies;
- to further evolve from an ERP service provider into a distinctive supplier of composed ICT solutions as a Business & Cloud Integrator;
- Ctac has some products of its own, including the XV Retail Suite which consists of an omni-channel-driven Point-of-Sale & Loyalty platform;
- to further develop the Ctac organisation to capitalise on market opportunities and to offer continuity for all stakeholders.

In previous years, Ctac has structured its organisation and redefined its strategy such that it has been able to transform itself into a leading Business & Cloud Integrator. In 2017, and in the coming years, the focus will be on integrated – market and/or knowledge-oriented – business units that are optimally equipped to provide high quality and specialist solutions to clients.

The organisation is structured such that in all countries the Management Team provides central and integrated direction to all sales and delivery activities. Services in the Netherlands are subdivided into three sectors: Consultancy (incl. SAP and Microsoft), Cloud Services and Resourcing. The sales activities are managed centrally.

Sectors in which CTAC Nederland is active

Ctac approaches the sectors in which Ctac is active in a manner that is in line with the propositions for our clients and our internal organisation has been structured on this basis. This has taken place as a result of a more clearly defined strategy, whereby specialist knowledge about various market sectors has been chosen as the binding factor.

Ctac targets existing and newly defined markets and areas where it wishes to, and can, play an active role, and where the portfolio model based on consultancy, hosting and management, and software products can be applied. In this model, Ctac aims for a well-balanced distribution whereby it remains the aim to have Cloud Services constitute at least 50% of the turnover.

Similar activities are clustered in the new structure. Ctac Nederland has defined three such clusters: Consulting, Cloud Services and Resourcing. The activities covered by Cloud Services involve a broad range of specific ICT and application expertise, as well as offering assistance to organisations that wish to safeguard a professional ICT infrastructure or professional application landscape in the private and/or public cloud and/or across the

different clouds. All SAP and Microsoft-related activities, mainly those with a functional focus, are grouped under Consulting. The Microsoft-related activities include CRM, Navision, office automation and SharePoint. Ctac Resourcing includes all secondment-related activities.

Ctac Consulting

This business unit contains all SAP and Microsoft-related activities for specific markets and across markets. From this business unit, Ctac is also active in the field of Microsoft CRM solutions for companies in various market sectors. Furthermore, the emphasis at present is on the Retail, Manufacturing & Wholesale markets with the Navision ERP Solution. Our XV Retail solution is also built, maintained and further developed in close collaboration with our customers by our Consulting unit. This product now holds a leading position in a highly competitive market both in the Netherlands and in Belgium.

2016 also brought Ctac success as regards the activities concerning its own XV Retail Suite Customer Engagement solution. Since the start in 2006, Ctac has been supporting major players in Retail and Wholesale with their daily shop processes.

Ctac enables its clients to handle all support processes, such as closed flows of money and goods, sales registration, integration of shop and web, fully integrated into SAP, online and in real time. Our XV Retail solution is active internationally and is used in six different countries.

The commercial success of XV Retail and its customers also led to the autonomous growth of the team in 2016. By now, more than 25 Ctac talents work on our customers' Customer Engagement ambitions on a daily basis.

In order to be able to provide ongoing support to the continuing growth of our product, as well as to the ambitious plans of our XV Retail customers, a strategic collaboration was started through nearshore outsourcing in 2015, which was given further shape and substance in 2016. All the activities are specified and coordinated from the Netherlands. This has enabled Ctac to safeguard a structural expansion of its development capacity and has given it a flexible layer of Java professionals. A first start on the new-generation XV software was made in 2016.

Ctac's SAP Consultancy activities mainly focus on the Retail, Wholesale, Manufacturing & Real Estate markets.

Ctac Cloud Services

This business unit – formerly Ctac Managed Services – offers Cloud Services (integration, management, hosting and system optimisation) and, in this respect,

is not linked to specific market sectors. Through its Cloud Services, Ctac takes over the management of the systems and applications from the client. Cloud Services supports the whole life cycle of systems, so that clients can focus fully on their core business. Cloud Services increasingly focuses on cloud integration, enabling us to take away our client's worries by connecting the clouds from which the client purchases services. This makes integration Platform as a Service (iPaaS) a nice new proposition. User friendliness is assured through such features as single sign-on, thus ensuring a secure infrastructure that spans the different clouds, and it also enables us to serve as the Single Point of Contact for the different services. Some of the new users of these services in 2016 include OTTO Workforce, Bavaria, Wonen Limburg and SCIA. Security is an important aspect of Cloud Services. In the past few years, we have also implemented the principle of 'security by design'. We are having more and more external audits done and we have been making our internal organisation more aware of the environment in which we work and the responsibilities this entails.

Data Centre Facilities

Ctac has moved its data centre activities for the hosting of SAP and Microsoft services to, among others, Equinix, Interoute and Interxion. These data centres were selected carefully in order to be able to stably put our iPaaS proposition into the market, while ensuring the best performance. This has made it possible to develop new, advanced cloud services and provide them from these locations. Ctac is also the first to launch some new services: a Self-Service Portal and Ctac Archiving-as-a-Service (AaaS).

With the Self-Service Portal, clients can, at the push of a button, increase or decrease system capacity and obtain real-time insight into their own use. Ctac Archiving-as-a-Service is a full-service solution for SAP archiving and thus forges a link between ICT objectives and the continuing, increasing information needs of the user organisation. With this archiving concept, clients can archive data carefree and faster, and users can maintain their existing flexibility where it concerns the ability to view and analyse SAP data. Ctac helps companies and organisations in structuring, maintaining and renewing high-quality ICT infrastructure and in developing and implementing sector-focused iPaaS, PaaS, IaaS and SaaS solutions.

Ctac Resourcing

The activities that cannot be allocated to Cloud Services and Consulting, such as the secondment services, are grouped together under Ctac Resourcing. Through Ctac Resourcing, Ctac is active in the secondment of SAP and Microsoft consultants. In 2015, the operational Resourcing activities became one integral whole with the Cloud Services and Consulting activities.

In addition to recruitment and selection, and seconding consultants to clients, Ctac Resourcing is also responsible for hiring external consultants for Ctac Consulting and Ctac Cloud Services. Consequently, Ctac is even better organised to anticipate the increasing flexibilisation of the labour market.

Key developments

New initiatives & partnerships

Ctac has expanded its e-commerce activities

In line with our strategy of being a Business & Cloud Integrator, Ctac's portfolio of products and services has been expanded further in 2016 with e-commerce activities.

The expansion seamlessly integrates with the markets Ctac is active in. Ctac has seen a considerable growth of its customers' e-commerce activities, particularly in the retail, wholesale and manufacturing markets. The interaction with the other business units will bring synergetic benefits for the company.

Ctac strengthens its omni-channel strategy through a partnership with inRiver

Ctac has selected the modern inRiver Product Information Management platform (PIM) to further expand its omni-channel portfolio. Ctac thus helps retailers better streamline its clients' entire online and offline purchasing processes. The main advantages of the new system for clients are user friendliness, short time to implement and easy integration with other systems.

The reason for this new collaboration between Ctac and inRiver is the increase in the number of digital sales channels and the growing desire among Ctac clients to supply the best product information. The inRiver PIM system enables retailers to manage their product information in an intuitive and efficient manner and to easily share relevant information through different channels. They can thus create a first-class online shopping experience and real-time information on all sales channels.

Custom Connect and Ctac partnership for cloud integration services

Custom Connect, the carrier-neutral data communications specialist, and Business & Cloud Integrator Ctac have entered into an open partnership for developing and supporting Ctac's cloud strategy for its clients. Custom Connect builds and manages the connections and the network. It also gives advice on how to optimally benefit from on-going developments in the data communications technology and market. Custom Connect gives Ctac's clients – customers that typically focus on innovation and expansion – the availability of the connectivity that matches the requirements of their business. These requirements differ from company to company and from application

to application as regards bandwidth, price and latency. Connections may be required in various locations, no matter how exotic.

New technologies put considerable pressure on the speed of data connections. An example of this is in-memory analyses: having the data analysed in the computer's RAM greatly increases the processing speed. The connections from and to the source data will need to be able to handle this speed and that requires connections with the lowest possible level of delays (latencies).

Data communications go to Internet and IP. Custom Connect helps to achieve 'All-IP' strategies. Security is an important issue then. Ctac wants security to be provided for in the network, and such that any DDoS attacks and other iniquities are filtered out and eliminated before they can reach applications and do damage there. Custom Connect builds a clean internet with guaranteed SLAs for Ctac.

Microsoft has officially appointed Ctac as a Microsoft Cloud Solution Provider

Thanks to this new status, Ctac now purchases cloud services directly from Microsoft and has access to the best expertise and conditions. This status is a consequence of the strategic alliance with Microsoft and Ctac's experience and quality as regards its cloud portfolio. In order to obtain the status of Cloud Solution Provider, Ctac had to comply with a number of criteria set by Microsoft – including having the necessary knowledge at its disposal, as well as the possibilities to provide the proper training, support and services, including migration services, to customers. This appointment matches Ctac's strategy concerning the expansion of its Microsoft portfolio.

The market is in transformation and is calling for ever more speed, flexibility and know-how. Clients want specific solutions in combination with low costs. The use of cloud services now enables organisations to actually use innovations without the enterprise investments that are commonly required for them. Combining the accrued knowledge of business processes and the integration of Ctac cloud services with Microsoft cloud services yields a unique proposition that can be used for all organisations. The Cloud Solution Provider programme enables customers to rely on Ctac's service provision and on flexibility as regards purchasing the functionality.

Ctac and Transpax TM have joined forces in transport management

In 2016, Ctac entered into a collaboration with the Transpax TM software organisation. Ctac has thus expanded its services by a total transport management proposition. In preparation for this, Ctac conducted a careful selection process as part of which it assessed a large number of providers of Transport Management Systems (TMS). Transpax TM was eventually chosen

for this company's ability, and approach, to link to major ERP and WMS packages, such as offered by SAP and Microsoft. And furthermore, the solution, under the name of Transpax, offers a great deal of functionality for operational and financial transport management processes.

Transpax TM and Ctac have together created a link to SAP, such that all shipments now go to Transpax via certified integrations in order to determine the optimum carrier and the corresponding pre-calculation of transport costs. Corresponding pre-calculations and subsequent delta calculations are integrated in SAP and handled through SAP External Service Management, creating a PO that supports a Procure 2 Pay process. The proper carrier-specific transport labels are then created and the shipment is registered with the carrier. All goods shipped can be tracked directly in SAP by means of a link to the carrier's track & trace functionality. When the goods have been delivered, the carrier's Proof of Delivery is received. The invoice can then be compared to the pre-calculation. If there is a 3-way match, Transpax will send the validated invoices to SAP for further processing. Ctac employs its SAP expertise to ensure the proper configuration of the logistics and financial modules and all the accompanying analyses and reports. Transport costs can be itemised into business units, product groups, material or locations, etc.

Ctac is using Cloud Connect by Interxion

In 2016, Ctac started using Cloud Connect by Interxion, a leading European supplier of cloud- and carrier-neutral data centre services. This service enables Ctac to achieve connections for its clients between the Ctac private cloud solutions and several cloud platforms of leading providers in order to achieve high-quality hybrid IT solutions. Ctac had already purchased a Point-of-Presence in an Interxion data centre at its Schiphol Campus.

Cloud Connect enables Ctac to achieve direct connections for its clients using several cloud platforms in Interxion's data centres. These next-generation connections offer a better latency performance, higher throughput rates and a higher security level, enabling customers to responsibly house operation-critical workloads and real-time data in the cloud.

Ctac can use the Interxion portal to easily place online orders and to fully autonomously manage its wireless Local Area Network connections (LAN) with the different cloud service providers.

SELECTION OF NEW PROJECTS/CONTRACTS

Nederlands Loodswezen opts for SAP S/4HANA

The new version of the SAP ERP software offers

Nederlands Loodswezen the flexibility, scalability and ease of use that is needed to be able to react to current market developments. Nederlands Loodswezen pilots more than 85,000 seagoing vessels that require piloting from and to the Dutch and Flemish seaports on the River Scheldt every year. It employs some 450 registered pilots for this and they play a pivotal role between the vessel and the different port organisations, such as the surveillance radar equipment and towing services, and the people who moor the ships. Nederlands Loodswezen BV (NLBV) is the facilities organisation that supports the registered pilots, e.g. by handling the paperwork and transporting the pilots from and to

“CTAC HAS DETERMINED THAT ITS MISSION IS TO FACILITATE THE AMBITIONS OF ITS CLIENTS BY TRANSFORMING THE ADVANTAGES OF INFORMATION TECHNOLOGY INTO ACTUAL ‘BUSINESS VALUE’”

seagoing vessels.

The search for flexible, scalable and user-friendly management software to replace the current environment soon led to S/4HANA from SAP. Both cloud and on-site versions of this business suite – which has been optimised for the HANA in-memory database – are available.

The technical migration to S/4HANA was effected by Ctac. The next steps for the Nederlands Loodswezen were the implementation of the first components of S/4HANA Finance and Fiori Apps, the free apps of SAP by means of which the company makes processes such as invoicing, purchasing and HR self-service available as easy to use mobile applications.

Ctac helps Vivare through Digital Transformation

The Vivare housing association is transforming its current ERP system to S/4HANA. Vivare has also decided to implement SAP Cloud for Service. Vivare has made this choice to be able to manage the organisation's costs, to make affordable housing available to its customers both now and in the future, and to continue to provide its customers with good services. The two organisations have been working together since 2015 and they recently jointly drew up a strategic programme for improving

service provision to tenants and optimising internal processes. This transformation is part of Vivare's Next Level programme.

Transforming the ERP system to S/4HANA will put the latest new functionality and possibilities according to the latest technological and usage standards at the disposal of Vivare's employees. This will enable them to work more efficiently and it will give them a more complete insight into any current issues concerning tenants – such as direct debits for rent, rent arrears and outstanding service requests.

The use of SAP Cloud for Service has also made it possible to support customer contacts through various channels, including a tenants' portal. Tenants can log into this portal to get a comprehensive summary of all current matters. They will find their full contact history there, regardless of whether communications were by email, telephone, social media or online self-service.

OTTO Work Force has chosen Ctac as its partner for its SAP and Microsoft CRM environments

OTTO Work Force has chosen Business & Cloud Integrator Ctac as the application management partner for its SAP and Microsoft CRM environments. The international labour broker is further professionalising its organisation and needs a strong partner that can translate its business objectives into an IT solution. Ctac was chosen for its reputation in the market, its references, and its partnerships with both SAP and Microsoft.

OTTO Work Force uses SAP ECC – Enterprise Resource Planning Central Component – for finance, HRM and material management. The HRM part is crucial for the payment of wages to the large group of temporary staff on OTTO Work Force's payroll. Besides this, the organisation uses Microsoft CRM for its customer relationship management.

2020 is a point on the horizon for OTTO Work Force by which the company should achieve a number of important goals, including some digitisation goals. As a SAP and Microsoft specialist, Ctac can coordinate the integration of these two platforms in the company's network. Ctac is employing its Continuous Improvement Program at OTTO Work Force in order to achieve the end result desired in a targeted manner. This means that the Business & Cloud Integrator critically considers the feasibility of the proposed changes and how to support them by means of IT solutions. Thus Ctac not only takes on the role of implementer, but also that of partner.

Ctac has integrated application optimisation into its service provision and has appointed a Customer Landscape Owner and a Customer Application Owner as members of its customer team. They are responsible for the technical architecture and, respectively, the

applications. This enables OTTO Work Force to quickly interact with the right people who know all the ins and outs of the situation at OTTO Work Force.

PARTNERSHIPS AND CERTIFICATIONS

Ctac wins the Winshuttle Authorised Premier Partner award

Ctac has received the Authorised Premier Partner award from Winshuttle, the American supplier of data management solutions. The award underlines the successful partnership between these two parties and is a form of recognition of Ctac as a partner. For Ctac's clients, this award endorses the fact that they can continue to rely on Winshuttle for a positive contribution to their data management strategy and ambitions. More than 75 clients are already using the data management solutions provided by Ctac.

ISAE 3402

In February 2017, Ernst & Young issued an Independent Service Auditor's Report in the context of the audit of the structure, existence and also operation (Type 2) of Ctac's SAP Hosting Services organisation. The above-referenced report concerns the 'ISAE 3402' (Assurance Report on Controls at a Service Organisation) and received an unconditional unqualified opinion.

FINANCIAL TRENDS

Turnover and gross margin

In 2016, net turnover amounted to EUR 86.2 million; an increase of 0.2% (2015: EUR 86.1 million). The autonomous increase (excluding the turnover of IFS Probity which was sold in January 2016) was more than 6%. The related gross margin decreased from EUR 59.3 million in 2015 to EUR 57.9 million in 2016.

Turnover from consultancy, hosting and management rose from EUR 72.2 million in 2015 to EUR 74.2 million in 2016, an increase of 2.7%. Because external hiring increased by 16.1% to EUR 20.9 million in 2016 (EUR 18.0 million in 2015) and some other cost elements also decreased, the gross margin on these activities decreased from EUR 54.2 million in 2015 to EUR 53.3 million in 2016.

Turnover from software decreased by 34.8% from EUR 5.7 million in 2015 to EUR 3.7 million in 2016. The gross margin on this turnover in 2016 amounted to EUR 1.8 million (2015: EUR 2.2 million).

Turnover from maintenance contracts rose by 1.7% from EUR 8.2 million in 2015 to EUR 8.4 million in 2016. The gross margin on these activities decreased by EUR 0.1 million to EUR 2.8 million.

The turnover per employee (based on the average number of FTEs on an annual basis) rose by 3.3% to EUR 198,000 in 2016 (2015: EUR 192,000).

Operating expenses

Personnel costs in 2016 decreased by net EUR 1.6 million, or 3.9%, compared to 2015. Partly as a result

of selling IFS Probity, the average number of FTEs decreased slightly from 449 in 2015 to 435 in 2016.

Other operating expenses increased by EUR 0.7 million, or 5.0%, to EUR 15.0 million (2015: EUR 14.3 million).

Depreciation and amortisation decreased by EUR 0.2 million to EUR 1.2 million.

Operating result

The operating result decreased in 2016, to EUR 3.1 million (2015 EUR 3.4 million). However, the corrected operating result, which enables a better comparison to be made, increased by 8% to EUR 3.6 million. The corrections concern the income from the innovation box (recognised under corporation tax according to IFRS regulations in 2016) and the addition to an earn-out obligation.

Financing income and expenses

The net bank debt amounted to EUR 1.7 million at year-end 2016 (2015: EUR 2.7 million). Net interest expenses remained equal at an expense of EUR 0.1 million, as did the other financial expenses (including the interest on earn-out obligations). This resulted in an equal charge of EUR 0.2 million in 2016 (2015: EUR 0.2 million).

Taxes

Since Ctac is an innovative company, it can invoke the 'innovation box' for tax purposes. The income from the innovation box recognised in 2016 also relates to some previous years. Partly as a result of this income, the tax burden in 2016 was only 9.0% (2015: 23.8%).

Net result and result per share

The net result over 2016 amounted to EUR 2.6 million

Turnover by unit and by segment (EUR x 1,000)	2016	2015	%
The Netherlands			
Ctac Cloud Services	30,351	27,877	9%
Ctac Consulting	19,724	23,462	-16%
Ctac Resourcing	13,116	10,286	28%
Licences and maintenance	10,584	10,839	-2%
Intercompany turnover	2,139	2,944	-27%
Total: the Netherlands	75,914	75,408	1%
Belgium	14,196	16,403	-13%
Other activities	814	1,666	-51%
Elimination of intercompany turnover	-4,694	-7,385	-36%
Total	86,230	86,092	0%

Note: 2015 included the turnover of IFS Probity (especially Consulting)
One-off Cloud projects are no longer included in the Ctac Cloud Services turnover; this item only includes recurring turnover.

(2015: EUR 2.4 million). This translates into a result per outstanding weighted average ordinary share of EUR 0.21 based on 12,515,497 shares (2015: EUR 0.19). The total number of outstanding ordinary shares on 31 December 2016 remained unchanged at 12,515,497.

Balance sheet

As a result of the addition of the net result for 2016 (EUR 2.6 million), shareholders' equity increased by EUR 15.4 million at year-end 2016. In accordance with the reporting standards, the shareholders' equity has been determined in order to process the proposal on profit appropriation.

The trade receivables and other receivables increased by approximately EUR 1.1 million to EUR 21.8 million at year-end 2016. The balance sheet total decreased by EUR 0.6 million from EUR 40.4 million at year-end 2015 to EUR 39.8 million at year-end 2016.

The solvency (shareholders' equity/total assets) subsequently improved from 33.7% at year-end 2015 to 38.8% at year-end 2016.

The net bank debt decreased from EUR 2.7 million at year-end 2015 to EUR 1.7 million at year-end 2016. The credit facility agreed with ABN AMRO Bank was EUR 6.0 million at year-end 2016. A pledge right on receivables, company equipment and IP rights has been granted as security.

Cash flow and investments

The cash flow from business operations amounted to EUR 3.9 million positive in 2016 (2015: EUR 2.9 million positive). The cash flow from operating activities amounted to EUR 2.5 million positive in 2016 (2015: EUR 2.2 million positive).

EUR 0.6 million was invested in tangible and intangible fixed assets in 2016 (2015: EUR 1.2 million). The investments consisted mainly of the replacement of ICT infrastructure and new computers.

The cash flow from financing activities was EUR 0.8 million negative (2015: EUR 0.5 million negative) which was partly due to a payment of earn-out obligations in the amount of EUR 0.2 million (2015: EUR 0.5 million), as well as EUR 0.8 million in dividend payment in 2016.

The net cash flow amounted to EUR 1.0 million positive in 2016 (2015: EUR 0.5 million).

The results of Ctac France were severely negative again. The operating result for 2016 was EUR 0.8 million worse than in 2015. The loss can be attributed to one specific project. During the implementation of the project, it was found, among other things, that the legal scope

of the agreements made had been insufficiently clearly recorded in the contract. From a technical point of view, the project was fully discontinued in December 2016. One of the implications of this is that the substantial cash-out due to the consultants hired has also been entirely discontinued. The remaining project risks are fully under control. Partly as a consequence of this, Ctac France's result will improve considerably in 2017.

Proposal for incorporation of result

After carefully considering the impact of a potential dividend payment on the net cash flow in 2017, shareholders' equity, its composition and other balance sheet components, it is proposed to the General Meeting of Shareholders that a dividend of EUR 0.07 per ordinary share be paid out from the net result for the 2016 financial year. This proposal is in line with the dividend policy as previously formulated. The shareholders will be given the option to receive their dividend cash or as shares.

Post-balance sheet date events

There have been no relevant post-balance sheet events.

PERSONNEL DEVELOPMENTS

Focus on employees

For a total Business & Cloud Integrator such as Ctac, employees are the company's most important assets. The theme of our strategy is making ambitions come true. The only way for Ctac to realise its ambitions is with highly qualified and motivated employees. An important part of this is that we enable our employees to realise their personal ambitions within Ctac. Ctac's Human Resources (HR) policy therefore aims to create a working climate in which there is room for personal growth, development and initiatives. Employees and managers, as well as the organisation, each have their own responsibility in this respect. The work/personal life balance is an important part of the Human Resources policy. Our core values are integrity, respect and commitment. Working together features high on our agenda.

Ctac is a knowledge-intensive organisation in a dynamic market and environment and consequently attaches a great deal of importance to investing in employees. Employees must meet the requirements of their position and must be given the opportunity to continue to develop themselves. Ctac consequently recognises the necessity of structured training as a tool, on the one hand, to maintain knowledge and skills, and, on the other hand, to anticipate employees' personal training and development needs. The guiding principles for this development, consisting of personal objectives, are formulated each year by the employee in consultation with his/her manager. These principles are based on

the employee's ambitions, but must also be in line with Ctac's ambitions.

New function and payroll system

Since January 2016, Ctac has been using a new job classification system and pay structure based on the Hay method for job evaluation and profiling. The new job classification system is substantiated by an unambiguous set of weighting criteria. The new job classification system and pay structure offers more transparency on comparable jobs. It also gives an insight into career paths and the career steps that can be taken. This uniform establishment of the severity of a job enabled a valid remuneration market comparison to be conducted. The outcome of this study gave Ctac an insight into the remuneration position in the market and furthermore the study, linked to the new job classification system, offers a foundation for a more suitable remuneration policy with new salary scales and a new payroll system.

Renewed remuneration policy

The partly adjusted remuneration policy was validated by the Board of Directors, management and HR, based on the results of the remuneration benchmark and the advice of an external remuneration specialist. Based on the benchmark and the basic assumptions that had been formulated, the Works Council of Ctac Nederland consented to the intended decision to introduce the new remuneration system with effect from 1 January 2016. Now that this partly adjusted remuneration system has been introduced, Ctac Nederland is working with a suitable and results-oriented remuneration system.

Performance Management Cycle

In mid-2016, Ctac decided to set up a digital Performance Management Cycle for Ctac Nederland and Belgium, while simultaneously optimising the process, with effect from January 2017. Ctac thus strives to create a continuous connection between Ctac's strategy and objectives, so that the performance can always be improved in line with the organisation's objectives. And besides this, this new working method enables more transparent measuring of the performance in the organisation and provides clarity as regards mutual expectations. In order to successfully implement this throughout the organisation, the project team has involved a broad delegation of the organisation (employees and management) in the configuration, test and training phases. The Performance Management Cycle and the role of the People Manager in this cycle was given much attention in People Management workshops. In late 2016, the last preparations were completed to enable implementation with effect from January 2017.

Diversity

Despite a slightly growing influx of women into ICT education programmes in recent years, the ICT sector continues to attract more men than women. On average 19% of employees at Ctac are female. However, diversity is not only about male/female ratios, it is more particularly about respect for the differences between employees and/or their sociocultural backgrounds. Ctac attaches particular value to diversity within the organisation, where the key focus is not on a single employee's knowledge or capability, but on the collective knowledge and capabilities of all employees. Quality, motivation and internal driving forces will always be decisive in terms of hiring new employees.

Recruitment

In 2016, recruitment laid a firmer foundation to bind qualified talents to us. Subjects such as labour market communication and the recruitment process were studied in more detail and the first initiatives were taken to further professionalise this, so that Ctac will strengthen its position as an attractive employer in the next few years. Given the increasing scarcity on the labour market, involving our own staff in the recruitment process more intensively was also one of the focal areas in 2016. With more than 40% of all 'new hires' being sourced from the 'referral programme', Ctac scores much better than the average market score.

Absence due to illness

Ctac pursues an active illness policy to prevent long-term absence by providing information on recognising initial symptoms of illness and on possible preventive and other measures. In this way, Ctac tries to reduce the absence due to illness. In 2016, absence due to illness increased to 3.2% (2015: 2.9%). There is an active focus on absence management with an eye to preventing absenteeism and promoting the employability of employees. The Preventative Medical Examination was introduced in 2016 to contribute to the vitality and sustainable employability of Ctac's staff.

Scarcity on the labour market

Employment in the ICT sector has stayed reasonably stable in recent years. However, due to the slight economic recovery, scarcity on the ICT labour market is once again becoming evident. Well-qualified ICT workers are relatively scarce. Ctac is therefore continually on the lookout for qualified and motivated employees interested in further developing themselves and who, in this way, can contribute to the realisation of our ambitions. Using a professional recruitment process, a coaching role in this process provided by a recruitment consultant, and by proactively continuing to look for potential candidates, Ctac aims to attract and retain the right employees.

Employee participation in decision making

At year-end 2016, the Works Council comprised five people. The Board of Directors regularly meets with the Works Council to discuss all aspects of the company's business operations. A member of the Supervisory Board attended one of these meetings in 2016. Recurring agenda items in these meetings are market and result trends, organisational changes, and the Human Resources policy.

In 2016, the Works Council made positive contributions to changes made to the performance management cycle, the policy on the terms and conditions of employment, and the policy as to the company bearing its own risk under the Dutch Sickness Benefits Act and the Dutch Partially Disabled Workers Act.

The Works Council provided advice and/or consent with regard to various matters.

Corporate Social Responsibility within Ctac

The long-term vision and continuity of the organisation are the most important themes regarding corporate social responsibility within Ctac. In addition, there is a clear awareness within the ICT market regarding sustainable business practices. The scarcity of natural resources and the exhaustibility of fossil fuels also have an impact on the sector. For instance, the Dutch government strives to purchase all of its products and services in a sustainable manner, including the procurement of ICT services. Ctac endorses the importance of sustainability in the provision of services both to its customers and to society in general.

That is why Ctac maps its energy consumption and prepares a Carbon Footprint report every year. Our efforts to reduce our energy consumption where possible and lower our CO₂ emission are actively controlled and promoted by providing an insight into the energy consumption and drawing up a Carbon Footprint report. It is Ctac's goal to lower the outcome of its Carbon Footprint report every year.

Ctac also actively considers the three Ps of corporate social responsibility (People, Planet, Profit). This comprehensive approach enables Ctac to achieve progress in the area of sustainability, socially and societally, as well as economically.

The P of People represents the ability of employees to realise their ambitions. Ctac aims to create a working climate in which there is room for growth, development, and new challenges. Ctac invests in its employees and offers them the opportunity to develop.

Optimising the Carbon Footprint was the starting point for Ctac's approach to the P of Planet. The Carbon Footprint reports produced in recent years show that

the majority of the CO₂ emissions is caused by the fuel consumption of lease cars. One of the objectives that Ctac had set for itself was to reduce the fuel consumption of its lease cars. CO₂ emissions decreased substantially between 2010 and 2014. However, this objective will be maintained for the next few years. In 2016 Ctac's CO₂ emissions were 52.34 tons less, compared to our fuel consumption in 2015.

For the P of Profit, products and services are being developed whereby the focus is on sustainability. These products will realise savings for Ctac's clients in the fields of energy, waste and CO₂ emissions. To this end, Ctac will work together with its clients, suppliers and business partners on innovative projects, in order to contribute to a healthier environment.

Sustainability

Sustainability can no longer be eliminated from social debate. This applies to Ctac and most certainly to its clients as well. Most clients have developed a sustainability policy that generally devotes very little attention to the role of ICT, while ICT – in part based on the use of software – can play an important role in curbing energy consumption.

Companies and organisations in 's-Hertogenbosch have set up the Bossche Energiecoalitie (BEC) to work together on sustainable energy provision. Ctac is a co-signatory of this energy coalition. Sharing knowledge and experience, and being a test-bed for sustainable innovations are the BEC's basic principles. They can take great strides by working together on a specific theme or in a specific area, for example by a joint approach to solar power or by utilising residual heat at an industrial estate.

Energy objectives are formulated every year. This, for example, includes objectives related to mobility (reduction in mileage, electric transportation), energy savings in company buildings (insulation, lighting, energy management or optimisation of existing installations), or the use of solar panels.

Ctac has renewed the objective to reduce the CO₂ emissions of its car fleet. Ctac considers it important to monitor the CO₂ emissions resulting from its operations. This is why it has been preparing a Carbon Footprint report for several years in a row. This makes it possible to analyse the differences between years and it provides a point of reference for taking measures designed to increase the organisation's level of sustainability.

Ctac 2016 Carbon Footprint

The energy consumption data related to accommodation, the internal and external data centres, and employee mobility were used to calculate Ctac's 2016 Carbon Footprint.

The CO₂ emission for Ctac's total organisation was then calculated on the basis of this data.

The categories incorporated in the international Greenhouse Gas Protocol (GHG Protocol) guidelines were used to establish the operational scope. This protocol makes a distinction between three sources of emission; Scope 1, 2 and 3. The CO₂-generating activities that Ctac has included in its calculations are defined for each scope.

Ctac's total emissions in the 2016 calendar year amounted to 1,838 tonnes of CO₂. This represents a decrease in emissions of almost 1.3% compared to the 2015 calendar year. The main reason for this slight decrease is the fact that the use of the Barneveld premises was discontinued. This has resulted in a decrease in the Scope 1 CO₂ emission, achieving the objective that was set for 2016. Lowering this CO₂ emission once again is also an objective for 2017.

Scope 1

Scope 1 is concerned with the direct emission of greenhouse gases. The direct emission of CO₂ is caused by the use of fossil energy carriers (natural gas, petrol, etc). To calculate the CO₂ emissions, the use of fossil fuels is identified and converted into CO₂ emissions using predetermined specific conversion factors.

For Ctac, only the fuel consumption of its lease cars was recorded. Taken together, this resulted in the emission of 1,436 tonnes of CO₂ in 2016 (2015: 1,489 tonnes). The Scope 1 CO₂ emission accounts for the largest share of the total emissions. This is generally the case for companies involved in providing commercial services. Within this, emissions produced by fuel consumption are the most important contributing factor.

Scope 2

Aside from the direct emission of greenhouse gases (Scope 1), the CO₂ footprint also includes the indirect CO₂ emissions resulting from the consumption of electricity. While the conversion of electric power into 'usable' energy does not release any CO₂ emissions (in other words, there is no combustion inside an electric appliance), this is nevertheless the case when electricity is produced in a power plant. Through its purchase of electricity, Ctac is therefore indirectly responsible for these CO₂ emissions.

Ctac's total Scope 2 CO₂ emission was 398 tonnes in 2016. Compared to 2015, there was a CO₂ increase within this scope due to the increase in the number of clients, as well as expansion for current clients on the systems. This has resulted in a 11.5% increase in the Scope 2 emissions in comparison with 2015.

Scope 3

Finally, an organisation releases indirect CO₂ emissions that are a consequence of the company's activities, but

that are generated by sources that are not owned or managed by the company. For example, CO₂ emissions are generated by employees commuting in traffic, business travel using personal cars, the processing of waste generated by the organisation, the production of the materials purchased by the organisation, etc. The organisation cannot directly influence the emissions that are released in this respect. These indirect emissions fall under Scope 3 emissions.

In the context of Scope 3, Ctac has identified a limited number of CO₂ emission sources. Ctac's total CO₂ emissions in this scope in the 2016 calendar year amounted to 1.6 tonnes (in 2015: 1.6 tonnes).

Ctac Security

Ctac has had a clear security policy for quite some years. This policy is based on the pillars of employee awareness, having configured processes, and having them audited internally and externally in several ways. On 8 December 2008, the logical consequence of describing and assuring this fact – this work method – was our being awarded an ISO27001 certificate.

However, the ISO certificate has never been a goal in itself. Ctac has always continued to focus on a continuous process of optimising and improving, including by introducing the principle of 'security by design', that has raised the quality of our processes and their control, the quality of product delivery and the quality of working to ever-higher levels. In 2016, Ctac's situation as regards certificates remains excellent. The new ISO27001:2013 controls were audited by QMS International B.V. in November 2016 and Ctac received the new ISO27001:2013 certificate for this. Where the old standard mainly focussed on operational controls and on assuring these controls, the new standard also includes a strong focus on taking and allocating responsibilities. Ownership, process responsibility and management participation have become important elements of this new ISO27001 certification.

In addition to this certification, our ISAE3402 type 2 reporting for 2016 was also audited successfully. This report accurately verifies the proper functioning of the Plan Do Check Act cycle of several ISO27001 processes. This audit was carried out by EY. Ctac also passed this audit and is proud to announce that it will be able to produce a sound ISAE3402 type 2 report next year as well. Besides continuous care for an optimally functioning Information Security Management System with the matching certificates, there is also room for possible additional requests from clients.

RISK PROFILE AND RISK MANAGEMENT

Risk attitude

In general, the Board of Directors strives to limit risks to a minimum and not to enter into any substantial risks without being able to control these risks.

General

Ctac's long-term strategy is directed at the continuity of the company and value creation for all stakeholders through means of growth and a positive profitability trend. When carrying out this strategy, Ctac is confronted with various risks. Risks of a strategic, operational or financial nature, but also risks in connection with the market in which Ctac operates. It is the responsibility of the Board of Directors to identify risks and to minimise risks by taking appropriate measures. Ctac gives a high priority to internal controls. The internal controls are constantly evaluated and further professionalised.

The risk management system analyses the risks and regularly measures the effectiveness of the measures as these apply to all business processes within Ctac. Risk management is an integral part of the planning and control cycle. This system includes determining the strategy and the budget. The Board of Directors is responsible for this. The strategy is discussed extensively with the Supervisory Board every year. Strategic objectives are translated into business plans and budgets together with the directors of the various business units. The business plan contains both a financial budget and a number of specific business objectives per business unit that are translated into a number of Key Performance Indicators (KPIs), which are measured consistently during the year as to progress. Important KPIs at Ctac have both an internal and an external focus. Internally, Ctac measures its capacity utilisation rate, prices, number of direct and indirect FTEs and efficiency of the processes. The main external KPI is customer satisfaction. This is measured from the various contacts with clients. Examples are calls that are closed with the applicant indicating how satisfied they are, customer reviews, and the individual consultants. Ctac's Board of Directors assesses the capacity utilisation rate every week. The Board of Directors and the directors of the various business units compare the results per business unit with the results of the previous year and the budgets drawn up for the current year (if necessary, further actions are defined). Once every quarter, the Board of Directors and the responsible directors evaluate the operational and financial performance of each business unit and, if applicable, adjust the expectations for the particular business unit. Standardised working processes, procedures and information systems are used at Ctac. Responsibilities, authorities, the segregation of functions, guidelines, procedures and processes have been laid down within

Ctac in a clear and accessible manner in a computerised tool.

By means of a constant process of internal controls and measurements, Ctac provides for optimum monitoring and timely identification and, if necessary, mitigation of risks that arise.

This risk management system with its control mechanisms and mitigating measures is a regularly recurring item on the agenda of the Supervisory Board. In addition, the administrative organisation and the internal controls are audited in terms of structure, existence and operation as part of the audit of the financial statements by the external auditor each year.

Ctac continued to work on the further optimisation of risk management and internal control systems in 2016. Ctac is aware that such systems do not offer absolute certainty that no material errors can occur. The following important elements can be distinguished in Ctac's system of risk management and control:

- strategic risks/market risks;
- financial risks;
- operational risks.

The sections below outline the most relevant risks with which Ctac is confronted at present. Risks that have not been identified at present or that are not considered to be material are not included below.

Strategic risks/market risks

- Developments in the market in which Ctac operates are occurring at a rapid pace. There is a risk that Ctac is not able to be sufficiently innovative. In order to avoid this, Ctac seeks to maintain a leading position, together with the customer, in improving its clients' processes. In this way, Ctac is able to develop ICT solutions in as adequate a manner as possible. The increasing desire of clients to enter into a fully-fledged partnership continues to be manifest. Being able to count on each other in difficult times remains very valuable. Organisations depend on optimally functioning ICT systems to support their business processes. Consequently, clients want a one-stop-shop solution, offering in-depth knowledge of the vertical market in combination with a broad range of solutions. Because of the mature market for ICT services in combination with less favourable economic conditions, there is pressure on prices and thus also on margins. Therefore it is even more important to make clear strategic choices regarding the strategic positioning, as indicated in the report of the Board of Directors.
- Ctac aims to realise approximately 50% of its total annual turnover from long-term management and hosting contracts and from the daily services demanded by our existing customer base. This percentage is now around 48%. Ctac services approximately six hundred clients. By means of a broad diversification of clients over various sectors and a broad exposure to larger clients, Ctac minimises the downward risk in respect of the turnover.
- In order to be able to anticipate a potential reduction in ICT services and projects, Ctac attempts to limit the consequences of any reduction in such demand by making efficient and flexible use of its own employees and by reducing the hiring of external staff or outsourcing to a minimum.
- Ever-more companies are exploring the public cloud and the integration of applications that are offered from the different clouds. This is an ongoing process, the speed of development of which is hard to assess. By correctly defining our contracts with both clients and suppliers and optimising the contract terms, i.e. durations, we will have to ensure that clients' systems being transferred from Ctac to public clouds will not negatively affect Ctac's results due to systems being vacant. Every three months, we monitor how we estimate the situation for the next three years in order to assess whether, and how, to adopt our practices.

Financial risks

- Ctac is subject to a number of financial risks, such as market risk (interest-rate risk and currency risk), credit risk, liquidity risk and capital risk. A detailed description of these financial risks and the management of these risks can be found under item

4 in the financial statements. Ctac aims to identify these risks in a timely manner and to mitigate them where possible.

Operational risks

- Project and assignment control: one of the most important pillars for Ctac is carrying out projects and assignments. This pillar has its origin in clients' increasingly large and complex demand for new products and services. The quality of the execution of these projects and assignments can have an important influence on Ctac's performance and results. In order to minimise the risks in connection with this, an optimally functioning internal quality and control system is essential. Ctac has positioned its risk management system separately in its organisation in order to be able to identify and mitigate risks as effectively as possible. Where a direct and complete influence of a risk on the result to be achieved can be attributed to Ctac, Ctac will of course assume this responsibility. Ctac can bear this responsibility completely as it has an organisational model and management with the right breadth and depth of competencies and business/ICT knowledge. Specific local conditions are taken into consideration.
- In order to ensure continuity in the event of claims, Ctac has general and professional liability insurance. Ctac has never submitted a claim under these insurance policies.
- Acquisitions: in the event that Ctac acquires companies, its ultimate objective is to integrate these companies within the Ctac organisation. It is important that the integration process is successful in order to keep the undesired outflow of staff to a minimum.
- Labour market: employees are the company's most important assets for an ICT Solution Provider such as Ctac. Ctac can only grow further because of its employees. Ctac's Human Resources policy therefore aims to create a working climate in which there is room for growth, development and new challenges. Scarcity on the labour market can curb growth in ICT knowledge or absolute growth. The retention and recruitment of skilled personnel is an important objective and will remain a prime focus in the coming years together with recruiting talented employees.
- Quality management: if Ctac is not able to deliver the agreed upon quality in relation to its services and Cloud Services, Ctac runs the risk that performance and results are not or only partially achieved. Consequently, quality management is an important pillar for the organisation's delivery of these services. Ctac works constantly on improving the services that it provides to clients in whatever form. Security and safeguarding the continuity of our Cloud Services, and information security are important aspects of quality management Providing services in accordance

Compliance with the Dutch Corporate Governance Code

with the applicable NEN/ISO standard is embedded in the organisation as a regular process. An important requirement is constantly working on the measuring and reporting of the effectiveness and efficiency of the implemented measures. Our services and Cloud Services are regularly evaluated via an audit by external parties as well as by means of an internal audit process with regard to effectiveness, suitability and correspondence with the agreed upon standards. No critical findings have come to light in the various audits. Where a completed audit comes with a qualification, we often score the highest level or very close to the highest level.

- **Process management:** In 2016, Ctac further invested in a process-based approach to working and it adjusted its organisation and resources accordingly. Some processes and the resources used for them cross-national borders. Our operations in the Netherlands and in Belgium employ the same approach for our cloud service, to eventually help our customers reach their goal.
- **Project Management:** in 2015, all Project Management activities in the organisation were joined together, to be professionalised further in 2016. We have now reached the stage where Project Management is actively involved from the pre-sales phase to the offer, and possibly the presentation at the customer's, in order to identify and mitigate any risks. This significantly improved our process control in 2016.

Conclusion

Based on the evaluations carried out, the Board of Directors concludes that the risk management system, as well as the control of the business processes and the internal controls, within Ctac are sufficiently professional, appropriate and effective.

The Board of Directors is of the opinion that the risk management system with its controls and measurements offers a sufficient degree of certainty regarding the reliability of the financial information and management information generated by this system and is in accordance with the relevant laws and regulations.

Outlook

The improved financial position, the operational progress achieved, and particularly the improvement in the result in 2016, have put Ctac in a good starting position for 2017.

Partly due to the developments in France in late 2016, results in 2017 are expected to be considerably higher – barring special exogenous conditions.

A word of thanks

The Board of Directors looks back on 2016 as a year of major and necessary changes. In combination with the challenging market conditions, this required great commitment and flexibility on the part of employees. We are therefore greatly indebted to them.

's-Hertogenbosch, 22 March 2017

*The Board of Directors
Mr H.L.J. Hilgerdenaar (CEO)
Mr D.G.H. van der Werf (CFO)*

In principle, the Supervisory Board and the Board of Directors, which are jointly responsible for Ctac's corporate governance structure, endorse and as much as possible apply the principles and best practices laid down in the Dutch Corporate Governance Code. Ctac only departs from this Code on a limited number of points (the numbers in brackets refer to the relevant provisions of the Corporate Governance Code of 8 December 2016).

- The present members of the Board of Directors have not been appointed for a fixed term (2.2.1). The board members act on the basis of a strategic long-term perspective; limiting the term of appointment would not be in accordance with this long-term perspective.
- A possible compensation payable upon the dismissal of Mr Hilgerdenaar has not been laid down in a contract and therefore this has not been maximised (3.2.3). As to any compensation in the event of involuntary dismissal as referred to in the above-mentioned best practice provision, compensation shall be paid that is deemed reasonable based on the contractual relationship, social trends and case law, and that is consistent with the applicable legal provisions. The compensation in case of dismissal for Mr Van der Werf has indeed been maximised in accordance with the provisions of the Code.
- The remuneration of the Board of Directors is specified in the financial statements as part of the annual report (3.4.1). The annual report is published on the website. The remuneration policy, which has been approved by the General Meeting of Shareholders, is also published on the website. The Supervisory Board has determined the remuneration of the individual members of the Board of Directors based on the remuneration policy.
- Ctac has not appointed a secretary for the Board of Directors as this position does not fit in with its management structure (2.3.10). Ctac fills in this position in a different manner than prescribed by the Code.
- With due consideration to the provisions in the Act, the members of the Board of Directors are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Priority Foundation. A binding nomination is drawn up within a term that commences on the date the vacancy occurred and ends seven days prior to the date of the notice convening the General Meeting of Shareholders in which the vacancy is filled. The General Meeting of Shareholders is free to make an appointment if no binding nomination has been made within this term. In derogation of the Code (4.3.3), the General Meeting of Shareholders may resolve that a nomination is not binding by means

of a resolution adopted by a majority of at least two thirds of the votes cast representing more than half of the subscribed share capital. If the binding nomination is for a candidate for a position to be filled, then a resolution concerning the nomination will result in the candidate's appointment, unless the binding character of the nomination is revoked.

- Ctac has decided not to make use of webcams and/or other technical devices to enable third parties to follow analyst meetings and other meetings, and shareholders to participate in meetings (4.2.3). However, the presentations that Ctac gives to these target groups are made available to everyone via the website.

Detailed information about Ctac's Corporate Governance can be found on Ctac's website (www.ctac.nl) under Investor Relations, Corporate Governance.

The Corporate Governance Code Monitoring Committee

The Dutch Corporate Governance Code Monitoring Committee (the Van Manen Committee) published the revised Dutch Corporate Governance Code on 08 December 2016. The main change is the central focus on long-term value creation and the introduction of culture as a constituent of good corporate governance. Many aspects of the Code were updated.

Dutch listed companies are expected to report, in 2018, about their compliance with the revised Code for the 2017 financial year. A condition for this is that the Dutch Parliament anchors the revised Code in legislation in 2017. The derogations referred to in the previous section already contain a reference to the revised Code.

Board of Directors

The Board of Directors of Ctac is responsible for formulating objectives and strategy and for carrying out the company's strategic and operational policy. In fulfilling their tasks, the Board of Directors focuses on the interests of the company and the companies that are affiliated with it. In doing so, the Board of Directors takes the interests of all stakeholders into account. For this purpose, KPI-based, short-term and long-term bonuses have been promised to the Board of Directors. Not all criteria for the short-term bonus were communicated with the Board of Directors in advance. In 2016, the Board of Directors of Ctac consisted

of Messrs Henny Hilgerdenaar and Douwe van der Werf. For details about the members of the Board of Directors, please refer to page 18.

Supervisory Board

The Supervisory Board is primarily responsible for supervising the policy and management of the Board of Directors, both from a strategic and an operational point of view. In addition, the Supervisory Board acts as an advisory body to the Board of Directors. The procedures and the profile of the Supervisory Board are laid down in rules of procedure and in a profile description, which are published on our website.

The Supervisory Board currently consists of Messrs Herman Olde Hartmann (Chairman) and Ed Kraaijenzank, and Ms Liesbeth Karsten. Ms Karsten maintains contact with the Works Council on behalf of the Supervisory Board. For details about the members of the Supervisory Board, please refer to page 19. General Meeting of Shareholders

A General Meeting of Shareholders is convened once a year. All decisions are taken based on the 'one share, one vote' principle. Resolutions are adopted by an absolute majority of votes, unless a larger majority is prescribed by law or by the articles of association.

The main powers of the General Meeting of Shareholders of Ctac are:

- adopting the financial statements;
- adopting the profit appropriation and the dividend;
- discharging the Board of Directors from liability for the policy pursued;
- discharging the Supervisory Board from liability for the supervision of the policy pursued and the management of the company by the Board of Directors;
- appointment, suspension and dismissal of the members of the Board of Directors and the Supervisory Board;
- appointing the external auditor;
- resolving to amend the articles of association following a motion by the Priority Foundation;
- authorising the Board of Directors to repurchase the company's own shares;
- determining the remuneration of the members of the Supervisory Board;
- approving important decisions of the Board of Directors.

Communication

Ctac attaches great value to open and transparent communication with the financial community in general and with its financiers in particular. Ctac maintains regular contact with analysts and investors, as well as with the financial media that form the most important sources of information for private investors. In its communication with these target groups, Ctac relies on information published by means of press releases. In a disclosure policy, Ctac has laid down which information is published and when this information is published. This guarantees the accurate and simultaneous provision of information to all shareholders.

Report of the Supervisory Board

Introduction

The strategy started in the fourth quarter of 2011 to enable the organisation to function as a Business & Cloud Integrator was continued with success in 2016.

Composition of the Board of Directors

Mr Henny Hilgerdenaar served as Chief Executive Officer (CEO) and Chairman of the Board of Directors for the entire year. Mr Douwe van der Werf served as Chief Financial Officer (CFO) on the Board of Directors throughout the year.

Composition of the Supervisory Board

The Supervisory Board was composed of the following three members during the year under review: Mr Herman Olde Hartmann (Chairman), Mr Ed Kraaijenzank and Ms Liesbeth Karsten.

The Supervisory Board has two separate committees: the Audit Committee and the Remuneration Committee. The composition of both committees is the same as the Supervisory Board, with Mr Kraaijenzank being the Chairman of the Audit Committee and Ms Karsten serving as Chairman of the Remuneration Committee.

Further information regarding the current members of the Supervisory Board can be found on page 19 of this annual report. The composition of the Supervisory Board complies with the Corporate Governance Code guidelines. The composition is well-balanced and such that the combination of experience, expertise and independence enables the Supervisory Board to carry out its tasks properly. In the opinion of the Supervisory Board, the stipulations of best practice provision III.2.1 have been satisfied. All Supervisory Board members are independent in the sense of best practice provision III.2.2.

Activities of the Supervisory Board

Activities

In the reporting year 2016, the Supervisory Board met eight times in the presence of the Board of Directors and four times as audit committee, as scheduled. All of the Supervisory Board members were present at practically all of the meetings. During the meetings with the Board of Directors, a number of fixed agenda items were discussed, including the strategy, the budget, financial developments and results, market trends, employees' issues – among which the Works Council –, the organisational structure, the general and operational course of affairs, the remuneration policy and the execution and implications of this policy, as well as corporate governance. In addition, the strategy pursued by the company and the sharpening of its focus for the coming years was discussed during several meetings and attention was regularly paid to the most important risks attached to the company's business operations. For more information, reference is made

to pages 30-32 of this annual report. The structure and functioning of the internal risk management and risk control systems in connection with this were evaluated periodically and did not require any further action.

Specific items that were discussed in 2016 were the strategic focal areas, the necessary measures to mitigate the effects of the lower demand for ICT projects, and the opportunities available to further improve Ctac's market position, also under less favourable economic conditions. Specific themes such as the future funding of Ctac and data centre facilities were also discussed in detail.

In 2016, the full Supervisory Board met once without the Board of Directors. The functioning of the Supervisory Board itself, as well as the functioning and the composition of the Board of Directors, were discussed during this meeting. Various other subjects were discussed during this meeting. This concerned subjects such as the quality and timeliness of the information, the substantiation of proposals and evaluation of decisions taken within the context of the company strategy, security, privacy, and the grip on foreseen and unforeseen events. In addition, issues such as the balance between involvement and keeping distance, the interaction between the Board of Directors, Supervisory Board and Works Council, the communication and personal relationships, the balance in the composition of the Board of Directors, knowledge and expertise, the profile of the Supervisory Board, and the fulfilment of the role of chairman of the Supervisory Board were addressed.

In addition to the formal meetings, there were regular contacts in the interim about current developments, both among the Supervisory Board members themselves and also with the members of the Board of Directors. A member of the Supervisory Board also attended a meeting of the Works Council in 2016. In this meeting, among other things, the vision of the Supervisory Board was discussed regarding the consequences of the economic developments and the measures to be taken by Ctac. The members of the Works Council were also given the opportunity to exchange ideas with the members of the Supervisory Board.

The Supervisory Board has taken note of the management letter and the auditor's report and discussed it with the external auditor in the presence of the Board of Directors. Special attention was given to the IFRS provisions that are applicable to Ctac and compliance with the Dutch Corporate Governance Code.

Finally, the annual meeting with the 'Stichting Continuïteit' (Continuity Foundation) took place in the presence of the Board of Directors.

Remuneration of the Board of Directors

As is the case every year, in the last quarter of the year, the remuneration policy was assessed by the remuneration committee in terms of trends and basic principles, and then elements based on this were either confirmed or adjusted. This assessment did not lead to the adjustment of any remuneration elements this year.

In line with these basic principles, the members of the Board of Directors receive a remuneration that is determined each year and consists of a base salary

Financial statements and discharge

The 2016 financial statements and annual report prepared by the Board of Directors were submitted to the Supervisory Board and discussed in detail. BDO Audit & Assurance B.V. has audited the 2016 financial statements and has issued an unqualified audit opinion on them. The audit opinion is included on page 80 of this annual report.

The Supervisory Board has established that the report of the Board of Directors over 2016 satisfies the

Assuming the adoption of the 2016 financial statements, the General Meeting of Shareholders is requested to grant their approval of the proposed appropriation of the result, as this has been determined by the Board of Directors with the approval of the Supervisory Board.

Corporate governance

Ctac's corporate governance structure is a joint responsibility of the Supervisory Board and the Board of Directors. At least once a year, the Supervisory Board evaluates the corporate governance regulations that apply to the company and gives advice on any changes. In addition, corporate governance is placed on the agenda and discussed during the annual General Meeting of Shareholders. Since 2003, Ctac has also dedicated a separate section of the annual report to compliance with the Dutch Corporate Governance Code.

The Supervisory Board and the Board of Directors subscribe to and apply almost all of the principles and best practices in the Dutch Corporate Governance Code. Ctac departs from this code only on a limited number of points. Reference is made to page 33 of this report for a list of the points.

A word of thanks

2016 was a year of major changes for Ctac and these changes drew heavily on our employees' flexibility and resilience. However, these changes helped bring about a positive result for Ctac in 2016, as well as a further improvement in the starting position for the future.

The Supervisory Board would like to express its appreciation to all employees, the management and the Board of Directors for their contribution.

's-Hertogenbosch, 22 March 2017

The Supervisory Board

*Mr H.G.B. Olde Hartmann, Chairman
Mr E. Kraaijenzank
Ms E. Karsten*

“DURING THE MEETINGS WITH THE BOARD OF DIRECTORS, A NUMBER OF FIXED AGENDA ITEMS WERE DISCUSSED, INCLUDING THE STRATEGY”

and a variable remuneration. The fixed part of the remuneration is in line with the remuneration of comparable companies and the variable part of the remuneration is linked to a minimum and a maximum and related to the fixed part of the remuneration. The variable remuneration distinguishes between short-term and long-term performance. The variable part of the remuneration of the members of the Board of Directors is based on a number of Key Performance Indicators (KPIs). These KPIs together form a weighted average of the percentage of the variable part of the remuneration. It must also be pointed out in this context that the continuity of the company in the longer term was decisive in putting together and weighting the KPIs. The KPIs consist of financial data, such as the balance sheet strength, the income statement, cash flow and price trends. More details about the remuneration policy and the remuneration of the members of the Board of Directors reference can be found in the remuneration report on page 66 of this report and on the Ctac corporate website (www.ctac.nl).

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board is not linked to the results of the company. The General Meeting of Shareholders determines the remuneration of the Supervisory Board. None of the Supervisory Board members owns Ctac shares and/or options on Ctac shares. Reference is made to page 67 of this report for the remuneration report of the Supervisory Board.

requirements of transparency and that the financial statements give a true and fair view of the financial position and the profitability of the company. Therefore, it is proposed that the General Meeting of Shareholders adopt the 2016 financial statements and discharge the Board of Directors for the management of the company and the Supervisory Board for the supervision of the management of the company over the past financial year.

Appropriation of the result

Ctac ended the financial year 2016 with a net result of EUR 2,610 thousand attributable to group shareholders.

Further to wishes that were specifically expressed during the General Meeting of Shareholders of 11 May 2016, it has been decided that the dividend policy shall be adjusted by starting from an optional dividend in cash or shares in the future, if relevant. For that purpose, it will be proposed to the General Meeting of Shareholders that a dividend of EUR 0.07 per share be distributed in the form of ordinary shares in the company and that this be charged to the tax-exempt share premium reserve or the other reserves, unless a shareholder prefers to receive a cash payment. The proposal shall also include giving power of attorney to the Board of Directors to issue the ordinary shares that are needed in order to distribute the dividend in the form of shares.

Financial Statements

Consolidated balance sheet as at 31 December 2016 (EUR x 1,000)	2016	2015
ASSETS		
Fixed assets		
7) Goodwill	13,885	13,885
7) Other intangible fixed assets	837	906
8) Tangible fixed assets	2,181	2,633
9) Deferred tax credits	1,080	596
10) Other receivables	70	-
	18,053	18,020
Current assets		
11) Trade receivables and other receivables	21,784	20,647
17) Assets Held for Sale	-	1,616
12) Cash and cash equivalents	-	84
	21,784	22,347
	39,837	40,367
LIABILITIES		
13) Shareholders' equity		
Issued and paid-up capital	3,004	3,004
Share premium reserve	11,795	11,795
Other reserves	(1,964)	(3,572)
Result for the financial year	2,610	2,359
	15,445	13,586
Minority interests	22	438
Long-term liabilities		
14) Other liabilities	757	769
9) Deferred tax liabilities	276	102
	1,033	871
Current liabilities		
(12) Amounts owed to banks	1,687	2,777
15) Provisions	246	371
16) Trade payables and other debts	21,181	20,925
Corporation tax due	223	971
17) Liabilities held for sale	-	428
	23,337	25,472
	39,837	40,367

Consolidated profit and loss account for 2016 (EUR x 1,000)	2016	2015
6) Net turnover	86,230	86,092
Cost of hardware and software	8,687	10,111
Outsourced work	19,638	16,715
Cost of goods sold	(28,325)	(26,826)
Gross margin	57,905	59,266
18) Personnel costs	38,724	40,307
Depreciation and amortisation	1,162	1,352
19) Other operating expenses	14,967	14,255
Total operating expenses	(54,853)	(55,914)
Operating result	3,052	3,352
Interest income and similar income	21	111
Interest expenses and similar expenses	(112)	(212)
Other financial expenses	(88)	(83)
20) Total financing income and expenses	(179)	(184)
Result from ordinary activities before taxes	2,873	3,168
21) Taxes	(260)	(754)
Net result	2,613	2,414
Accruing to minority interests	3	55
Accruing to group shareholders	2,610	2,359
22) Profit per share		
Net result (before share minority shareholders) per share (EUR)	0.21	0.19
Net result per share after dilution (EUR)	0.21	0.19
Number of ordinary shares at year-end	12,515,497	12,515,497
Number of weighted average outstanding ordinary shares	12,515,497	12,515,497
Number of weighted average outstanding ordinary shares for the calculation of the diluted earnings per share	12,515,497	12,515,497

Consolidated statement of the total result for 2016 (EUR x 1,000)	2016	2015
Net result for the financial year	2,613	2,414
Other total result, not recognised in the result	-	-
Total result for the financial year	2,613	2,414

Consolidated statement of changes in shareholders' equity in 2016
(EUR x 1,000)

	Issued Share Capital	Share Premium Reserve	Other Reserves	Undis- tributed Profit	Accruing to Group Share- holders	Minority interests	Group Equity
Balance as at 1 January	3,004	11,795	(1,964)	751	13,586	438	14,024
Dividend	-	-	-	(751)	(751)	-	(751)
Sale of minority interest	-	-	-	-	-	(416)*	(416)
Paid to third-party share	-	-	-	-	-	(3)**	(419)
Net result	-	-	-	2,610	2,610	3	2,613
Balance as at 31 December	3,004	11,795	(1,964)	2,610	15,445	22	15,467

*) Concerns the sale of the interest in IFS Probita B.V. An explanation of this divestment can be found under point 17 on page 60.

***) Concerns payment of dividend to minority shareholders

Consolidated statement of changes in shareholders' equity in 2015
(EUR x 1,000)

	Issued Share Capital	Share Premium Reserve	Other Reserves	Undis- tributed Profit	Accruing to Group Share- holders	Minority interests	Group Equity
Balance as at 1 January	3,004	11,795	(3,572)	-	11,227	386	11,613
Net result	-	-	-	2,359	2,359	55	2,414
Paid to third-party share	-	-	-	-	-	(3)***	(3)
Balance as at 31 December	3,004	11,795	(3,572)	2,359	13,586	438	14,024

***) Concerns dividend paid to minority shareholders.

Consolidated cash flow statement for the year 2016 (EUR x 1,000)	2016	2015
--	-------------	-------------

CASH FLOW STATEMENT

Operating result	3,052	3,352
Depreciation of tangible fixed assets	932	1,031
Amortisation of intangible fixed assets	230	321
Valuation differences earn-out obligations	209	24
	4,423	4,728
Changes in working capital		
Receivables	(765)	(4,723)
Short-term debts	391	2,899
Provisions	(126)	(38)
	(500)	(1,862)
Cash flow from business operations	3,923	2,866
Interest received	21	111
Interest paid	(152)	(181)
Tax on profits paid	(1,327)	(630)
	(1,458)	(700)
Cash flow from operating activities	2,465	2,166
Investments in tangible fixed assets	(480)	(595)
Investments in intangible fixed assets	(161)	(619)
Cash flow from investment activities	(641)	(1,214)
Payment / repayment of long-term financing	(70)	(31)
Payment of earn-out obligations	(242)	(467)
Payment to third-party share	(2)	(3)
Dividend	(751)	-
Sale of participation	247	-
Cash flow from financing activities	(818)	(501)
	1,006	451
Cash and cash equivalents	84	570
Short-term debts owed to banks	(2,777)	(3,714)
Balance of cash and cash equivalents as at 1 January	(2,693)	(3,144)
Cash and cash equivalents	-	84
Short-term debts owed to banks	(1,687)	(2,777)
Balance of cash and cash equivalents as at 31 December	(1,687)	(2,693)
	1,006	451

Notes to the consolidated financial statements

1. General information about Ctac

Ctac is a Business & Cloud Integrator, providing a broad portfolio of SAP and Microsoft solutions ‘on any cloud’, as well as business consultancy, managed services, project, learning and secondment services. Ctac also has some products of its own, including the XV Retail Suite which consists of an omni-channel-driven Point-of-Sale & Loyalty platform.

Ctac is a SAP Gold Partner and a Microsoft Gold Partner in the Netherlands and Belgium. In addition, Ctac is the largest SAP reseller in the Netherlands for medium-sized companies. Ctac’s customer base consists of approximately six hundred organisations of every size and in various sectors. At year-end 2016, Ctac employed 459 people. Ctac is active in the Netherlands, Belgium and France; its head office is located in ‘s-Hertogenbosch, at Meerendonkweg 11, the Netherlands. Ctac N.V.’s registered office is also located here. The company is listed on Euronext Amsterdam (ticker: CTAC).

2. Main accounting principles for the financial statements

Ctac N.V.’s consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretation of these standards as laid down by the International Accounting Standards Board (IASB) and accepted for use within the European Union. Ctac N.V.’s financial statements have been prepared in Dutch and in English, with the Dutch version prevailing. The financial statements are presented in euros. Amounts are stated in thousands of euros, unless indicated otherwise. The euro is Ctac N.V.’s functional and presentation currency.

Preparing the consolidated financial statements in accordance with IFRS regulations requires the management to make assessments, estimates and assumptions that influence the application of the guidelines and the valuation of assets, liabilities, revenues and expenses. The estimates and assumptions that were made are based on historical experiences and various other factors that are deemed realistic under the given circumstances.

The estimates and assumptions that were made have served as the basis for the assessment of the value of the reported assets and liabilities. However, actual results and circumstances can differ from the estimates that were made. Estimates and underlying assumptions are constantly assessed and if necessary adjusted. Changes in estimates and assumptions are recorded in the period in which the estimates are revised if the revision only concerns the period in question, or in the period of revision and future periods if the revision influences both the current and future periods.

Application of amended and new International Financial Reporting Standards (IFRS)

The standards and interpretations below have been published, but do not apply to the consolidated financial statements for 2016 yet. Only those standards that, once they are applied in the future, are expected to have an impact on the explanatory notes, or Ctac’s financial position or results, have been mentioned.

IFRS 9 ‘Financial Instruments’

This standard provides an explanation of the classification, valuation and accounting of financial fixed assets and obligations. This standard will become mandatory on 1 January 2018. Management is still examining the details of the full impact of the IFRS 9 ‘Financial instruments’ but its application is not expected to have any material effect on Ctac’s consolidated financial statements.

IFRS 15, ‘Revenue from Contracts with Customers’

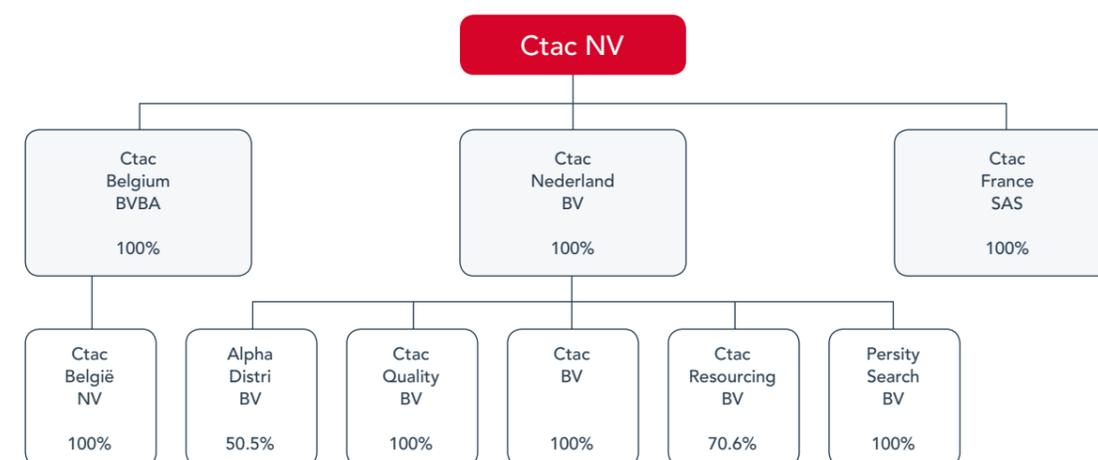
This standard contains principles for determining the extent and timing of turnover that is to be recognised in the accounts. This standard will become mandatory on 1 January 2018. It is based on a five-step plan that should result in recognition of turnover which is to be taken into consideration in return for the services and goods delivered. Ctac has performed an initial assessment of the impact of IFRS 15 and the expectations are that the recognition of turnover for goods and services will not change, as a result of which only a limited impact is expected. The assessment will be completed in 2017.

IFRS 16 ‘Leases’.

Pursuant to this standard, which was published in January 2016, most leases that now qualify as operational leases will qualify as financial leases. This standard will become mandatory on 1 January 2019. Since Ctac has quite a few operational leases, the application of this standard is expected to have a significant impact on Ctac’s consolidated financial statements. You can find a summary of the obligations pursuant to the current operational leases on page 65. Ctac will take further stock of the full impact in 2017.

2.1 Accounting principles for consolidation

The consolidation includes Ctac N.V. and all participations over which Ctac has authority, or in which Ctac is exposed to, or has rights to any variable revenues arising from its involvement in the participations and where it has the opportunity to exercise its authority over the participations in order to influence the size of Ctac’s revenues. For a list of the companies, see Appendix 1, page 88.



On 4 January 2016, Ctac Nederland B.V. sold its interest in IFS Probity B.V.

The financial statements of the majority participations have been included in the consolidated financial statements as from the date on which decisive control was acquired until the time that decisive control ceased to exist.

The cost price of a newly acquired participation is determined based on the fair value on the transaction date of the liquid assets and, if applicable, the equity instruments (in this case shares) used to finance the acquisition. Goodwill is determined based on the difference between the cost price of the acquisition and the net fair value of the acquired identifiable assets and liabilities, including contingent liabilities at the time of the acquisition. If the cost price of the participation is lower than the fair value of the assets and liabilities, including contingent liabilities of the participation in question, this difference is recognised in favour of the result.

Inter-company balance sheet positions, transactions and unrealised profits on such transactions are eliminated when preparing the consolidated financial statements.

The accounting principles for valuation and determination of the results as included in these financial statements are applicable to the balance sheets and the profit and loss accounts of all group companies included in the consolidation.

2.2 Segmented reporting

In accordance with IFRS 8, segmented information is based on operational segments which are monitored by managers and based on which they make their operational decisions. These operational segments have been identified on the basis of internal reporting that is periodically assessed by the Board of Directors with a view to allocating working capital to components and to determining the performance of the components.

2.3 Intangible fixed assets

2.3.1 Goodwill

Acquisitions are recognised using the purchase method of accounting. Goodwill that may result from the acquisition of participations is determined based on the difference between the cost price of the acquisition and the net fair value of the acquired identifiable assets and liabilities, including contingent liabilities at the time of the acquisition. Directly attributable acquisition costs are not taken into account in the calculation of the acquisition price and goodwill. These costs are charged directly to the result. Goodwill is valued at cost price minus cumulative impairments. Inclusion of a deferred tax obligation in the event of adjustments to fair value affects the level of the goodwill. Goodwill is attributed to cash-flow generating units.

An impairment of goodwill, where relevant, is charged to the profit and loss account. An impairment relating to goodwill is never reversed. Upon the sale of an entity, the book value of the goodwill is included in the result.

In the situation of a minority interest, without agreements about acquiring the share of third parties, goodwill is determined as the difference between the acquisition price and the proportional part of the fair values of the acquired assets and liabilities.

Insight into the contingent liabilities and a description of the factors that have contributed to the cost price that results in the recognition of goodwill cannot always be immediately provided because in some cases business plans are not yet sufficiently clear. The fair value that must be accorded, if applicable, to the intangible fixed assets is then worked out and determined at a later stage. Where applicable, this will take place within 12 months from the acquisition date.

2.3.2 Adjustments to the value of earn-out obligations

Adjustments to the value of earn-out obligations resulting from changed agreements or changed profitability are recognised in the operating result as part of other operating expenses.

The costs of accruing the earn-out obligations are recognised in the financing income and expenses as part of the other financial expenses.

2.3.3 Intangible fixed assets related to customers

The intangible fixed assets related to customers pertain to the intangible fixed assets of acquisitions identified in accordance with IFRS 3 (Business Combinations) and include customer and contract portfolios and are valued at fair value at the time of acquisition. Amortisation is based on the useful life of each individual component.

2.3.4 Intellectual property rights related to developed products

These intangible fixed assets pertain to purchased intellectual property rights and/or distribution rights connected thereto. These purchased intellectual property rights are recognised at fair value at the time of acquisition. Amortisation is based on the useful life of each individual component.

2.3.5 Intangible fixed assets produced in-house

Development costs of intangible fixed assets produced in-house are only capitalised when it is probable that economic benefits arising from the investment will be generated for a period longer than one year. The costs of company staff related directly to the intangible fixed assets developed in-house are capitalised at cost. The costs of any services rendered by third parties in connection with the in-house produced intangible fixed assets are capitalised at cost. If material, interest charges are also a component of the capitalised costs. Intangible fixed assets produced in-house are amortised from the date that they are taken into use.

2.3.6 Expenditure after initial investment

Expenditure on capitalised intangible fixed assets after initial investment is only capitalised when this expenditure results in increasing the future economic benefits arising from the investment. All other expenses are recognised as charges in the profit and loss account.

2.3.7 Amortisation of intangible fixed assets

Amortisation charges are charged to the profit and loss account in accordance with the straight-line method based on the useful life of an intangible asset. Goodwill is assessed annually on the balance sheet date for impairments. Other intangible fixed assets are amortised from the date that they are taken into use. The useful life of the intangible fixed asset, based upon which the amortisation, is determined is as follows:

- customer bases	7 years
- intellectual property rights	7 years
- intangible fixed assets related to developed products	5-10 years

The amortisation periods are evaluated annually and adjusted when necessary.

2.4 Tangible fixed assets

2.4.1 Tangible fixed assets owned by the company

Tangible fixed assets are stated at cost less cumulative depreciation and impairments. The cost includes the additional costs that are directly attributable to the acquisition or production of the asset. Costs incurred after the asset is initially recognised in the financial statements are included in the book value of the asset or are recognised as a separate asset when it is probable that the future economic benefits generated by the asset will accrue to Ctac and the costs of the asset can be determined in a reliable manner. Maintenance costs are recognised in the profit and loss account in the period in which they are incurred.

Book losses and gains upon divestment of tangible fixed assets are recognised in the profit and loss account.

2.4.2 Depreciation of tangible fixed assets

The tangible fixed assets are recognised at acquisition price minus depreciation, calculated on a straight-line basis, based on the expected useful life. The annual depreciation rates are as follows for:

- structural modifications to leased buildings	10% - 20%
- computer equipment and software	20% - 33 ⅓%
- fixtures and fittings	10% - 25%

Renovations are depreciated over the remaining term of the lease agreements of the buildings in question or the service life if this is shorter. The residual value, which is often set at zero, and the useful life of the tangible fixed assets, are assessed each year on the balance sheet date and adjusted if necessary.

2.5 Financial instruments

2.5.1 Financial instruments other than derived financial instruments

The financial instruments other than derived financial instruments include:

- financial fixed assets (section 10),
- trade receivables and other receivables (section 11),
- liquid assets and short-term amounts owed to banks (section 12),
- other long-term liabilities (section 14),
- trade payables and other debts (section 16).

On initial recognition, financial instruments other than derived financial instruments are recognised at fair value. After initial recognition, financial instruments other than derived financial instruments are valued at amortised cost price less impairments. A provision for bad debt is formed at the time that it is assumed that a receivable or part of a receivable will not be collected. The amount of the provision is determined as being the difference between the book value of the receivable and the present value of the estimated future cash flows, discounted at the effective rate of interest; the addition to the provision is recognised in the profit and loss account under other operating expenses.

Prepayments and accrued income include amounts to be received in connection with projects in progress on the balance sheet date insofar as these amounts exceed the already invoiced amounts in connection with these projects. When, in connection with projects in progress, the already invoiced amounts are higher than the total of the costs incurred plus the realised profit, the balance regarding these projects is accounted for under other debts.

The cash and cash equivalents relate to cash in hand and cash balances at banks. The amounts under the credit facility in the current account are recognised under current liabilities.

2.5.2 Derived financial instruments (derivatives)

Ctac does not have any derived financial instruments.

2.6 Impairments of non-financial assets

An intangible asset with an indefinite useful life, as well as an intangible asset that is not yet ready for use, is not amortised but assessed annually for impairment. Assets with a specified useful life are amortised and assessed for impairment each time when there is an indication that the book value differs from the realisable value. An

impairment is determined at the amount that the book value exceeds the realisable value.

2.6.1 Calculation of the realisable value

The realisable value of an asset or cash-flow generating unit is the highest amount of the fair value less disposal costs and the value in use. The fair value is the realisable value resulting from the sale of a cash-flow generating unit to a third party (in an 'at arm's length transaction'). The value in use is the present value of the expected cash flows from an asset or cash-flow generating unit. When determining the value in use, the present value of the estimated future cash flows is calculated using a discount rate before tax that reflects both the current market estimates of the time value of money and the specific risk relating to the asset. For an asset that does not generate cash flows which can be determined individually, the economic value is determined for the cash-flow generating unit to which the asset belongs.

2.6.2 Reversal of impairments

An impairment relating to goodwill is never reversed. An impairment relating to other assets is reversed in the event that the estimates, on the basis of which the realisable value was determined, have changed. An impairment is only reversed insofar as the book value of the asset after the reversal does not become higher than the book value which, after the deduction of depreciation or amortisation, would have been determined at that time if no impairment had been recognised. Each year it is assessed whether there are indications that an impairment that was recognised in earlier periods for an asset, with the exception of goodwill, no longer exists or has possibly decreased. If such an indication exists, the realisable value of the relevant asset is determined again and the impairment is adjusted insofar as the assessment gives cause for adjustment.

2.7 Shareholders' equity

2.7.1 Paid-up and called-up capital

The authorised share capital amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. At year-end 2015, the issued share capital consisted of 12,515,497 ordinary shares and 1 priority share. All issued shares are fully paid up.

Changes in the volumes of outstanding shares are as follows:

	2016		2015	
	Ordinary	Priority	Ordinary	Priority
Balance as at 1 January	12,515,497	1	12,515,497	1
Repurchases of shares during the financial year	-	-	-	-
Sale/issue of shares during the financial year	-	-	-	-
Balance as at 31 December	12,515,497	1	12,515,497	1

No changes have taken place with regard to the preference and priority shares. Reference is made to page 76 'Other information' for information regarding the rights, preference rights and restrictions that apply to each category of shares.

2.7.2 Repurchase of own shares

When Ctac N.V. repurchases its own shares (so-called Treasury Shares), the amount of the compensation for this repurchase, including any directly attributable costs (less taxes) is charged to the other reserves until the time that the shares in question are cancelled, reissued or sold. If repurchased own shares are sold or reissued, then the amount received, less directly attributable costs (less taxes) is recognised in favour of the other reserves.

As at 31 December 2016, no own shares were held by Ctac N.V. or by any of its subsidiaries.

2.7.3 Dividends

A dividend payment to the Ctac N.V. shareholders is recognised as a liability at the time that the General Meeting of Shareholders passes the resolution to that end.

2.7.4 Option plan

The number of outstanding option rights will not exceed 10% of the total number of outstanding ordinary shares.

Share appreciation rights allotted to employees are recognised as liabilities as the services are rendered. These share appreciation rights are initially recognised (and subsequently at each reporting date until settlement) at the fair value of the share appreciation rights. The most important assumption with regard to determining the fair value concerns the probability that the conditions of the share appreciation rights will be realised. The most important assumption with regard to determining the fair value concerns the probability that the conditions of the share appreciation rights will be realised.

2.8 Long-term liabilities

2.8.1 Loans

On initial recognition in the financial statements, loans are valued at fair value plus transaction costs. After initial recognition, loans are valued at amortised cost price.

2.8.2 Obligation to purchase minority interests

Minority interests in consolidated subsidiaries, in respect of which a put option has been granted to the minority shareholders, are presented as a liability separately from shareholders' equity. This right on the part of minority shareholders to sell their interest constitutes an obligation for Ctac to buy the shares of minority shareholders. The obligation is valued at the estimated fair value. The valuation methods that are used are in line with the underlying agreements. In particular, the development of the result is a determining factor in the valuation. All of the purchase obligations at year-end 2016 had to be paid in cash. When initially valuing the earn-out obligations, EUR 0.3 million in goodwill was recognised as an intangible fixed asset. A discount rate of 10% is taken into account in the calculation of the purchase obligation of

minority interests. In addition, assumptions were made regarding turnover growth, profitability, etc. Differences from these assumptions can result in a different fair value. The effects of this depend on the extent of the difference and are recognised in the profit and loss account as valuation differences under other operating expenses. Changes in the purchase obligations arising from the accrual of interest are recognised in the profit and loss account under other financial expenses.

2.9 Provisions

A provision is included in the balance sheet if the following conditions are met:

- A legally enforceable or actual obligation of Ctac exists as a result of an event in the past;
- It is probable that the settlement of this obligation will result in an outflow of funds;
- A reliable estimate can be made of the outflow of funds which are deemed necessary for the settlement of the obligation.

An anniversary payments provision is made in connection with future anniversary payments. This provision is valued at the nominal value of the future payments in the context of the anniversary, with due consideration being provided to expected future employee turnover.

Regarding existing guarantee obligations at year-end, an 'other provision' is made for the amount of the estimated work following from these obligations. This provision is formed based on the cost price of the estimated work that still has to be carried out.

In the event of a loss-making project, a provision is also formed for this under Other provisions for the amount by which the expected benefits from the agreement for Ctac are lower than the unavoidable costs required in order to satisfy the obligations under the particular agreement.

2.10 Trade payables and other debts

On initial recognition in the financial statements, trade payables and other debts are valued at fair value plus transaction costs. After initial recognition, trade payables and other debts are valued at amortised cost price.

2.11 Recognition of turnover

Net turnover is defined as the revenue, excluding turnover tax, from services rendered to third parties and goods supplied to third parties in the year under review. The manner in which turnover is recognised depends on the nature of the services that were rendered and the contractual terms governing the relevant services.

Revenue is recognised at fair value.

2.11.1 Contracts based on contractual rates and retrospective costing

Turnover resulting from services under contracts based on contractual rates and retrospective costing is recognised at the time the services are provided, irrespective of the duration of the contracts.

2.11.2 Fixed price contracts

In the case of contracts with a fixed pricing, turnover is recognised proportionally to the total contract price in accordance with the percentage of completion (POC) in the year under review insofar as the extent to which the services were rendered on the balance sheet date can be determined reliably and the costs already incurred for the transaction and the costs to complete the transaction can be reliably estimated. When applying the POC method, turnover is recognised on the basis of total costs incurred on the reporting date in relation to the total estimated costs that must be incurred in fulfilling the contract obligations.

Estimates are adjusted when circumstances occur that lead to a change in the original estimates of turnover, costs, or work still to be carried out. These adjustments can influence still to be realised turnover or costs; such adjustments are recognised in the period in which the circumstances occur that give rise to an adjustment of the estimates.

2.11.3 Licences

Turnover arising from the sale of licences, the delivery of which does not impose any additional obligations on Ctac, is fully recognised at the time of delivery.

When a licence is part of a project and the licence is not separately identifiable, the turnover generated by the sale of the licence is recognised as part of the total project price prorated to the percentage of completion (POC) in the year under review. In this respect, additional services are rendered by Ctac with respect to the licence, such as integration, modification and customisation. Turnover resulting from the sale of purchased and re-sold licences and where no material additional services are rendered by Ctac is recognised up to the amount of the realised margin at the time of delivery.

2.12 Expenses

2.12.1 Expenses relating to the purchase value of hardware, software and outsourced work

Expenses relating to the purchase value of hardware, software and outsourced work are recognised as an historical cost in the period in which these expenses were incurred.

2.12.2 Pension costs

Employees at Ctac build up their own pensions themselves and at their own risk (defined contribution pension scheme). Ctac's pension contribution is recognised under personnel costs.

2.12.3 Operational lease payments/rents

Operational lease payments are recognised in the profit and loss account on a straight-line basis over the lease period. Rent for buildings is also recognised in the profit and loss account on a straight-line basis over the lease period.

2.12.4 Financing income and expenses

Financing income includes the interest received on current account balances with financial institutions and interest received in connection with the settlement of tax credits. Financing expenses include interest charged by financial institutions on borrowed funds, interest paid in connection with the settlement of tax liabilities, and the accrued interest on earn-out obligations. The valuation differences concern the changes in fair value of the earn-out obligations and purchase obligations in respect of minority interests which result from changes in the growth, profitability, risk and other estimates. They are recognised under other operating expenses.

2.13 Taxes on the result

Taxes on the result of the financial year comprise taxes due and available for set-off and deferred taxes over the period under review. Tax on the result is recognised in the profit and loss account unless the tax relates to items recognised directly in shareholders' equity. In that case, the related taxes are also recognised directly in shareholders' equity.

The taxes due over the period under review and available for set-off consist of profit tax on the taxable result. This is calculated based on applicable tax rates, taking into account exempt profit components and non-deductible amounts, as well as any corrections to taxation in previous financial years.

Deferred taxes are calculated based on established tax rates and laws that are applicable or which have already been materially decided upon on the balance sheet date, and that are expected to be applicable at the time that the deferred tax credit is realised or the deferred tax liability is paid.

Deferred tax credits in connection with any losses available for set-off against taxes are only capitalised to the extent that it is probable that the settlement can take place against profits to be achieved in the coming years. Deferred tax credits and liabilities with the same term and at the same tax entity are set-off against each other in the balance sheet provided that such setting off is permitted by law.

3. Accounting principles for the cash flow statement

The cash flow statement has been prepared using the indirect method. In the cash flow statement, a distinction is made between the cash flows from operational activities, investment activities, and finance activities. Income and expenditure relating to tax on profits and interest income and interest expenses are part of the net cash flow from operational activities. Cash flows resulting from the acquisition or disposal of financial interests (participations and investments) are included under the cash flow from investing activities, taking into account the presence of liquid assets within these interests. Paid dividends are included in the cash flow from financing activities. The balance of liquid assets is recorded in the cash flow statement including the amounts drawn from the current account as stated under the short-term liabilities.

4. Financial Risk Management

Ctac is confronted with various financial risks, such as market risks, credit risks and liquidity risks. The general risk management within Ctac, as supervised by the Board of Directors, covers a broader field than simply financial risks. More information is provided in the risk management section of the Report of the Board of Directors on page xx of this annual report. The aim of risk management is to draw up an inventory of the most important risks and to effectively control these risks on the basis of regulations, procedures, systems, best practices, controls and audits. The financial risk management focuses in particular on the risks that are relevant for Ctac in this context.

4.1 Financial market risk

4.1.1 Interest rate risk

Ctac is exposed to interest rate risks that are exclusively limited to the Euro zone. To minimise these risks, the goal of the interest rate risk policy is to limit the interest rate risks related to the financing of the company. The interest rate risk pertains to the company's long-term financing as well as its short-term financing.

At year-end 2016, as well as at year-end 2015, Ctac had no long-term interest-bearing bank loans.

Ctac has taken out short-term interest-bearing bank loans at a variable base rate. The interest rate is one-month Euribor plus a surcharge.

If during 2016, the interest rate on the long-term and short-term bank loans with a variable interest rate would have been 0.2% higher or lower, while other variables remained constant, this would not have had a material effect on the result after tax. The 0.2% rate used here is based on the volatility of interest rates during 2016.

4.1.2 Exchange rate risk

All companies within Ctac are located in the Eurozone. The large majority of turnover is generated within the Eurozone. Consequently, the euro is Ctac's reporting and functional currency. Ctac does not have any assets or liabilities outside of the Eurozone. The Board of Directors of Ctac considers the exchange rate risks to be very limited at year-end 2016.

4.2 Credit risk

Credit risk management is centralised at Ctac. The credit risk arises from liquid assets and transactions with customers, including outstanding receivables. Ctac only accepts professional parties in the Netherlands as banks and financial institutions. Ctac's financing facility has been made available by the ABN AMRO Bank. The creditworthiness of customers is determined in advance on the basis of project acceptance criteria. If available, external credit ratings are used for this purpose. If no external credit ratings are available, Ctac assesses the customer's creditworthiness on the basis of its financial position, past experiences, and other factors. Credit risks relating to clients are continually assessed. Ctac N.V.'s Board of Directors is of the opinion that the credit risk relating to clients is limited.

4.3 Liquidity risk

Liquidity management is centralised at Ctac. To this end, use is made of the centrally managed credit facilities at the ABN AMRO Bank, which were agreed as follows in June 2016: a combined facility for a total amount of EUR 6.0 million, with a EUR 2.0 million increase up to EUR 8.0 million in the months of April through August (at year-end 2015, this facility was EUR 7.3 million). A pledge right on receivables, fixtures and fittings and IP rights has been granted as security. The aim of the liquidity management is to make the most optimal use of the available liquid assets and credit facilities within Ctac. To this end, liquidity forecasts are drawn up periodically for both the short term and the medium term. These forecasts are adjusted periodically based on realisation and any adjusted projections.

4.4 Capital risk management

The management of capital is centralised at Ctac and is aimed at, on the one hand, ensuring the continuity of Ctac and, on the other, optimising the capital structure.

Instruments to achieve an optimal capital structure include the dividend policy, the possibility of repurchasing own shares, and the possibility of issuing shares, in particular, in connection with the financing of possible acquisitions or the reduction of debt positions.

4.5 Project risk

Ctac has different contract forms with customers. The financial risks, particularly of 'lump sum' contracts are controlled by unambiguous legal wording of the scope, frequent reporting to a Project Board, and implementation by experienced project management.

5. Key estimates and assumptions

5.1 Estimates with regard to impairment of goodwill

The realisable value is the estimated immediate market value or the value in use if this is higher. When determining the value in use of an asset, the present value of the estimated future cash flows is calculated using a discount rate that reflects both the current market estimates of the time value of money and the specific risks relating to the asset.

The future cash flows are estimated using current and historical results per asset. For each asset, a detailed forecast is made for the coming year and forecasts are made for the mid and long-term based on assumptions for turnover growth and margin development. Cash flows after a period of five years are extrapolated with low growth percentages. The assumptions used are acceptable in the sector in which Ctac is active.

5.2 Estimates with regard to risks on projects and debtors

If there is a case of a loss-making project, a provision is formed for the amount by which the expected benefits from the agreement for Ctac are lower than the unavoidable costs required in order to satisfy the obligations under the particular agreement. A provision for bad debt is formed at the time that it is assumed

that a receivable or part of a receivable will not be collected.

5.3 Estimates with regard to earn-out obligations

For the purpose of the earn-out obligations, the future results for each entity are estimated on the basis of a detailed forecast for the coming year and forecasts based on conservative assumptions for turnover growth and margin development for future years. The calculation of the obligations based on the estimated results is consistent with the underlying contracts.

6. Information by segment

Ctac provides a range of closely related services in the SAP consultancy market, generally on a project or management basis. The management of Ctac directs the company on the basis of two geographic segments, i.e. 'the Netherlands' and 'Belgium', and one segment referred to as 'France and Other' which consists of France and the other activities, including the holding. There are no valuation differences between the management information with regard to the segments and the information in the financial statements. The prices and conditions for the transactions between the segments are determined at arm's length.

The segmented results over the year 2016 can be specified as follows:

2016 Results

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Turnover by segment	75,914	14,196	814	(4,694)	86,230
Operating result	5,030	120	(2,098)	-	3,052
Financial income	16	11	99	(105)	21
Financial expenses	(167)	(46)	(4)	105	(112)
Financing income and expenses earn-out obligations	-	-	(88)	-	(88)
Result before tax	4,879	85	(2,091)*	-	2,873
Taxes	(1,013)	(20)	773	-	(260)
Net result	3,866	65	(1,318)	-	2,613

*) Including EUR 300,000 in operating result Other

The segmented results over the year 2015 can be specified as follows:

2015 Results

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Turnover by segment	75,408	16,403	1,666	(7,385)	86,092
Operating result	4,828	(137)	(1,339)	-	3,352
Financial income	35	44	111	(79)	111
Financial expenses	(149)	(60)	(82)	79	(212)
Financing income and expenses earn-out obligations	-	-	(83)	-	(83)
Result before tax	4,714	(153)	(1,393)*	-	3,168
Taxes	(1,167)	(16)	429	-	(754)
Net result	3,547	(169)	(964)	-	2,414

*) Including EUR 400,000 in operating result Other

The other segmented information regarding the profit and loss account of 2016 is as follows:

Depreciation and amortisation 2016

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Intangible fixed assets	-	-	230	-	230
Tangible fixed assets	496	27	409	-	932
Total amortisation	496	27	639	-	1,162

Investments in 2016

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Intangible fixed assets	-	-	161	-	161
Tangible fixed assets	223	3	254	-	480
Tangible fixed assets	223	3	415	-	641

The other segmented information regarding the profit and loss account of 2015 is as follows:

Depreciation and amortisation 2015

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Intangible fixed assets	148	120	53	-	321
Tangible fixed assets	570	31	430	-	1,031
Total amortisation	718	151	483	-	1,352

Investments in 2015

(EUR x 1,000)

	The Netherlands	Belgium	France and Other	Inter-segment eliminations	Consolidated
Intangible fixed assets	-	-	619	-	619
Tangible fixed assets	257	12	326	-	595
Tangible fixed assets	257	12	945	-	1,214

7. Intangible fixed assets

The following statement provides an overview of the changes in the assets recognised in this balance sheet item.

(EUR x 1,000)

	Goodwill		Intangible fixed assets related to customers and orders		Intangible fixed assets related to developed products		Intangible fixed assets vervaardigde in-house		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Book value as at 1 January	13,885	13,885	85	294	-	112	821	202	14,791	14,493
Investments	-	-	-	-	-	-	161	619	161	619
Depreciation and amortisation	-	-	(69)	(209)	-	(112)	(161)	-	(230)	(321)
Book value as at 31 December	13,885	13,885	16	85	-	-	821	821	14,722	14,791
Total acquisition value	26,198	26,198	2,086	2,086	1,564	1,564	982	3,059	30,830	32,907
Total depreciation and impairments	(12,313)	(12,313)	(2,070)	(2,001)	(1,564)	(1,564)	(161)	(2,238)	(16,108)	(18,116)
Book value as at 31 December	13,885	13,885	16	85	-	-	821	821	14,722	14,791

7.1 Impairments and reversals of impairments

In 2016, as in 2015, Ctac did not recognise any goodwill impairment or reverse any impairments recognised in earlier years.

7.2 Impairment test for cash-flow generating units (CGUs) to which goodwill can be attributed

The realisable value is the estimated immediate market value or the value in use if this is higher. When determining the value in use of an asset, the present value of the estimated future cash flows is calculated using a discount rate that reflects both the current market estimates of the time value of money and the specific risks relating to the asset.

The future cash flows are estimated on the basis of the 'value in use' method in accordance with IAS 36, using current and historical results per asset. A detailed forecast is prepared per CGU for the coming year based on the 2017 budgets, and, for the following years, forecasts are prepared based on assumptions for turnover growth and margin development. Cash flows after a period of five years are extrapolated with low growth percentages varying from 1% to 2%. The assumptions used are acceptable in the sector in which Ctac is active.

With effect from 2014, Ctac has recognised three Dutch CGUs: (1) 'Ctac Consulting', which encompasses all SAP consulting and Microsoft-related activities; (2) 'Ctac Cloud Services', for hosting, technical and functional management; and (3) 'Other' for the other Dutch activities, primarily including the secondment activities. Abroad, Ctac distinguishes a separate CGU for the Belgian activities and one for the other foreign activities.

The following assumptions were used for the impairment test.

Ctac's WACC before tax varies between 11.6% and 20.3%. The WACC for Ctac Consulting is 11.6%; for Ctac Cloud Services 12.6%; for Other 13.7%; for Ctac Belgium 14.6% and for Ctac Foreign Other 20.3%. This is based on a ten-year interest rate of 0.6%, a minimum market premium of 5% and a unit market premium that varies between 5% and 12.0%, a Beta of 0.96 and an (E/(D+E)) ratio of 0.21.2015. 0.25).

The risk premium for the impairment differs per activity depending on market and size, depending on consultancy or product sales, and depending on size and growth.

Growth varying from 1% to 2% has been used for all CGUs outside the five-year period.

Similar to 2015, calculations based on these assumptions do not result in an impairment for any CGU.

A sensitivity analysis in which the WACC is increased by 3% and the expected EBITA is lowered by 10% does not result in an impairment either.

In 2016, an amount of goodwill of EUR 13.2 million was allocated to the Ctac Consulting CGU, EUR 0.4 million to the Ctac Cloud Services CGU, and EUR 0.3 million to the Other CGU. No goodwill was allocated to the Ctac Belgium and Ctac Foreign Other CGUs. The allocated goodwill remained unchanged compared to 2015.

7.3 Investments

The investment in intangible fixed assets produced in-house concerns the optimisation of the ERP system that was put into use on 1 January 2016.

8. Tangible fixed assets

The following statement provides an overview of the changes in the assets recognised in this balance sheet item.

	Building		Computers		Fixtures		Total	
	Adjustments				and Fittings			
	2016	2015	2016	2015	2016	2015	2016	2015
(EUR x 1,000)								
	2016	2015	2016	2015	2016	2015	2016	2015
Book value as at 1 January	869	983	1,525	1,807	239	279	2,633	3,069
Investments	25	17	448	552	7	38	480	607
Reclassification of Held for Sale	-	-	-	(7)	-	(5)	-	(12)
Divestments	-	-	-	-	-	-	-	-
Depreciation and amortisation	(135)	(132)	(722)	(826)	(75)	(73)	(932)	(1,031)
Book value as at 31 December	759	868	1,251	1,526	171	239	2,181	2,633
Total acquisition value	1,350	1,325	4,632	4,427	590	614	6,572	6,366
Reclassification held for sale	-	-	-	(31)	-	(33)	-	(64)
Total amortisation	(591)	(457)	(3,381)	(2,894)	(419)	(370)	(4,391)	(3,721)
Reclassification held for sale	-	-	-	24	-	28	-	52
Book value as at 31 December	759	868	1,251	1,526	171	239	2,181	2,633

8.1 Investments and divestments

The investments in computers during 2016 mainly concern investments in laptops, servers and storage capacity.

8.2 Impairments and reversals of impairments

Ctac did not recognise any impairment of tangible fixed assets in 2016. Furthermore, no impairments recognised in earlier years were reversed in 2016.

9. Deferred taxes

Deferred taxes can be specified as follows:

	2016	2015
(EUR x 1,000)		
Deferred tax credits	1,080	596
Deferred tax liabilities	276	102
Total deferred taxes	804	494

Changes in deferred tax credits can be specified as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	596	405
Withdrawal in connection with carry forward	(2)	(76)
Addition in connection with deductible losses	551	332
Withdrawal in connection with realised inter-company results	(65)	(65)
Balance as at 31 December	1,080	596

The rights to compensate losses against taxable profits are recognised when it is expected that compensation of the offsettable losses will be possible (total year-end 2016: approximately EUR 3.4 million, year-end 2015: approximately EUR 1.6 million). The amount is recognised at the nominal rate as applicable to future financial years, without taking any discounting into account.

The total of the offsettable losses amounted to approximately EUR 3.4 million at year-end 2016 (year-end 2015: approximately EUR 1.6 million).

Changes in deferred tax liabilities can be specified as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	102	201
Intangible fixed assets related to customers, orders and developed products		
Withdrawal in connection with amortisation	(18)	(82)
Intangible fixed assets produced in-house		
Addition in connection with investments	245	-
Withdrawal in connection with amortisation	(40)	-
Discounting of earn-out obligation		
Addition/withdrawal in connection with new obligations, valuation differences, accrued interest	(13)	(17)
Balance as at 31 December	276	102

It was not until when preparing the 2015 corporation tax return that it was decided that the cost of the intangible fixed assets produced in-house should be charged to the result for tax reasons, whereas the development costs had been capitalised commercially. As a result, the associated deferred tax liability was not formed until in 2016.

10. Other receivables

Other receivables can be specified as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	-	-
Deposit payment	70	-
Balance as at 31 December	70	-

With effect from 2017, Ctac has borne the risk under the Dutch Partially Disabled Workers Act (WGA) all by itself. The mandatory warranty to the Dutch Tax and Customs Administration that a financial institution will take over this obligation should Ctac no longer be able to comply with it has been reinsured. A deposit of EUR 70,000 was paid for this. This contract will be effective until 2022.

11. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

	2016	2015
(EUR x 1,000)		
Trade receivables	16,234	14,573
Provision for doubtful debts	(1,188)	(1,098)
Trade receivables - net	15,046	13,475
Turnover still to be invoiced in connection with services already provided	5,685	4,969
Other receivables	114	59
Prepayments and accrued income	939	2,144
Total trade receivables and other receivables	21,784	20,647

The fair value of the trade receivables and other receivables is close to the book value. This also applied on 31 December 2016 for an amount of trade receivables of EUR 3.1 million (31 December 2015: EUR 3.9 million) for which the payment term has expired. Although the payment period has lapsed, as at the balance sheet date there are no indications that the relevant trade debtors will not fulfil their payment obligations. Other provisions have been created for a few of these debtors because there are still outstanding issues in relation to the performance of the projects. During 2016, Ctac had to write off EUR 0.1 million in receivables due to wound up bankruptcies. At year-end 2016, the provision for receivables considered uncollectible stood at EUR 1.2 million (year-end 2015: EUR 1.1 million).

The age of the trade receivables is as follows:

	2016	2015
(EUR x 1,000)		
Trade receivables which are not deemed to be uncollectible and for which the payment period has not yet lapsed	11,944	9,535
Trade receivables which are not deemed uncollectible and for which the payment period has lapsed		
less than 1 month	1,994	1,963
between 1 and 2 months	207	624
between 2 and 3 months	125	463
more than 3 months	776	890
	3,102	3,940
Total trade receivables - net	15,046	13,475

The changes in the provision for doubtful debts are as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	1,098	991
Addition to the provision	243	422
Write-off in connection with uncollectibility	(65)	(78)
Release from the provision	(88)	(217)
Reclassification to Held for Sale	-	(20)
Balance as at 31 December	1,188	1,098

The receivables in respect of trade debtors are exclusively in euros. The addition to and the release of the provision are recognised in the profit and loss account under other operating expenses. Amounts included in the provision are usually written off at the time that there is no expectation that any payments in respect of the receivable will take place.

The other items in the trade receivables and other receivables do not contain any assets with an impairment.

The prepayments and accrued income include prepaid costs, receivables in connection with current contracts with a fixed contract price, and amounts to be received. The other receivables have a duration of less than one year, both at year-end 2016 and year-end 2015.

12. Cash and cash equivalents

The balances stated under this balance sheet item are at the company's disposal, except for the balances in guarantee accounts, year-end 2016: EUR 0.3 million (year-end 2015: EUR 0.3 million). These balances are not at the company's disposal.

Amounts drawn under the current account credit facility, totalling EUR 6.0 million at year-end 2016 (year-end 2015: EUR 7.3 million), are recognised under short-term amounts owed to banks. The majority of the group companies are jointly and severally liable for the current account credit facility. A pledge right on receivables, company equipment and IP rights has been granted as security.

No financial derivatives were present within Ctac in 2016, or on the balance sheet date.

13. Shareholders' equity

At year-end 2016, the authorised share capital amounted to EUR 7,200,000 and was divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share. The issued share capital consists of 12,515,497 ordinary shares and 1 priority share. All issued shares are fully paid up.

The composition of, and the changes in, shareholders' equity over the years 2016 and 2015 are stated on page 40 of the financial statements.

The number of outstanding option rights will not exceed 10% of the total number of outstanding ordinary shares. There are no outstanding option rights.

14. Other liabilities

This concerns Ctac's obligations to minority shareholders of subsidiaries and lower-tier subsidiaries of Ctac N.V. with which earn-out and/or subsequent payment agreements have been made.

Changes in the other liabilities are as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	769	828
Valuation differences	200	20
Transferred to current liabilities	(300)	(162)
Accrual of earn-out obligation	88	83
Balance as at 31 December	757	769

The due dates for the earn-out obligations are as follows:

	1-2 Years	> 2 Years	Total
(EUR x 1,000)			
Maturity dates for earn-out obligations year-end 2016	176	581	757

These earn-out obligations will be fully paid in cash.

The valuation of these earn-out obligations is Level 3, as specified in IFRS 13.

15. Provisions

The changes in the provisions are as follows:

	2016			2015
(EUR x 1,000)				
	Anniversary - Payments	Other	Total	
Balance as at 1 January	124	247	371	410
Additions charged to the result	11	126	137	156
Released to the result	-	(74)	(74)	(18)
Allocated	(11)	(177)	(188)	(177)
Balance as at 31 December	124	122	246	371

Approximately EUR 0.2 million (2015: approximately EUR 0.2 million) of the provisions have a term of more than a year.

15.1 Provision for Anniversary Payments

The terms and conditions of employment of the various group companies include an anniversary scheme pursuant to which employees receive a gross payment that is independent of their salary when they reach a certain number of years of service. In accordance with the IAS 19 Employee Benefits, a provision has been made for the conditional obligation resulting from this anniversary scheme. The provision is made on the basis of the projected average number of years of service per employee and the size of the payment, and is recognised at the present value.

15.2 Other provisions

These provisions relate to work carried out under guarantee or work still to be carried out on loss-making projects that are charged to the financial year in accordance with the accounting principles for the financial statements.

16. Trade payables and other debts

The composition of the trade payables and other debts is as follows:

	2016	2015
(EUR x 1,000)		
Trade payables	6,469	4,390
Taxes and social security contributions	4,004	4,076
Other liabilities	322	451
Accruals and deferred income	10,386	12,008
Total trade payables and other liabilities	21,181	20,925

The other debts item includes short-term liabilities arising from earn-out agreements. All other liabilities have a term of less than 1 year.

The accrued liabilities item includes liabilities relating to holiday pay, annual leave and bonuses, obligations in respect of pre-invoiced turnover, as well as other items to be paid that are charged to the financial year in accordance with the accounting principles for the determination of the result.

The fair value of the trade payables and other debts is close to the book value.

17. Assets and liabilities Held for Sale

The assets and liabilities Held for Sale are composed as follows.

	2016	2015
(EUR x 1,000)		
Assets Held for Sale		
Tangible fixed assets	-	12
Trade receivables and other receivables	-	1,201
Corporation tax owed	-	30
Cash and cash equivalents	-	373
Total assets Held for Sale	-	1,616
Liabilities Held for Sale		
Trade payables and other debts	-	428
Total liabilities Held for Sale	-	428

The assets and liabilities Held for Sale concern the sale of the 59.8% participating interest in IFS Probit B.V. (belonging to the Netherlands segment). This was sold on 4 January 2016. This was transferred at net value.

Book value of assets and liabilities of IFS Probit BV at the moment of sale**4 January 2016**

(EUR x 1,000)

Tangible fixed assets	12
Trade receivables and other receivables	1,231
Trade payables and short-term liabilities	(428)
Inter-company debt to the Ctac group	(152)
Cash and cash equivalents	373
Minority interests 40.18%	(416)
Net assets and liabilities identified	620
Sales price	620
Result of divestment of participation	-
Sales price	620
Liquid assets that were part of the sale transaction	(373)
Net cash flow	247

18. Personnel costs

The composition of the personnel costs is as follows:

	2016	2015
(EUR x 1,000)		
Wages	30,776	32,890
Social security charges	4,581	4,704
Pension costs	1,469	1,555
Other personnel costs	1,898	1,158
Total personnel costs	38,724	40,307

The pension costs concern the payment of contributions in connection with a defined contribution pension scheme. The other personnel costs include costs such as travel and accommodation costs and training costs. The average staffing (FTEs) over 2016 amounts to 435 (2015: 449). This is divided among the segments as follows.

Number of FTEs per segment	2016	2015
The Netherlands	338	346
Belgium	55	59
Other	42	44
Total number of FTEs	435	449

19. Other operating expenses

The other operating expenses can be specified as follows:

	2016	2015
(EUR x 1,000)		
Car expenses	3,894	4,222
Accommodation expenses	2,355	2,236
Marketing and sales costs	1,120	1,325
Other costs	7,389	6,448
Valuation differences earn-out obligations	209	24
Total other operating expenses	14,967	14,255

An amount of approximately EUR 3.1 million (2015: approximately EUR 3.5 million) is recognised under car expenses for operational lease contracts relating to cars.

An amount of approximately EUR 1.3 million (2015: approximately EUR 1.3 million) is recognised under accommodation expenses for operational lease contracts.

The other costs include items such as the costs of information management and internal automation, insurance, auditors' and consultancy fees, and costs related to hosting activities. The latter primarily concerns the costs of the operational lease for the fitting out of the data centres.

The amount and composition of auditors' fees is as follows (EUR x 1,000):

a. audit of the financial statements	EUR 127	(2015: EUR 130)
b. other review procedures	EUR -	(2015: EUR 2)
c. tax services	EUR -	
d. other consultancy work	EUR -	
e. fees for other BDO network	EUR 18	(2015: EUR 20)
The total auditors' fees thus amount to	EUR 145	(2015: EUR 152)

20. Financing income and expenses

The financing income and expenses can be specified as follows:

	2016	2015
(EUR x 1,000)		
Financing income	21	111
Financing expenses	(112)	(212)
Accrual of earn-out obligations	(88)	(83)
Total financing income and expenses	(179)	(184)

The financing expenses include the interest due with regard to the current account facilities at banks, and the interest due in connection with taxes.

21. Taxes

Taxes can be specified as follows:

Tax position and tax burden (EUR x 1,000)	2016	2015
Taxes currently payable for the ongoing financial year	(820)	(1,048)
Deferred taxes	319	294
Taxes currently payable for prior financial years	241	-
Total taxes	(260)	(754)

The tax burden on the result before taxes amounts to 9.0% (2015: 23.8%) and can be specified as follows.

As a % of the result from ordinary activities before tax	2016	2015
Nominal tax burden	25.0	25.0
Rate differences foreign countries	-	(0.1)
Non-deductible amounts	2.7	2.0
Effects of lower first bracket	(0.8)	(1.2)
Set-off of losses not capitalised in the past	-	(2.0)
Payment differences and impairment	1.8	0.2
Innovation box for the ongoing financial year	(11.4)	-
Innovation box for prior financial years	(8.0)	-
Other differences	(0.3)	(0.1)
Tax burden according to the consolidated financial statements	9.0	23.8

In 2016, the Dutch Tax and Customs Administration awarded a corporation tax discount in connection with the R&D activities (Innovation box). The agreement concerns the years 2012 to 2018.

22. Results per share

Profit per share and diluted profit per share.

The calculation of the base profit and the diluted profit per share accruing to the shareholders of the parent company is based on the following data:

Profit/(loss) per share	2016	2015
Net result (EUR x 1,000)	2,613	2,414
Net result from continued activities (EUR x 1,000)	2,613	2,414
Net result from continued activities accruing to group shareholders (EUR x 1,000)	2,610	2,359
Number of shares		
Number of ordinary shares at the beginning of the year	12,515,497	12,515,497
Number of ordinary shares at the end of the year	12,515,497	12,515,497
Number of weighted average outstanding ordinary shares	12,515,497	12,515,497
Net result (before share minority shareholders) per weighted average number of outstanding ordinary shares (EUR)	0.21	0.19
Fair value earn-out obligations optionally to be settled in shares or cash (EUR x 1,000)	-	-
Average price (EUR)	2.75	1.96
Potential dilution of ordinary shares	-	-
Number of potential shares in connection with the diluted profit per share	12,515,497	12,515,497
Net result attributable to group shareholders per share after potential dilution (EUR)	0.21	0.19

23. Off-balance sheet contingent and contractual obligations

The company and its participations have guarantees for a total amount of approximately EUR 0.3 million (2015: approximately EUR 0.3 million) outstanding. These guarantees have been issued in connection with current lease obligations.

At year-end 2016, Ctac made investment commitments regarding the expansion of the data centres for an amount of EUR 0.6 million. These investments will be brought into an operational lease.

Cars made available to employees were generally obtained based on an operational lease with a contract term varying from three to five years. Ctac N.V. and its participations have lease obligations with respect to cars for an amount of approximately EUR 6.1 million (2015: EUR 6.6 million) in total. This concerns operational lease obligations regarding the lease of passenger cars in the Netherlands and Belgium for personnel with a residual term varying from one to five years.

The new hardware for the fit-up of the data centres was for the most part obtained on the basis of an operational lease with a contract term varying from three to five years. The total lease obligations for Ctac in connection with these operational leases at year-end 2016 amounted to EUR 4.7 million (2015: EUR 5.3 million).

All buildings in which group companies are housed are rented. Ctac does not own any buildings. The company and its participations have rent obligations for a total amount of approximately EUR 5.9 million (2015: approximately EUR 6.9 million). This concerns rent obligations in connection with office buildings in the Netherlands ('s-Hertogenbosch; the office in Hilversum was closed in late 2016), Belgium (Wommelgem) and France (Paris). All buildings are rented from non-related parties.

The composition of the rent and lease obligations is as follows:

			2016	2015
(EUR x 1,000)	Lease Obligations Passenger Cars	Lease Obligations Data Centre Fit-Up	Rent Obligations Office Buildings	
Looptijden kTerms shorter than one year	2,604	2,665	1,205	6,474
Terms longer than one year but shorter than five years	3,527	2,075	4,413	10,015
Terms longer than five years	-	-	261	261
	6,131	4,740	5,879	16,750
				18,766

Ctac N.V. and most of its Dutch group companies form a fiscal entity for corporation tax and turnover tax purposes, as a result of which the companies in question are jointly and severally liable for the obligations of the fiscal entity.

Claims have been made against Ctac N.V. and/or its group companies, which claims are disputed. Although it is impossible to predict the outcome of these disputes with certainty, based on the legal advice obtained and the available information, it is assumed that they will not have any significant adverse effect on the consolidated financial position.

Ctac France is debating with a customer about the financial settlement of an implementation project. During the implementation of the project, it was found, among other things, that the legal scope of the agreements made had been insufficiently clearly recorded in the contract. From a technical point of view, the project was fully discontinued in December 2016, but it has not been completed from a legal point of view yet.

24. Acquisitions and divestments

On 4 January 2016, the 59.8% interest in IFS Probitry B.V. was sold at net asset value. See the explanation in section 17. The interest in the Ctac Resourcing B.V. was expanded by 4.9% and is now 70.6%.

25. Related parties

25.1 Identity of related parties

The group companies, the members of the Supervisory Board, the members of the Board of Directors, and the major shareholders qualify as related parties of Ctac N.V.

25.2 Transactions with the members of the Board of Directors and of the Supervisory Board

25.2.1 Remuneration policy

The aim of Ctac N.V.'s remuneration policy is to provide a clear picture of the policy that should be followed with regard to the remuneration of the members of the Board of Directors and managers, this also in view of being able to ensure that the company can attract and retain qualified and experienced managers. Such a policy cannot be viewed separately from the following basic principles:

- The customer's interest is the central focal point. This interest is served when the members of the Board of Directors and the managers satisfy the most stringent professional requirements, and this requires an adequate remuneration.
- The remuneration reflects the expertise, commitment and involvement demonstrated by the members of the Board of Directors and the managers for the benefit of Ctac N.V.
- The level of the remuneration is in line with the remuneration of the members of boards of directors and the managers at comparable companies and contains a fixed and a variable component.
- The remuneration must be partly in line with the results achieved by Ctac N.V., and therefore it is an annual item on the agenda for the Supervisory Board meeting in which, among other things, the performance criteria upon which an assessment will take place are determined.
- This policy governs the members of the Board of Directors and the most senior management level and is an instrument in the remuneration structure of the management within Ctac N.V.

25.2.2 Remuneration of members of the Board of Directors

With regard to the remuneration of the members of the Board of Directors, the following amounts have been recognised in the result of 2016 and 2015 respectively.

	2016	2015
(EUR x 1,000)		
Board of Directors		
<i>H.L.J. Hilgerdenaar</i>		
Salary	232	223
Pension and disability benefit insurance	41	39
Variable remuneration	45	51
Total remuneration	318	313
<i>D.G.H. van der Werf</i>		
Salary	232	223
Pension and disability benefit insurance	50	45
Variable remuneration	45	51
Total remuneration	327	319
Total salary	464	446
Total pension and disability benefit insurance	91	84
Total variable remuneration	90	102
Total remuneration to the Board of Directors	645	632

The level of the variable remuneration depends on the extent to which targets have been realised. The most important targets are defined as targets for development in turnover and result, working capital control, and customer and employee satisfaction. Expense reimbursement and a presentable company car are also provided to the members of the Board of Directors. Mr Van der Werf makes a personal contribution for the car made available to him.

No loans, advances or guarantees have been provided to the directors under the Articles of Association. Any compensation payable upon the dismissal of Mr Hilgerdenaar has not been laid down in a contract and therefore this has not been maximised. Any compensation payable upon the dismissal of Mr Van der Werf may not exceed one year's salary.

25.2.3 Shares held by the members of the Board of Directors

The members of the Board of Directors did not hold any shares or option rights at year-end 2016; this was also the case at year-end 2015.

25.2.4 Option rights allocated to and held by the members of the Board of Directors

The number of outstanding option rights will not exceed 10% of the total number of outstanding ordinary shares.

25.2.5 Remuneration of the members of the Supervisory Board

With regard to the remuneration of the members of the Supervisory Board, the following amounts have been recognised in the results of 2016 and 2015 respectively.

	2016	2015
(EUR x 1,000)		
Supervisory Board		
H.G.B. Olde Hartmann	30	30
E. Kraaijenzank	25	25
E. Karsten	25	25
Total remuneration	80	80

25.2.6 Shares and option rights held by the members of the Supervisory Board

The members of the Supervisory Board do not hold any shares. No option rights have been allotted to the members of the Supervisory Board.

26. Events after the balance sheet date

No events occurred after 31 December 2016 that have a material impact on or would require adjustments to the balance sheet positions at year-end 2016 as presented in the financial statements.

Company balance sheet as at 31 december 2016		
(after profit appropriation)		
	2016	2015
(EUR x 1,000)		
ASSETS		
Fixed assets		
27) Intangible fixed assets	3,271	3,324
28) Tangible fixed assets	39	22
29) Financial fixed assets	27,551	22,319
	30,861	25,665
Current assets		
30) Trade receivables and other receivables	289	225
Cash and cash equivalents	69	117
	358	342
	31,219	26,007
LIABILITIES		
31) Shareholders' equity		
Issued and paid-up capital	3,004	3,004
Share premium	11,795	11,795
Other reserves	646	(1,213)
	15,445	13,586
Long-term liabilities		
32) Deferred tax liabilities	205	13
	205	13
Current liabilities		
33) Trade payables and other debts	15,569	12,408
	15,569	12,408
	31,219	26,007

Company profit and loss account for 2016		
(EUR x 1,000)		
	2016	2015
Turnover	-	-
Gross margin	-	-
33) Personnel costs	1,021	923
Depreciation and amortisation	240	97
34) Other operating expenses	(1,330)	(361)
Total operating expenses	69	(659)
Operating result	69	(659)
Financing income	74	23
Financing expenses	(31)	(17)
35) Total financing income and expenses	43	6
Result from group companies	2,293	2,848
Result before profits tax	2,405	2,195
36) Taxes	205	164
Net result	2,610	2,359

Explanatory notes to the company balance sheet and profit and loss account

General

The company financial statements of Ctac N.V. are drawn up in accordance with the statutory provisions laid down in Title 9 Book 2 of the Dutch Civil Code. Use has been made of the option offered in Book 2, Article 362 of the Dutch Civil Code to use the same principles for the valuation and determination of the results that are used in the consolidated financial statements for the company financial statements (IFRS).

Pursuant to a legislative amendment, organisations of public interest, which includes listed companies, are no longer allowed to present an abridged profit and loss account in their company financial statements (something which used to be allowed pursuant to section 402(2) of Book 2 of the Dutch Civil Code).

Group companies are valued in the company balance sheet at net asset value. Any negative valuation of the participation is deducted from the claim on the relevant group company.

27. Intangible fixed assets

Changes in intangible fixed assets are as follows:

(EUR x 1,000)

	Goodwill		Intangible fixed assets produced in-house		Intangible fixed assets related to customers		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Book value as at 1 January	2,450	2,450	821	202	53	106	3,324	2,758
Investments	-	-	161	619	-	-	161	619
Depreciation and amortisation	-	-	(161)	-	(53)	(53)	(214)	(53)
Book value as at 31 December	2,450	2,450	822	821	-	53	3,271	3,324
Total acquisition value	6,646	6,646	982	(3,059)	372	372	8,000	10,077
Total depreciation and impairments	(4,196)	(4,196)	(161)	(2,238)	(372)	(319)	(4,729)	(6,753)
Book value as at 31 December	2,450	2,450	821	821	-	53	3,271	3,324

28. Tangible fixed assets

The changes in tangible fixed assets are as follows:

	2016	2015
Totaal computers (EUR x 1,000)		
Book value as at 1 January	22	64
Investments	43	2
Depreciation and amortisation	(26)	(44)
Book value as at 31 December	39	22
Total acquisition value	247	204
Total amortisation	(208)	(182)
Book value as at 31 December	39	22

29. Financial fixed assets

The composition of the financial fixed assets is as follows:

	2016	2015
(EUR x 1,000)		
Participations	27,481	22,319
Other receivables	70	-
Total financial fixed assets	27,551	22,319

29.1 Participations

The changes in the participations item are as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	22,319	18,097
Result of participations	2,293	2,848
Share capital payment	750	-
Movement in receivables from participations	2,119	1,374
Balance as at 31 December	27,481	22,319

For an overview of the name, address and share in capital interests, reference is made to Appendix 1 to the financial statements.

29.2 Other receivables

Trade receivables and other receivables can be specified as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	-	-
Deposit payment	70	-
Balance as at 31 December	70	-

With effect from 2017, Ctac has borne the risk under the Dutch Partially Disabled Workers Act (*WGA*) all by itself. The mandatory warranty to the Dutch Tax and Customs Administration that a financial institution will take over this obligation should Ctac no longer be able to comply with it has been reinsured. A deposit of EUR 70,000 was paid for this. This contract will be effective until 2020.

30. Trade receivables and other receivables

Trade receivables and other receivables can be specified as follows:

	2016	2015
(EUR x 1,000)		
Trade receivables and receivables in respect of group companies	265	182
Other receivables	22	34
Prepayments and accrued income	2	9
Total trade receivables and other receivables	289	225

31. Shareholders' equity

See the statement of assets and liabilities on page 40 of these financial statements.

32. Deferred tax liabilities

The changes in deferred tax liabilities are as follows:

	2016	2015
(EUR x 1,000)		
Balance as at 1 January	13	27
Intangible fixed assets related to customers, orders and developed products		
Withdrawal in connection with amortisation	(13)	(14)
Intangible fixed assets produced in-house		
Addition in connection with investments	245	-
Withdrawal in connection with amortisation	(40)	-
Balance as at 31 December	205	13

33. Trade payables and other debts

The composition of the trade payables and other debts is as follows:

	2016	2015
(EUR x 1,000)		
Trade payables	1,824	1,031
Taxes and social security contributions	34	33
Other liabilities	-	-
Other debts to group companies	13,172	10,105
Accruals and deferred income	310	468
Corporation tax	229	771
Total trade payables and other liabilities	15,569	12,408

34. Personnel costs

The composition of the personnel costs is as follows:

	2016	2015
(EUR x 1,000)		
Wages	554	548
Social security charges	19	18
Pension costs	91	84
Other personnel costs	357	273
Total personnel costs	1,021	923

The average staffing (FTEs) over 2016 amounts to 2 (2015: 2). Ctac N.V. does not employ any employees outside of the Netherlands.

35. Other operating expenses

The other operating expenses can be specified as follows:

	2016	2015
(EUR x 1,000)		
Car expenses	55	54
Marketing and sales costs	371	348
Other costs	(1,756)	(761)
Total other operating expenses	(1,330)	(359)

The other expenses consist of ICT costs, auditors' and consultancy fees, and costs passed on to the other group companies.

36. Financing income and expenses

The financing income and expenses can be specified as follows:

	2016	2015
(EUR x 1,000)		
Financing income	(74)	(23)
Financing expenses	31	17
Total financing income and expenses	(43)	(6)

37. Taxes

Taxes can be specified as follows:

	2016	2015
(EUR x 1,000)		
Tax currently payable for the financial year	(37)	151
Tax currently payable for prior financial years	233	-
Deferred tax for the financial year	9	13
Total taxes	205	164

Contingent liabilities

The company forms part of a tax entity for corporation tax; consequently, the company is jointly and severally liable for the tax liabilities of the tax entity as a whole.

Directors' declaration

Pursuant to new statutory provisions, the directors hereby declare that to the best of their knowledge:

1. the financial statements as included on pages 38 to 75 of this report provide a true and fair picture of the assets, liabilities, the financial position, and the profit over the financial year of Ctac N.V. and the companies jointly included in the consolidation;
2. the annual report provides a true and fair view of the situation at the balance sheet date, the course of business during the financial year of Ctac N.V. and of the companies affiliated with Ctac N.V., of which the figures have been included in the financial statements. The material risks which Ctac N.V. faces are described in the annual report.

's-Hertogenbosch, 22 March 2017

Board of Directors

Mr H.L.J. Hilgerdenaar

Mr D.G.H. van der Werf

Supervisory Board

Mr H.G.B. Olde Hartmann

Mr E. Kraaijenzank

Ms E. Karsten

Other information

Provision in the articles of association regarding profit appropriation

According to article 30 of the articles of association, a dividend is paid out on the priority share that equals six percent (6%) of the nominal amount. The Board of the Directors, with the approval of the Supervisory Board, subsequently determines which part of the remaining profit shall be reserved. The remaining profit, after the addition to reserves, is at the disposal of the General Meeting of Shareholders.

Profit appropriation proposal

Further to wishes that were specifically expressed during the General Meeting of Shareholders of 11 May 2016, it has been decided that the dividend policy shall be adjusted by, in the future, starting from an optional dividend in cash or shares, if relevant. For that purpose, it will be proposed to the General Meeting of Shareholders that a dividend of EUR 0.07 per share be distributed in the form of ordinary shares in the company and that this be charged to the tax-exempt share premium reserve or the other reserves, unless a shareholder prefers to receive a cash payment. The proposal shall also include giving power of attorney to the Board of Directors to issue the ordinary shares that are needed in order to distribute the dividend in the form of shares.

Special controlling rights under the articles of association

Special controlling rights are attached to the priority share held by the Ctac Priority Foundation regarding the appointment, suspension or dismissal of board members, share issues, pre-emptive rights, amendments of the articles of association and the dissolution of the company.

Protective measures

Ctac can make use of the following protective measures:

- priority shares, held by the Priority Foundation;
- the option to place preference shares with the Continuity Foundation;
- the issue of depository receipts for shares.

The following conditions apply to implementing the protective measures

Ctac Priority Foundation

The issue of shares takes place following a resolution of the Priority Foundation. The appointment of the Priority Foundation as the body authorised to issue shares can be extended under the articles of association or by a resolution of the General Meeting of Shareholders each time for a period of no longer than five years.

Resolutions to issue preference shares or to grant any right to subscribe to such shares of bodies other than the General Meeting of Shareholders are always

subject to the cooperation of the Supervisory Board. A transfer of preference shares requires the approval of the Supervisory Board. The pre-emptive right in connection with an issue of shares can be restricted or excluded by the Priority Foundation. The appropriate authority of the Priority Foundation ends at the point in time at which the authority of the Priority Foundation to issue shares ends. The Priority Foundation also plays a role in the appointment, suspension and dismissal of members of the Board of Directors. The members of the Board of Directors are appointed by the General Meeting of Shareholders from a binding nomination to be drawn up by the Priority Foundation. A resolution to suspend or dismiss a member of the Board of Directors can, if not passed following a proposal by the Priority Foundation, only be adopted by a majority of two-thirds of the votes cast, which represents more than half of the issued share capital. Finally, the Priority Foundation plays a decisive role in amendments to the articles of association and in the resolution to dissolve the company. Such resolutions can only be adopted following a proposal by the Priority Foundation.

The board members of the Priority Foundation in 2016 were:

1. Mr E. Kraaijenzank (Chairman),
2. Mr A.J.M. van Riet,
3. Mr H.L.J. Hilgerdenaar.

Mr A.J.M. van Riet is lawyer, founder and senior partner of Rietmeesters, law firm. He is also a supervisory board member of a number of construction and development companies. He was formerly a member of the Supervisory Board of Rabobank Utrecht and the Tergooi Hospital.

Ctac Continuity Foundation

The objective of the Continuity Foundation is to promote the interests of Ctac, the companies affiliated with Ctac, and its group companies and all parties involved, in such a manner that the interests of the company, the group companies, and the companies and all parties involved are safeguarded to the greatest possible extent and that influences that could harm the independence and/or the continuity and/or the identity of the company, the group companies, and the companies in violation of those interests are excluded as much as possible, as well as to do anything that is related to or may be conducive to the above. The Continuity Foundation seeks to achieve its objective by acquiring and holding shares - in particular preference shares - in the company's capital and by exercising the rights attached to these shares, including, in particular, the voting rights connected to these shares. The Continuity Foundation can only acquire preference shares as referred to above - without the cooperation of the company's General Meeting of Shareholders

- including the acquisition of the right to subscribe for preference shares, up to a maximum amount of one hundred percent (100%) of the total nominal amount of the issued ordinary shares and the issued priority share in the capital of the company. Preference shares can be issued against partial payment on the understanding that the part of the nominal amount to be paid mandatorily must be the same for each preference share and that when preference shares are subscribed to, at least one quarter (25%) of the nominal amount must have been paid. The Continuity Foundation is authorised to sell, pledge - providing that the voting right attached to the shares in question is not transferred to the pledgee - or otherwise encumber the shares it has acquired with the proviso that the Foundation requires the approval of the Supervisory Board to sell the shares. In addition to this, on 26 March 2013, the Priority Foundation and Ctac N.V. granted the Continuity Foundation an option right pursuant to which the Continuity Foundation can acquire preference shares in Ctac N.V. equal to one hundred per cent (100%) of Ctac N.V.'s issued share capital, provided that certain conditions are fulfilled. Prior to that date, there was an option right that equalled fifty per cent (50%) of Ctac N.V.'s issued share capital at the moment when the option was exercised. This measure was deemed necessary to offer the Continuity Foundation sufficient opportunities to counter any hostile takeover attempts. The board of the Continuity Foundation consists of two board members A and three board members B. The board members A are appointed, subject to the approval of the Supervisory Board, by the Board of Directors of the company from among the members of the Supervisory Board or the Board of Directors. The board members B are appointed by the board of the Continuity Foundation itself, subject to the approval of the Board of Directors of the company, for which the Board of Directors in turn requires the approval of the Supervisory Board. The Continuity Foundation is independent of Ctac. The articles of association of the Continuity Foundation contain safeguards for the independence of the B board members. Furthermore, the Continuity Foundation can only be represented by a board member A and a board member B, acting jointly. If no board member A is in office, the Continuity Foundation is represented by two board members B acting jointly.

The board members A of the Continuity Foundation in 2016 were:

1. Mr H.G.B. Olde Hartmann (board member since 18 May 2005),
2. Mr H.L.J. Hilgerdenaar (board member since 16 November 2011).

The board members B of the Continuity Foundation in 2016 were:

1. Mr J.A. Dekker (Chairman) (board member since 31 October 2005),

2. Mr S.W.A.M. Visée (board member since 26 April 2015).
3. Mr E. Jamin (board member since 5 March 1998).

Mr J.A. Dekker currently also holds two supervisory board memberships. Furthermore, Mr Dekker is also a board member of another Continuity Foundation, that of Royal Boskalis. He previously worked at Akzo, GTI and TNO, and was a member of the supervisory boards of BAM, ASML, HES and Gamma, and was also the president of the Dutch Royal Institute of Engineers. His most recent position was chairman of the Board of Directors of TNO.

Mr S.W.A.M. Visée is a lawyer in Amsterdam and has been a partner in Rutgers & Posch since this firm was established in 2013. Before that, he was a corporate partner at Houthoff Buruma for 15 years. From 1995 to 1998, Mr Visée was the head of the corporate legal department of N.V. Nederlandse Spoorwegen. He was also a deputy-judge at the Arnhem Court for more than 10 years. Mr Visée started his career as a lawyer at De Brauw Blackstone Westbroek. Besides his work as a lawyer, he holds some management and supervisory functions. Mr Visée is also a fellow at the Zuidas Institute for Financial and Company law of VU Amsterdam.

Mr E. Jamin is an independent adviser and works on an interim-basis for medium-sized and large companies and non-profit organisations. His specialisations lie in the field of treasury advice, providing support with change processes as a consequence of computerisation or reorganisation, and setting up and structuring financial functions. Mr Jamin was previously connected to, among others, Coopers & Lybrand, Fuji Photo Film and Van Den Boom Group.

Right of investigation

In accordance with Article 346, paragraph c of Book 2 of the Dutch Civil Code, Ctac has granted the right of investigation to the Continuity Foundation. The Continuity Foundation is also authorised to demand injunctive relief by virtue of Article 349a of Book 2 of the Dutch Civil Code if the interest of Ctac specifically requires this. The Continuity Foundation will only exercise the right of investigation and the right to demand injunctive relief within the objective of the Continuity Foundation if there are justifiable reasons to doubt the correctness of a policy. The Continuity Foundation only exercises the right of investigation and the right to demand injunctive relief after prior consultation with Ctac's Board of Directors and Ctac's Supervisory Board.

Issue of depository receipts for shares

No depository receipts for shares have currently been issued with the cooperation of the company.

Continuity Foundation Declaration of Independence

The Board of Directors of Ctac N.V. and the board of the Continuity Foundation declare that, in their joint opinion, the Ctac Continuity Foundation is a legal entity independent of Ctac N.V. within the meaning of Section 5:71, subsection 1, part c of the Financial Supervision Act.

's-Hertogenbosch, 22 March 2017

*Ctac N.V.
H.L.J. Hilgerdenaar
D.G.H. van der Werf*

*Ctac Continuity Foundation
J.A. Dekker
H.G.B. Olde Hartmann
S.W.A.M. Visée
E. Jamin
H.L.J. Hilgerdenaar*

Independent auditor's report

To: the shareholders and the Supervisory Board of Ctac N.V.

A. REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2016

Our opinion

We have audited the financial statements 2016 of Ctac N.V., based in 's Hertogenbosch. The financial statements include the consolidated financial statements and the company financial statements.

WE HAVE AUDITED	OUR OPINION
<p><i>The consolidated financial statements which comprise:</i></p> <ol style="list-style-type: none"> 1. the consolidated statement of financial position as at 31 December 2016; 2. the following consolidated statements for 2016: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information. 	<p>In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of Ctac N.V. as at 31 December 2016 and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.</p>
<p><i>The company financial statements which comprise:</i></p> <ol style="list-style-type: none"> 1. the company balance sheet as at 31 December 2016; 2. the company profit and loss account for 2016; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information. 	<p>In our opinion the enclosed company financial statements give a true and fair view of the financial position of Ctac N.V. as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code</p>

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 Ctac N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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 judgment we determined the materiality for the financial statements as a whole at EUR 640 thousand. The materiality is primarily based on 0.7% of revenue besides a number of other quantitative and qualitative factors. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 32 thousand, 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

Ctac N.V. is the parent of a group of entities. The financial information of this group is included in the consolidated financial statements of Ctac N.V.

Our group audit mainly focused on the significant group entities the Netherlands, Belgium and France.

We consider a component significant when:

- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent we:

- performed audit procedures ourselves in the Netherlands and Belgium;
- performed specific audit procedures for items for which we have identified a significant risk at the French entity.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters 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 goodwill

We identified the goodwill on the balance sheet of Ctac as a key audit matter, given the significance as well as the inherent judgment character of this item. The judgment character is expressed in assumptions used by the management board when it assesses future cash flows in order to determine the realizable value of the goodwill.

As at 31 December 2016, the item goodwill amounted to EUR 13,885 thousand (2015: EUR 13,885 thousand). Based on the forecasts, Ctac established there is no impairment of the goodwill.

Our audit approach

The realizable value is determined on the basis of the cash flow projections for the individual cash generating units. Cash flow projections are based on the budgets for each business unit (Ctac Consulting, Ctac Cloud Services as well as Other), while cash flow projections are discounted by using the WACC.

Our audit procedures include, amongst other, an assessment of the assumptions supporting these cash flow projections as well as testing the reasonableness and consistency with internal budgets that have been approved by the Supervisory Board.

Management's expectations regarding the development of margin and revenue have been challenged by performing an analysis of market developments and by using the expertise of valuation experts.

We have also performed analyses over the key assumptions to determine the sensitivity of assumptions that might lead to an impairment loss of goodwill.

We agree with management's expectations and we also paid attention to the explanatory notes from the management board about the assumptions and the outcome of the impairment test. The company's explanatory notes about goodwill have been included in point 7.2 of the financial statements.

Revenue recognition and project valuation

We refer to paragraphs 2.5, 2.10 and 2.12.2 (Major accounting principles) the financial statements, paragraph 4.5 (Financial risk management), paragraph 11 (Notes to Trade receivables and Other receivables), paragraph 15.2 (Notes to Other provisions) and paragraph 23 (Contingent liabilities).

We recognize a key audit matter with regard to revenue recognition and fixed price project valuation.

The reason for this is the duration of the projects, while the assessment of project progress and future costs to complete the project and the identification of any extras beyond the scope of the contract are based on the management board's estimates, with a certain degree of subjectivity.

In the financial statements positions of fixed price projects are recognized under Revenue to be invoiced (EUR 973 thousand), provision for projects (EUR 90 thousand) and advances invoiced (EUR 184 thousand).

In the financial statements, project revenue is included in revenue (total amount of EUR 86,230 thousand (2015: EUR 86,092 thousand)).

Our audit approach

We have assessed the internal controls regarding project valuation and related project revenue. Our work focuses on estimating project results on the basis of the underlying agreements and management assessments of progress and the costs needed to complete a project.

We had meetings with project managers as well as controllers and the board of directors of Ctac and verified the oral information on the basis of underlying project reports, (external) source documentation and other information available.

Based on the progress reports and internal result estimates, we have established that the provision for loss-making contracts and the amounts to be invoiced are correct.

The quality and accuracy of the assessments has been verified against the actual project results after the balance sheet date.

We have obtained information from legal counsel.

With regard to revenue recognition and Ctac France we have completed additional substantive audit procedures.

We agree with management's expectations.

B. REPORT ON THE OTHER INFORMATION INCLUDED IN THE STATUTORY ANNUAL REPORT

Other information

This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:

- the management board report
- the other information
- Foreword, Ctac in figures, Profile Ctac, Management Board, Supervisory Board, Compliance with the Netherlands Corporate Governance Code, Report by the Supervisory Board, Multi-year overview, Annex 1

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information including the preparation of the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the General Meeting of Shareholders as auditor of Ctac N.V. on 11 May 2016 for financial year 2016 and have operated as statutory auditor since financial year 2012.

D. DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the Supervisory Board for the financial statements

Management 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting 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. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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 have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Eindhoven, 22 March 2017

For and on behalf of BDO Audit & Assurance B.V.,

sgd. P.P.J.G. Saasen RA

Historical Summary

Results (x EUR 1,000)	2016	2015	2014
Net turnover	86.230	86.092	83.395
Operating result before impairment of goodwill and earn-out payment differences	3.261	3.376	2.644
Operating result	3.052	3.352	2.645
Net result	2.613	2.414	1.750
Depreciation and amortisation	1.162	1.352	1.284
Cash flow (net result + depreciation and amortisation)	3.775	3.766	3.034

Assets (x EUR 1,000)

Tangible fixed assets	2.181	2.633	3.069
Intangible fixed assets	14.722	14.791	14.493
Deferred tax credits	1.150	596	405
Current assets	21.784	22.347	18.110
Current liabilities	23.337	25.472	23.404
Shareholders' equity	15.445	13.586	11.227
Total assets	39.837	40.367	36.077

Personnel

Number of employees at year-end	459	479	470
Average number of employees (FTE)	435	449	441
Average number of chargeable employees (FTE)	363	383	398
Outflow per year (head count)	92	85	55
Turnover per employee (per FTE x EUR 1,000)	198	192	189
Turnover per chargeable employee (per FTE x EUR 1,000)	237	225	209
Net result per employee (per FTE x EUR 1,000)	6	5	4

Ratios

Operating result/net turnover	3,5%	3,9%	3,2%
Net result/net turnover	3,0%	2,8%	2,1%
Net result/average shareholders' equity	18,0%	19,5%	17,4%
Current assets/current liabilities	0,93	0,88	0,77
Shareholders' equity/total assets	39%	34%	31%

Per share of EUR 0.24 nominal value

Number of weighted average outstanding ordinary shares:	12.515.497	12.515.497	12.222.164
Proposed dividend	0,07	0,06	0
Net result (before share of minority shareholders)	0,21	0,19	0,14
Cash flow	0,30	0,30	0,25

Appendix 1

Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Decree (Decree article 10 Takeover Directive)

The authorised share capital of Ctac N.V. amounts to EUR 7,200,000 and is divided into 30,000,000 shares of EUR 0.24 as follows: 14,999,999 ordinary shares, 15,000,000 preference shares and 1 priority share, all of which are bearer shares. The issued share capital consists of 12,515,497 ordinary shares and 1 priority share.

Information about provisions in the articles of association regarding profit appropriation and about special controlling rights of Ctac N.V. is included under 'Other information' in this annual report on page 76.

Pursuant to the Financial Supervision Act and the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Decree, the following substantial participating interests with regard to Ctac N.V. have been reported to the Netherlands Authority for the Financial Markets:

Group companies/main participating interests	Place of Business	Participation in % at year-end 2016
Ctac N.V.		
Ctac Nederland B.V.	's-Hertogenbosch	100
Alpha Distri B.V.	's-Hertogenbosch	50.5
Ctac Quality B.V.	's-Hertogenbosch	100
Ctac B.V.	's-Hertogenbosch	100
Ctac Resourcing B.V.	's-Hertogenbosch	70.6
Persity Search B.V.	's-Hertogenbosch	100
Ctac Belgium BVBA	Wommelgem, Belgium	100
Ctac België N.V.	Wommelgem, Belgium	100
Ctac France SAS	Parijs, France	100

All of the above-mentioned companies have been included fully in the consolidation. All shares confer the same rights.

Index of terminology

AaaS (Archiving as a Service) - A full-service cloud solution for SAP archiving.

Augmented Reality - A live, direct or indirect, picture of reality to which elements can be added by a computer.

BI (Business Intelligence) - The process of transforming data into information, leading to knowledge.

Business Productivity - Consolidating, optimizing and enhancing the cooperation between employees, partners and customers.

cCloud2.0 - An innovative, high value service that delivers flexible and scalable server storage capacity.

Cloud - Cloud computing is using the Internet to make hardware, software and data available on demand, in the same way as using electricity from the mains grid.

Composed Solution - A composite solution for specific markets.

CRM (Customer Relationship Management) Integrated client management.

Customer Service - Customer service.

Discharge - Dismissal, release.

Design Thinking - Solving business issues using creative techniques. In doing so, we don't put the focus on the client, but on the client's client.

IaaS (Infrastructure as a Service) - The infrastructure is offered virtually. The hardware, including servers, network equipment and the workstations are owned by the service provider. The client only pays for what is actually used.

ICT Solution Provider - ICT & business consultancy service provider.

In-memory computing - A realtime in-memory data platform that gives businesses a competitive advantage through the rapid and cost effective analysis of their customer data.

Legacy system - A computer system that, although outdated, is still in use.

Microsoft Dynamics - CRM and ERP (Enterprise Resource Planning) software which allows business processes to be supported administratively.

Microsoft Office 365 - A collection of Internet services, meant for businesses, home use or education. These Internet services are offered partly as on-line services, partly as applications on a desktop PC, tablet or phone, or as a combination of both.

Midlance - Employment at Ctac based on a results-related salary.

OR - Ctac's Work's Council.

PaaS (Platform as a Service) - Delivering operating systems and associated services via the Internet without having to download or install them.

Portal - A central entrance to applications and information via the Internet.

SaaS (Software as a Service) - Sometimes known as Software on Demand, SaaS is software that is offered as an online service. The customer doesn't have to purchase the software, but has a contract, for example per month or per user, or only pays for what is actually used.

SAP Business All-in-One - complete and integrated sector solution for all aspects of operating a medium-sized business.

SAP Business ByDesign - Integrated business software (ERP) for small and medium-sized

businesses. The software is based in the cloud and runs in the SAP data center.

SAP ERP system (Enterprise Resource Planning) - Software which enables business processes to be supported administratively.

SAP Fiori - App-based user interface to open up SAP to your entire organization in a user-friendly way.

SAP HANA - SAP realtime in-memory data platform that gives businesses a competitive advantage through the rapid and cost effective analysis of their customer data.

SAP NetWeaver - The application and integration platform for process-orientated business management, as well as the technical foundation for all the SAP applications in the SAP Business suite.

SharePoint - A Microsoft platform that serves as a framework for setting up a website for information sharing and online collaboration within a group or organization, such as often happens on an intranet.

SOA (Service-Oriented Architecture) - The blueprint for services-based business software. It offers solutions that provide increased adaptability, flexibility and openness.

Total Solution Provider: - Delivering end-to-end ICT services.

VAR (Value-Added Reseller) - A reseller that can add extra value to a solution through their knowledge and expertise.

VNSG - Association of Dutch SAP users (Vereniging van Nederlandse SAP Gebruikers).

Colophon

Publication

Ctac
Meerendonkweg 11
5216 TZ 's-Hertogenbosch

T. +31 (0)73 692 06 92
F. +31 (0)73 692 06 88
E. info@ctac.nl
I. www.ctac.nl

Realisation

De Merkenbouwers, 's-Hertogenbosch

Ctac editorial

Marie-Louise van de Braak



CTAC N.V.

Meerendonkweg 11
5216 TZ 's-Hertogenbosch
Postbus 773
5201 AT 's-Hertogenbosch
The Netherlands

T: +31 (0) 73 692 06 92
F: +31 (0) 73 692 06 88
E: info@ctac.nl
I: www.ctac.nl

CTAC BELGIUM

Uilenbaan 82
2160 Wommelgem
Belgium

T: +32 (0) 3 354 09 79
F: +32 (0) 3 354 07 89
E: info@ctac.be
I: www.ctac.be

CTAC FRANCE

19 rue de Choiseul
75002 Paris
France

T: +33 (0) 1 43 12 53 15
E: administratif@ctacfrance.fr
I: www.ctacfrance.fr

 www.twitter.com/CtacNV

 www.facebook.com/CtacNL

 www.google.com/+CtacsHertogenbosch

 www.linkedin.com/company/Ctac

 www.youtube.com/CtacVideo