J&T Global Finance IV., B.V.

Financial Statements

For the period ended 31 December 2016

J&T Global Finance IV., B.V.

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Directors' Report

The directors present their financial statements for J&T Global Finance IV., B.V. (the "Company") for the period ended 31 December 2016 which have been prepared in accordance with Dutch law.

General information

The Company is a limited liability company incorporated under the laws of The Netherlands and acting as a finance company for J&T FINANCE GROUP (the "Group"), which is domiciled in the Czech Republic. The Company was registered on 4 April 2014 at the Chamber of Commerce in Amsterdam, the Netherlands, Commercial Register No. 60411740.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research or development activities.

The Company's parent company is J&T INTEGRIS GROUP LIMITED, which is incorporated in Nicosia, Cyprus. The Company's ultimate parent company is J&T FINANCE GROUP SE, registered in Prague, Czech Republic.

The Group is a diversified financial group with operations in banking and asset management. Banking activities include private banking as well as services in corporate and investment banking. In asset management the Group manages assets for its clients in its own funds and provides an investment advice.

Business review

On 15 September 2014, the Company launched an offering of CZK 3,501,000 thousand 5.2 % fixed rate bonds, maturing on 15 September 2017.

The bonds in the total amount of CZK 3,501,000 thousand were successfully placed with investors. Considering strong market demand for the bonds, the Company used, in accordance with the bond prospectus, the option to issue additional bonds in the total amount of up to CZK 1,749,000 thousand. In total, the Company has issued bonds in the amount of CZK 5,250,000 thousand.

The bonds were placed with institutional investors and private clients. The success of the bond issue with investors confirms the confidence of the market in the Group's business model despite current volatility in the financial markets.

The bonds and interest outstanding are guaranteed by the ultimate parent company, J&T FINANCE GROUP SE and are listed on the Prague Stock Exchange (ISIN: CZ0000000492).

Proceeds from the bond issue were lent to J&T FINANCE GROUP SE (see more detail below).

Financial risk management

Credit risk
Credit risk is the risk of a financial loss in the Company if counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from J&T FINANCE GROUP SE, one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to J&T FINANCE GROUP SE. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. J&T FINANCE GROUP SE have also provided a guarantee for these amounts. J&T FINANCE GROUP SE is the parent company of the whole Group and owns significant assets in the form of investments in Group companies including mainly banks.

With the loan exposure limited to the related parties, the Company prudently manages its risk appetite.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

The liquidity risk is considered low since the bonds are effectively covered by loans receivable of the same amount maturing 15 September 2017, and are guaranteed by the ultimate parent company J&T FINANCE GROUP SE. For more information related to the loans receivable and bonds refer to the notes 3 and 5.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The market risk is considered low as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. Management analyses the environment and regulations and in the case of changes will act accordingly.

Capital management
The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Future outlook

The bonds will mature on 15 September 2017. The Directors are of the opinion that the Company will continue to be used as a finance company for Group and that these activities will be maintained during this and the next financial year.

As of preparation of this Directors' Report, the Company does not consider issue of other bonds.

Directors and directors' interests

The directors who held office during the period were as follows:
Ing. Roman Florián, CFA
Theodorus Johannes Bleijendaal

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these accounts had no disclosable interest in the shares or bonds of the Company.

By order of the board

Amsterdam, 18 April 2017

Theodorus Johannes Bleijendaal

Ing. Roman Florián, CFA

Statement of comprehensive income

in thousands of CZK	*Note*	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Interest income	*8*	326,247	303,573
Interest expense	*5*	(293,227)	(271,096)
Net interest income		**33,020**	**32,477**
Other financial expenses	*9*	(30,876)	(27,277)
General and administration expenses		(1,562)	(1,437)
Profit before tax		**582**	**3,763**
Income tax expense	*10*	(215)	(229)
Profit for the period		**367**	**3,534**
Other comprehensive income		-	-
Total comprehensive income for the period		**367**	**3,534**

The accompanying notes on pages 7 to 23 form an integral part of these interim financial statements.

Statement of financial position

in thousands of CZK	*Note*	31 December 2016	31 December 2015
Assets			
Loans receivable from Group companies	3	-	5,197,772
Total non-current assets		-	**5,197,772**
Loans receivable from Group companies	3	5,258,444	57,767
Accrued interest receivable from Group companies	3	114,663	98,732
Prepaid expenses and other receivable		6,736	7,127
Cash at bank	4	84	70
Total current assets		**5,379,927**	**163,696**
Total assets		**5,373,927**	**5,361,468**
Equity and liabilities			
Share capital	7	1	1
Share premium		58,267	58,267
Other reserves		(85)	(3,619)
Comprehensive income for the period		367	3,534
Total Equity		**58,550**	**58,183**
Issued bonds	5	-	5,215,316
Total non-current liabilities		-	**5,215,316**
Issued bonds	5	5,235,543	-
Interest payable on issued bonds	5	79,625	79,625
Income tax payable		69	211
Other liabilities	6	168	2,141
Accrued expenses		5,972	5,992
Total current liabilities		**5,321,377**	**87,969**
Total liabilities		**5,321,377**	**5,303,285**
Total equity and liabilities		**5,379,927**	**5,361,468**

The accompanying notes on pages 7 to 23 form an integral part of these interim financial statements.

Statement of changes in equity

in thousands of CZK	Share capital	Share premium	Other reserves	Comprehensive income for the period	Total
Balance as at 1 January 2015	1	58,267	-	(3,169)	54,649
Other reserves	-	-	(3,619)	-	(3,619)
Comprehensive income for the year 2014	-	-	-	3,619	3,619
Comprehensive income for the period	-	-	-	3,534	3,534
Balance as at 31 December 2015	1	58,267	(3,619)	3,534	58,183
Other reserves	-	-	3,534	-	3,534
Comprehensive income for the year 2015	-	-	-	(3,534)	(3,534)
Comprehensive income for the period	-	-	-	367	367
Balance as at 31 December 2016	1	58,267	(85)	367	58,550

The accompanying notes on pages 7 to 23 form an integral part of these interim financial statements.

Statement of cash flows

in thousands of CZK	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Cash flows from operating activities		
Profit before tax	**582**	**3,763**
Adjustments for non-cash items:		
Unrealised foreign exchange profit	1	(10)
Adjustment to loans receivable under effective interest method	(2,905)	2,459
Adjustment to bonds payable under effective interest method	20,227	14,718
Operating profit before changes in operating activities	**17,905**	**20,930**
Change in operating assets		
Proceeds from repayment of loan receivable from Group companies	-	(689,650)
Increase in interest receivable from Group companies	(15,931)	(91,734)
Icrease/Decrease in prepaid expenses and other receivables	391	(290)
Cash used for increase in operating assets	**(15,540)**	**(781,674)**
Change in operating liabilities		
Proceeds from bonds issued	-	-
Payment for purchase of own bonds	-	(1,533,000)
Repayment for sale of own bonds	-	2,340,000
Increase in interest payable from bonds issued	-	12,240
Decrease/Increase in accrued expenses	(20)	269
Decrease in other liabilities	(1,973)	(58,842)
Cash generated from operating liabilities	**(1,993)**	**760,685**
Tax paid	(358)	(66)
Net cash flows provided from operating activities	**14**	**(125)**
Net increase in cash and cash equivalents	**14**	**(125)**
Cash and cash equivalents at the beginning of the period	**70**	**195**
Cash and cash equivalents at the end of the period	**84**	**70**

The accompanying notes on pages 7 to 23 form an integral part of these interim financial statements.

1 Corporate information

J&T Global Finance IV., B.V. ('the Company') is a private company with limited liability incorporated in the Netherlands on 4 April 2014. The Company's registration number is 60411740 and its registered office is at Schiphol Boulevard 403/Tower C-4, 1118 BK Schiphol, the Netherlands.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research or development activities.

The Company's parent company is J&T INTEGRIS GROUP LIMITED which is incorporated in Nicosia, Cyprus. The Company's ultimate parent company is J&T FINANCE GROUP SE registered in Prague, Czech Republic.

The Company's financial statements are included in the consolidated financial statements of the ultimate parent company.

2 Significant accounting policies

Statement of compliance

The financial statements for the period ended 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board (IASB) and as adopted by the European Union (EFRAG – European Financial Reporting Advisory Group).

The financial statements were approved by the Board of Directors on 18 April 2017.

Basis of preparation

The financial statements have been prepared under the historical cost convention, unless otherwise indicated.

Financial statements are presented in CZK, rounded to the nearest thousand. The functional currency of the Company is Czech crown (CZK), since most of the Company's assets and liabilities are denominated in this currency.

2 Significant accounting policies (continued)

The following standards, amendments to standards and interpretations are effective for the first time for the period ended 31 December 2016, and have been applied in preparing J&T Global Finance IV., B.V.'s financial statements:

Amendments to IAS 19: Defined Benefit plans – Employee Contributions [1] (effective for annual periods beginning on or after 1 July 2014) applies to the contribution from employees to defined benefit plans and simplifies accounting for contributions that are independent of the number of years of employee service. Since the Company has no defined benefit plans, there is no impact of this amendment on the consolidated financial statements.

- *Annual Improvements to IFRSs 2010-2012* [1] (effective for annual period beginning on or after 1 July 2014) introduce minor amendments to total of eight standards. None of these amendments has a material impact on the Company's consolidated financial statements.
- *Amendments to IAS 16 and IAS 41: Bearer Plants* (effective for annual periods beginning on or after 1 January 2016; to be applied retrospectively) require bearer plants to be accounted for in accordance with IAS 16 Property, plant and equipment rather than being measured at fair value less cost to sell in accordance with IAS 41. Since the Company has no biological assets, there is no impact of these amendments on the consolidated financial statements.
- *Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations* (effective for annual periods beginning on or after 1 January 2016; to be applied prospectively) require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured. There is no significant impact of this amendment on the consolidated financial statements.
- *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation* (effective for annual periods beginning on or after 1 January 2016; to be applied prospectively) explicitely state that the use of revenue-based methods of depreciation is inappropriate for property, plant and equipment. Its application for intangible assets is allowed in very limited circumstances. There is no significant impact of these amendments on the consolidated financial statements.
- *Annual Improvements to IFRSs 2012-2014* (effective for annual period beginning on or after 1 January 2016) introduce five minor amendments to total of four standards. None of these amendments has a material impact on the Company's consolidated financial statements.
- *Amendments to IAS 1: Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2016). The Amendments to IAS 1 include the following narrow-focus improvements to the disclosure requirements contained in the standard.
  The guidance on materiality in IAS 1 has been amended to clarify that:
  - immaterial information can detract from useful information;
  - materiality applies to the whole of the financial statements;
  - materiality applies to each disclosure requirement in an IFRS.

  The guidance on the order of the notes (including the accounting policies) have been amended to:
  - remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statement;.
  - clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

  These amendments did not have a material impact on the presentation of the Company's consolidated financial statements.

2 Significant accounting policies (continued)

- *Amendments to IAS 27: Equity Method in Separate Financial Statements* (effective for annual periods beginning on or after 1 January 2016; to be applied retrospectively) allows application of equity method of accounting for investment in subsidiaries, joint ventures and associates in separate financial statements. Since the Company prepares consolidated financial statements, there is no impact of this amendment on the consolidated financial statements..

- *Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception* (effective for annual periods beginning on or after 1 January 2016) clarify application of the consolidation exception to entities in Company structures including investment entities with regard to three issues:
  - clarify which subsidiaries of an investment entity are consolidated;
  - application of exemption from preparing consolidated financial statements for an intermediate parent of an investment entity;
  - application of equity method by a non-investment entity investor to an investment entity. None of these amendments has a material impact on the Company's consolidated financial statements.

[1]The European Commission has approved *Amendments to IAS 19: Defined Benefit Plans – Employee Contributions* and *Annual Improvements to IFRSs – Cycle 2010-2012* for reporting periods beginning on or after 1 February 2015.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been applied in preparing these financial statements

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2016, and have not been applied in preparing these financial statements:

- *IFRS 9 – Financial Instruments* (effective for annual reports beginning on or after 1 January 2018; to be applied retrospectively) originally issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes new requirements for the classification and measurement of financial liabilities and for derecognition and amendments from November 2013 include new hedge accounting model. Final version of the standard was issued in July 2014. The standard has not yet been endorsed by the European Union.

  Key requirements are described below:
  - IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of the subsequent accounting periods.
  - Gains and losses on remeasurement of financial assets measured at fair value are recognized in profit or loss or other comprehensive income. Financial assets held in a business model whose objective is both to collect contractual cash flows and for sale are measured through other comprehensive income. For an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The election is available on an individual share-by-share basis. No amount recognized in other comprehensive income is ever reclassified to profit or loss at a later date. Financial assets not mentioned above are measured at fair value through profit or loss.

2 Significant accounting policies (continued)

- For financial liabilities that are designated at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.
- Impairment requirements are based on an expected credit loss ("ECL") model that replaces incurred loss model from IAS 39. The model requires accounting for ECL from when financial instruments are first recognized. Either 12-months or lifetime ECL are recognized depending on whether there has been a significant increase in credit risk since initial recognition.
- The new hedge accounting model aligns the accounting requirements more closely with risk management practices and enhances disclosures about hedge accounting and risk management practices.

The management of the Company anticipates that IFRS 9 will be adopted in the Company`s consolidated financial statements for the annual period beginning 1 January 2018. The Company currently analyses the impact of this standard on its financial statements.

- *IFRS 15 – Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively). New standard substitutes all revenue standards including *IAS 18 Revenue* and *IAS 11 Construction Contracts*. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customer at an amount that the entity expects to be entitled to in exchange for those goods and services. Entities will follow a five-step approach to apply the standard:
  - identify the contract(s) with the customer;
  - identify the separate performance obligations in the contract;
  - determine the transaction price;
  - allocate the transaction price to separate performance obligations;
  - recognize revenue when (or as) each performance obligation is satisfied.

Revenue from a transaction or event that does not arise from a contract with a customer is not within the scope of the revenue standard and should continue to be accounted for in accordance with other standards.

The Company currently has begun analyzing the effect of this standard on its financial statements.

- *IFRS 16 – Leases* (effective for annual periods beginning on or after 1 January 2019; to be applied retrospectively).
- *Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses* (effective for annual period beginning on or after 1 January 2017)
- *Amendments to IAS 7: Disclosure Initiative* (effective for annual periods beginning on or after 1 January 2017)
- *Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* (effective for annual periods beginning on or after 1 January 2018)
- *Annual Improvements to IFRSs 2014-2016 (Amendments to IFRS 12 Disclosure of Interests in Other entities* effective for annual periods beginning on or after 1 January 2017, *Amendments to IFRS 1First-time Adoption of IFRSs* and *IAS 28 Investments in Associates and Joint Ventures* effective for annual periods beginning on or after 1 January 2018) introduce clarifications or minor amendments to these three standards. The Company expects that the amendments will not have a material impact on the Company's consolidated financial statements.

2 Significant accounting policies (continued)

- *Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions* (effective for annual periods beginning on or after 1 January 2018) clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Company expects that the amendments will not have a material impact on the Company's consolidated financial statements.
- *Amendments to IAS 40: Transfers to Investment Property* (effective for annual periods beginning on or after 1 January 2018) introduce minor amendments to the standard. The Company expects that the amendments will not have a material impact on the Company's consolidated financial statements.
- *IFRIC 22 Foreign Currency Transactions and Advance Consideration* (effective for annual periods beginning on or after 1 January 2018) addresses foreign currency transactions or parts of transactions where:
    - there is consideration that is denominated or priced in a foreign currency;
    - the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
    - the prepayment asset or deferred income liability is non-monetary.

The Company expects that the amendments will not have a material impact on the Company's consolidated financial statements.

Other new International Financial Reporting Standards and Interpretations not yet due

The Company has not early adopted any IFRS standards where adoption is not mandatory at the statement of financial position date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Company elects to apply the standards prospectively from the date of transition. Management of the Company does not expect that these other new standards will have a significant effect on the consolidated financial statements of the Company.

2 Significant accounting policies (continued)

Uses of estimates

Financial statements prepared in compliance with International Financial Reporting Standards require various judgments, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

General

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

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. The revenue and expenses are allocated to the period to which they relate. Revenues are recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

Foreign currencies

Transactions denominated in currencies other than CZK are recorded at rates of exchange approximating to those ruling at the dates of the transactions. Assets and liabilities denominated in such currencies are translated into CZK using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial instruments

Financial instruments include loans receivable from Group companies, as well as bonds payable to third parties. Financial instruments are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method, less impairment losses.
Level disclosure in the fair value hierarchy on financial instruments is not presented in the financial statements as no financial instruments recognised at fair value.

Impairment

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

2 Significant accounting policies (continued)

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

Recognition of income and expenses

Interest income and expense are determined on the basis of interest earned and charged over the relating periods, according to the accrual method of accounting. Other revenues and expenses are recorded in the period to which they relate.

Income tax

Income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial risk management

Credit risk
Credit risk is the risk of a financial loss in the Company if counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from J&T FINANCE GROUP SE, one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to J&T FINANCE GROUP SE. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. J&T FINANCE GROUP SE have also provided a guarantee for these amounts. J&T FINANCE GROUP SE is the parent company of the whole Group and owns significant assets in the form of investments in Group companies including mainly banks.
Within the credit risk management procedures, the issuer observes and monitors the counterparty risk on regular basis by performing risk review including review of debtor financial performance, its current financial statements as well as its overall solvency position with the emphasis on its ability to meet debt obligation.

2 Significant accounting policies (continued)

The Company is exposed to credit risk on the loans and interest receivable from Group companies as well as cash and cash equivalents.
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2016	31 December 2015
Loans receivable from Group companies	5,258,444	5,255,539
Accrued interest receivable from group companies	114,663	98,732
Cash and cash equivalents	84	70

In these financial statements no overdue amounts are reflected and no impairment has to be made.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

The liquidity risk is considered low since the bonds are effectively covered by loans receivable of the same amount maturing 15 September 2017, and are guaranteed by the ultimate parent company J&T FINANCE GROUP SE. For more information related to the loans receivable and bonds refer to the notes 3 and 5.

Issuer assesses the movements in the working capital during its normal course of business and is aware of the risk from short term mismatch between its account payables and account receivables. Issuer mitigates this risk by engaging on transaction only with credible and solvent counterparties.

Management is of the opinion that there is no liquidity risk (or is very limited). Other liabilities consist mainly of paybles to Group companies (J&T Bank), therefore, the payment terms can be renegotiated. If the need arises the financial liabilities will be met by partial repayment of Loans receivable from Group companies.

The terms and conditions of the loans outstanding were the same as the terms and conditions of the borrowings; therefore the Company faces limited liquidity risk.

The following are the contractual (undiscounted) maturities of financial assets and liabilities, including estimated interest payments:

31 December 2016

	Carrying amount	Contractual cash flows	< 1 year	1 – 5 years
Issued bonds	5,315,168	5,507,607	5,507,607	-
Loans receivable	5,373,107	5,601,620	5,601,620	-

31 December 2015

	Carrying amount	Contractual cash flows	< 1 year	1 – 5 years
Issued bonds	5,294,941	5,757,832	271,537	5,486,295
Loans receivable	5,354,271	5,911,099	385,753	5,525,346

2 Significant accounting policies (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The market risk is considered low as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. Management analyses the environment and regulations and in the case of changes will act accordingly.

Business environment

Economic and financial markets in the Netherlands belong to the most advanced among the developed countries. The legal, tax and regulatory frameworks are generally stable and reputable for its business environment.

The financial statements reflect management's assessment of the impact of the Netherlands business environment on the operations and the financial position of the Company. The future business environment may, of course, differ from management's assessment. If the business environment substantially differs in any important aspect including e.g. legal, economic, tax, regulatory framework, the Company's would face additional risks and uncertainties that could cause deterioration of Company's economic situation.

Capital management

The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Statement of cash flows

Due to the nature of the Company's operations being financing activities, movements in borrowings and Group receivables are generally considered to be operating activities and classified as such in the Statement of cash flows. The cash flows from operating activities are prepared using the indirect method.

Cash and cash equivalents included in the cash flow statement comprise cash in hand, cheques, and cash at bank, to the extent that they are available within three months from the end of the reporting period and are subject to an insignificant risk of changes in value.

3 Loans receivable from Group companies

Entity name	Maturing date	Contractual interest rate	Effective interest rate	Amount in thousands of CZK
As at 31 December 2015				
J&T FINANCE GROUP SE	15 September 2017	6.21 %	6.2957 %	5,296,007
J&T FINANCE GROUP SE	21 October 2016	3M Euribor + 0.7 %	0.657 %	58,264
Total				**5,354,271**
As at 31 December 2016				
J&T FINANCE GROUP SE	15 September 2017	6.21 %	6.3118 %	5,314,577
J&T FINANCE GROUP SE	20 October 2017	3M Euribor + 0.7 %	0.399 %	58,530
Total				**5,373,107**

Movements in the loan were as follows:

	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Carrying amount at the beginning of the period	5,255,539	4,568,348
Loan provided	-	2,329,635
Loan repayments	-	(1,639,985)
Adjustment under effective interest method	2,905	(2,459)
Total loan receivable	**5,258,444**	**5,255,539**
Carrying amount at the beginning of the period	98,732	6,998
Effective interest income	323,342	306,033
Interest received	(307,411)	(214,299)
Total accrued interest receivable	**114,663**	**98,732**
Total carrying amount at the end of the period	**5,373,107**	**5,354,271**

Loans receivable from Group companies comprise as at 31 December 2016 two loans provided to J&T FINANCE GROUP SE in the total amount of CZK 5,373,107 thousand (31 December 2015: CZK 5,354,271 thousand). The first one in the total amount of CZK 5,314,577 thousand with fixed interest rate of 6.21 % and maturity on 15 September 2017 (31 December 2015: CZK 5,296,007 thousand). The interests receivable are payable on 15 March 2017 and 15 September 2017.

The second one in the total amount of CZK 58,530 thousand with variable interest rate of 3M EURIBOR + 0.7 %, with interest period of 3 months and maturing on 20 October 2017 (31 December 2015: CZK 58,264 thousand). The average interest rate for the period ended 31 December 2016 was 0.399 % (31 December 2015: 0.657 %). The interests receivable are payable on 20 October 2017.

The effective interest rate of the first loan for the year ended 31 December 2016 is 6.3118 % (31 December 2015: 6.2957 % and the value of the loan is in the total amount of CZK 5,314,577 thousand (31 December 2015: CZK 5,296,007 thousand).

The fair value of the loan as at 31 December 2016 was in the total amount of CZK 5,358,858 thousand (31 December 2015: CZK 5,342,176 thousand).
The effective interest rate of the second loan is the same as contractual interest rate. The fair value of the loan was in the total amount of CZK 58,990 thousand (31 December 2015: CZK 58,698 thousand).

The fair value measurement is categorised within Level 2 of fair value hierarchy

The loans are unsecured.

4 Cash at bank

Cash at bank comprise bank balances which are freely available on demand to the Company.

5 Issued bonds

On 15 September 2014, the Company launched the offering of bonds with a total amount of up to CZK 3,501,000 thousand, maturing on 15 September 2017 with a 5.2 % coupon and a nominal value of CZK 3,000 thousand per piece. On 27 November 2014 the Company launched additional bonds in the total amount of CZK 1,749,000 thousand. In the total, the Company has issued bonds in the amount of CZK 5,250,000 thousand. On 29 December 2014 the Company repurchased the own bonds in the total amount of CZK 807,000 thousand.
By the begin of the year 2015 the Company repurchased the own bonds in the total amount of CZK 1,533,000 thousand. During the period ended 31 December 2016 the company replaced the own bonds in the total amount of CZK 2,340,000 thousand on the market.
As at 31 December 2016 the bonds in the total amount of CZK 5,250,000 thousand were placed on the market. (31 December 2014: CZK 4,443,000 thousand)

Bonds are listed and traded on the free market of the Prague Stock Exchange. The interest is paid regularly twice a year on 15 March and 15 September of given year.

in thousands of CZK

			Bonds at amortised cost as	
Date of issue	**Amount issued**	**Effective interest rate**	**31 December 2016**	**31 December 2015**
15 September 2014	3,501,000	5,8692 %	3,533,084	3,513,686
27 November 2014	1,749,000	5,3047 %	1,775,095	1,774,266
29 December 2014	(807,000)	5,8692 %	(819,123)	(819,123)
9 January 2015	(840,000)	5,8692 %	(854,196)	(854,196)
22 January 2015	(693,000)	5,8692 %	(705,712)	(705,712)
5 February 2015	90,000	5,8692 %	91,820	91,820
10 February 2015	150,000	5,8692 %	153,142	153,142
11 February 2015	1,725,000	5,8692 %	1,761,379	1,761,379
26 May 2015	150,000	5,8692 %	151,538	151,538
17 June 2015	150,000	5,8692 %	151,993	151,993
1 July 2015	75,000	5,8692 %	76,148	76,148
Total	**5,250,000**		**5,315,168**	**5,294,941**

	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Carrying amount at the beginning of the period	5,215,316	4,393,598
Proceeds from bond issue	-	-
Purchase of own bonds	-	(1,533,000)
Sale of own bonds	-	2,340,000
Adjustments under effective interest method	20,227	14,718
Total issued bonds	**5,235,543**	**5,215,316**

Carrying amount at the beginning of the period	79,625	67,385
Increase in interest payable under effect. interest method	273,000	256,379
Interest paid by bondholders from additional bond issue	-	46,020
Interest paid to bondholders during the period	(273,000)	(290,159)
Total interest payable on issued bonds	**79,625**	**79,625**

Total carrying amount at the end of the period	**5,315,168**	**5,294,941**

The effective interest is included in "Interest expense" in the profit and loss account.
Interest expense recognised by the Company relates to issued bonds in CZK, which bear interest at 5.2 % per annum. The average interest expense relating to the bonds for the period ended 31 December 2016, based on the effective interest rate was 5.8179 % (31 December 2015: 5.8179 %)
The fair value of the bonds is estimated from the prices at Prague Stock Exchange as of 31 December 2016. The bid price amounted to 101 and asking price 102 (par value) (31 December 2015: bid price 99.15, asking price 101.15). The bid price was in the total amount of CZK 5,302,500 thousand and asking price CZK 5,355,000 thousand (31 December 2015: bid price CZK 5,205,375 thousand, asking price CZK 5,310,375 thousand). The estimated fair value is within level 1of the fair value hierarchy.

The bonds are effectively covered by loans receivable of the same amount and maturity, and are guaranteed by J&T FINANCE GROUP SE.

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Initialled for identification purposes only

6 Other liabilities

in thousands of CZK	31 December 2016	31 December 2015
Trade and other payables	129	444
VAT payable	39	1,697
Other liabilities	**168**	**2,141**

Trade and other payables as at 31 December 2016 include the liabilities from the invoice from J&T Services SR for accounting services in the total amount of CZK 54 thousand and the liabilities from the invoice from J&T Services ČR for administrative services in the total amount of CZK 75 thousand (31 December 2015: invoice from J&T Services SR for accounting services in the total amount of CZK 54 thousand and include other payables 5 pcs. of unpaid coupon of bond issued in the total amount of CZK 390 thousand).

7 Capital and reserves

As at the balance sheet date the Company has an authorised share capital of 10 shares of EUR 1 each. The issued shares comprise 10 shares, which has been fully paid. The issued share capital in the functional currency of the company is in the total amount of CZK 274. The rate used to convert the share capital to CZK is 27.43 CZK/EUR published by Czech National Bank on 4 April 2014.
The issued share capital has not changed during 2016.

According to the Shareholder's resolution dated 8 August 2014 shareholder of the Company adopted the resolution about contribution of CZK 500 thousand into share premium reserve.
On 22 October 2014 the shareholder of the Company adopted the second resolution about contribution of CZK 57,767 thousand into share premium reserve.
As at 31 December 2016 the share premium reserve was in the total amount of CZK 58,267 thousand.

8 Interest income

in thousands of CZK	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Interest income from loan receivable I.	325,982	303,163
Interest income from loan receivable II.	265	410
Interest income	**326,247**	**303,573**

Interest income from loans receivable recognised by the Company relates to two loans receivable from J&T FINANCE GROUP SE, which bear interest rate at 6.21 % and 0.399 % per annum.
The average interest income relating to the loan for the period ended 31 December 2016, based on the effective interest rate was 6.1462 %.

9 Other financial expenses

in thousands of CZK	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Guarantee fee	21,333	19,991
Fees for administration of the bonds	9,531	7,277
Other services	12	9
Other financial expenses	**30,876**	**27,277**

10 Income tax

The applicable tax rate for 2016 is 20 % up to Euro 200 thousand of taxable income and 25 % above Euro 200 thousand of taxable income. Under Dutch taxation certain income and expenditure are not taxable or tax deductible ("restricted expenses"). The income tax expense for the Company for the period ended 31 December 2016 is in the amount of CZK 215 thousand (31 December 2015: CZK 229).
Income taxes of the Company are based on a Transfer Pricing Report dated in February 2012 prepared for J&T Global Finance I., B.V. Under this Report, J&T Global Finance I., B.V. performs from a group perspective mere loan management activities. Thus considering its risks and functions, the Company has to report an arm´s length remuneration of 7.4 % applied on the operating expenses excluding one-off expenses (bond issue costs, subscription fee and prospect and preparation of emission), as well as the guarantee fee. As the activities of the companies are the same, J&T Global Finance IV., B.V. has applied the same assumptions as described in the Transfer Pricing Report for calculation of its income taxes.

in thousands of CZK	**1 January 2016 - 31 December 2016**	**1 January 2015 - 31 December 2015**
Result before taxation	582	3,763
Adjustments to align with transfer pricing report	10,509	4,953
Cost base	**11,091**	**8,716**
Taxable income 7.4 % from the cost base	821	645
Interest received from second loan	265	410
Taxable income	**1,086**	**1,055**
Income tax expense (20 % from the taxable income)	**217**	**211**
Withholding tax on interest income from cash at bank	-	**18**
Adjustment to income tax of previous periods	**(2)**	-
Total income tax expense	**215**	**229**

11 Directors

The Company has two directors as at 31 December 2016. The directors received no remuneration for their activities in the Company during the period.

Directors and directors' interests
The directors who held office during the period were as follows:
Ing. Roman Florián, CFA
Theodorus Johannes Bleijendaal

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these accounts had no disclosable interest in the shares or bonds of the Company.

12 Staff numbers and employment costs

The Company had no employees and therefore incurred no wages, salaries and related social security charges in 2016 (2015: no employees).

13 Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Board of Directors has been identified as the chief operating decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment providing loans to related parties from funding from issued bonds. The determination is based on the reports reviewed by the Board of Directors in assessing performance, allocating resources and making strategic decisions. All of the Company's operations are provided in the Czech Republic, therefore no geographic information is provided. Interest income from Group company exceeded 99 percent of the Company's operating revenue in the period to 31 December 2016. The total revenue from Group company for the period ending 31 December 2016 was CZK 326,247 thousand (31 December 2015: CZK 303,573 thousand).

14 Related parties

The Company has a related party relationship with its parent company and the companies owned by the parent companies (Group companies), either at 31 December 2016.

There were no transactions with related parties that were not on a commercial basis.

List of related parties

Company	Nature of the transactions
J&T BANKA, a. s.	Bank account, bond holder, providing of services connecting to bond placement and their administration
J&T FINANCE GROUP SE	Guarantee providing, loan receivable
J&T SERVICES SR, s. r. o.	Providing of the accounting services
J&T Minorities Portfolio Limited	Bond holder
Bayshore Merchant Services Inc.	Bond holder
J&T SERVICES ČR, a. s.	Providing of the administration services

The summary of transactions with related parties during 2016 is as follows (refer also to note 4 for more detail):

in thousands of CZK	31 December 2016	31 December 2015
Receivables	5,378,758	5,360,255
Loan receivables	*5,258,444*	*5,255,539*
Accrued interest	*114,663*	*98,732*
Bank account	*84*	*21*
Prepaid expenses and other receivable	*5,567*	*5,963*
Liabilities	23,810	32,960
Bonds issued	*18,000*	*27,000*
Interest payable on issued bonds	*273*	*410*
Other liabilities and accrued expenses	*5,537*	*5,550*

in thousands of CZK	1 January 2016 - 31 December 2016	1 January 2015 - 31 December 2015
Interest income	323,342	306,033
Interest, financial and other expenses	30,777	69,878
Transaction cost on issued bonds	0	0

in thousands of CZK		31 December 2016	31 December 2015
Guarantees received (off-balance sheet item)		5,329,625	5,330,015
Unutilized credit facility	*16*	65,473	65,473

15 Auditor's fees

The Company prepared its financial statements as at 31 December 2016 as audited financial statements. Expenses related to audit incurred for the period ended 31 December 2016 are estimated in the total amount of CZK 482 thousand (31 December 2015: CZK 392 thousand).

16 Contingencies and commitments

According to the Credit contract with J&T FINANCE GROUP SE, the credit limit that could be possibly used under the contract is in the amount of CZK 5,268,000 thousand. The undrawn amount as at 31 December 2016 is CZK 65,473 thousand (31 December 2015: CZK 65,473 thousand).

17 Subsequent events

There were no events subsequent to the balance sheet date which would have an impact on the Company's 2016 financial statements.

18 Profit appropriation

It is proposed to take the profit for the period to retained earnings.

Amsterdam, 18 April 2017

Theodorus Johannes Bleijendaal

Ing. Roman Florián, CFA

Other information

Statutory rules as to appropriation of result

In accordance with Article 11 of the Articles of Association, profit shall be at the disposal of the General Meeting of Shareholders. Distributions may be made only in so far as the Company's net equity exceeds the paid up capital and legal reserves.

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INDEPENDENT AUDITOR'S REPORT

To: general meeting of shareholders of J&T Global Finance IV. B.V.,

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

OUR OPINION

We have audited the financial statements 2016 of J&T Global Finance IV. B.V. In our opinion the accompanying financial statements give a true and fair view of the financial position of J&T Global Finance IV. B.V. as at 31 December 2016, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
- the Statement of Financial Position as at 31 December 2016;
- the following statements for 2016: Statement of comprehensive income, statement of changes in equity and statement of cahs flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of J&T Global Finance IV. B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at CZK 54 million. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of CZK 2.7 million, 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.

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MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.
WITH ITS REGISTERED OFFICE IN ROTTERDAM (KVK ROTTERDAM NR. 24402415).
80546/CvO/PG

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OUR KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated one key audit matter with the board of directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was 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 this matter.

Valuation of the loans receivable

We consider the valuation of the loans receivable, as disclosed in note 3 to the financial statements, for a total amount of CZK 5.2 billion as a key audit matter. This is due to the size of the loans receivable and given that a potential impairment may have a material effect on the financial statements.

Management did not identify any impairment triggers regarding the loans issued to J&T Finance Group SE.

Loans receivable are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, the loans receivable are carried at amortised cost using the effective interest method, less impairment losses. We have performed detailed audit work addressing the existence and valuation of the loans issued to J&T Finance Group SE by verifying loans receivable with loan agreements, obtaining year-end confirmations for the loans outstanding and reconciled recorded amounts with these confirmations. We have recalculated the effective interest applied and amortised cost at year-end and reconciled these to recorded amounts. We have also assessed whether there were any impairment triggers, including an assessment of the financial position of the borrower, J&T Finance Group SE, and its payment history.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- the director's report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code;

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ENGAGEMENT

We were engaged as auditor of J&T Global Finance IV. B.V. as of the audit for year 2014 and have operated as statutory auditor ever since that year.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

The board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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

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

Amsterdam, 18 April 2017

MAZARS PAARDEKOOPER HOFFMAN ACCOUNTANTS N.V.

J.C. van Oldenbeek MSc RA