



Fiduciaire  
**Muller Christe & Associés**

T + 41 (0)32 722 19 19  
F + 41 (0)32 722 19 20  
info@fidmc.ch  
www.fidmc.ch

## INTELLECT DESIGN ARENA SA NEUCHÂTEL

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### REPORT

OF THE STATUTORY AUDITORS  
TO THE GENERAL MEETING  
AS AT 31 MARCH 2020

**Fiduciaire Muller Christe & Associés SA**  
NEUCHÂTEL / YVERDON-LES-BAINS / LA CHAUX-DE-FONDS / GENEVE

Rue de la Place-d'Armes 3  
2000 Neuchâtel

Rue de la Plaine 9-11  
1400 Yverdon-les-Bains

Rue Daniel-Jeanrichard 28  
2300 La Chaux-de-Fonds

Rue de l'Université 4  
1205 Genève





## Report of the statutory auditors on the limited statutory examination to the general meeting of Intellect Design Arena SA, Neuchâtel

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of Intellect Design Arena SA for the year ended 31<sup>st</sup> March 2020.

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

We draw your attention to section 4 in the notes to the financial statements which indicates that a tax issue could arise if the loans to group companies are not reduced significantly. We had already raised this issue with management during the audit of the financial statements for the year ended 31<sup>st</sup> March 2020.

Neuchâtel, 14<sup>th</sup> May 2020  
DRA/cti

FIDUCIAIRE  
MULLER CHRISTE & ASSOCIES SA

Sébastien Charpié  
*Audit expert*

Daniele Raffaele  
*Audit expert*  
(auditor in charge)

**Enclosures:** Financial statements (balance sheet, income statement and notes)  
Proposed appropriation of available earnings

**INTELLECT DESIGN ARENA SA, NEUCHATEL****COMPANY AND BRANCH CONSOLIDATED  
BALANCE SHEET AS AT 31 MARCH 2020**

	2020		2019	
	CHF	CHF	CHF	CHF
<b>FINANCIAL ASSETS</b>				
Loan receivable - group companies - long term portion	-		-	
Portuguese Branch current account	-			
<b>TOTAL FINANCIAL ASSETS</b>		-		-
<b>CURRENT ASSETS</b>				
Bank accounts	532 053		1 121 804	
Accounts receivable - third parties	-		194 048	
Accounts receivable - holding company	67 725		-	
Other debtors	39 173		17 961	
Revenue to be billed - third parties	221 900		172 500	
Tax recoverable	12 187		-	
Loans receivable - group companies	5 952 539		5 022 747	
<b>TOTAL CURRENT ASSETS</b>	<b>6 825 577</b>		<b>6 529 060</b>	
<b>LESS : CURRENT LIABILITIES</b>				
Salary control a/c	-		( 212)	
Social security charges control a/c	( 18 055)		( 6 089)	
Payroll tax account	( 9 948)		( 7 805)	
Corporate tax payable	-		( 74 923)	
Creditors - third parties	( 517)		( 7 281)	
Creditors - holding company	( 600 689)		( 270 914)	
VAT payable	( 34 488)		( 26 547)	
Loans payable - group companies - short term portion	-		( 28 200)	
Accruals	( 52 041)		( 22 045)	
<b>TOTAL CURRENT LIABILITIES</b>	<b>( 715 738)</b>		<b>( 444 016)</b>	
<b>NET CURRENT ASSETS</b>		<b>6 109 839</b>		<b>6 085 045</b>
<b>TOTAL FIXED AND NET CURRENT ASSETS</b>		<b>6 109 839</b>		<b>6 085 045</b>
<b>REPRESENTED BY :</b>				
Share capital		<b>350 000</b>		<b>350 000</b>
General reserve	75 000		75 000	
Revenue reserves brought forward	5 660 045		5 047 805	
Profit (Loss) for the period	24 794		612 240	
<b>TOTAL REVENUE RESERVES</b>	<b>5 759 839</b>	<b>5 759 839</b>	<b>5 735 045</b>	<b>5 735 045</b>
<b>TOTAL CAPITAL</b>		<b>6 109 839</b>		<b>6 085 045</b>

**INTELLECT DESIGN ARENA SA, NEUCHATEL****COMPANY AND BRANCH CONSOLIDATED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>2020</b>		<b>2019</b>	
	(Period 01.04.19-31.03.20)		(Period 01.04.18-31.03.19)	
	CHF	CHF	CHF	CHF
<b>FINANCIAL INCOME</b>				
Service income - third parties	2 508 561		2 068 688	
Interest income - related parties	218 014		188 801	
Other income	1 735		1 158	
	2 728 310		2 258 648	
<b>TOTAL FINANCIAL INCOME</b>		<b>2 728 310</b>		<b>2 258 648</b>
<b>EXPENSES</b>				
Salaries and wages	550 769		425 045	
Social security charges	81 163		63 621	
Consulting/outourcing - related party	1 765 265		1 205 591	
Travelling expenses	3 195		1 410	
Business promotion expenses	-		6 700	
Directors fees	7 500		7 500	
Audit fees	11 220		11 220	
Legal, administration and consultancy fees	62 092		6 878	
Visa, work permit & registration fees	30 712		21 267	
Telephone, postage and courier services	129		317	
Rent and office costs	16 389		-	
Bank interest and charges	2 302		1 406	
Tax on capital and profits	31 297		128 999	
Irrecoverable VAT	540		1 351	
Exchange fluctuation	140 943		( 234 897)	
	2 703 515		1 646 408	
<b>TOTAL EXPENSES</b>		<b>(2 703 515)</b>		<b>(1 646 408)</b>
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<b>24 794</b>		<b>612 240</b>

## **INTELLECT DESIGN ARENA SA, NEUCHATEL**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Yearly average number of employees**

The average yearly number of employees is below 250 for the fiscal years 2020 and 2019.

#### **2. Debts toward pension fund**

	<b>31.03.2020</b>	<b>31.03.2019</b>
	<b>CHF</b>	<b>CHF</b>
Helvetia Fondation collective de prévoyance du personnel (credit balances)	12 675	12 799

#### **3. Post-balance sheet events**

In 2020, the company has had to face the problem of the COVID-19 pandemic and related health restrictions.

This could result in a temporary but significant drop in activity over a few months, implying a reduction in working hours and a drop in turnover.

Currently it is impossible to quantify the financial impact.

There are no other significant post-balance sheet events to report.

#### **4. Loans receivable - group companies**

The Company has loans receivable from fellow subsidiaries totalling the equivalent of CHF 5 952 539 (2019 – CHF 5 022 747).

The Company's parent company and sole shareholder has issued a letter of comfort to confirm that it will support the subsidiaries in repaying the loans if such a situation arises. The Company received a tax audit in February 2017, during which the auditor referred to the loans and, in response to that, the Company has provided the said comfort letter.

#### **5. Portuguese Branch**

The Company established a branch in Lisbon, Portugal in August 2019. The balance sheet and income statement of the branch have been consolidated in these financial statements.

There are no other items which require disclosure in the notes to the financial statements in accordance with Article 959C of the Swiss Code of Obligations.

**INTELLECT DESIGN ARENA SA, NEUCHATEL****PROPOSED APPROPRIATION OF AVAILABLE EARNINGS**

	<b>2020</b> <b>31<sup>st</sup> March 2020</b> <b>CHF</b>	<b>2019</b> <b>31<sup>st</sup> March 2019</b> <b>CHF</b>
<b>RESULT AVAILABLE TO THE ANNUAL GENERAL MEETING</b>		
Retained profits at the beginning of the year	5 660 045	5 047 805
Net income	24 794	612 240
	<u>5 684 839</u>	<u>5 660 045</u>
 <b>PROPOSAL OF THE BOARD OF DIRECTORS</b>		
Attribution to general reserve	-	-
Carried forward	<u>5 684 839</u>	<u>5 660 045</u>
	<u>5 684 839</u>	<u>5 660 045</u>