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INTELLECT DESIGN ARENA SA
NEUCHÂTEL

REPORT

OF THE STATUTORY AUDITORS
TO THE GENERAL MEETING
AS AT 31 MARCH 2017

Fiduciaire Muller Christe & Associés SA
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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 31st March 2017.

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.

Neuchâtel, 16th May 2017
DRA/sco

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 S.A., NEUCHATEL**BALANCE SHEET AS AT 31 MARCH 2017**

	2017		2016	
	CHF	CHF	CHF	CHF
FIXED ASSETS				
Intellectual Property Rights	0		1	
TOTAL FIXED ASSETS		0		1
FINANCIAL ASSETS				
Loan receivable - group companies - long term portion	2 063 293		3 180 501	
TOTAL FINANCIAL ASSETS		2 063 293		3 180 501
CURRENT ASSETS				
Bank accounts	628 895		21 398	
Accounts receivable - third parties	-		150 337	
Accounts receivable - holding company	-		442	
Other debtors	28 953		119 534	
Revenue to be billed - third parties	146 720		129 018	
Loans receivable - group companies	3 178 773		2 036 789	
TOTAL CURRENT ASSETS	3 983 341		2 457 518	
LESS : CURRENT LIABILITIES				
Salary control a/c	(7 040)		2 323	
Social security charges control a/c	(4 553)		(69 564)	
Payroll tax account	(6 083)		(217 026)	
Corporate tax payable	(71 865)		(98 799)	
Creditors - third parties	(100 076)		(149 310)	
Creditors - group companies	(502 741)		(100 709)	
VAT payable	(30 531)		(18 729)	
Loans payable - group companies - short term portion	(60 613)		(65 676)	
Accruals	(52 580)		(143 263)	
TOTAL CURRENT LIABILITIES	(836 083)		(860 753)	
NET CURRENT ASSETS		3 147 258		1 596 764
TOTAL FIXED AND NET CURRENT ASSETS		5 210 552		4 777 266
REPRESENTED BY :				
Share capital		350 000		350 000
General reserve	75 000		75 000	
Revenue reserves brought forward	4 352 267		4 033 354	
Profit for the period	433 285		318 913	
TOTAL REVENUE RESERVES	4 860 552	4 860 552	4 427 267	4 427 267
TOTAL CAPITAL		5 210 552		4 777 267

INTELLECT DESIGN ARENA S.A., NEUCHATEL**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	2017		2016	
	(Period 01.04.16-31.03.17)		(Period 01.04.15-31.03.16)	
	CHF	CHF	CHF	CHF
FINANCIAL INCOME				
Service income - third party	1 704 067		1 856 487	
Interest income - related party	205 975		154 025	
Other income	8 800		30 335	
	<u>1 918 841</u>		<u>2 040 847</u>	
TOTAL FINANCIAL INCOME		1 918 841		2 040 847
EXPENSES				
Salaries and wages	377 954		294 069	
Social security charges	47 902		43 223	
Consulting/outourcing - related party	1 096 695		1 171 996	
Travelling expenses	186		91	
Business promotion expenses	5 048		2 447	
Rent and cleaning	-		250	
Directors fees	6 875		7 500	
Audit fees	11 698		11 220	
Legal, administration and consultancy fees	47 169		65 963	
Visa, work permit & registration fees	16 687		16 858	
Bank interest and charges	1 580		489	
Tax on capital and profits	86 856		50 470	
Exchange fluctuation	(213 094)		58 700	
Software development	-		(1 342)	
	<u>1 485 555</u>		<u>1 721 934</u>	
TOTAL EXPENSES		(1 485 555)		(1 721 934)
PROFIT FOR THE PERIOD		<u><u>433 285</u></u>		<u><u>318 913</u></u>

INTELLECT DESIGN ARENA S.A., NEUCHATEL**NOTES TO THE FINANCIAL STATEMENTS****1. Yearly average number of employees**

The yearly average number of employees is below 250 for the fiscal years 2017 and 2016.

2. Debts toward pension fund

	31.03.2017	31.03.2016
	CHF	CHF
Helvetia Fondation collective de prévoyance du personnel	-2 734	-7 766

3. Post-balance sheet events

There is no significant post-balance sheet event to report.

4. Related party transactions

With effect from 4 March 2016, there was a change of control of Polaris Consulting & Services Limited, which meant that this company was no longer a related party. All items disclosed as related party transactions in the current year financial statements relate to transactions and balances with companies within the Intellect Design Arena Group only.

5. Loans receivable - group companies

The Company has loans receivable from fellow subsidiaries totalling the equivalent of CHF 5,242,066 (2016 – CHF 5,217, 290). The fellow subsidiaries have all reported losses and have deficits on shareholders' funds, principally because of investment in People, Technology and Product development. 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 had provided the said comfort letter.

There are no other items which require disclosure in the notes to the financial statements in accordance in accordance with Article 663b of the Swiss Code of Obligations.

INTELLECT DESIGN ARENA S.A., NEUCHATEL**PROPOSED APPROPRIATION OF AVAILABLE EARNINGS**

	2017 31 st March 2017 CHF	2016 31 st March 2016 CHF
RESULT AVAILABLE TO THE ANNUAL GENERAL MEETING		
Retained profits at the beginning of the year	4 352 267	4 033 354
Net income	433 285	318 913
	<u>4 785 552</u>	<u>4 352 267</u>
PROPOSAL OF THE BOARD OF DIRECTORS		
Attribution to general reserve	-	-
Carried forward	4 785 552	4 352 267
	<u>4 785 552</u>	<u>4 352 267</u>