

INTELLECT DESIGN ARENA SA  
NEUCHÂTEL

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## **REPORT**

OF THE STATUTORY AUDITORS  
TO THE GENERAL MEETING  
AS AT 31 MARCH 2018



## 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 2018.

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 2017.

Neuchâtel, 2nd May, 2018  
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 SA, NEUCHATEL****BALANCE SHEET AS AT 31 MARCH 2018**

	2018 Year ended		2017 Year ended	
	CHF	CHF	CHF	CHF
<b>FINANCIAL ASSETS</b>				
Loan receivable - group companies - long term portion	4 137 201		2 063 293	
<b>TOTAL FINANCIAL ASSETS</b>		4 137 201		2 063 293
<b>CURRENT ASSETS</b>				
Bank accounts	431 062		628 895	
Accounts receivable - third parties	172 740		-	
Accounts receivable - holding company	40 196		-	
Other debtors	16 780		28 953	
Revenue to be billed - third parties	160 545		146 720	
Loans receivable - group companies	693 400		3 178 773	
<b>TOTAL CURRENT ASSETS</b>	<b>1 514 723</b>		<b>3 983 341</b>	
<b>LESS : CURRENT LIABILITIES</b>				
Salary control a/c	( 1 536)		( 7 040)	
Social security charges control a/c	( 0)		( 4 553)	
Payroll tax account	( 3 615)		( 6 083)	
Corporate tax payable	( 12 295)		( 71 865)	
Creditors - third parties	( 42 958)		( 100 076)	
Creditors - group companies	-		( 502 741)	
VAT payable	( 36 212)		( 30 531)	
Loans payable - group companies - short term portion	( 40 187)		( 60 613)	
Accruals	( 42 317)		( 52 580)	
<b>TOTAL CURRENT LIABILITIES</b>	<b>( 179 119)</b>		<b>( 836 083)</b>	
<b>NET CURRENT ASSETS</b>		1 335 604		3 147 258
<b>TOTAL FIXED AND NET CURRENT ASSETS</b>		<b>5 472 805</b>		<b>5 210 552</b>
<b>REPRESENTED BY :</b>				
Share capital		350 000		350 000
General reserve	75 000		75 000	
Revenue reserves brought forward	4 785 551		4 352 267	
Profit (Loss) for the period	262 254		433 285	
	5 122 805		4 860 552	
<b>TOTAL REVENUE RESERVES</b>		<b>5 122 805</b>		<b>4 860 552</b>
<b>TOTAL CAPITAL</b>		<b>5 472 805</b>		<b>5 210 552</b>

**INTELLECT DESIGN ARENA SA, NEUCHATEL****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	<b>2018</b>		<b>2017</b>	
	<b>(Period 01.04.17-31.03.18)</b>		<b>(Period 01.04.16-31.03.17)</b>	
	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>	<b>CHF</b>
<b>FINANCIAL INCOME</b>				
Service income - third parties	1 882 615		1 704 067	
Interest income - related parties	203 609		205 975	
Other income	1 410		8 800	
	<u>2 087 634</u>		<u>1 918 841</u>	
<b>TOTAL FINANCIAL INCOME</b>		<b>2 087 634</b>		<b>1 918 841</b>
<b>EXPENSES</b>				
Salaries and wages	425 034		377 954	
Social security charges	51 291		47 902	
Consulting/outsourcing - related party	1 054 395		1 096 695	
Travelling expenses	468		186	
Business promotion expenses	1 193		5 048	
Directors fees	8 125		6 875	
Audit fees	11 220		11 698	
Legal, administration and consultancy fees	1 305		47 169	
Visa, work permit & registration fees	( 60 853)		16 687	
Bank interest and charges	1 907		1 580	
Tax on capital and profits	30 917		86 856	
Irrecoverable VAT	33 174		-	
Exchange fluctuation	267 205		( 213 094)	
	<u>1 825 380</u>		<u>1 485 555</u>	
<b>TOTAL EXPENSES</b>		<b>(1 825 380)</b>		<b>(1 485 555)</b>
<b>PROFIT / (LOSS) FOR THE PERIOD</b>		<u><u>262 254</u></u>		<u><u>433 285</u></u>

**INTELLECT DESIGN ARENA SA, 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 2018 and 2017.

**2. Debts toward pension fund**

	<b>31.03.2018</b>	<b>31.03.2017</b>
	<b>CHF</b>	<b>CHF</b>
Helvetia Fondation collective de prévoyance du personnel	-4 234	-2 734

**3. Post-balance sheet events**

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

**4. Loans receivable - group companies**

The Company has loans receivable from fellow subsidiaries totalling the equivalent of CHF 4,830,600. (2017 – CHF 5,242,066). 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 with Article 663b of the Swiss Code of Obligations.

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

	<b>2018</b> <b>31<sup>st</sup> March 2018</b> <b>CHF</b>	<b>2017</b> <b>31<sup>st</sup> March 2017</b> <b>CHF</b>
<b>RESULT AVAILABLE TO THE ANNUAL GENERAL MEETING</b>		
Retained profits at the beginning of the year	4 785 551	4 352 267
Net income	262 254	433 285
	<u>5 047 805</u>	<u>4 785 552</u>
<b>PROPOSAL OF THE BOARD OF DIRECTORS</b>		
Attribution to general reserve	-	-
Carried forward	<u>5 047 805</u>	<u>4 785 552</u>
	<u>5 047 805</u>	<u>4 785 552</u>