



IB NORDHORN
CONSULECTRA **CETECOM** *Gruppe*
Van Ameyde **TÜV NORD** **ENOPLAN**
CONSULECTRA ENOMETRIK **CONSULECTRA**
ENOMETRIK **RWTÜV** **CETECOM** Van Ameyde ENOPLAN
ENOMETRIK CONSULECTRA **TÜV NORD** *Enviro* IB NORDHORN
IB NORDHORN **RWTÜV** **CETECOM** Van Ameyde *Enviro*
RWTÜV ENOMETRIK *Enviro* ENOPLAN
TÜV NORD **Van Ameyde** **Gruppe**
ENOPLAN *RWTÜV Grundstücksverwaltungsgesellschaft*
CONSULECTRA **TÜV NORD** **IB NORDHORN**

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SUPERVISORY BOARD

Chairman of the Supervisory Board

Prof. Dr. rer. nat. Karl Friedrich **Jakob**
Chairman of the Board
of RWTÜV e.V., Essen/Germany

Vice Chairman of the Supervisory Board

Dr. rer. pol. Elmar **Legge**
Vice Chairman of the Board
of RWTÜV e.V., Essen/Germany

Dr. jur. Jürgen-Johann **Rupp**
Chief Commercial Officer
RAG Aktiengesellschaft, Herne/Germany

Dipl.-Ing. Volker **Höhnisch**
Chairman of the Board
of TÜV Thüringen e.V., Erfurt/Germany

Dipl.-Ing. Muharrem **Gedikoglu**
CETECOM GmbH, Essen/Germany

Dipl.-Ing Hüseyin **Güngör**
CETECOM GmbH, Essen/Germany

MANAGING BOARD

Managing Board

Lawyer Reinhold **Rüther**

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF RWTÜV GmbH
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (IFRS)

	2016 € '000	2015 € '000
Sales revenue	197,980	184,339
Increase in the inventory of finished goods and work in progress	3,113	6,354
Other own work capitalised	147	92
Other operating income	5,366	4,039
Cost of materials	-7,847	-8,052
Personnel expenses		
a) Wages and salaries	-97,594	-87,621
b) Social security contributions and social assistance costs	-22,658	-21,110
Depreciation and amortisation expense	-18,863	-13,442
Other operating expenses	-49,393	-49,769
Result from investments measured using the equity method	14,453	11,336
Result from other investments	21	79
Net interest income	-77	-124
Earnings before tax (EBT)	24,648	26,121
Taxes on income		
a) Income tax expense/income	-2,406	-5,973
b) Deferred taxes	-1,297	807
Consolidated net earnings for the year	20,945	20,955
Non-controlling interests	126	408

CONSOLIDATED BALANCE SHEET OF RWTÜV GmbH
AS AT 31 DECEMBER 2016

	31/12/2016	31/12/2015
	€ '000	€ '000
ASSETS		
A. NON-CURRENT ASSETS		
Intangible assets	48,698	53,646
Tangible assets	26,021	27,930
Investment properties	11,024	12,059
Financial assets stated at equity	1,086	4,091
Other financial assets	1,690	1,796
Receivables and other assets	402	437
Deferred tax assets	5,730	6,010
	94,651	105,969
B. CURRENT ASSETS		
Inventories	38,057	35,036
Receivables and other assets	79,389	80,775
Income tax assets	2,808	2,421
Cash and cash equivalents	69,633	69,081
	189,887	187,313
B. CURRENT ASSETS	393	0
	284,931	293,282
	31/12/2016	31/12/2015
EQUITY AND LIABILITIES	€ '000	€ '000
A. SHAREHOLDERS' EQUITY		
Subscribed capital	10,000	10,000
Capital reserves	24,225	24,225
Revenue reserves	189,536	169,538
Other shareholders' equity items	-103,523	-82,454
Non-controlling interests	1,811	2,133
	122,049	123,442
B. NON-CURRENT LIABILITIES AND PROVISIONS		
Non-current liabilities	1,605	5,569
Provisions for pensions and similar obligations	11,907	10,613
Other non-current provisions	2,388	3,013
Deferred tax liabilities	3,435	2,731
	19,335	21,926
C. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	131,412	132,756
Income tax liabilities	500	2,312
Short-term provisions	11,463	12,846
	143,375	147,914
C. CURRENT LIABILITIES AND PROVISIONS	172	0
	284,931	293,282

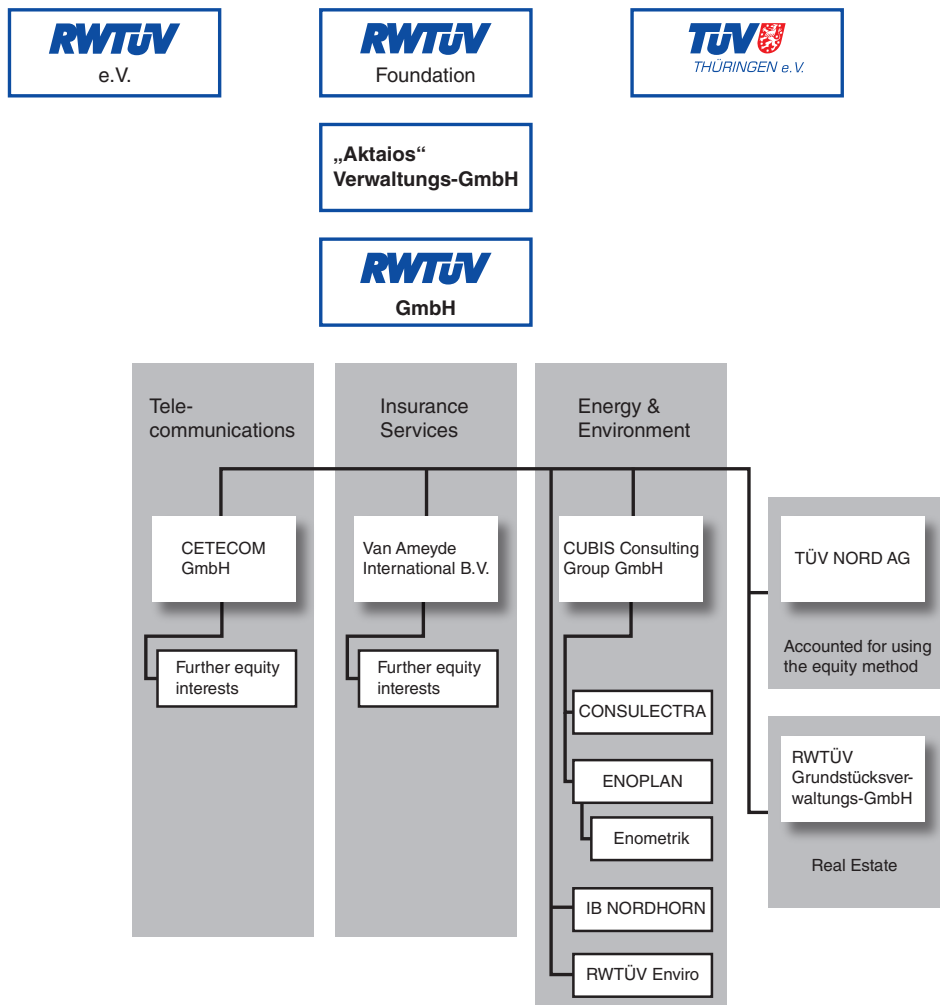
The RWTÜV Group is a group of technology service provider companies with strong brands. RWTÜV is the holding company. The Group's strength lies in an efficient group structure with a diversified portfolio, in which innovativeness, efficiency and sustainability are vital. Via its companies, the Group is currently represented in more than twenty countries in Europe, Asia and North America.

On the cut-off date 31 December 2016, including the management and financial holding company RWTÜV GmbH, the Group comprised 93 (2015: 86) fully consolidated companies, of which 17 were in Germany and 76 in other countries. Furthermore, RWTÜV GmbH holds a 36.1 % stake in TÜV NORD AG, a global testing, inspection and certification (TIC) group.

The RWTÜV Group ended fiscal 2016 with net earnings for the year of € 20.9 million (2015: € 21.0 million) and sales of € 198.0 million (2015: € 184.3 million). Thus we once again achieved growth, of 7.4 %. Continued profitable organic development of our companies and the acquisition of stakes in additional companies are at the heart of our strategy. With our experience, particularly in relation to corporate development, and with capital, we strengthen our Group companies with the goal of achieving sustained value-oriented growth.

Throughout fiscal 2016, the RWTÜV Group was structured into three business units: Insurance Services, Telecommunication, and Energy & Environment. Our companies occupy leading market positions in their sub-segments. The holding in TÜV NORD AG is accounted for in the consolidated annual financial statements using the equity method.

The following diagram shows the structure of the RWTÜV group:



The *Insurance Services* business unit consists of the VAN AMEYDE group (VAI) and contains 83 affiliated companies in more than 20 European countries. VAI offers comprehensive solutions for settling claims across Europe to a client base mainly comprising insurance companies, insurance brokers, leasing companies and vehicle fleet operators. Additional services are offered along the value chain: complete claims process outsourcing, secondment of multi-lingual interim professionals such as claim adjusters and surveyors, as well as risk identification and assessment with the aim of facilitating the decision as to which preventive measures to take, and how best to control the loss burden. Claims process audits complete the VAI service offering.

The *Telecommunications* business unit comprises the CETECOM companies with sites in Europe, the U.S. and Asia, as well as CTC advanced GmbH (formerly: CETECOM ICT Services GmbH). The group's service portfolio covers consultancy, training, development, engineering, validation, certification and approval management. Testing and certification is a focus of the business unit's international activities. CETECOM and CTC advanced operate independently of manufacturers with their accredited laboratories equipped with state-of-the-art testing systems. Their extensive services are no longer targeted only at customers in the telecommunications and IT industries, but also at businesses in the automotive, mechanical and plant engineering, energy engineering and medical technology sectors. This widening of the customer focus is aimed at further exploiting existing market potentials to enhance the value of the business unit. In this realignment, the business unit benefits from a high level of specialist knowledge. Services cater to the global trend of networking and digitalisation (Internet of Things or "IoT"), with increased investment in the development of wireless compliance testing services for all kinds of products, including related advisory services.

The operating companies in the *Energy & Environment* business unit are: CONSULECTRA Unternehmensberatung GmbH, Hamburg/Germany, ENOPLAN Ingenieurgesellschaft für Energiedienstleistungen mbH, Bruchsal/Germany, ENOMETRIK Gesellschaft für Messdienstleistungen mbH, Bruchsal/Germany, IB NORDHORN GmbH & Co. KG, Münster/Germany, and ENVIRO GmbH, Essen/Germany.

CONSULECTRA advises energy utility companies on technical, business management and organisational issues. Other focuses of CONSULECTRA's activities are grid planning and grid operation services in Germany and other countries. ENOPLAN helps businesses optimise their energy usage and energy costs. In addition, ENOMETRIK offers energy measurement services and other services relating to the optimisation of energy consumption. IB NORDHORN is a company specialising in technical building equipment. It offers construction planning and construction supervision in close collaboration with building owners, architects and building contractors. Complex industrial and commercial buildings with technically demanding solutions are the main focus. ENVIRO is a niche provider that specialises in waste disposal.

MARKET AND INDUSTRY CONDITIONS

The global economy saw another year of only moderate growth in fiscal 2016, which can be attributed to a decreased propensity to invest, in conjunction with political and economic uncertainty resulting from conflicts. Continuing risks in the European financial system also had a negative impact on the economy. The low interest rate level and a small increase in raw material prices supported growth in Europe and the United States. Despite the uncertain international environment, Germany's economy continued to grow at a moderate pace. As before, strong domestic momentum supported this trend.

Political, regulatory and economic conditions have a significant bearing on the development of an internationally operating services group. The Insurance Services business unit operates mainly in the eurozone, whereas the Telecommunications business unit is increasingly expanding in Asia in the mobile

communications sub-segment, and globally in the wireless-based technologies sub-segment. In contrast, the Energy & Environment business unit is predominantly influenced by trends within Germany. All in all, the companies within the RWTÜV Group did well in their respective environments. However, changed market conditions in the Telecommunications business unit had to be taken into account through adjustments to the service portfolio and valuation allowances.

BUSINESS TREND

The key data for RWTÜV Group's fiscal year are as follows:

- External sales: € 198.0 million
(2015: € 184.3 million),
- Earnings before tax: € 24.6 million
(2015: € 26.1 million),
- Return on sales, based on the result before income taxes: 12.4 %
(2015: 14.2 %),
- Equity ratio: 42.8 %
(2015: 42.1 %)

Once again, RWTÜV Group can look back on a satisfactory business year in 2016, having slightly exceeded the previous year's forecast in respect of sales and earnings trends. Restructuring costs had a negative impact on the sub-segments in the *Telecommunications* business unit, as they experienced further changes.

The domestic business finished 2016 with sales revenues amounting to € 49.8 million (2015: € 45.7 million). The share of international business in consolidated sales came to € 148.2 million (2015: € 138.6 million). A total of 75 % of sales were generated outside of Germany in fiscal 2016.

The individual business units developed as follows:

Insurance Services business unit

In the previous year, RWTÜV Group continued to expand its portfolio in the Insurance Services business unit by making targeted acquisitions, which resulted in significant sales increases following the integration of these companies in 2016.

These new acquisitions give the Van Ameyde group a broader regional presence in the Benelux countries, Scandinavia and the Baltic, and they increase market share in segments that are already served. Relevant market positions were obtained in the British real estate and accident insurance market, and in the Dutch market sub-segment for personal injury insurance cover. In addition, the Group's position was strengthened in the Scandinavian, Baltic and Russian sub-sector of the marine segment. In the highly competitive service market for the insurance industry, VAI again reported positive development, with sales increasing by 15 % in 2016 compared to the previous year. With the exception of the Northern and Eastern European sub-segment, all relevant sub-segments continued on a positive trend. VAI's total sales in fiscal 2016 came to € 123.6 million.

Telecommunications business unit

Sales in the Telecommunications business unit, at € 47.8 million, were slightly below the previous year's level. Consolidation in the traditional core business of CETECOM GmbH – the testing and certification of mobile terminal equipment – continued in 2016 and also affected the North American and Asian markets. The decline in the mobile communications business contrasts with the Internet of Things (IoT) megatrend. Demand is growing for advisory, testing and certification services in this field. Sales were driven in particular by the EMC and wireless lab, and the International Type Approval (ITA) business unit. As a result, sales were maintained almost unchanged at € 12.8 million.

CTC advanced GmbH (formerly CETECOM ICT Services GmbH), based in Saarbrücken/Germany, reported sales of € 15.9 million in 2016, around 7.8 % higher than the previous year on the back of organic growth. In 2016, the company further strengthened its market position in the telecommunications industry, as well as in smartcard technologies, medical technology and the automotive supply sector. It continued to benefit from the ever greater global use of innovative wireless-based technologies in diverse industrial sectors.

The subsidiary CETECOM Inc., based on the west coast of the United States, reported sales of € 14.1 million in 2016, significantly down on the previous year's level. Business was marked by ever-increasing saturation of the testing and certification market for mobile terminal equipment. Market changes are being taken into account by focusing activities on the IoT megatrend.

With regard to business activities in Asia, performance was mixed. At € 6.0 million, the Korean company's sales in 2016 did not reach the previous year's level. CETECOM Japan improved on the previous year and gained more market share for the CETECOM group, with sales of € 3.5 million. Appropriate steps were taken in response to changed market conditions, which weighed on earnings.

Energy & Environment business unit

The Energy & Environment business unit generated consolidated sales of € 25.0 million in 2016, around 7 % higher than the previous year's level.

As in previous years, the energy industry in 2016 was characterised by many new regulatory requirements. One significant change is the amendment to the German regulatory regime, which introduces a new framework for calculating network charges and for investment allowances. Grid operators are required to align their business model with this new regulatory framework. The German legislative package for the digitalisation of the Energiewende redefines the responsibilities for the market roles of transmission system operator and distribution system operator in the collection and distribution of meter data. This legislation therefore has an immediate impact on the installation and operation of smart meter systems across the country – which in turn has considerable implications for grid operators' business models. The German IT Security Act (IT-Sicherheitsgesetz) requires grid companies, as operators of critical infrastructure, to have the IT security of their systems certified by the beginning of 2018. Both ENOPLAN and CONSULECTRA have benefited as a result.

The changed framework conditions enabled CONSULECTRA to increase its sales to € 5.1 million in 2016.

Fiscal 2016 went well for ENOPLAN and ENOMETRIK. Total sales came in at € 15.5 million, around 8 % above the previous year's level. ENOPLAN, with its subsidiary ENOMETRIK, has a metering point operation business that sets it apart from competitors, since services to meet all of the energy market's requirements can be provided from within its own group of subsidiaries. ENOPLAN is not dependent on particular industries and is therefore unaffected or only marginally affected by negative trends in individual sectors. Business for IB Nordhorn during 2016 was characterised by a high project workload. Numerous long-term projects were completed in 2016. Sales totalled € 3.1 million.

EARNINGS SITUATION

Fiscal 2016 was satisfactory on the whole for the RWTÜV Group. With external sales of € 198.0 million (2015: € 184.3 million), the RWTÜV Group achieved earnings before taxes (EBT) of € 24.6 million (2015: € 26.1 million) and net earnings for the year of € 20.9 million (2015: € 21.0 million). Regarding the development and analysis of sales revenue in the individual business units, we refer to the statements concerning business development.

Other operating income in 2016 totalled € 5.4 million, an increase on the previous year's figure of € 4.0 million. Income from the sale of an investment property in 2016 amounted to € 2.3 million. Personnel expenses increased from € 108.7 million to € 120.3 million as the average number of employees rose by 200 due to the Group's expansion. Depreciation/amortisation, at € 18.9 million, was significantly above the previous year's level of € 13.4 million. Goodwill was amortised by € 2.6 million.

In addition, intangible assets and property, plant and equipment were written down by a total of € 3.1 million. This relates to the CETECOM group, to take market changes into account.

Other operating expenses, at € 49.4 million, were at the previous year's level. The result from investments measured using the equity method – the minority holding in TÜV NORD AG – increased by 28 % from € 11.3 million to € 14.5 million. Tax expenses in 2016 amounted to € 3.7 million. Adjustments not affecting net income are included in the notes concerning the asset position.

FINANCIAL POSITION

TRWTÜV Group's conservative financial policy was continued in 2016. The most important goals – those of ensuring an appropriate level of liquidity as well as needs-based Group financing for the Group companies – were fulfilled. It is based on a financial plan and a rolling forecast method for liquidity planning with a planning period of up to one year. Cash inflows from operating activities are the most important source of liquidity.

RWTÜV Group's cash flow (cash flow from operating activities) stood at € 16.1 million in 2016 (2015: € 9.1 million). Cash flow from investing activities amounted to € -9.7 million (2015: € -33.7 million), and cash flow from financing activities totalled € -5.8 million (2015: € -0.4 million).

The ratio of cash flow from operating activities to investments was therefore 166 % (2015: 27 %), following a high level of investments in 2015. For details, please refer to the cash flow statement in the notes to the consolidated annual financial statements. The Group's net financial position remains positive.

In the reporting period a total of € 14.0 million (2015: € 35.9 million) was invested across the Group in tangible and intangible assets. Of this amount, the Telecommunications business unit accounted for € 6.2 million (2015: € 5.5 million), the Insurance Services business unit € 6.4 million (2015: € 29.7 million) and the Energy & Environment business unit € 1.4 million (2015: € 0.7 million). An additional € 1.0 million was invested in the Insurance Services business unit in the acquisition of a business.

ASSET POSITION

The balance sheet structure of the RWTÜV Group also indicates that the Group's financing and liquidity continued to stand on a secure basis in 2016.

As at 31 December 2016, shareholders' equity totalled € 122.0 million with total assets of € 284.9 million. As a result, the Group equity ratio increased to 42.8 % (2015: 42.1 %). The low interest rate level continues to have an influence, and was taken into account by reducing the discount rate for pension obligations to 1.2 % in Germany and 1.7 % in other countries. The reporting outside of profit or loss of actuarial losses which arose from this further reduction in the discount rate had a negative impact of € 18.8 million on shareholders' equity.

As at 31 December 2016, the company's reserves to total capital ratio (reserves / total capital) increased to 75.0 % (2015: 66.1 %), which means a continuing high level of protection. Long-term assets totalled € 94.7 million (2015: € 106.0 million). The cover ratio (shareholders' equity / non-current assets) was 128.9 % (2015: 116.5 %), and hence non-current assets are fully covered by long-term capital. Short-term borrowed capital, at € 143.4 million (2015: € 147.9 million) is less than short-term assets of € 189.9 million (2015: € 187.3 million), demonstrating that payment obligations can be fulfilled.

Given the macroeconomic situation, we are satisfied with the development of the Group's assets, financial position and earnings situation. The conditions are in place for further growth.

BASIC PRINCIPLES OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements per 31 December 2016 were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, which are issued by the International Accounting Standards Board (IASB). In order to achieve equivalence with consolidated annual financial statements as prepared in accordance with German commercial law, all statutory obligations over and above the IASB rules were fulfilled.

RWTÜV GmbH – ASSETS, FINANCIAL POSITION AND EARNINGS SITUATION

RWTÜV GmbH is the financial and management holding company for the RWTÜV Group. RWTÜV GmbH is managed and controlled by the Managing Board of RWTÜV GmbH according to financial ratios, the main ones being sales/results figures and investments. The Managing Board obtains its information on an ongoing basis from a monthly Group report and holds regular discussion meetings with the representatives of the company's executive bodies and with the management of RWTÜV Group's operating companies.

RWTÜV GmbH prepares its individual company financial statements in accordance with the rules set out in the German Commercial Code (Handelsgesetzbuch, HGB).

A profit-pooling agreement has existed since 2005 between the financial and management holding company RWTÜV GmbH and the Group company RWTÜV Grundstücksverwaltungs-GmbH.

In the reporting period, RWTÜV GmbH generated net earnings for the year of € 7.6 million (2015: € 1.0 million). Sales revenue totalling € 1,947,000 (2015: € 260,000) is comprised of head office charges and services.

Non-current assets as at 31 December 2016 were € 84.8 million (2015: € 87.9 million) while current assets stood at € 15.2 million (2015: € 5.9 million). Total assets per 31 December 2016 amounted to € 100.0 million (2015: € 93.9 million).

Per 31 December 2016, the balance sheet of RWTÜV GmbH showed shareholders' equity of € 94.2 million (2015: € 87.5 million). As a result, the equity ratio of the financial and management holding company RWTÜV GmbH stood at 94.0 % (2015: 93.2 %).

The opportunities, risks and future development of RWTÜV GmbH largely correspond to the opportunities, risks and future development of the RWTÜV Group.

INTERNAL CONTROL SYSTEM

An internal control system is implemented within the RWTÜV Group which defines rules for business-critical processes and for their monitoring. As an organisational framework, RWTÜV GmbH has specified an extensive system of policies, rules of procedure and schedules of responsibilities. The internal control system, which is geared towards the individual companies' particular business activities, is intended to protect assets. Control activities are all measures intended to ensure that business risks are adequately addressed. The company managements and the supervisory bodies integrated into the processes are responsible for monitoring and continually improving the internal control system. At the same time, business operations are conducted and documented in accordance with the key operational processes. The policies and process descriptions are based on the respective operational service provision processes.

All information from the subsidiaries is prepared and analysed in the holding company RWTÜV GmbH. This includes monthly reporting, regular risk reporting, reports on functional tests of the internal control system and ad-hoc reporting, and submission of transactions subject to approval. With regard to Group accounting, the internal control system ensures that accounting is carried out in accordance with generally accepted accounting principles and the International Financial Reporting Standards. Consolidated accounting guidelines exist for this purpose, and define standardised accounting rules.

Supervision of Group companies is assisted by a Group internal audit department.

The internal control system that is established in the RWTÜV Group therefore ensures that rules for the management of business activities are adhered to. Compliance with these rules and their effectiveness are regularly monitored.

RISK MANAGEMENT SYSTEM

The risk management system is also a component of Group controlling, serving to avoid or control risks arising from business activities. It comprises all measures necessary for dealing systematically and transparently with risks, and forms part of the overall Group management system through its links with controlling processes. The risk management system is established at all levels of the Group. In the current Group risk management policy, we have formulated all the mandatory specifications for the risk management process. As an integral part of the internal controlling system, it is the task of the risk management system to identify and assess risks at an early stage so that appropriate counter-measures can be planned and implemented.

A quarterly risk and opportunity assessment is carried out for all affiliated companies in the RWTÜV Group. In addition, the Group companies have undertaken to submit ad-hoc reports where needed. As a result, external and internal risks are systematically recorded and assessed in a standardised way throughout the Group according to the extent of potential damages. They are assigned to risk levels according to the estimated probability of occurrence. Thus the risk management system guarantees a comprehensive overview, enabling management measures to be taken. Sales and earnings before tax are central performance indicators in this regard.

Risks that the RWTÜV Group is currently exposed to are subject to a permanent system of management and control. In so far as these risks affect the Group's earnings, assets and financial position, counter-measures are introduced. If necessary, risk provisions are made for the various risk areas. In addition, potential damages and liability risks are covered by appropriate insurance policies which will contain or completely eliminate the financial impacts of any damages that occur. Furthermore, the operating companies are required to develop action alternatives and counter-measures at an early stage to avert and minimise risks. All decision-makers in the Group are involved in the management of our risks.

Strict cost management and quality assurance at all levels of the Group contribute to reducing the identified risks and to strengthening the competitive position of the RWTÜV Group. The risk management system is subject to a process of continuous improvement in accordance with current requirements. Its efficiency and effectiveness are regularly monitored by the internal auditors.

COMPLIANCE

Compliance is one of the basic requirements for the long-term success of a company, and is a fundamental element of solid corporate management. Our compliance strategy has the goal of creating a sustainable integrated compliance culture. In fiscal 2016, the RWTÜV Group carried out an extensive project to define the implementation of a compliance management system, which is closely integrated with our risk management system and our internal control system. Our compliance policy, which follows the IdW 980 assurance standard and was introduced by Group management in the summer of 2016, provides information on how the legal representatives of the Group companies can meet their compliance responsibility in the operating business. It offers specific guidance for the integration of compliance requirements.

We regard compliance – i.e. all of the measures throughout the Group for ensuring compliance with laws, regulations and internal policies – as a key management and supervisory task. We pursue a preventive compliance approach, and strive for a corporate culture that rules out potential compliance breaches. We have a clear commitment to comply with laws, regulations and internal guidelines: we take a zero-tolerance approach to violations, particularly antitrust violations and corruption. All reports of misconduct are investigated. An external ombudsman is available as an external contact person.

FORECAST, OPPORTUNITY AND RISK REPORT

As an internationally operating group of companies, RWTÜV Group is faced with many kinds of opportunities and risks which are inseparably linked to business activity. Opportunities and business success for the Group companies result from their presence in growth sectors and from dynamic markets. The associated risks are influenced by various different factors. These include industry and competitive conditions, geographical and industry-specific economic cycles, political and financial conditions, and of course global economic development.

The standardised risk management processes ensure timely and structured information concerning the Group's current risk situation. In fiscal 2016 there were no identifiable risks which individually or together threatened the continued existence of the RWTÜV Group or existentially affected the Group's assets, financial position or earnings situation. There are no significant price, default or liquidity risks for the Group, nor any risks resulting from cash flow fluctuations or the use of financial instruments. The Group's financial assets are structured in such a way that no material risks exist from the current perspective. We continuously monitor risks associated with business activities; balance sheet provisions are made where required.

Measures to counteract risks are introduced at an early stage, if necessary. In addition, in order to contain and avoid risks, market development and the trend in incoming orders in the respective Group companies are continuously monitored to enable a rapid reaction to falling sales with sales initiatives accompanied by marketing and cost management measures.

To main solvency, we hold cash based on liquidity planning. Active portfolio management remains a key element for the development of our Group. Thanks to our financial position, we are able to carry out transactions risk-free and actively support the acquired companies in their continued development. Opportunity management consists of systematically dealing with opportunities and potentials within the Group. On a monthly basis, Group reporting records the current earnings situation and liquidity position of the subsidiaries to enable an assessment of opportunities and risks.

The following risks, opportunities and business activity trends are reported for the business units.

Insurance Services business unit

In the Insurance Services business unit, the Van Ameyde group continues to occupy a stable position in Europe in an intensely competitive insurance market. VAN AMEYDE group counteracts the risk resulting from competitive and price pressure by making adjustments to its organisational structure and ongoing improvements to processes, and by strengthening customer loyalty, enhancing its service offering and developing new markets. Opportunities arise for the VAN AMEYDE group through providing additional insurance-related services for banks and other client groups, and through continuing to develop the Eastern Europe market. Risks may result from the possible consequences of Brexit for business in the United Kingdom, and from constantly changing IT requirements. A slight decline in sales is anticipated in claims management owing to developments in Eastern Europe. We expect a stable sales trend in the other countries. A slight drop in sales is also expected in marine and industry, since the settlement of flood damage claims in 2016 in the United Kingdom contributed to an exceptionally high level of sales. Thus a slightly rising overall sales trend is expected in 2017.

Telecommunications business unit

In 2016, two more companies – Intel and Microsoft Finland (formerly Nokia Mobile Phone) – ceased their activities in the mobile sector. This development confirms the change of strategy that has been brought in over the last two years, namely to expand the traditional core business of testing and certification to other wireless-based products, and position the business unit as an industry partner for global market access. The “Internet of Things” offers significant growth potential in this respect over the years ahead. For the CETECOM group with its sites in Europe, North America and Asia, this global megatrend holds substantial business potential. CETECOM GmbH, having already introduced changes in its strategic orientation, is well positioned for this growth market. It has made the necessary investment commitments to position itself as a competent service provider with high quality standards for international market approvals for products. Based on the order intake for 2016, the Managing Board anticipates moderate sales growth for CETECOM GmbH in 2017. Applications relating to the “Internet of Things” are a major trend in our business. Key examples include autonomous driving, Industrie 4.0 and smart energy. In the United States, we anticipate a further decline in sales in 2017, owing to consolidation in the North American mobile communication market. Further necessary capacity adjustments and value adjustments were made in 2016, and will be completed over the course of 2017. The change process entails risks and challenges. Our site in South Korea experienced a sharp drop in sales in 2016 due to project postponements by a major customer. We expect business to stabilise in 2017. The Japanese site has positioned itself very successfully in a highly competitive market environment, and is anticipating positive business performance in 2017 as well. The Managing Board expects the CETECOM group to record a slight rise in sales in 2017. With its change of name, CTC advanced GmbH has sharpened its profile in the market. The Managing Board therefore expects its sales to increase in 2017. It is anticipated that smartcard services will continue to be a growth area for the business unit in 2017. As previously, the global development of payment systems will be a key business driver. As further payment applications such as VISA and AMEX have now been implemented and accredited, CTC advanced has expanded its scope so that it can offer its customers comprehensive qualification packages from a single source. In the Environmental & Safety Services

business area, high demand is anticipated for both safety testing and environmental testing services. Testing and certification of wireless-based products will still be a main focus of the company's business development in the future. The trend for progressive implementation of wireless technologies in the key sectors for CTC advanced (telecommunications, automotive, medical, banking and automation) will continue in 2017.

Energy & Environment business unit

Regulatory changes are expected to have further impacts in 2017. These generally increase demand among CONSULECTRA customers. Consequently, an increase in supply network-related advisory services is anticipated in 2017 as well.

Owing to the large number of energy service components, the good overall economic situation, and the fact that customers are in a range of different industries, there are few signs of any negative trends affecting sales or profitability for ENOPLAN in the future. Because legislators will limit or eliminate a number of areas in the future, ENOPLAN will need to flexibly adapt its energy services to exploit new revenue opportunities in a sustained and structured way. The complexity of the energy market also means that customers have a long-term need and appreciation for its services, as a result of which they are willing to enter into a contractual obligation. The recently enacted digitalisation legislation creates new technical requirements for ENOMETRIK, which will provide a positive boost.

IB Nordhorn will participate in predicted high market growth rates for technical building equipment. Since orders on hand point to a good future workload, a slight increase in sales is anticipated.

All in all, for the Energy & Environment business unit, sales in 2017 are expected to be at the previous year's level.

To consistently align the Group for profitable growth, the business units and the Group's strategic development are continuously controlled. In this way, we strengthen our financial base and gain the necessary flexibility to gear our business activities specifically to markets of the future.

Consistent development of our companies for the markets of the future assures the growth and value enhancement prospects of the RWTÜV Group. Our multi-year planning enables us to identify opportunities in all business units from the relevant market trends. This process, with a Group-wide structure, provides the basis for the continued development of the Group.

Strong performance orientation is a pillar for development. Our goal is to continuously improve the operational performance of Group companies. Among the performance criteria used to assess our businesses, in addition to results-oriented indicators we focus closely on cash generation. These form the basis for future investment capabilities and are therefore a fundamental requirement for positioning the RWTÜV Group as a diversified entity and ensuring long-term profitability. We expect all our companies to occupy stable market positions and generate good earnings. Strong cash flow orientation, EBT, and the corresponding return on sales and investment form the basis for management processes and decision-making at the strategic and operational levels. At the same time, we rely on lean structures and a local presence, with services tailored to the customer's needs.

The described development of our finances in the years ahead will enable us to continue making investments in developing strategically attractive growth businesses. Rapid integration of acquired businesses into the Group business process is an important part of this.

Continued stable business development is expected over the years ahead. According to the current forecast, the financing and liquidity of the RWTÜV Group will continue to stand on a solid basis in 2017. Even in a continuing challenging economic environment, we expect revenues and earnings in 2017 to remain at a level similar to that of 2016. A slight increase in the equity ratio is anticipated. However, the actual results may differ from expectations not least because of unforeseeable external factors, particularly macroeconomic developments.

The RWTÜV Group employed 1,749 people on average for the year. Of these, 389 employees worked in Germany and 1,360 employees worked in other countries.

The Managing Board of RWTÜV GmbH wishes to thank all members of staff and the management of Group holdings in Germany and other countries for their dedication, dependability and constructive teamwork.

Essen/Germany, 29 March 2017

RWTÜV GmbH
Managing Board



Reinhold Rüter

In fiscal 2016 the Supervisory Board of RWTÜV GmbH performed the tasks incumbent upon it as required by statutory provisions, the articles of association, and the rules of procedure. It regularly advised the Managing Board in the management of the company and supervised the activities of the Managing Board. The Supervisory Board was directly involved in all decisions of fundamental importance.

During the fiscal year, three ordinary Supervisory Board meetings were held, on 28 April, 21 September and 9 December.

The Managing Board regularly informed the Supervisory Board promptly and extensively, both in writing and verbally, about corporate planning, the course of business in general, the current economic and financial situation and profitability of the company, the strategic development of the Group, about the risk situation and risk management, the Internal Control System (ICS) and the Compliance Management System (CMS). All other important business transactions such as investments, divestments, staffing and organisational changes, and deviations from plan in the development of business were also explained in detail by the Managing Board. Significant business transactions for the company were discussed extensively by the Supervisory Board and with the Managing Board on the basis of the Managing Board's reports. As was required in accordance with statutory provisions and the provisions of the articles of association and rules of procedure, following thorough examination and deliberation the Supervisory Board voted on the Managing Board's reports and proposed resolutions.

The Chairman of the Supervisory Board and his Vice Chairman were also in regular contact with the Managing Board outside of the Supervisory Board meetings, and were informed about the current development of the business situation and significant business transactions.

BDO AG Wirtschaftsprüfungsgesellschaft, Essen/Germany audited the annual financial statements, consolidated annual financial statements and combined management report for RWTÜV GmbH and the Group as of 31 December 2016. The annual financial statements of RWTÜV GmbH and the combined management report for RWTÜV GmbH and the Group were prepared in accordance with the provisions of German commercial law and received an unqualified audit certificate. The consolidated annual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union and the supplementary provisions of German commercial law in accordance with section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB). The auditor issued a qualified audit certificate for the consolidated annual financial statements because the salaries of the Managing Directors of RWTÜV GmbH were not stated on grounds of protecting the rights of the individual. The auditor conducted the audit in accordance with section 317 HGB and the generally accepted standards for the audit of financial statements set down by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW), and in conformity with the International Standards on Auditing (ISA).

In its meeting of 27 April 2017, the Supervisory Board examined the annual financial statements and consolidated annual financial statements, the combined management report, the proposed appropriation of net profit, and discussed the audit report in detail together with the auditor. Based on its own examinations, the Supervisory Board raised no objections and approved the results of the audit during the meeting. The Supervisory Board recommended to the Annual General Meeting of RWTÜV GmbH that it should accept the Managing Board's proposal for the appropriation of net income for the year 2016, approve the actions of the Managing Director for fiscal 2016 and approve the consolidated annual financial statements prepared by the Managing Board.

The Supervisory Board thanks the Managing Board of RWTÜV GmbH, the Managing Directors of the Group companies, all employees of the Group and the staff representatives for their dedication and commitment in fiscal 2016.

Essen/Germany, April 2017

For the Supervisory Board

Karl Friedrich Jakob.

Prof. Dr. Karl Friedrich Jakob
Chairman

PROFIT AND LOSS ACCOUNT OF RWTÜV GmbH
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016

	2016 €	2015 €
Sales revenue	1,947,485.52	260,000.00
Other operating income	727,488.23	1,842,261.19
Costs of materials	-1,377,693.05	0,00
Personnel expenses	-1,334,822.52	-1,651,962.74
Depreciation and amortisation expense	-15,262.13	-20,863.42
Other operating expenses	-1,668,757.32	-2,524,368.71
Income from participating interests	5,801,746.31	1,521,170.00
Income from profit transfer agreements	3,423,153.21	1,529,862.72
Interest receivable and similar income	480,101.94	631,280.64
Interest payable and similar charges	-240,421.72	-605,952.00
Taxes on income	-152,497.25	0,00
Results after taxes	7,590,521.22	981,427.68
Other taxes	-5,002.91	9,966.67
Net income	7,585,518.31	991,394.35

BALANCE SHEET OF RWTÜV GmbH
AS AT 31 DECEMBER 2016

ASSETS	31.12.2016 €	31.12.2015 €
A. NON-CURRENT ASSETS		
I. Intangible assets	18,992.00	3,674.00
II. Tangible assets	163,028.29	164,304.29
III. Financial assets	84,701,771.74	87,789,543.08
Total non-current assets	84,883,792.03	87,957,521.37
B. CURRENT ASSETS		
I. Receivables and other assets	7,880,450.34	1,973,560.78
II. Cash in hand, bank balances	7,305,400.73	3,994,796.30
Total current assets	15,185,851.07	5,968,357.08
Total assets	100,069,643.10	93,925,878.45
EQUITY AND LIABILITIES		
A. SHAREHOLDERS' EQUITY		
I. Subscribed capital	10,000,000.00	10,000,000.00
II. Capital reserves	24,205,526.68	24,205,526.68
III. Revenue reserves	2,528,868.36	2,528,868.36
IV. Retained earnings brought forward	49,799,369.13	49,799,368.78
V. Net earnings for the year	7,585,518.31	991,394.35
Total shareholders' equity	94,119,282.48	87,525,158.17
B. PROVISIONS	1,794,396.92	2,787,181.00
C. LIABILITIES	4,155,963.70	3,613,539.28
Total equity and liabilities	100,069,643.10	93,925,878.45

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