



IB NORDHORN
CONSULECTRA CETECOM Gruppe
Van Ameyde TÜV NORD ENOPLAN
CONSULECTRA ENOMETRIK CONSULECTRA
ENOMETRIK RWTÜV CETECOM Van Ameyde ENOPLAN
ENOMETRIK CONSULECTRA TÜV NORD optismall IB NORDHORN
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RWTÜV ENOMETRIK optismall 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 2017

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (IFRS)

	2017 € '000	2016 € '000
Sales revenue	202,578	197,980
Increase in the inventory of finished goods and work in progress	-1,531	3,113
Other own work capitalised	289	147
Other operating income	5,963	5,366
Cost of materials	-7,229	-7,847
Personnel expenses		
a) Wages and salaries	-99,623	-97,594
b) Social security contributions and social assistance costs	-22,283	-22,658
Depreciation and amortisation expense	-13,173	-18,863
Other operating expenses	-52,312	-49,393
Result from investments measured using the equity method	15,890	14,453
Result from other investments	36	21
Net interest income	-271	-77
Earnings before tax (EBT)	28,334	24,648
Taxes on income		
a) Income tax expense/income	-4,728	-2,406
b) Deferred taxes	141	-1,297
Consolidated net earnings for the year	23,747	20,945
Non-controlling interests	-70	126

CONSOLIDATED BALANCE SHEET OF RWTÜV GmbH
AS AT 31 DECEMBER 2017

	31/12/2017	31/12/2016
	€ '000	€ '000
ASSETS		
A. NON-CURRENT ASSETS		
Intangible assets	50,865	48,698
Tangible assets	24,857	26,021
Investment properties	10,685	11,024
Financial assets stated at equity	16,527	1,086
Other financial assets	1,759	1,690
Receivables and other assets	375	402
Deferred tax assets	4,831	5,730
	109,899	94,651
B. CURRENT ASSETS		
Inventories	32,916	38,057
Receivables and other assets	87,405	79,389
Income tax assets	1,730	2,808
Cash and cash equivalents	79,832	69,633
	201,883	189,887
B. CURRENT ASSETS	0	393
	311,782	284,931
EQUITY AND LIABILITIES		
A. SHAREHOLDERS' EQUITY		
Subscribed capital	10,000	10,000
Capital reserves	24,225	24,225
Revenue reserves	208,477	189,536
Other shareholders' equity items	-105,547	-103,523
Non-controlling interests	567	1,811
	137,722	122,049
B. NON-CURRENT LIABILITIES AND PROVISIONS		
Non-current liabilities	3,608	1,605
Provisions for pensions and similar obligations	12,416	11,907
Other non-current provisions	2,348	2,388
Deferred tax liabilities	2,410	3,435
	20,782	19,335
C. CURRENT LIABILITIES AND PROVISIONS		
Current liabilities	136,009	131,412
Income tax liabilities	706	500
Short-term provisions	16,563	11,463
	153,278	143,375
C. CURRENT LIABILITIES AND PROVISIONS	0	172
	311,782	284,931

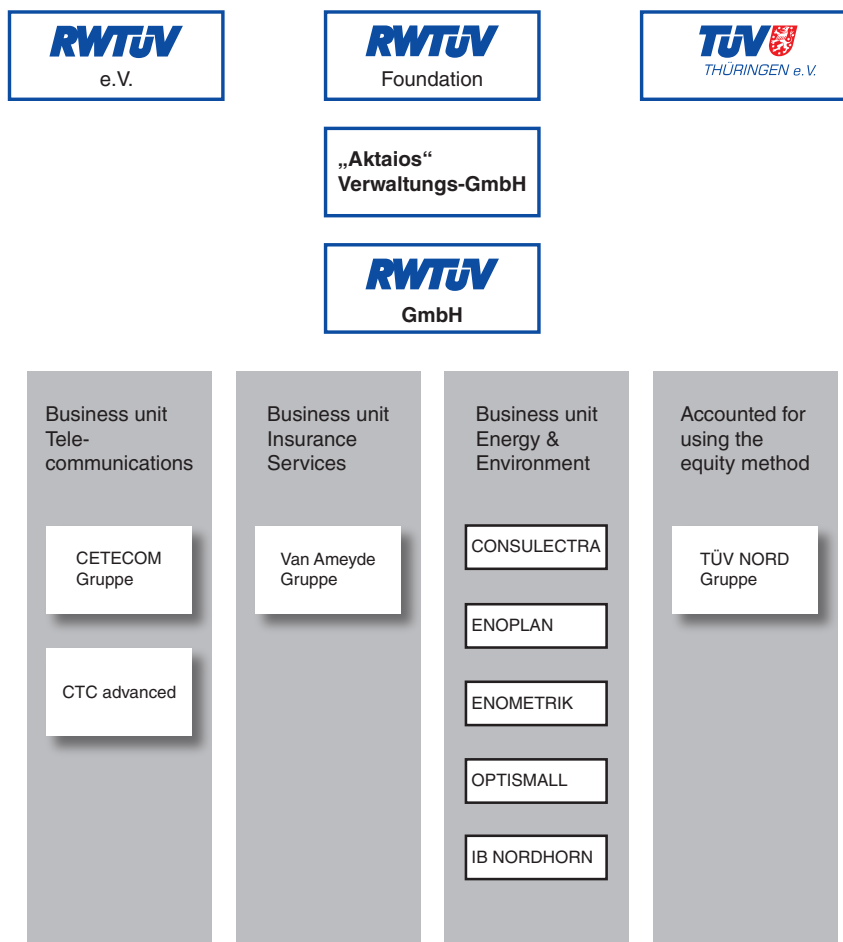
The RWTÜV Group is a group of technology service provider companies with strong brands. RWTÜV is the holding company. The Group has an efficient group structure with a diversified portfolio, in which innovativeness, efficiency and sustainability are vital. Via its operating holdings, the Group is currently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

On the cut-off date 31 December 2017, including the management and financial holding company RWTÜV GmbH, the Group comprised ninety-six (2016: 93) fully consolidated companies, of which 17 were in Germany and 79 in other countries. In addition, RWTÜV GmbH holds a 36.1 % stake in TÜV NORD AG, a global testing, inspection and certification (TIC) group

The RWTÜV Group ended fiscal 2017 with net earnings for the year of € 23.7 million (2016: € 20.9 million) and sales of € 202.6 million (2016: € 198.0 million). Thus we achieved growth of 2.3 %. Our strategy is focused on continued organic and inorganic development of our companies, growth in markets of the future, and achieving stable profit, cash and value contributions.

Due to our positioning as a diversified services group, the Group is structured into three business units: Insurance Services, Telecommunications, and Energy & Environment. Our companies occupy stable 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 86 companies in more than 20 European countries. VAI offers comprehensive solutions for settling domestic and international claims 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 service offering of the Van Ameyde group.

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 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. Changes in the mobile communication market due to the Internet of Things (IoT) megatrend have led to a focusing on new customer groups, and have increased demand for testing and certification of products and machines of all kinds that have one or more built-in wireless interfaces. This focusing enables further exploitation of existing market potential, and thus enhances the value of the business unit.

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, Optismall GmbH, Bruchsal/Germany and Ingenieurbüro Nordhorn GmbH & Co. KG, Münster/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. Optismall GmbH specialises in the commercial customer segment (under 250,000 kWh p.a.) for electricity and natural gas. The engineering bureau IB NORDHORN specialises 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.

MARKET AND INDUSTRY CONDITIONS

The German Federal Statistical Office (Statistisches Bundesamt) reports that growth in the global economy was stronger than expected over the course of 2017. Most of the major economies experienced growth, and economic activity in the eurozone noticeably picked up pace.

In Germany, the job market continued to improve as capacity utilisation was higher than normal. Interest rates remained low. These factors resulted in higher consumption expenditure and investment. The emerging economies did not return to previous heights, but were significantly above the low levels of mid-2016.

The future growth outlook remains uncertain, however. Numerous geopolitical trouble spots could have a further negative impact, as could uncertainty over future monetary policy. Brexit negotiations and the possibility of punitive tariffs imposed by the United States have the potential to influence investment sentiment.

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 and United Kingdom, whereas the *Telecommunications* business unit is expanding 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.

BUSINESS DEVELOPMENT

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

- External sales: € 202.6 million
(2016: € 198.0 million),
- Earnings before tax: € 28.3 million
(2016: € 24.6 million),
- Return on sales, based on the result before income taxes: 14.0 %
(2016: 12.4 %),
- Equity ratio: 44.2 %
(2016: 42.8 %)

Once again, RWTÜV Group can look back on a satisfying business year in 2017, having slightly exceeded the previous year's forecast in respect of sales and earnings trends.

The domestic business finished 2017 with sales revenues amounting to € 50.9 million (2016: € 49.8 million). The share of international business in consolidated sales came to € 151.7 million (2016: € 148.2 million). A total of 75 % of sales were generated outside of Germany in fiscal 2017.

The individual business units developed as follows:

Insurance Services business unit

The RWTÜV Group has steadily expanded its portfolio in the *Insurance Services* business unit through targeted acquisitions in order to achieve its growth and earnings targets. The new acquisitions gave the Van Ameyde group a broader regional presence in the Benelux countries, Scandinavia and the Baltic, and they increased 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 4.4 % in 2017 compared to the previous year, although currency effects due to the stronger euro had a negative impact on sales. With the exception of the Marine & Industry sub-segment, which incurred reorganisation costs for northern Europe, all relevant sub-segments continued on a positive trend. VAI's total sales in fiscal 2017 came to € 128.9 million.

Telecommunications business unit

Sales in the *Telecommunications* business unit, at € 47.9 million, were slightly below the previous year's level. Changes in the mobile communication market, driven by the Internet of Things (IoT) megatrend, have increased demand for testing services and certifications for products and machines that have one or more built-in wireless interfaces, whereas the project business for testing mobile terminal equipment is in decline. Accordingly, sales for CETECOM GmbH, at € 11.9 million, were slightly below the previous year's level.

The subsidiary CETECOM Inc., based on the west coast of the United States, reported sales of € 12.9 million in 2017. This figure, too, was down on the previous year's level. Market changes are also being taken into account by focusing activities on the IoT megatrend.

With regard to business activities in Asia, performance was mixed. At € 4.5 million, the Korean company's sales in 2017 did not reach the previous year's level. With sales of € 3.0 million, CETECOM Japan maintained a stable market position in the local market.

CTC advanced GmbH (formerly: CETECOM ICT Services GmbH), based in Saarbrücken/Germany, reported sales of € 18.9 million in 2017, around 18.9 % higher than the previous year on the back of organic growth. The company therefore further strengthened its market position in 2017. The strategic measure to raise the brand profile, combined with a change of name, proved to be highly successful. The main segments contributing to this success were Radio Communications & EMC (qualification of wireless products, electromagnetic compatibility (EMC) testing, tests to determine the specific absorption rate, and hearing aid testing), SmartCard Technologies (qualification of smartcards, payment terminals and mobile payment applications) as well as Certification Body and Environmental & Safety Services (battery and environmental testing, electrical safety testing).

Energy & Environment business unit

The *Energy & Environment* unit generated consolidated sales of € 24.4 million in 2017, around 4.5 % higher than the previous year's level, after eliminating the effect resulting from the sale of Enviro GmbH & Co. KG (formerly: Enviro GmbH) in early 2017.

As before, owing to the volatile regulatory requirements, the energy industry remains a lucrative market segment for consulting services. The German legislative package for the digital transformation of the Energiewende meant that specific planning could start for the installation and operation of smart meter systems across the whole country. Apart from that, the other main themes of activities for customers in fiscal 2017 were the obligation to register decentralised power generating facilities for own consumption, the reporting requirements for the cogeneration levy under the German Combined Heat and Power Act (Kraft-Wärme-Kopplungsgesetz, KWKG), the "section 19" levy and the offshore levy.

The changed framework conditions enabled CONSULECTRA to increase its sales to € 6.0 million in 2017.

Fiscal 2017 went accordingly well for ENOPLAN, ENOMETRIK and Optismall. Total sales came in at € 16.1 million, around 3.7 % 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.

Both ENOPLAN and CONSULECTRA have benefited as a result.

Business for IB Nordhorn during 2017 was characterised by a high project workload. Sales totalled € 3.0 million, remaining at the level of the previous year.

EARNINGS SITUATION

With external sales of € 202.6 million (2016: 198.0 million), the RWTÜV Group achieved earnings before taxes (EBT) of € 28.3 million (2016: € 24.6 million) and net earnings for the year of € 23.7 million (2016: € 20.9 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 2017 increased from € 5.4 million in the previous year to € 6.0 million. Income from the sale of a business line in the United States and from the sale of Enviro GmbH & Co. KG are the main items of note. Personnel expenses increased from € 120.3 million to € 121.9 million as the average number of employees rose by 52 due to the Group's expansion. Depreciation/amortisation, at € 13.2 million, was significantly below the previous year's level of € 18.9 million. Goodwill was amortised by € 1.4 million (2016: € 2.6 million).

In addition, intangible assets and property, plant and equipment were written down by a total of € 0.8 million (2016: € 3.1 million). This was the result of changes in the market environment in the Telecommunications business unit. For this reason, scheduled amortisation and depreciation fell by € 2.2 million compared to 2016, underlining the sustainability of the restructuring that has taken place.

Other operating expenses, at € 52.3 million, were higher than the previous year's level of € 49.4 million owing to restructuring expenses. The result from investments measured using the equity method – the minority holding in TÜV NORD AG – increased by 10 % from € 14.5 million to € 15.9 million. Tax expenses in 2017 amounted to € 4.6 million. Changes in equity not affecting net income are included in the notes concerning the asset position.

FINANCIAL POSITION

RWTÜV Group's conservative financial policy is traditionally an integral part of the Group's philosophy. 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 € 24.2 million in 2017 (2016: 16.1 million). Cash flow from investing activities amounted to € -14.2 million (2016: € -9.7 million) and cash flow from financing activities totalled € 0.2 million (2016: € -5.8 million). The ratio of cash flow from operating activities to investments was therefore 170 % (2016: 166 %), which underscores the conservative financing. For details, please refer to the cash flow statement in the notes to the consolidated annual financial statements.

In the reporting period a total of € 14.5 million (2016: € 14.0 million) was invested across the Group in tangible and intangible assets. Of this amount, the Telecommunications business unit accounted for € 4.5 million (2016: € 6.2 million), the Insurance Services business unit € 8.4 million (2016: € 6.4 million) and the Energy & Environment business unit € 1.6 million (2016: € 1.4 million). In addition, € 8.1 million was invested in the investment portfolio in the Insurance Services business unit.

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 2017.

As at 31 December 2017, shareholders' equity totalled € 137.7 million with total assets of € 311.8 million. As a result, the Group equity ratio increased to 44.2 % (2016: 42.8 %). The low interest rate level continues to have an influence, and was taken into account by leaving the discount rate for pension obligations at 1.2 % in Germany and setting it at 1.9 % for other countries. The reporting outside of profit or loss of actuarial losses which arose from this discounting had a negative impact on shareholders' equity in 2017 of € 0.6 million (2016: € -18.8 million).

As at 31 December 2017, the company's reserves to total capital ratio (reserves / total capital) remained at a constantly high level of 74.6 % (2016: 75.0 %), which contributes to a high level of protection. Long-term assets totalled € 109.9 million (2016: € 94.7 million). The cover ratio (shareholders' equity / non-current assets) was 125.3 % (2016: 128.9 %), and hence non-current assets are fully covered by long-term capital. Short-term borrowed capital, at € 153.3 million (2016: € 143.4 million) is less than short-term assets of € 201.9 million (2016: € 189.9 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 controlled growth.

BASIC PRINCIPLES OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements per 31 December 2017 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 € 2.1 million (2016: € 7.6 million). Sales revenue totalling € 1,424,000 (2016: € 1,947,000) is comprised of group head office charges and services.

Non-current assets as at 31 December 2017 were € 89.0 million (2016: € 84.8 million) while current assets stood at € 15.4 million (2016: € 15.2 million). Total assets per 31 December 2017 amounted to € 104.5 million (2016: € 100.0 million).

Per 31 December 2017, the balance sheet of RWTÜV GmbH showed shareholders' equity of € 95.2 million (2016: € 94.2 million). As a result, the equity ratio of the financial and management holding company RWTÜV GmbH stood at 91.4 % (2016: 94.0 %).

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. 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. Complying with laws, regulations and internal guidelines is part of our corporate culture. Our compliance strategy has the goal of creating a sustainable integrated compliance culture. Our compliance management system is closely integrated with our risk management system and our internal control system. Our compliance policy, which follows the IdW 980 assurance standard, 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 reporting processes ensure timely and structured information concerning the Group's current risk situation. We understand risks to mean a negative deviation from target owing to future developments. Through its links to planning and monthly reporting, the risk management system is a key element of corporate management. Responsibility for identifying and controlling risks lies with the managers in the operating units. These identified risks are analysed centrally and presented to the supervisory bodies. In fiscal 2017 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 maintain 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 solid position in Europe in a highly competitive insurance market. The Van Ameyde group counteracts the risk resulting from competitive and price pressure by making adjustments to its organisational structure and ongoing improvements to IT systems, and by strengthening customer loyalty, enhancing its service offering and developing new markets. Risks result for the Van Ameyde group from possible terminations of services provided for insurance companies and banks, and from the uncertainty of developments in the Eastern Europe market. Further risks may result from the possible consequences of Brexit for business in the United Kingdom, and from constantly changing IT requirements. For 2018 – assuming that services continue to be provided for insurance companies and banks – a constant level of sales is expected.

Telecommunications business unit

The Internet of Things, with its strong reliance on various wireless technologies, provides CETECOM group with a strong basis for successfully positioning itself as a technology partner and participating in the expected growth market. The trend of globally networking products and machines will continue in the coming years, leading to a growing demand for testing and certification services. For the CETECOM group with its sites in Europe, North America and Asia, this global megatrend holds substantial business potential. The main risks are changes in test standards and market volatilities.

Testing and certification of wireless-based products will still be a main focus of business development for CTC advanced GmbH in the future. The next generation of communication systems – which are now in development and in some cases already on the market – and the associated increasing networking of people, processes and machines (Internet of Things, home automation, Industry 4.0) is being further expanded with corresponding wireless systems. The need to technically safeguard these products continues to increase, with the result that CTC advanced GmbH will benefit here too.

Owing to the very specific activities of the CETECOM group and CTC advanced GmbH, in conjunction with job market shortages due to market growth, it is becoming increasingly difficult to recruit qualified engineers and other personnel.

A constant level of sales is anticipated for the business unit in 2018.

Energy & Environment business unit

Regulatory changes are expected to have volatile impacts in 2018 as well.

With its secure, strong market position in network control technology and grid planning, a stable revenue position is expected for CONSULECTRA once again in 2018. ENOPLAN is one of the few energy service providers that can serve nearly all of the energy market's requirements from within its own group of companies.

Since ENOPLAN's services consists of many components, and these can also be offered as modules, there are possibilities for collaboration with every customer group in every industry. For this reason, there continues to be high demand for the range of services offered by the ENOPLAN group. IB Nordhorn will continue to participate in predicted high market growth rates for technical building equipment. In this business unit too, it is a challenge to recruit qualified engineers and other employees. All in all, for the Energy & Environment business unit, sales in 2018 are expected to be at the previous year's level.

To consistently target profitable growth in the Group, the business units and the Group's strategic development are continuously controlled. In this way, we further 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. Opportunities result from our diversified, profitable service portfolio, as capital intensity there is of only secondary importance.

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 solid 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. Group management defines medium-term goals in the course of annual medium-term planning.

The described development of our finances in the years ahead will enable us to continue making investments in developing strategically attractive growth businesses. Thus the goal continues to be to achieve sustained positive cash flow from operating business activities. 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 secure basis in 2018. Even in a continuing challenging economic environment, we expect revenues and earnings in 2018 to remain at a level similar to that of the previous year. A further 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 1,801 people on average for the year. Of these, 409 employees worked in Germany and 1,392 employees worked in other countries. This equates to an increase of 3 % compared to the previous year.

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 2018

RWTÜV GmbH
Managing Board



Reinhold Rüter

In fiscal 2017 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 that were of fundamental importance.

During the fiscal year, three ordinary Supervisory Board meetings were held, on 27 April, 18 September and 4 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 development of the Group, the risk situation and risk management system, 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. In so far 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 2017. 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 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 defined by the German Institute of Auditors (Institut der Wirtschaftsprüfer, IDW), and in conformity with the International Standards on Auditing (ISA).

The Supervisory Board examined the annual financial statements and consolidated annual financial statements, the combined management report and the proposed appropriation of net profit, and discussed the audit report in detail together with the auditor in its meeting of 26 April 2018. Based on its own examinations, the Supervisory Board raised no objections and approved the results of the audit. 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 2017, formally approve the actions of the Managing Director for fiscal 2017, and endorse the consolidated annual financial statements for 2017 prepared by the Managing Board. REPORT OF THE SUPERVISORY BOARD

The Supervisory Board thanks the Managing Director 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 2017.

Essen/Germany, April 2018

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 2017

	2017 €	2016 €
Sales revenue	1,423,921.41	1,947,485.52
Other operating income	1,843,291.82	727,488.23
Costs of materials	-886,908.84	-1,377,693.05
Personnel expenses	-2,353,131.94	-1,334,822.52
Depreciation and amortisation expense	-11,419.59	-15,262.13
Other operating expenses	-1,663,017.27	-1,668,757.32
Income from participating interests	3,035,959.82	5,801,746.31
Income from profit transfer agreements	679,368.80	3,423,153.21
Interest receivable and similar income	442,913.23	480,101.94
Interest payable and similar charges	-225,530.61	-240,421.72
Taxes on income	-170,453.20	-152,497.25
Results after taxes	2,114,993.63	7,590,521.22
Other taxes	672.93	-5,002.91
Net income	2,115,666.56	7,585,518.31

BALANCE SHEET OF RWTÜV GmbH
AS AT 31 DECEMBER 2017

ASSETS	31.12.2017	31.12.2016
	€	€
A. NON-CURRENT ASSETS		
I. Intangible assets	14,341.00	18,992.00
II. Tangible assets	156,810.29	163,028.29
III. Financial assets	88,885,543.08	84,701,771.74
Total non-current assets	89,056,694.37	84,883,792.03
B. CURRENT ASSETS		
I. Receivables and other assets	4,681,797.89	7,880,450.34
II. Cash in hand, bank balances	10,755,662.43	7,305,400.73
Total current assets	15,437,460.32	15,185,851.07
Total assets	104,494,154.69	100,069,643.10
EQUITY AND LIABILITIES		
	31.12.2017	31.12.2016
	€	€
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	56,384,887.44	49,799,368.78
V. Net earnings for the year	2,115,666.56	7,585,518.31
Total shareholders' equity	95,234,949.04	94,119,282.48
B. PROVISIONS	3,074,725.92	1,794,396.92
C. LIABILITIES	6,184,479.73	4,155,963.70
Total equity and liabilities	104,494,154.69	100,069,643.10

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