REALDOLMEN
ANNUAL REPORT 2017-2018

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REALDOLMEN
to get there, together

Realdolmen is a public limited company under Belgian law. The company was founded for an unlimited time.

Realdolmen NV has its registered office at A.Vaucampslaan 42 in 1654 Huizingen. The company is registered at the Crossroads Bank for Enterprises ("BCE/KBO") under number 0429.037.235. The company files its statutory documents in compliance with Belgian Company Law at the legal entities register of Brussels.

The Belgian branches of the company are located in Ghent, Kontich, Lummen and Mons. The addresses of the foreign branches are provided in this publication and on the company website. The fiscal year runs from 1 April to 31 March of the next year.The company is listed since 1997 with a listing on NYSE Euronext (REA ISIN BE0003899193).

Pursuant to the Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments admitted to trading on a Belgian regulated market, Realdolmen makes available its annual financial report on the website (www.Realdolmen.com) and it may be obtained upon simple request, free of charge, at the address of the registered office in Huizingen.

This report contains the combined statutory and consolidated annual report of the board of directors prepared in accordance with Article 119, last paragraph of the Company Code. The report further contains a condensed version of the statutory annual accounts prepared in accordance with Article 105 of the Company Code, and the full version of the consolidated annual accounts. The full version of the statutory annual accounts is deposited with the National Bank of Belgium, pursuant to Articles 98 and 100 of the Company Code, together with the annual report of the board of directors and the audit report.

In accordance with Article 12, §2, 3° of the Royal Decree of November 14, 2007, the members of the board of directors (i.e. Nonomar BVBA, represented by Henri Van Engelen, M&A Services BVBA, represented by Nadia Verwilghen, Wim Colruyt, Fast Forward BVBA, represented by Rika Coppens, Vincent Rouaix, Cyril Malher and Jean-Marc Humbert declare that, to their knowledge:
a) the annual accounts contained in this report, which have been prepared in accordance with the applicable standards for annual accounts, give a true view of the assets, financial situation and the results of Realdolmen and the companies included in the consolidation;
b) the annual accounts give a true overview of the development and the results of the company and of the position of Realdolmen and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are confronted.

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1. Introduction

Dear stakeholder of Realdolmen,

The financial year that ended in March 2018 is characterized by two distinct events.

First, Realdolmen's financial performance was very solid during the whole year.

With a turnover of € 258M, growth versus last year doubled to 5.9%. The operating profit (REBIT) reached € 14M, up 16.4% versus previous year, leading to an operating margin of 5.4%. Net profit was slightly negative - € 1.1M due to one-off costs related to the auction and take-over process (*). The net cash position increased by over 31% to € 36.4M.

Both divisions IT & Business Consulting as well as IT & Business Support, contributed to these strong financial results. The strategy to deliver end-to-end IT solutions and to focus on the high mid-end of the market has proven to be successful. Solid sales intake combined with continuous improvement in services delivery and operational excellence have been the drivers behind the strong performance. Next to that, in a market where there is a war for talent, Realdolmen was not only able to retain talent but also to significantly attract talent, which is the base for future growth and success.

Although operational performance was strong, the long-term future was less secure, given the lack of an international footprint, and the trend towards consolidation and scale at European and even global level. Additionally, the stock market did not fully reflect the value of Realdolmen.

This brings me to the second important event.

The Board of Directors decided to look into the market for an international industrial partner. It was the intention for Realdolmen to become part of a leading IT services company in Europe, with scale and expertise. The acquirer would get a strong foothold in the Belux market. This win-win situation was found with Gfi Informatique, that, as a result of a competitive bid process, acquired a large majority of Realdolmen shares. The share price of €37 was 33% above the average share price of the last 12 months.

This transaction creates value for all stakeholders. The shareholders are rewarded with a significant capital gain compared to last year's share price. The customers gain access to a broader set of resources and solutions and employees will be able to grow further in a leading European professional IT services company.

I would like to thank all members of the Board of Directors for their collaboration, support and commitment for having made this important journey possible.

Finally, I would like to thank Marc De Keersmaecker, General Manager, and his management team for the excellent results and the support during the whole process.

With kind regards,

Henri Van Engelen
Permanent Representative Nonomar BVBA, Chairman of the Board of Directors Realdolmen SA

(*) Gfi Informatique, a leading French IT services company with revenues of € 1.130M, 14 800 employees and active in 20 countries, acquired 95,75% of all outstanding shares of Realdolmen on 18 July 2018.

2. Report on activities 2017-2018 (cf. press release 25 May 2018)

- **Overall financial results in line with projections**
- **€258M turnover, a 5,9% growth versus last year**
- **Operating result of €14M, 16,4% better than last year**
- **€4,8M EBIT after non-recurring costs**
- **Impairment of the deferred tax asset with €5,3M, consequence of the corporate tax reform**
- **Friendly tender offer of GFI Informatique on all shares of Realdolmen at €37 per share**

Marc De Keersmaecker, General Manager of Realdolmen, commented:
"This year was successful in many respects. We delivered strong financial results as reflected by the turnover growth and margins. This is confirming that our company is in good condition. More and more customers entrust us with their strategic, tactical and operational IT challenges. Our associates enjoy working and building their careers with us. In April, GFI Informatique launched a friendly tender offer over Realdolmen. If the tender offer succeeds, we will have secured the strategic future of our company over the long term, offering new opportunities and perspectives. Together with all our associates, I am, more than ever, proud to work for Realdolmen. "

FY Results March 2018 vs March 2017

In M€	**31-03-18**	**31-03-17**	**VAR %**
Turnover	**258,1**	**243,8**	**5,9%**
Operating result before non-recurring (REBIT)	**14,0**	**12,0**	**16,4%**
Margin	*5,4%*	*4,9%*	
Operating result after non-recurring (EBIT)	**4,8**	**12,0**	**-59,7%**
Profit (Loss) for the period	**-1,1**	**11,0**	**-110,4%**
REBITDA (1)	16,2	14,2	14,2%
REBITDA Margin	*6,3%*	*5,8%*	

(1) REBITDA = REBIT increased with depreciations & amortization

Balance Sheet March 2018 vs March 2017

In M€	**31-03-18**	**31-03-17**	**VAR %**
Equity	**149,7**	**154,4**	**-3%**
Net Debt (2)	**-36,4**	**-27,8**	**31,1%**
Cash	*36,6*	*28,3*	*29,5%*

(2) Net debt = financial debt and bank overdrafts minus cash

2.1 Turnover

The global turnover for the year increased by 5,9% compared to last year.

Turnover per segment in K€	March'18	March'17	% Variance
Total	**258 106**	**243 758**	**5,90%**
IT & Business Consulting	112 066	104 014	7,70%
IT & Business Support	146 040	139 744	4,50%

IT & Business Consulting:
The project and consulting activities have grown with 7,7% compared to the same period last year.

Sourcing of high level technology consultants is performing well. The same is true for our offerings around digital transformation and our development factory platform, the DevOps Factory. Hybrid Cloud and Customer Centricity offerings continued in line with last year. Engaged Workplace offerings and own IP sales performed slightly less than last year.

Initiatives around work satisfaction have continued to sort effect. Our workforce has been growing as a result of successful hiring, decreased attrition and off-shore business fulfillment.

IT & Business Support: Turnover in this segment of business increased by 4,5% compared to last year. More than half of such growth is coming from Product & Licenses turnover. The strong sales in datacenter, storage and license sales was slightly offset by lower turnover in mobile and workplace products. Turnover of the outsourcing and hosting activity also grew strongly. We continue to strengthen our position as the leading and best quality IT outsourcer on the mid-market within our region.

2.2 Operating result before non-recurring (REBIT)

REBIT increased with €2M compared to last year up to €14M. REBIT margin improved to 5,4%.

REBIT per segment in K€	March'18	March'17	% Variance
Total	**13 962**	**11 993**	**16,40%**
IT & Business Consulting	7 181	5 369	33,70%
IT & Business Support	10 211	9 142	11,70%
Corporate	-3 430	-2 518	-36,20%
Total margin %	**5,40%**	**4,90%**	**0,50%**
IT & Business Consulting	6,40%	5,20%	1,20%
IT & Business Support	7,00%	6,50%	0,50%
Corporate	-1,30%	-1%	-0,30%

IT & Business Consulting: Margins in IT & Business Consulting grew, up to 6,4% or €7,2M. Such margin increase, noticed across all divisions, is the consequence of strongly improved day rates, enhanced occupation, effects of scale following increased volume, efficiency improvement within our DevOps factory and an overall reduced divisional cost base only offset by a decrease in own IP sales.

IT & Business Support: REBIT margin in this segment increased with €1.1m up to €10,2M or 7% margin. This is the result of improved efficiency and effects of scale in our IT outsourcing activity while margins in our Products and License business remained flat.

Corporate Overhead: Corporate overhead increased with €912K as a consequence of less one-off provision reversals and the impact of limited lay off costs.

2.3 Operating result after non-recurring (EBIT)

The company booked a non-recurring cost of €9,133M. This entails on the one hand the transaction costs of the sales process that resulted in the tender offer of GFI Informatique covering among other provisions for the success fees of the bank and transaction bonuses (both considered more than likely), legal support, vendor due diligence and fairness opinion costs. On the other hand this also includes a substantial one-off charge related to an historical tax dispute. Such costs were offset by a one off provision reversal and the gain on the sales of our Harelbeke building.

Operating result after non-recurring (EBIT) is therefore €4,829M.

2.4 Total Group Net Profit

Net financial charges amounted to €67K.

An impairment of €5,3M was taken on the recognized deferred tax asset. This is the consequence of the Belgian corporate tax reform with the gradual reduction of the corporate tax rate and the limitation of the use of carried forward tax losses. As a result, i**ncome taxes** amounted to -€5,9M.

After deduction of the financial charges and the income taxes, the Group reported a loss of €1,146M.

2.5 Equity/Net Debt

Equity decreased with €4,6M compared to March 31, 2017. This is primarily the impact of this year's net loss of €1,1M and this year's dividend payment of €3,6M.

Cash Flow generated over the year amounted to €8,3M.
The total negative net debt position amounts to €36,4M (net cash).
The cash balance stands at €36,6M.

2.6 Tender offer on all shares of Realdolmen

As a result of a sales process initiated by Realdolmen, GFI Informatique announced in February a friendly tender offer on Realdolmen. The public offer was launched on 26 April 2018. This process fits in the strategy of Realdolmen to become part of a larger, international group in a consolidating market environment where scale is critical.

The voluntary and conditional public tender offer provides for a price of €37 per share. The initial acceptance period of the offer will end on May 31, 2018. This operation will enable Realdolmen to rely on an industrial partner with international reach so as to secure its development in the midst of a market in consolidation.

The GFi Informatique offer received the unanimous support of the Board of Directors of Realdolmen. The historical shareholders have committed themselves to contributing their shares to the offer amounting to approximately 22% of the capital. The results of the offer will be communicated by GFI Informatique on June 4, 2018.

In light of the outstanding tender offer, no dividend distribution will be proposed to the shareholders meeting.

2.7 Prospects for FY 2018/2019

For the full year 2018/2019 as Realdolmen, we expect global turnover to grow. IT & Business Consulting turnover should grow while IT & Business Support should decrease as a consequence of lower product turnover.

We expect full year REBIT margins to grow slightly.

3. Corporate Governance Statement

3.1 Introduction

The Board of Directors has approved the Corporate Governance Charter ("the Charter") in 2005 based on the first Belgian Corporate Governance Code (2004). The Belgian Corporate Governance Committee published an updated 2009 Code. This is available on: www.corporategovernancecommittee.be.

Since the publication of the 2009 Code, NV Realdolmen has adopted this Code 2009 as its current reference code. The Charter can be consulted on the company website: http://www.Realdolmen.com/en/about/organization.

This statement of corporate governance is a chapter of the annual report with the information required in the articles 96, §2 and 119 of the Belgian Company Code. As required by the said articles of the Belgian Company Code, Realdolmen explains in this chapter why – if any – deviation exist from certain elements of the Code 2009, according to the "*comply or explain*" principle.

3.2 Board of Directors

3.2.1 Composition & Attendance

The Company's bylaws provide that the C*ompany shall be managed by a Board of Directors having at least three members, appointed by the General Meeting for maximum the period of time allowed by the Belgian Company Code, and at all times subject to dismissal by the General Meeting. Outgoing Directors are eligible for re-election. If a Director's mandate becomes available the Board of Directors can coopt a temporary replacement until the next General Meeting that can proceed with the nomination. The rules relating to the composition of the Board of Directors are detailed in section 1.1 of the Corporate Governance Charter.*

The rules governing the amendment of the Company's bylaws are set by the Belgian Companies Code. The decision to amend said bylaws has to be made by a General Meeting, provided that at least 50% of the share capital of Realdolmen is present or represented at the meeting, in principle with a majority of 75% of the votes cast. If the attendance quorum is not met at the first Extraordinary General Meeting, a second General Meeting can be convened and will decide without any attendance quorum having to be reached. In exceptional circumstances (for example amendment of the object of the company, changing of rights of securities), additional attendance and voting quora requirements may be applicable.

During fiscal year 2017-2018, the Board of Directors consisted in total of nine members. All directors were non-executive. Six directors were independent based on criteria of article 526ter of the Company Code.

Baron Jef Colruyt, chairman of the Colruyt Group, has been at the helm of the Colruyt group since 1994. He has a huge experience in major listed and unlisted companies with particular experience in the creation of company culture, creating shareholders' value and conducting human resources policies.

Wim Colruyt has been active in the ICT sector for more than 30 years, including 10 years at Dolmen Computer Applications in sales, software development and as head of department. Afterwards, he was responsible for the ICT of Colruyt France and the Foodservice sector. He has a good experience in integrating acquired companies in a multicultural context and implementing ERP systems. He holds various mandates within the Colruyt holding. His ICT-background and knowledge of the history and fundamentals of the business are important assets for the Board of Directors.

Gaëtan Hannecart (permanent representative of Vauban NV) is a civil engineer in electro mechanics with a MBA of Harvard University and he heads the Matexi group, which is controlled by the family Vande Vyvere. Matexi is a diversified building company and real estate promoter mainly active in real estate development and residential building as investment.

Nadia Verwilghen (permanent representative of M&A Services BVBA) holds degrees in Commercial & Financial Sciences (ICHEC), in Tax Law (ESSF) and certificates in M&A (Boston University Brussels) and Corporate Governance (Guberna). She started her career as auditor at PwC and thereafter build up a career of 24 years in multinational groups, mostly as CFO including about 13 years in ICT (incl MCI WorldCom). More recently she held CFO roles in the industrial sector (ABB) and in the Transport & Logistics sector (with Swissport and ASL Airlines). In these roles, she build a solid experience in finance, IT projects, business development, change management and M&A transactions. She was coopted as Board Member of the Company in February 2016 and became Chair of the Audit Committee in September 2016.

Thierry Janssen (permanent representative of Tomorrow BVBA) has a degree in economics and more than 20 years' experience in general management functions in IT service providing companies, in various countries. He is active in the context of the Just In Time Management partnership (www.jitm.be) for more than 10 years. He terminated the third and last of his four year mandates as Independent Director in September 2017.

Henri Van Engelen (permanent representative of Nonomar BVBA) is a civil engineer in construction and started his career with IBM were he became Managing Director Personal Computers for Belgium & Luxembourg before heading Atos Origin Belgium & Luxembourg as Chief Executive Officer. In 2006, he joined Wolters Kluwer and is currently Managing Director Tax & Accounting for Europe. In September 2017, he was appointed as Director by the General Meeting and was elected as Chairman of the Board of Directors and Chairman of the Nominations & Remuneration Committee.

Lieve Mostrey (permanent representative of Aspire BVBA) is a civil engineer in material sciences with a post-graduate in economics and is Executive Director and CEO of Euroclear Group since January 2017. Following her appointment as CEO of Euroclear Group, she resigned as Director of the Company in May 2017.

Rika Coppens (permanent representative of Fast Forward BVBA) is a business engineer and CPA (*bedrijfsrevisor/ reviseur d'entreprise*), who has worked as auditor with PwC and as CFO in a number of international companies. She was CEO of EFR Group BV (operator of, among other, the Texaco sites in the Benelux and the BP sites in France). Before, she was CFO for Zenitel NV and Bureau van Dijk Computer Services NV. Since June 2016, Mrs. Rika Coppens is a Board Member and chair of the Audit Committee in 'the House of HR' of which she became CEO in July 2017. She was coopted as Director of the Company in May 2017 and was appointed by the General Meeting of September 2017.

Inge Buyse (permanent representative of Inge Buyse BVBA) has a Master in Law and a Vlerick School for Management MBA and is CEO of AZ Groeninge.

Vincent Rouaix (Chairman and General Manager of Gfi Informatique) - After graduating from the Ecole Supérieure des Travaux Publics (a construction engineering school), Vincent Rouaix's entire career has been in international groups in the services industry. In 1986, he joined Logispace, where he became General Manager, and then Chairman and General Manager. In 1999, he was appointed General Manager of Cognicase France, and then, in 2001, Executive Vice-President and General Manager Europe of Cognicase. Vincent Rouaix then set up the Adelior group, with the backing of investment funds. After Gfi Informatique acquired the Adelior group, he was appointed as a member of the Board of Directors (March 2006) and then Deputy General Manager (December 2006) of Gfi Informatique, and has been General Manager since March 17, 2009. He was appointed Chairman of the Board of Directors on May 20, 2009.

Cyril Malher (Group Chief Financial Officer of Gfi Informatique) – Graduated from MBA ESCEM in 1987, Cyril Malher is the current Gfi Informatique group's CFO since July 2009. He started his carreer at Arthur Andersen as a junior then senior and was appointed as a manager in 1992. He was formerly Ingenico's Group Administrative and Financial Director. From 1999 to 2006, he was successively EEMEA's CFO and then Obertur Card Systems Group's CFO.

Jean-Marc Humbert (Group General Counsel of Gfi Informatique) – Jean-Marc Humbert started his career as a solicitor at the US law firm White & Case during 6 years, before joining Rhodia (now Solvay) as Deputy General Counsel in charge of M&A. In 2006, he joined Sodexo as Group International Counsel before being promoted in 2011 as Group General Counsel for Europe. In September 2012, Jean-Marc was appointed Group General Counsel of Casino. Beginning 2015, he joined Atos SE as Group General Counsel. Since September 2017, Jean-Marc Humbert joined Gfi Informatique, as the Group General Counsel.

More details about the Board of Directors can be found in the following table:

Table 1: Board composition, since General Meeting 13 September 2017 until 31 March 2018

Name	Start mandate	End mandate	Main function
Chairman			
Thierry Janssen, permanent representative of BVBA Tomorrow Now	2014	September 2017	Partner at J.I.T.M.
Henri Van Engelen, permanent representative of BVBA Nonomar	September 2017	2021	Managing Director T&A Europe at Kluwer
Other independent directors			
Lieve Mostrey, permanent representative of BVBA Aspire	2014	May 2017	C.E.O. Euroclear Group
Inge Buyse, permanent representative of BVBA Inge Buyse	2014	June 2018	C.E.O. AZ Groeninghe
Gaëtan Hannecart, permanent representative of NV Vauban	2016	June 2018	C.E.O. Matexi Group
Rika Coppens, permanent representative of BVBA Fast Forward	May 2017	2021	C.E.O. House of HR
Nadia Verwilghen, permanent representative of BVBA M&A Services	2016	2020	C.F.O. ASL Airlines (until December 2017); General Manager M&A Services BVBA

Other directors			
Jef Colruyt	2016	June 2018	Chairman Colruyt Group
Wim Colruyt	2014	2018	Director Colruyt Group
Vincent Rouaix	June 2018	September 2018	Président-directeur général Groupe Gfi Informatique
Cyril Malher	June 2018	September 2018	Directeur Financier Groupe Gfi Informatique
Jean-Marc Humbert	June 2018	September 2018	Directeur Juridique Groupe Gfi Informatique

3.2.2 Activity report

The Board of Directors has met ten times in the past year. The Board of Directors has supervised the activities of the group by revising the results based on the reporting by the General Manager. The annual and half year results and the quarterly results were approved and published. In addition, the Board of Directors has dealt with the following subjects: periodical report by the audit committee and the nominations and remuneration committee and ensuing decisions for the board to be taken, the annual meeting in September 2017, search for and selection of new directors, segment reporting, operational excellence, the selection of GFi Informatique SA as an international partner for the Company's growth strategy, update of IT market evolution, review of the recruitment process, assessment of the management team and the periodical forecasts and publications.

Table 2: Attendance board meetings

Attendance board meetings	
Thierry Janssen, permanent representative of BVBA Tomorrow Now (until September 2017)	100%
Jef Colruyt	100%
Wim Colruyt	100%
Gaëtan Hannecart, permanent representative of NV Vauban	90%
Lieve Mostrey, permanent representative of BVBA Aspire (until May 2017)	0%
Rika Coppens, permanent representative of BVBA Fast Forward	90%
Inge Buyse, permanent representative of BVBA Inge Buyse	80%
Nadia Verwilghen, permanent representative of BVBA M&A Services	100%

3.2.3 Behaviour rules & conflicts of interest

<u>Transactions with associated companies</u>

Article 524 of the Company Code provides a special procedure that applies to intra group transactions or transactions with affiliated companies. The procedure applies to decisions and transactions between Realdolmen and associated companies of Realdolmen which are no subsidiary companies. It also applies to decisions or transactions between a subsidiary of Realdolmen and companies affiliated with such subsidiary of Realdolmen which are no subsidiaries of that subsidiary. Before such a decision or transaction is made or implemented the Board of Directors must appoint a special committee consisting of three independent directors, assisted by one or several independent experts. That committee must assess the pros and cons of the decision or the transaction for the company. It must express the financial consequences and define whether the decision or transaction represents a disadvantage to the company which is obviously illegal in view of company policies. If the committee decides that the decision or transaction is not obviously illegal, but is of the opinion that it will damage the company, it must explain which advantages were considered to compensate the disadvantages. All these elements are explained in a written, motivated advice by the committee. The Board of Directors then takes a decision based on the committee's advice. Each deviation from the committee's advice must be justified. The advice of the committee and the decision of the Board of Directors must be communicated to the auditor, who must write a separate opinion. The decision of the committee, an extract of the minutes of the Board of Directors and the opinion of the auditor must be added to the annual report of the Board of Directors.

This procedure does not apply to decisions or transactions under normal circumstances at ordinary market conditions and transactions or decisions with a value of less than 1% of the consolidated net assets of the company.

During fiscal year 2017-2018, there were no transactions with associated companies other than the increase in the operating revenue with the Colruyt group due to a large hardware deal (cf. Financial Note 30 – p.114).

Conflicts of interests

Each director and executive manager is encouraged to organize his personal and business matters in such a way that direct and indirect conflicts of interests with Realdolmen are avoided. Without prejudice to the application of legal procedures, the Corporate Governance Charter of the company contains specific procedures to offer a solution to potential conflicts. Summarized, a director or an executive manager must inform the Board of Directors before his appointment of his “transactions with associated parties” with the company or its subsidiaries. During his mandate he must inform the chairman of the Board of Directors of all transactions with associated parties with the company or its subsidiaries he wishes to undertake, and such transactions may only be carried out after approval by the Board of Directors.

Article 523 of the Company Code provides a specific procedure within the Board of Directors in case of a possible conflict of interest for one or several directors when taking one or several decisions or when concluding transactions by the Board of Directors. In case of a conflict of interest the director concerned must inform his co-directors of the conflict before the Board of Directors deliberates on the matter and makes a decision on the matter concerned. Furthermore the director involved cannot participate in the deliberation and the vote by the Board of Directors in matters that could generate a possible conflict of interests.

Article 524ter of the Company Code provides a similar procedure in case of conflict of interest for members of the executive committee. The Executive Management team is not considered an executive committee in the sense of article 524bis of the Company Code.

During fiscal year 2017-2018, the following conflicts of interest were reported to the Board of Directors:

Board of Directors – meeting of 25 January 2018 (excerpt of meeting minutes)

a) Article 523 of the Belgian Company Code (“BCC”)

Pursuant to Article 523 BCC, it is requested that each of the Directors present at the meeting would declare, where relevant, his/her direct or indirect personal financial interests in the matters to be discussed, and it is noted that if such declaration would be made, the Director concerned would be prohibited from deliberating and voting on such resolution or being counted in a quorum.

b) Disclosure of conflict of interest and nature of the decisions to be taken

The following directors declare to have a possible conflict of interest with respect to agenda item 3 :

- Jef Colruyt,
- Wim Colruyt and
- Gaëtan Hannecart.

The above mentioned Directors indicate that they have a potential conflict of interest within the meaning of article 523 BCC given the agenda of the meeting during which the Board discusses pursuing negotiations with respect to a potential voluntary takeover bid on the Company's securities (the "Transaction") given the Directors' links with the reference shareholders of the Company who may tender their shares in the framework of the possible bid.

The Company's Auditor will be informed about this conflict. In accordance with the provisions of Article 523 BCC, the three Directors did not participate in the deliberation and the vote.

c) Justification for the decisions to be taken

The Company was asked to provide assistance with respect to the Transaction, and in particular assistance in connection with the due diligence procedures, the opening of the Data Room and access to management for expert sessions and Q&A. Also, the Board must decide whether or not to appoint an expert to prepare a "fairness opinion" in the context of a possible Transaction.

The Board considered that the Company has an interest in furthering the discussions and helping potential investors better understand the value of the Company, especially (a) if such investor will become a significant shareholder of the Company and (b) if such assistance may impact the ability of the Board of Directors to influence the selection of such investors and the terms of a potential Transaction. The envisaged Transaction may as well improve the financial strength of the Company. The Company should also take into account the risk of unwanted disclosure and use of certain confidential information of the Company. In this respect, the Company can take appropriate measures to reduce the risk of such unwanted disclosure (e.g. confidentiality agreements and data room rules).

d) Description of the financial consequences for the Company of such decisions

There are no material costs for the Company associated with the provision of assistance to the Transaction, in particular the opening of the Data Room and the organization of management Q&A's and expert sessions, other than management time and the resources required for compilation and review of the documents. A fee may be involved if the practical organization of a data room will require assistance of an external data room provider, but this fee is not likely to be material. Moreover, any unwanted disclosure and use of confidential information could have more substantial financial consequences for the Company.

The fees of PwC for the preparation of the fairness opinion amount to EUR 150,000. Taking into account the above, the Board of Directors is of the opinion that the decisions to be taken are in the Company's interest.

After a deliberation, the Board of Directors, without the participation of the three conflicted Directors, resolved to:
(i) pursue the process by sending a process letter and further exploring the terms of a possible Transaction with the assistance of Lazard and Allen & Overy;
(ii) not disclose at this stage the possibility of a potential transaction that might be the outcome of such discussions while maintaining the confidentiality of the proceedings;
(iii) closely monitor the relationship with one or more equity investors;
(iv) open a Virtual Data Room for approximately three weeks; and
(v) instruct PwC with regard to the preparation of a fairness opinion if need be in a later stage.

Board of Directors – meeting of 22 February 2018 (excerpt of meeting minutes)

a) Article 523 of the Belgian Company Code ("BCC")

Pursuant to Article 523 BCC, it was requested that each of the Directors present at the meeting would declare, where relevant, his/her direct or indirect personal financial interests in the matters to be discussed, and it was noted that if such declaration would be made, the Director concerned would be prohibited from deliberating and voting on such resolution or being counted in a quorum.

b) Disclosure of conflict of interest and nature of the decisions to be taken

The following Directors declared to have a possible conflict of interest with respect to agenda item 4 :

- Jef Colruyt,
- Wim Colruyt and
- Gaëtan Hannecart.

The abovementioned Directors indicated that they had a potential conflict of interest within the meaning of article 523 BCC given their links with the reference shareholders of the Company who may enter into a commitment agreement and tender their shares in the framework of the possible takeover bid.

The Company's auditor will be informed about this conflict. In accordance with the provisions of Article 523 BCC, the three Directors did not participate in the deliberation and the vote.

c) Justification for the decisions to be taken

The Company was asked to support the Transaction and to do so by negotiating and entering into the Transaction Agreement with the Offeror pursuant to which, among others, the Board of Directors affirms that it considers that the Transaction is in the best interest of the Company and its stakeholders and it indicates that it supports the Offeror's strategic plans for the Company.

The Board considered that the Transaction is in the best interest of the Company and its stakeholders: based on the preliminary draft prospectus shared by the Offeror and the fairness opinion of the Independent Expert, the Board of Directors believed that (i) the Transaction does not harm the interest of the employees of the Company and of the Group Companies; (ii) the Transaction does not adversely affect the interests of its creditors; and (iii) the Transaction is in the best interests of the Company, its employees and its shareholders.

d) Description of the financial consequences for the Company of such decisions

There are no material costs for the Company associated with its support to the Transaction and the entering into the Transaction Agreement.

In the Transaction Agreement, the Company agreed to unanimously recommend the Transaction and not to withdraw, qualify or adversely modify any such recommendation or not to do any act or make any omission, which is contrary to such recommendation except in case of a competing offer in line with the fiduciary duties of the members of the Board of Directors; the Company further procured that each member of the Board of Directors shall not make any contradictory public statements as to their position with respect to the Transaction, except, in case of a competing offer, as required to comply with their fiduciary duties and except in the event of termination of this Transaction Agreement in accordance with Clause 12, however if one or more members of the Board of Directors were misquoted or inadvertently or without intent make such modifications, amendments, qualifications or contradictory public statements, the Company will not be in breach of the Transaction Agreement if it publicly reconfirms the recommendation of (the relevant members of) the Board of Directors within forty eight (48) hours following the publication of such misquotation, modification, amendment, qualification or contradictory public statements.

Taking into account the above, the Board of Directors is of the opinion that the decisions to be taken are in the Company's interest.

e) Corporate interest

Based upon an extensive evaluation of the Documents and the intended Transaction and the introductory statement of the Chairman above, the presentation of the terms and conditions of the Transaction by Lazard and Allen & Overy, the Board of Directors has considered that the approval of the Documents and the Transaction related to it served the Company’s corporate purpose and were in the interest of the Company.

f) Resolutions

After deliberation, the Board of Directors resolved to approve the results of the third quarter of 2017-2018 together with the trading update for publication tomorrow before the opening of the stock exchange.
After deliberation, the Board of Directors, without the participation of the three conflicted Directors, took the following resolutions:

(1) The Board of Directors took notice of the Offeror's intention to launch a voluntary conditional takeover bid on all the outstanding shares and warrants of the Company. The Offeror offers the shareholders EUR 37.00 per share and the warrant holders EUR 11.03 per warrant. The Board of Directors took also note of the valuation report of the Independent Expert. On this basis, the Board of Directors resolved to support the Transaction, subject to review of the prospectus.

(2) The Board of Directors considered the Transaction to be in the best interest of the Company and its stakeholders and therefore resolved to approve the entering, by the Company, into the Transaction Agreement.

(3) The Board of Directors resolved to approve the draft joint press release to be published jointly, following the notification of the FSMA, on 23 February 2018, by the Offeror and the Company to announce the intention of the Offeror to pursue the Transaction.

(4) In the context of the Transaction, the Board of Directors resolved to approve the transferability of the 80,000 outstanding warrants.

(5) The Board of Directors decided to grant a special power of attorney to Mr Thierry de Vries, residing at Overijse, Mouflonlaan 15, Mr Marc De Keersmaecker, residing at Keerbergen, Schrieksebaan 254, each acting alone and with the power of substitution (each an **Attorney**, together the **Attorneys**), in the Company's name and on its behalf, (i) to prepare a draft of the response memorandum of the Board of Directors and (ii) to gather the feedback from the members of the Board of Directors on the draft prospectus prepared by the Offeror in order to inform the FSMA whether the draft prospectus contains any omissions or misstatements.

(6) The Board of Directors decided to grant a special power of attorney to the Attorneys, each acting alone and with the power of substitution, in the Company's name and on its behalf, to negotiate, prepare, amend, finalise, sign, send and file, on behalf of the Company, all documents, acts, notifications or correspondence, to provide any information, to take any steps relating to the Transaction, and in general, whatever is useful or necessary to implement the present resolutions.

3.2.4 Rules of conduct financial transactions

The Board of Directors has published its policy for the prevention of market abuse in its Corporate Governance Charter (chapter 4).

This policy has not been applied during the last fiscal year as no special events occurred during that period.

3.2.5 Evaluations

The Board of Directors evaluates the good functioning of the governing body at the appropriate times according to chapter 1 of the Charter. Last fiscal year, no evaluation was performed as the Company and the Board were totally focused on strategic choices.

The process ordinarily followed by the Board goes as follows: at the Chairman's initiative, the Board will assess its size, composition, operation and interaction with Executive Management, with the following objectives:

1. Assessing the operation of the Board;
2. Checking that the important issues are thoroughly prepared and discussed;

3. Evaluating the actual contribution of each Director to the work of the Board, his or her attendance at the Board and Committee meetings and his or her constructive involvement in discussions and decision-making;
4. Checking the Board's current composition against the Board's desired composition.

3.3 Audit Committee

3.3.1 Composition

During last fiscal year, the Audit Committee consisted of four members who, in line with article 526bis §2 of the Company Code, are all non-executive and include two independent directors. All members have the necessary experience that makes them suitable for the assignments of the Audit Committee, a fortiori the committee composition complies with the legal expectation that "at least one member of the audit committee has competence in accounting and/or auditing". Furthermore, the Committee members have demonstrated collective competence in the field of IT services being the Company's sector of activity. The General Manager and the Chief Financial Officer are not members of the Committee but are invited to the meetings.

Wim Colruyt has been active in the ICT sector for more than 30 years and is an expert in assessing the operational and financial issues in sales, software development and other activities of the Company. He holds various mandates within the Colruyt holding. His ICT-background and knowledge of the history and fundamentals of the business are important assets for the Board of Directors.

Lieve Mostrey (permanent representative of Aspire BVBA) is a civil engineer in material sciences with a post-graduate in economics and is CEO of Euroclear Group. She has an extensive experience in financial reporting and supervision which she gained in her various executive positions at Fortis, BNP Paribas Fortis and Euroclear and her directorships in, among other, NYSE-Euronext Brussels and Febelfin.

Nadia Verwilghen (permanent representative of M&A Services BVBA), became Committee Chair in September 2016 to replace Filip Roodhooft. She holds degrees in Commercial & Financial Sciences (ICHEC) and Tax Law (ESSF) and certificates in M&A (Boston University Brussels) and Corporate Governance (Guberna). She started her career as auditor with PwC; she has more than 25 years of financial experience including hands-on experience in reporting, internal control and mergers & acquisitions and held CFO roles in a number of international companies such as MCI Worldcom, ABB, Swissport and ASL Airlines.

Rika Coppens (permanent representative of Fast Forward BVBA) has joined the Audit Committee in May 2017. She is a business engineer and CPA (bedrijfsrevisor/ reviseur d'entreprise), who has worked as auditor with PwC and as CFO in a number of international companies. She is currently CEO of 'the House of HR'.

3.3.2 Activity report

The Audit Committee advises the Board of Directors on financial, legal and regulatory supervision. The Committee has specific tasks, including overseeing financial reporting, internal control and risk management of the Company, as well as the control of the reporting process relating to the Company and its subsidiaries. The Committee regularly reports to the Board of Directors on the execution of its duties and particularly points out matters which require further action or improvement and makes recommendations on possible optimizations. The reference provisions of the Audit Committee are further described in its Corporate Governance Charter.

The Committee met five times in the past fiscal year.

Table 3: Audit Committee attendance

Audit Committee	Attendance
Nadia Verwilghen, Committee Chair	100%
Wim Colruyt	100%
Lieve Mostrey	0%
Rika Coppens	100%

Subjects further examined were: annual, half yearly and quarterly results including forecasting, the budget process, the annual report and its preparation, the internal and external audit, risk management, distributable reserves, review of periodical publications, the impact of new financial regulations, back-office processes and the reliability of the financial accounts. Furthermore, as each year, the Committee held private sessions with the External Auditor, the Chief Financial Officer and the Internal Auditor.

3.4 Nominations and Remuneration Committee

3.4.1 Composition

The Nominations and Remuneration Committee consists of four members, all of them non-executive directors.

During last fiscal year, the Committee was composed of four directors:

- Henri Van Engelen, Chairman of the Board and of the Committee;
- Wim Colruyt, Gaëtan Hannecart and Inge Buyse.

All members have the necessary experience which makes them suitable for the tasks of the Nominations and Remuneration Committee. The General Manager and Chief People Officer are not members of the Committee but are invited to the meetings.

Henri Van Engelen has managed several IT companies of large volume and complexity and has international experience; he contributes his hands-on knowledge of the IT market to the Committee.

Gaëtan Hannecart is managing director of a growing group of family owned companies in the real estate sector and is chairman of the Nomination, Remuneration and Corporate Governance Committee of Cofinimmo SA, a BEL20 listed company. He is currently Chairman of Guberna, the Belgian Institute for Directors.

Wim Colruyt has more than thirty years of relevant experience in developing and executing successful HR policies in parts of the Colruyt Group with listed and unlisted companies.

Inge Buyse has over twenty years of experience as general manager and as HR-Director including programs involving optimization, compensation & benefits and introducing cultural changes throughout an international group of companies.

3.4.2 Activity report

The Nominations and Remuneration Committee is a permanent committee of the Board of Directors, which issues recommendations to the Board regarding the appointment of directors, to ensure that the appointment and selection process is organized in an adequate and professional manner. It advises on the allocation of functions within the Board of Directors. The Committee discusses the remuneration for the directors which is submitted to the General Meeting for approval, as well as the appointment, dismissal, remuneration and possible bonuses for the Executive Management, and is involved in the management remuneration policy of the group. The reference provisions of the Nomination and Remuneration Committee are detailed in the Charter.

The Committee met three times in the past fiscal year.

Table 4: attendance Nominations & Remuneration Committee

Nominations and Remuneration Committee	Attendance
Thierry Janssen (until September 2017)	100%
Henri Van Engelen (as of September 2017)	100%
Gaëtan Hannecart	67%
Wim Colruyt	100%
Inge Buyse	100%

Subjects examined in the past year were: the variable pay review related to fiscal year 2016-2017 and fiscal year 2017-2018 and results achieved by the executive management, the necessity to request an exemption to Art. 520ter BCC to the General Shareholders meeting, the collective wage bonus “*loon bonus*”(*CAO90*), the roll-out of the IP rewards ruling in the Company as innovative element of total compensation, the selection of two new board members, their induction and their nomination proposal to the General Shareholders Meeting of September 2017.

3.5 Executive Management

3.5.1 Composition

The Realdolmen Management Team consists of the General Manager and five of his direct reports (“executives”). The daily management of the Company is entrusted to the General Manager and he therefore represents the Company “without prejudice to the general representation competence of the Board of Directors” as provided by the statutes. He is responsible for preparing proposals for the Board of Directors relating to strategy, planning, finances, projects, personnel policy and budget and any other matter that needs to be dealt with at the level of the Board of Directors. He is also responsible for the implementation of the approved proposals. The General Manager is the head of and monitors the various departments of the Company and reports to the Board of Directors about their activities. He is assisted in the execution of his function by the Executive Management, which directly reports to him. The Board of Directors decides on appointments of members of the Executive Management on advice of the Nomination and Remuneration Committee. The Executive Management is not an “Executive Committee” in the sense of article 524bis of the Belgian Company Code.

The organization of the Executive Management reflects the operational structure of the Company. The Executive Management is composed of:

Table 5: composition Executive Management

Name	Function
Marc De Keersmaecker	General Manager
Tim Claes, permanent representative of BVBA Quéribus	Sales Director and Managing Director Business Solutions
Johnny Smets	Managing Director Professional Services Applications, IT Outsourcing, Products & Licenses, Business & IT Alignment, Hybrid Cloud Engaged Workplace
Paul De Schrijver	Chief Finance Officer
William De Plecker	Chief People Officer
Thierry de Vries	Secretary-General

3.6 Remuneration report

The remuneration report was introduced by the Law of 6 April 2010 for the strengthening of corporate governance in listed companies.

3.6.1 Remuneration policy

The existing policy to compensate members of the Board of Directors was maintained as in previous years, i.e. a lump sum indemnity covering their annual directorship (€20,000) and their possible duties as Chairman of the Board (€20,000), Committee chairperson (€15,000) or Committee member (€7,500).

The existing policy for senior executive remuneration was discussed by the Nomination and Remuneration Committee in fiscal year 2016-2017. The existing elements (fixed and variable salary) were maintained during last fiscal year as in the past, i.e. the variable salary is an amount calculated as a percentage of the fixed salary but, contrary to the fixed salary, is paid subject to conditions ("targets") during the period under evaluation by the Committee ("target period"), i.e. one fiscal year. The Committee has confirmed the following cash bonus allocation criteria:

- The Nomination and Remuneration Committee evaluates the performances over the target period, which is the fiscal year (as per the decision of the General Shareholders' meeting of 13 September 2017, in application of Art. 520ter Company Law);
- The threshold for the group financial target as threshold for 75% of the bonus target linked to financial targets was increased to 95%;
- For all senior executive functions (General Manager, Managing Director Professional Services Applications, IT Outsourcing, Products & Licenses, Business & IT Alignment, Hybrid Cloud and Engaged Workplace, Managing Director Business Solutions, CFO, CPO, Secretary-General): Realdolmen group financials 75% (20% revenue and 80% EBIT) and personal objectives ("MBO's") 25%;
- In case an executive resigns and leaves the Company before the end of the fiscal year, a possible bonus allocation will apply at the Committee's discretion;
- Upon recommendation of the Committee, the Board of Directors decides to grant, completely, partially or not any bonus.

3.6.2 Remuneration directors

Non-Executive Directors

In the fiscal year addressed in this annual report, the following remuneration policy was used in relation to the non-executive directors, whether they were chairman, member or not of a board committee:

a) the principles on which the remuneration was based, with indication of the relation between remuneration and performances
The directors only receive the fixed remuneration mentioned above, without relation to the results of the company but evaluated as a lump sum (cf. supra) depending on the efforts made for their mandate and the special responsibility typical for their tasks in the Board of Directors.

b) the relative importance of the various components of the remuneration
Not applicable, see above.

c) the characteristics of performance related bonuses in shares, options or other rights to acquire shares
Not applicable, see above.

d) information on the remuneration policy for the next two fiscal years
No changes are expected to the policy in the coming two years.

e) if the remuneration policy is considerably adjusted compared to the reported fiscal year this must be explicitly expressed.
Not applicable, see above.

On an individual basis, the following fees or other benefit allocations were effectively paid out during the fiscal year 2017-2018 to the non-executive directors by the Company:

Table 6: Board remuneration

Amounts without VAT in EURO	FY 2017-2018
Thierry Janssen, Chairman of the Board, permanent representative of BVBA Tomorrow Now (1)	20,000
Henri Van Engelen, Chairman of the Board, permanent representative of Nonomar BVBA	23,750
Jef Colruyt (without VAT, payment to natural person)	0
Wim Colruyt (without VAT, payment to natural person)	0
Gaëtan Hannecart, permanent representative NV Vauban (2)	27,500
Rika Coppens, permanent representative Fast Forward BVBA	17,187
Lieve Mostrey, permanent representative of BVBA Aspire (3)	20,625
Inge Buyse, permanent representative of BVBA Inge Buyse (4)	27,500
Nadia Verwilghen, permanent representative of BVBA M&A Services (5)	43,750
(1) Thierry Janssen, as permanent representative of BVBA Tomorrow Now, was paid in 2017-2018 for board functions in 2016-2017	10,000
(2) Gaëtan Hannecart, as permanent representative of NV Vauban, was paid in 2017-2018 for board functions in 2016-2017	6,875

(3) Lieve Mostrey, as permanent representative of BVBA Aspire, was paid in 2017-2018 for board functions in 2016-2017	20,625
(4) Inge Buyse, as permanent representative of BVBA Inge Buyse, was paid in 2017-2018 for board functions in 2016-2017	13,750
(5) Nadia Verwilghen, as permanent representative of BVBA M&A Services, was paid in 2017-2018 for board functions in 2016-2017	8,750

3.6.3 Remuneration executive management

Principles

The executive management has a layered remuneration system:

- Fixed remuneration;
- Group insurance (type fixed contribution, pension structure, cover death risk, disability cover) and hospitalisation insurance;
- Company car;
- Meal checks or meal expenses, fixed expenses and, for some, a home office allowance;
- Variable wages:
    - Short term incentive: a target bonus which includes a percentage of the fixed remuneration, which is in principle a cash bonus, depending on realising financial results budgeted by the group (turnover and EBIT) limited to the fiscal year and realising personal objectives that contribute to strategic actions set in the context of a long term strategy determined by the Board of Directors.

The Ordinary General Shareholders Meeting of 13 September 2017 granted an exemption to the provisions of the Law of 6 April 2010 regarding variable pay (art.520ter Company Law). Therefore, the executive management was entitled to receive a variable fee based only on the results of the Realdolmen group in the past fiscal year. The bonus depends on prior defined and objectively measurable criteria over a fiscal year, in particular the consolidated turnover and EBIT. Based on audited results, the Nomination and Remuneration Committee reviews the targets, criteria and results on the basis of a proposal by the General Manager and recommends a bonus payment for the Board of Directors to decide upon. An explicit "claw back" stipulation in case of incorrect financial data was included in the bonus plans of executive management during fiscal year 2017-2018.

Relative importance of components

The other leaders and persons in charge of the daily management can benefit from a variable remuneration (if the bonus criteria are met) that varies between 30% and 50% of their fixed remuneration.

3.6.4 Remuneration General Manager

The following information relates to payments made to Marc De Keersmaecker, General Manager i.e. not part of the Board of Directors, during last fiscal year:

Table 7: Remuneration General Manager

	FY 2017-2018	
a) basic remuneration;	407,696	Including employer's charges
b) variable remuneration		
(i) Paid during fiscal year 2017-2018 with regard to 2016-2017:	138,722	Including employer's charges
(ii) Paid during fiscal year 2017-2018 with regard to 2017-2018:	49,127	Including employer's charges
(iii) Remaining provision with regard to 2017-2018	205,585	Including employer's charges
(iv) Transaction bonus	1,572,439	Including employer's charges
c) pension: the amounts paid in the fiscal year processed by the annual report or the costs of the services provided in the fiscal year processed by the annual report, according to the type of pension scheme with mention of the applicable pension scheme: defined contribution scheme on an annual basis	60,531	
d) the other components of the remuneration such as the costs or value of insurances and other benefits in kind, with clarification of particularities of the main components (i.e. transport and representation expenses)		
meal expenses (monthly)	€ 210	
fixed expenses (monthly)	€ 300	
meal vouchers (monthly)	€ 0	
home office allowance (monthly)	€ 0	
on an annual basis	€ 0	
	€6,123	

3.6.5 Remuneration Executive Management

The information about the senior executives makes a distinction between:

Table 8: Remuneration Executive Management

a) the basic remuneration

Employees involved: Paul De Schrijver, Thierry de Vries, Johnny Smets and William De Plecker	4	
Total amount including employer's charges:		**1,021,931**
Self-employed involved: Tim Claes, permanent representative of Quéribus BVBA		
Total amount, excluding VAT and without employer's charges, paid in fiscal year 2016-2017		**209,000**

b) the variable remuneration: all additional fees linked to performance criteria with indication of the manner this variable remuneration was paid in 2017-2018

Employees involved: see above	4	
Collective wage bonus (“*loonbonus*”)	0	
Variable remuneration		Including employer’s charges
(i) Paid during fiscal year 2017-2018 with regard to 2016-2017:	304,696	
(ii) Paid during fiscal year 2017-2018 with regard to 2017-2018:	108,840	
(iii) Remaining provision with regard to 2017-2018:	424,929	
(iv) Transaction bonus (including a payment of €328,618.50 due in July 2019)	2,625,464	
Total amount incl. employer's charges with regard to FY 17/18	**3,159,233**	

Self-employed involved: Tim Claes, permanent representative of Quéribus BVBA	
Total amount, excluding VAT	
(i) paid during fiscal year 2017-2018 related to fiscal year 2016-2017	45,344
(ii) paid during fiscal year 2017-2018 related to fiscal year 2017-2018	16,250
(iii) remaining provision set up for fiscal year 2017-2018	72,311
(iv) Transaction bonus (including a payment of €256,250 due in July 2019)	512,500
Total amount with regard to FY 17/18, excluding VAT	**601,061**

c) pension: the amounts paid in the fiscal year processed by the annual report or the costs of the services provided in the fiscal year processed by the annual report, according to the type of pension scheme with mention of the applicable pension scheme

Employees involved: see above	4	
Employer's monthly contribution group insurance basis	7,861	Including employer’s charges
Employer's monthly contribution group insurance legacy	0	
Employee's monthly contribution group insurance	0	
Employer's monthly contribution KVGI	0	
Employer's monthly contribution hospitalization insurance	40	
Solidarity fund monthly	0	
Annual basis	**94,823**	**Including employer’s charges**

d) the other components of the remuneration such as the costs or value of insurances and other benefits in kind, with clarification of particularities of the main components

Employees involved, see above but not all in the same way, for example meal expenses or meal vouchers	4	
Meal expenses (monthly)	841	N.A.
Fixed expenses (monthly)	0	N.A.
Meal vouchers (monthly)	0	N.A.
Home office allowance (monthly)	1,200	N.A.
Annual basis	**24,492**	**N.A.**

e) if this remuneration is considerably adjusted compared with the fiscal year processed by the annual report it needs to be specifically expressed. No adjustments to the regular remuneration were made.

Characteristics share options

"For the executive directors, the members of the board committee, the other leaders and persons in charge of the daily management, on individual basis, the number and main characteristics of the shares, the share options or all other rights to acquire shares, allocated, applied or expired in the fiscal year are processed in the annual report."

Warrant plan 2007 expired during last the fiscal year. No new share options or warrants were issued. Please click here for more details of the Warrant schemes: [IFRS note 29 – share based payments].

Provisions on severance payments

"For the executive directors, the members of the board committee, the other leaders and persons in charge of daily management, on individual basis, the provisions on severance payments."

During the fiscal year 2017-2018 the members of the Executive Management were employed on the basis of an employment contract, except for the Managing Director Business Solutions (Quéribus BVBA, represented by Tim Claes) who signed a services contract. The employment contracts are usually for an unlimited duration, with a trial period. Employment can be terminated at all times by the Company with observation of a notice period as per the Law of 31 December 2013 regarding dismissal for CPO William De Plecker or a notice period contractually defined at 12 months in the case of CFO Paul De Schrijver and Secretary-General Thierry de Vries. For General Manager Marc De Keersmaecker and Managing Director Professional Services Applications, IT Outsourcing, Products & Licenses, Business & IT Alignment, Hybrid Cloud Engaged Workplace, Johnny Smets whose employment agreement date back respectively more than 34 and than 15 years ago, the legal notice period is applicable in combination with Art. 554 Company Code and the Law of 31 December 2013 regarding dismissal. Such notice would have to be calculated when and if a dismissal occurs with regard to articles 68 and 70 of the aforementioned Law of 31 December 2013. The services contract with Quéribus BVBA provides for a 6 months notice period. The employment and services contracts contain strict non-competition provisions for 12 months, as well as confidentiality provisions and IP transfer provisions.

Claw-back provisions

"For the executive directors, the members of the board committee, the other leaders and the persons in charge of daily management, the extent to which a recovery right of the variable remuneration allocated on the basis of incorrect financial data is provided."

For the fiscal year 2017-2018, a recovery right in the sense of the law was included in the executive bonus plans.

3.7 External and internal audit

3.7.1 External audit

During the fiscal year 2017-2018, Deloitte Bedrijfsrevisoren CVBA, a civil company in the form of a cooperative company with limited liability under Belgian law, with registered office at Gateway Building luchthaven Nationaal 1J, 1930 Zaventem was represented by Kurt Dehoorne, included in the register of authorised auditors of the Instituut van Bedrijfsrevisoren under reference IBR A01923.

The last fiscal year the auditor received the following amounts:

Statutory assignment	€112,750
Extraordinary activities or assignments	
Tax advice	€0
Other	€31,410

During the last fiscal year, parties associated to the auditor received the following amounts: €34,500

3.7.2 Internal audit

The internal audit is carried out by the internal auditor who reports quarterly to the Audit Committee with a hierarchical line to the General Manager. The internal auditor does his work according to the principles defined in the Charter, more specifically in accordance with the following directives (Annex 2B of the Corporate Governance Charter):

(a) Retrieve documents, reports and other relevant information on the internal audit process, the internal controls, the risk management systems and the systems for guaranteed compliance
(b) Assess together with the person in charge of the internal auditor(s) and the managers in charge of the internal controls their responsibility for problems, defects or errors in the internal audit and the internal controls;
(c) Discuss with the Executive Management responsible for the risk management systems in order to obtain additional information and clarification, and record their responsibility for problems, defects or errors in the risk management systems;
(d) Discuss with the compliance officer (i) the Rules for prevention of market abuse, (ii) the flaws in the Rules, (iii) possible violations of the Rules;
(e) Obtain reports from the Board, the head of the Internal Audit function of the Company and the external auditor confirming that the Company and its Subsidiaries comply with the applicable legislation and regulations and with the Company’s terms of reference;
(f) Discuss with the Board and the external auditor any correspondence with legislative and government institutions as well as published reports mentioning significant matters relating to the financial notices of the Company or its accounting policy;
(g) Discuss with the relevant members of the legal department of the Company any legal matters which may have a significant influence on the financial notices of the Company with regard to compliance with legislation and regulations;

(h) Discuss with the Board the results of the investigation of the effectiveness of the internal audit function, of the internal controls, of the risk management systems and of the systems for guaranteed compliance, and suggest improvements to the Board;
(i) Provide advice to the Board about the policy and procedures of the Company for compliance with the applicable legislation and regulations.
(j) It should be noted that any specific responsible manager can request an audit, and if done so voluntarily then the report of said audit shall only be sent to the requesting manager.

If an unannounced audit takes place, the audit report shall be sent to the audited manager/department, the supervising manager and the responsible manager of the internal audit department. The Audit Committee meets once a year in a closed meeting with the internal auditor, the external auditor and the CFO alone without presence of other members of the management or the executive director, during the summer months of August or September.

Main characteristics of internal audit and management systems

General

The Board of Directors and the management of the company are responsible for the implementation and maintenance of a coherent process of internal audits. Internal control in a wide sense is a process directed to achieving a level of assurance relating to (a) the effectiveness and efficiency of the business processes, (b) the reliability of the financial reporting and (c) the compliance with applicable laws and regulations.

The risk management internal audit systems of Realdolmen are set up in compliance with the relevant legal provisions, the requirements imposed by the Belgian Corporate Governance Code and the principles of the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”); all this is set up in consideration of the extent and the specific needs of the Group.

The Group has appointed - as indicated earlier – a seasoned internal auditor who checks the good functioning of the internal control framework and expresses recommendations for further improvement. His mission is executed on a full-time basis.

Control environment

Realdolmen applies a Corporate Governance Charter designed to have directors, management and staff comply with common ethical norms in the execution of their tasks. The management approach is directed towards taking balanced decisions efficiently and quickly at the level of operational, commercial, financial or other types of risks. The group is sub-divided in departments and the employees have function descriptions. Delegations of competencies are defined.

Business processes are categorized based on the APQC model in the ‘Audit Universe’ and are systematically documented. The process owners monitor the effectiveness and efficiency of the process and integrate the necessary control and measuring points to monitor the correct functioning and the output of the process. When setting up the new organization model and modifying a number of processes, particular attention was paid to a gradual yet complete transfer of responsibilities and to defining operational Key Performance Indicators (KPI’s) in order to monitor the efficiency and impact of those processes. The Company’s new organization model is part of its “Walk & Talk” campaign, with the support of a dedicated team. Business processes are regularly assessed and are accessible to all employees via the Realdolmen intranet.

The control environment relating to the financial reporting is built around centrally implemented teams regarding accounting, checking and reporting work. The Group Controller and the Group Reporting Manager report to the CFO and use professional accounting, reporting and consolidation software with integrated controls and validations.

Complete internal reports are created on predetermined periodicity, reviewed, and discussed with the Executive Management in the regular management meetings.

In addition, the internal auditor carries out a risk-based audit plan in which the controls in the key processes are followed up and evaluated. The findings and recommendations are reported to the responsible management and the process responsible and are also discussed at the Audit Committee.

Risk management

Managers throughout the whole company and at all levels of the organization are responsible for risk management. These persons are expected to be aware of the risks and to understand them when they develop strategies, define objectives and make decisions. They are supported through structured internal consultation and by central services like Legal, among others.

The risk analysis and functioning of the internal audit are based on the audit reports of the internal and external auditor, and the overall risk analyses is performed by Deloitte Bedrijfsrevisoren and by the Management Team. Findings are followed-up and reported back to the Audit Committee. In turn, the Audit Committee keeps the Board of Directors informed.

During the prior fiscal year, a risk management policy was developed, primarily focused on project related risk during presales and project execution. The policy defined the roles and responsibilities, the categorization of risks, mitigation strategies, governance structures and reporting. The reporting comprehends, amongst others, a periodic reporting of the major fixed price- projects and their inherent risk to the Audit Committee. Internal Audit focused this year on the correct implementation of this risk management policy and its systematic application. All management levels involved were informed on a monthly basis and the Audit Committee received a quarterly report.

The policies and instructions related to Information Security risks were formalized, extended and implemented as announced two years ago. The Company was certified ISAE3402 type 2 for its Hybrid Cloud and Integrated Management Services in February 2016. Internal audit will include a number of controls in the internal audit planning for the new fiscal year, regarding the framework of this certification and the Cyber Security policy in general.

Control activities

The objectives on strategic, operational, financial, fiscal and legal areas are defined in a strategic plan and the yearly budget, that is approved by the Board of Directors. The risks that endanger these objectives are described and – together with the realization of the objectives – monitored and reported at management levels throughout the organization, and reported to the Realdolmen Management Team, the Audit Committee and the Board.

Policies and process descriptions realizing a uniform, standardized and controlled way of working, are in place for the most important underlying processes and are subject to a periodically assessment by the process owners, in consultation with the involved managers in charge.

Internal audit evaluates these processes on a rotating basis in function of the risk analysis results. Last fiscal year, special attention was given to compliance audits, i.e. the control processes regarding building proposals and management of projects and services. The results of those audits were reported and discussed with the persons involved and their managers so as to obtain a large buy-in and correct use of all defined processes where needed. These audits will be continued in the new fiscal year with special consideration for projects carrying most risks.

Other audits will also verify compliance with established procedures but, furthermore, intend to stimulate process innovation and process improvement. Corrective actions and improvement efforts will be discussed with managers involved and the action plans will be integrated in the audit report.
On a quarterly basis, Internal audit will keep executive management and the Audit Committee abreast of the progress made in the framework of these action plans. The audit plan itself is submitted for discussion and approval to the Audit Committee whose members can request further actions or modifications to the planned activities of the Auditor.

The compliance with the accounting standards as well as the accuracy, consistency and completeness of the reporting is monitored on an ongoing basis by the Group Controller and the Group Reporting Manager. Periodical audits are also carried out by the internal auditor. The latter also consults the external auditor to possibly further inspect specific points of attention.

Information and communication

Realdolmen has implemented an ERP system and supporting IT-applications to a) support the efficient processing of the transactions and b) provide management with reliable financial and operational information to manage, control and direct activities.

The necessary processes, budgets and resources are provided to maintain the performance, availability and integrity of the IT-systems.

Providing periodical financial information to the market is streamlined by an appropriate allocation of responsibilities, coordination between the various departments involved and a detailed financial calendar. In the first and third quarter a trading update is released while all relevant financial information is published every six months and after the end of the fiscal year.

Follow-up and control

The internal control is performed by the management on an ongoing basis. The performance of the operational activities is measured and compared with budgets, long term plans and operational key performance indicators.

The follow-up procedures consist of a combination of management supervision and independent assessments of those activities by internal audit, external audit or other third parties. Relevant findings of internal audit and/or the commissioner relating to the process performances, directives and procedures, allocation of responsibilities and the compliance with accounting standards are reported to the Audit Committee.

The quarterly figures, the annual and six monthly reporting are extensively explained by the financial management in the Audit Committee and thereafter in the Board of Directors. The review by the Audit Committee includes for example periodical information to the market, the approval of related press releases, the consistent compliance with accounting standards and the impact of possible new IFRS accounting standards.

3.8 Shareholders

3.8.1 Shareholders agreements and control

The Company is not aware of shareholders agreements which could limit voting or transfer rights.

As appears from the summary of reports the Company received from its shareholders (see below), Realdolmen is currently directly controlled by GFi Informatique SA holding almost 96% of the capital issued by the Company, as the result of the public takeover bid announced on 23 February 2018.

If a company has one or more controlling shareholders, the Belgian Corporate Governance Code provides that the Board of Directors must strive for the controlling shareholders to use their position in a balanced way and to respect the rights and interests of the minority shareholders. In compliance with article 524, in fine of the Belgian Company Code, any considerable burden or certain restrictions that a parent company could impose or maintain that do not usually apply in the market to similar transactions shall be published in the annual report.

3.8.2 Transactions with associated companies

Article 524 of the Company Code provides a special procedure which applies to intragroup transactions or transactions with associated companies. The procedure applies to decisions and transactions between Realdolmen and associated companies of Realdolmen which are not subsidiaries of the company. It also applies to decisions or transactions between a subsidiary of the company and companies affiliated with such subsidiaries of Realdolmen which are not subsidiaries of that subsidiary. Before such a decision or a transaction is taken or executed, the Board of Directors must set up a special committee consisting of three independent directors, assisted by one or several independent experts. This committee must weigh up the advantages and disadvantages of the decision or transaction for the company. It must explain the financial consequences and determine whether the decision or transaction is a disadvantage for the company or not which is obviously illegal in view of the company policy. When the committee decides that the decision or transaction is not illegal, but is of the opinion that it will damage the company, it must explain which advantages were considered to compensate the disadvantages. All these elements are explained in a written, motivated advice by the committee. The Board of Directors then makes a decision, considering the advice of the committee. Each deviation from the committee's advice must be supported. The advice of the committee and decision of the Board of Directors must be reported to the Auditor, who must write a separate opinion. The decision of the committee, an extract of the minutes of the Board of Directors and the opinion of the external auditor must be added to the annual report of the Board of Directors.
This procedure does not apply to decisions or transactions in the usual way at usual market conditions, and to transactions or decisions with a value of less than 1% of the consolidated net assets of the company.

In the fiscal year discussed, here there were no transactions with associated companies that require the application of article 524 of the Company Code.

3.8.3 Conflicts of interest

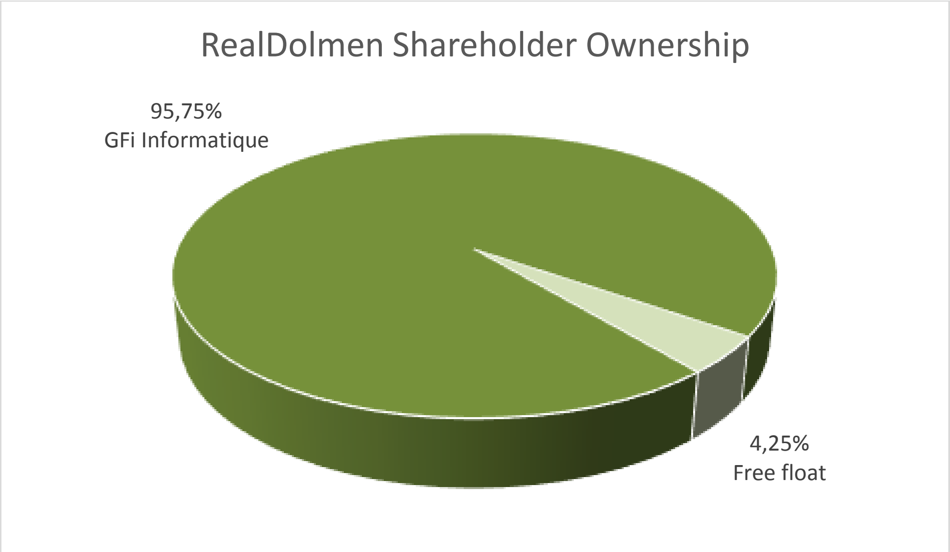
Each director and executive manager is encouraged to organise his personal and business-related affairs in such a way that direct and indirect conflicts of interests with Realdolmen are avoided. Without prejudice to the application of legal procedures, the Corporate Governance Charter of the company contains specific procedures to provide a solution to potential conflicts. To put it briefly, a director or executive manager must inform the Board of Directors before his appointment of his “transactions with associated parties” with the company or its subsidiary. During his mandate he must inform the chairman of the Board of Directors of all transactions with associated parties with the company or its subsidiaries he wishes to undertake, and such transactions can only be achieved with the approval of the Board of Directors.

Article 523 of the Company Code provides a specific procedure within the Board of Directors in case of a possible conflict of interests for one or several directors when taking one or several decisions or concluding transactions by the Board of Directors. In case of a conflict of interests, the director concerned must inform his co-directors of the conflict before the Board of Directors deliberates on the matter and makes a decision on the matter. Furthermore, the director concerned cannot participate in the deliberations and the vote by the Board of Directors in matters that could cause a possible conflict of interests.

Article 524ter of the Company Code provides a similar procedure in case of conflict of interests for members of the executive committee. The Executive Management team is not considered an executive committee in the sense of article 524bis of the Company Code.

During the fiscal year 2017-2018, three directors have reported conflicts of interest to the Board of Directors (cf. supra # 3.2.3 p. 14 Article 523).

3.8.4 Diagram shareholders structure



These figures represent the shareholdings on a diluted basis, as no more conversion of warrants, convertible bonds or other financial instruments which may result in the creation of Realdolmen shares is possible. They are based on the shareholders' declarations made in accordance with the applicable transparency legislation, which are also made available on this website; the latest of which are the press releases of 20 July 2018 by GFi Informatique.

3.8.5 Reference shareholder

As the result of the public takeover bid announced on 23 February 2018, further explained in the prospectus of 26 April 2018 (to be consulted at https://www.Realdolmentenderoffer.com/en/), the Company is now controlled by the following company: GFi Informatique SA, Boulevard Victor Hugo 145, 93400 Saint Ouen, France.

3.8.6 Capital increase

The Extraordinary General Meeting of 12 June 2008 authorized the Board of Directors to increase the Company's share capital to execute the stock options plan "Warrants 2008". Further to the transfer of the remaining 80,000 warrants of the "Warrants 2008" plan to GFi Informatique in the framework of its public takeover bid on Realdolmen, GFi Informatique has exercised the 80,000 stock options thus acquired them and on 13 June 2018, the Company has increased its share capital (which was previously amounting to €30,682,847.57) to €31,154,187.36 represented by 5,287,767 shares.

3.9 Comply or explain

No exceptions to the Corporate Governance Code were made during fiscal year 2017-2018.

3.10 Risk factors

The executive management provides an internal control and risk management framework, supervised by the Board of Directors. The Board of Directors assesses the implementation of this framework and relies therefore on the advice of the Audit Committee. The main risk factors are described hereafter, both financial and operational, which are typical of the activities of the group:

- **Fluctuations in the market environment can adversely affect demand and competitive pressure might lead to further margin pressure**

The markets in which we are currently active are subject to fluctuations of demand, and to pressure on the sales prices. In addition, these markets are characterized by low entry barriers. It cannot be ruled out that intensified future competition could lead to margins falling further. The economic developments and competition may differ per region/country and per market segment in which we are (or will become (more)) active. The ability to compete successfully depends on a number of factors, both within and outside of our control. These factors include:

- success in designing and developing new or enhanced products / services;
- ability to address the needs of our customers;
- performance, reliability;
- features, ease of use, and diversity of our products;
- pricing and quality of our services portfolio;
- ability to attract and retain high quality industry and ICT experts;
- quality of our customer services;
- brand recognition and our image in the market; and
- product or technology introductions by our competitors.

If we are not able to compete successfully in each of the segments in which we are active, this may affect our margins, profitability and market share.

- **Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in technology or if growth in the use of technology in business is not as rapid as in the past**

Success will depend partly on our ability to develop and implement information, communication and technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology and industry standards. We may not be successful in anticipating or responding to these developments on a timely basis, and our offerings may not be successful in the marketplace. Also, services, solutions and technologies developed by competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete client engagements.

Our business is also dependent, in part, upon continued growth in the use of technology in business by clients and prospective clients and their customers and suppliers. If the growth in the use of technology slows down due to a challenging economic environment, the business could be adversely affected. In addition, use of new technology for commerce generally requires the understanding and acceptance of a new way of conducting business and exchanging information. Companies that have already invested substantial resources in traditional means of conducting commerce and exchanging information may be particularly reluctant or slow to adopt a new approach that may make some of their existing personnel and infrastructure obsolete, and this could reduce the demand.

- **Internal IT systems**

Our business depends also on internal IT systems. Malfunctioning might cause problems or even (partial) loss of data. To prevent problems and to safeguard continuity, making backups and maintenance of the systems are part of the internal IT processes.

- **Companies are increasingly competing on a global scale. Increased competition from global or pan-European players could lead to increased margin pressure and lower profitability**

Large international competitors as well as pan-European players trying to further penetrate local markets may lead to increased competition which in turn could lead to higher pressure on both margins and profitability. This is the strategic reason behind the friendly takeover bid by GFi Informatique on the Company, announced on 23 February 2018.

- **Should we fail to successfully deploy, retain and hire skilled employees, this will adversely affect our future success**

Personnel are a critical success factor and an important condition for our growth. We must recruit highly qualified personnel to fuel growth. In addition, retaining personnel is of great importance. At present, the demand for persons with the ICT skills of our personnel is again increasing. A shortage of personnel, or a high turnover of personnel, could have a restraining influence on our growth, just as an excess of unproductive employees could certainly harm our performance. With a good order book at hand, our focus is on hiring people under challenging job market conditions in the current ‘war for talent’ environment.

We have trade union representatives and we strive to a positive and constructive social climate. Nevertheless, social actions might affect the business and have a negative effect on the activities.

- **Successfully deploy the Realdolmen Hybrid Cloud**

The Company continues its efforts to migrate its client's IT environment to Realdolmen's Hybrid Cloud, thus improving recurring income. However, these efforts need to balance the Company's short-term income generated by clients' CAPEX investments with the recurring income generated by cloud storage and accessory services. Uncontrolled acceleration of said migration could unbalance these income flows.

- **Dependency on sales successes**

The operating plan of 2018/2019 relies upon certain sales successes across the entire enterprise. This includes sales to new as well as to existing customers. Although we have a comfortable sales pipeline, it is not a certainty that the projected sales will actually materialize whereas the world economy is still suffering the aftermath of the crisis and new financial and political crises are announced. A portion of expected sales is related to products, which may require additional functionality. Risks exist in completing these tasks, and this could impact our ability to sell and/or deliver promised solutions.

- **Unexpected costs or delays could make our contracts unprofitable**

While we have several types of contracts, including time-and-material contracts, fixed-price contracts and contracts with features of both of these contract types, there are risks associated with all of these types of contracts when commitments are made in terms of timing, budget, competences or project deliverables. When making proposals for engagements, we estimate the costs and timing for completing the projects. These estimates reflect our best judgment regarding the efficiency of methodologies and professionals as we plan to deploy them on projects. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable. In the past, we have experienced such cost overruns as a result of incorrect estimates.

- **Our contracts can be terminated by our clients with short notice**

Clients typically retain us on a non-exclusive, engagement-by-engagement basis, rather than under exclusive long-term contracts. While our accounting systems identify the duration of engagements, these systems do not track whether contracts can be terminated upon short notice and without significant penalty. However, we estimate that the majority of our contracts can be terminated by clients with short notice and without significant penalty. Service Level Agreements (services and maintenance) are concluded on an annual basis and can be terminated only on the expiration date of the agreement, with a notice period of 90 days minimum. Termination of contracts on short notice could adversely affect our operating results.

- **Profitability will suffer if we are not able to maintain our pricing and utilization rates and/or to control our costs**

Profitability is largely a function of the rates charged for services and the utilization rate, or chargeability of professionals. Accordingly, if we are not able to maintain the pricing for services or an appropriate utilization rate for professionals and properly control our costs, we will not be able to sustain the profit margin and profitability will suffer.

The rates are affected by a number of factors, including but not limited to:

- Client’s perception of our ability to add value through our services
- Competition
- Introduction of new services or products by us or our competitors
- Pricing policies of competitors, in particular hiring platforms
- General economic conditions

Our utilization rates are also affected by a number of factors, including but not limited to:

- Seasonal trends, primarily as a result of holiday and summer vacations
- Ability to transition employees from completed projects to new engagements
- Ability to forecast demand for services and thereby maintain an appropriate headcount in the appropriate areas of the workforce
- Ability to manage attrition and balance attrition by hiring (in particular of juniors)
- Effectiveness of sales force

- **Undetected errors or defects in software could adversely affect our performance, reduce the demand for our products and services and increase service and maintenance costs**

In-house developed applications could contain errors or defects that have not been detected; this could adversely affect our performance and reduce demand for our products. Any defects or errors in new versions or enhancements of our products could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenues, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on the business, results of operations and financial condition. Possible claims could be expensive to defend and require the expenditure of significant resources, regardless of the result. Moreover, the overall costs for maintenance, monitoring and engineering in case of serious and irresolvable defects in any in-house developed application, may not be fully covered by the annually fixed and paid service fees for service and maintenance or our relevant insurances. We cannot exclude product liability, and even suffer from a negative impact on our reputation. We concluded insurance policies to cover this risk including 'recall risks'.

- **Others could claim that we infringe their intellectual property rights**

Even though we believe that our products do not infringe the intellectual property rights of others and that we ourselves have all required rights to use the intellectual property employed for our activities, we are exposed to the risk of claims alleging infringement of third-party intellectual property rights, including in respect of intellectual property that has been developed by third parties and acquired in business or asset purchase transactions. These claims could require us to spend significant sums in litigation costs, pay damages, expend significant management resources, experience shipment delays, enter into royalty or licensing agreements on unfavorable terms, discontinue the use of challenged trade names or technology, or develop non-infringing intellectual property. Liability insurance does not protect against the risk that its own or licensed third-party technology infringes the intellectual property of others. Therefore, any such claims could have a material adverse effect on our business, operating results and financial condition.

- **Litigations**

The Company is not involved in litigations that can be qualified as contingent liabilities according to the definition of IFRS.

- **Regulatory risks**

We are subject to national and international laws and regulations. As a result of the listing on Euronext Realdolmen is also subject to the legislation on publication and insider trading. We strive to be compliant with this legislation. Changes in the legal framework applicable, might affect the processes and might need further administrative care.

- **Force Majeure risks**

Force majeure risks are not avoidable. Some might be covered by insurances. If necessary we might manage by using own cover to overcome. Contractual clauses might foresee execution to be (temporary) postponed.

3.11 Important events post-closing

Succesfull takeover bid by Gfi Informatique

On 20 July 2018, Gfi Informatique announced that it starts a squeeze-out of the remaining shareholders, as it had reached a 95.75% shareholding in Realdolmen, exceeding the 95% threshold for a mandatory squeeze-out.

Capital increase

The Extraordinary General Meeting of 12 June 2008 authorized the Board of Directors to increase the Company's share capital to execute the stock options plan “Warrants 2008”. Further to the transfer of the remaining 80,000 warrants of the “Warrants 2008” plan to GFi Informatique in the framework of its public takeover bid on Realdolmen, GFi Informatique has exercised the 80,000 stock options thus acquired them and on 13 June 2018, the Company has increased its share capital to €31,154,187.36 represented by 5,287,767 shares.

4. Non-Financial Information

The Board of Directors of Realdolmen SA prepared this report further to the Law of 3 September 2017 based on European Directive 2014/95/EU.
The report contains two parts: non-financial information and diversity policy.
It is important to note that this is the first report of its kind. Elements that might be missing will be collected during fiscal year 2018-2019 in order to be included in next year's report.

4.1 Non-financial information

It is the Company's intention to further develop its existing COSO based framework for internal audit in order to apply the same principles with regard to identification, assessment, management and control of risks to non-financial information. At this stage of the Company's evolution and taking into account the ongoing public takeover by an international group of IT services companies it is considered premature to choose a specific set of references such as the Global Reporting Initiative (GRI).

4.1.1 Company's activity

Realdolmen is an independent ICT expert with over 1,200 highly skilled ICT professionals, serving more than 1,000 customers in the Benelux with their strategic, tactical and operational ICT demands. In every cooperation Realdolmen endeavours to realize the potential of people and organizations and wishes to make ICT human again. All of this guided by the company motto "To get there, together". For more details, please check http://www.Realdolmen.com/en
Furthermore, the Company as well as GFi Informatique SA have informed the market extensively about their activities by means of the Takeover Prospectus published on 26 April 2018 and available at http://www.Realdolmentenderoffer.com and https://www.fsma.be/nl/news/vrijwillig-openbaar-overnamebod-van-gfi-informatique-op-Realdolmen.

4.1.2 Environmental information

4.1.2.1 Environmental impact of the Company's activities

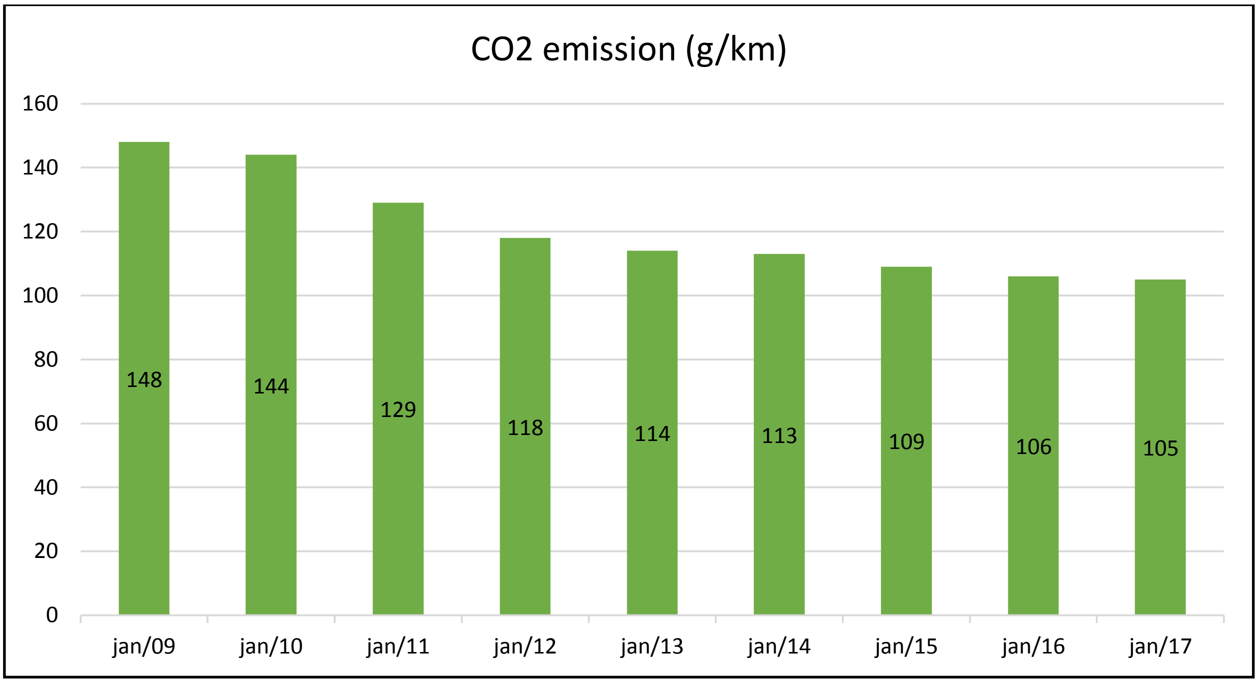
Realdolmen has approx. 1,200 ICT professionals and support staff, all delivering intellectual services. Their impact on the environment is mainly the result of their transportation and of the use of our offices.
The Company aims to reduce its ecological footprint as much as possible without jeopardizing its services to customers or the quality of the employees' work environment.

Realdolmen promotes digital working (e.g. introduction in the main offices of Microsoft Hub smart screens for collaborative meetings) and has strategically upgraded its fleet from an ecological point of view.

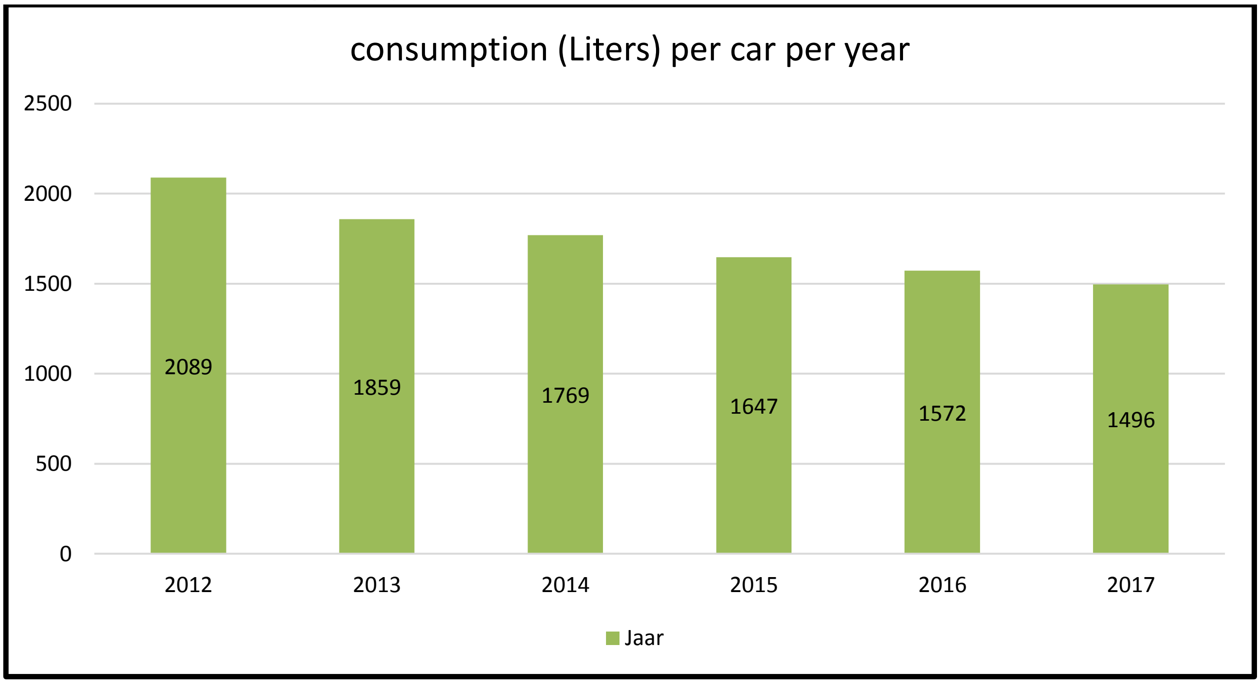
The company car policy is inspired by a "green strategy":

- Optimize CO2 emission
- Look for alternatives to diesel
- Seek out improvements to engine technology resulting in lower fuel consumption
- Provide eco-drive training for safety and lower fuel consumption

As a result, CO2 emission could be reduced by 29% over 8 years.



Furthermore, fuel consumption by car was reduced by 28% over the last 5 years.



With regard to facilities, Realdolmen has shunned the use of in its headquarters preferring the extra effort of airing the offices early in the morning and individual commitment to maintain the best possible working conditions. In its second largest facility, active sunshades were put in place to avoid overheating the offices.

4.1.2.2 Impact of environmental issues on the Company's activities

Realdolmen takes into account ecological and mobility issues when organizing its activities at customers' sites throughout the country. Therefore, the Company is constantly examining alternatives to intensive use of company cars. A major effort is being made with regard to teleworking, homeworking and flexible hours. Also, combinations of car + train or car + bike are clearly appreciated by its employees and will be further investigated.

Some examples of the Company's proactive attitude are the ongoing negotiations with suppliers for so-called "6 wheels" solutions (car + bike or train + bike). Realdolmen's headquarter is at 5' walking distance from two train stations and the Company promotes train passes, even for beneficiaries of company cars.
It should be noted that the Company's attitude towards social responsibility is not systematically shared by our customers, which requires extra commercial efforts on behalf of Realdolmen as employer.

4.1.3 Social and employee matters

4.1.3.1 Human resources policies

The efforts of the last five years to put the employee at the center of the Company resulted in a global program of "Employee Centricity".
Its building blocks are summarized in an infographic, inspired by the Company's employer branding:

Besides the numerous initiatives aimed primarily at employees (see above), Realdolmen is engaging the next generations in its activities through free classes providing introduction to coding during school holiday periods. This is much appreciated by both the participants and their parents.

4.1.3.2 Impact of social efforts on the Company's activities

Activities undertaken in the framework of Employee Centricity have certainly contributed to improve the Company's hiring capacity and assisted in reducing attrition. However, it is very difficult to measure the direct causal effect and impact of these measures on – among other – headcount figures.

4.1.4 Human rights

The Company undertakes to respect and promote the basic rights protected by the Universal Declaration of Human Rights, the dignity and value of human beings and gender equality.

The Company adheres to the anti-discrimination law in force in Belgium, which strictly prohibits discrimination on age, sexual orientation, marital status, religion, health issues etc. and it expects the same attitude from its employees. It is the Company's ambition to work towards integration of the ethical rules in GFi Informatique Group's governance and to complete, where required, its existing mechanisms with appropriate measures for the Company's markets.

The Company's current charter with regard to ethical conduct of business stipulates that:

- The Company expects everybody involved with its activities to act with the highest standards of honesty and ethical conduct while working on the Company's premises, at offsite locations where Company business is being conducted, at Company sponsored business and social events, or at any other place where the Company is represented. Honest conduct is considered to be conduct that is free from fraud or deception and marked with integrity.
- Ethical conduct is considered to be conduct conforming to accepted professional standards of conduct. Ethical conduct includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
- The Company's activities and operations will be carried out in strict compliance with all applicable laws and the highest ethical standards. Employees will ensure that the Company deals in all fairness with its customers, suppliers and competitors, and in particular complies with competition rules. In this respect, the Company prohibits any practices which have as their object or effect the prevention, restriction or distortion of competition.

The Company's efforts with regard to the universal right of education (Art. 26 UDHR) have been focused on a long-term project with "Close the Gap" (www.close-the-gap.org). Close the Gap is an international non-profit organization that aims to bridge the digital divide by offering high-quality, pre-owned computers donated by European companies to educational, medical and social projects in developing and emerging countries.
Access to information and communication technology (ICT) is essential in the developing world because it is key to improving a country's educational and economic prospects. However, the cost of new equipment, limited infrastructure and the lack of IT knowledge and proficiency mean that many people still have no access to IT.
Close the Gap collects decommissioned computers from companies and arranges for other organizations to clean the hard disks and then check and configure the hardware according to the requirements of its end-users. The computers are then shipped to the destination country by sea or air transport. Since 2003, Close the Gap has already received more than 600,000 computers from companies all over Europe.
Close the Gap not only provides computers to developing countries, but it also builds partnerships with organizations worldwide in order to deliver comprehensive software and hardware solutions to its recipients. Today, Close the Gap has supported more than 4,900 projects all over the world. However diverse the projects, they all have one common denominator: a focus on advancing both the individual and the community within a spirit of socio-economical education. By following this principle, Close the Gap believes in the power of education to achieve the Sustainable Development Goals and improve future perspectives on our planet, where providing basic prosperity for all and environmental protection will be the global norm.
Realdolmen is a strategic partner of Close the Gap. It is a vocal and active advocate for the organization. This means spreading awareness and donating retired equipment (collected by the Company from customers) and it includes providing training and support to international partners of Close the Gap.

4.1.5 Fair competition and anti-corruption

The Company conducts its activities, innovates and develops its business in a fair manner in compliance with the principle of freedom of trade and industry and shall refrain from any action that would adversely affect open competition through cartel activity, active or passive corruption or influence peddling.

The Company's charter with regard to anti-corruption states that in its relations with governmental agencies, customers and suppliers, employees shall not, directly or indirectly, engage in bribery, kick-backs, payoffs, or other activities which may be construed as corrupt business practices. The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.
At their own level and by virtue of their duty of loyalty, employees are expected to carry out their duties in the interest of the Company, by participating in the prevention of fraud and avoiding any conflicts of interest or insider trading.

4.2 Diversity policy

4.2.1 Goal and brief description

The Company's goal is to better prepare potential employees for a career with the Company through improved competencies.

Initially, the Company considered diversity strictly with regard to equal opportunities for women and men, inspired by the Law of 7 May 1999 on equal access to employment and the Law of 28 July 2011 on the representation of women in the board of directors of listed companies.

However, through dialogue with the trade unions, the approach to diversity has been widened to include consideration for the disabled, the less educated persons or people whose mother tongue is not Dutch or French, to young people in need for a second chance at continued education and persons above 45 years old.

An example of a successful track is the creation of a new diploma ("HBO5 Informatica") in collaboration with Odisee, a major group of non-universitary schools in Belgium with over 10,000 students. The first group started in September 2017 and will graduate in July 2019. On average, two days at school are combined with three days at work at Realdolmen (so-called "dual teaching"). This approach will maximize the students' hiring potential.

4.2.2 Measures and results

The Company invests in hiring junior professional, fresh out of school who are put through an intensive three months specialized training that increases considerably their market value. Last fiscal year, approx. [80] of these so-called acADDemICTS started at Realdolmen. For the new fiscal year, the Company is looking to hire 100 juniors.
Supporting actions of all kind are set up or maintained in order to make Realdolmen an employer of choice:

- Healthy living: free fruit on all sites; free participation in several sports events (e.g. 20 Kms of Brussels, 10 Miles of Antwerp; the Child Focus runs in Malines and Mons); free outfits for cycling or running; 'deskbikes', 'walkdesks' and 'dynamic' desks etc.
- Ergonomics: ergonomy tips and procedures; choice of adapted computer bags or carriers, lockers, adapted chairs etc.
- Prevention: own prevention advisor for psycho-social issues; free health checks above the age of 50; free vaccination against flue; monitoring and coaching regarding burn-out, glasses for computer screens etc.

According to the 2017 IDEWE report, the Company has maintained its success rate of 0 professional illnesses during the period 2015 – 2017.

5. Financials

Consolidated financial statements IFRS

Notes to the financial statements as per March 31, 2018

5.1 Consolidated financial statements IFRS

5.1.1 Consolidated statement of comprehensive income for the period ended March 31, 2018

		31/03/2018	31/03/2017
		EUR '000	**EUR '000**
CONTINUING OPERATIONS			
Operating Revenue		**259.870**	**245.352**
Turnover	Note 5	258.106	243.759
Other operating income	Note 6	1.764	1.593
Operating Charges		**-245.908**	**-233.359**
Purchases of goods for resale, new materials and consumables	Note 17	-96.319	-91.861
Services and other goods	Note 7	-54.972	-52.263
Employee benefits expense	Note 7	-91.561	-87.749
Depreciation and amortization expense	Note13/14	-2.274	-2.223
Impairment of inventory and receivables	Note 7	-102	631
Provisions	Note 7	18	890
Other operating expenses	Note 6	-698	-784
OPERATING RESULT before NON-RECURRING (REBIT)		**13.962**	**11.993**
Other non-recurring income	Note 8	1.320	0
Other non-recurring charges	Note 8	-10.453	0
OPERATING RESULT (EBIT) (1)		**4.829**	**11.993**
Financial income	Note 9	5	2
Financial charges	Note 9	-72	-73
Profit (Loss) before income taxes		**4.762**	**11.922**
Income taxes	Note 10	-5.908	-951
Profit (Loss) for the year from continuing operations		**-1.146**	**10.971**
Discontinued Operations			
Profit (Loss) for the year from discontinued operations		0	0
Profit (Loss) for the year		**-1.146**	**10.971**
Total profit (Loss) for the year		**-1.146**	**10.971**
Items that will not be reclassified subsequently to profit of loss		121	-373

Remeasurement of defined benefit plans, net of taks	Note 22	35	-373
Recalculation of taks	Note 16	86	0
Other comprehensive income for the period		**121**	**-373**
Total comprehensive income for the period		**-1.025**	**10.598**
Attributable to:			
Equity holders of the parent		-1.025	10.598
Non-controlling interest		0	0
EPS (in EURO)			
Basic earnings per share (EUR)	Note 11	-0,220	2,107
Diluted earnings per share (EUR)	Note 11	-0,220	2,107

(1) EBIT is earnings before interest and taxes

5.1.2 Consolidated statement of financial position for the period ended March 31, 2018

		31/03/2018	31/03/2017
		EUR '000	EUR '000
ASSETS			
Non Current Assets		**115.114**	**120.862**
Goodwill	Note 12	89.214	89.214
Intangible assets	Note 14	1.076	1.126
Property, plant and equipment	Note 13	10.771	11.108
Deferred tax assets	Note 16	13.967	19.158
Finance lease receivables		86	142
Long term receivables	Note 31	0	114
Current Assets		**107.472**	**90.529**
Inventories	Note 17	522	471
Trade and other receivables	Note 18	70.313	61.765
Cash and cash equivalents	Note 19	36.637	28.293
Total Current Assets		**107.472**	**90.529**
TOTAL ASSETS		**222.586**	**211.391**
EQUITY AND LIABILITIES			
Shareholder's Equity		**149.744**	**154.366**
Share capital	Note 20	30.683	30.683
Treasury shares (-)		-55	-55
Share premium		32.196	32.196
Retained earnings		86.920	91.542
Equity attributable to equity holders of the parent		**149.744**	**154.366**
TOTAL EQUITY		**149.744**	**154.366**
Non-Current Liabilities		**1.657**	**2.817**
Obligations under finance lease	Note 21	86	246
Retirement benefit obligations	Note 22	1.237	1.306
Provisions	Note 23	334	1.218
Deferred tax liabilities	Note 16	0	47
Current Liabilities		**71.185**	**54.208**
Obligations under finance lease	Note 21	104	245
Bank overdrafts and loans		0	0
Trade and other payables	Note 24	69.726	53.321
Current income tax liabilities	Note 10	603	546
Provisions	Note 23	752	96

Total Current Liabilities			**71.185**	**54.208**
TOTAL LIABILITIES			**72.842**	**57.025**
TOTAL EQUITY and LIABILITIES			**222.586**	**211.391**

5.1.3 Consolidated statement of cash flows for the period ended March 31, 2018

	31/03/2018 EUR '000	31/03/2017 EUR '000
OPERATING RESULT (EBIT) (1)	**4.829**	**11.993**
Depreciation and amortisation	2.274	2.223
Provisions and allowances	-156	-2.231
(Gains) / Losses on disposals of assets	-793	0
Other adjustments	-6	-10
Gross Operating Cash Flow	**6.148**	**11.975**
Changes in working capital	7.779	-2.220
Net Operating Cash Flow	**13.927**	**9.755**
Income taxes paid	-654	-563
Net Cash Flow from Operating Activities	**13.273**	**9.192**
Investments in intangible assets	-823	-165
Investments in property, plant and equipment	-1.271	-1.805
Disposals of intangible assets and property, plant and equipment	1.012	0
Net Cash Flow from Investment Activities	**-1.082**	**-1.970**
Interest paid	-4	-16
Dividend paid	-3.598	-3539
Increase / Decrease financial liabilities cash outflow	-245	-2.239
Cash Flow from Financing Activities	**-3.847**	**-5.794**
Changes in Cash and Cash Equivalents	**8.344**	**1.428**
Net cash position opening balance	28.293	26.865
Net cash position closing balance	36.637	28.293
Total Cash movement	**8.344**	**1.428**

(1) EBIT is earnings before interest and taxes

5.1.4 Consolidated statement of changes in equity for the period ended March 31, 2018

	Share Capital	Treasury shares	Defined Benefit Obligations	Share Premium	Convertible bond	Retained earnings	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at April 1, 2016	**30.683**	**-274**	**-353**	**19.509**	**12.687**	**84.862**	**147.114**
Net profit/(loss)						10.971	10.971
Deferred consideration ex-Traviata shareholders (1)		219				-26	193
Dividend (2)						-3.539	-3.539
Other comprehensive income (3)			-373				-373
Balance at March 31, 2017	**30.683**	**-55**	**-726**	**19.509**	**12.687**	**92.268**	**154.366**
Balance at April 1, 2017	**30.683**	**-55**	**-726**	**19.509**	**12.687**	**92.268**	**154.366**
Net profit/(loss)						-1.146	-1.146
Dividend (4)						-3.598	-3.598
Other comprehensive income (3)			35			87	122
Balance at March 31, 2018	**30.683**	**-55**	**-691**	**19.509**	**12.687**	**87.611**	**149.744**

(1) Relates to the payment on the deferred consideration in shares to the former Traviata shareholders for 193 KEUR. The difference of 26 KEUR relates to the realized losses on this payment since the fair value of the shares at the moment of payment was lower than the initial purchase price of the treasury shares.

(2) Dividend payment as approved by the shareholders' meeting of September 14, 2016.

(3) IAS19 impact changes in assumptions on Defined Contributions Plans and impact tax reform.
(4) Dividend payment as approved by the shareholders' meeting of September 13, 2017.

5.2 Notes to the financial statements as per March 31, 2018

NOTE 1 - GENERAL INFORMATION

Realdolmen NV (the Company) is a limited company incorporated in Belgium, with company number BE0429.037.235. The addresses of its registered office and principal place of business is in Belgium, A. Vaucampslaan 42, 1654 Huizingen. The principal activities of the Company and its subsidiaries are described in note 15. The consolidated financial statements for the year ended March, 31 2018 include Realdolmen and its subsidiaries (together referred to as 'the Group'). Comparative figures are for the financial year ended March 31, 2017. The consolidated financial statements were authorised for issue by the Board of Directors of the Company on May 24, 2018.

NOTE 2 - STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the European Union.
Following Standards and interpretations, that became applicable for the annual period beginning on 1 April 2017 and had no material effect on the financial statements:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017)
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017)

The Group did not elect to early application of the following relevant new standards and interpretations which were issued at the date of approval of these financial statements, but were not yet effective on the balance sheet date:

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018)

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

New requirements

IFRS 15 Revenue from Contracts with customers

IFRS 15 Revenue from Contracts with Customers requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. IFRS 15 will replace existing revenue recognition guidance when it becomes effective. This new standard permits the use of either the retrospective or cumulative effect transition method. Realdolmen will not do any restatement of prior years' figures and opts for the modified retrospective approach.

As the application is mandatory in the first year starting after January 1st, 2018, the Group conducted an internal project to identify the main impacts on its consolidated financial statements. The company analyzed the major revenue streams by testing standard sales agreements on IFRS 15 compliance. Revenue of hardware/ software sales are typically recognized at a point in time (upon delivery), while fixed price, time & material or revenue from maintenance contracts are recognized over time à rato of the time performed or the time elapsed. The company's revenue recognition policy needs to be adjusted for a limited number of up-front fees charged to customers.

When the Company enters into contracts to provide services to its customers, the Company often charges installation or start-up costs. Under current accounting rules, installation fees related to managed services contracts are recognized as revenue during the period in which the installation occurs. Under IFRS 15, these fees will generally be deferred and recognized as revenue over the contractual period, or longer if the up-front fee results in a material renewal right.

As the above revenue recognition changes result in a relatively minor shift in the timing of revenue recognition, IFRS 15 has an immaterial impact on our reported revenue.

IFRS 15 will also impact our accounting for certain upfront costs directly associated with obtaining and fulfilling customer contracts. Under our current policy, these costs are expensed as incurred. Under IFRS 15, the upfront costs that are currently expensed as incurred will be recognized as assets and amortized to operating expenses over a period that is consistent with the transfer to the customers of the goods or services to which the assets relate.

The ultimate impact of adopting IFRS 15 for both revenue recognition and costs to obtain and fulfill contracts will depend on numerous factors, including the promotions and offers in place during the period leading up to and after the adoption of IFRS 15. We expect the upfront revenues from start-up services in managed services contracts to have minor impact by IFRS 15. The financial impact on the fore mentioned start-up activities for 2017-2018 is estimated at less than 50 KEUR.

The company will disclose additional information (e.g. disaggregation of revenues) in view of IFRS 15 in the next interim reporting.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (applicable in the first year starting after January 1, 2018) includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting

requirements, which align hedge accounting more closely with risk management. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.
With respect to the provision for impairment of trade receivables, the Company will apply under IFRS 9 a new forward-looking impairment model based on an expected credit loss model rather than the currently applied actual credit loss model. The Company is currently evaluating the effect that IFRS 9 will have but does not expect a material impact on its consolidated financial statements and therefor does not expect to have to restate prior periods.

IFRS 16 Leases

Under IFRS 16, almost all current operating leases will have to be booked on the balance sheet. The Group has operating lease agreements for company cars and buildings (see Note 27 Operating lease arrangements). The impact of IFRS 16 is currently being examined by the Group.

NOTE 3 - SUMMARY OF ACCOUNTING POLICIES

Basis of consolidation

Consolidated financial statements include subsidiaries, interests in joint ventures or associates accounted for under the equity method.

All intra-group transactions, balances, income and expenses are eliminated in the consolidation.

Subsidiaries

Subsidiaries are entities that are controlled directly or indirectly. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of subsidiaries starts from the date Realdolmen controls the entity until the date such control ceases.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
However, when the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.
Amounts previously recognized in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Associates

Associates are entities over which Realdolmen has a significant influence by participating in the decisions of the investee without controlling or jointly controlling those entities. Associates are accounted for using the equity method until the date significant influence ceases.

Business combinations and goodwill

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When Realdolmen acquires an entity or business, the identifiable assets and liabilities of the acquiree are recognized at their fair value at acquisition date, except for:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the considerate on transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Where such a difference is negative, the excess is, after a reassessment of the values, recognized as income immediately as a bargain purchase gain.

Non-controlling interests (minority shareholders) that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If Realdolmen increases its interest in an entity or business over which it did not yet exercise control (a business combination achieved in stages), the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (maximum one year after acquisition date), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Goodwill

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the business combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Foreign currencies

Transactions in currencies other than EUR are accounted for at the exchange rates prevailing at the date of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at closing rate. Nonmonetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the exchange rates prevailing at the date the fair value was determined. Gains and losses resulting from such translations are recognized in the income statement, except when deferred in equity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Realdolmen's revenue-earning activities involve, but are not limited to, the selling of Product Licenses, the rendering of Software Services, delivering of Software/Technical Support and selling of Infrastructure. Infrastructure sales commonly go with the sales of License Products but can also occasionally involve straight-forward goods sales.

These activities constitute the Company's ongoing major operations, and revenues are considered to have been earned when the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.

1. Infrastructure

Revenue from the sale of hardware (so called 'infrastructure revenue') is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

2. Licenses

Licenses are agreements by which the Company grants the customer the right to use, but not own, the Company's products, usually with limitations on the number of employees or users for which the software use is granted and the license period.
Fees from licenses are recognized as revenue, if no significant production, modification or customization of software is required and when all of the following four conditions are met:

1. signature by the company and the customer of a non-cancellable contract;
2. delivery has occurred;
3. the license fees are fixed and determinable;
4. collection of the fee is almost certain.

If significant production, modification or customization of software is required, revenue can only be recognized in conformity with the contract accounting method used for 'Fixed price contracts'.

3. Maintenance
Revenue from maintenance contracts and other contracts for which a specific service is delivered during a contractually agreed period of time, is recognized on a straight-line basis over the term of the contract, except for maintenance contracts in which the Group acts as a commissioner, in which case the commission is directly recognized in the income statement.

4. Project revenues: fixed price contracts and time & material
Fixed price contracts
Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the balance sheet date. Realdolmen determines the stage of completion of the contract by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable, will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Time and material
Time based service contracts are agreements for services such as installation, development, consulting, training and other services, based on the time-and-material concept.
The basis for these agreements is only an agreed day/hour unit price, without neither explicit nor implicit delivery requirements nor any commitments to results to be achieved. The revenue can be recognized as the services are delivered and invoiced.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Government grants

Government grants are recognized in profit or loss over the periods necessary to match them with the related costs and are presented as other operating revenues.

Supplier discounts

Discounts received from suppliers are recognized as a deduction from expenses. If such reimbursements are received specifically for well-defined expenses incurred, they will be deducted from those particular expenses. In other cases, they will be recognized as a deduction from cost of goods purchased.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance Lease: Realdolmen as lessee
The Group entered into several leasing agreements, mainly related to office buildings and office equipment. Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Finance Lease: Realdolmen as lessor
Occasionally, Realdolmen acts as a lessor, relating to the telephony business. Realdolmen acts as an intermediate between the leasing company and the client. At the inception of the finance lease the corresponding receivable towards the client is included in the balance sheet. The corresponding liability with the leasing company is included in the balance sheet as a finance lease obligation for the same amount.

Operating lease: Realdolmen as lessee
Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Property, plant and equipment

The cost of an item of property, plant and equipment is recognized as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. After initial recognition, all items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price, any cost directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by management.

Depreciation is calculated over the estimated useful lives of property, plant and equipment using the straight-line method. Depreciation starts when the assets are ready for their intended use.

The estimated useful lives of the most significant categories of property, plant and equipment are:
(Land is not depreciated)

- Buildings 2-5%
- Machinery & Fixtures 6,6-25%
- Computer & Office equipment 10-33%
- Vehicles 20-25%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.
An internally-generated intangible asset arising from the Group's business development is recognized only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortized on a straight-line basis over their estimated useful lives, being 3-5 years.

Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition, and less the discounts received from suppliers. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Stock of components held for maintenance and repairs are written of over a period of three years.

Financial instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized from the balance sheet when the contractual rights to the cash flows from the financial asset expire or when the asset is transferred and the transfer qualifies for derecognition based on the extent to which the risks and rewards of ownership are retained or transferred. Financial liabilities are removed from the balance sheet when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. For the treatment of the convertible bond, we refer to the accounting policy below on the 'Convertible loan notes'.

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the fair value of financial assets classified as held for trading (specifically SICAV's) is determined on publications of the funds. The fair value is estimated based on discounting future cash flows using current market interest rates with appropriate credit spread;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the

duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives;

Trade and other receivables

Contracts in progress (ongoing projects for third parties)
Contracts in progress (also known as 'turnkey projects' or 'fixed price projects') are valued using the 'Percentage of Completion Method' where the percentage of completion is based on an as accurate as possible estimate of the hours already worked and updated forecasts of hours yet to be executed in order to complete the fixed price contract.
Contracts in progress are valued at cost including profit recognized to date less instalment payments invoiced pro rata the progress of the project.

Besides all expenditure directly connected with specific projects, the cost also includes an allocation of the fixed and variable direct costs incurred in connection with the Group's contracting activities, based on a normal production capacity.

Profits are recognized in the income statement on the basis of the progress of the works. In the period in which it is determined that a loss will result from the performance of a contract, the entire amount of the estimated ultimate loss is expensed.

In projects where the value pro rata progress of the project (the costs incurred including profit or loss) is greater than the amount invoiced, the difference is shown as an asset under the heading "trade and other receivables". For projects where the amount invoiced is greater than the costs incurred including profit or loss, the difference is presented in liabilities under the heading "prepayments received on orders".

Trade receivables
Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method where the impact is material. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at fair value through profit or loss if they are held for trading. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as at FVTPL unless they are designated and effective as hedging instruments.

For investments that are actively traded in organized financial markets, fair value is determined by reference to quoted market prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is calculated based on the discounted cash flow analysis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents are measured at amortized cost less accumulated impairments.

Financial liabilities and equity instruments issued by the Group

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value less transaction costs (if applicable), and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see above).

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method where the impact is material.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Embedded derivatives

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Restructuring provisions

A constructive obligation to restructure arises, and hence a provision for restructuring is recognized, only when the Group has a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken, and when the plan will be implemented and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A management or board decision to restructure taken before the balance sheet date does not give rise to a constructive obligation at the balance sheet date and hence no provision is recognized unless the entity has, before the balance sheet date started to implement the restructuring plan; or announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.

Employee benefits

The Group provides to its employees various short and long-term benefits and post-employment benefits, in accordance with the applicable laws in each country.

1. Short-term employee benefits

When an employee has rendered services to the Group during the reporting period, the Group recognizes the non-discounted amount of short-term employee benefits in return of services rendered : as a liability, after deducting the amount already paid (if applicable), and as expenses (unless an another IFRS imposes or authorizes the capitalization in the carrying amount of an asset).

2. Post-employment benefits

Post-employment benefits are classified in 2 categories : defined contribution or defined benefit plans.

Under “defined contribution plans”, the obligation of the company is limited to the amount that it agrees to contribute to a fund. All actuarial and investment risks fall on the employee. Payments to defined contribution plans are charged as expenses as they fall due.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. There is hence a risk that the Company may have to pay additional contributions related to past service. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rates of return. Because of uncertainty in respect to the future evolution of the Belgian minimum guaranteed rates of return, the Company had up until year-end March 2015 taken a retrospective approach whereby the net liability recognized in the statement of financial position was based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability was based on the deficit measured at intrinsic value, if any). In December 2015 new legislation in Belgium resolved this uncertainty regarding future minimum guaranteed rates of return, by defining when and how these rates will change in the future, and by linking them to the evolution of Belgian government bond rates. Because of this the Company decided to change the accounting treatment for these plans as of yearend March 2016, by taking a prospective approach whereby the net liability recognized in the statement of financial position is based on the present value of the estimated shortfall in future years between the minimum guaranteed reserves and the accumulated reserves, calculated for all contributions paid until the closing date.

Contributions paid with respect to defined contribution plans are recognized as expenses when employees have rendered the services giving rights to those contributions.

Concerning the defined benefit plans, the amount recognized as a net liability (asset) corresponds to the difference between the present value of future obligations and the fair value of the plan assets.
If the calculation of the net obligation gives rise to a surplus for the Group, the asset recognized for this surplus is limited to the present value of any future plan refunds or any reduction in future contributions to the plan.
Cost of defined benefits include cost of services and net interest on the net liability (asset) recognized in net results (respectively in employee costs for the cost of services, and as financial expenses (income) for the net interests), as well as the revaluations of the net liability (asset) recognized in other comprehensive income.
The present value of the obligation and the costs of services are determined by using the projected unit credit method and actuarial valuations are performed at the end of each reporting period.
The actuarial calculation method implies the use and formulation of actuarial assumptions by the Group, involving the discount rate, evolution of wages, medical costs inflation, employee turnover and mortality tables. These actuarial assumptions correspond to the best estimations of the variables that will determine the final cost of post-employment benefits. The discount rate reflects the rate of return on high quality corporate bonds with a term equal to the estimated duration of the post-employment benefits obligations.

3. Other long-term employee benefits

The accounting treatment of the other long-term employee benefits is similar to the accounting treatment for post-employment benefits, except for the fact that revaluations of the net liability (asset) are also accounted for in the income statement.
The actuarial calculations of post-employment obligations and other long-term employee benefits are performed by independent actuaries.

4. Early retirement pensions

Early retirement benefits are treated as voluntary termination benefits. Consequently, the liability recognized in the financial statements corresponds to the discounted value of the early retirement benefits expected to be paid in the future for current prepensioners as well as employees expected to retire early in the future. The Collective Labor Agreement (“Generationpact”) that came into force in 2006 supported the current system of early retirement until the end of 2016. All employees at the age of 51 or older have been included in the calculations, under the assumption that only a part of the employees who meet the conditions of early retirement, will make use of this system. The calculations are adjusted for an expected personnel rotation, based on historical data. Because of stricter conditions to apply for early retirement, the company decided not to use the current system of early retirement anymore as from April 1 2016.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-recurring items

Non-recurring items are defined as items which are unusual because of their nature, size or incidence. Only material events are classified as non-recurring.

Taking into account the significant events of the year, management deemed it appropriate to extend the definition of non-recurring and as such non-recurring items now include the following items:

- Goodwill impairment
- Restructuring costs,
- (Reversal of) Provisions for environmental sanitization programs,
- Material asset impairments,
- Merger & Acquisitions related fees
- Charges with respect to historical payroll tax dispute
- Gain/Loss realized on the sale of Property, Plant & Equipment

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NOTE 4 - CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of Goodwill

In accordance with IFRS 3, goodwill is tested for impairment annually or more frequently if there are indications that the goodwill might be impaired, in accordance with IAS 36 - Impairment of Assets. This Standard also requires that the goodwill should, as from the acquisition date, be allocated to each of the cash-generating units (CGU's) or groups of cash-generating units, that are expected to benefit from the synergies of the business combination.

The CGU's to which goodwill has been allocated were tested for impairment at the balance sheet date by comparing the carrying amount of the unit with the recoverable amount (higher of its fair value less cost to dispose and its value in use).

We refer to note 12 for further information on the impairment testing of the goodwill.

Deferred tax assets

Deferred tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. These deferred tax assets are justified by the fact that – based on macroeconomic forecasts and the use of conservative scenarios – enough taxable profit will be available in the near future.

In the past a deferred tax asset of 20.160 KEUR has been recognized through profit and loss according to IAS 12 par. 67. Recent Belgian tax reforms have an impact on the current deferred tax asset. As a consequence of the Belgian corporate tax reform with the gradual reduction of the corporate tax rate and the limitation of the use of carried forward tax losses, an impairment of 5.340 KEUR was taken on the recognized deferred tax asset (March 2018: 14.820 KEUR).
(cf. note 16 'Deferred taxes').

Employee benefits

Defined Contribution Obligations

In Belgium, employees participate in defined contribution plans, funded through group insurances. The employer contributions paid to the group insurances are based on percentage of the salary. By law, Belgian employers are required to provide an average minimum guaranteed rate. This rate was equal to 3,25% on employer contributions paid as from January 1, 2004 until the end of 2015 and 3,75% on employee contributions. As from January 1, 2016 this rate is equal to 1,75% for contributions paid as from that date. The rate is reviewed every year, depending on the evolution of the Belgian government bonds, although it cannot be lower than 1,75%, nor higher than 3,75%. In case of a change in the minimum guaranteed rate, the old rates applicable to the contributions paid before the date of change continue to apply until the employee's date of leaving. There is a risk that the company may have to pay additional contributions for these plans related to past service to cover this minimum guarantee. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rate of return.

Transaction cost recognition

The Group booked transaction costs of 9.791 KEUR in total in view of the sales process of the company (see Note 8 Non-recurring income and expenses). The transaction cost mainly covers the contractual engagements entered into with external advisors and transaction bonuses for management. Certain of these costs are success fee based (8.548 KEUR).

The engagements referred to above were all executed in the second semester of FY 17/18 and have led to a public offer by GFI Informatique SA, announced per 22 February 2018 and resulting in a prospectus that was made public and approved by the FSMA on 24 April 2018. Certain of the rendered services were subject to additional fees if the offer proved to be successful. The recognition of these additional fees linked to the success of the offer as per March 31, 2018 is in accordance with IAS 37, as management considered that the conditions are ‘more likely than not’ fulfilled at 31 March 2018 considering the offered share price, the unconditional nature of the offer, the approved ‘prospectus’, and the commitment of the reference shareholders. With respect to the transaction bonus for management, under IAS 19, similar recognition criteria apply and consistently the bonus accrual has been recognized per March 31, 2018.

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NOTE 5 - BUSINESS SEGMENT INFORMATION

REVENUE

An analysis of the Groups' revenue for the year, for continuing operations, is as follows:

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Continuing operations		
Revenue IT & Business Consulting	112.066	104.014
Revenue IT & Business Support Services	146.040	139.745
	258.106	**243.759**

REPORTABLE SEGMENTS

For management purposes, the Group is currently organized into two operating divisions: IT & Business Consulting and IT & Business Support Services. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

1) **IT & Business Consulting segment:** This segment includes our service business, both sourcing, consulting and projects (bespoke developments and own IP), involving as common measurement features billability, available resources, sales prices and cost of resources (own people versus subcontractors) such services relate to both infrastructure and application technologies which are converging. These common characteristics are the key parameters to monitoring and measure the performance of the segment.
2) **IT & Business Support Services segment:** This segment includes two sub-domains which are undeniably connected: IT Outsourcing and Product & Licenses. IT Outsourcing includes both infrastructure and application solutions support as well as assistance provided for both software and hardware offerings that are sold through our product and license department. The future also clearly indicates that there is a significant trend from one-off product sales to SaaS and cloud models, where one-time sales is increasingly being offered in a pay-per-use model including ITO services and productized packages combining hardware, software and services.

1/ Segment total revenue and operational segment total result

	Segment revenue		Operational segment result	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	EUR '000	EUR '000	EUR '000	EUR '000
Continuing operations				
IT & Business Consulting	112.066	104.014	7.181	5.369
IT & Business Support Services	146.040	139.745	10.211	9.142
Corporate (1)	0	0	-12.563	-2.518
	258.106	**243.759**	**4.829**	**11.993**
Net financial result			-67	-71
Profit before tax			4.762	11.922
Income tax expense			-5908	-951
Profit / (Loss) for the year from continuing operations			-1.146	10.971
Consolidated revenue and result for the year	**258.106**	**243.759**	**-1.146**	**10.971**

(1) “Corporate” includes all non-recurring charges and revenues and results not attributable to individual business segments. These mainly relate to overhead costs
and revenue of the general management, legal department and business development. Corporate includes this year the transaction costs of the sales process that resulted in the tender offer of GFI Informatique, a one-off charge related to an historical tax dispute and the proceeds from the sale of our office in Harelbeke, see note 8.

The revenue presented above is solely generated from external customers. There were no intersegment sales during the financial year 2017 - 2018 or 2016 - 2017.

2/ Segment total assets

	Assets	
	31/03/2018 EUR '000	**31/03/2017** EUR '000
IT & Business Consulting	123.977	115.069
IT & Business Support Services	98.609	96.322
Corporate	0	0
Total of all segments	**222.586**	**211.391**
Unallocated	0	0
Consolidated	**222.586**	**211.391**

Segment info is reported in accordance with what is presented internally to the Chief Operating Decision Maker (CODM) as required by IFRS 8. Segment assets include all assets as recorded in the statement of financial position.

3/ Additional segment information

	Additions to non-current assets (2)		**Depreciation and amortisation**	
	31/03/2018 EUR '000	**31/03/2017** EUR '000	**31/03/2018** EUR '000	**31/03/2017** EUR '000
IT & Business Consulting	1.578	1.607	1.681	1.633
IT & Business Support Services	515	450	593	590
Corporate	0	0	0	0
Total of all segments	**2.093**	**2.058**	**2.274**	**2.223**

(2) These are the new investments in intangible assets and property, plant and equipment excluding non-current assets acquired through business combination.

4/ Geographical information

Sales revenue by geographical market **Continuing operations**	**31/03/2018** EUR '000	**31/03/2017** EUR '000
Belgium	237.210	224.610
Luxemburg	20.896	19.149
Total continuing operations	**258.106**	**243.759**

Carrying amount of segment assets by geographical market	**31/03/2018** EUR '000	**31/03/2017** EUR '000
Belgium	205.978	194.598
Luxemburg	16.608	16.793
TOTAL	**222.586**	**211.391**

5/ Information about major customers

There are no customers representing more than 10% of revenue.

The ten largest clients represent approximately 21% of the consolidated turnover for financial year 2017-2018 (2016-2017: 21%).

NOTE 6 - OTHER OPERATING INCOME AND EXPENSES

	31/03/2018 EUR '000	31/03/2017 EUR '000
Gain on disposal of property, plant and equipment	0	0
Compensation received	618	445
Received commissions	0	0
Other	1.147	1.149
Other Operating Income	**1.764**	**1.593**

	31/03/2018 EUR '000	31/03/2017 EUR '000
Operational taxes	440	435
Property withholding taxes	88	100
Write off trade receivables	38	101
Loss on disposal of intangible assets, property, plant and equipment	17	85
Other	115	63
Other Operating Expenses	**698**	**784**

The received compensation mainly relates to reimbursements received from suppliers, compensations relating to legal cases won, insurance compensations and indemnities recovered from personnel and insurance companies and expenses reimbursed by clients for own employees. The increase is mainly due to the expenses reimbursement by clients for own employees.

The 'other' income includes the income from renting out buildings and the compensation for deliveries. The other income included also the cleanup of old credit balances in trade receivables (no communication in the last 4 years with the client): 134 KEUR in 2017-2018 vs. 81 KEUR in 2016-2017 and the cleanup of prepaid service subscription fees: 52 KEUR in 2017-2018 vs. 33 KEUR in 2016-2017. The renting out to Colruyt of part of the buildings in Huizingen since August 2013 is also included in the other income. We refer to note 30 on related parties for more information.

No other gains and losses have been recognised in respect of loans and receivables, other than the impairment losses recognised or reversed in respect of trade receivables (see note 7).

The operational taxes relate to taxes and non-deductible VAT on vehicles and taxes on economic activity.

Last year the loss on disposal of intangible assets, property, plant and equipment mainly related to the termination of an internal IT-project that still had a book value.

The other operating expenses relate to exchange differences.

NOTE 7 - OPERATING CHARGES RECURRING

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Services and other goods		
* Rent and maintenance	2.142	2.214
* Subcontractors and consultants	34.804	32.282
* Car cost	9.608	9.601
* Travel expenses	569	426
* Transport costs / (income)	311	381
* Administration and system expenses	2.784	2.114
* Telecommunications, postal and administrative expenses	606	664
* Insurance cost	292	259
* Recruitment and training expenses	407	415
* Marketing expenses	1.242	1.563
* Other expenses	2.206	2.345
Total Services and other goods	**54.972**	**52.263**
Employee benefits expense		
* Salaries & wages (*)	69.344	67.083
* Social security charges	16.889	16.484
* Personnel insurance	3.062	2.956
* Pension cost / (income) (**)	-10	-568
* Other	2.277	1.794
Total Employee benefits expense	**91.561**	**87.749**
Provisions and allowances		
* Provisions (Reversal)	-18	-890
* Impairment losses doubtful debtors (Reversal)	36	-707
* Impairment losses obsolete inventories (Reversal)	66	76
Total Provisions and allowances	**84**	**-1.521**

(*) including the Directors remunerations in accordance with IAS 19.6

(**) The pension cost includes amounts paid out (20 KEUR, 2017: 43 KEUR) and the movement in provisions (-30 KEUR, 2017: -611 KEUR, see note 23).

The "other expenses" mainly relate to the rental of products for customers (1.419 KEUR) (2017: 1.503 KEUR).

The Realdolmen Group employed 1.172 FTE on average during the financial year (2017: 1.146 average FTE).

Employee benefits expenses amount to 91.561 KEUR (2017: 87.749 KEUR) and include all wages and salary costs, provisions for holiday pay, personnel insurances, year-end bonuses, retirement costs and the Directors remunerations.

The "other" employee benefits expenses mainly relate to the cost of the ecocheques (298 KEUR, 2017: 280 KEUR), expense notes (1.076 KEUR, 2017: 950 KEUR) and meal vouchers (791 KEUR, 2017: 742 KEUR), compensated by the payroll charges activated as intangible assets (564 KEUR, 2017: 121 KEUR).

Prior year the provisions were mainly related to the reversal of provisions for fixed-price projects for an amount of -736 KEUR (see note 23) and the reversal of provisions for other risks for an amount of -177 KEUR. This year the provisions mainly relate to provisions for fixed-price projects to cover overruns and future losses for an amount of 233 KEUR (see note 23) and the reversal of provisions for other risks for an amount of -196 KEUR.

NOTE 8 - NON-RECURRING INCOME AND EXPENSES

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Restructuring income (charges)	0	0
Other non-recurring income	1.321	0
Other non-recurring charges	-10.453	0
	-9.133	**0**

The other non-recurring income includes mostly the proceeds from the sale of our office in Harelbeke (809 KEUR); furthermore, the company reversed a provision for historical soil pollution as the expert confirmed the historical nature of the pollution and that Realdolmen NV has no legal obligation to remediate (511 KEUR)

The other non-recurring charges entails the transaction costs (9,8 MEUR) of the sales process that resulted in the tender offer of GFI Informatique covering among other provisions for the success fees of the bank and transaction bonuses (both considered more than likely), legal support, vendor due diligence and fairness opinion costs. Furthermore the other non-recurring charges entails also a tax charge in Real Solutions of 610 KEUR.

NOTE 9 – FINANCIAL RESULT

	31/03/2018 EUR '000	31/03/2017 EUR '000
FINANCIAL INCOME		
Interest income from bank deposits	0	0
Total interest income from financial receivables and cash	**0**	**0**
Other financial income [1]	5	2
Total other financial income	**5**	**2**
TOTAL FINANCIAL INCOME	**5**	**2**
No interest income was recognized on impaired financial instruments.		
FINANCIAL CHARGES		
Interest on financial leases	-5	-10
Interest on bank debts [2]	-49	-57
Total interest charges	**-54**	**-66**
Discounting of retirement benefit obligations	0	0
Other financial cost [3]	-17	-7
TOTAL FINANCIAL CHARGES	**-72**	**-73**
FINANCIAL RESULT	**-67**	**-71**

(1) The 'other' financial income mainly relates to a citation fee with a client
(2) This relates to the commissions on bank guarantees (49 KEUR).
(3) This mainly relates to miscellaneous interests (11 KEUR) and provisions for defined contribution plans (5 KEUR). Also see note 31 on financial instruments.

NOTE 10 - INCOME TAX

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Recognized in the income statement		
Current tax	-683	-739
Deferred tax (also see note 16 on deferred taxes)	-5.225	-212
	-5.908	**-951**

Reconciliation of effective tax rate	31/03/2018 EUR '000	31/03/2018 %	31/03/2017 EUR '000	31/03/2017 %
Net profit (loss) from continuing operations	-1.146		10.971	
Tax charge	-5.908		-951	
Profit (loss) before tax	**4.762**		**11.922**	
Tax income/(expense) at the domestic income tax rate of 33,99%	-1.619	-33,99%	-4.052	-33,99%
Tax effect of non-deductible expenses	-1.316	-27,64%	-824	-6,91%
Tax effect of tax exempt-revenues	0	0,00%	14	0,11%
Dividend related tax (so called fairness tax)	0	0,00%	-140	-1,17%
Non-taxable dividends received from consolidated entities	-3	-0,07%	-11	-0,09%
Notional Interest Deduction	32	0,66%	124	1,04%
Tax effect of current and deferred tax adjustments related to prior years	314	6,58%	-149	-1,25%
Impact of different tax rates	109	2,29%	41	0,35%
Changes in unrecognized deferred tax assets	1.709	35,90%	4.047	33,94%
Changes in recognized deferred tax assets (*)	-5.340	-112,14%	0	0,00%
Effect of changes in tax rates (*)	206	4,33%	0	0,00%
Income tax and effective tax rate for the year	**-5.908**	-124,07%	**-951**	-7,98%

(*) Impact deferred tax assets adjustment, see note 16.

Statement of financial position	31/03/2018 EUR '000	31/03/2017 EUR '000
Current income tax liabilities	603	546

NOTE 11 - EARNINGS PER SHARE

Basic earnings per share (EPS) are calculated by dividing the net result attributable to the Group by the weighted average number of shares outstanding during the year (i.e. shares in issue excluding treasury shares). Diluted earnings per share are calculated by dividing the net result attributable to the Group by the weighted average number of shares outstanding during the year, both adjusted for any effect of dilutive potential ordinary shares.

	31/03/2018	31/03/2017
Net profit/(loss) for the period (EUR'000)	**-1.146**	**10.971**
Net profit/(loss) from continuing operations (EUR'000)	-1.146	10.971
Net profit/(loss) from discontinuing operations (EUR'000)	0	0
Net profit/(loss) for calculating basic earnings per share (EUR'000)	**-1.146**	**10.971**
Effect of dilutive potential ordinary shares (EUR'000)	0	0
Adjusted net profit/(loss) for calculating diluted earnings per share (EUR'000)	**-1.146**	**10.971**
Weighted average number of shares for calculating basic earnings per share	**5.207.767**	**5.207.767**
Effect of dilutive potential ordinary shares	11.866	0
Adjusted weighted average number of shares for calculating diluted earnings per share	**5.219.633**	**5.207.767**
Basic earnings per share (EUR)	**-0,220**	**2,107**
- From continuing operations	-0,220	2,107
- From discontinued operations	0,000	0,000
Diluted earnings per share (EUR)	**-0,220**	**2,107**
- From continuing operations	-0,220	2,107
- From discontinued operations	0,000	0,000

Weighted average number of shares for calculation of the earnings per share	31/03/2018	31/03/2017
Issued ordinary shares at beginning of the period	5.207.767	5.207.767
Effect of own treasury shares held	0	0
Effect of own treasury shares used	0	0
Weighted average number of ordinary shares at the end of the period	**5.207.767**	**5.207.767**

All shares are ordinary shares; therefor, there is no effect on net profit/(loss) in the calculation of earnings per share that would arise from preference shares.

For the calculation of the diluted earnings per share per 31 March 2018, the share option plans (see note 28 on share-based payments) are included in the weighted average number of ordinary shares for the purposes of diluted earnings per share as they are dilutive for the present period.

NOTE 12 – GOODWILL

	31-Mar-18	31-Mar-17
	EUR '000	EUR '000
At the end of the preceding year:		
Gross book value	146.907	146.907
Accumulated impairment	-57.693	-57.693
Net book value	**89.214**	**89.214**
Movements during the year:	0	0
Additions	0	0
Impairments	0	0
Eliminated on disposal	0	0
Exchange differences	0	0
At year-end	**89.214**	**89.214**
Gross book value	146.907	146.907
Accumulated impairment	-57.693	-57.693
Net book value	**89.214**	**89.214**

In accordance with IFRS 3 – Business Combinations, goodwill is not amortized but tested for impairment. Goodwill acquired in a business combination is allocated, at acquisition date, to the cash generating units (CGUs) that are expected to benefit from that business combination.

Realdolmen is reporting 2 operating segments: IT & Business Consulting segment and IT & Business Support Services segment (see Note 5 Operating Segment information).

These 2 operating segments contain 3 cash generating units (CGU's) as separate cash flows can be allocated to the goodwill related to each of the 3 cash generating units. Therefor the 3 CGU's are:

1) Belgian Consulting related acquisitions
2) Belgian Support related acquisitions
3) Real Solutions

The value-in-use method discounts projected cash flows based on a 5 year forecast approved by the board. The 5 year forecast has revenue growth rates for CGU Belgian Consulting related acquisitions from 4,8% to 14,8% and for CGU Belgian Support related acquisitions from -1,6% to 1,4% for the period 2019-2023 with a terminal value of 2% in both CGU's. Gross margin rates vary from 17% - 18% for Belgian Consulting related acquisitions and a stable 13% for Belgian Support related acquisitions. Ebitda percentages are between 6,6% - 9,8% for Belgian Consulting related acquisitions and 5,1% - 6,3% for Belgian Support related acquisitions.

The cash-generating Unit Real Solutions has activities in both reported segments. Specific consulting and project activities for application and infrastructure related offerings are reported in the IT & Business Consulting segment as well as own IP offerings (R-Flow and IBSY). The IT & Business Support Services segment include Real Solution's Managed services and Cloud offerings together with the related software and hardware business. The 5 year forecast for CGU Real Solutions has revenue growth rates from -0,3% to 7,6%, gross margin rates varying from 25% to 30% and ebitda percentages between 6,6% and 11,5%. The discount rate applied to cash flow projections for all CGU's is determined on the weighted average cost of capital (WACC post tax), amounting to 9,52% (last year 9,0%).

The components for the determination of the WACC are based on sector-specific parameters and taking into account the current financial position of Realdolmen. The post-tax discount rate for impairment testing is based on the following assumptions:

	31-Mar-18	31-Mar-17
Cost of equity	**9,5%**	**9,1%**
Risk free interest rate	1,5%	1,4%
Beta	0,8%	0,7%
Market risk premium	5,5%	6,0%
Small cap premium	3,9%	3,8%
Post-tax cost of debt	**2,0%**	**1,9%**
Pre-tax cost of debt	2,7%	2,9%
Tax rate	25,0%	34,0%
Gearing ratio	**0,0%**	**1,9%**
Post-tax WACC	**9,5%**	**9,0%**

Stress test on impairment

Management applied a sensitivity test on the assumptions used in the impairment test of goodwill in order to indicate risk limits. The impact on the variables for each CGU is shown below.

	Remaining headroom after changing the assumptions			
Belgian Consulting related acquisitions	**S1**	**S2**	**S3**	**S4**
WACC	+1%			
Growth turnover		-1%		
Gross Margin			-1%	
Combined WACC/EBITDA				+1% / -1%
remaining headroom: 19,064 KEUR	9,972	9,638	4,893	-2,549

Belgian Support related acquisitions	S1	S2	S3	S4
WACC	+1%			
Growth turnover		-1%		
Gross Margin			-1%	
Combined WACC/EBITDA				+1% / -1%
remaining headroom: 26,214 KEUR	18,472	18,708	13,960	7,612

Real Solutions	S1	S2	S3	S4
WACC	+1%			
Growth turnover		-1%		
Gross Margin			-1%	
Combined WACC/EBITDA				+1% / -1%
remaining headroom: 6,259 KEUR	4,900	4,434	4,346	3,204

The calculations in the stress test are based on the cash flows over a period of 5 years adding a terminal value based on a growth rate of 2%.

Goodwill has been allocated to the defined CGU's based on the following:

1) Historical goodwill originating from the acquisition of ASQ/Axias/Alfea and Traviata has been assigned to CGU IT & Business Consulting
2) Historical merger Dolmen goodwill has been allocated to IT & Business Consulting and IT & Support Services based on ebit per segment

	EUR '000
Belgian Consulting related acquisitions	45.003
Belgian Support related acquisitions	34.403
Real Solutions (Luxemburg)	9.808
Total carrying amount of goodwill	**89.214**

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

EUR '000	Land and buildings	Machinery plant and equipment	Furniture and vehicles	Leased and similar equipment	Other property, plant and equipment	Assets under construction and prepayments	Total
Cost							
At 1 April 2016	**18.717**	**2.707**	**10.845**	**3.043**	**603**	**93**	**36.008**
Additions	265	137	729	112	562	142	1.947
Disposals					-101		-101
Transfer to other categories of asset						-162	-162
At 1 April 2017	**18.982**	**2.844**	**11.574**	**3.155**	**1.064**	**73**	**37.692**
Additions	96	94	849	100	132	699	1.969
Disposals	-3.701	-9	-10	0	-29	0	-3.748
Transfer to other categories of asset	0	0	0	0	0	-291	-291
At 31 March 2018	**15.377**	**2.929**	**12.413**	**3.255**	**1.167**	**481**	**35.622**
Accumulated depreciation and impairment losses							
At 1 April 2016	**-10.303**	**-2.607**	**-9.262**	**-2.429**	**-332**	**0**	**-24.933**
Depreciation expense for the year	-591	-67	-797	-137	-160		-1.752
Disposals					101		101
At 1 April 2017	**-10.894**	**-2.674**	**-10.059**	**-2.566**	**-391**	**0**	**-26.584**
Depreciation expense for the year	-602	-84	-769	-151	-203	0	-1.809
Disposals	3.494	9	10	0	29	0	3.541
At 31 March 2018	**-8.002**	**-2.749**	**-10.818**	**-2.717**	**-565**	**0**	**-24.852**
Net carrying amount at 31 March 2018	**7.375**	**180**	**1.595**	**538**	**602**	**481**	**10.771**
Net carrying amount at 31 March 2017	**8.088**	**170**	**1.515**	**589**	**673**	**73**	**11.108**

The depreciation of property, plant and equipment amounts to 1.809 KEUR (2017: 1.752 KEUR).
The investment in furniture and vehicles mainly relates to new IT-equipment.
The disposals in land and buildings this year is from the sale of our office in Harelbeke.
The disposals in other property, plant and equipment mainly relates to the disposal of IT material.

Mortgages (relating to the commercial buildings in Huizingen and Kontich).

	31/03/2018	**31/03/2017**
	EUR '000	EUR '000
Amount of the inscription	19.342	19.342
Carrying amount of the encumbered assets	7.188	7.485

NOTE 14 - INTANGIBLE ASSETS

	Intangible Assets EUR '000
Cost	
At 1 April 2016	**9.628**
Additions	111
Transfer from assets under construction	162
Derecognized on disposal of a subsidiary	-88
At 1 April 2017	**9.813**
Additions	124
Transfer from assets under construction	291
At 31 March 2018	**10.228**
Accumulated amortisation and impairment	
At 1 April 2016	**-8.219**
Amortisation expense for the year	-471
Disposals	3
At 1 April 2017	**-8.687**
Amortisation expense for the year	-465
At 31 March 2018	**-9.152**
Net carrying amount at 31 March 2018	**1.076**
Net carrying amount at 31 March 2017	**1.126**

The new investments in intangible assets relates to internally developed application software (73 KEUR) (2017: 250 KEUR), HR related software application (218 KEUR) (2017: 0 KEUR) and licenses (124 KEUR) (2017: 23KEUR).
The disposal in intangible assets last year relates to the termination of an internal project.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. End March 2018 the company expensed 1.421 KEUR (2017: 1.890 KEUR) on R&D expenses that don't comply with IAS 38 and therefore are not on the balance sheet.

The amortisation of intangible assets amounts to 465 KEUR (2017: 471 KEUR).

Total intangible assets mainly relate to internally capitalized hours (2 KEUR) (2017: 41 KEUR), the new internal performance management system (670 KEUR) (2017: 891 KEUR), HR related software application (207 KEUR) (2017: 0 KEUR), licenses (165 KEUR) (2017: 113 KEUR) and datacenter (22 KEUR) (2017: 34 KEUR).

NOTE 15 - SUBSIDIARIES AND OTHER INVESTMENTS

SUBSIDIARIES			**31/03/2018**		
Name of subsidiary	Address	Country	Proportion of voting power held	Proportion of ownership interest	Principal activity
Real Solutions SA	Rue d'Eich 33, 1461 Luxembourg	Luxembourg	100%	100%	Software consultancy & supply
Real Software Nederland BV	Printerweg 26, 183021 AD Amersfoort	The Netherlands	100%	100%	Software consultancy & supply
Frankim NV	Grote Steenweg 15, 9840 Zevergem	Belgium	100%	100%	Services company

OTHER INVESTMENTS			**31/03/2018**		
Name	Address	Country	Proportion of voting power held	Proportion of ownership interest	Principal activity
Antwerp Digital Mainport NV (1)	Noorderlaan 139, 2050 Antwerpen	Belgium	9%	9%	Dormant company

(1) This participation has zero value in the books of Realdolmen.

Management is not aware of any known restrictions to access or use assets or settle liabilities of the Group's subsidiaries.

NOTE 16 - DEFERRED TAXES

Recognised deferred tax assets and liabilities in the balance sheet:

	31/03/2018 **Deferred tax assets** EUR '000	**31/03/2018** **Deferred tax liabilities** EUR '000	**31/03/2017** **Deferred tax assets** EUR '000	**31/03/2017** **Deferred tax liabilities** EUR '000
Intangible assets	0	-2	0	-12
Property, plant and equipment	0	-538	0	-595
Government grant	2	0	3	0
Liabilities associated with employee benefits	0	-56	-83	0
Deferred tax related to gain on property, plant and equipment	0	-259	0	-362
Tax losses carried-forwards (1, see below)	14.820	0	20.160	0
Deferred tax assets / liabilities	14.822	-855	20.080	-969
Effects of compensated tax assets and liabilities	-855	855	-922	922
Net deferred tax assets / liabilities	**13.967**	**0**	**19.158**	**-47**

Changes in temporary differences during the reporting period:

	31/03/2017 EUR '000	**Recognised in continued income statement** EUR '000	**Recognised in equity** EUR '000	**31/03/2018** EUR '000	**31/03/2016** EUR '000	**Recognised in continued income statement** EUR '000	**Recognised in equity** EUR '000	**31/03/2017** EUR '000
Intangible assets	-12	10		-2	-22	10		-12
Property, plant and equipment	-595	57		-538	-666	71		-595
Government grant	3	-1		2	3	0		3
Liabilities associated with employee benefits	-83	32	-5	-56	249	-327	-5	-83
Deferred tax related to gain on property, plant and equipment	-362	18	85 (*)	-259	-396	34		-362
Tax losses carried-forwards convertible bond	0	0		0	0	0		0
Tax losses carried-forwards	20.160	-5.340		14.820	20.160	0		20.160
	19.111	-5.225	80	13.967	19.328	-212	-5	19.111

(*) This is the BE GAAP transfer between equity and deferred taxes due to the gradual reduction of the corporate tax rate.

Tax losses carried-forwards of Realdolmen NV by expiration date	31/03/2018	31/03/2017
	EUR '000	EUR '000
Without time limit	72.398	77.413

Deferred tax assets not recognised by the Group as at 31 March 2018:

	Gross amount	Total deferred tax assets	Recognised deferred tax assets	Unrecognised deferred tax assets
	EUR '000	EUR '000	EUR '000	EUR '000
Tax losses	72.398	19.242	14.820	4.422
Total	**72.398**	**19.242**	**14.820**	**4.422**

Deferred tax assets not recognised by the Group as at 31 March 2017:

	Gross amount	Total deferred tax assets	Recognised deferred tax assets	Unrecognised deferred tax assets
	EUR '000	EUR '000	EUR '000	EUR '000
Tax losses	77.413	26.313	20.160	6.153
Total	**77.413**	**26.313**	**20.160**	**6.153**

(1) Deferred taxes on the tax loss carried forward of Realdolmen

In the past a deferred tax asset of 20.160 KEUR has been recognized through profit and loss according to IAS 12 par. 67.
An impairment of 5.340 KEUR was taken on the recognized deferred tax asset (March 2018 : 14.820 KEUR). This is the consequence of the Belgian corporate tax reform with the gradual reduction of the corporate tax rate and the limitation of the use (1 mio + 70% of exedent) of carried forward tax losses. The current tax rate of 33% will be lowered to 29% in 2018 and to 25% as from 2020. The crisis tax, currently amounting to 3%, will be lowered to 2% as from 2018 and abolished in 2020.
As a result, income taxes for the year amounted to - 5.908 KEUR.

(2) Deferred tax liabilities not recognised by the Group as at 31 March 2018:

Due to the immaterial amount involved, no liability has been recognised in respect of the temporary differences associated with undistributed earnings of subsidiaries and joint ventures because the Group is in position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTE 17 – INVENTORIES

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Goods for resale, raw materials and consumables		
* Purchases	96.436	91.473
* Increase (-); Decrease (+) in inventories	-118	389
Total Goods for resale, new materials and consumables	**96.319**	**91.861**

Purchases of goods for resale contain mainly hardware and related equipment.

Inventory		
Goods for resale	1.949	1.831
Write-down to net realizable value	-1.427	-1.361
Total inventory	**522**	**471**

The inventory is almost entirely related to the hardware business.

The write-down to net realizable value is almost entirely the write-down of the spare parts inventory (1.213 KEUR)

NOTE 18 - TRADE AND OTHER RECEIVABLES

1. Trade receivables

		31/03/2018	31/03/2017
		EUR'000	EUR'000
Gross amount trade receivables		68.748	59.498
Allowance for doubtful debts		-473	-437
Net carrying amount trade receivables		68.275	59.061
Other receivables		2.038	2.704
	Deferred charges	*1.324*	*1.667*
	Other receivables	*714*	*1.037*
Trade and other receivables		**70.313**	**61.765**

The average credit period on our turnover is 82 days (2017: 75 days). In practice, no interest is charged on the trade receivables. However, the general sales conditions foresee a legal interest rate of 12% per year, which is only applied in specific cases. The outstanding receivables within the Group are closely monitored. If the invoices become overdue, a monitoring procedure will be started up. As from 30 days overdue, the reason for the delayed payment will be investigated taking into account the payment habits of the client. Different reasons can exist for non-payment: administrative problems to be solved, delivery of services not yet fully completed, insolvency of the client, etc. Depending on the reason, actions will be taken to recover the outstanding receivable. Phase 2 in the credit control process starts from 90 days overdue. As from this moment, the risk for non-payment is considered to be very high. Based on a case by case analysis and by reference to past experiences, an allowance for doubtful debtors will be set up. The allowance is approved by the Group controller before being recorded.

Before accepting new customers, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Generally speaking, Realdolmen has large solvent clients in stable sectors. There are no clients who represent more than 10% of the total balance of trade receivables, so the concentration of risks is very limited. An additional advantage of the IT sector is that the budgets for IT-investments and -developments are often being made available before the project starts. Therefore, Realdolmen has very low write-offs on doubtful debtors.

Included in the Group's trade receivable balance are billed debtors with a carrying amount of 48.426 KEUR (2017: 41.245 KEUR) which are current or past due at the balance sheet date for which the Group has not provisioned as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The other receivables of 714 KEUR, mainly relate to warranties given 82 KEUR (2016-2017: 94 KEUR), recoverable VAT 4 KEUR (2016-2017: 12 KEUR) and the deferred consideration to receive within one year from GFI relating to the sale of Airial. See annual report 2014-2015 note 34 'Discontinued Operations' for more details.

Ageing of net carrying amount trade receivables that are not impaired

	31/03/2018	31/03/2017
	EUR'000	EUR'000
Current	62.431	51.366
Overdue less than 91 days	5.794	7.587
Overdue 91-120 days	66	64
Overdue > 121 days	-16	44
Total	**68.275**	**59.061**

2. Movement in the allowance for doubtful debts

	31/03/2018	31/03/2017
	EUR'000	EUR'000
Opening balance	437	1.144
Impairment losses recognised on receivables	444	457
Amounts written off as uncollectible	-38	-101
Impairment losses reversed	-370	-1.063
Closing balance	**473**	**437**

The impairments recognized during the year represent the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds.
See also note 7 'provisions and allowances'.

Ageing of impaired trade receivables

	31/03/2018	31/03/2017
	EUR'000	EUR'000
0-90 days overdue	0	0
90-120 days overdue	151	47
> 120 days overdue	303	134
Total	**454**	**181**

NOTE 19 - CASH AND CASH EQUIVALENTS

	31/03/2018 EUR '000	31/03/2017 EUR '000
Short-term bank deposits - equal or max. 3 months	0	24
Cash at bank & in hand	36.637	28.269
Cash and cash equivalents	**36.637**	**28.293**

Cash and cash equivalents include cash held by the Group and short-term bank deposits with an original maturity of three months maximum. The carrying amount of these assets approximates their fair value.

NOTE 20 - SHARE CAPITAL

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Share capital issued	30.683	30.683
Uncalled share capital	0	0
Share capital issued and fully paid	**30.683**	**30.683**

Acquisition of own shares

In accordance with the company's articles of association and article 620 of the Belgian Company Code, Realdolmen can in general only purchase and sell its own shares by virtue of a special resolution of the shareholders' meeting except when the shares are acquired by the company in order to offer them to its employees.

The Extraordinary General Meeting of October 5, 2011 has explicitly authorised the Board of Directors to, in accordance with the provisions of the Company Code, for a period of five years as from fourteen September two thousand eleven, acquire a maximum of 1,070,631 bundled own shares, equal to 107,063,131 single own shares, at a price which shall not be lower than the fraction value per share and not higher than hundred fifteen percent (115%) of the closing price of the shares on Euronext Brussels on the day preceding the purchase or the exchange. The Extraordinary General Meeting of September 30, 2015 has renewed this authorisation for another five years period.

The acquisition of own treasury shares of February 2012 has been performed taking into account the profits of the current financial year, as well as the profits of the previous financial year. The Board of Directors have therefor decided to, in accordance with articles 617, 620, 623 624 and 625 of the Belgian Company Law, cancel these shares. The cancellation was charged to the equity through a reduction of the share capital, in accordance with the decision of the Extraordinary General Meeting of July 20, 2012.

Capital management

The Group manages its capital by ensuring that the entities in the Group will be able to continue as a going concern and by optimizing the debt and equity balance. To achieve this objective, new debts are only accepted after approval by the Finance Committee. Debts are only used for acquisition purposes.

The Group has a target gearing ratio of less than 2,5 determined as the proportion of net debt to REBITDA.

The gearing ratio per 31 March 2018 was as follows:

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Non-Current Liabilities		
Obligations under finance lease	86	246
Bank loans and Other Borrowings	0	0
Other non-current liabilities	0	0
Current Liabilities		
Obligations under finance lease	104	245
Bank overdrafts and loans	0	0
Current Assets		
Other financial assets	0	0
Cash and cash equivalents	36.637	28.293
Net debt	-36.447	-27.802
REBITDA (1)	16.236	14.216
Net debt to REBITDA ratio	**-2,24**	**-1,96**

(1) REBITDA is determined as REBIT plus depreciation, amortization on intangible assets and property, plant and equipment.

NOTE 21 - OBLIGATIONS UNDER FINANCE LEASE

	Non discounted minimum lease payments		Present Value of minimum lease payments	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	EUR '000	EUR '000	EUR '000	EUR '000
Amounts payable under finance leases:				
Within one year	104	249	104	245
Later than one year and not later than five years	86	239	86	239
Later than five years	0	7	0	7
	190	495	190	491
Less: future finance charges	0	-5		
Present value of lease obligations	190	491		
Amount due within one year	104	245		
Amount due for settlement after 12 months	86	246		
Total balance	**190**	**491**		

It is the Group's policy to lease its building at Kontich which has a lease term of 15 years. This lease has been refinanced over a period of 4 years and ends as per August 16, 2018. At that time the company obtains full ownership of the building. For the year ended 31 March 2018, the average effective borrowing rate was ranging from 1,50% to 2,25% (2017: 0,5% - 2,5%).

The fair value of the Group's lease obligations approximates their carrying amount.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

NOTE 22 – RETIREMENT BENEFIT PLANS

	Retirement benefits	Early retirement	Constructive obligation with respect to early retirement	People-related liabilities	Total
					EUR '000
At 1 April 2016	**807**	**79**	**579**	**78**	**1.542**
Actuarial gains/(losses) recognized in equity	373				373
Additions	4			8	12
Used/Reversals (*)	-4	-43	-579	-1	-627
Discounting	6				6
At 31 March 2017	**1.186**	**36**	**0**	**84**	**1.306**
Actuarial gains/(losses) recognized in equity	-35				-35
Additions	4			8	12
Used/Reversals	-5	-22		-25	-53
Discounting	6				6
At 31 March 2018	**1.156**	**14**	**0**	**67**	**1.237**

(*) Based on changes in Belgian legislation and the effective use of early retirement options during prior years, the company decided to reverse entirely the provision for constructive obligation. The company recognises that the liability does not exist anymore and that therefor the provision cannot be maintained.

In Belgium, employees participate in defined contribution plans, funded through group insurances. The employer contributions paid to the group insurances are based on percentage of the salary. By law, Belgian employers are required to provide an average minimum guaranteed rate. This rate was equal to 3,25% on employer contributions paid as from January 1, 2004 until the end of 2015. As from January 1, 2016 this rate is equal to 1,75% for contributions paid as from that date. The rate is reviewed every year, depending on the evolution of the Belgian government bonds, although it cannot be lower than 1,75%, nor higher than 3,75%. In case of a change in the minimum guaranteed rate, the old rates applicable to the contributions paid before the date of change continue to apply until the employee's date of leaving. There is a risk that the company may have to pay additional contributions for these plans related to past service to cover this minimum guarantee. Any such additional contributions will depend on the actual investment returns as well as the future evolution of the minimum guaranteed rate of return.

For the main pension plans (backloaded) the risk was assessed by the company at year-end thru a full IAS 19 actuarial valuation using the projected unit credit method to determine the present value of its defined benefit obligation. This resulted in a reversal of the net liability of KEUR 21.
These plans typically provide retirement benefits related to remuneration and period of service. The two largest retirement plans are backloaded, meaning that the employer contribution increases a rato of seniority of the employee.

The main actuarial assumptions used for the valuation of the defined contribution plan were:

- salary increases ranging from 2,5% or 3,5% depending on age category, inflation included
- inflation rate of 2% per annum
- discount rate of 1,90% per annum
- retirement age of 65
- attrition of staff between 3% or 24% depending on age category

	31/03/2018	31/03/2017
	EUR '000	EUR '000
Change in benefit obligation		
Benefit obligation at beginning of the year	19.903	15.892
Service cost	1.602	1.902
Interest cost	375	445
Plan Participants' contributions	0	0
Premiums paid	0	0
Expenses paid	0	0
Net transfer in/out	0	0
Plan curtailments	0	0
Plan Settlements	0	0
Actuarial (Gain)/Loss	-965	2.037
Benefits paid	-404	-372
Benefit obligations at end of year	**20.511**	**19.903**
Actuarial (Gain)/loss due to experience adjustments	-293	729
Actuarial (Gain)/loss due to changes in assumptions	-672	1.307
Actuarial (Gain)/loss	-965	2.037
Change in plan assets		
Fair value of plan assets at beginning of year	18.856	15.233
Actual return on plan assets	-574	2.090
Actuarial gains/(losses) on plan assets	0	0
Employer contributions	1.607	1.906
Plan Participants' contributions	0	0
Premiums paid	0	0
Expenses paid	0	0
Benefits paid	-404	-372
Plan settlements	0	0
Acquisitions/divestitures	0	0
Fair value of plan assets at end of year	**19.485**	**18.856**
Expected return	371	441

(Gain)/Loss on assets	945	1.649
(Gain)/Loss on DBO	-965	-2.461
Total Gain/Loss	-20	-812

Amounts recognized in the balance sheet

Defined benefit obligation (DBO)	20.511	19.903
Assets	19.485	18.856
Unfunded status at end of year	1.026	1.047
Actual Unrecognized Gain/ (Loss) at end of year	0	0
Accrued/prepaid at end of year	**1.026**	**1.047**

Balance sheet reconciliation

Balance sheet liability (asset) at beginning of year	1.047	659
Pension expense recognized in P&L	1.607	1.906
Amounts recognized in SORIE	-21	388
Employer contributions	-1.607	-1.906
Benefits paid directly	0	0
Credit to reimbursements	0	0
Net transfer in/out	0	0
Balance sheet liability (asset) as of end of year	**1.026**	**1.047**

The estimated contributions for the next year are estimated at KEUR 1,868.

Under the defined benefit plan, employees are entitled to annual pensions at the age of 65 based on the final pensionable salary and the years of service. This pension benefit is a lump sum equal to the capitalized contributions until retirement age. The total liability at March 31, 2018 for this DBO plan was KEUR 129 versus KEUR 139 at March 31, 2017.

Other insurances

The group holds some other smaller pension plans (not backloaded) for which it pays contributions to publicly or privately administered insurance plans. Since the group is obliged to make additional payments if the average return on the employers' contribution and on the employees' contribution is not attained, those plans should be treated as "defined benefit plans in accordance with IAS 19. The liability is based on an analysis of the plans, due to the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the group has concluded that the application of the PUC method would have an immaterial impact. No provision has been recognized for these pension plans. The employer contribution for these plans was KEUR 1,040.

NOTE 23 – PROVISIONS

	Customer litigation	Other litigations & charges	Provisions for other risks	Restructuring	Total EUR '000
At 1 April 2016	**0**	**1.643**	**511**	**156**	**2.310**
Additions	0	91	0	0	91
Reversals	0	-981	0	0	-981
Used	0	0	0	-106	-106
					0
At 31 March 2017	**0**	**753**	**511**	**50**	**1.314**
Additions	0	883	0	0	883
Reversals	0	-140	-511	-50	-701
Used	0	-410	0	0	-410
					0
At 31 March 2018	**0**	**1.086**	**0**	**0**	**1.086**

No discounting is applied because immaterial impact.

The customer litigation provision relates to the estimated cost of work agreed to be carried out for the rectification of services delivered. The other litigation provision represents management's best estimate of the Group's liability to former employees / subcontractors. Restructuring cost is the result of the integration and the optimization project and relates primarily to termination costs. At the date of this report there are no indications of uncertainties regarding the timing of the outflow known to management. No reimbursements are expected relating to provisions stated above.

As per March 31, 2018 a provision for other risks has been reversed. The provision for soil pollution of 511 KEUR has been reversed, based on an expert's report confirming the historical nature of the situation and that Realdolmen has no obligation to remediate.

On the other hand, an additional provision has been set up for 610 KEUR for a one-off charge related to an historical tax dispute of which 410 KEUR was used.

Other litigations & charges

	31/03/2018 EUR '000	31/03/2017 EUR '000
Guarantees (including provision on fixed price contracts)	334	170
Social security	0	0
Employee litigations	752	583
Other	0	0
	1.086	**753**

Split of the provisions in current and non-current

	31/03/2018 EUR '000	31/03/2017 EUR '000
Analysed as:		
Current liabilities	752	96
Non-current liablilities	334	1.218
	1.086	**1.314**

NOTE 24 - TRADE AND OTHER PAYABLES

		31/03/2018		31/03/2017
		EUR '000		EUR '000
Trade payables		27.351		18.117
Other payables		42.376		35.204
as detailled below				
Deferred income & accrued charges	*7.500*		*7.057*	
Social and fiscal payables	*31.161*		*24.499*	
Dividends payable	*342*		*342*	
Advances on non-completed work	*1.710*		*1.722*	
Third party contracts in progress	*1.171*		*1.015*	
Other	*492*		*570*	
Trade and other payables		**69.726**		**53.321**

The increase of the trade payables is mainly related to a provision of transaction costs concerning GFI Informatique's friendly takeover bid (5 mio EUR) and a large hardware-deal that was closed on the last business day of the year and wherefor we already received an invoice from our supplier (4 mio EUR).

The average credit period on purchases is 55 days (2017: 38 days). The increase is due to a provision of transaction costs concerning GFI Informatique's friendly takeover bid and a large hardware deal on March 31, 2018. The average credit period on purchases, excluding those two cases, is 45 days.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

NOTE 25 - CONTINGENT LIABILITIES

The Company has no contingent liabilities.

NOTE 26 – COMMITMENTS

In 2012, the Company entered into a new financing agreement with a major bank. This funding is covered by a pledge on the customer portfolio for a total amount of 19 mio EUR.

In addition to this, a mortgage is given on the properties of Realdolmen NV for an amount of 19,3 mio EUR. We refer to note 13 on Property, Plant and Equipment for more details.

NOTE 27 - OPERATING LEASE ARRANGEMENTS

Operating lease commitments

	31/03/2018	**31/03/2017**
	EUR '000	EUR '000
Minimum lease payments under operating leases recognized as an expense in the year	6.160	5.528

At the balance sheet date, the Group has outstanding operating lease commitments which fall due as follows:

	31/03/2018	**31/03/2017**
	EUR '000	EUR '000
Within one year	5.699	5.161
Later than one year and not later than 5 years	10.050	9.213
TOTAL	**15.749**	**14.374**

Operating lease payments represent rentals payable by the Group mainly for company cars. These contracts are made based upon an estimated number of km. The maximum term of the contract is 5 years or 200,000 km. More or less km are settled at the end of the contract. The contracts may be ended earlier, but then an indemnity fee has to be paid.

As from 31/3/2018, also the rental of 4 buildings is included in the amounts. The impact on the expenses within one year is 517 KEUR and, on the amount later than 1 year and not later than 5 years, the impact is 1.778 KEUR.

NOTE 28 - SHARE BASED PAYMENTS

This note provides an overview of the financial instruments outstanding at the date of this annual report that may trigger share based payments and discusses the relevant issue and exercise conditions.
The capital of the company currently amounts to 30.682.847,57 Euro, represented by 5.207.767 bundled shares. The following table provides an overview as per date of this Annual Report of the movements in the outstanding voting securities and equivalent rights, whether or not representing the share capital of Realdolmen NV. It must be read alongside the notes set forth below.

Warrants	Number of warrants	Exercise price	Total exercise value
March 31, 2016	**227.550**		**59.947**
Warrants granted			
Warrants cancelled			
Warrants exercised			
Warrants expired	-5.875		-1.234
March 31, 2017	**221.675**		**58.714**
Warrants granted			
Warrants cancelled			
Warrants exercised			
Warrants expired	**-10.775**		**-3.880**
March 31, 2018	**210.900**		**54.834**

During financial year 2017/2018 no warrants have been granted, cancelled, exercised, but the Warrants 2007 and the Merger Warrants scheme 2007 expired.

The following table provides an overview of the possible voting securities and equivalent rights in existence during the current and comparative periods. It must be read alongside the notes set forth below.

	Number of securities
	Bundled Shares ISIN BE0003899193 (Continuous)
Potential future voting rights from:	
Warrants 2008	210.900
Total	**210.900**

	warrants	Expiry date	Share price at grant date	Exercise price	Weighted fair value at grant date
Warrants 2008	210.900	12/07/2018	24	26	0.72

The Warrants were priced using the Black & Scholes model. Where relevant, the maturity date in the model has been adjusted based on the conditions of the different plans. The risk-free rate used in the model is 0.77%. Expected volatility is based on the historical share price volatility and is set at 30%.

See note 29 events after balance sheet date.

Warrants 2008

On July 12, 2008, the Board of Directors in the framework of the authorized capital has issued 210,900 Warrants 2008, for grant to employees and, in secondary order, consultants, all members of the senior executive management of the Business.

The key features of the Warrants 2008 can be summarized as follows:

• Stock Option Plan: The Warrants 2008 are issued in the framework of a stock option plan substantially for employees and, in secondary order, for other members of the senior executive management of the Company. The Nomination and Remuneration Committee of the Company will be responsible for the administration of the stock option plan and will be able to impose additional terms, if any, at the time of the offer of the warrants.

• Form of the Warrants 2008: The Warrants 2008 have been issued in registered form.

• Warrants on shares of the Company: Each warrant entitles the holder thereof to subscribe to one (1) new bundle share of the Company (REA ISIN BE0003899193).
The general meeting of February 10, 2009 has decided to consolidate the company's shares, whereby hundred (100) existing shares of the company ("REAT", ISIN 0003732469) will be bundled into one (1) bundle share (REA ISIN BE0003899193). In accordance with the decision of the General Meeting, as from the effective date of the Share Consolidation, the number of shares to be issued following the exercise of Warrants 2007 will be adapted in order to reflect the consolidation ratio.

• Shares: The shares to be issued upon exercise of the Warrants 2008 will have the same rights and benefits as the existing shares of the Company. The shares will participate in the result of the Company as of and for the full fiscal year in which they will be issued. The new shares will, upon issuance, as far as possible dividends are concerned, benefit from the right to reduced withholding tax rate, i.e. the so-called "VVPR" status. As the case may be, such VVPR-rights can be incorporated in a separate instrument. The Company will request the admission to listing of the new shares to the Eurolist by Euronext Brussels.

• Cancellation of preferential subscription right of the shareholders: The Board of Directors proposes to cancel the preferential subscription right of the existing shareholders in accordance with Article 596, and in as far as needed, Article 598 of the Belgian Company Code in order to reserve the Warrants 2008 to the selected participants under the stock option plan.

• Issuance price: The Warrants 2008 will be offered for free.

• Exercise price of the warrants: To the extent the Warrants 2008 are granted to employees of the Company, the exercise price of the Warrants 2008 amounts to €26, equal to the average of the closing prices of the Shares as traded on Euronext Brussels during the thirty (30) day period preceding the Adoption Date.

• Term: Unless the stock option agreement determines a shorter duration, the Warrants 2008 have a term of five (5) years as from the date on which the Warrants 2008 are issued by the Board of Directors of the Company.

• Vesting policy: The Warrants 2008 granted to a selected participant shall vest (become definitively exercisable) in three installments of 1/3 each on the date of grant and on the first and second anniversary of the date of grant. If the above installments result in a number with figures after the comma, the number obtained by granting the above-mentioned percentages will be rounded down. The Board of Directors will, however, accelerate the vesting of the Warrants 2008 in case of a change of control over the Company, as defined in the terms and conditions attached hereto as Annex A. Upon termination of the employment or consultancy agreement, the Warrants 2008 which have been vested on or before that date will, as of the date of that termination be exercisable and the other Warrants 2008 will, at that same date lapse and become null and void.

• Exercise period: Warrants 2008 which have vested can only be exercised during the following periods: annually, during the term of the Warrants 2008, annually, during the term of the Stock Options, between August 1 and August 31, between December 1 and December 20 and between May 15 and June 15. The Board of Directors may provide for additional exercise periods.

• Increase of the share capital of the Company: Upon exercise of a Stock Option and issue of a new Share in accordance with the terms and conditions of the Plan, the Exercise Price of the Stock Option will be allocated to the share capital of the Company. However, to the extent that the amount of the Exercise Price of the Stock Option exceeds the fraction value of the Shares immediately preceding the exercise of the Stock Option concerned, a part of the Exercise Price equal to such fraction value shall be booked as share capital, whereby the balance, if any, shall be booked as issue premium. The issue premium, if any, shall serve as guarantee for third parties in the same manner as the Company's share capital and shall be booked on an unavailable account that can only be decreased or booked away pursuant to a resolution passed in the manner required for an amendment to the Company's articles of association (*statuten / statuts*).

• The Warrants 2008 have been extended for a period of five years until 12 July 2018.
No Warrants 2008 have been exercised during the discussed period.

NOTE 29 - EVENTS AFTER BALANCE SHEET DATE

- On 23rd February 2018 - Gfi Informatique, a major player in digital solutions and services, and Realdolmen, a leading IT provider in Belgium and Luxembourg, announce the signing of a transaction agreement, pursuant to which Gfi Informatique will file with the Financial Services and Markets Authority (FSMA) in the following days a voluntary and conditional takeover bid in cash for the shares of Realdolmen, at the price of €37.00 per share.
  The proposed transaction is a voluntary and conditional takeover bid in cash for all outstanding shares and warrants of Realdolmen at a price of €37.00 per share and an equivalent price per warrant. The proposed share bid price represents a premium of 11% compared to Realdolmen's last closing price on 22nd February 2018, and a premium of 22% and 28% compared to the volume weighted average share price over 3 months and 6 months, respectively. The proposed price corresponds to a transaction value of around €196 million. The offer will be conditional to Gfi Informatique holding more than 75% of Realdolmen's fully diluted share capital and more than 75% of the voting rights. Consistent with its fiduciary duties and subject to review of the final bid prospectus, the bid is unanimously supported by Realdolmen's board of directors. Furthermore, the board of directors will provide its formal response to the proposed takeover bid in a memorandum of reply in accordance with the applicable legal provisions. A group of entities and persons affiliated to the Colruyt family and QuaeroQ CVBA, long-term shareholders of Realdolmen representing together 21.94% of its share capital have executed with Gfi Informatique an undertaking to tender their shares to the offer. Realdolmen will not tender its 3,192 treasury shares to the offer. After the close of the bid, Gfi Informatique intends to launch a simplified squeeze-out bid, if the conditions for such a squeeze-out bid are met.

- On April 26,2018 – Gfi Informatique, major player in digital solutions and services, and Realdolmen, a leading IT provider in Belgium and Luxembourg, announce the launch of a voluntary and conditional public tender offer in cash for the shares of Realdolmen, at the price of €37 per share and €11.03 per warrant.
  - The initial acceptance period of the offer will start on April 26 and will end on May 31, 2018.
  - This operation will enable Realdolmen to rely on an industrial partner of international scope so as to secure its development in the midst of a market in consolidation
  - The Gfi Informatique offer received the unanimous support of the Board of Directors of Realdolmen.
  - The historical shareholders have committed themselves to contributing their shares to the offer, i.e. ca. 22% of the capital.

- On 4 June 2018 - Gfi Informatique's offer over Realdolmen was highly successful, with nearly 90% of the shares tendered. Accordingly, Gfi Informatique has decided to reopen the offer as of 5 June. The French group will rely on the Realdolmen management and staff to keep developing its platform in Benelux.
  - The initial acceptance period of the offer which began on 26 April 2018 closed on 31 May 2018
  - 4,622 million shares and 80,000 Realdolmen warrants, representing 88.92% of the securities issued by Realdolmen (on a fully diluted basis), were tendered during the initial acceptance period
  - Gfi Informatique has decided to go ahead with a voluntary reopening of the offer starting on 5 June and ending on 25 June

- On 27 June 2018 – At the end of the initial acceptance period and the period of the voluntary reopening of the bid, nearly 92% of the shares of Realdolmen were tendered. Accordingly, Gfi Informatique will proceed with a mandatory reopening of the bid as of 28 June 2018.
    - The period of the voluntary reopening of the bid launched on 5 June 2018 closed on 25 June 2018
    - 152,607 shares of Realdolmen, representing 2.89% of the shares issued by Realdolmen, were tendered during the voluntary reopening period, bringing the stake of Gfi Informatique to 4,854,678 shares, representing 91.81% of the shares issued by Realdolmen
    - The conditions are met for a mandatory reopening of the bid, to start on 28 June 2018 and end on 18 July 2018
    - The period of the mandatory reopening of the bid launched on 28 June 2018 and closed on 18 July 2018
    - 208,126 shares of Realdolmen, representing 3.94% of the shares issued by Realdolmen, were tendered during the mandatory reopening period, bringing the stake of Gfi Informatique to 5,062,804 shares, representing 95.75% of the shares issued by Realdolmen

- Gfi Informatique decides to launch a squeeze-out procedure, starting on 23 July 2018 and ending on 10 August 2018
    - At the expiry of the takeover bid, Realdolmen shares will automatically be delisted from Euronext Brussels

- Capital increase
    - The Extraordinary General Meeting of 12 June 2008 authorized the Board of Directors to increase the Company's share capital to execute the stock options plan "Warrants 2008". Further to the transfer of the remaining 80,000 warrants of the "Warrants 2008" plan to GFi Informatique in the framework of its public takeover bid on Realdolmen, GFi Informatique has exercised the 80,000 stock options thus acquired them and on 13 June 2018, the Company has increased its share capital to €31,154,187.36 represented by 5,287,767 shares.

NOTE 30 - RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below and concern commercial transactions done at prevailing market conditions.

Trading transactions with related parties

	Operating revenue		Purchase of goods & services	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**
	EUR '000	EUR '000	EUR '000	EUR '000
Colruyt group	7.111	3.754	47	149
Matexi group	1	12	0	0

Outstanding balances with related parties

	Amounts owed by related party		Amount owed to related party	
	31/03/2018	**31/03/2017**	**31/03/2018**	**31/03/2017**
	EUR '000	EUR '000	EUR '000	EUR '000
Colruyt group	5.768	1.835	0	0
Matexi group	0	0	0	0

Family Colruyt is considered as a related party since they have at least a significant influence on Realdolmen Group and have control over the Colruyt Group.

Family Vande Vyvere is considered as a related party since they are owner of the Matexi Group and they have at least a significant influence through their investment vehicle "QuaeroQ CVBA" on Realdolmen Group.

Operating revenue with related parties relates to the sale of hard- and software and services. The increase in the operating revenue with Colruyt group is due to a large hardware deal close to year-end. This explains also the increase of the outstanding balance with the Colruyt group.

Remuneration and benefits for Directors and Executive Management in FY 2017/2018

	31/03/2018 EUR '000	31/03/2017 EUR '000
Number of persons	15	15
Short-term employee benefits		
Basic remuneration	*1.759*	*1.984*
Variable remuneration (1)	*5.587*	*670*
Dismissal allowances	*0*	*0*
expense allowances	*31*	*31*
Post-employment benefits		
Defined-contribution pension plan	*155*	*151*
Total gross remuneration	7.532	2.836
Average gross remuneration per person	502	189
Number of subscription rights and options granted (stock option plans)	0	221.675

'(1) Variable remuneration with respect to FY 2018, this amount contains the transaction bonus of the sales process that resulted in the tender offer of GFI informatique.

NOTE 31 - FINANCIAL INSTRUMENTS

Categories of financial instruments	**31/03/2018**		**31/03/2017**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	EUR '000	EUR '000	EUR '000	EUR '000
Financial assets				
Loans and receivables				
Finance lease receivables	86	84	142	137
Long term receivables (*)	0	0	114	114
Cash	36.637	36.637	28.293	28.293
Trade and other receivables	70.313	70.313	61.765	61.765
Total financial assets	**107.036**	**107.034**	**90.314**	**90.309**
Financial liabilities				
Measured at amortised cost				
Obligations under finance lease	190	187	491	483
Trade and other payables	69.726	69.726	53.321	53.321
Total financial liabilities	**69.916**	**69.913**	**53.812**	**53.804**

(*)The long term receivables last year relate to the deferred consideration relating to the sale of Airial to GFI.

The Group does not hold any loans or receivables that are designated as at fair value through profit and loss.

1. Fair value of financial instruments

In accordance with IFRS 13 financial instruments are grouped into 3 levels based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly;

- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of all financial instruments is classified as level 2.

The Group considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements is not materially different from their fair values.

The fair value of the financial instruments is determined in accordance with the calculation methods as described in the accounting policies in note 3.

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2. Financial risk management

The group has limited exposure to credit risk, liquidity risk, foreign currency risk and interest rate risk.

A. Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. Therefore, the Group has credit policies in place and the exposure to counterparty credit risk is monitored.

This credit risk can be split up into a commercial risk and a financial risk.

Commercial credit risk

The commercial credit risk is monitored through credit policies. Realdolmen's customer base only includes mid-sized and big customers operating under the form of a legal entity, for which financial information is publicly available. The customer database is quite stable and the payment history is closely monitored by the Group's credit and collection department. In case of new customers, a credit rating report is reviewed before the customers is accepted.

The maximum exposure to credit risk equals the carrying amount of each receivable.

See also note 18 on trade receivables and other receivables for an ageing analysis of the accounts receivable.

The movement of the doubtful debtors for the accounting year amounts to an increase of 36 KEUR, detailed in note 18. The movement of the doubtful debtors is included in the line 'Impairment of inventory and receivables', as detailed in note 7.

Financial credit risk

The carrying amount of the financial assets recorded in the financial statements, which is the net of impairment losses, represents the Group's maximum exposure to credit risk.

We refer to note 21 Obligations under finance lease and note 24 Trade and other payables for more details.

B. Liquidity risk

Ultimate responsibility for liquidity risk rests with the Finance Committee and the Treasury Management. The Treasury Management monitors closely the liquidity of each company of the Group through detailed cash planning and forecasting. This is mainly done through a system of cash pooling to limit the excess or the lack of cash within the companies of the Group.

Credit lines	Total	Used	Remaining balance
Available credit lines 31/03/2018 (*)	8.500	-813	7.687
Available credit lines 31/03/2017 (*)	8.500	-884	7.616

(*): in KEUR

(**): The used credit lines of 813 KEUR also include bank guarantees (these are off balance sheet commitments) which do not appear on the balance sheet.

C. Foreign currency risk

The Group has as functional currency the EURO and operates solely in EURO-countries. The Group does not buy or sell goods or services in another currency.

D. Interest rate risk

The Group has limited exposure to interest rate risk.

The Group's exposure to changing market interest rates primarily relates to its long-term financial obligations. This exposure of the Group to changes in interest rates and the overall cost of financing is managed by using a mix of fixed and variable rate debts, in accordance with the Group's financial risk management policies. The aim of such policies is to achieve an optimal balance between total cost of funding, risk minimization and avoidance of volatility in financial results, while taking into account market conditions.

NOTE 32 - FIXED PRICE CONTRACTS

We refer to Note 3 for the revenue recognition criteria for fixed price contracts.

Costs incurred plus profits recognised less losses recognised, and intermediate invoicing are determined on a contract-by-contract basis. If this amount is positive it is shown on the line "Fixed price contracts - assets". If this amount is negative it is shown on the line "Fixed price contracts - liabilities"

	31-mrt-18 '000 EUR	31-mrt-17 '000 EUR
Balance sheet data		
Fixed price contracts - assets (1)	1.552	1.968
Fixed price contracts - liabilities (2)	-1.171	-1.015
Fixed price contracts, net	**381**	**953**

	31-mrt-18 '000 EUR	31-mrt-17 '000 EUR
Total income and expenses to date recognised on fixed price contracts		
Costs incurred plus profits recognised, less losses recognised to date	7.604	11.120
Less invoices issued	-7.223	-10.167
Fixed price contracts, net	**381**	**953**

(1) this amount is included in the line "Gross amount trade receivables" in note 18
(2) this amount is included in the line "Third party contracts in progress" in note 24

For the provisions relating to fixed price contracts we refer to note 23.

NOTE 33 - CONDENSED FINANCIAL STATEMENTS REALDOLMEN NV AS PER MARCH 31, 2018

Statement of financial position ASSETS	code	31-mrt-18	31-mrt-17
FIXED ASSETS	20/28	18.385.609	24.477.937
Formation expenses	20	0	0
Intangible fixed assets	21	1.062.197	7.210.517
Tangible fixed assets	22/27	8.344.528	8.276.607
Financial Fixed assets	28	8.978.883	8.990.813
CURRENT ASSETS	29/58	101.654.036	85.454.681
Amounts receivable after more than one year	29	0	114.095
Stocks and contracts in progress	3	2.074.443	2.438.809
Amounts receivable within one year	40/41	65.992.502	57.824.023
Current investments	50/53	55.146	79.665
Cash at bank and in hand	54/58	32.876.842	23.983.223
Deferred charges and accrued income	490/1	655.103	1.014.866
TOTAL ASSETS	**20/58**	**120.039.644**	**109.932.617**

EQUITY AND LIABILITIES	code	31-mrt-18	31-mrt-17
EQUITY	10/15	48.667.300	51.603.534
Capital	10	30.682.848	30.682.848
Share premium account	11	16.180.153	16.180.153
Revaluation surpluses	12		
Reserves	13	4.310.767	4.256.404
Accumulated profits (losses)	14	-2.521.641	468.212
Investment grants	15	15.173	15.917
PROVISIONS AND DEFERRED TAXES	16	1.706.963	1.737.668
Provisions for liabilities and charges	160/5	1.440.912	1.367.802
Deferred taxes	168	266.051	369.866
AMOUNTS PAYABLE	17/49	69.665.381	56.591.415
Amounts payable after more than one year	17	0	103.610
Amounts payable within one year	42/48	65.248.649	52.529.629
Deferred income and accrued charges	492/3	4.416.732	3.958.176
TOTAL LIABILITIES	**10/49**	**120.039.644**	**109.932.617**

INCOME STATEMENT	code	31-mrt-18	31-mrt-17
Operating income	70/74	240.664.138	228.293.943
Operating charges	60/64	233.009.789	223.254.954
Operating profit (loss)	9901	7.654.349	5.038.988
Financial income	75	287.247	665.991
Financial charges	65	1.057.325	1.063.145
Gain (loss) on ordinary activities before tax	9902	6.884.271	4.641.835
Extraordinary income	76	0	52
Extraordinary charges	66	9.791.007	0
Profit (loss) for the period before taxes	9903	-2.906.737	4.641.887
Transfer from postponed taxes	780	17.062	20.373
Transfer to postponed taxes	680	0	0
Income taxes	67/77	132.569	421.100
Profit (loss) for the period	9904	-3.022.244	4.241.161
Transfer from untaxed reserves	789	32.391	38.805
Transfer to untaxed reserves	689	0	0
Profit (loss) for the period available for appropriation	9905	-2.989.853	4.279.966

APPROPRIATION ACCOUNT			
Profit (loss) to be appropriated	9906	-2.521.641	4.279.966
Gain (loss) to be appropriated	(9905)	-2.989.853	4.279.966
Profit (loss) to be carried forward	14P	468.212	0
Transfer from capital and reserves	791/2	0	0
Tranfer to capital and reserves	691/2	0	213.998
Profit (loss) to be carried forward	(14)	-2.521.641	468.212
Profit to be distributed	694/6	0	3.597.756

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5.3 Auditor's report on the consolidated financial statement

Deloitte.

RealDolmen NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 March 2018 - Consolidated financial statements

The original text of this report is in Dutch

Statutory auditor's report to the shareholders' meeting of RealDolmen NV for the year ended 31 March 2018 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of RealDolmen NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal, regulatory and professional requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 14 September 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 March 2019. We have performed the statutory audit of the consolidated financial statements of RealDolmen NV for 17 consecutive periods.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended , as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 222 586 (000) EUR and the consolidated statement of comprehensive income shows a consolidated net loss for the year then ended of 1 146 (000) EUR.

In our opinion, the consolidated financial statements of RealDolmen NV give a true and fair view of the group's net equity and financial position as of 31 March 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Transaction costs in connection with the public offer on the majority of the shares by GFI Informatique	
In connection with the public offer on the majority of the shares of RealDolmen by GFI Informatique, transaction costs were booked in the amount of € 9.8 million in the financial year 31 March 2018, of which actual pay out for an amount of € 8,5 million depends on the success of the public bid after balance sheet date. Given the size and the nature of these costs, this requires a special additional control focus. We consider the accounting treatment of these transaction costs as a key audit matter, due to: • the exceptional nature of these transaction costs; • the assessments and estimates made by management to determine the transaction costs including important assumptions about the success of the transaction. We refer to the annual report, including note 8 "Non-recurring income and expenses" and Note 4 "Critical accounting judgments and key sources of estimation uncertainty" to the financial statements.	We have assessed the internal controls and control measures carried out by RealDolmen with regard to the transaction costs. Transaction costs were reviewed by management and validated by the Board of Directors. The audit work we have carried out further consists of a detailed review of the transaction costs based on underlying documents such as instruction letters, invoices, minutes of the Board of Directors, and the review of the judgement made by Board of Directors as to whether the public offer will be successful. The public offer on the majority of the shares by GFI Informatique was realized before the date of this report. We have also considered the adequacy of the notes to the financial statements.
Valuation Goodwill	
On 31 March 2018 the goodwill amounted to € 89,2 million (2017: € 89,2 million) of which € 45,0 million (2017: € 45,0 million) is allocated to the cash generating unit 'Business Consulting' and € 34,4 million (2017: € 34,4 million) is allocated to the cash generating unit 'Business Support Services'. The remaining goodwill of € 9,8 million (2017: € 9,8 million) is related to the cash generating unit 'Real Solutions' (Luxemburg). The assessment of whether there is an impairment of this goodwill related to the cash-generating units 'Business Consulting' and 'Business Support Services' is considered to be a key audit matter, because this entails considerable uncertainties regarding the estimate of the future cash flows. Assumptions are made with regard to the future development of turnover, operating margin, operating cash flow and the market in general.	We have assessed the internal control and control measures implemented by RealDolmen with regard to the multi-year forecasts that are used to underpin the future cash flows in the specific goodwill impairment test. The multi-year forecasts are compiled "bottom up". These forecasts are checked by management and adjusted where needed. The Board of Directors validates the cash flows as applied in the specific impairment test of the goodwill. The audit work we have carried out further consists of an assessment of the assumptions underlying the estimation of future cash flows for reasonableness and consistency with internal budgets and long-term forecasts as approved by the Board of Directors. We also compared the long-term forecasts from the impairment analyses of the past years with the actual results achieved in those years in order to determine how accurately management and the Board of Directors can estimate the long-term

We refer to the annual report, including the notes to the financial statements: Note 12 "Goodwill", Note 3 "Summary of accounting policies" and Note 4 "Critical accounting judgments and key sources of estimation uncertainty".	forecasts. We have compared the assumptions for the future cash flows from the analysis of the past years with the assumptions for the future cash flows in the analysis of the current year, in order to review if the changes in the assumptions are reasonable and in line with the developments in the market. We have compared the expectations of the Board of Directors with regard to the evolution in turnover with developments in the market. Our valuation experts have been involved in verifying that the valuation methodology has been applied correctly and that the long-term growth rate and other assumptions are consistent with observable market data. We conducted sensitivity analysis with respect to the most important assumptions to determine the degree of change in these assumptions that would lead either individually or collectively to an impairment of the goodwill. The value in use resulting from the impairment analysis was compared with the market value of the company at balance sheet date, for which the public offer made by GFI Informatique was considered as a reference. We have also considered the adequacy of the notes to the financial statements.
Valuation of deferred tax assets	
On 31 March 2018 the deferred tax assets amount to € 14,0 million (2017: € 19,2 million) and mainly relate to the tax losses carried forward of RealDolmen NV, the Group's main Belgian company. The valuation of deferred tax assets in respect of tax losses carried forward is based on the compensation with expected future taxable profits. This has been designated as a key audit matter due to the uncertainty related to the estimation of the future taxable profits, and the significant amount of the tax losses carried forward. We refer to the annual report, including the notes to the financial statements: Note 16 "Deferred taxes", Note 3 "Summary of accounting policies" and Note 4 "Critical accounting judgments and key sources of estimation uncertainty".	We have assessed the internal control and control measures implemented by RealDolmen with regard to the multi-year forecasts that are used to determine the expected future taxable profits. These multi-year forecasts are identical to the prognoses used in the impairment test of the goodwill. We have established the potential realisation of the deferred tax assets in respect of tax loss compensation. Our audit approach has included an assessment of the assumptions underlying the estimated future taxable profit. We tested these assumptions for reasonableness and consistency with the budgets and multi-year forecasts, as applied in the goodwill impairment analysis. We have also considered the adequacy of the notes to the annual accounts.

Revenue recognition and valuation of contracts

The sections in the financial statements with regard to the fixed-price contracts relate to the invoices to be issued of € 1,6 million (2017: € 2,0 million), provision for future losses of € 0,3 million (2017: € 0,0 million) and pre-invoiced sales of € 1,2 million (2017: € 1,0 million).

We believe an audit risk exists with respect to the revenue recognition and the valuation of contracts with a fixed price.

Our main considerations are:

- there are (partly) long-term contracts in which the determination of the progress of the work and the future costs to complete the contract are based on management assessments, which are accompanied by subjectivity;
- because it might happen that extra work needs to be performed, there is a risk that the recognition in profit and loss is not in compliance with the guidelines for financial reporting.

We refer to the annual report, including the notes to the financial statements: Note 32 "Fixed Price Contracts", Note 23 "Provisions" and Note 3 "Summary of accounting policies".

We have assessed the internal control and control measures implemented by RealDolmen with regard to the valuation of contracts and revenue recognition.

These measures are designed to supervise the (financial processing of the) result estimates of the contracts on the basis of the contract conditions and estimates regarding the progress and future costs to complete the contract.

We have assessed the estimates by the managers of the contracts, the business controllers and the Board of Directors and tested them using underlying contract reports, (external) documentation and other control information.

We have also reviewed the depth and results of the internal control procedures with regard to the revenue recognition on the contracts. We have also assessed the quality and accuracy of estimates of the progress of the work and the future costs of completing the contract in previous periods, on the basis of the actual results achieved in the current period, and through a follow-up audit, in which it was verified how the contract results had evolved after the end of the financial year.

We have also considered the adequacy of the notes to the financial statements.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- we communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes any public disclosure about the matter.

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Report on other legal, regulatory and professional requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, including the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements , including the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in this report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report, together with section 3 "Corporate governance statement" is consistent with the consolidated financial statements for the period ended 31 March 2018 and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the directors' report on the consolidated financial statements, i.e.:

- section 1 Introduction
- section 2 Report on activities 2017/2018

is free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement. We do not express any kind of assurance on the annual report.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate report that is part of section 4 of the annual report. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company based on internationally recognized frameworks such as GRI and COSO, but believes it is premature in the current context to adopt a specific reference model. We do however not express any opinion on the question whether this non-financial information has been established, in all material respects, in accordance with this internationally recognized framework. Furthermore, we do not express any form of assurance conclusion on individual elements that have been disclosed in this non-financial information.

Statements regarding independence

Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the company during the performance of our mandate.

The fees for the additional non-audit services compatible with the statutory audit of the consolidated financial statements, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Ghent, 25 July 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kurt Dehoorne

6. Report from the board of directors to the general shareholders meeting

Realdolmen NV
A. Vaucampslaan 42
1654 Huizingen
RPR 0429 037 235 (Brussels)

ANNUAL REPORT FROM THE BOARD OF DIRECTORS TO THE GENERAL SHAREHOLDERS' MEETING

Dear Shareholder,

We are honored to submit to you the report on the financial year ending on March 31, 2018.

6.1 Financial data

The balance sheet total as per March 31, 2018 was 120,040 KEUR, compared to 109,933 KEUR for the year ended March 31, 2017.

The decrease in intangible assets is mainly the result of the depreciation of the existing merger goodwill.

Current assets show an increase from 85,455 KEUR to 101,654 KEUR, which is mainly the result of an increase of the outstanding receivables with 8.5 mio EUR and an increase of cash with 8.9 mio EUR.

The decrease in provisions (30 KEUR) is mainly due to the increase of the provision for future losses on fixed price contracts (232 KEUR) compensated by the decrease of the provision for guarantees on product sales (54 KEUR), the decrease of the provision for other risks (46 KEUR), the decrease of the provision for retirement benefit plans (38 KEUR) and the decrease of the provision for deferred taxes (103 KEUR).

Deferred income primarily relates to the turnover on maintenance contracts.

The operating result increased from 5,039 KEUR to 7,654 KEUR.

Financial income of 287 KEUR mainly includes dividends (204 KEUR). Financial charges of 1,057 KEUR are mainly the interest costs relating to the operating lease of cars (861 KEUR). The other financial costs are mainly costs relating to bank guarantees.

The extraordinary costs for financial year 2017-2018 (9,791 mio EUR) mainly relate to the transaction costs of the sales process that resulted in the tender offer of GFI Informatique covering among other provisions for the success fees of the bank and transaction bonuses (both considered more than likely), legal support, vendor due diligence and fairness opinion costs.

6.2 Risk factors

The executive management provides an internal control and risk management framework, supervised by the Board of Directors. The Board of Directors assesses the implementation of this framework and relies therefore on the advice of the Audit Committee. The main risk factors are described hereafter, both financial and operational, which are typical of the activities of the group:

- **Fluctuations in the market environment can adversely affect demand and competitive pressure might lead to further margin pressure**

The markets in which we are currently active are subject to fluctuations of demand, and to pressure on the sales prices. In addition, these markets are characterized by low entry barriers. It cannot be ruled out that intensified future competition could lead to margins falling further. The economic developments and competition may differ per region/country and per market segment in which we are (or will become (more)) active. The ability to compete successfully depends on a number of factors, both within and outside of our control. These factors include:

- success in designing and developing new or enhanced products / services;
- ability to address the needs of our customers;
- performance, reliability;
- features, ease of use, and diversity of our products;
- pricing and quality of our services portfolio;
- ability to attract and retain high quality industry and ICT experts;
- quality of our customer services;
- brand recognition and our image in the market; and
- product or technology introductions by our competitors.

If we are not able to compete successfully in each of the segments in which we are active, this may affect our margins, profitability and market share.

- **Our business will be negatively affected if we are not able to anticipate and keep pace with rapid changes in technology or if growth in the use of technology in business is not as rapid as in the past**

Success will depend partly on our ability to develop and implement information, communication and technology services and solutions that anticipate and keep pace with rapid and continuing changes in technology and industry standards. We may not be successful in anticipating or responding to these developments on a timely basis, and our offerings may not be successful in the marketplace. Also, services, solutions and technologies developed by competitors may make our service or solution offerings uncompetitive or obsolete. Any one of these circumstances could have a material adverse effect on our ability to obtain and successfully complete client engagements.

Our business is also dependent, in part, upon continued growth in the use of technology in business by clients and prospective clients and their customers and suppliers. If the growth in the use of technology slows down due to a challenging economic environment, the business could be adversely affected. In addition, use of new technology for commerce generally requires the understanding and acceptance of a new way of conducting business and exchanging information. Companies that have already invested substantial resources in traditional means of conducting commerce and exchanging information may be particularly reluctant or slow to adopt a new approach that may make some of their existing personnel and infrastructure obsolete, and this could reduce the demand.

- **Internal IT systems**

Our business depends also on internal IT systems. Malfunctioning might cause problems or even (partial) loss of data. To prevent problems and to safeguard continuity, making backups and maintenance of the systems are part of the internal IT processes.

REALDOLMEN
to get there, together

- **Companies are increasingly competing on a global scale. Increased competition from global or pan-European players could lead to increased margin pressure and lower profitability**

Large international competitors as well as pan-European players trying to further penetrate local markets may lead to increased competition which in turn could lead to higher pressure on both margins and profitability. This is the strategic reason behind the friendly takeover bid by GFi Informatique on the Company, announced on 23 February 2018.

- **Should we fail to successfully deploy, retain and hire skilled employees, this will adversely affect our future success**

Personnel are a critical success factor and an important condition for our growth. We must recruit highly qualified personnel to fuel growth. In addition, retaining personnel is of great importance. At present, the demand for persons with the ICT skills of our personnel is again increasing. A shortage of personnel, or a high turnover of personnel, could have a restraining influence on our growth, just as an excess of unproductive employees could certainly harm our performance. With a good order book at hand, our focus is on hiring people under challenging job market conditions in the current 'war for talent' environment.

We have trade union representatives and we strive to a positive and constructive social climate. Nevertheless, social actions might affect the business and have a negative effect on the activities.

- **Successfully deploy the Realdolmen Hybrid Cloud**

The Company continues its efforts to migrate its clients IT environment to Realdolmen's Hybrid Cloud, thus improving recurring income. However, these efforts need to balance the Company's short term income generated by clients' CAPEX investments with the recurring income generated by cloud storage and accessory services. Uncontrolled acceleration of said migration could unbalance these income flows.

- **Dependency on sales successes**

The operating plan of 2018/2019 relies upon certain sales successes across the entire enterprise. This includes sales to new as well as to existing customers. Although we have a comfortable sales pipeline, it is not a certainty that the projected sales will actually materialize whereas the world economy is still suffering the aftermath of the crisis and new financial and political crises are announced. A portion of expected sales is related to products, which may require additional functionality. Risks exist in completing these tasks, and this could impact our ability to sell and/or deliver promised solutions.

- **Unexpected costs or delays could make our contracts unprofitable**

While we have several types of contracts, including time-and-material contracts, fixed-price contracts and contracts with features of both of these contract types, there are risks associated with all of these types of contracts when commitments are made in terms of timing, budget, competences or project deliverables. When making proposals for engagements, we estimate the costs and timing for completing the projects. These estimates reflect our best judgment regarding the efficiency of methodologies and professionals as we plan to deploy them on projects. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside of our control, could make these contracts less profitable or unprofitable. In the past, we have experienced such cost overruns as a result of incorrect estimates.

- **Our contracts can be terminated by our clients with short notice**

Clients typically retain us on a non-exclusive, engagement-by-engagement basis, rather than under exclusive long-term contracts. While our accounting systems identify the duration of engagements, these systems do not track whether contracts can be terminated upon short notice and without significant penalty. However, we estimate that the majority of our contracts can be terminated by clients with short notice and without significant penalty. Service Level Agreements (services and maintenance) are concluded on an annual basis and can be terminated only on the expiration date of the agreement, with a notice period of 90 days minimum. Termination of contracts on short notice could adversely affect our operating results.

- **Profitability will suffer if we are not able to maintain our pricing and utilization rates and/or to control our costs**

Profitability is largely a function of the rates charged for services and the utilization rate, or chargeability of professionals. Accordingly, if we are not able to maintain the pricing for services or an appropriate utilization rate for professionals and properly control our costs, we will not be able to sustain the profit margin and profitability will suffer.

The rates are affected by a number of factors, including but not limited to:

- Client's perception of our ability to add value through our services
- Competition
- Introduction of new services or products by us or our competitors
- Pricing policies of competitors, in particular hiring platforms
- General economic conditions

Our utilization rates are also affected by a number of factors, including but not limited to:

- Seasonal trends, primarily as a result of holiday and summer vacations
- Ability to transition employees from completed projects to new engagements
- Ability to forecast demand for services and thereby maintain an appropriate headcount in the appropriate areas of the workforce
- Ability to manage attrition and balance attrition by hiring (in particular of juniors)
- Effectiveness of sales force

- **Undetected errors or defects in software could adversely affect our performance, reduce the demand for our products and services and increase service and maintenance costs**

In-house developed applications could contain errors or defects that have not been detected; this could adversely affect our performance and reduce demand for our products. Any defects or errors in new versions or enhancements of our products could result in the loss of orders or a delay in the receipt of orders and could result in reduced revenues, delays in market acceptance, diversion of development resources, product liability claims or increased service and warranty costs, any of which may have a material adverse effect on the business, results of operations and financial condition. Possible claims could be expensive to defend and require the expenditure of significant resources, regardless of the result. Moreover, the overall costs for maintenance, monitoring and engineering in case of serious and irresolvable defects in any in-house developed application, may not be fully covered by the annually fixed and paid service fees for service and maintenance or our relevant insurances. We cannot exclude product liability, and even suffer from a negative impact on our reputation. We concluded insurance policies to cover this riskincluding 'recall risks'.

- **Others could claim that we infringe their intellectual property rights**

Even though we believe that our products do not infringe the intellectual property rights of others and that we ourselves have all required rights to use the intellectual property employed for our activities, we are exposed to the risk of claims alleging infringement of third-party intellectual property rights, including in respect of intellectual property that has been developed by third parties and acquired in business or asset purchase transactions. These claims could require us to spend significant sums in litigation costs, pay damages, expend significant management resources, experience shipment delays, enter into royalty or licensing agreements on unfavorable terms, discontinue the use of challenged trade names or technology, or develop non-infringing intellectual property. Liability insurance does not protect against the risk that its own or licensed third-party technology infringes the intellectual property of others. Therefore, any such claims could have a material adverse effect on our business, operating results and financial condition.

- **Litigations**

The Company is not involved in litigations that can be qualified as contingent liabilities according to the definition of IFRS.

- **Regulatory risks**

We are subject to national and international laws and regulations. As a result of the listing on Euronext Realdolmen is also subject to the legislation on publication and insider trading. We strive to be compliant with this legislation. Changes in the legal framework applicable, might affect the processes and might need further administrative care.

- **Force Majeure risks**

Force majeure risks are not avoidable. Some might be covered by insurances. If necessary we might manage by using own cover to overcome. Contractual clauses might foresee execution to be (temporarily) postponed.

6.3 Important events post-closing

Capital increase

The Extraordinary General Meeting of 12 June 2008 authorized the Board of Directors to increase the Company's share capital to execute the stock options plan "Warrants 2008". Further to the transfer of the remaining 80,000 warrants of the "Warrants 2008" plan to GFi Informatique in the framework of its public takeover bid on Realdolmen (see above under 3.8.2), GFi Informatique has exercised the 80,000 stock options thus acquired and on 13 June 2018, the Company has increased its share capital to €31,154,187.36 represented by 5,287,767 shares.

Succesfull takeover bid by Gfi Informatique

On 20 July 2018, Gfi Informatique announced that it starts a squeeze-out of the remaining shareholders, as it had reached a 95.75% shareholding in Realdolmen, exceeding the 95% threshold for a mandatory squeeze-out.

6.4 Branches of the company

The company has no branches.

6.5 Research and development

Costs for research and development are expensed as incurred and are not activated, since the conditions for capitalization are not met.

6.6 Allocation of the result

The annual accounts for the year closed with a loss before tax of 2.906.737 EUR compared to a profit before tax of 4.641.887 EUR last year. The loss to be allocated amounts to 2.989.853 EUR. In accordance with article 96 §6 of the Company Code the annual accounts have been prepared under the assumption of going concern for the following reasons:

- Strong growth of operating result before non-recurring items;
- Robust balance sheet with net cash situation;
- Positive prospects for the coming 12 months.

6.7 Prospects for the coming 12 months

For the full year 2018/2019, we expect global turnover to grow.

We expect full year REBIT margins to grow slightly.

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We confirm that the consolidated and non-consolidated financial statements and reports give a true and fair view and propose that these annual accounts should be approved, and the statutory loss to be carried forward to next year.

In accordance with legal requirements, we request the General Meeting to discharge the Directors and the external auditors of their liability for the performance of their duties during the past year: this applies to Nonomar BVBA, represented by Henri Van Engelen, M&A Services, represented by Nadia Verwilghen, Jef Colruyt, Fast Forward BVBA, represented by Rika Coppens, Wim Colruyt, Vincent Rouaix, Cyril Malher, Jean-Marc Humbert and Deloitte Bedrijfsrevisoren, represented by Kurt Dehoorne.

Huizingen, July 25, 2018

On behalf of the Board of Directors

Nonomar BVBA Represented by Henri Van Engelen Chairman of the Board of Directors	M&A Services BVBA Represented by Nadia Verwilghen Chairman of the Audit Committee

7. Financial Calendar

2018

Friday 10 August 2018	End of squeeze-out period

Realdolmen will be delisted at the end of the squeeze-out period.