Search Result

Surname	Area	information	V. date
Horváth 4G Beteiligungs GmbH	Accounting / financial reports	Consolidated financial statements for the business year from April 1, 2016 to March 31, 2017	04/03/2018

Horváth 4G Beteiligungs GmbH

Stuttgart

Consolidated financial statements for the business year from April 1, 2016 to March 31, 2017

Consolidated balance sheet as of March 31, 2017

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Explanation	31.03.2017 EUR	31.03.2016 EUR
financial assets			
Long-term assets			
Intangible assets	G.1.	1,211	1,165
Property, plant and equipment	G.2.	2,088	1,761
Deferred taxes	G.3.	786	727
		4,085	3,653
Short-term assets			
Stocks	G.4.	2,855	3,325
Requests from deliveries and services	G.5.	31,134	23,898
Income tax claims	G.6.	75	628
Other current assets	G.7.	3,447	2,895
Cash and cash equivalents	G.8.	30,604	26,236
		68.115	56,982
Total assets		72,200	60,635
Equity	G.9.		
Subscribed capital		2,640	2,464
Capital and revenue reserves		16,415	13,704
Changes in value recorded directly in equity		-1,066	-1,264
retained profit		3,587	1,679
Equity excluding minority interests		21,576	16,583
Non-controlling interests		123	121
Total equity		21,699	16,704
Debt			
Long term debt			
Long term loan	G.10.	10,000	10,000
Long-term financial liabilities	G.11.	566	701
Long-term provisions	G.12.	1,831	1,628
Deferred tax liabilities	G.13.	10	10
		12,407	12,339
Short term debt			
Short term loans	G.14.	0	850
liabilities from goods and services	G.15.	6,019	5,743

	Explanation	31.03.2017 EUR	31.03.2016 EUR
Other current financial liabilities	G.16.	11,821	729
Income tax liabilities	G.17.	5,518	1,648
Other current liabilities	G.18.	12,943	21,658
short time provision	G.19.	1,793	964
		38.094	31,592
Total debts		50.501	43,931
Total equity and debt		72,200	60,635

Consolidated statement of comprehensive income for the period from April 1, 2016 to March 31, 2017

of Horváth 4G Beteiligungs GmbH, Stuttgart

	01.04.2016 - 31.03.2017 EUR	01.04.2015 - 31.03.2016 EUR
Group earnings after taxes	11,614	8,886
Actuarial gains and losses from pension obligations recognized directly in equity	-7	10
Deferred taxes on pension obligations	2	-3
Other earnings after taxes for components that will not be reclassified to the income statement in future	-5	7th
Currency conversion	110	-246
Valuation of cash flow hedge	135	-535
Deferred tax on cash flow hedge	-42	166
Other earnings after taxes for components that will be recognized in profit or loss in the future	203	-615
Other earnings after taxes	198	-608
thereof owner of Horváth 4 G Beteiligungs GmbH	198	-608
thereof non-controlling interests	0	0
Total earnings after taxes	11,812	8,278
thereof owner of Horváth 4 G Beteiligungs GmbH	11,795	8,245
thereof non-controlling interests	17th	33

Consolidated income statement for the period from April 1, 2016 to March 31, 2017

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Explanation	01.04.2016 - 31.03.2017 EUR	01.04.2015 - 31.03.2016 EUR
1. Sales	F.1.	150.212	127.725
2. Change in the inventory of work in progress	F.2.	80	1,392
3. Other operating income	F.3.	2,200	2,560
		152.492	131,677
4. Cost of materials	F.4.		
a) Expenses for purchased goods		374	337
b) Expenses for purchased services		22,364	19,485
		22,738	19,822
5. Personnel expenses	F.5.		
a) Wages and salaries		69,763	60,404
b) Social security and pension costs		9,455	8.002
		79,218	68,406
6. Depreciation of intangible assets and property, plant and equipment	F.6.	1,117	1,259
7. Other operating expenses	F.7.	30,902	28,646
Operating profit (EBIT)		18,517	13,544
8. Other Interest and Similar Income	F.8.	43	32
9. Interest and Similar Expenses	F.9.	452	486
Financial result		-409	-454
10. EBT		18,108	13,090
11. Taxes on income and earnings	F.10.	6,592	4.120
12. Deferred Taxes	F.10.	-98	84

	Explanation	01.04.2016 - 31.03.2017 EUR	01.04.2015 - 31.03.2016 EUR
13. Group earnings after taxes		11,614	8,886
thereof owner of Horváth 4 G Beteiligungs GmbH		11,597	8,853
thereof non-controlling interests		17th	33

Consolidated cash flow statement for the period from April 1, 2016 to March 31, 2017

of Horváth 4G Beteiligungs GmbH, Stuttgart

	2016/2017 EUR		2015/2016 EUR	
Cash flow from operating activities				
Profit for the year before taxes	18,108		13,090	
Adjustments for depreciation (+)	1,117		1,259	
Losses / gains from disposals of fixed assets (+ / -)	8th		-14	
Interest income (-)	-43		-32	
Interest expenses and similar expenses (+)	452		486	
Operating profit before changes in working capital	19,642		14,789	
Increase / decrease in provisions (+ / -)	1,115		-2,454	
Increase / decrease in inventories (- / +)	479		-485	
Increase / decrease in trade receivables (- / +)	-7,182		3,304	
Increase / decrease in other current assets (- / +)	374		786	
Increase / decrease in liabilities (+ / -)	5,371		4,308	
Increase / decrease in other assets (- / +)	-359		-276	
Increase / decrease in other liabilities (+ / -)	-23		-243	
Effects of changes in exchange rates	148		-160	
Other non-cash expenses / income (+ / -)	39		-163	
Cash generated from operating activities	19,604		19,406	
Interest paid (-)	-452		-486	
Income taxes paid (-)	-4,289		-5,127	
Other taxes paid (-)	0		-7	
Net cash from operating activities		14,863		13,786
Cash flow from investing activities				
Payments for investments in property, plant and equipment (-)	-1,203		-883	
Payments received from disposals of items of property, plant and equipment (+)	54		74	
Payments for investments in intangible assets (-)	-365		-637	
Payments from the disposal of intangible assets	31		0	
Losses / gains from disposals of fixed assets (- / +)	-7		13	
Interest received (+)	42		32	
Net cash used for investing activities		-1,448		-1,401
Cash flow from financing activities				
Payments from equity injection (+)	88		0	
Dividends paid (-)	-5,885		-4,282	
Taking out credit (+)	0		10,000	
Loan repayment (-)	-850		-2,170	
Payments for the sale of own shares (+)	132		198	
Payments for the purchase of own shares (-)	-2,532		-4,552	
Net cash from financing activities		-9,047		-806
Net increase in cash and cash equivalents		4,368		11,579
Cash balance at the beginning of the period		26,236		14,657
Cash balance at the end of the period		30,604		26,236

Notes to the consolidated financial statements for the 2016/2017 financial year

of Horváth 4G Beteiligungs GmbH, Stuttgart

A. Commercial register and purpose of the company

The company has its registered office in Stuttgart, Germany, and is registered there at the local court in the commercial register, section B, under no. 724649. The address is Horváth 4G Beteiligungs GmbH, Phoenixbau, Königstrasse 5,70173 Stuttgart. The object of the company is to perform the tasks of a holding company, in particular by exercising company rights to Horváth AG with its registered office in Stuttgart, entered in the commercial register of the Stuttgart District Court under HRB 21823 and the other investments held by the company as well as the acquisition and holding and selling investments in other companies, whose business purpose is in particular business advice.

The consolidated financial statements as of March 31, 2017 include the company and four domestic and six foreign subsidiaries.

The company's management approved the consolidated financial statements as of March 31, 2017 and the 2016/2017 Group management report on July 10, 2017 for submission to the shareholders' meeting.

B. Accounting Policies

The consolidated financial statements of the Horváth & Partners Group are prepared in accordance with Section 315a HGB in accordance with the International Financial Reporting Standards (IFRS).

All standards of the International Accounting Standards Board (IASB) adopted by the EU as part of the endorsement on the balance sheet date, as well as the rules of interpretation of the International Financial Reporting Interpretations Committee of the IASB (IFRIC), apply. The application of special IFRS can be found in the explanations of the individual items in the financial statements in the further course of the notes to the consolidated financial statements.

The consolidated financial statements are prepared in euros. For better understanding, the values are rounded to the nearest thousand.

Compared to the previous year, the consolidated financial statements are based on uniform accounting and valuation principles.

The following new or amended standards or interpretations were applied for the first time in the 2016/2017 financial year:

	Come into effect	EU endorsement
New standards or interpretations:		
Changes to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Application of the Consolidation Exception	1.1.2016	September 22, 2016
Changes to IAS 16 and IAS 38: Clarification of the permitted depreciation methods	1.1.2016	02/02/2015
Changes to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1.1.2016	11/24/2015
Changes to IAS 16 and IAS 41: Accounting for Fruit-bearing Plants	1.1.2016	11/23/2015
Miscellaneous: Annual improvements to IFRS 2012-2014	1.1.2016	12/15/2015
Changes to IAS 1: Disclosure Initiative	1.1.2016	December 18, 2015

The new or changed accounting standards to be applied for the first time in the current financial year did not have any notable effects on the consolidated financial statements.

Effects of new, not yet applicable accounting standards

In the 2016/2017 financial year, the following new or amended accounting standards that had already been adopted by the IASB, but in some cases not yet adopted by the EU, were not taken into account because their application was not yet required:

	Come into effect	EU endorsement
New standards or interpretations:		
IFFS 14: Fegulatory Deferral Items	1.1.2016	No takeover by the EU
IFFS 15: Revenue from Contracts with Customers	1.1.2018	October 29, 2016
IFFS 9: Financial Instruments	1.1.2018	11/22/2016
IFFS 16: Leases	1.1.2019	Expected in the 4th quarter of 2017
IFFS 17: Insurance Contracts	1.1.2021	open
IFFIC 23: Income Tax Treatment Uncertainty	1.1.2019	2018
Changes to standards or interpretations:		
Changes to IAS 12: Recognition of deferred tax assets on unrealized losses	1.1.2017	Expected in the 4th quarter of 2017
Changes to IAS 7: Statement of Cash Flows	1.1.2017	Expected in the 4th quarter of 2017
Changes to IFFS 2: Classification and evaluation of business transactions with	a 1.1.2018	Expected in the 4th quarter of 2017
Miscellaneous: Annual improvements to the IFFS 2014-2016	1.1.20171.1.2018	Expected in the 4th quarter of 2017
Changes to IFFS 4: First application of IFFS 9 together with IFFS 4	1.1.2018	Expected in the 4th quarter of 2017
Changes to IFFS 15: Clarifications to IFFS 15	1.1.2018	Expected in the 4th quarter of 2017
Changes to IAS 40: Classification of Unfinished Properties	1.1.2018	Expected in 4th quarter 2017
Changes to IFFIC 22: Foreign Currency Transactions and Advance Consideration	1.1.2018	Expected in the 4th quarter of 2017
Changes to IFFS 10 and IAS 28: Sale or Contribution of Assets between an Investor and an Associate or Joint Venture	Postponed	Postponed

IFRS 15: Revenue from Contracts with Customers

The new standard replaces IAS 18 “Revenue” and IAS 11 “Construction Contracts” and the associated interpretations. IFRS 15 defines a comprehensive framework for determining whether, in what amount and at what point in time revenue is recognized. The core principle of IFRS 15 is that a company should recognize revenue when goods have been delivered or the service rendered. This core principle is implemented in a five-step model within the framework of the standard. For this purpose, the relevant contracts with the customer and the performance obligations contained therein must first be identified. The revenue is then realized in the amount of the expected consideration for each separate performance obligation based on a point in time or over a period of time. In addition, IFRS 15 contains detailed application guidelines on a large number of individual topics (e.g. contract amendments, sales with the right of return, treatment of contract costs, extension options, license revenue, principal-agent relationships, bill and hold agreements, consignment agreements, etc.). In addition, the scope of the notes is expanded. The aim of the new disclosure requirements is to provide information about the type, amount,

Furthermore, the IASB published clarifications to IFRS 15 on April 12, 2016. The changes address the identification of performance obligations, principal / agent considerations and licenses, and are aimed at transitional arrangements for modified contracts and concluded contracts.

IFRS 9: Financial Instruments

In July 2014, the IASB completed its project to replace IAS 39 “Financial Instruments: Recognition and Measurement” with the publication of the final version of IFRS 9 “Financial Instruments”. IFRS 9 introduces a uniform approach to the classification and measurement of financial assets. The subsequent measurement of financial assets will in future be based on three categories with different measures of value and different recording of changes in value. The categorization is based on both the contractual cash flows of the instrument and the business model in which the instrument is held. For financial liabilities, on the other hand, the existing categorization requirements under IAS 39 were largely adopted in IFRS 9. In addition, IFRS 9 provides for a new impairment model based on the expected loan defaults. IFRS 9 also contains new regulations on the use of hedge accounting in order to better present a company's risk management activities, particularly with regard to the management of non-financial risks. Furthermore, IFRS 9 requires additional disclosures in the notes. IFRS 9 also contains new regulations on the use of hedge accounting in order to better present a company's risk management activities, particularly with regard to the management of non-financial risks. Furthermore, IFRS 9 requires additional disclosures in the notes. IFRS 9 also contains new regulations on the use of hedge accounting in order to better present a company's risk management activities, particularly with regard to the management of non-financial risks. Furthermore, IFRS 9 requires additional disclosures in the notes.

IFRS 16: Leases

According to IFRS 16, the previous distinction between operating and finance leases does not apply to the lessee. For all leases, the lessee accounts for a right to use an asset and a lease liability. The right of use is amortized over the term of the contract in accordance with the regulations for intangible assets. The lease liability is accounted for in accordance with the regulations for financial instruments in accordance with IAS 39 or, in the future, IFRS 9. They are reported in the income statement separately as depreciation on the asset and interest from the liability. For short-term leases and leased items of low value, there are easements in accounting. The information in the notes will be expanded and should enable the addressees to assess the amount, the time and the uncertainties in connection with leasing agreements. In the case of the lessor, however, the regulations of the new standard are similar to the previous regulations of IAS 17. The leasing contracts are still classified as either finance or operating leases. assess the timing and uncertainties associated with leasing agreements. In the case of the lessor, on the other hand, the regulations of the new standard are similar to the previous provisions of IAS 17. The leasing contracts are still classified as either finance or operating leases. assess the timing and uncertainties associated with leasing agreements. In the case of the lessor, however, the regulations of the new standard are similar to the previous regulations of IAS 17. The leasing contracts are still classified as either finance or operating leases.

The Horváth & Partners Group does not apply new or revised standards and interpretations early.

A detailed analysis of the effects of the application of IFRS 15, IFRS 9 and IFRS 16 on the consolidated financial statements has not yet been carried out.

The Group does not currently assume that the first-time application of the other new accounting regulations, provided they are adopted by the EU in this form, will have a material impact on the presentation of the consolidated financial statements.

C. Consolidation Principles and Currency Conversion

1. Consolidation principles

The consolidated financial statements include all affiliated companies in which Horváth 4G Beteiligungs GmbH, Stuttgart, directly or indirectly holds the majority of the voting rights or in which there is a control relationship within the meaning of IFRS 10 based on other rights.

The first-time consolidation takes effect on the day on which the company directly or indirectly enters into a control relationship with the subsidiary.

In accordance with IFRS 10, the following companies have been included in the consolidated financial statements of Horváth 4G Beteiligungs GmbH, Stuttgart, in which the company directly or indirectly holds the majority of voting rights:

name and seat	currency	Share in capital %	Time of initial consolidation
Horváth 4 G Beteiligungs GmbH, Stuttgart	EUR	-	1.4.2007
Horváth AG, Stuttgart	EUR	100.00	12/22/2000
Horváth & Partner GmbH, Stuttgart	EUR	100.00	December 31, 2000
Horváth & Partner Management Consulting GmbH, Vienna / Austria	EUR	100.00	December 31, 1994
Horváth & Partner Middle East GmbH, Vienna / Austria	EUR	100.00	1.4.2012
Horváth Saudi Arabia LLC, Riyadh / Kingdom of Saudi Arabia	SAR	100.00	07/20/2016
Horváth & Partner AG, Zurich / Switzerland	CHF	100.00	January 22, 1999
IFUA Horváth & Partners Consulting Kft., Budapest / Hungary	HOOF	100.00	December 31, 1992
Horváth Academy GmbH, Stuttgart	EUR	70.00	1.4.2004
CSIE GmbH, Oestrich-Winkel	EUR	70.00	1.4.2013
Horváth & Partners Management Consulting SRL, Bucharest / Romania	RON	100.00	11/1/2005

In the past financial year, Horváth Saudi Arabia LLC, Riyadh / Kingdom of Saudi Arabia, was founded with a share capital of SAR 500,000.00.

The subgroup consisting of Horváth Akademie GmbH, Stuttgart, and CSIE GmbH, Oestrich-Winkel, is the only unit in which there are non-controlling interests in both the 2015/2016 and 2016/2017 financial years. Before consolidation measures, in particular the elimination of investment income, the annual surplus of the Horváth Academy, which corresponds to the total result for the period, amounted to EUR 36 thousand (previous year: EUR 131 thousand). The share of the group capital allocated to the non-controlling interests at the end of the period amounts to EUR 123 thousand (previous year: EUR 121 thousand). With regard to the earnings components allocated to the non-controlling interests, reference is made to the statements in the statement of comprehensive income.

The annual financial statements of the companies included in the consolidated financial statements are drawn up on the reporting date of the consolidated financial statements.

The consolidated financial statements are based on the annual financial statements of the companies included in the Group, which were drawn up as of March 31, 2017 and audited and unreservedly audited.

Intra-group sales, expenses and income as well as all receivables and liabilities between the consolidated companies have been eliminated. Assets originating from intragroup deliveries were not adjusted for interim results because they were insignificant. In the case of consolidation processes affecting earnings, the income tax effects are taken into account and deferred taxes are included.

After the balance sheet date (April 21, 2017) CONSULT ING Horváth Engineers GmbH, Berlin, was founded with a share capital of EUR 25,000.00. The group has 51% of the capital shares and voting rights. The non-controlling interests are 49%.

2. Currency conversion

The reporting currency of Horváth 4G Beteiligungs GmbH is the euro. The annual financial statements of the group companies are converted into euros. The concept of the functional currency is used when translating the financial statements of the companies included in a foreign currency. Since the group companies operate their business independently, they are considered as “foreign entities” within the meaning of IAS 21 (Effects of Changes in Exchange Rates). The assets and liabilities are then converted at the rate on the reporting date, equity at historical rates and expenses and income at the annual average rate. The resulting difference is offset against equity in equity.

	Closing rate		Average rate	
1.00 EUR	March 31, 2017	March 31, 2016	2016/2017	2015/2016
Romanian lei	4.54	4.4628	4.49	4.4577
Saudi rials	3.99	n / a	4.116	n / a
Swiss franc	1.06	1.0931	1.078	1.0708
Hungarian forints	308.54	314.1540	310.862	311,3047

D. Essential accounting and valuation principles

The consolidated financial statements are based on the cost principle. Unless otherwise stated, assets and liabilities are shown at their nominal value less any necessary value adjustments. The classification of assets and liabilities was in accordance with IAS 1 par. 60 made after their deadline.

Acquired intangible assets are valued at acquisition cost and incidental acquisition costs. In accordance with IAS 38, the useful life of an intangible asset is reviewed annually. Intangible assets with a limited useful life are reduced by scheduled depreciation using the straight-line method over the expected economic useful life, which is usually three to five years. If the useful life is unlimited in accordance with IAS 38, no depreciation is made. Extraordinary value adjustments in accordance with IAS 36 were not necessary in the year under review.

Acquired subsidiaries are accounted for using the purchase method in accordance with IFRS 3.4. Assets and liabilities that can be identified as part of the business combination are measured at their fair values at the time of acquisition upon initial consolidation. The excess of the acquisition costs over the net assets measured at fair value is recognized as goodwill. The goodwill is shown under intangible assets and checked for impairment annually. Any impairment is recognized as an expense immediately and is not made up for in subsequent years. For the purpose of the impairment test, the goodwill is allocated to cash generating units. The allocation is made to those CGUs according to the identifiable business segments that are expected to benefit from the merger in which the goodwill arose.

Internally generated intangible assets are classified due to the lack of criteria identity with IAS 38 par. 57 not activated.

Property, plant and equipment are valued at acquisition cost in accordance with IAS 16 par. 15 less scheduled depreciation in accordance with IAS 16 par. 50 and 60 accounted for. Extraordinary value adjustments in accordance with IAS 36 were not necessary in the year under review.

Tangible fixed assets are depreciated according to the declining balance or linear method in accordance with their useful economic life. The useful life is usually three to 13 years for furniture and fixtures and 33 years for building investments (Hungary). Significant residual values according to IAS 16 par. 53 were not to be taken into account when calculating the amount of depreciation. Maintenance costs are recognized directly as an expense.

Gains and losses from the disposal of assets are determined as the difference between the net sales proceeds and the book value of the respective item and are recorded in the income statement as “Other operating income” or “Other operating expenses”.

The inventory is valued according to IAS 2 par. 19 at production costs according to the work progress. Overheads and profit margins that cannot be allocated are not included in the valuation.

Trade receivables are reported at their nominal value. Sufficient allowances are made for default risks. Lump-sum valuation adjustments are not made.

The Group's financial assets fall into the category of loans and receivables. The classification is based on the purpose pursued with the acquisition of the financial asset. Purchases and sales of financial assets are accounted for on the trading day.

On initial valuation, the financial assets are recognized at fair value plus transaction costs. The subsequent valuation is carried out at amortized cost.

Financial liabilities in the fair value through profit and loss category are measured at fair value. Transaction costs are immediately expensed. To the extent that they cannot be allocated to the fair value through profit and loss category, financial liabilities are valued at amortized cost, using the effective interest method if necessary.

Derivative financial instruments such as B. Forward exchange transactions and interest rate swaps are generally used for hedging purposes in order to reduce currency and interest rate risks from operating business and the resulting financing requirements. In the Group, derivative financial instruments are used to hedge a future cash flow from entered or planned underlying transactions (cash flow hedge). They are not used for trading purposes or for speculative reasons.

The group documents all relationships between hedging transactions and the assigned basic transactions in compliance with IAS 39. This procedure involves linking the derivatives designated as hedging instruments with the forecast future transactions. In the Group, both prospective and retrospective effectiveness measurements for cash flow hedges are carried out using evidence using the critical term match or the dollar offset method. The changes in value of the underlying and hedging transactions are set in relation to each other. If the quotient is within the range of 80 to 125 percent defined by IAS 39, the hedge is considered effective.

Derivative financial instruments are accounted for in the case of purchases or sales at the respective acquisition date under other financial receivables or under other financial liabilities. According to IAS 39, all derivative financial instruments are to be measured at fair value, regardless of the purpose for which or the intention with which they were concluded.

The market value of a forward exchange deal corresponds to the difference between the present values of the nominal amount at the fixed forward rate and the nominal amount at the forward rate on the balance sheet date. The market value of an interest rate swap corresponds to the present value of the future cash flows resulting from the derivative. Discounting is carried out using interest rates that match the term in accordance with the yield curve of the respective currency.

If it is a cash flow hedge, the changes in the market value of the part of the hedging instrument classified as effective are initially shown in equity, taking deferred taxes into account, as part of the cumulative changes in equity with no effect on income until the future secured cash flow occurs.

Changes in the fair value of derivative financial instruments that do not meet the requirements for hedge accounting in accordance with IAS 39 are recognized immediately in the income statement.

The Group measures certain financial instruments at their fair value on each reporting date.

The fair value of the financial assets and financial liabilities that are traded on organized markets is stated as the amount for which the instrument in question could be exchanged between willing business partners on the measurement date in an orderly business transaction (except for forced sale or liquidation).

All assets and liabilities for which the fair value is determined or shown in the financial statements are classified in the fair value hierarchy described below, based on the input parameters of the lowest level that is material overall for the measurement at fair value:

Level 1: quoted (unadjusted) prices in active markets for similar assets and liabilities

Level 2: Process in which all input parameters that have a material effect on the recorded fair value can be observed either directly or indirectly

Level 3: Procedures that use input parameters that have a significant effect on the recorded fair value and are not based on observable market data

In the case of assets and liabilities that are recognized on a recurring basis in the financial statements, the Group determines whether regroupings between the levels of the hierarchy have taken place by making the classification at the end of each reporting period (based on the input parameters of the lowest level that is to be attributed to the valuation Overall fair value is material).

The means of payment contain the cash on hand and the credit balances at banks.

Assets with an indefinite useful life are not amortized, but are subject to an annual impairment test. The book values of the other assets, with the exception of inventories and deferred tax assets, are checked on each balance sheet date to determine whether there are any indications that an asset may be impaired. If there is any such indication, the recoverable amount of the asset is estimated. If the recoverable amount of an asset is less than the book value, the book value is written down to the recoverable amount. An impairment recognized in previous years is canceled,

Provisions are recognized in the amount that, according to the best possible estimate, is necessary to cover all current obligations on the balance sheet date. Future events that could affect the amount required to meet an obligation are taken into account in the provisions, provided they can be predicted with sufficient objective certainty and these obligations result from past events.

In accordance with IAS 19, the pension provisions are formed using the projected unit credit method. Future obligations are calculated on the basis of the proportionate benefit entitlements acquired up to the balance sheet date.

Liabilities are recognized if it is likely that resources embodying economic benefits will flow out to offset an obligation and this amount can be reliably determined. The liabilities are generally stated at amortized cost.

In order to improve the information about the economic obligation from vacation entitlements, vacation obligations are based on the target salaries agreed for the following year and taking 220 working days into account.

Sales are booked as revenue at the time of delivery or the provision of the service to the customer. The degree of completion is determined on the basis of project-related performance records. Sales are shown without sales tax and after deduction of any discounts granted.

Income taxes include expenses and income from actual taxes. The actual income tax liabilities and claims are recognized at the amount in which a payment to or reimbursement from the tax authorities is expected. The calculation is based on the tax rates applicable on the balance sheet date.

Deferred taxes are recognized according to the "liability method" in accordance with IAS 12 on temporary differences between the tax balance sheet and the consolidated financial statements.

Deferred tax claims and deferred tax liabilities are calculated on the basis of the laws and ordinances valid on the balance sheet date.

An asset item for tax loss carryforwards is only capitalized to the extent that it is probable that future taxable income will be available for offsetting.

No deferred tax claims are recognized for the non-tax deductible amortization of goodwill from capital consolidation.

E. Material Judgments and Estimates

The discretionary decisions of the accounting and valuation methods do not have any significant effects on the valuation of the assets and liabilities reported in the financial statements.

Determining the book value of certain assets and liabilities requires an estimate of uncertain future events. Since the estimates are based on assumptions and forecasts, they are subject to risks and uncertainties. Horváth & Partners assumes the following low risks, which arise due to future-related assumptions and estimation uncertainties:

When calculating pension provisions, the choice of premises such as the discount rate or trend assumptions as well as the use of biometric probabilities with the 2005 G mortality tables lead to deviations from the obligations that actually arise over time.

Estimates must be made for the formation of tax provisions.

The assumptions and estimates also relate to the recoverability of goodwill and the definition of useful economic lives. In individual cases, the actual values may differ from the assumptions and estimates made. According to IAS 8, changes are recognized in profit or loss when better knowledge is available.

F. Income Statement

The income statement has been prepared using the total cost method. The income and expenses allocated to the financial year are recognized in profit or loss.

1. Sales

	2016/2017 EUR	2015/2016 EUR
Sales	150.212	127.725

Of the sales revenues, KEUR 113,778 (previous year: KEUR 81,555) are attributable to the Germany region, KEUR 833 (previous year: KEUR 1,024) to Romania, KEUR 5,934 (previous year: KEUR 5,789) to Hungary, KEUR 14,066 (previous year: KEUR 1,024) to Hungary. V. EUR 17,093 thousand) to Switzerland, EUR 7,437 thousand (previous year: EUR 8,198 thousand) to Austria and EUR 8,164 thousand (previous year: EUR 14,066 thousand) to the Middle East.

The calculated sales result from normal business activity.

2. Change in the inventory of work in progress

	2016/2017 EUR	2015/2016 EUR
Change in the inventory of work in progress	80	1,392

The valuation of inventories was carried out in accordance with IAS 2 par. 19 made.

3. Other operating income

	2016/2017 EUR	2015/2016 EUR
Private vehicle use	1,119	1,041
Income from currency differences	445	777
Subletting income	0	88
Income from asset disposals	8th	17th
Income from the release of other provisions	335	48
Rest	293	589
	2,200	2,560

4. Cost of materials

	2016/2017 EUR	2015/2016 EUR
Expenses for purchased goods	374	337
Expenses for purchased services	22,364	19,485
	22,738	19,822

The services purchased are predominantly purchased consulting services.

5. Personnel expenses

	2016/2017 EUR	2015/2016 EUR
Wages and salaries	69,763	60,404
Social security contributions and expenses for pensions	9,455	8.002
	79,218	68,406

The report mainly relates to salaries and statutory social contributions. The group employed an average of 633 (last year 610) people.

6. Depreciation of intangible assets and property, plant and equipment

	2016/2017 EUR	2015/2016 EUR
Depreciation on intangible assets and property, plant and equipment	1,117	1,259

The composition of depreciation results from the development of fixed assets, which is described in Sections G.1. and G.2. is shown.

7. Other operating expenses

	2016/2017 EUR	2015/2016 EUR
Traveling expenses	12,784	12,012
Rent, additional rental costs	2,890	2,985
Additional personnel costs, training costs	3,803	2,267
Car costs	3,299	3,270
Telephone, postage, internet	1,688	1,649
Advertising and trade fair costs	1,051	947
Legal and consulting costs	1,362	927
Insurance, fees	799	1,206
Office supplies, magazines, books	481	445
representation	343	300
Expense from currency differences	768	657
Administrative expenses	82	119
Individual bad debt allowances	0	5
Rest	1,552	1,857
	30,902	28,646

The vehicle costs include payments from leases in the amount of EUR 1,329 thousand (previous year: EUR 1,277 thousand).

Other operating expenses include, in particular, license costs for software (EUR 696 thousand; previous year: EUR 593 thousand), maintenance costs for software used by the company (EUR 197 thousand; previous year: EUR 161 thousand), donations (EUR 37 thousand; previous year: EUR 134 thousand) and fees of the supervisory and advisory boards (KEUR 98; previous year KEUR 118), the severely handicapped tax (KEUR 63; previous year KEUR 50) and losses from the disposal of assets (KEUR 4; previous year KEUR 4).

8. Other Interest and Similar Income

	2016/2017 EUR	2015/2016 EUR

	2016/2017 EUR	2015/2016 EUR
Other interest and similar income	43	32

These are essentially interest income from bank balances and interest income from taxes.

9. Interest and Similar Expenses

	2016/2017 EUR	2015/2016 EUR
Interest and similar expenses	452	486

The interest expenses result essentially from the interest paid on the contributions of silent partners and bank loans. The item also includes interest on income tax back payments of EUR 11 thousand (previous year: EUR 99 thousand).

10. Income taxes and deferred taxes

The income tax expense is made up as follows:

	2016/2017 EUR	2015/2016 EUR
Current taxes	6,592	4.120
Deferred taxes	-98	84
	6,494	4,204

Taxes paid or owed on income and earnings as well as deferred taxes are shown as income taxes.

Current taxes include tax expenses of EUR 34 thousand (previous year: EUR 54 thousand) and tax income of EUR 85 thousand (previous year: EUR 103 thousand) from previous years.

The deferred taxes recognized in other comprehensive income amount to a total of EUR 40 thousand (previous year: EUR 163 thousand) and EUR - 42 thousand (previous year: EUR 166 thousand) are attributable to deferred tax expenses (previous year tax income) from a cash flow hedge and with EUR 2 thousand (previous year: EUR -3 thousand) on deferred tax income (previous year tax expenses) from actuarial losses from pensions.

The income (-) / expense (+) from deferred taxes is made up as follows:

	2016/2017 EUR	2015/2016 EUR
IFRS adjustments inventories	-11	19th
Pension provisions	13	18th
Expense provisions	1	1
Deviation HB I / StB	-101	46
	-98	84

The deferred taxes on valuation adjustments were determined using a uniform tax rate of 31% (previous year 31%).

No deferred tax assets were formed on tax loss carryforwards amounting to EUR 595 thousand.

The following table shows a reconciliation of the expected income taxes to the actually reported tax expense, based on the effective corporate income tax rate of 15.8% (including solidarity surcharge) plus an effective trade tax rate of 15.2%, i.e. with a total tax rate of 31% (i. V. 31%):

	2016/2017 EUR	2015/2016 EUR
Consolidated earnings before income taxes	18,108	13,090
Computational tax expense	5,613	4,058
Different income tax burdens abroad	-327	-1,087
Different assessment bases abroad	530	776
Difference in domestic business tax rate	92	0
Non-deductible expenses	182	426
Difference between the commercial and tax balance sheets	56	-66
Business tax corrections	30th	106
Offsetting loss carryforwards	0	-15
Creditable foreign taxes	-97	-37
Tax income / expenses relating to other periods	-52	-51
Difference tax expense actually - to be expected		
Deferred taxes IFRS	-98	85
Losses - no capitalization of deferred taxes	576	0
Others	-11	9
Income taxes according to the consolidated income statement	6,494	4,204

G. Balance

The classification of assets and liabilities was in the reporting year in accordance with IAS 1 par. 60 made after their deadline.

1. Intangible Assets

	Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values in EUR thousand	Goodwill KEUR	Advance payments made in EUR thousand	Total intangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2016	2,832	283	31	3,146
Currency differences	0	0	0	0
Accesses	337	0	28	365
Rebooking	0	0	0	0
Departures	37	0	31	68
As of March 31, 2017	3.132	283	28	3,443
Accumulated depreciation				
Status 1.4.2016	1,980	1	0	1,981
Currency differences	0	0	0	0
Accesses	288	0	0	288
Departures	37	0	0	37
As of March 31, 2017	2,231	1	0	2,232
Book value on March 31, 2017	901	282	28	1,211

In the previous year, the intangible assets developed as follows:

	Acquired concessions, industrial property rights and similar rights and values as well as licenses to such rights and values in EUR thousand	Goodwill KEUR	Advance payments made in EUR thousand	Total intangible assets EUR thousand
Cumulative acquisition costs				
As of 1.4.2015	1,734	283	550	2,567
Currency differences	-2	0	0	-2
Accesses	544	0	93	637
Rebooking	612	0	-612	0
Departures	56	0	0	56
As of March 31, 2016	2,832	283	31	3,146
Accumulated depreciation				
As of 1.4.2015	1,459	1	0	1,460
Currency differences	-1	0	0	-1
Accesses	578	0	0	578
Departures	56	0	0	56
As of March 31, 2016	1,980	1	0	1,981
Book value on March 31, 2016	852	282	31	1,165

In accordance with IAS 38 par. 21 Computer software and licenses. The useful life is usually limited to three to five years. The additions to the depreciation are recorded in the item “Depreciation of intangible assets and property, plant and equipment”.

The goodwill results from the first-time consolidation of Horváth & Partner Middle East GmbH, Vienna / Austria, in the 2012/2013 financial year (EUR 219 thousand) and of CSIE GmbH, Oestrich-Winkel, in the 2013/2014 financial year (EUR 63 thousand).

An impairment test for the goodwill of CSIE GmbH, Oestrich-Winkel, was not carried out in the financial year for reasons of materiality. The intrinsic value of the goodwill is assumed due to the positive earnings situation. There were no indications of impairment in the financial year. An impairment test was carried out this year for the goodwill attributable to Horváth & Partner Middle East GmbH, Vienna / Austria.

For the impairment test, the goodwill was assigned to cash-generating units. The recoverable amount of the cash-generating units was determined using values in use. The cash flow forecast is based on a plan drawn up by management that covers a period of five years. The planning reflects past experience and expectations about future market developments. The cash flows beyond the five-year planning period were taken into account with an estimated growth rate of 1%. A pre-tax interest rate of 11.8% (p / y 9.5%) was used to discount future cash flows.

2. Property, plant and equipment

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Cumulative acquisition costs				
Status 1.4.2016	779	4,317	11	5.107
Currency differences	11	24	0	35

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Accesses	69	1,134	0	1,203
Departures	2	338	0	340
As of March 31, 2017	857	5,137	11	6.005
Accumulated depreciation				
Status 1.4.2016	549	2,792	5	3,346
Currency differences	9	19th	0	28
Accesses	66	761	2	829
Departures	2	284	0	286
As of March 31, 2017	622	3,288	7th	3,917
Book value on March 31, 2017	235	1,849	4th	2,088

The useful life is usually between three and 13 years, and 33 years for building investments (Hungary).

The additions to the depreciation are recorded in the item “Depreciation of intangible assets and property, plant and equipment”.

In the previous year, property, plant and equipment developed as follows:

	Land and buildings including buildings on third-party land EUR k	Operating and office equipment EUR thousand	Vehicles kEUR	Total tangible assets EUR thousand
Cumulative acquisition costs				
As of 1.4.2015	730	3,847	11	4,588
Currency differences	-16	-41	0	-57
Accesses	65	817	0	882
Departures	0	306	0	306
As of March 31, 2016	779	4,317	11	5.107
Accumulated depreciation				
As of 1.4.2015	502	2,439	4th	2,945
Currency differences	-14	-33	-1	-48
Accesses	61	618	2	681
Departures	0	232	0	232
As of March 31, 2016	549	2,792	5	3,346
Book value on March 31, 2016	230	1,525	6th	1,761

3. Deferred Taxes

	31.03.2017 EUR	31.03.2016 EUR
Deferred taxes	786	727

The deferred tax assets developed as follows:

	2016/2017 EUR	2015/2016 EUR
Status on 1.4.	727	650
increase	106	168
Decrease	47	91
As of March 31	786	727

The differences in recognition and valuation determined between the results of the tax balance sheet and the commercial balance sheet as well as the adjustments to the commercial balance sheets of the companies included to IFRS led to deferred tax assets in the following items:

	31.03.2017 EUR	31.03.2016 EUR
Deviation HB / StB	500	399
Inventory valuation	40	28
Pension RSt	71	82
Cash flow hedge	175	218
	786	727

A tax rate of 31% (previous year 31%) was used to determine this.

4. Inventories

	31.03.2017 EUR	31.03.2016 EUR
unfinished tasks	2,838	3,305
Prepayments made	17th	20th

	31.03.2017 EUR	31.03.2016 EUR
	2,855	3,325

The inventories are ongoing consulting projects that could not be invoiced to the customer on the balance sheet date. The valuation of inventories was carried out in accordance with IAS 2 par. 19 made. Advance payments were mainly made to subcontractors for services in consulting projects that had not yet been billed.

5. Accounts receivable from deliveries and services

	31.03.2017 EUR	31.03.2016 EUR
Requests from deliveries and services	31,134	23,898

There were no expenses from the addition to specific valuation allowances in the financial year (previous year: EUR 0 thousand). The addition and reversal of the value adjustment for impaired receivables are shown under “Other operating expenses” or “Other operating income” in the income statement. The impairments are reversed if no further incoming payments are expected.

As of the balance sheet date, there were no indications of a need for value adjustments for the trade receivables that were not impaired.

The individual value adjustments contained in the trade accounts receivable have developed as follows:

	KEUR
As of April 1, 2015	636
Feed	0
resolution	39
As of March 31, 2016	597
Feed	0
consumption	0
As of March 31, 2017	597

Receivables in foreign currency are recognized in accordance with IAS 21 par. 21 converted into the functional currency at the closing rate of the transaction and subsequently as a monetary item in accordance with IAS 21 par. 23 valued at the rate on the balance sheet date. The difference is offset in profit or loss.

6. Income tax claims

	31.03.2017 EUR	31.03.2016 EUR
Corporation tax	23	401
Business tax	52	227
	75	628

7. Other current assets

The other current assets are made up as follows:

	31.03.2017 EUR	31.03.2016 EUR
Active prepaid expenses	1,144	782
social benefits	481	229
Prepayments made	13	35
Security deposits	1,342	1,338
value added tax	249	293
Other taxes	68	103
Rest	150	115
	3,447	2,895

The prepaid expenses and deferred income mainly include training and conference costs, contributions and fees, maintenance and license payments - insofar as these were spent for the 2017/2018 financial year.

8. Cash and cash equivalents

The means of payment are made up as follows:

	31.03.2017 EUR	31.03.2016 EUR
Cash on hand	17th	28
Bank balances	30,587	26,208
	30,604	26,236

The development of the means of payment that make up the financial resources in accordance with IAS 7 is shown in the cash flow statement.

9. Equity

For the development of equity, please refer to the statement of changes in equity (Appendix 5).

The share capital of Horváth 4G Beteiligungs GmbH amounts to EUR 2,640,000.00 and has been paid in full. It consists of the cash contributions made in the founding year 2007/2008 in the amount of EUR 1,058,050.00 and the contributions in kind (shares in Horváth AG) in the amount of EUR 987,950.00, and the capital increase in the financial year 2008/2009 of EUR 264,000.00, the capital increase in the financial year 2009/2010 in the amount of EUR 242,000.00 and the capital increase in the financial year 2016/17 in the amount of EUR 88,000.00.

At the beginning of the 2013/2014 financial year, the company had own shares with a nominal value of EUR 88 thousand, which were deducted from the subscribed capital. With a contract dated July 29, 2013, Horváth 4G Beteiligungs GmbH acquired the shares at a nominal value of EUR 132 thousand from a departed shareholder. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 154 thousand to three new shareholders. As of March 31, 2014, the company had its own shares with a nominal value of EUR 66 thousand. With a contract dated July 1, 2014, Horváth 4G Beteiligungs GmbH sold shares with a nominal value of EUR 66 thousand to a new shareholder. With the contract of 2. In October 2014, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 44 thousand from two departed shareholders. With an agreement dated August 13, 2015, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 176 thousand from two departed shareholders. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 198 thousand to three new shareholders. With a contract dated January 29, 2016, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 66 thousand from another shareholder who had left the company.

With a contract dated August 18, 2016, Horváth 4G Beteiligungs GmbH acquired shares at a nominal value totaling EUR 44 thousand from a shareholder. At the same time, Horváth 4G Beteiligungs GmbH sold shares at a nominal value totaling EUR 132 thousand to two new shareholders. With a further contract dated August 18, 2016, the share capital was increased by EUR 66,000.00 to EUR 2,618,000.00. The capital increase took place by way of a cash contribution by a new partner. With the contract dated October 31, 2016, the share capital was increased by EUR 22,000.00 to EUR 2,640,000.00. The capital increase took place by way of a cash contribution by another shareholder who joined the company.

The changes in value recorded directly in equity are broken down as follows:

	Pension obligations in EUR thousand	Cash flow hedges TEUR	Deferred taxes TEUR	Currency reserve KEUR	Changes in value recorded directly in the EK in EUR thousand
As of April 1, 2015	-456	-165	191	-226	-656
Other result	10	-535	163	-246	-608
As of March 31, 2016	-446	-700	354	-472	-1,264
As of April 1, 2016	-446	-700	354	-472	-1,264
Other result	-7	135	-40	110	198
As of March 31, 2017	-453	-565	314	-362	-1,066

The management is proposing a distribution of EUR 8.5 million for the 2016/2017 financial year. The annual financial statements of Horváth 4G Beteiligungs GmbH, prepared in accordance with German commercial law, are decisive for the distribution. The distribution is made from the balance sheet profit. The remaining amount will be transferred to the reserves.

10. Long term loans

	31.03.2017 EUR	31.03.2016 EUR
Bank loan	10,000	10,000

11. Long-term financial liabilities

	31.03.2017 EUR	31.03.2016 EUR
Market value of interest rate swap (from cash flow hedge)	566	701

12. Long-term provisions

The development of the pension provision in the financial year is shown in the following table.

	Projected unit credit 01.04.2016 EUR thousand	Reclassification of TEUR	Current service cost EUR thousand	Interest expenses EUR
Pension provisions	1,628	99	114	27

	Actuarial losses due to changes in financial assumptions EUR thousand	Actuarial losses as a result of experience adjustments EUR thousand	Pension payments / use EUR	Balance at 03.31.2017 EUR
Pension provisions	12th	-4	-45	1,831

The provisions for end-of-service services in Abu Dabi were reclassified from short-term provisions to long-term provisions. At the time of the reclassification, the provision was EUR 99 thousand; on the reporting date, the provision was EUR 164 thousand.

In the previous year, the pension provisions developed as follows:

	Projected unit credit 04/01/2015 kEUR	Dissolution of TEUR	Current service cost EUR thousand	Interest expense kEUR
Pension provisions	1,615	0	26th	26th

	Actuarial losses due to changes in financial assumptions EUR thousand	Actuarial losses as a result of experience adjustments EUR thousand	Pension payments of TEUR	As of March 31, 2016 EUR thousand
Pension provisions	-38	29	-30	1,628

The following table shows the projected unit credit if there is a change in the relevant discount rate.

	31.03.2017 EUR	31.03.2016 EUR
Interest rate increase by 0.5%	1,593	1,554
Reduction of interest by 0.5%	1,711	1,681

The pension provisions are made up of the pension provisions of Horváth AG, Stuttgart (EUR 915 thousand; previous year: EUR 879 thousand), Horváth & Partner GmbH, Stuttgart (EUR 735 thousand; previous year: EUR 737 thousand), as well as the severance pay provisions of Horváth & Partner Management Consulting GmbH, Vienna / Austria (EUR 14 thousand; previous year: EUR 12 thousand), Horváth und Partner Middle East GmbH (EUR 164 thousand; previous year: EUR 99 thousand) and Horváth Saudi Arabia LLC (EUR 3 thousand; previous year: EUR 99 thousand). V. EUR 0) together. The pension provisions of Horváth AG, Stuttgart, and Horváth & Partner GmbH, Stuttgart, are based on actuarial reports dated May 17, 2017 based on the probability values according to the 2005 G mortality tables by Prof. Dr. Klaus Heubeck.

The pension provisions relate to two issues:

- Pension obligations exist towards a former managing director of Horváth & Partner GmbH, Stuttgart.
- One current and three retired members of the Board of Management of Horváth AG, Stuttgart, and the current managing director of Horváth & Partner GmbH, Stuttgart, were granted individual commitments. These individual commitments include a one-off payment of the lump-sum payment upon reaching the age of 65. In the event of early departure, payment will be made on a pro rata basis.

Pension provisions are determined in accordance with IAS 19 using the projected unit credit method (projected unit credit method). The future obligations are calculated on the basis of the (non-forfeitable) benefit entitlements acquired on a pro rata basis up to the balance sheet date. The actuarial result is recognized directly in equity in other comprehensive income.

The calculations are based on a discount rate of 1.8% (p / y 1.6%). A pension trend was not taken into account, as the pension commitments granted and the entitlements to pension capital will not be increased for the time being.

In the income statement in the current financial year, current service cost from pensions i. H. v. EUR 114 thousand (previous year: EUR 26 thousand) in personnel expenses and interest expenses in the previous year. H. v. EUR 27 thousand (previous year: EUR 26 thousand) recognized in the financial result. In the year under review, pension benefits of EUR 45 thousand (previous year: EUR 30 thousand) were paid.

13. Deferred Tax Liabilities

The deferred tax liabilities developed as follows:

	2016/2017 EUR	2015/2016 EUR
Status on 1.4.	10	9
increase	0	1
Decrease	0	0
As of March 31	10	10

The differences in recognition and valuation determined between the results of the tax balance sheet and the commercial balance sheet as well as the adjustments to the commercial balance sheets of the companies included to IFRS led to deferred tax liabilities in the following items:

	31.03.2017 EUR	31.03.2016 EUR
Expense provisions	10	10

A tax rate of 31% (previous year 31%) was used to determine this.

14. Short term loans

	31.03.2017 EUR	31.03.2016 EUR
Bank loan	0	850

15. Trade accounts payable

	31.03.2017 EUR	31.03.2016 EUR
liabilities from goods and services	6,019	5,743

Trade accounts payable exist exclusively to other companies.

16. Other current financial liabilities

	31.03.2017 EUR	31.03.2016 EUR
Royalties	10,725	0
Wages and salaries	99	0
Contributions of silent partners	879	729
Rest	118	0
	11,821	729

The silent partner contributions include the contributions to Horváth & Partner GmbH,

Stuttgart. The liabilities from royalties and wages and salaries were reported under other current liabilities in the previous year.

17. Income Tax Liabilities

	31.03.2017 EUR	31.03.2016 EUR
Income tax liabilities	5,518	1,648

Income tax liabilities essentially include corporation tax and trade tax still to be paid, as well as foreign income taxes comparable to these.

18. Other current liabilities

	31.03.2017 EUR	31.03.2016 EUR
Royalties	0	8,686

	31.03.2017 EUR	31.03.2016 EUR
Vacation entitlements	3,659	3,266
Wage and church tax	3,483	2,848
Advance payments received on orders	2,285	1,772
Input tax / sales tax	1,899	2,029
Deferred income	509	529
Social security liabilities	179	72
Wages and salaries	0	80
Rest	929	2,376
	12,943	21,658

The advance payments received relate to consulting services.

Deferred income mainly includes payments from maintenance contracts and seminar fees, insofar as they relate to the 2017/2018 financial year, as well as a relocation allowance in accordance with the rental agreement of June 9, 2010/16 June 2010 in connection with the renting of the office space in the building Cecillienallee 10, Düsseldorf, in which a local office of Horváth & Partner GmbH is located.

The item Other includes in particular liabilities to employees (usually travel expenses) with EUR 503 thousand (previous year: EUR 507 thousand) and former shareholders with EUR 0 thousand (previous year: EUR 1,381 thousand).

The liabilities from royalties and wages and salaries were reported under other current liabilities in the previous year; in the current financial year they are reported under other current financial liabilities.

19. Short-term provisions

Year-end costs	Balance at 01.04.2016 EUR	Currency differences in EUR thousand	Consumption / dissolution of TEUR	Addition / transfer of EUR thousand	Balance at 03.31.2017 EUR
179	0	146	163	196	
Rest	785	7th	583	1,388	1,597
Total other provisions	964	7th	729	1,551	1,793

The other provisions cover all recognizable obligations towards third parties in accordance with IAS 37. They are set at the probable amount.

The information on consumption / release (KEUR 729; previous year KEUR 804) includes income from releases amounting to KEUR 335 (previous year: KEUR 48).

The outflows from short-term provisions are expected in the course of the 2017/2018 financial year.

H. Financial risks, capital management

1. Risk categories within the meaning of IFRS 7

The risk of default in receivables is limited by assessing the creditworthiness of the customer upon conclusion of the contract, short payment periods and periodic partial invoices. Outstanding accounts are continuously monitored and an active accounts receivable management is carried out. Default risks are taken into account by means of individual value adjustments. There were no additions to individual value adjustments on receivables in the year under review. As of the balance sheet date, there were no further indications that customers would not meet their obligations. Since there are overdue receivables from several independent customers who have not had any bad debts in the past, no further impairment was recognized.

The maturity analysis of overdue, non-impaired receivables results in:

	31.03.2017 EUR	31.03.2016 EUR
Up to 3 months	6.097	3,019
3-6 months	690	79
more than 6 months	216	223
	7.003	3,321

As of March 31, 2017, trade receivables in the amount of EUR 24,131 thousand (previous year: EUR 20,577 thousand) were not yet overdue.

The receivables were not reduced by any bad debt losses in the 2016/2017 financial year (previous year: EUR 5 thousand).

The maximum default risk is essentially reflected in the book values of the financial assets recognized in the balance sheet. As of the reporting date, there were no significant agreements that would reduce the maximum risk of default.

Liquidity risks arise from the possible inability to meet financial obligations, for example towards suppliers and employees. Group-wide liquidity is regularly monitored by Controlling, Treasury and the CFO. In addition to managing the capital employed and liquid funds, we reduce the liquidity risk through credit lines with various financial institutions. The credit lines are currently not being used significantly.

The maturity analysis of the financial liabilities with contractual remaining terms of the financial year is shown in the following table:

	Total amount 03.31.2017 EUR	Remaining term up to 1 year kEUR	Remaining term 1 to 5 years kEUR	Remaining term over 5 years in EUR thousand
Long term loan	10,000	0	0	10,000
Long-term financial liabilities	566	0	0	566
liabilities from goods and services	6,019	6,019	0	0
Other current financial liabilities	11,821	10,972	849	0
Other current liabilities	12,943	12,943	0	0

	Total amount 03.31.2017 EUR	Remaining term up to 1 year kEUR	Remaining term 1 to 5 years kEUR	Remaining term over 5 years in EUR thousand
	41,349	29,934	849	10,566

The maturity analysis of the financial liabilities with contractual remaining terms of the previous year can be found in the following table:

	Total amount 03.31.2016 EUR	Remaining term up to 1 year kEUR	Remaining term 1 to 5 years kEUR	Remaining term over 5 years in EUR thousand
Long term loan	10,000	0	0	10,000
Long-term financial liabilities	701	39	0	662
Short term loans	850	850	0	0
liabilities from goods and services	5,743	5,743	0	0
Other current financial liabilities	729	25th	704	0
Other short-term liabilities	21,658	21,658	0	0
	39,681	28,315	704	10,662

The company is exposed to market risks mainly through currency risks. Interest rate and other price risks are of minor importance.

Currency risks in the operative business within the individual national companies exist to a limited extent, since each company usually invoices in the local currency. Currency risks exist with foreign customers who are not processed in the functional currency. Hedging transactions to hedge the currency of the operative business are currently being examined. Risks are limited by agreeing the shortest possible payment deadlines and by using sub-suppliers for foreign currency projects, whose invoices are also issued in foreign currency.

Currency risks from receivables and liabilities within the group are minimized by short-term balancing of cash flows.

In the financing area, there are loans in non-functional currency only between the various group companies. Risks currently only exist with regard to CHF, RON, HUF, AED, SAR and USD.

In the current financial year, due to the low oil price and the associated national deficit of Saudi Arabia, speculation arose about a possible abandonment of the peg of the SAR to the USD and the associated devaluation of the SAR. In order to counteract the risk of a noticeable loss in the event of a sudden, unexpected devaluation of the SAR, Horváth und Partner Middle East GmbH has decided to conclude six forward exchange transactions for ongoing projects that are invoiced in SAR in the amount of 50% of the planned incoming payments. Five of these had already been processed by the end of the financial year. The last one is due on June 29, 2017. As of December 31, the current currency forwards March 2017 a negative market value of EUR 170,716.18. Any additional currency risks that arise within the Group are not hedged.

Due to the comparatively low impact of currency risks on the company, a separate sensitivity analysis was dispensed with with reference to the materiality principle.

Group planning and targets for the companies are based on euros, taking into account forecast exchange rates.

Due to the financing structure and hedging strategy, the company is only subject to interest rate risks with financing instruments to a limited extent. The operative business is usually financed without interest-bearing debt.

A long-term bank loan originally in the amount of EUR 13,020 thousand taken out to finance a management buy-out was hedged against increases in interest rates by means of a swap (cash flow hedge). There are therefore no interest rate risks with the loan. The interest rate swap expired in the 2016/2017 financial year; in the previous year the market value was EUR -39 thousand. In the previous year, this was included under long-term financial liabilities. The interest rate swap was valued using the present value method. The bank loan ran until January 21, 2017.

To ensure long-term liquidity, a long-term bank loan of EUR 10,000 thousand was taken out in the last financial year. This was also secured against increases in interest rates by means of an interest rate swap (cash flow hedge) so that there are no interest rate risks with this loan either. The market value of the swap on the balance sheet date was EUR - 566 thousand

(previous year KEUR - 662). This was taken into account in the item long-term financial liabilities. The interest rate swap was valued using the present value method. The bank loan has a term until March 31, 2026.

As of March 31, 2017, the Group held the following derivative financial instruments measured at fair value:

- Interest rate swap
- Hedging relationship

The Horváth & Partners Group uses the following hierarchy to determine and report the fair values of financial instruments for each valuation method:

Level 1: quoted (unadjusted) prices in active markets for similar assets and liabilities

Level 2: Procedure in which all input parameters that are significantly related to the recorded

fair value, are observable either directly or indirectly

Level 3: Procedures that use input parameters that have a significant effect on the recorded fair value and are not based on observable market data

No assets were measured at fair value.

The derivative financial liabilities were valued in accordance with the fair value hierarchy as follows.

Financial liabilities measured at fair value without affecting income	Balance sheet items 31.03.2017 EUR	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
Interest rate swap - hedging relationship	-566	-	-566	-

Financial liabilities measured at fair value without affecting income	Balance sheet items 03.31.2016 EUR	Level 1 kEUR	Level 2 kEUR	Level 3 kEUR
Interest rate swap - hedging relationship	-701	-	-701	-

During the 2016/2017 and 2015/2016 financial years, there were no transfers to or from fair value valuations for Level 1 and Level 3.

Due to the comparatively low impact of interest rate risks on the company, a separate sensitivity analysis was dispensed with with reference to the materiality principle.

There are no other price risks according to IFRS 7 - for example due to stock exchange prices or indices.

There are currently no identifiable existential risks for the company. Opportunities and risks are presented in detail in the management report.

2. Additional information on financial instruments in accordance with IFRS 7

The Group's financial assets and financial liabilities are accounted for as of March 31, 2017 in accordance with IAS 39 using the following valuation methods:

	Balance sheet items 31.03.2017 EUR	Fair value kEUR	Amortized cost of EUR k	Carrying amount of other TEUR
financial assets				
Short-term assets				
Requests from deliveries and services	31,134	0	31,134	0
Other current assets	3,447	0	1,372	2,075
Cash and cash equivalents	30,604	0	30,604	0
	65,185	0	63.110	2,075
liabilities				
Long term debt				
Long term loan	10,000	0	10,000	0
Long-term financial liabilities	566	566	0	0
Short term debt				
liabilities from goods and services	6,019	0	6,019	0
Other current financial liabilities	11,821	0	11,821	0
Other current liabilities	12,943	0	0	12,943
	41,349	566	27,840	12,943

The assets valued at amortized cost are exclusively assigned to the category loans and receivables. The financial liabilities measured at fair value without affecting profit or loss do not belong to any category under IAS 39.

The book values shown correspond with sufficient accuracy to the fair value of the financial instruments.

The Group's financial assets and financial liabilities are recognized as of March 31, 2016 in accordance with IAS 39 using the following valuation methods:

	Balance sheet items 03.31.2016 EUR	Fair value kEUR	Amortized cost of EUR k	Carrying amount of other TEUR
financial assets				
Short-term assets				
Requests from deliveries and services	23,898	0	23,898	0
Other current assets	2,895	0	1,394	1,501
Means of payment and				
Cash equivalents	26,236	0	26,236	0
	53,029	0	51,528	1,501
liabilities				
Long term debt				
Long term loan	10,000	0	10,000	0
Long-term financial liabilities	701	701	0	0
Short term debt				
Short term loans	850	0	850	0
liabilities from goods and services	5,743	0	5,743	0
Other short term financial				
liabilities	729	0	729	0
Other current liabilities	21,658	0	10,673	10,985
	39,681	701	27,995	10,985

The net gains and losses from financial instruments as of March 31, 2017 are as follows:

	Interest kEUR	Value adjustment / loss of EUR thousand	Total KEUR
Financial assets	0	0	0
Financial liabilities	-405	0	-405
	-405	0	-405

For the previous year (March 31, 2016) the following net gains and losses from financial instruments result:

	Interest kEUR	Value adjustment / loss of EUR thousand	Total KEUR
Financial assets	8th	-5	3
Financial liabilities	-357	0	-357
	-349	-5	-354

3. Capital management

Horváth & Partners controls the company according to the value proposition concept. The aim is to ensure the return on the invested assets and to develop the highest possible increase in the value of the group and its sub-areas.

In accordance with the value contribution concept, the subject of capital management is the “net operating assets”, ie the assets minus the deductible capital from non-interest-bearing assets. The aim is to exceed the minimum return of 7% after taxes (WACC). As in previous years, this goal was fully achieved in the year under review and a clearly positive value added was achieved.

With regard to the structure between equity and debt, the goal of capital management is to keep the debt ratio (net debt / EBIT) below a target of 3: 1. The leverage coefficient has been agreed as a covenant with the lending banks and fell significantly below this in the year under review.

I. Cash flow statement

The cash flow statement (Annex 4) shows how the cash fund has changed in the course of the reporting year due to inflows and outflows of funds. In accordance with IAS 7, a distinction is made between cash flows from operating and investing activities and from financing activities.

The effects of changes in the scope of consolidation are eliminated.

The composition of the cash and cash equivalents corresponds to the amount of cash and cash equivalents shown in the balance sheet on the balance sheet date.

J. Other notes

1. Other financial obligations

The company has other financial obligations in connection with rental and leasing agreements.

The resulting financial obligations are taken into account in the following presentation:

	31.03.2017 EUR	31.03.2016 EUR
Rental and leasing obligations		
Remaining term up to 1 year	3,535	3,095
Remaining term 1-5 years	6,392	6.330
Remaining term over 5 years	2,747	860
	12,674	10,285

2. Relationships with related companies and persons

There are no significant claims or liabilities towards members of the management.

Remuneration for consulting activities amounting to EUR 79 thousand (previous year: EUR 100 thousand) was paid to shareholders. There are no liabilities to former shareholders (previous year: EUR 1,381 thousand). In addition, a provision of EUR 23 thousand (previous year: EUR 22 thousand) was set up in the 2016/2017 financial year for consultancy activities by a partner.

Transactions with related persons or companies are carried out exclusively on conditions in line with the market.

The members of the management hold the following shares in Horváth 4G Beteiligungs GmbH:

- Kai Essiger, Tutzing	2.50%	(p / y 2.59%)
- Dr. Andreas Renner, Stuttgart	5.00%	(p / y 5.17%)

3. Management information

Are managing directors

Kai Essiger, Prien

Dr. Andreas Renner, Stuttgart

The managing directors have sole power of representation.

The tasks of the managing directors include, on behalf of the shareholders, the control and monitoring of the acquisition, holding and sale of investments in other companies, whose corporate purpose is in particular business advice. The managing directors perform these tasks equally.

4. Significant events after the balance sheet date

Events that would be of particular importance for the assessment of the earnings, financial and asset position of the Horváth & Partner Group did not occur after March 31, 2017, with the exception of the following circumstances. After the balance sheet date (April 21, 2017) CONSULT ING Horváth Engineers GmbH, Berlin, was founded with a share capital of EUR 25,000. The group has 51% of the capital shares and voting rights. The non-controlling interests are 49%.

5. Auditor's Fees and Services

The expenses for the group auditor (Ebner Stolz GmbH & Co. KG, Stuttgart) break down as follows in the 2016/2017 financial year:

Audit services	EUR 74 thousand

6. Additional Disclosure Requirements

With reference to Section 264 (3) HGB, the management report for Horváth & Partner GmbH, Stuttgart, has not been prepared.

With reference to Section 264 (3) of the German Commercial Code (HGB), the annual financial statements of Horváth AG, Stuttgart, and Horváth & Partner GmbH, Stuttgart, are not disclosed.

Stuttgart, July 10, 2017

Horváth 4G Beteiligungs GmbH

Managing directors

Kai Essiger

Dr. Andreas Renner

Reproduction of the auditor's report

We have issued the following auditor's report on the consolidated financial statements as of March 31, 2017 attached as Annexes 1 to 6 and on the group management report for the 2016/2017 financial year (Annex 7), which is reproduced here:

"We have the consolidated financial statements prepared by Horváth 4G Beteiligungs GmbH, Stuttgart - consisting of the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes - as well as the group management report for the financial year from April 1, 2016 to March 31, 2017 checked. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as they are to be applied in the EU, and the additional provisions of commercial law to be applied in accordance with Section 315a (1) of the German Commercial Code (HGB) and the additional provisions of the articles of association are the responsibility of the company's legal representatives. Our job is

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institute of Auditors (IDW). Accordingly, the audit must be planned and performed in such a way that inaccuracies and violations that have a significant impact on the presentation of the asset, financial and earnings position conveyed by the consolidated financial statements in accordance with the applicable accounting regulations and the group management report are detected with sufficient certainty will. When determining the audit activities, knowledge of the business activities and the economic and legal environment of the group as well as expectations of possible errors are taken into account. As part of the audit, the effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are assessed primarily on the basis of random samples. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, defining the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the legal representatives as well as the assessment of the overall presentation of the consolidated financial statements and the group management report. We are of the opinion that our audit forms a sufficiently secure basis for our assessment.

With the exception of the following restriction, our audit did not lead to any objections: The notes do not contain the information required by IAS 24 analogous to Section 314 (1) No. 6a of the German Commercial Code.

With this restriction, in our opinion, based on the knowledge gained during the audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, and the additional commercial law provisions to be applied in accordance with Section 315a (1) of the German Commercial Code (HGB) as well as the additional provisions of the articles of association and conveyed in compliance these regulations provide a true and fair view of the Group's asset, financial and earnings position. The group management report is consistent with the consolidated financial statements, complies with legal requirements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development. "

Stuttgart, July 10, 2017

Ebner Stolz GmbH & Co. KG
auditing company
tax consulting company

Matthias Spingler, auditor

Andreas Groß, auditor

Consolidated statement of changes in equity for the period from April 1, 2016 to March 31, 2017

of Horváth 4G Beteiligungs GmbH, Stuttgart

	Subscribed capital EUR thousand	Capital and revenue reserves TEUR	Change in value recorded directly in the EK in EUR thousand	Balance sheet profit TEUR	Shares in third-party ownership KEUR	Total KEUR
As of April 1, 2015	2,508	17,071	-656	-734	88	18,277
Period result	0	0	0	8,853	33	8,886
Other result	0	0	-608	0	0	-608
Overall result	0	0	-608	8,853	33	8,278
Distributions	0	0	0	-4,282	0	-4,282
Allocation of retained earnings	0	2.158	0	-2,158	0	0
Disposal of own shares	-44	-5,525	0	0	0	-5,569
As of March 31, 2016	2,464	13,704	-1,264	1,679	121	16,704
As of April 1, 2016	2,464	13,704	-1,264	1,679	121	16,704
Period result	0	0	0	11,597	17th	11,614
Other result	0	0	198	0	0	198
Overall result	0	0	198	11,597	17th	11,812
Capital increase	88	0	0	0	0	88
Distributions	0	0	0	-5,871	-15	-5,886

	Subscribed capital EUR thousand	Capital and revenue reserves TEUR	Change in value recorded directly in the EK in EUR thousand	Balance sheet profit TEUR	Shares in third-party ownership KEUR	Total KEUR
Allocation of retained earnings	0	3,818	0	-3,818	0	0
Access to own shares	88	-1,107	0	0	0	-1,019
As of March 31, 2017	2,640	16,415	-1,066	3,587	123	21,699

Group management report for the 2016/2017 financial year

of Horváth 4G Beteiligungs GmbH, Stuttgart

Summary

The economic environment was also very favorable overall in the 2016/2017 financial year. After a weak start, the global economy visibly revived in the course of 2016. The pace of expansion is still moderate, but with quarterly rates of almost 0.9 percent in the second half of the year, gross domestic product increased roughly as much as the average since the end of the global financial crisis in 2009. [1]The US economy has gained momentum since the summer of last year, and both the euro area and Japan have been in a moderate upswing for some time. The institutes rate the fact that the global economy has developed robustly since mid-2016 as something quite remarkable in view of the increased economic and political uncertainties. The UK's decision to leave the EU, for example, has contributed to the uncertainty, as has the election result in the US and an increasing likelihood that nationalist tendencies will be further boosted in the course of the upcoming elections in Europe. In spring 2017 the world economy expanded quite strongly. The increased political uncertainties are obviously hardly dampening the global economy at the moment. Industrial production expanded significantly around the turn of the year, and the leading indicators have recently been favorable for almost all regions of the world.[2]

The moderate upturn in the euro area continued in 2016. After an increase in GDP in the eurozone by 1.5 percent in 2015, it increased by 1.7 percent in 2016 as a whole. [3]In the second half of 2016, the economy was mainly driven by domestic expenditure components. Private consumption continued to rise significantly as real incomes rose sharply due to rising employment and lower energy prices. Government consumption also increased in 2016. The gross domestic product increased quite strongly in a number of member states over the course of the past year; among the larger countries this is true for Spain and the Netherlands. The economy in Greece was particularly weak, where low investor confidence and the uncertainty about the further structure of the international aid programs resulted in renewed economic stagnation.

The economic situation in Germany in 2016 was characterized by solid and steady economic growth. This results in an increase of 1.9 percent for the entire year. [4] The German economy grew again faster than in 2015 (+ 1.7 percent). It also got off to a good start in 2017. The rate of expansion accelerated somewhat in the first quarter of 2017. In January and February, industrial production was well above the level of the final quarter of 2016. The mood among companies has also continued to improve until recently; According to the Ifo Business Survey in March, the situation is assessed as better than it has been for six years. [5]

[1] Cf. Institute for the World Economy at Kiel University (IfW), World Economy in Spring 2017, Kiel Economic Report No. 27 (2017 / Q1)

[2] Cf. Project Group Joint Forecast Spring 2017 [3] Cf. Project Group Joint Forecast Spring 2017 [4] Cf. Federal Statistical Office, Press release from 02/23/2017 [5] See project group joint diagnosis spring 2017

Companies, organizations and administrations in Germany are often in the middle of a profound, digital change. With the associated challenges, they are increasingly looking for support from business consultants. Following this trend, sales in the management consulting industry increased again in 2016. The industry increased total sales to EUR 29.0 billion by the end of 2016 (2015: EUR 27.0 billion). This corresponds to an increase in sales of 7.4 percent (previous year: + 7.0 percent). Strategy consulting accounted for 24.8 percent of total market sales in 2016. This corresponds to a growth of 7.1 percent. The consulting field organization and process consulting has a share of 43.5 percent, at a growth rate of 7.5 percent. Consulting topics with particularly high growth were process optimization and performance management (+ 9.0 percent) as well as marketing and sales strategies (+ 8.4 percent).[6th]

Horváth & Partners ended the 2016/2017 financial year with growth of 15.8 percent. The Horváth & Partners Group thus clearly outperforms both economic development in Germany and the growth of the German management consultancy industry.

Sales and earnings of the Horväth & Partners Group

The group turnover of Horváth & Partners increased in the financial year 2016/2017 from EUR 127.7 million by 17.6 percent to EUR 150.2 million.

The consulting volume with subcontractors increased by 14.7 percent to EUR 22.7 million in the 2016/2017 financial year (previous year EUR 19.8 million).

Personnel expenses increased by 15.8 percent compared to the previous year. This figure includes both the increase in staff and the salary increases. In particular, the increase in staff is reflected in this value.

The result (EBIT) increased significantly by 36.7 percent from EUR 13.5 million to EUR 18.5 million. The company's return on sales (EBIT to sales) rose again to 12.3 percent (previous year 10.6 percent) and is at a good level.

The following table shows the development of sales, EBIT and net income for the financial years 2014/2015 to 2016/2017.

	FY 2014/2015 kEUR	FY 2015/2016 KEUR	FY 2016/2017 KEUR	Increase FY 15/16 - FY 16/17
sales	119,584	127.725	150.212	+ 17.6%
EBIT	13,670	13,544	18,517	+ 36.7%
Annual surplus	9,438	8,853	11,597	+ 31.0%

[6] Cf. BDU: Facts & Figures on the Consulting Market 2016/17

Business development in regions and business areas according to the respective individual financial statements

In Germany, Horváth & Partners's largest market, sales at Horváth & Partner GmbH increased significantly from EUR 89.6 million to EUR 116.7 million in the 2016/2017 financial year. Horváth & Partner GmbH also recorded a significant increase in EBIT by EUR 8.9 million to EUR 16.3 million.

The sales of our Austrian subsidiary decreased from EUR 10.1 million in the previous year to EUR 8.8 million. The company also recorded a decrease in EBIT from EUR 0.3 million to EUR 1.2 million compared to the previous year. This means that the company remains below the planned sales and EBIT targets.

The turnover of the Swiss subsidiary decreased from EUR 18.1 million in the previous year to EUR 16.7 million in the 2016/2017 financial year. Despite the decline in sales, EBIT increased from EUR 2.5 million in the previous year to EUR 2.9 million in the 2016/2017 financial year. The company was therefore unable to achieve the sales targets for the 2016/2017 financial year. The EBIT target could not be achieved in full either.

The Hungarian company was able to increase sales from EUR 6.5 million in the previous year to EUR 6.6 million. The company's EBIT also improved from EUR 0.6 million in the 2016/2017 financial year to EUR 0.7 million. With this result, the company was not able to fully achieve the sales and EBIT targets for the 2016/2017 financial year.

At the Romanian subsidiary Horváth & Partner Management Consulting Srl. Sales for the 2016/2017 financial year were EUR 1.6 million, on a par with the previous year (EUR 1.6 million). The company's EBIT fell again and was EUR - 0.4 million in the 2016/2017 financial year (previous year EUR - 0.3 million). The planned sales and EBIT values of the Romanian company for the 2016/2017 financial year were clearly missed.

Horváth & Partner Middle East GmbH was faced with a significant drop in sales and EBIT in the 2016/2017 financial year. At EUR 8.4 million, sales are EUR 5.7 million below the previous year's figure (EUR 14.1 million). The company's EBIT fell from EUR 2.3 million in the previous year to EUR - 1.2 million in the 2016/2017 financial year.

Horváth Saudi Arabia LLC, Riyadh / Kingdom of Saudi Arabia, which was newly founded in the 2016/2017 financial year, recorded sales of EUR 0.9 million and an EBIT of EUR - 148 thousand.

The subsidiary Horváth Akademie GmbH ended the 2016/2017 financial year with a significant increase in sales to EUR 4.5 million (previous year EUR 3.7 million). The company's EBIT fell from EUR 136 thousand in the previous year to EUR 46 thousand.

The business areas of Horváth & Partners are organized according to competencies (Functional Competence Center) and according to sectors (Industry Competence Center). Two out of four Functional Competence Centers were able to increase their sales compared to the previous year. The business development of the industries also varied in the 2016/2017 financial year. While some Industry Competence Centers had to accept a decline in sales, others were able to expand their business volume in some cases significantly. These differences in the business development of the Industry Competence Centers could also be identified in the past.

Strategic direction

The focus of the strategic alignment in the 2016/2017 financial year was the further development of the solution and innovation portfolio as well as the reassessment and prioritization of the market strategy. In addition, the expansion and implementation of the consulting services on the topic of digitization was pushed ahead and the roadmap for future developments in this area was defined with the aim of meeting the needs of customers in connection with the megatrend digitization now and in the coming years. Where necessary, the service portfolio was designed to be industry-specific. Our Industry Competence Centers complement the service portfolio with specific solutions for special topics in the respective industry. The implementation of the strategy and the growth potential of the industries and functions were organizationally accompanied by the establishment of new business units and segments and the strengthening of the teams. From a regional point of view, team building in Switzerland was pushed ahead; the capacity management in the Middle East and in Romania was adjusted accordingly to the difficult situation in these markets. In addition, programs to improve pricing, delivery strength, cost management and subcontractor management were strategic focuses. Corresponding customer-related and internal business processes and IT systems were further developed.

As an independent management consultancy, we support our customers from the strategic, business and organizational conception through to implementation, accompanying the change processes and tailor-made training. Our consulting approach ensures that the solutions in the areas of corporate management and performance enhancement of processes and organizations fit together. For IT implementation, we select the best specialists for the respective task and responsibly manage the implementation process.

Regionally, we see Germany, Austria and Switzerland in particular with growth opportunities. In Hungary, too, growth opportunities are now emerging again. Due to the persistently difficult situation in the consulting market, Romania will probably only be able to make a small contribution to growth. In the Middle East region with a focus on GCC countries, after the significant decline in sales in 2016/2017, sales are expected to be even lower. There are still uncertainties in the market. A contribution to growth is not expected. The cooperation with the partner companies in the global consulting alliance Cordence Worldwide is also an important element for international growth.

Investments and depreciation

In the 2016/2017 financial year, we invested EUR 1,203 thousand in property, plant and equipment and EUR 365 thousand in intangible assets. Tangible assets include, in particular, investments in information and communication technology to maintain and expand business operations, as well as office and business equipment. The intangible assets include in particular license costs and costs for an e-learning platform and for e-learning modules. At EUR 1,568 thousand, the invested funds are on a par with the previous year (EUR 1,520 thousand). The investments are offset by depreciation on intangible assets and property, plant and equipment amounting to EUR 1,117 thousand.

Cash flow and cash flow statement

The cash flow from operating activities is	EUR 14.9 million
The cash flow from investing activities is	EUR -1.4 million
The cash flow from financing activities is	EUR -9.0 million

Asset and capital structure

The balance sheet total is EUR 72.2 million after EUR 60.6 million in the previous year.

The assets are made up of 6.0 percent long-term and 94.0 percent short-term assets. In terms of current assets, the largest items are cash and cash equivalents with EUR 30.6 million (previous year EUR 26.2 million) and trade receivables with EUR 31.1 million (previous year EUR 23.9 million) .

The capital structure reflects the restructuring of the Horváth & Partners Group in 2007, which was financed through the use of outside capital. According to IFRS, the goodwill of the contributed shares in Horváth AG was not recognized. Equity amounts to EUR 21.7 million.

The long-term debts amount to EUR 12.4 million, of which EUR 10.0 million relate to loans from banks and EUR 1.8 million to long-term provisions. Current liabilities amount to EUR 38.1 million, of which EUR 6.0 million are trade payables. Short-term provisions were taken into account in the 2016/2017 financial year in the amount of EUR 1.8 million.

Number of employees in the Horväth & Partners Group

At the end of the financial year, the group had 750 employees (excluding part-time employees and interns). The group had an annual average of 633 employees (full-time equivalent). Of these, an average of 495 people were employed in the Germany, Austria and Switzerland region and 87 in Hungary.

We intend to increase the number of employees in the new 2017/2018 financial year in line with the growth requirements and to replace fluctuation in principle.

Appreciation and thanks

The above-average increase in business volume in the 2016/2017 financial year resulted from the increased demand from our customers for our consulting and training projects. Horváth & Partners owes this in particular to the high level of commitment and the professional, motivated work of our employees. The management would like to thank all colleagues very much for their contributions to the very good results for the 2016/2017 financial year.

Supplementary report

After the balance sheet date, with the exception of the establishment of CONSULT ING Horváth Engineers GmbH, Berlin, no events of particular importance occurred. Horváth & Partners has a 51 percent stake in this company.

opportunities

For 2017/2018 we see further growth opportunities for Horváth & Partners in a challenging and highly competitive economic environment. Our customers pursue ambitious growth targets, improve their competitiveness, partially realign their business models and processes in connection with digitization, implement major transformation programs and in some cases invest significantly in new information technologies. They are moving in a fundamentally positive macroeconomic development, which is characterized by uncertainty and volatility at the same time. Accelerated positive development is predicted for the world economy, among others supported by positive developments in emerging countries such as China. According to current economic forecasts, the German economy remains on a growth path; The labor market and domestic demand are viewed positively. Growth is also predicted for the EU as a whole and all member states. The economies of the GCC member states are also growing. From the USA there are basically positive reports regarding the economic development; Uncertainties arise there from possible protectionist decisions by the new government. The general willingness of companies to invest as well as the willingness to invest in consulting services from our range of services are currently given. Horváth &

Horváth & Partners will continue to develop and consistently implement its strategy. This includes the further development of the solution portfolio and consulting services in the areas of corporate management and performance optimization, digitization and business transformation. The further strengthening of industry competencies, the focus on customer benefits, the expansion of sales and delivery strengths and our strong focus on implementation will further strengthen our competitiveness and positioning in the market. Overall, this will generate additional demand for our consulting services. We are confident that on this basis we can successfully continue our growth path.

Even if we look forward to the 2017/2018 financial year with positive expectations regarding the business development of Horváth & Partners, we do not fail to recognize the risks to our sales and earnings development. With our current and potential customers, we continue to see uncertainties regarding their investments in consulting services, so that we will carefully monitor and control the risks when taking advantage of the opportunities.

Risks

For the business development of Horváth & Partners, in addition to the general economic development, the willingness of companies to invest in consulting services for corporate management and performance optimization is decisive.

The generally positive overall economic development is currently offset by uncertainties and crises. In Europe, these include the imminent Brexit, the refugee crisis, nationalist tendencies in individual EU member states as well as the Ukraine crisis and the ongoing conflict with Russia. The trouble spots and armed conflicts in some countries of the Near and Middle East, especially Syria, Iraq and Yemen, as well as the increasing tensions between Saudi Arabia and Iran harbor the danger of expanding and pose a potential threat to the economy Uncertainties among others due to the uncertain behavior of the USA with regard to current conflicts and crises as well as its relationship to Russia or individual states in the Near and Middle East as well as in Southeast Asia. All these factors can have a negative impact on the markets as well as on the sales and earnings development of our customers with corresponding repercussions on Horváth & Partners in the form of reduced budgets for consulting services, reluctance to invest and new project plans or the short-term stop of ongoing projects. In the Middle East, especially in Saudi Arabia, the persistently low oil price is an additional risk factor, which can continue to lead to limited consulting budgets in the public sector, where Horváth & Partners has achieved a significant share of sales in recent years. In total, there are numerous risks for growth and economic development in important economies with possible negative effects on our customers and ultimately on Horváth & Partners.

The risk of limited consulting budgets, reluctance to award projects or project stops exists in large strategy, transformation and IT implementation projects that usually mean large budgets for our customers. There are regional uncertainties, particularly with regard to the above-mentioned political risks and their consequences. The further business development in the Middle East remains a challenge with corresponding risks in the 2017/2018 financial year. The development of the US dollar or Swiss franc to euro exchange rate represents both an opportunity and a risk. The persistently low oil price and the national deficit in Saudi Arabia made a possible devaluation of the Saudi rial an issue. For this reason, exchange rate hedging measures were taken in 2016/2017. The devaluation risk is classified as low for 2017/2018. If the risk is rated higher again, hedging measures will be checked again.

Interest rate risks exist for Horváth & Partners only to a very limited extent. The operative business is usually financed without interest-bearing debt. A long-term bank loan was secured against increases in interest rates by means of a swap (cash flow hedge).

Volatility and uncertainty in the external market require a high degree of flexibility internally. The risk for us is that in the event of market fluctuations and sudden market slumps, capacities and costs cannot be adjusted quickly enough.

There are currently no identifiable risks that threaten the existence of the company.

In order to identify risks at an early stage, risk management is an integral part of strategy and value-oriented corporate management for us. We align our corporate planning and decision-making processes to identify risks at an early stage and to consistently use opportunities in order to secure the long-term existence of the company.

Using risk management that is fully integrated into the control systems, we ensure that possible risks are identified at an early stage and suitable countermeasures are taken. We control the entire risk management process within the framework of a comprehensive controlling system with strategically and long-term oriented early warning systems, reporting systems at group and company level as well as in an adapted form at center and company level.

Outlook and forecast for the 2017/2018 financial year

The macroeconomic outlook for the current financial year, which began in April, continues to be very positive. According to the joint forecast project group, the growth of the global economy is likely to continue at about the pace recently achieved. On an annual average, the growth rate is likely to increase from 2.6 percent in the previous year to 3.0 percent in 2017 and 2.9 percent in 2018. The acceleration in the current year is due in roughly equal parts to the economic development in the advanced economies and in the emerging countries. World trade in the current year will be 3,[7] In its interim forecast from March, the OECD expects the global economy to grow by 3.3 percent this year. However, the risks to the global economy remain considerable. The exit negotiations with the United Kingdom represent uncharted territory for the European Union and the net effects of economic policy in the United States are still not foreseeable. [8] The Institute for the World Economy at the University of Kiel (IfW) expects the world economy to gradually pick up moderately, and expects world GDP to grow by 3.5 percent in 2017 and 3.6 percent in the next year . [9]

[7] Cf. project group joint forecast spring 2017

[8] Cf. BMWi: Monthly Report of the Federal Government for Economy and Technology, May 2017 [9] Cf. Institute for the World Economy at Kiel University (IfW), World Economy in Spring 2017, Kiel Economic Report No. 27 (2017 / Q1)

For the euro area, leading indicators suggest that economic momentum picked up at the beginning of 2017. For example, the economic sentiment, as measured by the European Commission's Economic Sentiment Index (ESI), was better in the first quarter of 2017 than it has been since the beginning of 2011. A sustained significant strengthening of the upswing is unlikely to be expected. There are still structural barriers that slow down economic dynamism. The economy in France is likely to pick up only slightly, and expansion in Italy is likely to remain weak. At the same time, it is to be expected for Spain that the current high economic momentum of expansion cannot be sustained. It is also still unclear how the UK's exit will change the economic environment in Europe. The economic pace is therefore likely to weaken slightly over the remainder of the year, starting from a somewhat stronger first quarter. According to the institutes represented in the joint forecast, the growth in gross domestic product will probably amount to 1.8 percent in the current year and 1.7 percent in 2018. The economic pace is therefore likely to weaken slightly over the remainder of the year, starting from a somewhat stronger first quarter. According to the institutes represented in the joint forecast, the growth in gross domestic product will probably amount to 1.8 percent in the current year and 1.7 percent in 2018. The economic pace is therefore likely to weaken slightly over the remainder of the year, starting from a somewhat stronger first quarter. According to the institutes represented in the joint forecast, the growth in gross domestic product will probably amount to 1.8 percent in the current year and 1.7 percent in 2018.[10]

The German economy is now in the fifth year of a moderate upturn. According to the current state of the economic indicators, the economic forecasts assume that the German economy will develop very strongly in the first quarter of 2017. [11]All in all, after an increase of 1.9 percent in 2016, gross domestic product is likely to increase by 1.5 percent this year and by 1.8 percent in 2018. The rate for 2017 is only lower than that of the previous year because three fewer working days are available. However, US economic policy also poses downside risks. These result primarily from the announcements of a more protectionist trade policy. Should this result in a policy of isolation, this would severely disrupt global economic development in the short term. As an important trading partner of the United States, Germany would be particularly affected by this. [12th]

The mood among German management consultants remains very good for 2017 as well. The consultants' assessments as part of a market survey by the Federal Association of German Management Consultants (BDU) resulted in a forecast total turnover in the management consultancy sector of EUR 31.4 billion for 2017 (2016: EUR 29.0 billion). This would correspond to an increase of 8.3 percent. Considered across all size segments, three-quarters of the market participants in the study gave a positive growth forecast. The large management consultancies with sales of more than EUR 45 million are particularly optimistic. Even 90 percent assume that 2017 will be a successful year. With a view to the consulting fields, the management consulting companies expect the strongest growth impulses in organizational and process consulting with an increase of 8.5 percent and in strategy consulting with an increase of 8.2 percent. In many projects, digital tasks are in the foreground: strategies and business models, as well as the forms and processes of cooperation in the company, must be adapted to the changed requirements or completely redesigned. At the same time, customers today use digital means to obtain information and thus make their purchase decision. For companies this means[13]

[10] Cf. project group joint diagnosis spring 2017

[11] Cf. BMWi: Monthly report of the Federal Government for Economy and Technology, May 2017 [12] Cf. project group joint diagnosis spring 2017 [13] Cf. BDU: Facts & Figures on the advisory market 2016/17

Horváth & Partners is aiming for growth in the coming financial year. We see the consistent implementation of our strategy as the essential way to master the risks described and the sometimes difficult economic environment and the use of opportunities. We also use our controlling and risk management system for control. The Management Board plans for the Horváth & Partners Group for the 2017/2018 financial year with total output (including other operating income) of EUR 168 million (previous year: actual EUR 152.5 million), which corresponds to a growth of around 10 percent and would therefore be above the estimated industry average. Planning assumes earnings growth and a double-digit return (EBIT to sales). One partner is returning the second tranche of its shares as planned, and five new partners have been appointed.

Horváth & Partners is planning investments for the 2017/2018 financial year in particular for the modernization of the IT infrastructure as well as for replacement investments in the IT area and in office equipment.

With regard to sales and EBIT development for the 2018/2019 financial year, Horváth & Partners is assuming a rate of increase in the order of magnitude of 2017/2018.

The team from Horváth & Partners started the new business year highly motivated. The information available makes us fundamentally optimistic with regard to the achievability of our goals for the 2017/2018 financial year.

Stuttgart, July 2017

The Executive

Kai Essiger

Dr. Andreas Renner
