

Jubii Europe N.V.

Annual report
for the financial year ended September 30, 2016

Key Figures

		Year ended September 30, 2016	Year ended September 30, 2015 (Twenty one months)
EBITDA ¹	In kEUR	(1,230)	(1,629)
EBIT ¹	In kEUR	(1,230)	(1,629)
Net profit/(loss)	In kEUR	(1,233)	(1,512)
Shares (total outstanding) ²	number	312,300,000	312,300,000
Earnings/loss per share (diluted and undiluted)	in EUR	0.00	0.00

		Year ended September 30, 2016	Year ended September 30, 2015 (Twenty one months)
Cash, cash equivalents and other investments	in mIn EUR	14.5	16.4
Cash ratio (Cash, cash equivalents and other investments/total liabilities)	number	49.6	13.3
Shareholders' equity	in mIn EUR	14.4	15.7
Equity ratio (Shareholders' equity/total assets)	in percent	98.0	92.7
Total assets	In mIn EUR	14.7	16.9
Employees ³	number	1,3	1,3

¹ EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.

² Including treasury shares.

³ Employee figures are presented on full time equivalent basis.

Table of contents

Management Board report	5
Message from the CEO.....	5
Business Development	6
Economic Development	7
Employees.....	7
Corporate Governance Statement	8
Further information on Capital stock and Shareholder Structure.....	15
Outlook	17
Consolidated Financial Statements.....	21
Jubii Europe N.V. Consolidated Statement of Financial Position	22
Jubii Europe N.V. Consolidated Statement of Cash Flows	24
Jubii Europe N.V. Consolidated Statement of Shareholders' Equity.....	25
Notes to the Consolidated Financial Statements	26
Company Financial Statements	44
Jubii Europe N.V. Company Balance Sheet	45
Jubii Europe N.V. Company Income Statement.....	46
Jubii Europe N.V. Statement of Shareholders' Equity	47
Notes to the Company Financial Statements.....	48
Other Information	53
Quarterly Financial Information	58

This Management Board report should be read in conjunction with the (consolidated) financial statements and notes thereto. This report contains certain forward-looking statements and information relating to Jubii Europe based on the beliefs of Jubii Europe as well as assumptions made by and information currently available to Jubii Europe. When used in this document, words such as “anticipate”, “believe”, “estimate”, “expect”, “intend”, “plan” and “project” and similar expressions, as they relate to Jubii Europe or its management, are intended to identify forward-looking statements. These statements, which reflect Jubii Europe’s current views with respect to future events, are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Investors are cautioned that forward-looking statements contained in this section involve both risk and uncertainty. Several important factors cause actual results to differ materially from those anticipated by these statements.

In 2014 the Annual General Meeting of Shareholders of Jubii Europe NV (ISIN NL0000233195) amended the Company’s Articles of Association to extend the financial year 2014/2015 to the twenty-one months ended September 30, 2015 and subsequently to have the company’s financial year run from the first day of October up to and including the last day of September of the following calendar year. Therefore these financial statements relate to the financial year ended 30 September 2016 and include the comparative information of the previous financial period of 21 months ending 30 September 2015.

Management Board report

Message from the CEO

Dear shareholders,

In the past financial year Jubii Europe proceeded with the execution of the liquidation plan as decided and communicated in December 2008. Accordingly, Jubii Europe continued to move forward with the winding up of the remaining companies which are Jubii Europe N.V., the German subsidiary Jubii Europe GmbH i.L. and the Swedish subsidiary Yarps Network Services AB i.L.

As previously reported, for those two remaining subsidiaries, Yarps Network Services AB i.L. and Jubii Europe GmbH i.L., a formal application for liquidation has been filed.

The liquidation of Yarps Network Services AB cannot be finalized until the legal dispute with Telia Company AB* is concluded. In the first instance the Stockholm District Court found Telia Company guilty of abuse of its dominant position and ordered Telia Company to pay to Yarps Network Services damages of SEK 65 million plus interest until payment is made. The amount of damages and the amount of interest roughly and preliminary calculated as per day of judgement, March 7, 2016, (approximately SEK 62 million) therefore in total amounted to approximately SEK 127 million which on the basis of the exchange rate was at that time approximately EUR 13,6 million. The court further decided that both parties have to bear their own costs. However, the judgement of the first instance did not become final and binding, because Telia Company and Yarps Network Services both filed an appeal against this judgment which the Court of Appeal allowed on July 8, 2016. At this stage it cannot yet definitely be said when a judgment in the second instance will be rendered.

Jubii Europe N.V. will immediately be liquidated after these two remaining subsidiaries are closed down.

Thank you for your trust and support.

Dr. Fred Wilsdorf

Chief Executive Officer

* Formerly TeliaSonera AB (renamed in 2016)

Business Development

As the entire Jubii Europe Group is being liquidated, the business activities in the financial year 2015/2016 were focused on a proper winding up. Therefore these financial statements relate to the financial year ended 30 September 2016 and include the comparative information of the previous financial period of 21 months ending 30 September 2015.

Economic Development

Jubii Europe's business was unaffected by general market trends in the business year 2015/2016 as the Company no longer offered any products and services. As a result, the Company was not in direct competition with other internet or media companies.

Result analysis

EBITDA

During the financial year 2015/2016, the EBITDA amounted to KEUR (1,230) compared to KEUR (1,629) in the twenty one months of the extended financial year 2014/2015.

The general and administration expenses amounted to kEUR (1,890) compared to kEUR (2,581) for the twenty one months period in 2014/2015. The Ordinary expenses for the winding up amounted to KEUR (541) compared to KEUR (743) in the twenty one months period in 2014/2015. The legal and consulting fees incurred by the lawsuit against Telia Company amounted to kEUR 1,349 compared to kEUR 1,838 in 2014/2015. Other income in this period which resulted from the release of accruals amounted to kEUR 660 (kEUR 952 for 2014/2015). During 2015/2016 the net finance income amounted to KEUR (3) compared to KEUR 117 for the twenty one months in 2014/2015.

This resulted in a net loss before tax of KEUR (1,233) for the period ending September 30, 2016 compared to a net loss before tax of KEUR (1,512) ending September 30, 2015.

The earnings per share in 2015/2016 was EUR 0.00 compared to EUR 0.00 in 2014/2015.

Balance sheet analysis

Total assets decreased from EUR 16.9 million as at September 30, 2015 to EUR 14.7 million as at September 30, 2016. Cash and Cash equivalents and other investments amounted to EUR 14.5 million as of September 30, 2016 (EUR 16.4 million as of September 30, 2015). The decrease reflects mainly the cash used in operating activities, especially the payments for legal and consulting fees for the lawsuit against Telia Company. Total liabilities as at September 30, 2016 decreased to EUR 0.3 million compared to EUR 1.2 million as at September 30, 2015 mainly due to the release of provisions.

Cash flow analysis

The consolidated cash flow statements comprise of movements in cash and cash equivalents with an original maturity below three months. Other investments are classified as short term (original maturity 3-12 months) and long term other investments (original maturity above 12 months) in the balance sheet.

Employees

By the end of the business year 2015/2016, the number of full time equivalents employees was 1,3 (1,3 as of September 30, 2015).

The remaining employees are ensuring the proper liquidation process of Jubii Europe.

Corporate Governance Statement

Jubii Europe N.V. ("Jubii Europe" or the "Company") endorses the importance of good corporate governance, which is understood to include honest and transparent acting on the part of the management, correct supervision of the Company's corporate governance and accepting responsibility for the supervision carried out. This section of the Company's annual report provides an outline of its corporate governance structure. Jubii Europe applies the Dutch Corporate Governance Code to most points. [The Dutch Corporate Governance Code can be found at www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl). Deviations are specifically discussed and explained in the subsection entitled "Deviations from the Dutch Corporate Governance Code" below.

The corporate governance principles Jubii Europe employs are anchored in the Company's Articles of Association, the By-Laws of its Management Board, the By-Laws of its Supervisory Board and other documents. Jubii Europe has a written code of business principles and a written whistle-blowing policy. All of these documents and other information that Jubii Europe is required to publish or deposit pursuant to provisions of company law and securities law, are posted in a separate corporate governance section on the Company's website.

During the Company's 2005 Annual General Meeting of Shareholders its corporate governance policy was discussed and its Management and Supervisory Board gave account accordingly. Substantial changes to Jubii Europe's corporate governance structure in the future, if any, will be submitted to the General Meeting of Shareholders for discussion.

Management Board

Role and procedure

Management responsibilities

The management responsibility is vested in the Company's Management Board. This includes among other things responsibility for determining and achieving the Company's objectives, strategy and policies and the development of results. Jubii Europe's Management Board reports on these matters to its Supervisory Board and to the General Meeting of Shareholders. In discharging its role, Jubii Europe's Management Board focuses on the Company's interests, taking into consideration the interests of its shareholders. Jubii Europe's Management Board provides the Supervisory Board with all the information necessary to exercise its duties in a timely fashion.

Jubii Europe's Management Board is responsible for complying with all relevant legislation and regulations, managing the risks associated with the Company's activities and its financing. The Management Board reports on these matters to and discusses the internal risk management with the Supervisory Board. The same applied to the Audit Committee until its dissolution on May 28, 2009.

Decision making process with regard to the removal of the Management Board

Members of the Management Board can be removed by the general meeting of shareholders only by a resolution adopted with a majority of at least two-thirds of the votes cast representing at least fifty percent of the issued capital, unless such proposal has been made by the Supervisory Board or, as the case may be, the meeting of shareholders of the class entitled to draw up the binding nomination upon the appointment of the Management Board member concerned.

Authorisation of the Management Board to repurchase shares

The Management Board, subject to the prior approval of the Supervisory Board, has been authorised by the General Meeting of Shareholders to repurchase up to 50% of the Company's issued share capital on behalf of the Company for a period of 18 months as of February 25th, 2016 at a repurchase price between the nominal value of the shares concerned and an amount of 110% of the highest price of the class B shares officially quoted on any of the official stock markets the Company is listed on any of 30 banking days preceding the date the repurchase was effected or proposed.

Composition and appointment

Mr Fred Wilsdorf, the Company's Chief Executive Officer ("CEO"), is currently the sole member of the Management Board. He has been appointed for an indefinite period of time and Jubii Europe NV is of the opinion that this cannot be changed unilaterally by the Company into a fixed-term position.

Pursuant to the Company's Articles of Association Jubii Europe's Management Board must consist of one, two or three members who are appointed by the Company's General Meeting of Shareholders. The meeting of holders of Jubii Europe's class AB shares has the right to make a binding nomination for filling one seat on the Company's Management Board. The person appointed in this seat is referred to as a managing director AB. Fred Wilsdorf is a managing director AB. The meeting of holders of Jubii Europe's class AA shares may determine

that a second Management Board member must be appointed and if so determined, it will have the right to make a binding nomination with respect to the second seat. The person appointed in that seat would be referred to as a managing director AA. If the meeting of holders of class AA shares has determined that there must be a managing director AA, the meeting of holders of class AB shares may determine that the Management Board shall consist of three managing directors. In that case, the third managing director will neither be a managing director AA nor a managing director AB and in respect of this seat no binding nomination rights exist. A nomination for appointment of a managing director AA or AB prepared by the shareholders of the relevant class will be binding. This binding nomination must contain at least two nominees. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the Company's issued share capital.

Jubii Europe's Management Board has not appointed a Chief Financial Officer ("CFO"). However, Fred Wilsdorf, the current CEO, is the former CFO of Jubii Europe. In the light of the liquidation of the Company and the expertise and experience of Mr Wilsdorf the Company decided against increasing the size of the Management Board.

Remuneration

Amount and composition of the remuneration

Jubii Europe always placed a high importance on attracting and retaining qualified directors and personnel, whilst safeguarding and promoting the Company's medium and long-term interests. The Remuneration Policy for members of the Company's Management Board has always been reflective thereof. Before the strategic decision, which was taken in 2008, the Remuneration Policy was designed to support Jubii Europe's strategy for value creation and shareholder alignment. Now this Policy is to be interpreted in the light of the winding-up process. For the benefit of the shareholders the main goals are to optimize the utilization of the assets of the company as well as the cost efficiency of the winding-up process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy which is also available on the corporate website of the Company.

The Remuneration Policy for the members of Jubii Europe's Management Board includes fixed and variable components.

An overview of the remuneration of Mr Fred Wilsdorf, who is currently Jubii Europe's sole Management Board member, can be found on page 51.

Determination and disclosure of remuneration

Jubii Europe's current Remuneration Policy has been discussed and adopted by its Annual General Meeting of Shareholders in 2005. It can be found on the Company's corporate website where the Annex Remuneration Policy is published as well. Every material amendment to the Remuneration Policy will also be submitted to the General Meeting of Shareholders.

Conflicts of interest

Any member of Jubii Europe's Management Board is required to immediately report to the Chairman of the Supervisory Board any conflict of interest or potential conflict of interest that is or could be of material significance to the Company or to the member of the Management Board. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Management Board member has a conflict of interest, the Supervisory Board shall also decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:129(6) of the Dutch Civil Code (as enacted as per 1 January 2013). If no resolution can be adopted by the Management Board since all or the sole Management Board member(s) are conflicted in the meaning of Section 2:129(6) of the Dutch Civil Code, the Supervisory Board will resolve. All transactions in which there are conflicts of interest with a Management Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Management Board member are involved, but which are of material significance to Jubii Europe and/or to the Management Board member, require the approval of the Supervisory Board.

Supervisory Board

Tasks and procedure

Jubii Europe's Supervisory Board's responsibility is to supervise the policy of the Company's Management Board and the general affairs of Jubii Europe and its business as well as to assist the Company's Management Board by providing advice. In doing so, the Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its shareholders. The Supervisory Board is responsible for the quality of its own functioning.

Decision making process with regard to the removal of Supervisory Board

Members of the Supervisory Board can be removed by the general meeting of shareholders by a resolution adopted with a majority of at least two-thirds of the votes cast representing at least fifty percent of the issued capital, unless the proposal concerned has been made by the meeting of shareholders of the class entitled to draw up the binding nomination upon the appointment of the Supervisory Board member concerned.

Independence

Composition and appointment

The members of the Supervisory Board are appointed by the General Meeting of Shareholders for a period of four years. As a general rule, Jubii Europe's Supervisory Board members may serve a maximum of three terms on the Supervisory Board.

Jubii Europe's Supervisory Board consists of four members, two are supervisory directors AA and two are supervisory directors AB.

The meeting of holders of the Company's class AA shares has the right to make binding nominations for the appointment of supervisory directors AA and the meeting of holders of the Company's class AB shares has the right to make binding nominations for the appointment of supervisory directors AB. A nomination for the appointment of a supervisory director AA or AB made up by the shareholders of the relevant class will be binding. This binding nomination must contain at least two nominees. The General Meeting of Shareholders can override the binding nature of such nomination only by a two-thirds majority representing more than one-half of the issued share capital.

The expertise and composition requirements of Jubii Europe's Supervisory Board are being set out in the Supervisory Board Director Profile which is annexed to the By-Laws of the Company's Supervisory Board. The Supervisory Board is responsible for promoting, within the limits of its powers, that the size of Jubii Europe's Supervisory Board is at all times such that the Board as a whole can perform its duties effectively and responsibly and that each individual member of the Company's Supervisory Board is able to make a contribution by his or her specific qualities.

The composition of Jubii Europe's Supervisory Board is such that its members can act critically and independently of one another, and of the management and any particular interest. It is acknowledged however that under the Company's Articles of Association the meeting of holders of its class AA shares and the meeting of holders of its class AB shares have special nomination rights with respect to the appointment of Supervisory Board members and provided that Jubii Europe does bear certain characteristics of a joint venture between the holders of its class AA and AB shares justifying that the Company's Supervisory Board members are selected from persons occupying functions (as a director, officer or otherwise) with a holder of class AA or AB shares or parties related thereto.

Under the criteria of the Dutch Corporate Governance Code, as of May 28, 2009 none of the current Jubii Europe's Supervisory Board members qualify as independent. Mr Manuel Crespo de la Mata, who is a supervisory director AA, and Mr Ignacio Gaspar Sintes, who is a supervisory director AA as well, are employed by Telefónica SA or a respective affiliate. Mr. Dannhoff, the chairman of the Supervisory Board, and Mr. Caumanns are both supervisory directors AB, and are employed by Bertelsmann SE & Co. KGaA or a respective affiliate.

Role of the Chairman of the Supervisory Board and the Company Secretary

The Chairman and Vice Chairman (if any) of Jubii Europe's Supervisory Board are appointed by the meeting of holders of the Company's class AB shares. The Chairman is not a former member of the Management Board.

The duties of the Chairman of Jubii Europe's Supervisory Board include preparing the agenda and chairing Supervisory Board meetings, monitoring the satisfactory functioning of the Supervisory Board and its Committees, arranging the adequate provision of information to the Supervisory Board members, ensuring that there is sufficient time for making decisions, being the main contact point on behalf of the Supervisory Board for the Management Board, initiating the evaluation of the functioning of the Supervisory Board and the Management Board and as Chairman ensuring the orderly and efficient conduct of General Meetings of Shareholders. The Chairman of the Supervisory Board is assisted by the Company Secretary who is as such also the Secretary of the Supervisory Board itself.

Composition and role of the Committees of the Supervisory Board

Due to its reduced size as of May 28, 2009 Jubii Europe's Supervisory Board has decided against establishing any Committees for the time being.

Conflicts of interests

Any member of Jubii Europe's Supervisory Board is required to immediately report to the Chairman of the Supervisory Board any conflict of interest or potential conflict of interest that is of material significance to the Company or to the member of the Supervisory Board concerned. Where the Supervisory Board decides that a particular transaction must be treated as a transaction in which a Supervisory Board member has a conflict of interest, it will also decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:140(5) of the Dutch Civil Code (as enacted as per 1 January 2013). All transactions in which there are conflicts of interest with a Supervisory Board member are agreed on arm's length conditions. Decisions to engage in transactions in which conflicting interests of a Supervisory Board member are involved, which are of material significance to Jubii Europe and/or to the Supervisory Board member concerned require the approval of the Company's Supervisory Board.

Jubii Europe's Supervisory Board is also responsible for decision-making concerning the handling of conflicts of interest of members of the Management Board, large shareholders and the external auditor in relation to the Company.

Acknowledging that none of the current Supervisory Board Directors are independent at the current time under the criteria of the Dutch Corporate Governance Code Jubii Europe's Supervisory Board closely monitors the Company's dealings with Telefónica SA, Bertelsmann SE & Co. KGaA and their respective affiliates.

Remuneration

The remuneration of the members of the Supervisory Board, if any, is determined by the General Meeting of Shareholders. No shares and/or rights to shares in Jubii Europe's capital are granted to Supervisory Board members by way of remuneration.

The shareholders and the general meeting of shareholders powers

Good corporate governance assumes full participation of shareholders in the decision-making process in the General Meeting of Shareholders. It is in the Company's interest that as many shareholders as possible participate in the decision-making process in the General Meeting of Shareholders and that the General Meeting of Shareholders plays a full role in the system of Jubii Europe's "checks and balances".

The most important powers of Jubii Europe's General Meeting of Shareholders are:

- adoption of the Company's Dutch statutory annual accounts;
- granting release from liability to the Company's Management Board and Supervisory Board members;
- appointment, suspension and removal of the Company's Management Board and Supervisory Board members;
- adoption of a policy on remuneration of the Company's Management Board members and determination of the remuneration of its Supervisory Board members;
- appointment and removal of the external auditor;
- approval of decisions of the Company's Management Board on significant changes to Jubii Europe's identity or character (within the meaning of those terms under Section 2:107a of the Dutch Civil Code) or the identity or character of Jubii Europe's business, in any case concerning the transfer of (nearly) the Company's entire business, the entering into or terminating of joint ventures which are of fundamental importance to Jubii Europe and the acquiring or disposing of participations the value of which equals or exceeds one third of the sum of the Company's assets according to its latest adopted consolidated balance sheet;
- delegation to the Company's Management Board of the power to issue shares in the Company's capital, it being understood that the exercise of such delegated power by the Management Board is subject to approval by the Supervisory Board;
- authorization of the Company's Management Board to make Jubii Europe repurchase shares in its own capital, it being understood that upon authorization the exercise of such power by the Management Board is subject to approval by the Supervisory Board; and
- approval of any amendments to the Company's Articles of Association.

Furthermore, any substantial modification to Jubii Europe's corporate governance structure will be presented to the General Meeting of Shareholders for discussion.

The right to place an item on the agenda

Shareholders who pursuant to the law are entitled thereto, shall have the right to request to the Management Board or the Supervisory Board that items be placed on the agenda of the General Meeting of Shareholders. These requests will generally be honored by the Management Board or the Supervisory Board if the request is

received by the CEO or the Chairman of the Supervisory Board in writing at least 60 days before the date of the General Meeting of Shareholders.

Provision of information

Jubii Europe informs all shareholders and other parties within the financial market equally and simultaneously about affairs that could influence the share price. The contacts between the Management Board on the one hand and the press, financial analysts and individual investors on the other hand are carefully handled and structured and Jubii Europe does not carry out any dealings that affect the independence of the analysts with regard to the Company and vice versa.

Jubii Europe's Management Board and Supervisory Board must provide the General Meeting of Shareholders with all relevant information that it needs for the exercise of its powers. If, during a General Meeting of Shareholders, information that could affect the share price is provided or answering shareholders' questions leads to such sensitive information being provided, this information shall be made public immediately.

Decision making process with regard to an amendment of the Articles of Association

The general meeting may only resolve to amend the articles of association by at least two-thirds of the votes cast, unless the proposal concerned has been made by the combined meeting of the holders of AA shares and AB shares, in which case a simple majority will be sufficient.

Risk Management

Jubii Europe has adapted its formerly comprehensive and effective risk management to the new company situation (liquidation process). The risk management as it was applied until February 2009 has been described in the annual report 2008. Please refer to this report to get more detailed information.

After the step by step termination of all products and services the risk situation remarkably changed. Therefore Jubii Europe's risk management was adjusted accordingly. The fact that the company ceased its operations and is no longer in competition to other service providers but being shut down made certain risk precautions dispensable.

Still the aim of the risk management applied is to identify, monitor and control potential risks early on. The system is also designed to actively counteract any risks that manifest themselves.

Risk management and internal control are core business responsibilities and an integral part of company management. The Management Board ensures the company's compliance with all relevant legislation and regulations. It reports to the Supervisory board on the internal risk management and control systems as well as significant changes or planned improvements to these systems and is responsible for these systems. The system of risk management and internal control covers not only the financial controls that are essential for proper and timely reporting on the financial condition of the group but also all other operations of importance in achieving the winding-up of Jubii Europe.

With this program, Jubii Europe systematically compiles significant risks that could affect the company. The following is a list of key risks or areas of risk among the identified basic risks to which the company is exposed from a current perspective.

Legal Regulations/Litigation

Jubii Europe is exposed to several risks related to legal regulations and litigation. Beyond that Jubii Europe has to be prepared for several risks related to the liquidation process.

For this reason, even during the shutdown process the Company maintains a legal department to identify, minimize and ideally avoid these and similar risks early on.

Financial Risks

Since the Company no longer creates revenues, risks in the performance of financial instruments could potentially harm the Company. Financial instruments consist primarily of cash, cash equivalents, investments and accounts receivable. The Company's main objective is to ensure the safety of these investments until their maturity date. These risks are counteracted by selecting business partners with a good credit rating and holding the cash equivalents and deposits mainly with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund ("Einlagensicherung"). In light of the ongoing financial crisis, the monitoring cycles have been shortened to allow an even quicker response to changes in the risk structure.

Finance

The finance department is in charge of reviewing the authorization processes for each bank account of the group and its still existing subsidiaries. Each payment requires verification by a second employee. Monthly cash planning and reporting by the finance department provides management with the necessary information to control the cash position of the group. A cash pooling system regularly transfers incoming cash from the subsidiaries to centrally managed accounts.

Employees

There is a certain risk that the remaining staff does not have the specific knowledge to meet legal

requirements in the different countries. Besides the fluctuation and termination of employment contracts may result in the loss of required know how during the liquidation process.

These procedures are regularly evaluated and expanded to accommodate new requirements.

The audit of the financial reporting and the position of the external auditor

Financial reporting

Jubii Europe's Management Board is responsible for the quality and completeness of the financial information that is made public. The Company's Supervisory Board has to ensure that the Management Board fulfils this responsibility.

Role, appointment, remuneration and assessment of the functioning of the external auditor

Jubii Europe's external auditor is appointed by the Company's General Meeting of Shareholders each year to audit the annual accounts for the then current financial year. A nomination for appointment is made by Jubii Europe's Supervisory Board. The remuneration for the external auditor will forthwith be approved by Jubii Europe's Supervisory Board after consultation with the Management Board. Besides the annual assessment, the Management Board and the Supervisory Board have thoroughly assessed the external auditor in 2015/2016. Their conclusions were satisfactory and discussed in the Supervisory Board.

Relationship and communication of the external auditor with Jubii Europe's corporate bodies

The external auditor shall in any event, attend the meeting of the Supervisory Board once a year. The external auditor reports his findings concerning the audit of the financial statements to the Management Board and the Supervisory Board.

Deviations from the Dutch Corporate Governance Code

As indicated above, Jubii Europe endorses the importance of good corporate governance and applies the Dutch Corporate Governance Code to most points. Deviation from certain code provisions follows from or is justified by specific aspects of Jubii Europe's legal structure, shareholder structure and other circumstances, including but not limited to the following aspects in which Jubii Europe differs from most other Dutch listed companies: (i) Jubii Europe was founded and in certain respects still operates as a joint venture company between two (groups of) large shareholders; and (ii) Jubii Europe is a company whose registered office is in the Netherlands, but whose shares are solely listed in the German General Standard, and not on any Dutch stock exchange. As a consequence of the latter Jubii Europe believes there are instances where non-compliance with code provisions specific to the Dutch environment is justified.

Below is an overview of the matters where Jubii Europe deviates from the best practice provisions of the Dutch Corporate Governance Code (numbers in brackets below refer to the numbers of the relevant code provisions):

- Jubii Europe's current CEO, Mr Fred Wilsdorf, has been appointed for an indefinite period of time. The Company believes this cannot be unilaterally changed and that given the liquidation process of Jubii Europe such change would not be beneficial to the Company. Due to the strategic decision which has been taken in 2008 the variable part of Mr Fred Wilsdorf's remuneration for 2014/2015 has not contained a long-term incentive. Further details can be taken from the Annex Remuneration Policy which is also available on the corporate website of the Company. Any termination payments will be subject to German law, regulation and practice on termination of employment contracts. (II.1.1; II.2; II.2.8)
- In the event of (potential) conflicts of interest between Jubii Europe and members of its Management Board or Supervisory Board, the Company's Supervisory Board will decide on the internal decision-making process to be followed in respect thereof, provided that the relevant board member will be excluded from taking part in deliberations and/or decision-making on subjects in which he has a conflict of interest within the (narrow) meaning of Section 2:129(6) or Section 2:140(5) of the Dutch Civil Code (as enacted as per 1 January 2013). Jubii Europe does not acknowledge that transactions with Bertelsmann or Telefónica or their respective affiliates that are of minor importance to Jubii Europe must per se be treated as transactions involving conflicts of interests. (II.3.2; II.3.3; III.6.1; III.6.2)
- All of Jubii Europe's Supervisory Board members occupy or occupied functions (as a director, officer or otherwise) or are otherwise engaged with a holder of class AA or AB shares or parties related thereto. Accordingly the Supervisory Board members do not qualify as "independent" within the meaning of the relevant code provisions; however, otherwise the Supervisory Board members meet all criteria for independence set forth in the relevant code provisions (III.2.1; III.2.2; III.3.2; III.5.1; III.5.7)
- Nominations for appointments to Jubii Europe's Management Board and Supervisory Board are made by the holders of the Company's class AA shares or the holders of its class AB shares. Under the Company's Articles of Association, said classes of shareholders hold the power to make up binding nominations with respect to managing and supervisory directors AA and AB respectively, as discussed in the above

subsections of this report in more detail. Jubii Europe's Supervisory Board is not charged with making such nominations and has not established a nominations committee. (III.5; III.5.14; IV.1.1)

- Jubii Europe does not have an internal auditor function of its own which the Company believes is justified given the size and complexity of its past business, the ongoing liquidation process and the duties and involvement of its external auditors. (V.3.1)
- None of the Supervisory Board members is designated as such as a "financial expert" within the meaning of that term under the Dutch Corporate Governance Code. The Supervisory Board does believe however that the expertise of its members is sufficient for the Supervisory Board to discharge its supervisory duties in financial and audit-related matters. (III.3.2; III.5.7)

In addition, some of Jubii Europe's policies deviate from the formal text of specific provisions of the Dutch Corporate Governance Code where the Company does believe, however, that its policies are in conformity with the spirit of such code provisions. Those differences are apparent from textual differences between certain provisions in the By-Laws of Jubii Europe's Management Board and Supervisory Board on the one hand and best practice provisions in the Dutch Corporate Governance Code on the other. In the case of such differences, the text of said By-Laws prevails. Jubii Europe believes such differences do not require any further explanation in this annual report and such differences are not further discussed herein.

Further information on Capital stock and Shareholder Structure

The Jubii Europe share price varied frequently in the financial year 2015/16. The top share price of EUR 0,078 was reached on March 7, 2016. The lowest notation of 0,045 was reached on October 8, 2016. At the end of the financial year 2015/2016, the share price was EUR 0,055.

		1/10/2015-09/30/2016
Highest rate (March 7, 2016)	EUR	0.078
Lowest rate (October 8, 2016)	EUR	0.045
Closing rate (Sep. 30, 2016)	EUR	0.055
Market capitalization (Sep. 30, 2016)	EUR	EUR 17,136,698.92

Based on Xetra closing dates

Capital Stock

The company's capital stock consists of AA, AB and B shares, each with a par value of EUR 0.01. The average and absolute number of issued and outstanding shares, including 723,656 treasury shares with a nominal value of EUR 7,236.56, totals 312,300,000. The number of voting shares outstanding amounts to 311,576,344 as of September 30, 2015. The treasury shares were the result of both issuance and acquisition in the context of an indemnification from Spray Ventures in 2002.

Shareholder Structure

	Number of shares as of September 30, 2016	% of voting rights	% of shares	Number of shares as of September 30, 2015	% of voting rights	% of shares
Telefónica SA	100,000,000	32.1%	32.0%	100,000,000	32.1%	32.0%
Reinhard Mohn GmbH / G+J Digital GmbH/ Jahr VVG mbH& Co. KG	62,270,000	20.0%	19.9%	62,270,000	20.0%	19.9%
Christoph Mohn Internet Holding GmbH	37,730,000	12.1%	12.1%	37,730,000	12.1%	12.1%
JUBII Europe N.V. (treasury shares)	723,656	0.0%	0.2%	723,656	0.0%	0.2%
Free float**	111,576,344	35.8%	35.8%	111,576,344	35.8%	35.8%
Total	312,300,000	100.0%	100.0%	312,300,000	100.0%	100.0%

** the AFM (Netherlands Authority for the Financial Markets) informed Jubii Europe on December 20, 2012 that the stake of Ennismore Fund Management, London, UK, in the voting rights exceeded the threshold of 10% as of December 17, 2012 and amounted to 10.01% on that date

In Control Statements

Internal risk management and control systems

Jubii Europe N.V.'s internal processes are structured to ensure that the design and operation of the Group's internal risk management and control systems are both appropriate and effective.

At year-end, the Management Board and the Supervisory Board of Jubii Europe N.V. review and evaluate the effectiveness of the internal risk management and control systems during the last financial year. In this respect, Jubii Europe N.V. applies criteria established under the "Internal Control - Integrated Framework" of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The objective of these systems is to manage, rather than eliminate, the risk of failure to achieve business objectives. Accordingly, they can only provide reasonable, but not absolute, assurance against material misstatement or loss.

As required by best practice provision II.1.5 of the Dutch Corporate Governance Code and on the basis of the foregoing and the explanations contained in the Risk Management section in this annual report, the Management Board has confirmed that to its knowledge:

- Jubii Europe N.V.'s internal risk management and control systems provide a reasonable assurance that the Group's financial reporting does not contain any errors of material inaccuracies; and
- Jubii Europe N.V.'s risk management and control systems functioned properly in the financial year 2015/2016.

Responsibilities in respect of the financial statements and annual report

The Management Board is responsible for preparing the financial statements and the annual report in accordance with applicable Dutch law and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Management Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs, and of the profit or loss, of the respective companies included in the consolidation. They are responsible for maintaining proper accounting records, for safeguarding assets, and for taking reasonable steps to prevent and detect fraud and other irregularities. The Management Board is also responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgments and estimates that are prudent and reasonable. Applicable accounting standards have been followed and Jubii Europe N.V.'s financial statements, which are the responsibility of Mr F. Wilsdorf, the sole member of the Management Board, are prepared using accounting policies which comply with IFRS.

As required by section 5:25c (2)(c) of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht) and on the basis of the foregoing the Management Board has confirmed that to its knowledge:

- the financial statements give a true and fair view of the assets, liabilities, our financial position as of 30 September 2016 of the result of our consolidated operations for the financial year for the period ended 30 September 2016.
- the Management Report includes a fair review of the position at the balance sheet date, the development and performance of the business during the extended financial year of Jubii Europe N.V. and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that Jubii Europe N.V. faces.

Management Board

Dr. Fred Wilsdorf, CEO, Jubii Europe N.V.

Outlook

Jubii Europe will continue the liquidation process; however, a detailed time schedule for the completion of this process cannot be provided at present. This is mainly due to the proceeding against Telia Company as the Court of Appeal has not yet disclosed a schedule.

The Annual General Meeting of Shareholders will be held within six month after the end of the financial year 2015/2016

Haarlem, the Netherlands
December 1, 2016

The Management Board
Jubii Europe N.V.

Report of the Supervisory Board

The Management Board of Jubii Europe N.V. kept the Supervisory Board well informed about the status of the shutdown process of the Company during the period under review, October 1, 2015, to September 30, 2016. The progress of the foresaid process was discussed on the basis of monthly reports, routine meetings between the Management Board and the Chairman of the Supervisory Board as well as specific reports presented at the Supervisory Board meetings. The Supervisory Board held two ordinary and two extraordinary meetings in the financial year under review. In the course of these meetings the reports of the Management Board always comprised a detailed description of the liquidation processes, e.g. on the progress of the law suit against Telia Company, of the termination of contracts, the liquidation of affiliated entities and the financial effects of the foresaid process. The Supervisory Board was thus able to conclude that the shutdown process was being managed properly.

Summary of the shutdown process

The Company proceeded with the shutdown process. Since the decision of the Extraordinary Shareholder Meeting in 2008 the Company was able to sell 16 of its affiliated companies and to liquidate another 13 of its affiliates. As of the end of the financial year 2015/2016, for the two remaining subsidiaries, Jubii Europe GmbH i.L. and Yarps Network Services AB i.L., formal applications for liquidation had been filed; the Company / Jubii Europe NV therefore is the only company not in liquidation yet.

The overall progress with regard to the shutdown process helped to further reduce the complexity and the remaining risks related with the shutdown process.

Changes to the Management Board and the Supervisory board

In the financial year 2015/2016 no changes have been made on the Management Board or the Supervisory Board level.

Activities of the Supervisory Board

Jubii Europe's Supervisory Board's responsibility is to supervise the policy of the Company's Management Board, the general affairs of the Company as well as its business. Furthermore, the Supervisory Board assists the Company's Management Board by providing advice and guidance. In pursuit of these tasks, the Company's Supervisory Board is guided by the Company's interests and takes into account the relevant interests of its shareholders. The Company's Supervisory Board is responsible for the quality of its own functioning. The Supervisory Board was involved in the passing of resolutions as and when required by the Company's Articles of Association and By-Laws.

The Supervisory Board specifically discussed the shutdown process of the Company and lent it its unreserved support. It also discussed the Company's internal risk management and control systems. The risk management focused on the financial policy of the Company. Together with the Management Board the Supervisory Board ensured that the financial reserves of the Company were invested in a secure manner. Further, the Supervisory Board reviewed the current legal claims of the Company and its remaining affiliates.

In the financial year 2015/2016 the Supervisory Board held four meetings. As part of its efforts in the field of corporate governance the Supervisory Board has decided to meet once a year, without the Management Board being present, to discuss the functioning of the Supervisory Board and the Management Board. In 2015 it met for that purpose in December. Furthermore, the Chairman of the Supervisory Board is regularly discussing recent business and other developments pertaining to the Company with the CEO.

Remuneration of Management Board members

Since 28 May 2009 Mr. Wilsdorf holds the position as CEO of the Company.

The Supervisory Board has defined a remuneration policy for the remuneration of members of the Management Board in 2005 and thereafter which has been adopted at the 2005 Annual General Meeting of Share-holders. The Remuneration Policy can be found on the corporate website of the Company. Certain elements of the Remuneration Policy have to be interpreted with a view to the current shutdown process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy, which is also available on the corporate website of the Company. Mr. Wilsdorf's remuneration includes a variable component. The payment of this component is linked to the success of the CEO to shape the shutdown process for the benefit of the shareholders. This success is defined by (1) optimizing the utilization of the assets of the Company (2) disposing of the Company's assets or, as the case may be, collecting the Company's accounts receivable and settling its liabilities in a manner that, taking into account the Company's current status, is most beneficial to the Company; and (3) cost and time efficiency during the process. In this context after the Supervisory Board had decided at its meeting in November 2014 that a written bonus agreement with objective success criteria should be reached with Mr Wilsdorf, such an agreement has been concluded and approved in the Supervisory Board's meeting of December 3, 2015. Mr. Wilsdorf's employment contract with Jubii Europe GmbH under German law

contains a notice period of three months for the company.

The financial statements included in this annual report were drawn up by the Management Board and audited by KPMG Accountants N.V. which has given an unqualified opinion. The Supervisory Board has approved the annual report, including the financial statements. The financial statements will be submitted for shareholder approval at the Annual General Meeting of Shareholders. We recommend to our shareholders that they adopt the financial statements.

Haarlem, the Netherlands
December 1, 2016

Dr. Martin Dannhoff
Chairman of the Supervisory Board

Supervisory Board

(During the year ended September 30, 2016)

Dr. Martin Dannhoff (1961, German national)

Senior Vice President Corporate Legal Bertelsmann SE & Co. KGaA .

Member of the Supervisory Board since May 28, 2009, current term ending in 2017

Chairman of the Supervisory Board since January 1, 2010

Ignacio Gaspar Sintes (1970, Spanish national)

Executive at Telefónica, S.A.

Member of the Supervisory Board since May 22, 2014, current term ending in 2018

Manuel Crespo de la Mata (1971, Spanish national)

Executive at Telefónica, S.A.

Member of the Supervisory Board since May 26, 2011, current term ending in 2020

Jörn Caumanns (1973, German national)

Executive Vice President M&A, Bertelsmann SE & Co. KGaA

Member of the Supervisory Board since January 01, 2010, current term ending in 2018

Consolidated Financial Statements

for the financial year ended September 30, 2016

Jubii Europe N.V. Consolidated Statement of Financial Position

In thousand Euro	Notes	September 30, 2016	September 30, 2015
ASSETS			
Cash and cash equivalents	5	8,494	2,132
Other investments	5	6,000	14,300
Accounts receivable and other receivables	6	42	42
Prepaid expenses and other current assets	6	171	415
Total current assets		14,707	16,889
Total assets		14,707	16,889
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		3,123	3,123
Share premium		1,482,092	1,482,092
Treasury shares		(2,052)	(2,052)
Translation reserve		10	10
Accumulated deficit		(1,467,522)	(1,466,010)
Unappropriated result		(1,233)	(1,512)
Total shareholders' equity attributable to owners of the Company	10	14,418	15,651
Accounts payable		134	404
Provisions	11	0	634
Other short-term liabilities	12	155	200
Total current liabilities		289	1,238
Total liabilities		289	1,238
Total shareholders' equity and liabilities		14,707	16,889

The accompanying notes are an integral part of these consolidated financial statements

Jubii Europe N.V. Consolidated Statement of Comprehensive Income

In thousand Euro (except share data)	Notes	Year ended September 30, 2016	Year ended September 30, 2015 (Twenty one months)
Gross profit/(loss)		0	0
General and administration	14	(1,230)	(1,629)
Total operating income		(1,230)	(1,629)
Profit from operations		(1,230)	(1,629)
Finance income	16	11	124
Other finance income/(expense)	16	(14)	(7)
Net finance income		(3)	117
Profit before tax		(1,233)	(1,512)
Income tax/(income tax benefit)		0	0
Net profit/(loss) from continuing operations		(1,233)	(1,512)
Net profit for the period attributable to owners of the Company		(1,233)	(1,512)
Foreign currency translation differences from foreign operations		0	(8)
Other comprehensive income for the period, net of income tax		0	(8)
Total comprehensive income (loss) for the period attributable to owners of the company		(1,233)	(1,520)
Basic /diluted profit/(loss) per share (Euro) - continued operations		0.00	0.00
Basic /diluted profit/(loss) per share (Euro) - discontinued operations		0.00	0.00
Basic / diluted profit per share (Euro)		0.00	0.00
Weighted average number of shares outstanding		311,756,344	311,756,344

The accompanying notes are an integral part of these consolidated financial statements

Jubii Europe N.V. Consolidated Statement of Cash Flows

In thousand Euro	Notes	Year ended September 30, 2016	Year ended September 30, 2015
Cash flows from operating activities			
Profit/(loss) before tax		(1,233)	(1,512)
Adjustments for:			
Financing income	16	11	(124)
Change in accounts receivable and other receivables		0	39
Change in prepaid expenses and other current assets		244	(127)
Change in other investments		8,300	(2,324)
Change in other non-current assets			
Change in accounts payable		(267)	0
Change in provisions and other short-term liabilities		(679)	(1,125)
Interest received		(11)	124
Income tax paid			
Net cash used in operating activities		6,365	(5,049)
Cash flows from financing activities			
Repayment of Share premium		0	0
Net cash (used) / provided in financing activities		0	0
Effect of exchange rate changes on cash and cash equivalents		(3)	(8)
Decrease/Increase in cash and cash equivalents		6,362	(5,057)
Cash and cash equivalents, beginning of the period	5	2,132	7,189
Thereof from continued operations		2,132	7,189
Cash and cash equivalents, end of the period	5	8,494	2,132
Thereof from continued operations		8,494	2,132

The accompanying notes are an integral part of these consolidated financial statements

Jubii Europe N.V. Consolidated Statement of Shareholders' Equity

In thousand Euro (except share data)	Notes	Class AA shares		Class AB shares		Class B shares		Share premium	Legal reserve	Treasury shares		Translation reserve	Accumulated deficit
		No. of shares	EUR	No. of shares	EUR	No. of shares	EUR	EUR	EUR	No. of shares	EUR	EUR	EUR
Balance as at January 1, 2014		62,000,000	620	62,000,000	620	188,300,000	1,883	1,482,092	0	(723,656)	(2,052)	18	(1,466,159)
Appropriation of the net result of previous year													149
Net profit for the year													
Translation loss												(8)	
Total comprehensive income												(8)	
Balance as at September 30, 2015		62,000,000	620	62,000,000	620	188,300,000	1,883	1,482,092	0	(723,656)	(2,052)	10	(1,466,010)
Appropriation of the net result of previous year													(1,512)
Net profit/(loss) for the year													
Translation loss													
Total comprehensive income													
Balance as at September 30, 2016	10	62,000,000	620	62,000,000	620	188,300,000	1,883	1,482,092	0	(723,656)	(2,052)	10	(1,466,522)

In thousand Euro (except share data)	Notes	Unappropriated result	Total
		EUR	EUR
Balance as at January 1, 2014		149	17,171
Appropriation of the net result of previous year		(149)	0
Net profit/(loss) for the year		(1,512)	(1,512)
Translation loss			(8)
Total comprehensive income		(1,512)	(1,520)
Distribution to shareholders			
Balance as at September 30, 2015		(1,512)	15,651
Appropriation of the net result of previous year		1,512	0
Net profit/(loss) for the year		(1,233)	(1,233)
Translation loss		0	0
Total comprehensive income		(1,233)	(1,233)
Balance as at September 30, 2016	10	(1,233)	14,418

The accompanying notes are an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. Significant accounting policies	27 - 31
2. Changes in accounting policy and disclosures	32 - 33
3. Group entities	34
4. Financial risk management	35 - 36
5. Cash, cash equivalents and other investments	36
6. Accounts receivable, other receivables, prepaid expenses and other current assets	36-37
7. Related party transactions	38
8. Compensation of key management personnel	38
9. Compensation of the Supervisory Board	38
10. Shareholders' equity	39
11. Provisions	39
12. Other short-term liabilities and current tax liabilities	39
13. Contingent liability and contingent assets	39-40
14. Other operating expenses	40
15. Personnel expenses	40-41
16. Net finance income	41
17. Income tax	41 - 42
18. Earnings per share	42

1. Significant accounting policies

Jubii Europe N.V. ("Jubii Europe" or the "Company" / ISIN NL0000233195) is a former operator of an international network of websites being wound down. The Company commenced operations in the year 1997 and the companies existing before 2000 were reorganized as subsidiaries of Jubii Europe N.V. in January 2000. The registered office of the Company is in Haarlem, The Netherlands (Jubii Europe N.V., Fonteinlaan 7, 1212 JG Haarlem, The Netherlands).

In December 2008 the extraordinary shareholders' meeting decided to wind up the Jubii Europe group and immediately management commenced the shutdown process.

The consolidated financial statements of the Company are comprised of the Company and its subsidiaries. Therefore these financial statements relate to the financial year ended 30 September 2016 and include the comparative information of the previous financial period of 21 months ending 30 September 2015.

a) Statement of compliance

Jubii Europe has prepared consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. They also comply with the financial reporting requirements included in Section 9 of Book 2 of the Netherlands Civil Code, as far as applicable.

b) Basis of preparation

As a consequence of ongoing declining revenues management started to evaluate different options for the business in 2008. At the end of this strategic review process the Management Board and Supervisory Board finally made the proposal to wind up the group. The extraordinary shareholders' meeting approved this proposal with an according resolution in December 2008. This process is still ongoing and is not expected to be completed within 12 months after the date of this report.

As the Company has sufficient cash and cash equivalents available to ensure that it will not default in settling its liabilities related to the winding-up process of the group, the financial statements have in principal been accounted for on a going concern basis.

The financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies set out below have been applied consistently by the Group to all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Judgments and estimates are principally made in the following decisions:

- Provisions and other short term liabilities
- Accounting treatment of lawsuit against Telia Company

The estimates and underlying assumptions are reviewed on an ongoing basis.

The consolidated financial statements have been prepared on the historical cost basis.

c) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to Euro at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

The assets and liabilities of foreign operations, including fair value adjustments arising on consolidation, are translated to Euro at foreign exchange rates ruling at the end of reporting period. The revenues and expenses of foreign operations are translated to Euro at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on revaluation at period end are recognized directly in a separate component of equity, the translation reserve. In the case of a disposal or liquidation of a subsidiary, the associated translation reserve is released and recognized in the income statement.

d) Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor differences relating to investments in subsidiaries to the extent that they will likely not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

e) Share capital

Share premium

The share premium concerns the income from the issuing of shares insofar as this exceeds the nominal value of the shares (income above par).

Treasury shares

When share capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than the functional currency of the Company.

f) Financial instruments

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus (in the case of investments not at fair value through profit or loss) directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash, short-term and long-term deposits, trade and other receivables, prepaids and other current assets, other receivables and all balances approximate their fair values.

Subsequent measurement

The subsequent measurement of financial assets is as follows:

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing

involvement in the asset.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

Financial liabilities

Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade accounts payable and other short-term liabilities and all balances approximate their fair values.

Subsequent measurement

The measurement of financial liabilities is as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

Derivatives are valued on the basis of current interest rates and currency rates. As of September 30, 2016 and September 30, 2015 no forward exchange contracts were open.

According to IFRS 7 the financial assets shown in the consolidated statements of financial position (Accounts receivable and other receivables (2016-EUR 0.04 million; 2015-EUR 0.04 million), cash and cash equivalents (2016-EUR 8.5; 2015-EUR 2.0), other investments (2016-EUR 6.0 million; 2015-EUR 14.3 million) and other current financial assets (2016-EUR 0.2 million; 2015-EUR 0.4million) are allocated to the category "Loans and Receivables". The book value of these financial assets equals their historical costs and their fair values. The financial liabilities entirely contain accounts payables of EUR 0.1 million (2015-EUR 0.4 million) and other current liabilities of EUR 0.2 million (2015-EUR 0.2 million). The book value of these financial liabilities equals their historical costs and their fair values.

g) Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

h) Expenses

Costs are recognized as General and Administrative expenses.

i) Non-current assets and discontinued operations

Non-current assets and discontinued operations are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statements of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

j) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term.

As of September 30, 2016 and September 30, 2015 the Group has only entered into operating lease agreements.

k) Cash, cash equivalents and other investments

Cash in the statement of financial position comprises bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months. Other investments consist of other deposits with a maturity between 3 months and 1 year.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

i) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For both financial years ending September 30, 2016 and September 30, 2015 the group has not measured neither assets nor liabilities at fair value. Due to the fact that all liabilities are considered short-term their fair values equal approximately their book values. Therefore the group does not present any further details and notes required by IFRS 13 and IFRS 7.

j) Related Parties

Transactions with related parties are assumed when a relationship exists between the Company and a natural person or entity that is affiliated with the company. This includes, amongst others, the relationship between the company and its subsidiaries, shareholders, directors and key management personnel.

Transactions are transfers of resources, services or obligations, regardless whether anything has been charged.

2. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows: All new and amended standards and interpretations published by the IASB and the IFRIC that are effective for fiscal years beginning on or after 1 January 2015 and are required to be applied in the EU were applied in preparing the consolidated financial statements.

Changes in accounting policies and accounting estimates

The IASB has published various minor changes to standards under their annual improvements projects

- Improvements to IFRSs (collection of amendments for 2010 to 2012) (effective for fiscal years beginning on or after 1 July 2014)
- Improvements to IFRSs (collection of amendments for 2011 to 2013) (effective for fiscal years beginning on or after 1 July 2014)

Non of these new and amended standards have a significant effect on accounting and presentation in the consolidated financial statements.

Other Standards and pronouncements adopted that have no effect on the Group's financial reporting

The following standards and pronouncements by the IASB became effective or were applied for the first time in fiscal year 2015/2016. The specific nature of the amendments meant that they had no or no significant effect on the Group's financial reporting:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service.

Standards and pronouncements that are not yet effective

The IASB has published the following standards and interpretations whose application was not yet mandatory in the reporting period or which have not yet been endorsed by the European Union (except for IFRS 15, which was endorsed by the EU on November 4, 2016). The Group has not adopted any of these standards and interpretations early. These standards and interpretations will be implemented when their application in the consolidated financial statements is mandatory.

Name of IFRS or IFRIC interpretation	Summary of changes	Applicable for reporting periods beginning on or after
IFRS 15: Revenue from Contracts with Customers	IFRS 15 will apply to all sectors and all customer contracts for the delivery of goods or provision of services and will supersede all existing provisions on the recognition of revenue. The core principle of IFRS 15 is that revenue will be recognized in an amount that corresponds to the consideration that the entity expects to receive. The provisions of the standard are implemented in a 5-step model. IFRS 15 also governs the recognition of the incremental costs of obtaining a contract as well as the recognition of the costs incurred to fulfill a contract and has more extensive disclosure requirements.	January 1, 2018
IFRS 9: Financial Instruments	In the first phase, the new provisions of IFRS 9 apply to	January 1, 2018

	financial assets and financial liabilities. Depending on the entity's business model, there will only be two rather than four categories of financial assets in the future (amortized cost and fair value). The new standard also stipulates that embedded derivatives should no longer be assessed separately from the host contract but in conjunction with that contract. It also prohibits reclassifications unless the entity's business model has changed. In addition new regulations were published pertaining to hedge accounting. These contain further requirements for the accounting treatment of hedging relationships.	
IAS 12 "Narrow scope amendments"	The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. Further they clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice.	January 1, 2017
IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets"	These amendments provide guidance on acceptable methods of depreciation of property, plant and equipment and amortization of intangible assets.	January 1, 2016
IAS 1 Presentation of Financial Statements	Clarification that disclosures in the notes need to be made only if the information is not immaterial and clarification of how an entity's share in the other comprehensive income of entities accounted for using the equity method must be presented in the statement of comprehensive income.	January 1, 2016
Annual Improvements (2012-2014)	Various minor changes to standards	January 1, 2016
Amendments to IAS 7	<p>The amendments come with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.</p> <p>To achieve this objective, the amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of</p>	January 1, 2017

	changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.	
IFRS 16 "Leases"	In January 2016, the IASB issued IFRS 16, "Leases." The new standard replaces the previous leases standard (IAS 17) and provides revised guidance on the definition of a lease, the scope as well as lessee or lessor accounting. Jubii will assess their effects on the consolidated financial statements.	January 1, 2019, with earlier adoption permitted.
Amendments to IFRS 2	<p>The amendments address clarifications on the following topics:</p> <ul style="list-style-type: none"> • Accounting for cash-settled share-based payment transactions that include a performance condition • Classification of share-based payment transactions with net settlement features • Accounting for modifications of share-based payment transactions from cash-settled to equity-settled 	January 1, 2018

Except for IFRS 16 "Leases" we do not expect any of the newly adopted IFRS to have any material impact on the financial statements or performance of the Group.

3. Group entities

Subsidiaries of Jubii Europe N.V. included in the consolidated financial statements are as follows (direct and indirect holdings as at September 30, 2016):

Company	Ownership	Country of incorporation	Statutory seat
Jubii Europe GmbH i.L.	100 %	Germany	Gütersloh
Yarps Network Services AB i.L.	100 %	Sweden	Stockholm

4. Financial risk management

By using its financial instruments, the Company is exposed to credit, liquidity and market risk. This note presents information about the exposure to each of the aforementioned risk categories.

The Group's management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Management Board reviews and agrees policies for managing each of the above mentioned risks which are summarized below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk: interest rate risk and currency risk.

Currency Risk

The currency risk of Jubii Europe is mainly related to the revaluation on the accounts receivable and accounts payable that are denominated in Swedish Kronor (SEK). The respective functional currency of the Company and its subsidiaries is primarily the Euro (EUR). As of September 30, 2016 and September 30, 2015 no significant amounts of financial assets or financial liabilities were denominated in a currency other than the respective group companies functional currencies. The group has not entered into any forward agreements as of September 30, 2016 and as of September 30, 2015.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term deposits and investments with floating interest rates (see note 5).

Financial instruments affected by market risk include loans, deposits and investments. The sensitivity analysis below relates to the positions as at 30 September 2016 and 30 September 2015, and shows the effect of the assumed changes in the interest rates on the net interest income for one year.

The sensitivity on the income statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets held at September 30, 2016 respective September 30, 2015.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is only an immaterial impact on the Group's equity.

	Increase/decrease in basis points	Effect on profit before tax
2016		
EUR	+100	+0.1 Mio EUR
	-100	-0.1 Mio EUR
2015		
EUR	+100	+0.2 Mio EUR
	-100	-0.2 Mio EUR

Credit risk

Credit risk is the risk of a financial loss if a customer or party to another financial instrument fails to meet its obligations. Accounts receivable are typically unsecured. The Company maintains reserves for potential credit losses. An overview of these reserves is given in note 6. The Company's objective is furthermore to ensure the safety of its investments at maturity date. This is achieved by selection of counterparties with a good credit rating and holding a majority of the cash equivalents and deposits with German banks, which are regularly monitored for full coverage by the depositor's guarantee fund.

As of September 30, 2016 and as of September 30, 2015, the items' maximum credit risk was equal to their respective carrying amounts.

All credit risks were appropriately accounted for by recognizing impairment losses. As a consequence, the assets for which no impairment losses were recognized are of good credit quality, and there are no indications for any losses.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations if they fall due. An overview of the maturity of cash, cash equivalents and each class of the Company's investment is presented in note 5.

Financial liabilities (September 30, 2016 and September 30, 2015) are all due within 1 year.

Capital management

Capital includes equity attributable to the owners of the parent plus share premium less accumulated deficit, unappropriated result, treasury shares and translation reserves.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to maximize shareholder value. Since 2010 the focus of capital management changed to ensure a maximum of capital return to shareholders under the ongoing liquidation process.

5. Cash, cash equivalents and other investments

Cash, cash equivalents and other investments are made up of the following:

In thousand Euro	September 30, 2016	September 30, 2015
Cash	994	632
Cash equivalents	7,500	1,500
Subtotal Cash and Cash Equivalents	8,494	2,132
Other investments due within one year	6,000	14,300
Subtotal other investments	6,000	14,300
Total	14,494	16,432

Cash consists of bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months and other investments consist of deposits. Interest on short-term deposits is calculated based on fixed interest rates.

6. Accounts receivable, other receivables, prepaid expenses and other current assets

Accounts receivable are made up as follows:

In thousand Euro	September 30, 2016	September 30, 2015
Accounts receivable, gross	529	529
Accounts receivable from related parties	2	2
Less allowance for doubtful debt	(489)	(489)
Total	42	42

The aging of accounts receivable is as follows:

In thousand Euro	September 30, 2016	September 30, 2015
Accounts receivable not due	0	0
Accounts receivable 0 - 30 days overdue	0	0
Accounts receivable 30 - 90 days overdue	0	0
Accounts receivable more than 90 days overdue	529	529
Total	529	529

The development of the allowance account is as follows:

In thousand Euro	September 30, 2016	September 30, 2015
Balance as at October 1, 2015	489	692
Additions	0	0
Use	0	0
Release	0	(203)
Balance as at September 30, 2016	489	489

Prepaid expenses and other current assets are made up of the following:

In thousand Euro	September 30, 2016	September 30, 2015
Other financial assets		
Current prepaid expenses	44	46
Subtotal other financial assets	44	46
Other short-term receivables	127	369
Total	171	415

7. Related party transactions

The Company engages in various related party transactions with Bertelsmann SE & Co. KGaA and their subsidiaries. These transactions are booked on separate accounts and are generally settled within thirty days of the relevant transaction. The billing rates are set at rates which are at arms-length.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year for information regarding outstanding balances at September 30, 2016 and at September 30, 2015:

In thousand Euro		Services (other revenues) to related parties	Services from related parties	Amounts owed by related parties	Amounts owed to related parties
Entities with significant influence over the Group:					
Bertelsmann SE & Co. KGaA and subsidiaries	2015/2016**	0	(87)	2	8
	2014/2015*	0	(194)	2	10

*Period of 21 months

** Period of 12 months

Services from related parties

The services from related parties mainly consisted of accounting and IT services that the company was provided with by Bertelsmann SE & Co. KGaA.

The services from related parties are made at market prices which approximate fair value. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

On 1 April 2011, the company entered into a new lease agreement for an office in a different building in Gutersloh with a third party. This lease agreement was terminated at the end of September 2012. Jubii Europe GmbH entered into a new lease agreement with a related party and moved the office to a smaller premise.

There have been no guarantees provided or received for any related party receivables or payables.

8. Compensation of key management personnel

The fixed annual salaries and bonuses for the financial year 2015/2016 and the extended financial year 2014/2015 of key management personnel (Dr. Fred Wilsdorf) were as follows:

In thousand Euro	Fixed annual salary		Bonus		Vacation	
	2015/2016**	2014/2015*	2015/2016**	2014/2015*	2015/2016**	2014/2015*
short-term employee benefits	110	194	49	43	13	24

*Period of 21 months

** Period of 12 months

9. Compensation of the Supervisory Board

Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2015 and 2016. Former members of the Supervisory Board did not receive any remuneration in these years either.

Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board. No member of the Supervisory Board of Jubii Europe reported to hold shares in the Company.

10. Shareholders' equity

Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares also have the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on September 30, 2016, and September 30, 2015. These shares are owned by Telefónica S.A., the successor of its subsidiary LE Holding Corp., which was liquidated in 2011.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on September 30, 2016, and September 30, 2015. These shares are owned by Reinhard Mohn GmbH (24,347,400), G+J Electronic Media Service GmbH (former Fireball Internet GmbH) (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on September 30, 2016, and September 30, 2015, respectively, and 187,576,344 are outstanding on September 30, 2016, and September 30, 2015, respectively.

Unappropriated result

The General Meeting of Shareholders will be informed about the appropriation of the 2015/2016 loss after tax in the amount of KEUR (1,233) to be added to the other reserves/accumulated deficit.

11. Provisions

Provisions recognized are presented below:

In thousand Euro	Provisions
Balance as at October 1, 2015	634
Provisions made during the year 2015/2016	0
Provisions used during the year 2015/2016	0
Provision released during the year 2015/2016	(634)
Balance as at September 30, 2016	0
Non-current	0

Provisions

The provision mainly consists of exposures related to the wind up process. An amount of EUR 0.6 million of prior year's provision was released as it was no longer required.

12. Other short-term liabilities and current tax liabilities

Other short-term liabilities comprise:

In thousand Euro	September 30, 2016	September 30, 2015
Accrual for salary and salary related cost	15	15
Accrual for professional services	45	53
Other accrued expenses	95	159
Accrued expenses and other current liabilities	155	227

13. Contingent liability and contingent assets

Commitments

The Company has entered into operating lease agreements in Germany and the Netherlands.

In the course of the liquidation process the Group terminated formerly existing lease agreements and entered into new lease agreements with more suitable conditions. The lease contract for the headquarter office in Haarlem, The Netherlands was terminated by the end of July 2010. The headquarter offices were moved within Haarlem to a smaller premise.

Contingent assets from litigations

The Swedish subsidiary of Jubii Europe, Yarps Network Services AB i.L., is conducting a lawsuit against the Swedish telecommunication services company, Telia Company AB, for abuse of dominant position in relation to the internet access business previously offered in Sweden. In the first instance the Stockholm District Court found Telia Company guilty of abuse of its dominant position and ordered Telia Company to pay to Yarps Network Services damages of SEK 65 million plus interest until payment is made. The amount of damages and the amount of interest roughly and preliminary calculated as per day of judgement, March 7, 2016, (approximately SEK 62 million) therefore in total amounted to approximately SEK 127 million which on the basis of the exchange rate was at that time approximately EUR 13,6 million. The court further decided that both parties have to bear their own costs.

The judgement of the first instance did not become final and binding, because Telia Company and Yarps Network Services filed an appeal against this judgment which was allowed by the Court of Appeal on July 8, 2016; the appeal proceedings are ongoing. There can be no assurance that Jubii's subsidiary, Yarps, would prevail in the second instance at the Court of Appeal and maintain a money verdict in its favour. Also, if Yarps lost the appeal against Telia Company, this could lead to additional costs impacting the financial situation of the Company.

Indemnity and Insurance

The Company shall indemnify and hold harmless each member of the Management Board and of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose the Company has contracted Directors & Officers insurance.

14. Other operating expenses

Other operating expenses comprise of:

In thousand Euro	Year ended September 30, 2016		
	Ordinary expenses	Restructuring	Total
General and administration	(1,890)	660	(1,230)
Total	(1,890)	660	(1,230)

In thousand Euro	Year ended September 30, 2015 (Twenty one months)		
	Ordinary expenses	Restructuring	Total
General and administration	(2,581)	952	(1,629)
Total	(2,581)	952	(1,629)

15. Personnel expenses

Personnel expenses comprise of:

In thousand Euro	Year ending September 30, 2016	Year ending September 30, 2015 (Twenty one months)
Wages and salaries	195	341
Social security payments	17	27
Total	212	368

The Company employed the following employees on a full-time equivalent basis as at September 30, 2016 and as at September 30, 2015, respectively.

	Year ending September 30, 2016	Year ending September 30, 2015
Germany	1,3	1,3
The Netherlands	0	0
Total	1,3	1,3

16. Net finance income

The finance income comprises of:

In thousand Euro	Year ending September 30, 2016	Year ending September 30, 2015 (Twenty one months)
Interest income	11	124
Other finance income/(expense)	(14)	(7)
Net finance income	(3)	117

Interest income is earned on the Company's cash and cash equivalents and other investments.

17. Income tax

Income tax expenses / benefits recognized include the following:

In thousand Euro	Year ending September 30, 2016	Year ending September 30, 2015
Current income tax (expenses) / income	0	0
Income tax	0	0

The income tax expenses differ from the amount computed by using the statutory rate of the Company of 25 percent (2014/2015: 25 percent) as follows:

	%	September 30, 2016 In thousand Euro	%	September 30, 2015 In thousand Euro
Profit/(loss) before tax		(1,233)		(1,512)
Income tax using the Company's domestic tax rate		308		378
Effect of tax rates in foreign jurisdictions		0		0
Changes in loss carry forwards without recognition of deferred tax assets		(308)		(378)
Other		0		0
Taxation on income in statement of comprehensive income		0		0

The following tables show the tax losses and their maturity:

In thousand Euro	September 30, 2016
Tax losses expiring 2016	17,241
Tax losses expiring 2017	0
Tax losses expiring 2018 or later	324,891
No expiration date	345,177
Total	687,309

In thousand Euro	September 30, 2015
Tax losses expiring 2015	0
Tax losses expiring 2016	17,241
Tax losses expiring 2017 or later	322,916
No expiration date	345,177
Total	685,334

Deferred tax assets have not been recognized in respect of the tax losses shown in the table above as they may not be used to offset taxable profits elsewhere in the Group and they have arisen in subsidiaries that have been loss-making for some time.

18. Earnings per share

Basic earnings per share are calculated using the weighted average number of common shares outstanding during the year. Diluted earnings per share are similar to basic earnings per share except that the weighted average of common shares outstanding are increased to include the number of additional common shares that would have been outstanding if the dilutive potential common shares resulting from options and other potentially dilutive instruments had been issued. There are no such dilutive options or instruments at 30 September 2016 and at 30 September 2015.

Haarlem, the Netherlands
December 1, 2016

The Management Board
Jubii Europe N.V.

Approved by the Supervisory Board of Jubii Europe N.V.
Haarlem, the Netherlands
December 1, 2016

Dr. Martin Dannhoff (Chairman)

Jörn Caumanns

Manuel Crespo de la Mata

Ignacio Gaspar Sintés

Company Financial Statements
(Part 9 BW2 of the Netherlands Civil Code)
Jubii Europe N.V.

for the financial year ended September 30, 2016

Jubii Europe N.V. Company Balance Sheet
(Before proposed appropriation of result)

In thousand Euro	Notes	September 30, 2016	September 30, 2015
Assets			
Financial fixed assets			
Participating interest in group companies	2	134	116
Total financial fixed assets		134	116
Total fixed assets		134	116
Current assets			
Due from related parties	4	2,080	1,532
Accounts receivable and other receivables		35	35
Prepaid expenses and other assets		121	133
Other investments	3	6,000	14,300
Cash and cash equivalents	3	8,411	2,116
Total current assets		16,647	18,117
Total assets		16,781	18,233
Liabilities and shareholders' equity			
Shareholders' equity			
Issued capital		3,123	3,123
Share premium		1,482,092	1,482,092
Treasury shares		(2,052)	(2,052)
Translation reserve		10	10
Accumulated deficit		(1,467,522)	(1,466,010)
Unappropriated result		(1,233)	(1,512)
Total shareholders' equity		14,418	15,651
Provisions			
Restructuring	5	0	634
Total provisions		0	634
Current liabilities			
Due to related parties	4	2,096	1,703
Accounts payable		78	79
Accounts payable related parties		0	0
Accrued expenses and other current liabilities		189	166
Total current liabilities		2,363	1,948
Total liabilities and shareholders' equity		16,781	18,233

The accompanying notes are an integral part of these company financial statements

Jubii Europe N.V. Company Income Statement

In thousand Euro	Notes	Year ended September 30, 2016	Year ended September 30, 2015 (Twenty one months)
Result from subsidiaries and equity investments		(214)	(552)
Other income and expenses after taxes		(1,019)	(960)
Net profit		(1,233)	(1,512)

The accompanying notes are an integral part of these company financial statements

Jubii Europe N.V. Statement of Shareholders' Equity

In thousand Euro (except share data)	Notes	Issued capital		Share premium	Treasury shares		Legal reserve		Accumulated deficit	Unappro- priated result	Total
		No. of shares	€	€	No. of shares	€	Other	Translation reserve			
							€	€	€	€	€
Balance as at January 1, 2014		312,300,000	3,123	1,482,092	(723,656)	(2,052)	0	18	(1,466,159)	149	17,171
Appropriation of the net result of previous year									149	(149)	
Net profit for the year										(1,512)	(1,512)
Translation loss								(8)			
<i>Total comprehensive income</i>								(8)		(1,512)	(1,520)
Balance as at September 30, 2015		312,300,000	3,123	1,482,092	(723,656)	(2,052)	0	10	(1,466,010)	(1,512)	15,651
Appropriation of the net result of previous year									(1,512)	1,512	0
Net loss for the year										(1,233)	(1,233)
Total comprehensive income										(1,233)	(1,233)
Balance as at September 30, 2016	6	312,300,000	3,123	1,482,092	(723,656)	(2,052)	0	10	(1,467,522)	(1,233)	14,418

The accompanying notes are an integral part of these company financial statements

Notes to the Company Financial Statements

1. Significant accounting policies	48
2. Financial fixed assets	48
3. Cash, cash equivalents and other investments	48
4. Due to / from related parties	49
5. Provisions	49
6. Shareholders' equity	49
7. Contingent liability and contingent assets	49-50
8. Results from subsidiaries and equity investments	50
9. Income taxes	50
10. Remuneration of the Management Board	50
11. Remuneration of the Supervisory Board	51
12. Auditor fees	51

1. Significant accounting policies

The registered office of Jubii Europe N.V. ("Jubii Europe" or the "Company") is in Haarlem, the Netherlands (Jubii Europe N.V., Fonteinlaan 7, 2010 HG Haarlem, the Netherlands).

a. General

The company financial statements are part of the 2015/2016 financial statements of Jubii Europe N.V. With reference to the company's statements of comprehensive income of Jubii Europe N.V. use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

b. Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, Jubii Europe makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of Jubii Europe are the same as those applied for the consolidated EU-IFRS financial statements. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please see note 1 in the consolidated financial statements for a description of these principles.

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of net asset value. In cases where the Company guarantees for the debts of the respective participating interest, a provision is recognized. This provision is primarily recognized to the receivable on the participating interest and for the remainder will be presented under provisions.

The share in the result of participating interests consists of the share of Jubii Europe in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Europe and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

2. Financial fixed assets

In thousand Euro	Participating interest in group companies	Total
Balance as at September 30, 2015	116	116
Movements:		
Result from subsidiaries	(214)	(214)
Translation gain	0	0
Negative net asset value of subsidiaries	232	202
Balance as at September 30, 2016	134	104

Subsidiaries included in participating interest in group companies are disclosed in the consolidated financial statements in note 3.

3. Cash, cash equivalents and other investments

Cash, cash equivalents and other investments comprise the following:

In thousand Euro	September 30, 2016	September 30, 2015
Cash	911	616
Cash equivalents	7,500	1,500
Other investments due within one year	6,000	14,300
Total	14,411	16,416

Cash consists of bank balances and call deposits, cash equivalents consist of short-term deposits with an original and remaining maturity of less than three months and other investments consist of deposits.

4. Due to / from related parties

In thousand Euro	September 30, 2016	September 30, 2015
Due from related parties	27,080	26,768
Negative net asset value of subsidiaries	(25,000)	(25,236)
Due from related parties (net)	2,065	1,532
Due to related parties	(2,096)	(1,703)
Total, net	(16)	(171)

5. Provisions

In thousand Euro	Provisions
Balance at October 1, 2015	634
Provisions made during the year 2015/2016	0
Provisions used during the year 2015/2016	0
Provisions released during the year 2015/2016	(634)
Balance at September 30, 2016	0

6. Shareholders' equity

Issued capital

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares also have the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on September 30, 2016, and September 30, 2015. These shares are owned by Telefónica S.A., the successor of its subsidiary LE Holding Corp. which was liquidated in 2011.

The Class AB shares have a par value of EUR 0.01. Of the 250,000,000 shares authorized, 62,000,000 are issued and outstanding on September 30, 2016, and September 30, 2015. These shares are owned by Reinhard Mohn GmbH (24,347,400), G+J Digital GmbH (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600), also initial shareholders and founders of the Company.

The Class B shares have a par value of EUR 0.01. Of the 500,000,000 shares authorized, 188,300,000 are issued on September 30, 2016, and September 30, 2015, respectively, and 187,576,344 are outstanding on September 30, 2016, and September 30, 2015, respectively.

Unappropriated result

The General Meeting of Shareholders will be informed about the appropriation of the 2015/2016 loss after tax in the amount of KEUR (1,233) to be added to the other reserves/accumulated deficit.

7. Contingent liability and contingent assets

Litigation

The Swedish subsidiary of Jubii Europe, Yarps Network Services AB i.L., is conducting a lawsuit against the Swedish telecommunication services company, Telia Company AB, for abuse of dominant position in relation to the internet access business previously offered in Sweden. In the first instance the Stockholm District Court found Telia Company guilty of abuse of its dominant position and ordered Telia Company to pay to Yarps Network Services damages of SEK 65 million plus interest until payment is made. The amount of damages and the amount of interest roughly and preliminary calculated as per day of judgement, March 7, 2016, (approximately SEK 62 million) therefore in total amounted to approximately SEK 127 million which on the basis of the exchange rate was at that time approximately EUR 13,6 million. The court further

decided that both parties have to bear their own costs. The judgement of the first instance did not become final and binding, because Telia Company and Yarps Network Services filed an appeal against this judgment which was allowed by the Court of Appeal on July 8, 2016; the appeal proceedings are ongoing. There can be no assurance that Jubii's subsidiary, Yarps, would prevail in the second instance at the Court of Appeal and maintain a money verdict in its favour. Also, if Yarps lost the appeal against Telia Company, this could lead to additional costs impacting the financial situation of the Company.

Indemnity and insurance

The Company shall indemnify and hold harmless each member of the Supervisory Board in accordance with Article 26.A of the Articles of Association of the Company. For this purpose, the Company has contracted a D&O insurance.

8. Results from subsidiaries and equity investments

This concerns the share of Jubii Europe in the results of its participating interests, of which an amount of EUR (0.2) million (2014/2015: EUR (0.5) million) concerns to group companies.

9. Income taxes

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. On September 30, 2016, and September 30, 2015, the Company's operating tax loss carry-forwards amount to approximately EUR 341,1 million and EUR 340.2 million, respectively. EUR 17.2 million of these loss carry-forwards expire after 2016, EUR 323.9 million expire after 2018 or later.

10. Remuneration of the Management Board

Fixed annual salary and short-term incentive (bonus)

The Management Board members receive a fixed annual salary that is in line with their position in the Company as soon as they join the Board. In addition, an annual performance-based bonus is fixed and reviewed after completion of the annual report for the respective fiscal year by the Supervisory Board. The bonus payment is subject to achievement of goals set out in the Remuneration Policy which is available on the corporate website of the Company. Certain elements of the Remuneration Policy have to be interpreted according to the current shutdown process. The cornerstones of this interpretation have been summarized in the Annex Remuneration Policy which is also available on the corporate website of the Company.

The fixed annual salaries and bonuses for 2015/2016 of the Management Board (Dr. Fred Wilsdorf) were as follows:

In thousand Euro	Fixed annual salary		Bonus		Vacation	
	2015/2016**	2014/2015*	2015/2016**	2014/2015*	2015/2016**	2014/2015*
short-term employee benefits	110	194	49	43	13	24

*Period of 21 months

** Period of 12 months

Shares

Mr. Fred Wilsdorf does not own any shares in the Company.

Total remuneration

The total remuneration of Management Board members in 2015/16 amounted to EUR 0.2 million (2014/15: EUR 0.3 million). Former members of the Management Board did not receive any remuneration in 2015/2016 and 2014/15.

11. Remuneration of the Supervisory Board

Remuneration package

No member of the Supervisory Board received remuneration in respect of their function as member of the Supervisory Board of the Company in 2015/16 and 2014/15. Former members of the Supervisory Board did not receive any remuneration in 2015/16 and 2014/15.

Options / shares

No share options rights in the Company are granted to or acquired by members of the Supervisory Board. No member of the Supervisory Board of Jubii Europe holds shares in the Company.

12. Auditor fees

The fees paid to the Company's external auditor are as follows:

In thousand Euro	KPMG Accountants N.V. 2015/2016	Other KPMG Network 2015/2016	Total KPMG Network 2015/2016	KPMG Accountants N.V. 2014/2015	Other KPMG Network 2014/2015	Total KPMG Network 2014/2015
Audit services (fee)						
Audit	35	0	35	40	0	40
Tax services	0	0	0	0	0	0
	35	0	35	40	0	40
Non-audit services						
Other	0	0	0	0	8	8
	35	0	35	40	8	48

13. Related parties

Related party transactions not on an arm's length basis have not occurred.

Haarlem, the Netherlands
December 1, 2016
The Management Board
Jubii Europe N.V.

Dr. Fred Wilsdorf

Approved by the Supervisory Board of Jubii Europe N.V.
Haarlem, the Netherlands,
December 1, 2016

Dr. Martin Dannhoff (Chairman)
Jörn Caumanns
Manuel Crespo de la Mata
Ignacio Gaspar Sintes

Other Information

Class AA shares and Class AB shares

The Company's Class AA and AB shares have been issued as registered shares. These registered shares carry special voting and binding nomination rights. Of the shareholders, only holders of Class AA and AB registered shares have also the right to make binding nominations of the Management Board and the Supervisory Board as well as for the positions of Chairman and Deputy Chairman of the Supervisory Board.

The Class AA shares are owned by Telefónica S.A. which has been the successor of its subsidiary LE Holding Corp., which was liquidated in 2011.

The Class AB shares are owned by Reinhard Mohn GmbH (24,347,400), G +J Digital GmbH (14,260,000) and Christoph Mohn Internet Holding GmbH (23,392,600).

Profit appropriation provision

The appropriation of losses takes place in accordance with Article 37 of the Articles of Association. The Company's policy on reserves and dividends is determined and can be amended by the Supervisory Board upon proposal of the Management Board. The allocation of losses remaining after allocation to reserves is determined by the Management Board, with the approval of the Supervisory Board. Amounts can be withdrawn from the distributable reserves by virtue of a resolution of the Management Board which has been approved by the Supervisory Board.

Appropriation of result for the year 2015/2016

The General Meeting of Shareholders will be informed about the appropriation of the 2015/2016 loss after tax in the amount of KEUR (1,233) to the other reserves/accumulated deficit.

Independent Auditor's Report

We refer to the accompanying Independent Auditor's Report as set forth on the following page.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Jubii Europe N.V.

Report on the audit of the annual financial statements for the year ended 30 September 2016

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Jubii Europe N.V. as at 30 September 2016, and of its result and its cash flows for the year ended on 30 September 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of Jubii Europe N.V. as at 30 September 2016, and of its result for the year ended on 30 September 2016 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements for the year ended on 30 September 2016 of Jubii Europe N.V., based in Haarlem. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 30 September 2016;
- 2 the following consolidated statements for the year ended on 30 September 2016: the statement of comprehensive income, shareholders' equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as at 30 September 2016;
- 2 the company profit and loss account for the year ended on 30 September 2016; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

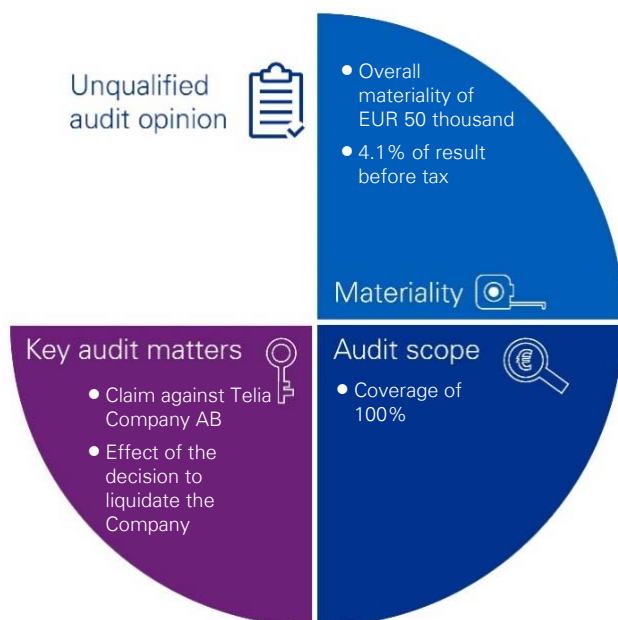
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Jubii Europe N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Audit approach

Summary



Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 50,000 (2014/2015: EUR 150,000). The materiality is determined with reference to the result before tax (4.1%). We consider the result before tax as the most appropriate benchmark as it shows the financial performance of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 2,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Jubii Europe N.V. is head of a group of entities. The financial information of this group is included in the financial statements of Jubii Europe N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or the risk profile of the group entities or operations. On this basis, we performed a full scope audit on all group entities based on the materiality level for the financial statements as a whole. Therefore we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Claim against Telia Company AB

Description



The contingent assets as disclosed in note 13 of the financial statements include background information about the filed claim and pending lawsuit by Swedish subsidiary Yarps Network Services AB against Telia Company AB. This claim has not been recognised as an asset in the consolidated statement of financial position as the outcome of the lawsuit is not virtually certain. Instead this claim is reported off balance sheet in the notes to the financial statements as a contingent asset, as it is a possible asset arisen from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Recognition of this claim would have a material impact on the financial statements as a whole.

Our response



We have performed audit procedures to assess the correctness of the accounting treatment of the claim, by testing management's conclusion that the outcome of the lawsuit against Telia Company AB is not virtually certain and qualifies as a contingent asset as at 30 September 2016. For that purpose we have examined, among others, the nature, extent and size of the filed lawsuit and the current status of the legal proceedings including the court decision made by the Stockholm District Court on 7 March 2016. We also examined correspondence between the Company and its legal advisors. We requested a lawyer's letter from the law firm engaged by the Company. We also assessed the adequacy of the Company's disclosure (refer to note 13) in respect of the uncertainty of the outcome of the lawsuit.

Our observation



Based on our procedures we concur with Management Board's decision not to recognise this claim as an asset in the consolidated statement of financial position and consider the treatment as a contingent asset and the related disclosures in respect of the uncertainties going forward as appropriate.

Effect of the decision to liquidate the Company

Description



As disclosed in note 1 to the financial statements the shareholders approved the decision taken by the Management Board to execute the liquidation of the Company in accordance with the liquidation plan. However, the liquidation plan cannot be finalized until the lawsuit against Telia Company AB is concluded. As a result the Company prepared the financial statements on a going concern basis. Due to the aforementioned we identified the effect of the decision to liquidate the Company as a key audit matter.

Our response



For our audit of the going concern assumption as disclosed in note 1 to the financial statements we evaluated and tested the assumptions, methodologies and data used by the Company. This included an analysis of several scenarios and risks considered by the Company based on the potential outcome of the lawsuit against Telia Company AB.

Our observation



We noted that the Company has sufficient cash and cash equivalents available as at 30 September 2016 to fund the planned operations for the coming year including the legal expenses for the continuation of the claim against Telia Company AB. We also noted that contingencies have been included in and sensitivities have been applied to the cash flow calculations. Based on these sensitivity analyses there appears a limited risk that an unfavourable outcome of the lawsuit will have an impact on the projected cash outflows.

Effect of the decision to liquidate the Company

Although a level of uncertainty remains, we concur with Management Board's conclusion in note 1 to the consolidated financial statements that there remain no material uncertainties with respect to going concern.

Responsibilities of the Management Board and Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/standardtexts-auditorsreport

Report on other legal and regulatory requirements

Report on the Management Board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Management Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Management Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Management Board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the General Meeting as auditor of Jubii Europe N.V. as of the audit for the year 2000 and have operated as statutory auditor since then.

Amstelveen, 1 December 2016

KPMG Accountants N.V.

W.A. Nijmeijer RA

Quarterly Financial Information (unaudited)

In thousand Euro (except per share data)	Quarter ended March 31, 2012	Quarter ended June 30, 2012	Quarter ended September 30, 2012	Quarter ended December 31, 2012
Revenues	0	0	0	0
EBITDA ¹	(402)	(266)	322	704
EBIT ¹	(402)	(266)	322	703
Net profit	(311)	(194)	371	728
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2013	Quarter ended June 30, 2013	Quarter ended September 30, 2013	Quarter ended December 31, 2013
Revenues	0	0	0	0
EBITDA ¹	(193)	(72)	(307)	650
EBIT ¹	(193)	(72)	(307)	650
Net profit	(180)	(55)	(287)	671
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2014	Quarter ended June 30, 2014	Quarter ended September 30, 2014	Quarter ended December 31, 2014
Revenues	0	0	0	0
EBITDA ¹	(410)	(591)	(118)	686
EBIT ¹	(410)	(591)	(118)	686
Net profit	(382)	(575)	(102)	710
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2015	Quarter ended June 30, 2015	Quarter ended September 30, 2015	Quarter ended December 31, 2015
Revenues	0	0	0	0
EBITDA ¹	(324)	(507)	(365)	(503)
EBIT ¹	(324)	(507)	(365)	(503)
Net profit	(313)	(501)	(349)	(485)
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

In thousand Euro (except per share data)	Quarter ended March 31, 2016	Quarter ended June 30, 2016	Quarter ended September 30, 2016	Quarter ended December 31, 2016
Revenues	0	0	0	0
EBITDA ¹	(177)	(358)	(192)	
EBIT ¹	(177)	(358)	(192)	
Net profit	(178)	(355)	(215)	
Net profit / (net loss) per share basic and diluted in Euro	0.00	0.00	0.00	0.00

¹ EBITDA is Earnings Before Interest, Taxes, Depreciation, Amortization and Impairment, EBIT is Earnings Before Interest and Taxes.

Jubii Europe N.V.
Fonteinlaan 7
2012 JG Haarlem
The Netherlands

Email: contact@jubii.com

Web: www.jubii.com