FINANCIAL STATEMENTS 2018

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER
(BEFORE APPROPRIATION OF PROFIT)

(in euro thousands)	Notes	**2017 Restated**	**2018**
Assets			
Non-current assets			
Intangible assets	8	131,796	130,370
Property, plant and equipment	9	4,959	4,871
Investments in associates	10	371	364
Deferred income tax assets	11	18,253	15,177
Total non-current assets		**155,379**	**150,782**
Current assets			
Transition costs	12	123	8
Trade debtors and other short term assets	14	63,604	64,100
Cash and cash equivalents	15	10,889	18,488
Total current assets		**74,616**	**82,596**
Total assets		**229,995**	**233,378**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER (BEFORE APPROPRIATION OF PROFIT) (CONTINUED)

(in euro thousands)	Notes	**2017 Restated**	**2018**
Equity and liabilities			
Equity			
Paid-up and called-up share capital	16	9,326	9,326
Share premium reserve	17	136,219	136,219
Retained earnings	17	-936	612
Profit for the year	17	3,108	6,873
Total equity		**147,717**	**153,030**
Liabilities			
Non-current liabilities			
Employee related provisions	19	880	875
Other provisions / long term	20	0	0
Total non-current liabilities		**880**	**875**
Current liabilities			
Borrowings	18	0	0
Other provisions / short term	21	839	365
Trade payables and other short term liabilities	22	76,325	74,454
Current tax payable		4,234	4,654
Total current liabilities		**81,398**	**79,473**
Total liabilities		**82,278**	**80,348**
Total equity and liabilities		**229,995**	**233,378**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

(in euro thousands)	Notes	2017 Restated	2018
Revenue from contracts with customers	6	**342,021**	**358,522**
Cost of hardware, software and other direct costs		5,139	5,262
Work contracted out		88,987	96,508
Personnel expenses	23	220,002	219,731
Amortisation	8	4,775	1,648
Depreciation	9	2,831	2,473
Other operating expenses	24	13,363	18,360
Total operating expenses		**335,097**	**343,982**
Operating profit		**6,924**	**14,540**
Finance income		0	0
Finance costs		-443	-236
Finance costs - net	25	**-443**	**-236**
Share of profit of associates	10	-26	-7
Profit before tax		**6,455**	**14,297**
Income tax expense	26	-3,347	-7,424
Net profit for the year		**3,108**	**6,873**
Net profit is attributable to:			
Shareholders of the company		3,108	6,873
Net profit for the year		**3,108**	**6,873**

(in euros)	Notes	2017	2018
Earnings per share - basic	27	**0.03**	**0.07**
Earnings per share - diluted	27	**0.03**	**0.07**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in euro thousands)	Notes	**2017 Restated**	**2018**
Profit for the year	17	3,108	**6,873**
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	17/19	-16	-5
Tax on items taken directly to or transferred from equity	11/17	4	1
Other comprehensive income for the year, net of tax		**-12**	**-4**
Total comprehensive income for the year		**3,096**	**6,869**
Total comprehensive income for the year is attributable to:			
Shareholders of the company		3,096	6,869
Total comprehensive income for the year		**3,096**	**6,869**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in euro thousands)	Notes	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2016		**9,326**	**136,219**	**-3,179**	**5,038**	**147,404**
Restatement		0	0	-57	0	-57
At 1 January 2017 (restated)		**9,326**	**136,219**	**-3,236**	**5,038**	**147,347**
Profit for the year (restated)	17	0	0	0	3,108	3,108
Other comprehensive income						
Actuarial gains and losses	11/17/19	0	0	-12	0	-12
Total comprehensive income for the year (Restated)		**0**	**0**	**-12**	**3,108**	**3,096**
Transactions with owners						
Appropriation of profit previous year	17/28	0	0	5,038	-5,038	0
Dividend distribution	17/28	0	0	-1,865	0	-1,865
Issue related to share-based payment	16/17	0	0	0	0	0
Share based payments - treasury shares settlement	16/17	0	0	-503	0	-503
Share based payments - cash settlement	16/17	0	0	-597	0	-597
Share-based payments - personnel expenses	16/17/23/32	0	0	239	0	239
Total transactions with owners		**0**	**0**	**2,312**	**-5,038**	**-2,726**
At 31 December 2017 (restated)		**9,326**	**136,219**	**-936**	**3,108**	**147,717**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(in euro thousands)	Notes	Issued capital	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2017		**9,326**	**136,219**	**-879**	**3,110**	**147,776**
Restatement		0	0	-57	-2	-59
At 1 January 2018 (restated)		**9,326**	**136,219**	**-936**	**3,108**	**147,717**
Profit for the year	17	0	0	0	6,873	6,873
Other comprehensive income						
Actuarial gains and losses	11/17/19	0	0	-4	0	-4
Total comprehensive income for the year		**0**	**0**	**-4**	**6,873**	**6,869**
Transactions with owners						
Appropriation of profit previous year	17/28	0	0	3,108	-3,108	0
Dividend distribution	17/28	0	0	-1,865	0	-1,865
Issue related to share-based payment	16/17	0	0	0	0	0
Share based payments - treasury shares settlement	16/17	0	0	-52	0	-52
Share based payments - cash settlement	16/17	0	0	0	0	0
Share-based payments - personnel expenses	16/17/23/32	0	0	361	0	361
Total transactions with owners		**0**	**0**	**1,552**	**-3,108**	**-1,556**
At 31 December 2018		**9,326**	**136,219**	**612**	**6,873**	**153,030**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in euro thousands)	Notes	2017 Restated	2018
Cash flows from operating activities			
Net profit for the year		**3,108**	**6,873**
Adjustments for			
Finance costs -net	25	443	236
Share of profit of associates	10	26	7
Taxes	26	3,347	7,424
		3,816	**7,667**
Operating profit		**6,924**	**14,540**
Adjustments for			
Amortisation	8	4,775	1,648
Depreciation	9	2,831	2,473
Share-based payment	16/17/23/32	239	361
		7,845	**4,482**
Cash generated from operations profit before changes in working capital and provisions		**14,769**	**19,022**
Movements in transition costs		462	115
Movements in receivables		5,211	-496
Movements in current liabilities and provisions		3,402	-1,787
Movements in long term provisions		-3,893	-9
		5,182	**-2,177**
Cash generated from operations		**19,951**	**16,845**
Interest paid		-203	-623
Income taxes paid	7	-5,157	-3,927
Net cash from operating activities		**14,591**	**12,295**

The notes 1 through 33 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(in euro thousands)	Notes	2017 Restated	2018
Cash flows from investing activities			
Purchases of intangible assets	8	-409	-186
Purchases of property, plant and equipment	9	-3,048	-2,663
Divestment of intangible asstes	8	0	0
Divestment of property, plant and equipment	9	29	70
Cash flows from financing activities		**-3,428**	**-2,779**
Cash flows from financing activities			
Drawings/repayment under revolver facility	18	0	0
Settlement of share based payment	16/17	-1,100	-52
Dividend distribution to shareholders	17/28	-1,865	-1,865
Net cash used in financing activities		**-2,965**	**-1,917**
Net decrease in cash and cash equivalents		**8,198**	**7,599**

	2017 Restated	2018
Net decrease in cash and cash equivalents	8,198	7,599
Cash and cash equivalents at beginning of year	2,691	10,889
Cash and cash equivalents at end of year	**10,889**	**18,488**

The notes 1 through 33 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ordina N.V., a private limited liability company, was incorporated in 1973 and has its registered office in Nieuwegein, the Netherlands, under Trade Register number 30077528. Ordina is the largest independent IT services provider in the Benelux region. We focus on giving our clients a digital edge in the sectors financial services, industry, the public sector and healthcare. We do this by devising, building and managing technical applications. Ordina helps its clients to stay ahead of the challenges and changes in their business.

The consolidated financial statements for 2018 comprise the financial information of the company and all its group companies (referred to jointly as Ordina). The Management Board drew up the financial statements on 13 February 2019 and the statements were discussed in the Supervisory Board meeting of 13 February 2019. They will be submitted for adoption to the Annual General Meeting of Shareholders on 4 April 2019. The Supervisory Board also approved their publication on 13 February 2019.

The ordinary shares in Ordina N.V. have been listed on the Euronext Amsterdam stock exchange since 1987 and are included in the Small Cap Index (AScX).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by Ordina to all periods presented in these financial statements.

2.1. GENERAL

The consolidated financial statements of Ordina N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been accepted by the European Union, and their interpretations as adopted by the International Accounting Standards Board (IASB) and the legal provisions of Part 9, Book 2 of the Dutch Civil Code.

The financial statements are published in both Dutch and English. The Dutch version is leading.

The financial statements are denominated in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated, as a result of which rounding differences may occur. The euro is the functional and presentation currency of Ordina N.V. The accounting policies are based on the historical cost convention. Personnel-related provisions ensuing from defined benefit plans are stated at actuarial value.

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis for making aforesaid judgments about the carrying amounts of the recognised assets and liabilities. Actual results and circumstances may differ from these estimates.

The estimates and underlying assumptions are continually evaluated and adjusted where appropriate. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Assumptions and estimates made by management in the application of IFRS that have a significant impact on the financial statements and future periods are disclosed in Note 5.

Application of new standards

In the year under review, where applicable, Ordina applied new and amended IFRS standards and IFRIC interpretations relevant to the company. With the exception of the explanations below, in 2018 the application of other new and amended standards and interpretations had no material impact on Ordina's equity and results and the explanatory note in the financial statements.

Ordina has not applied any published IFRS standards and interpretations that do not apply to reporting periods that commenced on 1 January 2018.

With effect from 1 January 2018, the group applied the standards IFRS 9 'Financial instruments' and IFRS 15 'Revenues from contracts with customers' for the first time. The application of these standards required the adjustment of previous reporting periods. Below you will find a more detailed explanation of the scope of these adjustments.

IFRS 9, 'Financial instruments'

IFRS 9 replaces IAS 39 Financial instruments: recognition and measurement. This standard explains the classification and measurement, impairment and hedge accounting of financial instruments. This standard came into force on 1 January 2018.

Ordina has applied IFRS 9 retrospectively with effect from 1 January 2018 and adjusted the comparable figures for the periods that commenced on 1 January 2017.

The application of IFRS 9 had no material impact on Ordina's financial position or equity.

IFRS 9 requires the recognition of any expected credit loss from trade receivables and contract assets on the basis of the expected settlement period of these assets. Ordina uses the simplified approach, in which the provision for any expected credit loss from trade receivables is determined on the basis of historical credit losses of trade receivables and contract assets, adjusted for economic developments and future expectations relevant to specific receivables.

The impact of IFRS 9 on Ordina's financial position and equity as per 1 January 2017 and 31 December 2017 can be broken down as follows:

(in euro thousands)	**1 January 2017**	**31 December 2017**
Assets		
Non-current assets		
Deferred income tax assets	19	20
Total non-current assets	**19**	**20**
Current assets		
Trade debtors and other short term assets	-76	-79
Total current assets	**-76**	**-79**
Total assets	**-57**	**-59**

(in euro thousands)	**1 January 2017**	**31 December 2017**
Equity and liabilities		
Equity		
Retained earnings	-57	-57
Profit for the year	0	-2
Total equity	**-57**	**-59**
Total liabilities	**0**	**0**
Total equity and liabilities	**-57**	**-59**

The impact of IFRS 9 on Ordina's statement of income for 2017 can be broken down as follows:

	2017
Other operating expenses	3
Total operating expenses	**3**
Operating profit	**-3**
Income tax expense	1
Net profit for the year	**-2**

The connection of the provision for trade receivables and contract assets as per 31 December 2017 IAS 39 and IFRS 9 can be specified as follows:

Provision trade debtors and contract assets	**31 December 2017 IAS 39**	**restatement**	**31 December 2017 IFRS 9**
Trade receivables	241	49	290
Unbilled receivables	0	24	24
Contract assets	0	6	6
Total	**241**	**79**	**320**

The application of IFRS 9 had no material impact on Ordina's statement of comprehensive income, the statement of cash flows, earnings per share and the classification of financial instruments per category.

IFRS 15, 'Revenues from contracts with customers'

IFRS 15 replaces IAS 18 'Revenue recognition' and IAS 11 'Construction contracts'. The standard came into force on 1 January 2018. The standard follows a five-step model. The premise is that revenue recognised corresponds to the amount the entity expects to receive in exchange for the services and goods delivered.

This standard requires an assessment of all relevant factors and circumstances with respect to contracts with customers at every step in the five-step plan. In addition, this standard specifies the recognition of costs related to the acquisition of a contract and costs directly related to meeting the obligations ensuing from said contract.

In the transition to IFRS 15, Ordina applied the full retrospective approach.

The application of IFRS 15 has no impact on Ordina's balance sheet position or equity at year-end 2016 or year-end 2017.

The application of IFRS 15 does not result in any material change in how revenue is recognised for the services Ordina provides. The impact of the new standard is limited to the qualification agent versus principal. Under the application of IFRS 15, net revenue is recognised in a number of situations in which gross revenue was recognised under the application of the previous standard. The impact on the recognised margin and the net result was zero in both 2016 and 2017.

The impact of IFRS 15 on Ordina's statement of income for 2017 can be broken down as follows:

	2017
Revenue from contracts with customers	-2,867
Cost of hardware, software and other direct costs	-1,696
Work contracted out	-1,171
Total operating expenses	-2,867
Operating profit	**0**
Income tax expense	0
Net profit for the year	**0**

The application of IFRS 15 had no material impact on Ordina's statement of comprehensive income, the statement of cash flows and earnings per share.

Agent versus principal considerations

Ordina sometimes closes contracts with clients that involve Ordina, acting on behalf of its client, purchasing hardware, licences or specific services from third parties. Under these contracts, Ordina facilitates the purchase of the goods or services, but does not bear primary responsibility for the actual delivery of said goods or services. Nor does Ordina run any inventory risk before or during the delivery. In addition, Ordina has no influence on the price, as this is determined by the supplier of the goods or services. Ordina does run credit risk on these contracts, given that the obligation to pay the supplier does not depend on whether Ordina's client pays or fails to pay for the goods or services.

Under the application of the previous standard, prior to the application of IFRS 15, as a result of the existing credit risks, Ordina determined that these contracts involved significant risks and benefits, on the basis of which Ordina recognised revenues from these contracts as principal. Under IFRS 15, Ordina has determined that it has no control over the services provided by third parties, as a result of which it now recognises these revenues as agent. Revenue is recognised in the amount of the margin to which Ordina is entitled on the basis of the contracts in question.

The change had no impact on Ordina's financial position or equity on 31 December 2017. Ordina has adjusted the statement of income for 2017, which involved reducing the revenue from contracts with customers by EUR 2.9 million, reducing the costs of purchasing hardware and software and other direct costs by EUR 1.7 million, and reducing the costs of outsourced work by EUR 1.2 million.

Costs incurred to meet contract conditions

Transition costs qualify as costs incurred to meet the obligations ensuing from contracts. Transition costs are incurred in the acquisition or implementation of long-term contracts and are related to the installation of systems and processes that occurs once said contracts have been closed. Transition costs pertain primarily to the costs related to the conversion of existing systems to Ordina standards. Transition costs are measured at cost price and are charged to the result during the contract period. The application of IFRS 15 has no impact on the measurement and presentation of the transition costs.

NEWLY PUBLISHED STANDARDS THAT HAVE NOT YET COME INTO FORCE

The following standards and interpretations had been published on the publication date of these financial statements, but did not apply to the consolidated financial statements for the year 2018. The following section includes only those standards and interpretations that Ordina reasonably expects to have an impact on Ordina's explanatory notes, financial position or results when they are applied in the future. Ordina will apply these standards and interpretations as soon as they come into force.

IFRS 16 'Leases'

IFRS 16 was published in January 2016 and replaces IAS 17, 'Leases'. On the basis of this standard, virtually all lease contracts that are currently qualified as operational leases will be treated in a similar fashion to financial leases. The standard comes into force on 1 January 2019. The standard has two exceptions for lessees, namely i) lease contracts pertaining to assets with relatively low underlying value (e.g. personal computers and laptops) and ii) short-term lease contracts (lease contracts with a maximum term of 12 months). At the start of a lease contract, the lessee will recognise a liability related to future lease payments, while simultaneously recognising the right of use on the underlying asset during the lease term.

In view of the fact that Ordina has a large number of operational rental and lease contracts, the application of IFRS 16 will have a significant impact on Ordina's consolidated financial statements. Applying the new standards will lead to a significant increase of total assets and liabilities. In addition, EBITDA will increase as a result of the shift of operational lease costs from operating expenses to depreciation and interest expenses. Under the new standard, lease contracts will also have an impact on the result due to the fact that the financing component within the lease term is greater at the start of the contract term than at the end of the contract term (front-loading).

At year-end 2018, Ordina drew up a detailed estimate of the impact of the application of IFRS 16 with effect from 1 January 2019. Ordina has chosen to apply the modified retrospective approach for the transition. On the basis of the existing contracts at year-end 2018, the expected impact on Ordina's financial position as per 1 January 2019 is as follows: i) the recognition of a fixed asset / right of use of around EUR 34.0 million and ii) the recognition of a lease obligation of around EUR 35.7 million. This is expected to have a negative impact on Ordina's equity of around EUR 0.6 million. The remaining changes pertain to the deferred tax assets and accrued liabilities. Ordina expects this to have a negative impact of around EUR 0.3 million on its pre-tax result in 2019.

The application of the new standard will have no material impact on the covenant calculations as these are defined in the financing agreement (see note 18). The financing agreement anticipates a future change in the recognition of lease agreements, and states that any obligations by virtue of lease agreements resulting from normal business operations (such as car leases and rental contracts) do not qualify as debt as this is defined in the financing agreement.

For an overview of the liabilities under the current operational lease obligations, please see note 30 of the consolidated financial statements for 2018.

2.2. Consolidation

Group companies are all entities over which Ordina can exercise decisive control. Control is effective if Ordina has the power, either directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of such group companies are included in the consolidated financial statements of Ordina N.V. from the date Ordina gains such control until the date that it loses said control. All group companies included in the consolidated financial statements for 2017 and 2018 are wholly owned by Ordina. Consequently, there is no third party non-controlling interest.

The cost of an acquisition is measured as the fair value of the current assets paid and due on the transaction date, as well as, if applicable, the fair value of equity instruments issued (i.e. shares) used to finance the acquisition.

Intercompany balances, transactions and unrealised gains on transactions between group companies are eliminated in drawing up the consolidated annual accounts. Transactions with associates are eliminated in the consolidation as far as Ordina's share in the associate in question is concerned.

The accounting policies for the balance sheet and the income statement as included in these financial statements apply to the balance sheet and income statement of all consolidated group companies.

Investments in associates all relate to minority interests in companies in which Ordina has significant control, but no decisive control. Significant control is generally assumed in the case of a shareholding of between 20% and 50%. These investments are initially recognised at cost price and subsequently valued using the equity method of accounting (see section 2.8).

2.3. Segment reporting

Information per segment is reported in line with how reporting lines and decision-making are organised within Ordina. The Management Board is identified as the highest body with regard to strategic decision making (the so-called chief operating decision maker). The Management Board comprises the CEO and the CFO.

See Note 7 for a more detailed explanation of segment information.

2.4. Foreign currency

2.4.1. Functional and presentation currency

All group companies use the euro as their functional currency. Consequently, the consolidated financial statements are presented in euros, the currency of Ordina's primary economic environment.

2.4.2. Translation other currencies

Where applicable, foreign currency transactions and balances are translated into the functional currency (the euro) using the exchange rates prevailing at the dates of the transactions and at the balance sheet date respectively. Foreign exchange gains and losses are recognised in the income statement.

2.5 Lease obligations

Lease agreements, in which virtually all risk and benefits linked to the ownership of the leased asset accrue to Ordina are classified as financial leases. Upon the commencement of lease agreements, financial leases are valued at the fair value of the leased asset or the lower cash value of the minimum lease payments. Any initial direct costs are added to the amounts reported as assets. The lease payments for financial lease agreements are divided into financing costs and a reduction of the lease obligation in such a way as to achieve a constant interest rate on the remaining balance of the obligation. The financing costs are charged directly to the result. Tangible fixed assets obtained under financial lease agreements are depreciated over the term of use of the asset or the shorter lease agreement period in as much as there is no reasonable certainty that Ordina will gain ownership of the leased asset.

Lease agreements in which virtually all risk and benefits linked to the ownership of the leased asset do not accrue to Ordina's are classified as operational leases. Payments for operational leases are charged directly to the statement of income (see note 23 for the costs recognised with respect to car leases and note 24 for the costs recognised for the lease of office buildings).

2.6. Intangible assets

2.6.1. Goodwill

Acquisitions are accounted for using the purchase method of accounting. Goodwill results from the acquisition of group companies. Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired identifiable assets and liabilities, including contingent liabilities, at the date of acquisition. Payments related to the acquisition are stated on the basis of the paid and due current assets at the transaction date, as well as, if applicable, the fair value of the equity instruments (i.e. shares) used to finance the acquisition. Contingent elements in the purchase price are stated at fair value, and also carried as a liability upon acquisition, with variances due to value differences being recognised through profit or loss. Goodwill is stated at cost less accumulated impairment losses.

Costs pertaining to an acquisition are stated as a charge to the results at the time they are incurred.

Goodwill is allocated to cash generating units. Impairment of goodwill is recognised as an expense in the income statement where appropriate. Impairment losses recognised for goodwill will not be reversed in a subsequent period. If an entity in which control is exercised is sold, the carrying amount of the goodwill is recognised in profit or loss.

Any negative goodwill arising on an acquisition is recognised directly in the income statement.

Goodwill on acquisitions of associates is included in 'investments in associates'.

2.6.2. Software

Software licences are capitalised on the basis of the cost of acquiring and preparing the software for use. Internally developed software is capitalised insofar as the cost is the result of the development and testing phase of a project and if it can be demonstrated that:

- the project is technically feasible so that it can be put to use;
- there is an intention to complete the project and use the software;
- the software will generate demonstrable future economic benefits;
- technical, financial and other resources are available to complete and use the software;
- it is possible to reliably determine the expenditure that can be attributed to the developed software.

Directly attributable costs that are attributed to internally developed software comprise personnel expenses, as well as directly attributable external costs. The costs are capitalised at cost price. Other expenses relating to internally developed software that do not meet the aforementioned criteria are charged to the result at the time they are incurred.

Software has a limited lifespan and is capitalised at cost less amortisation and impairments. Amortisation is charged to the income statement using the straight-line method on the basis of the estimated useful life. Internally developed software is amortised from the date it is taken into use.

2.6.3. Intangible assets related to customers

This item relates to intangible assets of acquisitions identified in accordance with IFRS 3 (Business Combinations) and includes brand names, customer lists and contract portfolios. These assets are measured at their fair values at the acquisition date. The fair value at acquisition qualifies as cost at that time. The cost of the identifiable intangible assets related to customers is amortised on the basis of the useful life of each individual component and charged to the income statement.

2.6.4. Amortisation of intangible asset

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives. Goodwill is tested annually for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The useful lives of the intangible fixed assets as estimated by the management are as follows:

- software: 3-7 year
- brand names: 2-3 year
- customer lists: 5 year
- contract portfolios: 1-2 year

The assets' useful lives are reviewed annually and adjusted where appropriate.

2.7. Property, plant and equipment

2.7.1. Freehold property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or manufacture of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, if it is probable that future economic benefits associated with the item will flow to Ordina and the cost of the item can be measured reliably. Repair and maintenance costs are recognised in the income statement during the financial period in which they are incurred.

Gains or losses on the sale of property, plant and equipment are included in depreciation.

2.7.2. Depreciation of property, plant and equipment

Depreciation on property, plant and equipment is calculated in the income statement using the straight-line method on the basis of the estimated useful life of an asset as estimated by the management. The estimated economic life of the property, plant and equipment used to calculate the depreciation is as follows:

- equipment: 2-4 year
- fixtures and fittings: 3-5 year
- building alterations: 2-15 year

Building alterations are depreciated on the basis of the shorter of the remaining terms of the leases for the respective buildings and their useful lives.

The residual value, which is usually set at nil, and remaining useful lives of property, plant and equipment are reviewed annually on the balance sheet date and adjusted when appropriate.

2.8. Investments in associates

Associates are all entities over which Ordina has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are recognised using the equity method and first recognised at cost at the time Ordina enters into the investment commitment. The valuation of investments in associates includes goodwill as determined on the acquisition date, net of any accumulated impairment losses.

Ordina's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in Ordina's reserves, with the recognition in Ordina's reserves following the recognition in the reserves of the associate (e.g. dividend payments or a change recognised via the total result). When its share of losses in an associate equals or exceeds the carrying amount of the associate, Ordina does not recognise further losses, unless it has issued guarantees for the associate, or incurred obligations or made payments on behalf of the associate. In the event of obligations not shown on the balance sheet relating to associates for which Ordina can be held liable, these are included in the commitments and contingencies (see Note 30).

2.9. Transition costs

Transition costs arise upon the acquisition or implementation of long-term management contracts and are related to the installation of systems and processes which occur after said contracts have been acquired. Transition costs are valued at cost price. Transition costs pertain primarily to costs related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors.

Transition costs are charged to income during the period in which the management activities are carried out, which varies from two to five years. Transition costs are recognised under the purchase value of hardware and software and other direct costs.

2.10. Trade receivables and other short-term assets

Trade receivables and other short-term assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Under the application of IFRS 9 'Financial instruments' a provision is taken for any expected credit losses on trade receivables, unbilled revenue and contract assets based on the expected settlement term of said assets. This provision is determined on the basis of historical credit losses on trade receivables, unbilled revenue and contract assets, adjusted for economic developments and future expectations relevant to the specific receivables. The amount of the provision for the doubtful debts is recognised in the income statement under other operating expenses.

Other short-term receivables include unbilled amounts related to contracts on the basis of retroactive costing, contract assets, other receivables and accrued income. A contract asset is the right to payment in exchange for goods or services that have been transferred to the client. If this right to payment arises before the client makes this payment or before payment is due, a contract asset is recognised.

The contract assets are recognised under other short-term assets, insofar as these contract assets have already exceeded the amounts billed for these projects. A contract obligation is the obligation to transfer goods or services to a client, insofar as Ordina has received a payment from the client for same. Contract obligations are recognised as income when Ordina has met its contractual performance obligation.

If the contract obligations for current projects exceed the contract assets, the balance of these projects is recognised under short-term liabilities. In this regard, reference is made also to the accounting policies for revenue recognition (see Section 2.18)

2.11. Cash and cash equivalents

Cash and cash equivalents are cash balances and balances in current accounts with banks. Current account receivables are presented in the cash flow statement as part of the cash and cash equivalents. Current account debts with banking institutions are recognized as bank debts under short-term liabilities.

2.12. Assets and liabilities held for sale

Non-current assets are classified as ‘held for sale’ if their sale is more likely than not and their carrying amounts will be recovered through this sale. For this to be the case, the assets must be available for immediate sale and their sale must be highly probable. Assets held for sale are presented separately in the balance sheet. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The liabilities included within a disposal group classified as held for sale are also presented separately from other liabilities in the balance sheet.

2.13. Impairment of non-financial assets

Intangible assets that have an indefinable useful life, as well as assets that are not yet available for use are not subject to amortisation but tested annually for impairment. Assets that have a definable useful life are amortised and tested for impairment whenever there is an indication that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset’s carrying amount exceeds its recoverable amount.

2.13.1. Calculation of recoverable amount

The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

2.13.2. Reversal of impairment losses

Impairment losses recognised for goodwill will never be reversed in a subsequent period.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined,

net of depreciation or amortisation, if no impairment loss had been recognised. It is assessed at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If there is any such indication, the recoverable amount of that asset is re-determined and the impairment loss adjusted when such is warranted by the assessment.

2.14. Shareholders’ equity

2.14.1. Share capital

The authorised capital of Ordina N.V. consists of 160,000,000 ordinary shares, 39,999,995 preference shares and one priority share. The issued and paid-up priority share and the issued and paid-up ordinary shares are classified as shareholders’ equity.

Costs directly related to the issue of new ordinary shares are charged (after deduction of taxes) immediately upon issue as a correction to the proceeds of the issue and charged to the shareholders’ equity.

2.14.2. Treasury shares

When Ordina N.V. purchases equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from shareholders’ equity until the moment the shares are cancelled, re-issued or sold. In the event that such shares are subsequently sold or re-issued, any amount received, net of any directly attributable incremental costs and the related income tax effects, is credited to the shareholders’ equity.

2.14.3. Dividends

Dividend payments to Ordina N.V. shareholders are classified as liabilities as soon as the Annual General Meeting of Shareholders passes a motion to make such payments.

2.15. Employee benefits

2.15.1. Pension plans

Ordina has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which Ordina pays fixed contributions to an insurance company. Ordina has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, salary and years of service.

2.15.1.1. Defined contribution plans (based on the available contribution system)

Contributions to defined contribution plans on the basis of available contributions are recognised as expenses in the income statement in the period to which they relate. Ordina has no other obligations in relation to defined contribution plans.

2.15.1.2. Defined benefit plans

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised directly in the consolidated statement of comprehensive income.

Pension costs incurred during the year (including costs, interest expenses and expected returns on plan assets) are charged to the statement of income.

2.15.2. Share-based payments

The members of the Management Board and the Executive Committee/ management are entitled to long-term profit-sharing and bonus benefits in the form of Ordina N.V. shares. For the purposes of these long-term benefits, performance criteria are determined annually for each upcoming three-year period. Based on these performance criteria, the number of shares in Ordina N.V. to be awarded is determined annually and for each individual three-year period.

The shares that are expected to be awarded are valued on the basis of the price of Ordina N.V. shares at the grant date. Any awarded shares will be subject to a lock-up period of two consecutive years. This lock-up period does not apply to the sale of part of the shares with a view to paying any taxes due on the grant of the shares.

The change in long-term profit-sharing and bonus benefits is recognised in the income statement at the reporting date based on current estimates. The total expense is recognised during the 'vesting period', the period during which certain vesting conditions must be met. As the liability by virtue of long-term benefits involving a payment in shares in Ordina N.V. is disclosed as an equity component, the expense recognised in the income statement results in a corresponding adjustment to equity. The recognised value of the share-based payment is disclosed as a payment on the issued shares at the time of payment.

2.16. Provisions

Provisions are recognised in the balance sheet when the following conditions are met:

- there is a question of a legally binding or actual obligation as a result of a past event;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount necessary to settle the obligation can be reliably estimated.

Provisions are measured at the current value of the expected expenditures required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

In addition to the provision for pensions referred to in section 2.15.1, provisions are recognised for restructuring costs, vacant buildings under lease, warranty and project commitments and onerous contracts.

A provision for restructuring costs will be formed when Ordina has a detailed formal plan for the restructuring and has started to implement the restructuring or announced the restructuring publicly. Costs relating to future operating activities are not included in the restructuring provision.

A provision is recognised for warranty commitments pending at the balance sheet date. This provision is based on the activities that are expected to be associated with these commitments. The warranty provision is determined at the cost of the expected activities.

The provision for project commitments relates to activities expected to be performed with regard to onerous contracts. The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts.

2.17. Trade payables and other short-term liabilities

Trade payables and other short-term liabilities are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

2.18. Revenue from contracts with customers

Ordina is active in the IT services sector. Revenue from contracts with customers is recognised at the moment that Ordina has met its performance obligation and has effectively transferred control of the goods or services to its client. Revenue is recognised in the amount that Ordina expects to receive in exchange for the delivered services and goods.

With respect to the most important estimates and assumptions in the recognition of revenue from contracts with customers, please see note 5.

Ordina determines whether there is any question of separate performance obligations within a contract. A performance obligation is a promise to a client to deliver goods and/or services. A performance obligation may pertain to an individual service or good or to a series of separate individual services or goods, which are generally the same and are delivered according to a similar pattern. A performance obligation is determined at the commencement of the contract on the basis of the contractual conditions and agreements.

Revenue is recognised for each individual performance obligation in the amount that Ordina expects to receive for each individual performance obligation, and if applicable taking into account variable payments, significant financing elements, non-cash payments and payments that are made to the client.

When determining the transaction price, Ordina takes into account variable payments insofar as it is highly likely there will be no significant reduction in this variable payment in the cumulatively recognised revenue. Estimates with respect to variable payments are periodically re-evaluated and updated when necessary.

If there is any question of a significant financing element, the transaction price is adjusted by the value that can be attributed to the financing. If applicable, such amounts are recognised as financing costs. In the case of payment terms of less than one year, Ordina does not take into account a finance element (practical expedient IFRS 15.63). Ordina's contracts pertaining to the delivery of IT services and/or the sale of software do not include any material financing element.

Discounts are charged to the revenue on each reporting moment, unless it is highly likely that Ordina will not grant the discount to its client. Depending on the kind of discount, as laid down in the contract, the discount is determined on the basis of the revenue already recognised and the then current estimate of the total revenue to be recognised.

Compensation or a penalty payment is taken into account in determining the transaction price, unless it is highly likely that Ordina is not bound to pay the compensation to its client.

Ordina recognises revenue form IT services 'over time', given that the performance obligation is met during the term of the contract, subject to the condition that it is reasonably possible to make a sufficient reliable estimate of the progress of the activities. In addition it applies that the activities result in an asset that is controlled by the client during the activities and/or the activities result in an asset for which there is no alternative use. Also Ordina has an enforcable right to remuneration for the services already provided. In the case of fixed-rate projects, Ordina recognises revenue based on the ratio between actual costs and budgeted costs.

Ordina recognises revenue from the sale of hardware and/or software at a point in time, given that the performance obligation has been met at the moment the hardware and/or software is delivered.

Ordina sometimes closes contracts with clients that involve Ordina, acting on behalf of its client, purchasing hardware, licences or specific services from third parties. In these situations, Ordina determines whether it is acting in the role of principal or agent. Under these contracts, Ordina may facilitate the purchase of the goods or services, without bearing primary responsibility for the actual delivery of said goods or services. In this situation, Ordina does not run any inventory risk before or during the delivery. If Ordina has no control over the goods or services to be delivered it plays the role of agent and only recognises revenue for the margin realised. If Ordina does have control of the goods or services during the delivery, it plays the role of principal and recognises revenue for the gross amounts.

2.19. Costs

2.19.1. Costs of hardware, software, other direct costs and work contracted out

Costs of hardware, software, other direct costs and work contracted out are attributed to the period in which the corresponding income is recognised and recognised at historical cost.

2.19.2. Operating lease payments

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.19.3. Government grants

Government grants are recognised when there is reasonable assurance that: i) Ordina will comply with all attached conditions and ii) that the grants will be received. Government grants relating to study cost allowances are recognised in the income statement in 'personnel expenses'.

2.19.4. Finance income and costs

This item includes interest received for loans extended, on bank balances, as well as interest received in relation to the settlement of tax claims.

Finance costs include the interest charged by banks on withdrawals, commitment fees, interest charges incurred for the settlement of tax obligations and pension commitments, as well as the interest related to movements in provisions due to the passage of time. In so far as applicable, the interest component of financial lease obligations is also recognised under financing costs

2.20. Income taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income) for the period under review. Current and deferred tax is recognised in the income statement, except to the extent that the tax arises from a transaction or event which is recognised directly in other comprehensive income. In that case, the associated tax is recognised directly in other comprehensive income as well.

Tax expense (income) for the accounting period includes income tax on taxable profit, which is calculated based on tax rates expected to be applied, making allowance for tax-exempt profit components and non-deductible amounts, as well as any adjustments for current tax of prior periods.

Deferred taxes are recognised for temporary differences arising between the fiscal values of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither commercial nor fiscal results. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets for tax losses are recognised only when it is probable that taxable profits will be available against which they can be utilised.

Deferred income tax assets and liabilities that relate to the same taxable entity are offset in the balance sheet if Ordina has a legally enforceable right of set-off.

3. PRESENTATION OF THE STATEMENT OF CASH FLOWS

Ordina reports cash flows using the indirect method. Cash flows are classified by operating, investing and financing activities. Net cash flows from operating activities include income and expenses before taxes, as well as interest received and paid. Cash flows arising from the acquisition or disposal of financial interests (participations and investments) are included in cash flows from investing activities; allowance is made for cash and cash equivalents embodied in such instruments. Dividends paid are reported in cash flows from financing activities.

4. FINANCIAL RISK MANAGEMENT

Ordina's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Ordina's risk management programme, which is prescribed by the Management Board, encompasses more than just financial risks. It focuses on identifying key risks and managing these using guidelines, procedures, systems, best practices, specific controls and audits. Our financial risk management focuses specifically on risks that are relevant to Ordina in this regard.

The Management Board bears the ultimate responsibility for the design and the implementation of the supervision of the risk management programme within Ordina. Risk management policies and systems are evaluated regularly and if necessary adjusted to changes in market conditions and Ordina's activities.

4.1. Market risk

Market risk pertains to the risk that Ordina's income is influenced by changes in market prices, such as interest rates and exchange rates. The management of market risks is aimed at keeping market risk positions within acceptable boundaries while optimising returns.

4.1.1. Interest rate risk

Ordina is exposed to interest rate risk, which is limited to the Eurozone. Ordina's interest rate risk policy seeks to limit the entity's exposure to interest rate risk on borrowings. Interest rate risks may arise on both non-current and current borrowings. Ordina continually analyses developments in cash flows in relation to available financing facilities and interest rate fluctuations.

At year-end 2018 and 2017, Ordina had no non-current interest-bearing borrowings.

The floating rate of interest due on the current borrowings is dependent on the term to maturity of the borrowings, plus a fixed margin of 1.0%. The term to maturity of the current borrowings fluctuates depending on cash requirements and ranges between one and three months.

If the floating rate of interest had been on average 1.0% higher, with all other variables remaining constant during 2018, then the net interest costs (after tax) would have been around EUR 40,000 higher.

Ordina has no significant interest-bearing assets. Group income is therefore virtually entirely independent of changes in interest rates.

4.1.2. Currency risk

All Ordina divisions are based and most of their revenue realised within the Eurozone. Ordina has therefore chosen the euro as its functional and reporting currency. Ordina has no assets or liabilities outside the Eurozone.
The Management Board qualifies the currency risks at year-end 2018 as limited.

4.2. Credit risk

Ordina has exposure to credit risk. Credit risk is the risk of financial losses for Ordina if a client or counterparty of a financial instrument defaults on an assumed contractual obligation. Credit risk is mostly incurred on receivables from clients and cash and cash equivalents outstanding at banks.

Credit risk is managed on a group basis. Credit risk arises on cash and cash equivalents, derivative financial instruments and transactions with clients, including credit exposures. For banks and financial institutions, only independent professional parties based in the Netherlands, Belgium and Luxembourg are accepted, with risks being spread over a range of parties.

The credit quality of clients is assessed in advance using project acceptance criteria. If available, external credit ratings are used. If there is no independent rating, Ordina assesses the credit quality of clients based on internal guidelines, taking into account their financial position, past experience and other factors.
The exposure to credit risk related to clients is assessed on an ongoing basis using the internal guidelines. Concentration of credit risks associated with trade and other receivables is identified particularly within the public sector.
The concentration of credit risk related to other clients is limited in view of the individual size and independent position of the various clients. Ordina has done business with a large proportion of its customers for many years and in

the past there have only been occasional instances of clients defaulting on their obligations. Clients are assessed continually and individually for compliance with payment terms. The findings are periodically reported to the Management Board. We refer you to Note 14 of this annual report for further information on trade receivables.

The Management Board qualified the credit risk related to customers as limited at year-end 2018. The Board did note a concentration of risks in situations that involved the intervention of so-called broker parties. Such parties could experience solvency or continuity issues due to market conditions.

Ordina N.V. has filed a declaration of joint and several liability for the majority of its Dutch group companies with the respective competent Trade Registries.

4.3. Liquidity risks

Liquidity risk is the risk that Ordina cannot meet its financial obligations. The premise of liquidity risk management is that insofar as possible there should be sufficient liquidity for the company to meet its current and future financial obligations in both normal and difficult circumstances, without this entailing unacceptable losses or the threat of damage to Ordina's reputation.

Cash management within Ordina has been centralised, using the centrally managed financing facility Ordina contracted in May 2015. At year-end 2018, Ordina was able to draw on a senior committed facility of EUR 30 million in total. The committed facility consists of a revolving facility of EUR 20 million and a current account credit facility of EUR 10 million. The maximum term is five years, with an initial term of three years and an option to extend the term twice by one year. After an initial extension in 2016, Ordina agreed a second one-year extension in the first-half of 2017. Following this extension, the financing agreement now ends in May 2020. For information on the available credit facilities and the applicable covenants, we refer you to Note 18 in this annual report.

Cash management is aimed at putting Ordina's available cash resources and overdraft facilities to the best possible use. To this end, cash flow forecasts are prepared periodically for both the short and medium terms. These forecasts are revised periodically based on actual results and revised forecasts, if any.

The table below shows a division of Ordina's financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity date at the balance sheet date. The amounts shown are the unconditional, contractual, undiscounted cash flows. Future interest payments are included in the disclosed cash flows where applicable.

	Carrying amount	**Maturity date**		
		< 1 year	**1-2 years**	**> 2 years**
At 31 December 2018				
Borrowings	0	0	0	0
Trade and other payables	-52,076	-52,076	0	0
At 31 December 2017				
Borrowings	0	0	0	0
Trade and other payables	-51,737	-51,737	0	0

4.4. Capital risk management

Capital is managed centrally to safeguard Ordina's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders.

Instruments for achieving an optimal capital structure are dividend policy, the option to purchase treasury shares and the option to issue new shares, in particular to fund potential acquisitions or to reduce debt.

The solvency ratio at year-end 2018 stood at around 66% (year-end 2017: around 64%). Any impairment of goodwill has a major impact on the solvency ratio. If it is assumed in the context of a sensitivity analysis that there will be an impairment of 20%, the solvency ratio stood at around 61% at year-end 2018. Ordina considers solvency ratio (ratio of shareholders equity to the balance sheet total excluding goodwill) of 25% as a responsible minimum. Excluding goodwill, the solvency ratio stood at 26% at year-end 2018 (year-end 2017: around 22%).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ordina's management makes estimates and assumptions concerning the future on an ongoing basis. The accounting estimates and assumptions used will, by definition, seldom equal actual results. The estimates and assumptions that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1. Impairment of goodwill

For each cash generating unit, Ordina tests at least once a year for impairment of goodwill attributed to the relevant cash generating unit (see Section 2.13). An impairment of goodwill is recognised when the book value exceeds the recoverable value. These calculations involve certain estimates and assumptions. The recoverable value is the higher of fair value, less disposal costs, and the value in use. For a more detailed explanation of the impairments test see Note 8.6.

5.2. Revenue from contracts with customers

Ordina recognises revenue on the basis of the amount it expects to receive in exchange for the goods and services its delivers (see note 2.18). In the event of fixed-price contracts, Ordina makes an estimate of the services delivered at the reporting moment as a percentage of the total services to be delivered. Estimates are based on periodically available information regarding the status of the projects in question, as well as on the basis of past experience of comparable situations. The actual situation may deviate from these estimates.

5.3. Restructuring provision

Ordina recognises a restructuring provision when it has prepared a detailed formal plan for the restructuring and has started to implement the restructuring or announced same publicly. Restructuring provisions include estimates and assumptions involving redundancy and severance payments. The actual situation may differ from these estimates.

At year-end 2018, in a limited number of situations, the sum of the severance payment depended on the possibility that the employee in question finds alternative employment within a certain period of time. Based on past experience, the calculation of the provision does not take into consideration the possibility that these employees find alternative employment within the maximum period in which the severance payment is due to be paid. The actual situation may differ from this assumption.

5.4. Onerous contracts

The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts. The actual situation may differ from these estimates.

5.5. Income tax expenses

Ordina assesses the extent to which tax losses are expected to qualify for set-off on an annual basis, including the available potential for loss rejuvenation. The actual set-off may differ from these estimates. For the situation in which losses have been suffered for a number of years, convincing evidence is required for valuation of tax losses (IAS 12). For additional information regarding deferred tax assets, please see Note 11.

5.6. Provision for vacant office space

Ordina recognises a provision for vacant space in buildings for the period in which these building are expected to remain vacant. The determination of this provision takes into account the expected proceeds from sub-leases. The actual income from sub-leases may deviate from this estimate. At year-end 2018, there was no vacant space in Ordina's buildings and Ordina did not therefore recognise any provision for vacant office space.

6. REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Revenue from contracts with customers

With respect to the recognition of revenue from contracts with customers, please see the table below.

2017 Restated	the Netherlands	Belgium/ Luxembourg	Total
Type of goods or services			
Sale of hard- and software	127	2,062	2,189
IT services	252,165	87,667	339,832
Total revenue from contracts with customers	**252,292**	**89,729**	**342,021**

2017 Restated	the Netherlands	Belgium/ Luxembourg	Total
Timing of revenue recognition			
Goods transferred at a point in time	217	2,025	2,242
Services transferred over time	252,075	87,704	339,779
Total revenue from contracts with customers	**252,292**	**89,729**	**342,021**

2018	the Netherlands	Belgium/ Luxembourg	Total
Type of goods or services			
Sale of hard- and software	491	1,969	2,460
IT services	255,932	100,130	356,062
Total revenue from contracts with customers	**256,423**	**102,099**	**358,522**

2018	the Netherlands	Belgium/ Luxembourg	Total
Timing of revenue recognition			
Goods transferred at a point in time	645	1,856	2,501
Services transferred over time	255,778	100,243	356,021
Total revenue from contracts with customers	**256,423**	**102,099**	**358,522**

	2017	2018
Revenue per market segment		
Public	125,035	136,935
Finance	95,743	101,863
Industry	98,780	97,128
Healthcare	22,463	22,596
Total	**342,021**	**358,522**

6.2 Balance sheet related to contracts with customers

The balance sheet positions related to contracts with customers are as follows:

	1 Januari 2017 Restated	31 December 2017 Restated	31 December 2018
Contract balances			
Trade receivables - net	43,871	35,764	38,151
Unbilled receivables	15,635	17,345	16,699
Contract assets	5,719	6,116	5,263
Contract liabilities	4,470	4,578	5,433

The trade receivables are non-interest-bearing and are subject to payment terms varying from 30 and 90 days. Billing takes place immediately after the fulfilment of the obligation, on the basis of the contract agreements with the client in which, as a rule, a period of one calendar month is applied. In the case of billing with respect to projects, different billing agreements may apply.

Unbilled revenue related to contracts on the basis of retroactive costing pertains to performances already delivered for which clients will be billed in the near future, after which these revenues will be recognised under trade receivables.

Contract assets pertain to revenue recognised that clients are billed for in instalments on the basis of contractually agreed conditions, after which said revenue is recognised under trade receivables.

At year-end 2018, Ordina recognised a provision for expected credit losses on trade receivables, unbilled revenue and contract assets of around EUR 0.6 million (year-end 2017: around EUR 0.3 million).

Contract obligations pertain to amounts clients have already been billed and in exchange for which Ordina must still deliver services. Ordina expects to deliver the services in question within a period of one year (practical expedient IFRS 15.121). Revenue will be recognised at the moment that Ordina has met its contractual obligations. All contract obligations recognised at year-end 2017 resulted in revenue in 2018.

6.3 Delivery obligations

IT services

The delivery obligation is met over time. The payment term generally varies from 30 to 90 days from the moment Ordina bills for the services. The contracts related to the delivery of IT services contain no material financing element. If there is any question of (volume) discount, these are settled with clients on the basis of any contractual agreements. Obligations related to (volume) discounts are reviewed monthly, and this is used as a basis for any adjustment of the recognised revenue.

Sale of hardware and software

The delivery obligation is met at the moment the hardware and/or software is delivered. The payment term generally varies from 30 to 90 days from the moment Ordina bills for the delivery. The contracts related to the delivery of hardware and software contain no material financing element. There is generally no question of possible restitution in the sale of hardware and/or software. In the event that Ordina plays the role of agent in the sale of hardware and/or software, revenue is recognised solely in the amount of the margin realised.

7. SEGMENT INFORMATION

The organisation is structured around Ordina's services. Information is reported on a monthly basis to the Management Board in its capacity as chief operating decision maker in line with this structure. Ordina's results are divided to reflect the company's various divisions. The Management Board's decision-making is based on same. Ordina discloses segment information on the basis of how the internal governance, reporting and decision-making is organised within the company. Ordina recognises the segments the Netherlands and Belgium/ Luxembourg.

In 2017, in the Netherlands Ordina recognised the segments Delivery the Netherlands and the Innovation cluster segments in the Netherlands. With effect from 2018, Ordina incorporated the Innovation cluster in Delivery the Netherlands. The comparative figures for 2017 have consequently been adjusted.

The Management Board's assessment of the segments focusses primarily on revenue and EBITDA. Segment information is provided for the segments the Netherlands and Ordina Belgium/Luxembourg. Segment revenues, assets and liabilities are items that are directly or reasonably attributable to a segment. The prices and terms of inter-segment transactions are determined on an arm's length, objective basis. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one reporting period. Management information related to balance sheet positions and the analysis of same is aggregated at the level of the Netherlands or Belgium/Luxembourg.

7.1. Segment information

The segment information for the year 2017 is as follows:

Restated	Notes	the Netherlands	Belgium/ Luxembourg	Total
Total segment revenue		254,874	91,363	346,237
Inter-segment revenue		-2,582	-1,634	-4,216
Revenue from contracts with customers		**252,292**	**89,729**	**342,021**
EBITDA		**5,697**	**8,833**	**14,530**
Amortisation	8	-4,775	0	-4,775
Depreciation	9	-2,279	-552	-2,831
Operating profit		**-1,357**	**8,281**	**6,924**
Finance costs – net	25	-456	13	-443
Share of profit of associates	10	-26	0	-26
Profit before tax		**-1,839**	**8,294**	**6,455**
Income tax expense	26	372	-3,719	-3,347
Profit for the year		**-1,467**	**4,575**	**3,108**

The segment information for the year ended 2018 is as follows:

	Notes	the Netherlands	Belgium/ Luxembourg	Total
Total segment revenue		259,164	103,704	362,868
Inter-segment revenue		-2,741	-1,605	-4,346
Revenue from contracts with customers		**256,423**	**102,099**	**358,522**
EBITDA		**6,512**	**12,149**	**18,661**
Amortisation	8	-1,648	0	-1,648
Depreciation	9	-1,958	-515	-2,473
Operating profit		**2,906**	**11,634**	**14,540**
Finance costs – net	25	-252	16	-236
Share of profit of associates	10	-7	0	-7
Profit before tax		**2,647**	**11,650**	**14,297**
Income tax expense	26	-3,078	-4,346	-7,424
Profit for the year		**-431**	**7,304**	**6,873**

The exceptional items in the segments' results for 2018 pertained to reorganisation costs and amounted to a total of EUR 2.5 million (2017: EUR 5.9 million). Ordina incurred EUR 2.3 million of these reorganisation costs in the Netherlands and the remaining EUR 0.2 million in Belgium/Luxembourg (2017: EUR 5.6 million in the Netherlands, EUR 0.3 million in Belgium/Luxembourg).

As a result of the renewal of the lease agreement for the office location in Nieuwegein, in 2017 Ordina the Netherlands recognised a release from the vacancy provision of approximately EUR 3.8 million (see note 20).

As a result of the early decommissioning of a part of the functionality of the ERP application, in 2017 Ordina recognised additional depreciation of around EUR 2.0 million in the depreciation costs for the Netherlands (see note 8.1).

The income tax paid amounted to around EUR 3.9 million in 2018 (2017: around EUR 5.2 million). This income tax paid pertained entirely to Belgium/Luxembourg.

One Dutch client accounted for more than 10% of total revenue in 2018. The revenue generated from this client was approximately EUR 56.6 million (2017: revenue of approximately EUR 58.7 million). Seven other clients together accounted for more than 20% of total revenue.

The assets and liabilities at year-end 2017 can be specified as follows:

Restated	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	223,554	59,781	283,335	-53,340	229,995
Total liabilities	75,837	23,005	98,842	-16,564	82,278

The assets and liabilities at year-end 2018 can be specified as follows:

	the Netherlands	Belgium/ Luxembourg	Total	Eliminations	Consolidated
Total assets	227,657	71,430	299,087	-65,709	233,378
Total liabilities	74,627	27,348	101,975	-21,627	80,348

Other segment information for 2017 can be specified as follows:

Restated	Notes	**the Netherlands**	**Belgium/ Luxembourg**	**Total**
Carrying amount of intangible assets	8	114,654	17,142	131,796
Carrying amount of property, plant and equipment	9	3,958	1,001	4,959
Carrying amount of financial fixed assets	10/11	18,499	125	18,624
Purchases of intangible assets	8	409	0	409
Purchases of property, plant and equipment	9	2,684	458	3,142
Amortisation	8	4,775	0	4,775
Depreciation	9	2,279	552	2,831
Income tax recognised in profit & loss	26	-372	3,719	3,347
Income tax paid in reporting period		0	5,157	5,157

Other segment information for 2018 can be specified as follows:

	Notes	**the Netherlands**	**Belgium/ Luxembourg**	**Total**
Carrying amount of intangible assets	8	113,228	17,142	130,370
Carrying amount of property, plant and equipment	9	3,580	1,291	4,871
Carrying amount of financial fixed assets	10/11	15,416	125	15,541
Purchases of intangible assets	8	222	0	222
Purchases of property, plant and equipment	9	1,640	815	2,455
Amortisation	8	1,648	0	1,648
Depreciation	9	1,958	515	2,473
Income tax recognised in profit & loss	26	3,078	4,346	7,424
Income tax paid in reporting period		0	3,927	3,927

8. INTANGIBLE ASSETS

This item can be specified as follows

	Goodwill	Software	Related to customers	Total
At 1 January 2017				
Cost	192,816	18,540	97,742	309,098
Accumulated amortisation and impairments	-68,321	-7,778	-96,837	-172,936
Carrying amount at 1 January 2017	**124,495**	**10,762**	**905**	**136,162**
Movements in carrying amount				
Additions	0	384	0	384
Internally generated	0	25	0	25
Amortisation	0	-3,870	-905	-4,775
Disposals	0	0	0	0
Carrying amount at 31 December 2017	**124,495**	**7,301**	**0**	**131,796**
At 31 December 2017				
Cost	192,816	15,903	97,742	306,461
Accumulated amortisation and impairments	-68,321	-8,602	-97,742	-174,665
Carrying amount at 31 December 2017	**124,495**	**7,301**	**0**	**131,796**
Of which internally generated	0	3,059	0	3,059

	Goodwill	Software	Related to customers	Total
At 1 January 2018				
Cost	192,816	15,903	97,742	306,461
Accumulated amortisation and impairments	-68,321	-8,602	-97,742	-174,665
Carrying amount at 1 January 2018	**124,495**	**7,301**	**0**	**131,796**
Movements in carrying amount				
Additions	0	148	0	148
Internally generated	0	74	0	74
Amortisation	0	-1,648	0	-1,648
Disposals	0	0	0	0
Carrying amount at 31 December 2018	**124,495**	**5,875**	**0**	**130,370**
At 31 December 2018				
Cost	192,816	14,788	97,742	305,346
Accumulated amortisation and impairments	-68,321	-8,913	-97,742	-174,976
Carrying amount at 31 December 2018	**124,495**	**5,875**	**0**	**130,370**
Of which internally generated	0	2,517	0	2,517

8.1. Investments and disposals

Total investments in software were primarily related to the IT applications within Ordina the Netherlands. This investment was developed partly in-house. With effect from 1 January 2015, Ordina took a new ERP application into operation. The ERP application will be amortised over a period of seven years. In 2017, Ordina decided to no longer use a part of the functionality within the ERP application, as a result of which there is a change in the estimated life of this part of the asset. The decommissioning of this functionality led to an additional depreciation of approximately EUR 2.0 million in 2017.

In 2018, Ordina fully depreciated decommissioned assets with an initial investment value of around EUR 1.3 million (2017: around EUR 3.0 million).

8.2. Impairment and reversal of impairment losses

In 2018 and 2017, Ordina recognised no impairment on intangible assets.

No prior-year impairment losses on intangible assets were reversed in 2018.

8.3. Goodwill

Ordina monitors goodwill at the level of a group of cash generating units within Ordina, which groups of cash generating units are the same as the segments recognised. Ordina recognises the segments the Netherlands and Belgium/ Luxembourg.

The table below shows goodwill per segment.

	2017	2018
the Netherlands	107,353	107,353
Belgium/Luxembourg	17,142	17,142
At 31 December	**124,495**	**124,495**

8.4. Software

The carrying value of software amounted to EUR 5.9 million at year-end 2018 (year-end 2017: EUR 7.3 million). This carrying amount at year-end 2018 was primarily related to the ERP application that was taken into operation in 2015 and which was partly produced in-house. The life of this application is based on the expected life and the assumed obsolescence of such applications, as well as on past experience with previous comparable applications, and is assumed to be a minimum of seven years.

8.5. Intangible assets related to customers

This item relates to the measurement at acquisition of brand names, customer lists and contract portfolios. The different components are amortised on the basis of the estimated useful lives of the individual components. Intangible assets related to customers can be allocated entirely to the segment the Netherlands. At year-end 2018, the carrying amount of intangible assets related to customers amounted to nil (year-end 2017: nil).

8.6. Impairment testing for goodwill

Ordina carries out impairment tests at least once a year on the goodwill of the relevant (groups of) cash generating units (see also Sections 2.6 and 2.13 and Note 5.1). Goodwill is monitored at the level of and allocated to the segments the Netherlands and Belgium/Luxembourg. The Innovation cluster segment, as Ordina recognised this in 2017, was incorporated in the Netherlands segment with effect from 2018. The Innovation cluster was not allocated any goodwill. An impairment is recognised if the recoverable amount of the segment is less than the carrying amount.

The recoverable amounts of the various segments to which goodwill can be allocated are determined by calculating their value in use. These calculations use future cash flows based on projections for the next five years, which are partly based on the available relevant market data pertaining to the forecasts for the short and medium term. The market data include sector reports from research agencies, sector organisations and financial institutions.

These five-year projections include estimates related to revenue growth, direct costs and indirect costs, as well as assumptions regarding developments in investments and working capital. The annual revenue growth per five-year projection differs per segment, and for the Netherlands vary from around 1.0% to around 2.9% (2017: around 1.0% to around 2.6%) and for Belgium/Luxembourg from around 1.0% to around 6.6% (2017: around 1.0% to around 8.1%). The average annual revenue growth in the five-year projection amounts to around 1.5% for the Netherlands (2017: around 1.5%) and around 2.5% for Belgium/Luxembourg (2017: around 2.8%).

The average annual EBITDA margin for the years 2019 through 2023 in the long-term projections amounts to around 6.4% for the Netherlands (2017: around 5.7%) and around 9.6% for Belgium/Luxembourg (2017: around 8.5%). The EBITDA margin for the years after 2023 in the long-term projections amounts to around 6.8% for the Netherlands (2017: around 6.5%) and around 9.5% for Belgium/Luxembourg (2017: around 8.5%). The useful life upon which cash flows are discounted is indefinite in principle. At year-end 2018, Ordina used an estimated forward growth rate of 1.0% (2017: 1.0%).

Future cash flows are discounted on a post-tax basis at an interest rate specific to each segment. At year-end 2018, the discount rate for the Netherlands stood at 8.5% (year-end 2017: 8.6%) and 9.2% for Belgium/Luxembourg (year-end 2017: 9.4%). The discount rate before taxes, on the basis of the applicable percentage at year-end 2018, stood at 10.5% for the Netherlands (2017: 11.0%) and 12.8% for Belgium/Luxembourg (2017: 13.9%).

Based on the chosen assumptions, the impairment test we conducted will not lead to an impairment at year-end 2018. The carrying amount, value in use and the headroom per segment to which goodwill is allocated at year-end 2018 were as follows:

(in euro millions)	**Carrying amount**	**Value in use**	**Headroom**
the Netherlands	94.3	135.9	41.6
Belgium/Luxembourg	44.0	113.8	69.8

In addition to this impairment test executed at year-end 2018, Ordina performed sensitivity analyses. These sensitivity analyses were performed, firstly, on the basis of a higher discount rate in combination with lower forward growth and, secondly, on the basis of a reduction of the EBITDA margin.

We conducted a sensitivity analysis, in which the EBITDA margin was reduced by 0.25% and 0.5% respectively, with the discount rate unchanged. The table below shows the remaining excess values (in millions of euros) of the segments in question on the basis of this sensitivity analysis. The sensitivity analysis did not result in an impairment for any of the segments.

(in euro millions)	**the Netherlands**	**Belgium/ Luxembourg**
Decline EBITDA margin		
-0.25%	34.3	67.3
-0.50%	27.0	64.8

In addition to this, we conducted a sensitivity analysis in which the discount rate was first raised successively by 0.5%, 1.0% and 1.5%, and secondly the forward growth rate was reduced by 0.5% and 1.0%. This additional sensitivity analysis did not result in an impairment for any of the segments. The table below shows the remaining excess values (in millions of euros) of the segments in question on the basis of this sensitivity analysis.

(in euro millions)				**Discount rate post tax**
the Netherlands	8.5%	9.0%	9.5%	10.0%
Terminal growth				
0.5%	34.0	25.4	17.7	10.9
0.0%	27.5	19.6	12.6	6.3
Belgium/Luxembourg	9.2%	9.7%	10.2%	10.7%
Terminal growth				
0.5%	66.0	61.4	57.3	53.6
0.0%	62.6	58.5	54.7	51.3

We also compared the outcome of the impairment test with Ordina's stock exchange valuation. As a result of the drop in the share price in 2018, the value in use was approximately 89% higher than the stock exchange valuation. At year-end 2017, the value in use was around 55% higher than the stock exchange value. A value in use that is higher than the stock exchange valuation is not unusual due to the control premium. However, the current discrepancy falls outside the bandwidth considered reasonable beforehand. The value in use is determined on the basis of a variety of parameters. The long-term expectations are the main value driver of value in use. Due to the discrepancy between the value in use and stock exchange valuation, Ordina conducted a critical assessment of the parameters used. Following this critical assessment, we still believe these assumptions to be realistic. These assumptions are partly based on general economic developments and the results realised in 2018, which are driven by increased productivity and underlying rates. In addition, from the summer of 2018 we saw the number of direct employees increase for the first time in a long time. These developments give us confidence regarding value development in the long term.

9. PROPERTY, PLANT AND EQUIPMENT

This item can be specified as follows:

	Equipment	Fixtures and fittings	Renovations	Total
At 1 January 2017				
Cost	13,633	1,657	8,753	24,043
Accumulated depreciation	-11,905	-1,414	-6,047	-19,366
Carrying amount at 1 January 2017	**1,728**	**243**	**2,706**	**4,677**
Movements in carrying amount				
Additions	2,931	61	150	3,142
Depreciation	-1,528	-98	-1,234	-2,860
Disposals	0	0	0	0
Carrying amount at 31 December 2017	**3,131**	**206**	**1,622**	**4,959**
At 31 December 2017				
Cost	13,191	1,691	6,207	21,089
Accumulated depreciation	-10,060	-1,485	-4,585	-16,130
Carrying amount at 31 December 2017	**3,131**	**206**	**1,622**	**4,959**

	Equipment	Fixtures and fittings	Renovations	Total
At 1 January 2018				
Cost	13,191	1,691	6,207	21,089
Accumulated depreciation	-10,060	-1,485	-4,585	-16,130
Carrying amount at 1 January 2018	**3,131**	**206**	**1,622**	**4,959**
Movements in carrying amount				
Additions	2,031	116	308	2,455
Depreciation	-1,876	-86	-581	-2,543
Disposals	0	0	0	0
Carrying amount at 31 December 2018	**3,286**	**236**	**1,349**	**4,871**
At 31 December 2018				
Cost	12,888	1,702	6,350	20,940
Accumulated depreciation	-9,602	-1,466	-5,001	-16,069
Carrying amount at 31 December 2018	**3,286**	**236**	**1,349**	**4,871**

9.1. Investments and disposals

investments in 2018 were primarily investments for the replacement of equipment. Of the total investments, around EUR 0.8 million was related to our operations in Belgium and Luxembourg (2017: EUR 0.5 million).

As a result of the renewal of the lease agreement for the office in Nieuwegein, in which the C tower is no longer included in the rental agreement, Ordina recognised an additional depreciation of EUR 0.4 million in the item building renovations. The renewal of the lease agreement for the office in Nieuwegein did not result in an extension of the depreciation period related to the other capitalised renovation costs.

Ordina made no material disposals in 2018 and 2017.

In 2018, Ordina decommissioned fully depreciated assets with an original purchase value of around EUR 2.6 million (2017: around EUR 6.1 million).

9.2. Impairment and reversal of impairment losses

Ordina did not recognise any impairment losses on property, plant and equipment in 2018 or 2017. No prior-year impairments on property, plant and equipment were reversed in 2018.

9.3. Leasehold property, plant and equipment

At year-end 2018 and year-end 2017, Ordina had no tangible fixed assets in lease. Ordina made no investments in leased tangible fixed assets in either 2018 or 2017. With respect to the new reporting standard IFRS 16 'Leases', which came into force on 1 January 2019, and the impact on Ordina's financial position and results, please see note 2.1

10. INVESTMENTS IN ASSOCIATES

This item can be specified as follows:

	2017	2018
At 1 January	397	371
Additions	0	0
Share of profit and impairment of associates	-26	-7
Dividend	0	0
Disposals	0	0
At 31 December	**371**	**364**

Ordina had two associates at year-end 2018 and 2017: Quli B.V. (Netherlands, 25.0% interest) and Passwerk CVBA (Belgium, 37.3% interest).

The negative results from participations in both 2018 and 2017 was entirely due to Quli B.V. Ordina did not recognise any result for Passwerk in 2018 and 2017 in connection with the restrictive conditions under which it is possible to pay out dividends by virtue of the social purpose of this company.

In the course of 2018, Ordina recognised a total of around EUR 0.1 million in revenue in the context of work carried out for Quli B.V. (2017: EUR 0.2 million). In 2018, Ordina commissioned services from Passwerk in the amount of around EUR 46,000 (2017: nil).

The following breakdown applies to the item investments in associates, on the basis of the financial information at year-end 2018:

	Quli B.V.	Passwerk CVBA
Assets	1,302	3,158
Liabilities	347	842
Revenu	851	4,819
Profit	-29	471
Other results (OCI)	0	0
Total comprehensive income	-29	471
Share	25.0%	37.3%

11. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2017 Restated	2018
Intangible assets and property, plant and equipment	7,794	5,968
Employee related provisions	216	176
Other provisions / long term	20	22
Recognised tax losses	10,223	9,011
At 31 December	**18,253**	**15,177**

In the statement of income for 2018, Ordina has recognised a deferred tax asset of around EUR 3.1 million (2017: around EUR 0.4 million negative). Deferred tax assets are valued at the set tax rates in the year in which said deferred tax assets are likely to be settled. With effect from 2020, the nominal corporate income tax rate in the Netherlands will be reduced to 22.55% from the current rate of 25.0%. With effect from 2021, the nominal rate in the Netherlands will be further reduced to 20.50%. As a result of these future tax rate cuts, in 2018 Ordina recognised an impairment of its deferred tax assets of more than EUR 2.2 million.

The deferred tax asset by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the difference between the economic write-down period and minimum fiscal write-down period. As a result of the future corporate income tax rate cuts, at year-end 2018 Ordina recognised an impairment of deferred tax assets by virtue of temporary measurement differences in the value of intangible assets and property, plant and equipment of around EUR 1.0 million and charged same to the result.

The deferred tax asset by virtue of employee benefits and provisions relates to temporary measurement differences with respect to pension provisions.

The deferred tax asset by virtue of other provisions pertains to the provision for vacant office space and the provision for expected credit losses on trade receivables. As a result of the release of the provision for vacant office space in 2017, the deferred tax asset related to same has also lapsed (see note 20).

The recognition of tax loss carry-forwards takes into account estimates of the scope and timing of future taxable profits, including the available potential for loss rejuvenation (total recognised at year-end 2018: around EUR 40.8 million; year-end 2017: around EUR 40.9 million). Recognition is at the nominal tax rate that will apply in future years on the basis of existing legislation. The recognition of tax loss carry-forwards at year-end 2018 took into account the reduction of corporate tax rates in the years 2020 and 2021, as these were definitively determined at year-end 2018. At year-end 2018, the losses in the Netherlands were recognised at an average rate of 22.1% (year-end 2017: 25.0%). Due to the future reductions of corporate tax rates, Ordina recognised an impairment of deferred tax assets by virtue of the recognised rights to tax loss carry forwards of around EUR 1.2 million at year-end 2018 and charged same to the result. Total available tax loss carry forwards stood at approximately EUR 42.3 million at year-end 2018 (year-end 2017: approximately EUR 42.7 million). At year-end 2018, tax losses totalling around EUR 1.5 million had not been recognised (year-end 2017: EUR 1.8 million)

Tax losses are recognised based on their assumed utilisation potential in the coming years. The potential utilisation of these tax losses is limited in the Netherlands. The remaining deduction period is between one and nine years. Given that tax losses were recorded in multiple years up to and including 2017, convincing evidence must be presented for the recognition of such losses (IAS 12).

Deferred tax assets are recognised on the basis of the five-year projection. The premises are considered realistic in the current circumstances and are explained in the section on the goodwill impairment test (see note 8.6). The future realisation of taxable profits and thus compensation of losses may vary from these estimates. If in the context of a sensitivity analysis an assessment is conducted in which the EBITDA margin is reduced by 0.25% or 0.50% respectively in the multi-year projection, this would result in a potential devaluation of the deferred tax asset of around EUR 1.6 million or EUR 2.3 million respectively.

Of the deferred income tax assets, an amount of around EUR 12.2 million had a term of more than one year at year-end 2018 (year-end 2017: around EUR 16.4 million).

Movements in deferred income tax assets were as follows in 2017:

Restated	**Opening balance 2017**	**Recognised in income statement**	**Recognised in consolidated statement of comprehencive income**	**Closing balance 2017**
Intangible assets and property, plant and equipment	8,611	-817	0	7,794
Employee related provisions	214	-2	4	216
Other provisions	991	-971	0	20
Recognised tax losses	8,062	2,161	0	10,223
	17,878	**371**	**4**	**18,253**

Movements in deferred income tax assets were as follows in 2018:

	Opening balance 2018 (Restated)	**Recognised in income statement**	**Recognised in consolidated statement of comprehencive income**	**Closing balance 2018**
Intangible assets and property, plant and equipment	7,794	-1,826	0	5,968
Employee related provisions	216	-41	1	176
Other provisions	20	2	0	22
Recognised tax losses	10,223	-1,212	0	9,011
	18,253	**-3,077**	**1**	**15,177**

12. TRANSITION COSTS

Transition costs can be specified as follows:

	2017	2018
At 1 January	585	123
Additions	0	0
Expenses	-462	-115
At 31 December	**123**	**8**

Transition costs are related the installation of systems and processes which occur after the closing of long-term management contracts pertaining to existing IT applications. Transition costs are valued at cost price and related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors. Transition costs are charged to income during the period in which the management activities are carried out, which period varies between two and five years.

13. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total
At 31 December 2017					
Trade debtors and other short term assets	59,545	0	0	0	59,545
Trade payables and other short term liabilities	-76,325	0	0	0	-76,325
Total at 31 December 2017	**-16,780**	**0**	**0**	**0**	**-16,780**

	Amortised cost	Fair value through profit & loss	Fair value through OCI	Derivatives used for hedging	Total
At 31 December 2018					
Trade debtors and other short term assets	60,727	0	0	0	60,727
Trade payables and other short term liabilities	-74,454	0	0	0	-74,454
Total at 31 December 2018	**-13,727**	**0**	**0**	**0**	**-13,727**

14. TRADE RECEIVABLES AND OTHER SHORT-TERM ASSETS

Trade receivables and other short-term assets can be specified as follows:

	2017 Restated	2018
Trade receivables	36,054	38,721
Provision for impairment of trade receivables	-290	-570
Trade receivables - net	**35,764**	**38,151**
Unbilled receivables	17,345	16,699
Contract assets	6,116	5,263
Prepaid pension contributions	55	0
Other receivables	185	249
Prepayments and accrued income	4,139	3,738
At 31 December	**63,604**	**64,100**

The fair value of the trade receivables and other short-term assets approximates their net carrying amount.

As at 31 December 2018, trade receivables of around EUR 8.2 million (year-end 2017: around EUR 6.4 million) were past due but did not result in the taking of a specific provision. Despite the fact that they were past due, there were no indications on the balance sheet date that a provision was necessary in addition to the provision already taken for expected credit losses on trade receivables.

The ageing analysis of these (net) trade receivables is as follows:

	2017 Restated	2018
Trade receivables not impaired and not past due	**29,383**	**29,921**
Trade receivables not impaired and past due:		
Up to 1 month	5,236	5,402
1 to 2 months	410	1,423
2 to 3 months	237	410
Over 3 months	498	995
	6,381	**8,230**
Trade receivables - net	**35,764**	**38,151**

Movements in the allowance for doubtful debts were as follows:

	2017 Restated	2018
At 1 January	1,469	290
Provision for receivables impairment	66	352
Receivables written off during the year as incollectible	-1,212	0
Unused amounts reversed	-33	-72
At 31 December	**290**	**570**

All trade receivables are denominated in euros. Ordina therefore has no trade receivables that are denominated in currencies other than the euro.

The creation and release of the provision have been included in 'other operating expenses' in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Of the total amount of receivables written off as irrecoverable in 2017, some EUR 1.0 million related to a debtor that was declared bankrupt in 2013, and for which there is no expectation of a payment as a result of the settlement of the bankruptcy.

At year-end 2018, trade receivables and other short-term assets amounting to around EUR 42.3 million had been provided as collateral as security for the financing facility (year-end 2017: around EUR 45.9 million)

At year-end 2018, Ordina had recognised a provision of around EUR 0.1 million for expected credit losses on trade receivables, unbilled revenue and contract assets (year-end 2017: around EUR 0.1 million) The other classes within trade receivables and other short-term assets do not contain any impaired assets.

Prepayments and accrued income include prepaid expenses. Prepayments and accrued income and other receivables fell due in less than one year at both year-end 2018 and year-end 2017.

The maximum exposure to credit risk at the reporting date is the value of each class of receivables mentioned above. Ordina does not hold any collateral as security.

The maximum credit risk exposure to trade receivables (gross) and unbilled revenue pertaining to work already carried out and contract assets can be specified as follows (by geographical area):

	2017	2018
the Netherlands	38,374	36,620
Belgium/Luxembourg	21,171	24,107
At 31 December	**59,545**	**60,727**

The maximum credit risk exposure to trade receivables (gross) can be specified as follows (by client category):

	2017	2018
Public	9,009	10,126
Finance	5,460	5,925
Industry	18,596	18,347
Healthcare	2,989	4,323
At 31 December	**36,054**	**38,721**

The credit-worthiness of the trade receivables (net) can be judged on the basis of external credit ratings (Standard & Poor's), as well as on the basis of payment history. The following includes a breakdown of the credit-worthiness of the debtors, less provisions:

	2017 Restated	2018
Debtors with external credit rating		
A - AA	4,081	4,351
BB	0	0
	4,081	**4,351**
Debtors without external credit rating		
Low credit risk	28,049	27,874
Medium credit risk	3,377	5,775
High credit risk	257	151
	31,683	**33,800**
At 31 December	**35,764**	**38,151**

No credit rating is available for governmental bodies. Receivables of governmental bodies are qualified low risk.

15. CASH AND CASH EQUIVALENTS

The balances disclosed in this item are at Ordina's free disposal. At year-end 2018, an amount of around EUR 1.4 million (year-end 2017: around 2.0 million) was held in a so-called blocked account, on the basis of which the disposal of the monies in said account are limited to tax obligations. For details of the committed overdraft facility, see Note 18.

At the balance sheet date, Ordina had no financial derivatives.

The cash and cash equivalents have been deposited with professional market parties with a good credit rating. The following is a breakdown of available cash and cash equivalents based on the external credit rating of these market parties:

	2017	2018
A-1	10,889	18,488
At 31 December	**10,889**	**18,488**

16. SHARE CAPITAL

Movements in paid-up and called-up capital in 2017 and 2018 were as follows:

(In thousands)	Number of outstanding shares	Issued capital in EUR
At 1 January 2017	93.256	9.326
Issue of shares	0	0
Issue related to share-based payment	0	0
At 31 December 2017	**93.256**	**9.326**

(In thousands)	Number of outstanding shares	Issued capital in EUR
At 1 January 2018	93.256	9.326
Issue of shares	0	0
Issue related to share-based payment	0	0
At 31 December 2018	**93.256**	**9.326**

16.1. Paid-up and called-up share capital

The total authorised capital amounted to EUR 20 million at year–end 2018, and consisted of 199,999,995 shares with a par value of EUR 0.10 per share, plus one priority share of EUR 0.50, divided as follows:

- Priority shares: 1
- Preference shares: 39,999,995
- Ordinary shares: 160,000,000

At year-end 2018, one priority share and 93,255,929 ordinary shares were fully paid up (year-end 2017: one priority share and 93,255,929 ordinary shares).

No new shares were issued in 2018 or 2017.

For the settlement of the variable long-term bonuses for the period 2015-2017, which took place in the first half of 2018, Ordina acquired and then immediately paid out a total of 30,610 treasury shares. These shares were purchased at a share price of EUR 1.685 per share. Ordina N.V. did not hold any treasury shares at either year-end 2018 or 2017.

For details of the issued priority share, see the provision relating to the priority share in the company's articles of association.

16.2. Share and share option schemes

At both year-end 2018 and year-end 2017, there were no outstanding options on Ordina N.V. shares.

The members of the Management Board and the Executive Committee/ management have been granted a variable long-term bonus which involves a payment in shares (see also section 2.15.2). In this context, at year-end 2018, shares in Ordina N.V. were granted conditionally to the members of the Management Board (total of 476,083 shares) and to the members of the Executive Committee/management (total of 468,749 shares).

We refer to section 32.2.2 for an explanation of the schemes applicable to the members of the Management Board. The scheme that applies to the Executive Committee/management pertains to a variable long-term bonus for the period 2017-2019 and 2018-2020. The targets for this scheme are the same as those that apply to the members of the Management Board. The liabilities pursuant to the Executive Committee/management's 2014-2016 bonus scheme have been settled completely, with a part of the settlement made via a cash payment instead of the remittance of Ordina N.V. shares. The allocation under the scheme still applicable to the Executive Committee/management at year-end 2018 can be broken down as follows:

	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2017	Recognised in profit & loss 2018
Executive Committee							
Window 2017-2019	79,943	01-06-17	1.59	158	83%	36	29
Window 2017-2019	16,054	10-07-17	1.57	25	83%	5	7
Window 2018-2020	372,752	05-07-18	1.89	705	100%	n.a.	141
	468,749			**888**		**41**	**177**

17. RESERVES

Movements in reserves in 2017 and 2018 can be specified as follows:

	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2016	**136,219**	**-3,179**	**5,038**	**138,078**
Restatement	0	-57	0	-57
At 1 January 2017 (restated)	**136,219**	**-3,236**	**5,038**	**138,021**
Prior-year retained earnings	0	5,038	-5,038	0
Dividend distribution to shareholders	0	-1,865	0	-1,865
Issue related to share-based payment	0	0	0	0
Share based payments - treasury shares settlement	0	-503	0	-503
Share based payments - cash settlement	0	-597	0	-597
Share-based payments - personnel expenses	0	239	0	239
Profit for the year	0	0	3,108	3,108
Actuarial gains and losses	0	-12	0	-12
At 31 December 2017	**136,219**	**-936**	**3,108**	**138,391**

	Share premium reserve	Retained earnings	Profit for the year	Total
At 31 December 2017	**136,219**	**-879**	**3,110**	**138,450**
Restatement	0	-57	-2	-59
At 1 January 2018 (Restated)	**136,219**	**-936**	**3,108**	**138,391**
Prior-year retained earnings	0	3,108	-3,108	0
Dividend distribution to shareholders	0	-1,865	0	-1,865
Issue related to share-based payment	0	0	0	0
Share based payments - treasury shares settlement	0	-52	0	-52
Share based payments - cash settlement	0	0	0	0
Share-based payments - personnel expenses	0	361	0	361
Profit for the year	0	0	6,873	6,873
Actuarial gains and losses	0	-4	0	-4
At 31 December 2018	**136,219**	**612**	**6,873**	**143,704**

The settlement of share-related bonuses via the purchase of treasury shares resulted in a negative financial cash flow of EUR 0.1 million in 2018 (2017; EUR 0.5 million). This pertained to the purchase of treasury shares for the settlement of the obligation (see note 16.1). The total negative financial cash flow due to the settlement amounted to EUR 0.1 million in 2018 (2017: EUR 1.1 million). The negative financial cash flow in 2017 includes the cash settlement in the amount of EUR 0.6 million.

The personnel expenses due to share-related bonuses in the amount of EUR 0.4 million in 2018 (2017: EUR 0.2 million) are related to expenses charged to the result (see note 23). Around EUR 0.2 million of this amount pertains to the Management Board's share-related bonuses (2017: EUR 0.2 million).

The company financial statements at year-end 2018 include a statutory reserve charged to the retained earnings in the sum of approximately EUR 2.5 million (year-end 2017: approximately EUR 3.1 million).

18. BORROWINGS

As at 31 December 2018 and year-end 2017, Ordina Group has no non-current borrowings.

In May 2015, Ordina agreed a financing facility with ABN Amro Bank and ING. This financing facility is for an amount of EUR 30 million, is fully committed and is a revolving credit facility of EUR 20 million and a current account credit facility of EUR 10 million. The term of this new financing facility is a maximum of five years, with an initial term of three years and an option to extend this twice by one year. After an initial extension in 2016, Ordina agreed a second extension of one year in 2017. By virtue of this second extension, the financing agreement now runs to May 2020.

The withdrawals fluctuate under the revolving facility during the year and depend on Ordina's credit needs. At year-end 2018, Ordina had not made any withdrawals (year-end 2017: nil) under the revolving facility. During the course of the year, Ordina made use of the financing facility (revolving and current account facilities). Ordina's average net debt amounted to approximately EUR 1.4 million in 2018 (2017: approximately EUR 3.8 million).

The most important elements of the covenants related to this financing facility comprise a maximum leverage ratio (calculated on the basis of total net debt / adjusted EBITDA) and an Interest Cover Ratio (calculated on the basis of (adjusted) EBITDA / total interest as defined in the financing agreement). The leverage ratio has been set at a maximum of 2.5 and 2.0 during the final two quarters of the term (which may have been extended at that point). The Interest Cover Ratio has been set at a minimum of 5.0. The covenants are based on the consolidated financial statements drawn up in accordance with IFRS. The correction of the EBITDA for one-off costs and reorganisation costs has been set at a maximum of EUR 3.0 million per year.

The finance agreement also stipulates that the total EBITDA of the companies that have agreed joint and several liability for the purposes of the credit agreement should account for a minimum of 80% of the consolidated EBITDA, as laid down in the credit agreement (the Guarantor Cover Ratio) and that a minimum of 70% of the trade receivables are pledged as security for the lender (the Security Cover Ratio).

The interest rate on the financing agreement is calculated on the basis of the applicable base rate (EURIBOR) plus a fixed margin of 1.0%. The base interest rate depends on the interest period determined by Ordina, which can vary from one to six months.

The table below shows the applicable covenants and the extent to which these had been realised at year-end 2018.

	Realisation 2018	**Finance agreement**
Leverage Ratio	-0.9	=< 2.5
Interest Cover Ratio	106.6	>= 5.0
Guarantor Cover Ratio	93%	>= 80%
Security Cover Ratio	76%	>=70%

The tables below show the changes in liabilities arising from financing activities for both the year under review and the previous financial period:

	1 January 2017	Cash flows	Foreign exchange movements	Changes in fair values	Other	31 December 2017
Non-current borrowings	0	0	0	0	0	0
Current borowwings	0	0	0	0	0	0
Dividend distribution to shareholders	0	-1,865	0	0	1,865	0
Total liabilites from financing activities	**0**	**-1,865**	**0**	**0**	**1,865**	**0**

	1 January 2018	Cash flows	Foreign exchange movements	Changes in fair values	Other	31 December 2018
Non-current borrowings	0	0	0	0	0	0
Current borowwings	0	0	0	0	0	0
Dividend distribution to shareholders	0	-1,865	0	0	1,865	0
Total liabilites from financing activities	**0**	**-1,865**	**0**	**0**	**1,865**	**0**

The other changes are related to the General Meeting of Shareholders' resolutions to pay out a dividend adopted on 26 April 2018 and 2 May 2017 respectively. Following these decisions, in 2017 and 2018 Ordina paid out an amount of around EUR 1.9 million from the net profit for 2017 and 2016 respectively as dividend to its shareholders. Ordina recognises dividend paid out to shareholders as a liability at the moment that the General Meeting of Shareholders adopts a resolution to pay out a dividend.

19. EMPLOYEE BENEFITS

Employee benefits pertain exclusively to pension liabilities and can be specified as follows per region:

	2017	2018
the Netherlands	865	860
Belgium	15	15
Total defined benefit obligation	**880**	**875**

19.1 Provision arising from defined benefit pension plans the Netherlands

The provision arising from defined benefit pension plans in the Netherlands can be broken down as follows:

	2017	2018
Defined benefit obligation	8,139	8,160
Less: fair value of plan assets	7,274	7,300
Defined benefit obligation	**865**	**860**

Movements in the defined benefit obligation were as follows:

	2017	2018
At 1 January	7,921	8,139
Current service cost	0	0
Interest cost	158	162
Contributions by plan participants	0	0
Benefits paid	-61	-68
Actuarial gains and losses	121	-73
Defined benefit obligation at 31 December	**8,139**	**8,160**

Movements in the fair value of pension plan assets were as follows:

	2017	2018
At 1 January	7,065	7,274
Expected return on plan assets	141	145
Employer contributions	24	27
Benefits paid	-61	-68
Actuarial gains and losses	105	-78
Fair value of plan assets at 31 December	**7,274**	**7,300**

The pension provision pertains to obligations for defined benefit plans (pension plans based on average salary or final salary plans), measured at current value in accordance with the provisions of IAS 19 (Employee Benefits). As a result of the harmonisation of the pension plans, the defined benefit plan does not have any active members. At year-end 2018, Ordina's obligations pursuant to the defined benefit pension plans were limited to guarantee and management costs, insofar as these are not covered by surplus interest gains. Related plan assets are stated at fair value. Actuarial gains and losses are recognised directly in other comprehensive income. All pension plans operated by Ordina are administered by professional insurers. The plan assets are comprised of qualifying insurance policies.

The cumulative net change relating to actuarial gains and losses recognised in other comprehensive income was EUR 4.3 million negative (year-end 2017: EUR 4.3 million negative).

The amounts recognised in the income statement were as follows:

	Notes	2017	2018
Current service cost		0	0
Interest cost		158	162
Expected return on plan assets		-141	-145
Total, included in personnel expenses	23	**17**	**17**

The costs that will be charged to the 2019 result are expected to amount to approximately EUR 17,000. The actual return on plan assets was EUR 0.1 million (2017: EUR 0.2 million). Plan assets are qualifying insurance policies that correspond exactly with the amount and timing of all payments to be made pursuant to the plan. The plan assets are equal to the value of the corresponding liabilities, based on the same assumptions used in the calculation of the cash value of the pension obligations.

The principal actuarial assumptions were as follows:

	2017	2018
Discount rate at 31 December	2.00%	2.00%
Expected return on plan assets	2.00%	2.00%

In the event that the discount rate were to be raised or lowered by 0.25% (2017: 0.25%) in the context of a sensitivity analysis, the obligation ensuing from the defined benefit plan would amount to EUR 7.7 million (2017: EUR 7.7 million) or EUR 8.6 million respectively (2017: EUR 8.6 million) respectively.

Assumptions with respect to life expectancy are based on published statistics. The life expectancy at year-end 2018 is based on the most recent prognosis table, published by the Dutch Actuarial Association in 2018 (Prognosetafel AG2018). Furthermore, a correction was applied due to the higher life expectancy of the working population.

Assumptions regarding life expectancy are based on published statistics. The average life expectancy in years of a pensioner retiring at age 65, 66 or 67 is as follows:

	2017	2018
Male, age of 65	22.1	22.1
Female, age of 65	24.8	24.5
Male, age of 66	21.1	21.1
Female, age of 66	23.8	23.5
Male, age of 67	20.2	20.2
Female, age of 67	22.8	22.5

The average life expectancy in years of a participant currently 45 years of age retiring at age 65, 66 and 67 is as follows:

	2017	2018
Male, age of 65	24.3	24.2
Female, age of 65	26.9	26.5
Male, age of 66	23.3	23.2
Female, age of 66	25.9	25.5
Male, age of 67	22.4	22.3
Female, age of 67	24.9	24.5

The following is a specification of the valuation of the defined benefit obligation and the fair value of plan assets over the years 2014 through 2018:

	2014	2015	2016	2017	2018
Defined benefit obligation	7,168	7,067	7,921	8,139	8,160
Less: fair value of plan assets	6,310	6,258	7,065	7,274	7,300
Defined benefit obligation	**858**	**809**	**856**	**865**	**860**
Experience adjustments on plan liabilities	-2,036	208	-744	-121	73
Experience adjustments on plan assets	1,864	-163	693	105	-78

19.2. Provision arising from defined benefit pension plans in Belgium

Ordina Belgium N.V. has a pension plan with a defined contribution from the employer. Ordina Belgium N.V.'s obligation with respect to payments before 1 January 2016 is limited to the deposit of premiums and a legal minimum return of 3.25% on these deposits in so far as the guaranteed return from the insurer is lower. With respect to deposits after 1 January 2016, the return guarantee for the employers becomes variable. The legal minimum guarantee of 1.75% is applicable to premiums paid from 2016 onwards.

From 2016 onwards, these pension plans qualify as defined benefit plans under IAS 19R, and the projected unit credit method has been used to calculate the cash value of the obligation. The value of the plan assets stood at EUR 2,820,000 at year-end 2018 (year-end 2017: EUR 2,762,000). The cash value of the obligations was EUR 2,835,000 at year-end 2017 (year-end 2017: EUR 2,777,000). The provision for this plan at year-end 2018 was therefore EUR 15,000 (year-end 2017: EUR 15,000).

20. OTHER LONG-TERM PROVISIONS

Movements of other long-term provisions can be specified as follows:

	2017	2018
At 1 January	3,889	0
Unused amounts	-3,768	0
Used during the year	-121	0
At 31 December	**0**	**0**

Other long-term provisions pertain to the vacant office space at the Ordina head office in Nieuwegein for which there was a contractual lease obligation. The release of this provision due to the renewal of the lease agreement in the first half of 2017 pertains to the change in the contractual lease obligations related to the head office in Nieuwegein. In the second quarter of 2017, Ordina terminated the existing lease agreement and immediately closed a new agreement. Under the new agreement, Ordina leases substantially less space, as a result of which there is now no vacant space. Consequently, the provision for vacant office space was released in full in the first half of 2017 and added to the result. The new lease agreement runs to 31 March 2028.

21.OTHER SHORT-TERM PROVISIONS

Other short-term provisions at year-end 2017 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January 2017	262	2,517	347	3,126
Additions	67	5,736	55	5,858
Unused amounts	0	-118	0	-118
Used during the year	-280	-5,964	0	-6,244
At 31 December 2017	**49**	**2,171**	**402**	**2,622**
Presented as current liabilities	0	-1,783	0	-1,783
At 31 December 2017	**49**	**388**	**402**	**839**

Other short-term provisions at year-end 2018 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January 2018	49	2,171	402	2,622
Additions	37	2,415	0	2,452
Unused amounts	-12	-166	-69	-247
Used during the year	-19	-3,331	-23	-3,373
At 31 December 2018	**55**	**1,089**	**310**	**1,454**
Presented as current liabilities	0	-1,089	0	-1,089
At 31 December 2018	**55**	**0**	**310**	**365**

The provision for project commitments pertains to outstanding project activities related to loss-making contracts. The restructuring provision is for non-recurring costs associated with the restructuring and initiatives for sustainable margin improvement.

The release added to the result from the provision for reorganisation costs (2018: EUR 0.2 million, 2017: EUR 0.1 million) was mainly due to the fact that the actual costs of the reorganisation processes were lower than initially estimated.

At year-end 2018, the reorganisation provision was recognised in full under accrued liabilities. The project provision and the other provisions had a term of less than one year at both year-end 2018 and year-end 2017.

22. TRADE PAYABLES AND OTHER SHORT-TERM LIABILITIES

This item can be specified as follows:

	2017	2018
Trade payables	20,451	21,523
Contract liabilities	4,578	4,730
Taxes and social security	25,427	22,743
Pension contributions	0	79
Other payables	0	156
Accruals and deferred income	25,869	25,223
At 31 December	**76,325**	**74,454**

The fair value of trade payables and other short-term liabilities approximates their net carrying amount.

Of the taxes and social security contributions at year-end 2018, EUR 10.1 million pertained to payroll tax and social security contributions (year-end 2017: EUR 10.1 million) and EUR 12.6 million pertained to turnover tax (year-end 2017: EUR 15.3 million). The decrease in turnover tax due was largely due to the payment in early 2018 of an additional assessment due to the VAT correction related to private lease car use in previous years.

Other short-term liabilities include commitments for holiday allowance, leave day entitlements, other personnel expenses, as well as items charged to profit or loss for the year under the prevailing accounting policies. The other short-term liabilities had a term of less than one year at both year-end 2018 and year-end 2017.

23. PERSONEELSKOSTEN

	2017	2018
Salaries	148,135	147,536
Social charges	26,654	27,212
Defined benefit obligation	17	17
Defined contribution obligation	9,009	9,306
Other personnel expenses	36,187	35,660
Total	**220,002**	**219,731**

Other personnel expenses include car expenses (2018: approximately EUR 23.8 million; 2017: approximately EUR 24.1 million), hotel and travel expenses (2018: approximately EUR 3.2 million; 2017: approximately EUR 3.2 million), and study costs (2018: approximately EUR 2.2 million; 2017: approximately EUR 2.6 million). The item car expenses also includes an amount of approximately EUR 14.4 million for operating leases for cars (2017: approximately EUR 14.8 million).

An amount of around EUR 2.5 million was recognised under personnel expenses in 2018 for restructuring costs (2017: around EUR 5.9 million).

Personnel expenses included an expense of approximately EUR 0.4 million for share-related payments in 2018 (2017: around EUR 0.2 million). Around EUR 184,000 (2017: around EUR 198,000) of these expenses pertain to the Management Board's bonus scheme, while around EUR 177,000 (2017: around EUR 41,000) pertain to the Executive Committee/management's bonus scheme.

The item personnel expenses includes the recognition of labour costs subsidies of around EUR 0.9 million (2017: around EUR 0.4 million).

The average workforce in FTEs numbered 2,542 in 2018 (2017: 2,560). At year-end 2018, Ordina employed 2,647 FTEs (year-end 2017: 2,559 FTEs). The number of FTEs employed in the Netherlands stood at 1,823 at year-end 2018 (year-end 2017: 1,831 FTEs). The number of FTEs working at the Belgium and Luxembourg-based group companies stood at 824 at year-end 2018 (year-end 2017: 728 FTEs).

24. OTHER OPERATING EXPENSES

Other operating expenses can be specified as follows:

	2017 Restated	2018
Office accommodation costs	2,465	6,543
Marketing and selling expenses	1,404	1,900
Other expenses	9,494	9,917
Total	**13,363**	**18,360**

Office accommodation costs include an amount of around EUR 4.1 million in 2018 (2017: around EUR 4.6 million) related to operational lease contracts. In 2017, accommodation costs included a release from the provision for vacant office space in the amount of EUR 3.8 million (see note 20).

Other expenses include information management and automation expenses, the cost of insurance, and audit and consulting fees.

Audit fees recognised in the income statement for 2017 under 'other operating expenses' in the reporting period were as follows:

	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	408	58	466
Other audit activities	70	0	70
Tax advise	0	0	0
Other non-audit activities	0	0	0
	478	**58**	**536**

Audit fees recognised in the income statement for 2018 under 'other operating expenses' in the reporting period were as follows:

	EY the Netherlands	Other EY network	Total EY network
Audit of the financial statements	390	46	436
Other audit activities	80	0	80
Tax advise	0	0	0
Other non-audit activities	0	0	0
	470	**46**	**516**

25. FINANCE INCOME AND EXPENSES

Finance income and expenses can be specified as follows:

	2017	2018
Finance income	0	0
Finance costs	-443	-236
Total	**-443**	**-236**

Finance expenses can be specified as follows:

	2017	2018
Revolving Facility	-83	-67
Other finance costs	-360	-169
Total finance costs	**-443**	**-236**

The other financing expenses pertain to among other things interest expenses for current account debts run up with banking institutions, availability provisions, interest expenses for the settlement of fiscal debts and pension obligations.

26. INCOME TAX EXPENSE

	2017 Restated	2018
current income tax for the year	-3,712	-4,314
current income taks prior years	-6	-33
	-3,718	**-4,347**
Deferred income tax for the year	371	-857
Deferred income tax prior years	0	8
Deferred income tax impact rate adjustment	0	-2,228
	371	**-3,077**
	-3,347	**-7,424**

	2017 Restated	2018
Net profit for the year	3,108	6,873
Income tax expense	3,347	7,424
Profit before income tax	**6,455**	**14,297**
Effective tax rate	51.9%	51.9%

	% Restated	2017 Restated	%	2018
Applicable tax rate	25.0	1,614	25.0	3,574
Differences with foreign tax rates	10.5	681	3.6	513
Non-deductible expenses	15.0	971	7.4	1,072
Remeasurement of deferred tax assets	-0.1	-6	0.0	-3
Tax exempt income	0.1	7	0.0	2
Incidental items	1.3	74	15.7	2,241
Adjustments for prior years	0.1	6	0.2	25
Effective tax rate	**51.9**	**3,347**	**51.9**	**7,424**

The effective tax rate amounted to 51.9% in 2018 (2017: 51.9%). The effective tax rate in 2018 was influenced to a large degree by the movement resulting from the reduction in corporate income tax rates in the Netherlands for the years 2020 and 2021 and subsequent years. From 2020, the nominal corporate income tax rate in the Netherlands will be reduced to 22.55%. This will be followed in 2021 by a further reduction to 20.5%. As a result of these future tax rate cuts, in 2018 Ordina recognised an impairment of deferred tax assets of more than EUR 2.2 million. This depreciation was recognised under incidental items.

The adjusted effective tax rate for 2018, which did not take into account the impact of the future reduction of corporate income tax rates in the Netherlands, amounted to around 36.3%.

The nominal tax rate was 25.0% in 2018, as applicable in the Netherlands. The adjusted effective tax rate of 36.3% is around 11.3% higher than the nominal tax rate in the Netherlands. Around 7.4% of this difference is due to so-called non-deductible items. This adjustment pertains to result components that cannot be charged to the taxable result and include the likes of share-related bonuses and the non-deductible part of the so-called mixed expenses. In addition to this, around 3.6% of this difference is due to the rate differences in other countries and pertain to the higher nominal tax rate applicable in Belgium (29.58%) and Luxembourg (28.2%) respectively. The remaining differences of around 0.3% pertain to adjustments for previous years, tax exempt income and the share in the results of participations.

27. EARNINGS PER SHARE

27.1. Earnings per share

Basic earnings per share are calculated by dividing profit for the year by the average number of outstanding shares during the year.

	2017 Restated	2018
Profit for the year	3,108	6,873
Average number of outstanding shares (in thousands)	93,256	93,256
Earnings per share- basic (in euros)	**0.03**	**0.07**

27.2. Earnings per share – diluted

Diluted earnings per share are calculated by dividing the profit for the year by the average number of outstanding shares during the year, including all conditionally awarded shares in the context of share-related bonuses.

	2017 Restated	2018
Profit for the year	3,108	6,873
Average number of outstanding shares (in thousands)	93,256	93,256
Adjustment for share-based payment obligations	439	945
	93,695	**94,201**
Earnings per share - diluted (in euros)	**0.03**	**0.07**

28. DIVIDEND PER SHARE

Pursuant to the prevailing dividend policy, a dividend proposal will be submitted to the General Meeting of Shareholders for a dividend payment of five (5) eurocents per share in cash, to be charged to the 2018 net profit. The remainder of the net profit will be added to the general reserve.

The General Meeting of Shareholders of 26 April 2018 approved the payment of a cash dividend of two (2) eurocents per ordinary Ordina N.V. share, to be paid from the net profit over 2017. Following this decision, Ordina paid out a total of EUR 1.9 million from the profit for the 2017 financial year as dividend to its shareholders in 2018. The remaining net profit over 2017 was added to the general reserves.

29. PREFERENCE SHARES

Ordina N.V.'s authorised capital includes 24,999,995 preference shares with a par value of EUR 0.10 per share. Dividends on preference shares cannot exceed the statutory interest rate prevailing at the date the dividends are declared. No preference shares had been issued at year-end 2018 or year-end 2017.

30. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Ordina N.V. and its group companies issued guarantees for a total amount of around EUR 1.8 million in 2018 (2017: approximately EUR 1.8 million). Of these guarantees, around EUR 1.3 million is related to lease commitments (year-end 2017: more than EUR 1.4 million) and around EUR 0.5 million pertained to client relations (year-end 2017: more than EUR 0.4 million).

Ordina had no material expenditure obligations with respect to property, plant and equipment at year-end 2018.

Company cars provided to employees are usually acquired under operating leases spanning 36 to 48 months. In this context, Ordina N.V. and its group companies have a total car lease obligation of around EUR 11.6 million that falls due in less than one year (2017: around EUR 12.7 million).

All buildings where group companies are located are leased. Ordina does not own any buildings. In addition, Ordina N.V. and its group companies have total building lease obligations of around EUR 4.5 million with a term of less than one year (2017: around EUR 4.0 million). Of the building leases that fall due within one year, an amount of around EUR 2.3 million is related to the head office in Nieuwegein (year-end 2017: around EUR 2.3 million). In 2017, Ordina entered into a new lease agreement for the head office in Nieuwegein with different terms, and in which the C-tower is no longer included in the lease agreement. The new lease agreement runs to 31 March 2028.

The other financial obligations at year-end 2017 can be specified as follows:

	Cars	Buildings
Not later than 1 year	12,745	3,961
Later than 1 year and not later than 5 years	14,136	12,892
Later than 5 years	0	12,435
	26,881	**29,288**

The other financial obligations at year-end 2018 can be specified by term as follows:

	Cars	Buildings
Not later than 1 year	11,580	4,462
Later than 1 year and not later than 5 years	14,086	12,404
Later than 5 years	0	10,218
	25,666	**27,084**

In a number of instances, Ordina N.V. has assumed joint and several liability within the scope of its normal operations for the performance of contractual obligations by a group company.

In the context of the sale of business units, Ordina has issued the usual limited-time (balance sheet) guarantees to the buyers of these business units.

In the course of our operations, we may be confronted with discussions about the (financial) settlement of projects, such as reduction or addition of work, quality level and scope of the work. The majority of these discussions are resolved to the full satisfaction of all concerned. However, it is not always possible to avoid such discussions resulting in legal actions. Provisions are set aside the moment it can be reliably estimated that a legal action will result in a financial claim against Ordina. Claims from Ordina against third parties that are subject of ongoing legal procedures are in principle not capitalised, unless payment of said claims is virtually certain. The main legal procedure in which Ordina is involved is described below.

Ordina is involved in discussions with one of its clients about delivery of additional work in the context of an IT system that has been delivered. If it were to be determined that Ordina is obliged to deliver (some of) this additional work, there may be financial consequences. Since it is impossible to make a realistic estimation of the outcome of the discussion and the financial consequences of same, Ordina has not set aside a provision in this context.

Ordina is in talks with one of its suppliers regarding a purchase obligation. As a result of aforesaid talks, the parties have entered into a settlement agreement and consequently negotiated a new agreement that does not include a purchase obligation. The parties currently disagree on the status and interpretation of said agreements. Ordina takes the view that there is no question of a purchase obligation, on the basis of which Ordina has not taken a provision for same.

Belgium has a subsidy scheme for R&D activities. It is possible that Ordina is entitled to a larger subsidy than in the past. In this context, Ordina has submitted an additional subsidy application. Due in part to the fact that the body responsible for granting the subsidy still has to decide whether to grant a larger subsidy, Ordina has not yet recognised the subsidy in the statement of income.

In accordance with the provisions of Section 403, Part 9 of Book 2 of the Dutch Civil Code, Ordina N.V. has assumed joint and several liability for the obligations arising from the legal transactions of the majority of the Dutch group companies. The declarations to that effect have been filed with the competent trade registries.

Ordina N.V. and the majority of its Dutch group companies form a tax unit for income tax and value-added tax purposes, as a result of which the companies involved are jointly and severally liable for the liabilities incurred by the tax group.

Ordina N.V. and the majority of its group companies have assumed joint and several liability for the bank overdrafts. At year-end 2018, trade and other receivables valued at approximately EUR 42.3 million had been pledged as security (year-end 2017: approximately EUR 45.9 million) for the financing facility.

31. ACQUISITIONS AND DISPOSALS

31.1. Acquisitions

Ordina made no acquisitions in 2017 and 2018. As at year-end 2017 and year-end 2018, Ordina had no earn-out obligations relating to acquisitions in previous years.

32. RELATED PARTIES

32.1. Identity of related parties

Ordina's related parties are its group companies, the associated participations (see note 10), the members of the Supervisory Board and the members of the Management Board. The members of the Management Board qualify as key management.

The total remuneration for Management Board and the Supervisory Board in 2018 and 2017 can be specified as follows:

	2017	2018
Salary	989	908
Variable component/short-term, cash based	217	354
Variable component/long-term, share based	198	184
Pension costs	34	12
	1,438	1,458

32.2. Transactions with the members of the management board and supervisory board

32.2.1. Remuneration policy

The Supervisory Board determines the compensation of the members of the Management Board on an annual basis. For details on the remuneration policy for the members of the Management Board, we refer you to the section Remuneration policy Management Board in the Report of the Supervisory Board.

32.2.2. Remuneration management board

The following amounts in executive compensation were charged to the results for 2017 and 2018 respectively:

	2017	2018
J.G. Maes		
Salary	387	387
Variable component/short-term, cash based	104	208
Variable component/long-term, share based	112	111
Pension costs	5	6
	608	712

	2017	2018
J.W. den Otter		
Salary	268	271
Variable component/short-term, cash based	72	146
Variable component/long-term, share based	74	73
Pension costs	5	6
	419	**496**

	2017	2018
S. Breedveld		
Salary	111	n.a.
Variable component/short-term, cash based	41	n.a.
Variable component/long-term, share based	12	n.a.
Pension costs	24	n.a.
	188	**n.a.**

Total executive compensation of the members of the Management Board combined was EUR 1.2 million in 2018 (2017: around EUR 1.2 million).

The long-term benefits under profit-sharing and bonus schemes pertain to a payment in Ordina N.V. shares; they are determined for a three-year period for each individual scheme. Based on the remuneration policy, the value of the number of Ordina N.V. shares to be awarded for on-target performance is equivalent to 50% of the fixed salary (including holiday pay) to be paid to the board member in question in the first year of each three-year period. The fair value of the on-target shares that are expected to be awarded is determined on the basis of the share price at the moment the shares are awarded. A conditional number of shares are awarded at the beginning of each three-year period on the basis of the closing share price of the Ordina N.V. share at the end of the preceding calendar year. Of the total targets, 70% is linked to financial targets and 30% is linked to non-financial targets. The financial targets are linked to the development of Ordina's results and pertain to revenues, the EBITDA margin, net profit, cash flows and the leverage ratio. The non-financial targets are based on individual, clearly measurable (qualitative and quantitative) targets and pertain to client satisfaction, employee engagement, image and the implementation of the sustainability strategy. At the end of the three-year period, the shares are awarded unconditionally based on the targets realised vis-à-vis the targets set. The definitively awarded shares will be transferred in the year following the last year of the three-year period.

The number of shares in Ordina N.V. to be allotted is estimated each time on the balance sheet date based on the long-term bonus benefits. Based on this estimation, the costs of the long-term profit-sharing and bonus plans are recognised in the income statement, proportional to the period that has expired from the moment the shares were awarded. The costs of the shares expected to be issued under the existing schemes are recognised in equity as 'retained earnings'.

As part of his variable long-term remuneration for the period 2016 through 2018, Mr. Maes and Ms. Den Otter were unconditionally granted a total of 30,701 and 24,731 Ordina N.V. shares respectively. This is equivalent to a payment percentage of approximately 50.3 % of the on-target bonus. Of the total payment percentage, 15.0% pertains to the financial targets and 35.3% to the non-financial targets.

The cost of the long-term bonus was EUR 0.2 million in 2018 (2017: around EUR 0.2 million, including the settlement of the ongoing scheme for Mr. Breedveld).

The current schemes can be summarised as follows:

	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2017	Recognised in profit & loss 2018
J.G. Maes							
Window 2015-2017						32	n.a.
Window 2016-2018	61,097	16-02-17	1.98	121	50%	44	17
Window 2017-2019	91,646	01-05-17	1.59	146	83%	36	39
Window 2018-2020	123,686	25-04-18	1.79	221	100%	n.a.	55
	276,429					**112**	**111**
J.W. den Otter							
Window 2015-2017						18	n.a.
Window 2016-2018	49,215	10-11-16	1.93	95	50%	31	7
Window 2017-2019	63,859	01-05-17	1.59	101	83%	25	27
Window 2018-2020	86,580	25-04-18	1.79	155	100%	n.a.	39
	199,654					**74**	**73**
Total Management Board	**476,083**					**186**	**184**

The members of the Management Board can participate in the pension scheme provided by the company. If a member of the Management Board participates in this scheme, the company pays the pension premium. If a member of the Management Board declines to participate, they receive a gross payment from the company. This is the same as the amount the company would have been due to pay if the member of the Management Board in question were to participate in the pension scheme provided by the company. In such a situation, any payments are presented as pension expenses.

The members of the Management Board are provided with a car and a mobile phone. In addition, they are entitled to a monthly expense allowance. The related amounts for the members of the Management Board in 2018 were approximately EUR 0.1 million (2017: EUR 0.1 million) and are not included in the specification of the remuneration of the members of the Management Board included in explanatory note 32.

No loans, advances or guarantees have been issued for the benefit of the members of the Management Board.

32.2.3. Shares held by the members of the management board

At year-end 2018, the members of the Management Board held 84,202 shares in Ordina N.V. (year-end 2017: 53,592 shares). The shares are distributed among the members of the Management Board as follows:

	2017	2018
J.G. Maes	51,725	67,878
J.W. den Otter	1,867	16,324
	53,592	**84,202**

32.2.4. Options granted to, and held by, the members of the management board

At year-end 2018 and year-end 2017, Ordina had not issued any option rights to the members of the Management Board.

32.2.5. Supervisory board compensation

The remuneration for the members of the Supervisory Board can be specified as follows:

	2017	2018
C. Princen, chairman	n.a.	44
J.G. van der Werf, chairman	57	20
P.G. Boumeester, vice chairman	43	48
D.J. Anbeek	43	48
A. Kregting	40	45
J. Niessen	40	45
	223	**250**

The compensation of the Supervisory Board is not linked to the financial performance of the company. Up to and including 2017, the members of the Supervisory Board received an expenses allowance of EUR 2,270 per annum. As a result of the adjustment of the remuneration of the Supervisory Board at the Annual General Meeting of Shareholders dated 26 April 2018, the expenses allowance was abolished as from 2018. No loans, advances or guarantees have been issued for the benefit of the members of the Supervisory Board.

32.2.6. Shares held by the members of the supervisory board

At year-end 2018, the members of the Supervisory Board held 14,460,967 shares in Ordina N.V. (year-end 2017: 14,560,967 shares). The shares are distributed among the members of the Supervisory Board as follows::

	2017	2018
C. Princen, chairman	n.a.	0
J.G. van der Werf, chairman	100,000	n.a.
P.G. Boumeester, vice chairman	0	0
D.J. Anbeek	35,000	35,000
A. Kregting	0	0
J. Niessen (held through Mont Cervin S.a.r.l.)	14,425,967	14,425,967
	14,560,967	**14,460,967**

33. EVENTS AFTER THE BALANCE SHEET DATEM

No events occurred after 31 December 2018 that have a material impact on, or warrant restatement of the balance sheet positions at year-end 2018 as presented in the financial statements

COMPANY BALANCE SHEET ORDINA N.V. AS AT 31 DECEMBER
(BEFORE APPROPRIATION OF PROFIT)

(In euro thousands)	Notes	**2017 Restated**	**2018**
Assets			
Non-current assets			
Financial assets	35	137,313	143,815
Deferred income tax assets	36	10,402	9,213
Total non-current assets		**147,715**	**153,028**
Current assets			
Other receivables		0	0
Current income tax receivables		2	2
Total current assets		**2**	**2**
Total assets		**147,717**	**153,030**

The notes 34 through 37 are an integral part of these company financial statements.

COMPANY BALANCE SHEET ORDINA N.V. AS AT 31 DECEMBER (BEFORE APPROPRIATION OF PROFIT) (CONTINUED)

(In euro thousands)	Notes	2017 Restated	2018
Equity and liabilities			
Equity			
Paid-up and called-up share capital	37	9,326	9,326
Share premium reserve	37	136,219	136,219
Statutory reserve	37	3,059	2,517
Retained earnings	37	-3,995	-1,905
Profit for the year	37	3,108	6,873
Total equity		**147,717**	**153,030**
Liabilities			
Current liabilities			
Trade and other payables		0	0
Total current liabilities		**0**	**0**
Total liabilities		**0**	**0**
Total equity and liabilities		**147,717**	**153,030**

The notes 34 through 37 are an integral part of these company financial statements.

COMPANY INCOME STATEMENT OF ORDINA N.V.

(in euro thousands)	Notes	2017 Restated	2018
Revenue		**0**	0
Other operating expenses		2	2
Total operating expenses		**2**	2
Operating profit		**-2**	**-2**
Finance income		0	6
Finance costs		0	0
Finance costs - net		**0**	**6**
Share of profit of associates	35	2,980	7,975
Profit before tax		**2,978**	**7,979**
Income tax expense		130	-1,106
Net profit for the year		**3,108**	**6,873**

The notes 34 through 37 are an integral part of these company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. GENERAL

34.1. Basis of preparation of company financial statements

The company financial statements of Ordina N.V. have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. In preparing these financial statements, the company availed itself of the facility offered by Section 362(8), Book 2 of the Dutch Civil Code to use the same accounting policies (including those for the presentation of financial instruments as equity or loan capital) for the company and the consolidated financial statements.

The company financial statements of Ordina N.V. are presented in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated.

34.2. Accounting policies

The accounting policies for the company financial statements are the same as for the consolidated financial statements. If no further policies are mentioned, reference is made to the accounting policies for the consolidated financial statements.

34.3. Financial assets / investments in associates

Associates and group companies in which Ordina N.V. exercises control or where Ordina N.V. is responsible for central management are accounted for using the equity method. The equity method is a method of accounting whereby the net assets, liabilities and provisions of the group company are measured and profit is calculated on the basis of the accounting policies used in the consolidated financial statements.

The expected credit losses due to IFRS 9 on receivables from group companies are included in the book value.

35. FINANCIAL ASSETS

This item can be specified as follows:

Restated	**Investments in group companies**	**Receivables from group companies**	**Total**
Carrying amount at 1 January 2017	**127,456**	**11,634**	**139,090**
Changes in 2017			
Investments/loans advanced	-860	-3,885	-4,745
Actuarial gains and losses	-12	0	-12
Share of profit of associates	2,980	0	2,980
Carrying amount at 31 December 2017	**129,564**	**7,749**	**137,313**

	Investments in group companies	**Receivables from group companies**	**Total**
Carrying amount at 1 January 2018 (restated)	**129,564**	**7,749**	**137,313**
Changes in 2018			
Investments/loans advanced	309	-1,778	-1,469
Actuarial gains and losses	-4	0	-4
Share of profit of associates	7,975	0	7,975
Carrying amount at 31 December 2018	**137,844**	**5,971**	**143,815**

36. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2017	2018
Intangible assets and property, plant and equipment	179	202
Recognised tax losses	10,223	9,011
At 31 December	**10,402**	**9,213**

Ordina N.V. heads the fiscal unit for corporate income tax in the Netherlands. Consequently, Ordina N.V. accounts for the fiscal positions of this fiscal unit, insofar as these are not already accounted for by the other members of the fiscal unit.

The deferred income tax assets by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the difference between actual economic write-down period and the minimum fiscal write-down period. Recognition is at the set tax rates.

Tax losses are recognised if they are expected to be utilised (total at year-end 2018: around EUR 40.8 million; year-end 2017: around EUR 40.9 million). Recognition is at the tax rate that will apply to future financial years. For details on the scale and measurement of Ordina's compensable losses, see Note 11.

37. EQUITY

Movements in equity in 2017 and 2018 were as follows:

Restated	**Issued capital**	**Share premium reserve**	**Statutory reserve**	**Retained earnings**	**Profit for the year**	**Total**
At 31 December 2016	**9,326**	**136,219**	**5,672**	**-8,851**	**5,038**	**147,404**
Restatement	0	0	0	-57	0	-57
At 1 January 2017	**9,326**	**136,219**	**5,672**	**-8,908**	**5,038**	**147,347**
Prior-year retained earnings	0	0	0	5,038	-5,038	0
Dividend distribution to shareholders	0	0	0	-1,865	0	-1,865
Actuarial gains and losses	0	0	0	-12	0	-12
Share based payments - treasury shares settlement	0	0	0	-503	0	-503
Share based payments - cash settlement	0	0	0	-597	0	-597
Share-based payments - personnel expenses	0	0	0	239	0	239
Profit for the year	0	0	0	0	3,108	3,108
Movement regarding statutory reserve	0	0	-2,613	2,613	0	0
At 31 December 2017	**9,326**	**136,219**	**3,059**	**-3,995**	**3,108**	**147,717**

	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 31 December 2017	**9,326**	**136,219**	**3,059**	**-3,938**	**3,110**	**147,776**
Restatement	0	0	0	-57	-2	-59
At 1 January 2018 (restated)	**9,326**	**136,219**	**3,059**	**-3,995**	**3,108**	**147,717**
Prior-year retained earnings	0	0	0	3,108	-3,108	0
Dividend distribution to shareholders	0	0	0	-1,865	0	-1,865
Actuarial gains and losses	0	0	0	-4	0	-4
Issue related to share-based payment	0	0	0	0	0	0
Share based payments - treasury shares settlement	0	0	0	-52	0	-52
Share based payments - cash settlement	0	0	0	0	0	0
Share-based payments - personnel expenses	0	0	0	361	0	361
Profit for the year	0	0	0	0	6,873	6,873
Movement regarding statutory reserve	0	0	-542	542	0	0
At 31 December 2018	**9,326**	**136,219**	**2,517**	**-1,905**	**6,873**	**153,030**

The share premium reserve at year-end 2018 includes share premium of approximately EUR 2.9 million which does not qualify as tax approved share premium related to share- based payments (year-end 2017: around EUR 2.9 million).

The statutory reserve relates to the carrying amounts of the internally generated intangible assets (see Section 2.6.2 and Note 8).

At year-end 2017 and year-end 2018, Ordina N.V. had not purchased any treasury shares.

At year-end 2017 and year-end 2018, there were no outstanding option rights for Ordina N.V. shares.

For details on the remuneration of the members of the Management Board, see Note 32.2.2.

Nieuwegein, 13 February 2019

Management Board
J. Maes, CEO
J.W. den Otter, CFO

Supervisory Board
J. van Hall, Chairman
P.G. Boumeester, Vice-Chairman
C. Princen
D.J. Anbeek
J. Niessen