



**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

To the Stockholders of  
DESIGNIT COLOMBIA S.A.S.

We have audited the balance sheet of DESIGNIT COLOMBIA S.A.S. as of December 31, 2016 and related statement of income, for the year then ended. These financial statement are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Colombia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

These financial statements and notes to financial statements were translated into English from statements originally issued in Spanish. All amounts are stated in thousands of Colombian Pesos (Col\$). The statements are presented on the basis of generally accepted accounting principles in Colombia. Certain accounting principles applied by the Company that conform with the generally accepted accounting principles applied in Colombia may not conform with generally accepted accounting principles in other countries.

In our opinion, the financial statements referred to above present fairly the financial position of Designit Colombia -S.A.S., as of December 31, 2016 and the results of its operations for the year ended, in conformity with accounting principles accepted in Colombia.

Medellín, Colombia

15 March 2017

*Andrea Gaviria S.*

Andrea Gaviria Sánchez  
Independent Public Accountants  
T.P. 195762-T

Miembro de



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**AUREN CONSULTORES MEDELLÍN S.A.S**



## FINANCIAL PERFORMANCE

DESIGNIT COLOMBIA S.A.S	
INCOME STATEMENT	
From January 1 to December 31 of 2016	
Values Expressed in Thousands of Colombian Pesos	
Revenue	9,196,950,273
Cost of Good Sold	5,520,567,235
<b>GROSS PROFIT</b>	<b>3,676,383,037</b>
<i>Operational Expenses</i>	3,185,661,082
<i>Sales Expenses</i>	1,137,998,439
<i>Administrative Expenses</i>	2,047,662,643
<b>EBITDA</b>	<b>490,721,955</b>
Depreciation & Amortisation	41,970,506
Financial Expenses	52,803,201
Other Expenses	12,690,296
Financial Incomes	231,612,560
<b>PROFIT BEFORE TAXES</b>	<b>614,870,512</b>
Taxes	230,954,866
<b>NET PROFIT</b>	<b>383,915,646</b>

In the 2016 reporting year, DESIGNIT COLOMBIA S.A.S generated revenue of COP 9,196,950,273. Positive effects resulted from interesting contracts with important local clients like BANCOLOMBIA, GRUPO VIDEOBASE, NUTRESA and SURA.

The detail revenue item is comprised of:

Revenue	
Total Revenue from completed projects	9,050,324,991
Total Revenue from ongoing projects	132,230,805
Extraordinary Revenue	14,394,476
<b>TOTAL</b>	<b>9,196,950,273</b>

The Extraordinary Income item refers to income received for the payment of a maternity leave, and to interest received by the Term Deposit Certificate, which functions as a guarantee of the lease contract of the main office.

The cost of goods sold was of COP 5,520,567,235; representing sixty percent of sales. It is comprised of:

<b>Cost of Good Sold</b>	
Total Costs from completed projects	5,415,604,031
Total Costs from ongoing projects	104,963,204
<b>TOTAL</b>	<b>5,520,567,235</b>

### ***Operational Expenses***

These expenses represent the thirty five percent of sales, and are divided in expense of sales and administrative.

<b>Sales Expenses</b>	
Total Payroll costs - Creative Team	954,907,090
Total Other Staff Costs	22,088,941
Total Travel Costs	130,801,983
Total Promotional Costs (Marketing/advertisements/brochures)	30,200,425
<b>TOTAL</b>	<b>1,137,998,439</b>

<b>Administrative Expenses</b>	
Total Payroll Costs - Administrative Team	132,854,783
Total Communication	23,231,762
Total Minor Acquisitions	55,017,692
Total Costs of Premises	253,629,944
Total Other Costs	248,966,063
Designit Group Fee	1,333,962,399
<b>TOTAL</b>	<b>2,047,662,643</b>

In sales expenses, the highest item is the costs of payroll of the creative staff; And in the administrative expenses is the Designit Group fee, which is composed of those general costs of the company that the group distributes among all the offices.

The financial incomes are composed for the currency translation differences, generated in the payment of invoices to our foreign suppliers like Designit Spain Digital S, L and On Tax & Legal. And also, due to the interest perceived in the corporate savings bank account.

Financial Incomes	
Interest, bank	3,211,940
Currency translation differences	228,400,620
<b>TOTAL</b>	<b>231,612,560</b>

The financial expenses are composed for the negative currency translation differences, generated in the payment of invoices to our foreign suppliers like Designit Spain Digital S, L and On Tax & Legal.

The bank expenses are related to those costs charged by the bank through which we move our effective resources.

Financial Expenses	
Interest exp., IC	19,448,311
Bank expenditures	33,354,890
<b>TOTAL</b>	<b>52,803,201</b>

### ***Tax Expenses***

Taxes	
Social Equity Tax (CREE)	94,001,823
Tax Withheld per Foreign Customers	42,959,671
Consumption tax	262,340
Industry and Commerce Tax (ICA)	93,731,032
<b>TOTAL</b>	<b>230,954,866</b>

**Social Equity Tax:** The company have to pay the 9% over Fiscal Net Income (Invoiced Revenues Less Permitted Deductions); That Permitted deductions are the operational expenses required for make possible the normal business operation. If the Fiscal Net Income is greater than 800.000.000 COP (Legal Base), we have to pay additionally, a surcharge of 6% over the difference between the Fiscal Net Income and the Base.

**Tax Withheld per foreign Customers:** This is a tax withheld by Designit Perú. It is the thirty five percent over the invoice net value and the company cannot use it as a discount of his annual tax declaration.

**Consumption Tax:** This is a tax that take place when the company has expenses like lunch or dinner with a client, in order to do business development.

**Industry and Commerce Tax (ICA):** It is a council tax. the tariff is 1% over our Invoiced Revenues, plus 15% of the tax to pay, less the retained industry and commerce tax (ICA) per our clients.

<b>DESIGNIT COLOMBIA S.A.S</b> <b>BALANCE SHEET</b> <b>Up to December 31 of 2016</b> <b>Values Expressed in Thousands of Colombian Pesos</b>	
<b>CURRENT ASSETS</b>	
Cash & Equivalents	1,717,725,954
Debtors	342,309,431
Deposits in guarantee per leases	81,589,556
Prepayments for services	- 142,157,656
Tax Advances	756,458,691
<b>Total Current Assets</b>	<b>2,755,925,975</b>
<b>NON CURRENT ASSETS</b>	
Gross Property, Plant & Equipment	435,462,711
Depreciation for the year	- 41,970,506
Net Property, Plant & Equipment	393,492,205
<b>Total Non Current Assets</b>	<b>393,492,205</b>
<b>TOTAL ASSETS</b>	<b>3,149,418,180</b>
<b>CURRENT LIABILITIES</b>	
Creditors	69,469,407
Payables to Group Enterprises	1,244,055,745
Labor Liabilities	28,832,001
Accumulated VAT to Pay	1,088,608,433
Industry and Commerce Tax Withheld per our Clients	- 16,119,590
Provisión of Social Equity Tax (CREE) to Pay	47,780,823
Provision of Taxes payable (ICA)	93,731,032
<b>Total Current Liabilities</b>	<b>2,556,357,851</b>
<b>NON CURRENT LIABILITIES</b>	
	-
<b>TOTAL LIABILITIES</b>	<b>2,556,357,851</b>
<b>EQUITY</b>	
Share Capital	210,000,000
Loss of previous years	- 855,317
Current Exercise Profit	383,915,646
<b>Total Equity</b>	<b>593,060,329</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,149,418,180</b>

The current assets of the company, are composed for:

**Cash & Equivalents:** At the close of 2016, the corporate credit card has a balance in favor, since the debt was prepaid.

<b>Cash &amp; Equivalents</b>	
Petty Cash COP	764,450
Petty Cash USD	313,724
Current Bank Account (Bancolombia - #351 528 35 083)	1,686,445,560
Savings Bank Account (Bancolombia - #351 551 31 908)	10,115,190
Corporate Credit Card	20,087,028
<b>TOTAL</b>	<b>1,717,725,953</b>

**Debtors:** Accounts receivable includes the relevant deduction for the item of income recognition under IFRS; And the adjustment takes place because the payment agreement with the customer is not made based on the revenue recognition policy.

<b>Debtors</b>	
Grupo Video Base SAS	178,616,800
Bancolombia	185,724,199
Servicios Nutresa	46,780,480
Adjustment by Revenue Recognition	- 68,812,049
<b>TOTAL</b>	<b>342,309,431</b>

**Deposits in Guarantee per leases:** These include a Term Deposit Certificated, which was required in order to conclude the lease of the main office; And the deposits of money that are made by the lease of the apartments in which the foreign staff is housed.

<b>Deposits in guarantee per leases</b>	
Term Deposit Certificate	78,158,056
Guarantee deposit Renting apartments	3,431,500
<b>TOTAL</b>	<b>81,589,556</b>

**Prepayments for services:** This item corresponds to the amount outstanding by WIPRO LIMITED, associated to the salary of an employee of them who works in our office, and whose salary was agreed to be billed to DESIGNIT COLOMBIA S.A.S.



**Tax Advances:**

**Withholding VAT to Foreign Suppliers:** The company calculates the 16% of the invoice and we have to pay this amount to the tax authority. It is an advance for our VAT annual declaration.

**Withholding VAT to Simplified regime:** The company calculates the 2,4% of the invoice value, and we have to pay this amount to the tax authority. It is an advance for our VAT annual declaration.

**Property, Plant & Equipment:**

The technical installations include the adjustments that were made to the main office, and are depreciating to five years, because it is the duration of the lease of the same.

Gross Property, Plant & Equipment	Value	Useful Life
IT, tools and equipment etc. - Technical Installations	263,237,300	60
IT, tools and equipment etc. - Furniture	77,589,439	60
IT, tools and equipment etc. - Information processing equipment	94,635,972	36
<b>TOTAL</b>	<b>435,462,711</b>	<b>N/A</b>

The method of depreciation of property, plant and equipment is linear.

**Labor Liabilities:** These correspond to the legal social benefits of employees; Which must be paid in January and February 2017.

Expenditure of obligatory bonus
Obligatory expenditure for unemployment
Obligatory expenditure of interest, over unemployment payment
Vacation Spending

**Industry and Commerce Tax Withheld per our Clients:** It is the industry and commerce tax (ICA), withheld per our clients; the company can discount it in his annual declaration.

**Creditors:** The accounts receivable from customers, take place because social security is paid due, and because the annual tax payment is in March 2017

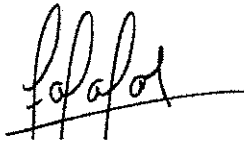
<b>Creditors</b>	
Aerovías Del Continente Americano S.A. AVIANCA	6,292,420
ALIANSA SALUD EPS S.A	997,864
ARP SURA	665,545
CAJA DE COMPENSACION FAMILIAR DE ANTIOQUIA COMFAMA	2,979,618
Carmen Escobar Rengifo	4,500
COLFONDOS S.A	2,520,199
COLOMBIANA DE COMERCIO S.A	20,007,000
COOMEVA ENTIDAD PROMOTORA DE SALUD S.A	1,283,500
Daniel Yuste Recuero	- 1,966,000
ENTIDAD PROMOTORA DE SALUD SANITAS S.A	797,645
EPS SURA	1,499,086
Ilimitada ingeniería de sistemas SAS	- 241,705
INSTITUTO COLOMBIANO DE BIENESTAR FAMILIAR	495,636
LAURA VILLA CALLE	35,000
María Ana Barrera Rego	37,000
Nueva Empresa Promotora de Salud Nueva EPS S.A.	80,000
PORVENIR	3,389,852
PROTECCION FONDO DE PENSIONES OBLIGATORIAS	7,884,901
DIAN	22,376,966
SERVICIO NACIONAL DE APRENDIZAJE (SENA)	330,523
<b>TOTAL</b>	<b>69,469,550</b>

**Payables to Group Enterprises:** These are the result of the costs that are invoiced between companies of the group, and are associated with the corporate costs and expenses that are distributed among the offices, and the participation of some employees in projects that are developed in other offices.

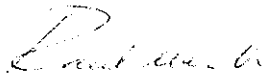
<b>Payables to Group Enterprises</b>	
Liaison, Designit A/S (GRP)	- 13,892,100
Liaison, Designit Spain	1,390,575,909
Liaison, Designit Perú	- 132,628,064
<b>TOTAL</b>	<b>1,244,055,745</b>

**Accumulated VAT to pay:** The company has to pay the generated VAT by our invoiced revenues (16%), less the payed VAT in our purchases, the withholding VAT to foreign suppliers & simplified regime suppliers, and the retained VAT per our clients.

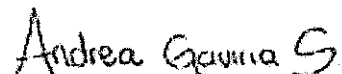
Accumulated VAT to Pay	
Output VAT 16%	1,329,074,302
VAT Movimientos Financieros Cuentas Bancarias	- 372,199
Incoming VAT 16-19%	- 50,451,830
Incoming VAT 5%	- 44,173
Incoming VAT Rete-IVA 15%	- 189,597,666
<b>TOTAL</b>	<b>1,088,608,433</b>



Tatiana Agudelo  
Representante Legal suplente



Raúl A. Menco V.  
Contador



Andrea Gaviria S  
Revisor fiscal suplente

