



PRESS RELEASE

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Barendrecht, 16 August 2017

HALF YEAR RESULTS 2017 ICT GROUP

H1 2017 RESULTS: CONTINUED ORGANIC REVENUE GROWTH

- *Recent acquisitions integrated* -

Highlights H1 2017

- Revenue increased 20% to € 50.7 million, 6% organic growth
- EBITDA up 28% to € 5.3 million (H1 2016: € 4.2 million)
- Net profit at € 2.6 million, an increase of 20% (H1 2016: € 2.1 million)
- Focus in H1 2017 on integration and consolidation of acquisitions
- Continued investments in the organization to support future growth
- Acquisition of high technology automation services provider HTS
- Outlook 2017: ICT expects further growth in revenue and EBITDA in the second half of 2017 compared to the first half of 2017

Key figures

(in millions of €)	H1 2017	H1 2016	Change
Revenue	50.7	42.1	20%
Revenue Added Value	45.2	37.3	21%
EBITDA	5.3	4.2	28%
Amortization / depreciation	1.7	1.2	42%
Operating result	3.7	3.0	22%
Net profit	2.6	2.1	20%
(in €)			
Earnings per share (*)	0.27	0.24	13%

(*) Based on the average number of outstanding ordinary shares.

Jos Blejje, CEO of ICT Group N.V.: *"In the past six months we have prioritized the integration of the acquisitions of the past year to safeguard a proper basis to consolidate future potential, without losing focus on driving organic growth. Nozhup, that is now fully integrated, contributes positively to the Group's results. With our latest acquisition HTS, that will primarily service Smart Industries, we passed the milestone of 1,000 employees. With this increased group of dedicated professionals, we are fully committed to further executing the company strategy, making the world a little smarter every day. We also continued our investments in the organization, companywide, to ensure a stronger foundation on which we can further build our company. We are confident about the second half of the year and therefore expect further growth in revenue and EBITDA in the second half compared to the first half of 2017.*

Strategy update

In June 2017 ICT acquired High Tech Solutions B.V. (“HTS”), a Dutch based well-respected industrial automation project and services provider. HTS employs 25 professionals on an HBO / academic level. HTS delivers consultancy services in various markets within the domain of Smarter Industries.

During the first six months of 2017 we continued our investments in new platforms and start-ups. Developments at ICT Mobile are promising and a new platform was launched together with start-up company Valuemaat.

By the end of the first half of 2017, ICT passed the mark of 1,000 employees.

Notes to the results

In the first half year of 2017 ICT Group’s revenue came in at € 50.7 million, up 20% compared to € 42.1 million reported in H1 2016. The revenue growth showed a consistent trend. Organically, excluding the contribution of Nozhup and HTS, revenue increased by 6%. This was driven by an increased number of staff and productivity in line with last year.

Revenue at ICT Netherlands increased 22% to € 39.3 million in H1 2017 from € 32.3 million in the same period last year. The increase is mainly attributable to Nozhup that was acquired in September 2016, and fully integrated within ICT Netherlands in the first half of 2017. Organically, revenue was up approximately 5%. Main contributor to this organic growth was the business unit Automotive. Productivity levels were in line with last year. The average tariff increase was in line with the average salary increase. EBITDA came in at € 3.6 million in H1 2017 (H1 2016: € 2.6 million). Licences and materials sales were in line with last year.

Strypes Bulgaria (“ICT Nearshoring”) reported a 46% increase in revenue from € 3.2 million in H1 2016 to € 4.6 million in the first six months of 2017. In 2016 Strypes started to upgrade the organizational effectiveness to safeguard continued and sustainable strong growth of the nearshoring activities. In the first six months of 2017 these investments, in among others quality controls, continued and will continue in the second half. EBITDA amounted to € 0.9 million in H1 2017 (H1 2016: € 0.6 million).

The segment ‘Other’ recorded revenues of € 7.4 million (H1 2016: € 7.1 million). Improve had a slow start to the year, due to postponement of assignments. Recovery is expected in the second half of 2017. After a good 2016, in 2017 Raster experienced margin pressure as a result of more difficult market circumstances. BMA performed in line with last year.

Strategic themes

ICT’s growth strategy focuses on the themes Smarter Industries, Smarter Cities and Smarter Health. Within these themes, ICT delivers added value to its customers.

Due to the acquisitions of Nozhup and HTS growth in the themes Smarter Industries and especially Smarter Cities was higher than in the Smarter Health theme.

Revenue split per theme (in € millions)	H1 2017	H1 2016	Δ
Smarter Industries	34.7	29.7	16.8%
Smarter Cities	7.9	4.9	60.2%
Smarter Health	5.1	5.0	2.3%
Other	3.0	2.4	24.0%
Total revenue	50.7	42.1	20.6%

Personnel costs increased significantly to € 31.0 million (H1 2016: € 24.9 million), primarily because of an increase in number of employees and salary increases.

Other operating expenses also increased, mainly because of the recent acquisitions. In the first half of 2017 the investment levels were similar to those in 2016. The investments focused primarily on housing and further operational effectiveness of the organisation. In addition, ICT continued investing more heavily in recruitment. The costs related to strategic initiatives and the realisation of acquisitions and partnerships amounted to € 0.1 million (H1 2016: € 0.3 million).

EBITDA for the first six months of 2017 increased by 28% to € 5.3 million, compared to € 4.2 million in the comparable period in 2016. The EBITDA margin increased from 9.9% in H1 2016 to 10.5% in H1 2017. The increased scale, following the acquisitions, leads to a more effective use of the indirect cost base.

Amortisation and depreciation

ICT has attributed a value to and is amortising several intangible assets, including order backlog, software and customer relations of its recent acquisitions. Amortisation in the first half of 2017 included Nozhup and amounted to € 1.2 million (H1 2016: € 0.9 million). Depreciation for the first half of 2017 amounted to € 0.5 million (H1 2016: € 0.3 million).

The operating profit amounted to € 3.7 million in H1 2017 (H1 2016: € 3.0 million). As a result of the higher amortization, the operating margin was 7.2%, at the same level as H1 2016 (7.1%).

Results from joint ventures and associates

The results from InTraffic were in line with last year and contributed € 0.1 million to the results (H1 2016: € 0.1 million). The total result from joint ventures and associates amounted to a loss of € 0.2 million (H1 2016: € 0.1 million loss).

Interest expenses increased to € 0.3 million in H1 2017, from € 0.2 million in the first six months of 2016, as a result of increased financing for the recent acquisitions.

Taxes in the first half of 2017 amounted to € 0.7 million compared with € 0.7 million in the first half of 2016.

Net profit for the first six months of 2017 increased to € 2.6 million, compared with € 2.1 million in H1 2016. An amount of € 2.5 million is attributable to the shareholders of ICT Group N.V. (H1 2016: € 2.1 million). This translates into earnings per share of € 0.27 (H1 2016: € 0.24). The number of outstanding ordinary shares increased during the first half year 2017 to 9,411,301 (31 December 2016: 9,288,309) due to stock dividend and to the employee share participation plan.

Cash flow movement

In the first half of the year, net operational cash flow amounted to € 0.5 million negative in H1 2017 (H1 2016: € 0.3 million negative). The net cash position per 30 June 2017 decreased to € 1.0 million negative (31 December 2016: € 5.6 million positive). This was mainly due to the purchase price cash consideration of the acquisition of HTS, the payment of dividend, the repayments of existing acquisition financing and investments in housing facilities.

Balance sheet structure

In the first half of 2017, shareholders' equity increased to € 44.5 million (31 December 2016: € 43.7 million) as a result of the net effect of dividend paid of € 2.1 million, net profit of € 2.6 million, and an equity increase of € 0.3 million as a result of issuing new shares (for the share participation plan for personnel and stock dividend). The balance sheet total increased from € 79.2 million at year-end 2016 to € 84.7 million at 30 June 2017, as a result of the acquisitions in the last six months. Solvency (shareholders' equity/total assets) stood at 53% at the end of June 2017 (55% at year-end 2016).

Personnel

At 30 June 2017, ICT Group has 1,014 employees (971 FTEs), around 6% higher than at year-end 2016. The acquisition of HTS, a low attrition in the first half of the year as well as increased recruitment efforts contributed to this increase.

Outlook

ICT will continue to further leverage the strategic platform it has successfully built over the past years, aimed at organic growth combined with acquisitions. The aim of the acquisition strategy is to achieve strong positions in each of ICT's three main themes. ICT continues its focus on the smarter themes by further deploying its solutions in Internet of Things enabling a digital transformation for its customers. Overall ICT has benefited from favourable economic circumstances. The markets in which ICT operates are expected to continue this favourable trend in the second half of the year. Some markets, such as Oil and Gas are more challenging than others.

Based on the above, ICT expects further growth in revenue and EBITDA in the second half of 2017 compared to the first half of 2017.

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ICT Group N.V. is a leading industrial technology solutions and services provider. Our specific industry knowledge of various markets enables us to realise innovative solutions. Over 1,000 passionate technical specialists are working for the ICT Group. The following subsidiaries are the main operating entities of the ICT Group: ICT Netherlands (ICT Automatisering Nederland B.V.), Strypes Bulgaria (Strypes EOOD Ltd), Raster (Raster Industriële Automatisering B.V. and Raster Products B.V.), Improve (Improve Quality Services B.V.), BMA (Buro Medische Automatisering B.V.) (51%), ICT Mobile B.V. (51%) and High Tech Solutions B.V. For more information: www.ict.eu.

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Cautionary statement

This press release contains forward-looking statements. Forward-looking statements are always based on assumptions and estimates relating to uncertain events over which ICT Group N.V. has no control. They concern, for example, measures taken by the Dutch and other governments, currency movements, price fluctuations, changes in law and regulations, legal precedents and market developments. ICT Group N.V. would like to stress that the contents of this press release are based on the information that is currently available. The reality can always deviate from expectations for the future. ICT Group N.V. has no obligation to update the statements contained in this document, unless required by law.

In this press release, where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables or charts may not be equal to the apparent sum of the individual items. Actual numbers may differ from those contained herein due to such rounding.

Annex: Condensed consolidated interim financial statements 30 June 2017

ICT GROUP N.V.

Condensed consolidated interim financial statements

30 June 2017

Condensed interim consolidated statement of total comprehensive income

(UNAUDITED)

(x € 1,000)	Note	1 January - 30 June 2017	1 January - 30 June 2016
Net revenue	1)	50,650	42,086
Cost of Materials and subcontractors		5,444	4,769
Employee benefit expenses		31,021	24,921
Depreciation and amortisation	2)	1,660	1,173
Other operating expenses		8,866	8,235
Total operating expenses		46,991	39,098
Operating profit		3,659	2,988
Financial expenses		(281)	(160)
Financial income		-	2
Result from joint ventures		127	103
Result from associates		(217)	(123)
Result before taxes		3,288	2,810
Income tax (expense) profit		(715)	(666)
Net profit (loss)		2,573	2,144
Other comprehensive income (net of tax)		12	(1)
Total comprehensive income		2,585	2,143
Net profit (loss) attributable to:			
- Shareholders of ICT Group N.V.		2,500	2,129
- Non-controlling interests		73	15
Total comprehensive income attributable to:			
- Shareholders of ICT Group N.V.		2,512	2,128
- Non-controlling interests		73	15
Earnings per share:			
Basic earnings per share (in €)		0.27	0.24
Diluted earnings per share (in €)		0.27	0.24

There are no non-recyclable other comprehensive income items.

Condensed interim consolidated balance sheet

(Before proposed profit appropriation)
(UNAUDITED)

(x € 1,000)	As at 30 June 2017	As at 31 December 2016
Assets		
NON-CURRENT ASSETS		
Property, plant & equipment	3,011	2,477
Goodwill	22,307	21,851
Other intangible assets	13,981	14,218
Investment in joint ventures	1,288	1,161
Investment in associates	1,460	1,655
Deferred tax assets	2,066	2,056
Other financial assets	725	436
	<u>44,838</u>	<u>43,854</u>
CURRENT ASSETS		
Trade and other receivables	34,556	28,595
Corporate income tax receivable	127	1,134
Cash and cash equivalents	5,156	5,567
	<u>39,839</u>	<u>35,296</u>
TOTAL ASSETS	<u><u>84,677</u></u>	<u><u>79,150</u></u>
Equity and liabilities		
SHAREHOLDERS' EQUITY		
Issued share capital	941	929
Share premium	11,893	13,768
Currency translation reserve	87	75
Legal reserve	1,744	1,744
Treasury shares	-	-
Retained earnings	26,870	21,753
Result for the year	2,500	5,006
Attributable to shareholders of ICT Group N.V.	<u>44,035</u>	<u>43,275</u>
Non-controlling interest	449	434
	<u>44,484</u>	<u>43,709</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	3,339	3,414
Share-based compensation and long-term employee benefits liabilities	295	414
Loans (long term)	5,532	6,762
Deferred acquisition consideration (long term)	3,196	3,132
	<u>12,362</u>	<u>13,722</u>
CURRENT LIABILITIES		
Trade payables	2,178	3,008
Corporate income tax payable	939	62
Other taxes and social security premiums	5,114	6,618
Loans (short term)	2,610	2,654
Bank overdrafts	6,129	17
Other current liabilities	10,861	9,360
	<u>27,831</u>	<u>21,719</u>
TOTAL EQUITY AND LIABILITIES	<u><u>84,677</u></u>	<u><u>79,150</u></u>

Consolidated interim statement of changes in equity

(UNAUDITED)

	<i>Attributable to owners of the parent</i>									
	Issued share capital	Share premium	Currency translation reserve	Legal reserve	Treasury shares	Retained earnings	Profit (loss) for the year	Total	Non-controlling interest	Total equity
<i>(x € 1,000)</i>										
First half-year 2016										
1 January 2016	875	8,411	97	1,392	-	21,171	3,551	35,497	-	35,497
Net profit	-	-	-	-	-	-	2,129	2,129	15	2,144
Other comprehensive income	-	-	(1)	-	-	-	-	(1)	-	(1)
Total comprehensive income	-	-	(1)	-	-	-	2,129	2,128	15	2,143
Dividends paid	-	-	-	-	-	(2,123)	-	(2,123)	-	(2,123)
Acquisition of subsidiaries	-	-	-	-	-	(461)	-	(461)	461	-
Exercised options	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	10	781	-	-	-	-	-	791	-	791
Transfers	-	-	-	-	-	-	-	-	-	-
Prior year result allocation	-	-	-	-	-	3,551	(3,551)	-	-	-
30 June 2016	885	9,192	96	1,392	-	22,138	2,129	35,832	476	36,308
First half-year 2017										
1 January 2017	929	13,768	75	1,744	-	21,753	5,006	43,275	434	43,709
Net profit	-	-	-	-	-	-	2,500	2,500	73	2,573
Other comprehensive income	-	-	12	-	-	-	-	12	-	12
Total comprehensive income	-	-	12	-	-	-	2,500	2,512	73	2,585
Dividends paid	-	-	-	-	-	(2,052)	-	(2,052)	(58)	(2,110)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-
Exercised options	-	-	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-	-	-
Issuance of new shares	12	296	-	-	-	(8)	-	300	-	300
Effect of stock dividend	-	(2,171)	-	-	-	2,171	-	-	-	-
Prior year result allocation	-	-	-	-	-	5,006	(5,006)	-	-	-
Balance at 30 June 2017	941	11,893	87	1,744	-	26,870	2,500	44,035	449	44,484

Condensed interim consolidated cash flow statement

(UNAUDITED)

According to the direct method (x € 1,000)	First half-year 2017	First half-year 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	56,052	51,441
Payments to suppliers and employees	<u>(57,101)</u>	<u>(50,595)</u>
	(1,049)	846
Interest (paid) received	(250)	(142)
Income tax (paid) received	<u>776</u>	<u>(1,024)</u>
	526	<u>(1,166)</u>
Net cash flow from operating activities	(523)	(320)
CASH FLOW FROM INVESTMENT ACTIVITIES		
Additions to property, plant and equipment	(1,326)	(709)
Additions to software and product development	(254)	(203)
Acquisition of subsidiaries (net of cash acquired)	(1,127)	(1,861)
Additions to other financial assets	(210)	(502)
Dividend received from joint venture	-	294
	<u>(2,917)</u>	<u>(2,981)</u>
Net cash flow from investment activities	(2,917)	(2,981)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares (incl. share premium)	300	-
Proceeds (repayments) of borrowings (external loans)	(1,273)	1,517
Payment of earn-out liabilities	-	(1,538)
Dividend received from (paid relating to) non-controlling interests	(58)	-
Dividend paid to shareholders of ICT Group N.V.	<u>(2,052)</u>	<u>(2,123)</u>
	<u>(3,083)</u>	<u>(2,144)</u>
Net cash flow from financing activities	(3,083)	(2,144)
Net cash flow	<u>(6,523)</u>	<u>(5,445)</u>
Cash at bank and in hand as at 30 June	(973)	1,249
Cash at bank and in hand at 1 January	<u>5,550</u>	<u>6,694</u>
Increase / (decrease) cash and cash equivalents	<u>(6,523)</u>	<u>(5,445)</u>

Note to the condensed consolidated interim statement of income

General information

ICT Group N.V. (Trade Register number: 24186237) and its subsidiaries ("ICT", "ICT Group" or "the Company") is a public limited liability Company incorporated and established in the Netherlands. In the context of the consolidated financial statements, the Company is also referred to as the "ICT group of companies". The address of ICT Group N.V. is:

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These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

ICT Group is a leading industrial technology solutions and services provider. The solutions we offer our clients involve software development, solutions on project basis, the secondment of experienced and highly educated staff as well as services to maintain IT systems.

Technology based-innovations are critical for the competitive edge of our customers; getting smarter every day in every product, process or application. ICT is able to link people, technology and ideas. With over 1,000 dedicated professionals in the field, we are capable of translating new and innovative technologies into relevant business solutions, enriched with state-of-the-art technologies, and introduce these solutions into the heart of its customers' operations.

Within our focus areas Smarter Cities, Smarter Industries and Smarter Health we serve the following key industries: Transport & Logistics, Automotive & Mobility, Energy, Oil & Gas, Water & Infrastructure, Healthcare, Food, Chemicals & Pharma, Manufacturing and High Technology.

ICT is mainly active in Europe and the USA from several locations in the Netherlands and Bulgaria (Strypes). Through its participations and subsidiaries, ICT is also active in Traffic & Transport (joint venture with InTraffic), Oil & Gas (Raster), Healthcare (BMA), Testing and Training (Improve Quality Services), and Enterprise Mobility (ICT Mobile 51%).

The following group companies are included in the consolidation.

Group companies

ICT Automatisering Nederland B.V. ¹	Barendrecht (the Netherlands) 100%
Improve Quality Services B.V.	Waalre (the Netherlands) 100%
ICT Nearshoring B.V.	Eindhoven (the Netherlands) 100%
Strypes EOOD Ltd.	Sofia (Bulgaria) 100%
Strypes Nearshoring Ltd.	Sofia (Bulgaria) 100%
Raster Beheer B.V.	Dreumel (the Netherlands) 100%
Raster Products B.V.	Dreumel (the Netherlands) 100%
Raster Industriële Automatisering B.V.	Dreumel (the Netherlands) 100%
Raster BVBA	Dendermonde (Belgium) 100%
Raster Industriële Automatisering GmbH	Essen (Germany) 100%
Buro Medische Automatisering B.V.	Houten (the Netherlands) 51%
BMA Belux BVBA	Bellegem (Belgium) 51%
BMA France SAS	Versailles (France) 51%
BMA Telenatal B.V. ²	Houten (the Netherlands) 26%
ICT Mobile B.V.	Barendrecht (the Netherlands) 51%
ICT Poland Sp. z o.o. (in liquidation) ³	Gdansk (Poland) 100%
High Tech Solutions B.V. ⁴	Apeldoorn (the Netherlands) 100%

¹ In early 2017, a legal merger became effective for ICT Automatisering Nederland B.V. (surviving entity), Cheese Maze Holland B.V. and Nohzup B.V. The legal merger had no financial impact on the consolidated financial statements of ICT.

² Buro Medische Automatisering B.V. holds 51% of the shares in BMA Telenatal B.V. ICT Group N.V.'s effective shareholding in BMA Telenatal B.V. is 26.01%.

³ ICT Poland went into liquidation in September 2016 and final liquidation is expected in 2017.

⁴ ICT acquired 100% of the shares and voting interests in High Tech Solutions B.V. ("HTS") as of 2 June 2017

Joint ventures and associates

InTraffic B.V.	Utrecht (the Netherlands) 50%
Strypes Nederland B.V. ⁵	Leersum (the Netherlands) 25%
LogicNets, Inc.	Washington D.C. (USA) 20%
Greenflux Assets B.V.	Amsterdam (the Netherlands) 24.49%

⁵ Strypes Nederland B.V. is a participating interest of Strypes EOOD Ltd.

The consolidated interim financial statements were drawn up by the Executive Board and approved for publication by the Supervisory Board on 15 August 2017. The consolidated interim financial statements have not been audited.

In these interim financial statements, where information has been presented in thousands or millions of units, amounts may have been rounded. Accordingly, totals of columns or rows of numbers in tables or charts may not be equal to the apparent sum of the individual items. Actual numbers may differ from those contained herein due to such rounding.

Accounting policies

General basis of accounting

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016. For a full explanation of the accounting policies, we refer you to the Annual Report for the financial year 2016 (see the Annual Report ICT Group N.V. 2016 or go to www.ict.eu.)

As of 1 January 2017, there are no new IFRS standards that have been effective or endorsed by the European Union that are relevant to the Company.

With respect to IFRS 15, Revenue from Contracts with Customers, an impact assessment covering all group entities and their revenue streams is continuing and contract reviews are currently being performed and we expect to provide further quantitative and qualitative information with the release of the 2017 results.

Seasonal influences

As a company whose revenue is largely dependent on work carried out by professionals, ICT is subject to seasonal influences, a large part of which is determined by holiday periods.

Risks

ICT has implemented internal risk management and control systems, the aim of which is to minimise the operational and financial risks of the company and to limit as much as possible the influence of events on the company's balance sheet ratios and its results. The most significant operational and financial risks, outlined on pages 26-31 of our 2016 Annual Report, were unchanged in the first half of this year. The 2016 Annual Report is available at www.ict.eu.

For further information, we refer you to section 6 of the 2016 Annual Report, page 77 onwards.

Auditor's statement

The contents of this condensed consolidated interim report have not been audited.

Segment information (note 1)

First half year 2017

(UNAUDITED)

The composition of revenue, gross profit margin can be displayed as follows:

(X € 1,000)	ICT Netherlands	Strypes Bulgaria	Other	Eliminations	Consolidated
Revenue:					
From clients	38,984	4,227	7,439	-	50,650
Inter-segment	340	380	0	(720)	-
Total revenue	39,324	4,607	7,439	(720)	50,650
Operating expenses directly attributable to the operating segments	28,689	2,898	4,636	(720)	35,503
Segment Gross profit	10,635	1,709	2,803	-	15,147
Allocated operating expenses	7,029	801	1,998	-	9,828
Operating profit (loss) before amortisation and depreciation	3,606	908	805	-	5,319
Allocated amortization and depreciation	626	355	679	-	1,660
Impairment charges	-	-	-	-	-
Operating (loss) profit	2,980	553	126	-	3,659
Financial expenses					(281)
Financial income					-
Result from joint ventures					127
Result from associates					(217)
Profit before taxation					3,288
Taxes					(715)
Net profit					2,573
Segment Assets*	34,060	6,230	44,387		84,677
Segment Liabilities*	16,322	1,376	22,495		40,193
Other notes					
Operating profit (loss) before amortisation and depreciation/ total revenue	9.2%	19.7%	10.8%	-	10.5%
Average number of employees	712	136	92	-	940

* At 30 June 2017

Segment information (note 1 continued)

The composition of revenue, gross profit margin can be displayed as follows:

First half year 2016

(UNAUDITED)

(X € 1,000)	ICT Netherlands	Strypes Bulgaria	Other	Eliminations	Consolidated
Revenue:					
From clients	32,192	2,859	7,035	-	42,086
Inter-segment	107	305	85	(497)	-
Total revenue	32,299	3,164	7,120	(497)	42,086
Operating expenses directly attributable to the operating segments	23,484	1,891	4,462	(497)	29,340
Segment Gross profit	8,815	1,273	2,658	-	12,746
Allocated operating expenses	6,204	661	1,720	-	8,585
Operating profit (loss) before amortisation and depreciation	2,611	612	938	-	4,161
Allocated amortization and depreciation	235	350	588	-	1,173
Impairment charges	-	-	-	-	-
Operating (loss) profit	2,376	262	350	-	2,988
Financial expenses					(160)
Financial income					2
Result from joint ventures					103
Result from associates					(123)
Profit before taxation					2,810
Taxes					(666)
Net profit					2,144
Segment Assets*	32,548	5,914	40,688		79,150
Segment Liabilities*	17,866	792	16,783		35,441
Other notes					
Operating profit (loss) before amortisation and depreciation/ total revenue	8.1%	19.3%	13.2%	-	9.9%
Average number of employees	599	104	91	-	794

* At 31 December 2016

Business combinations and acquisition of subsidiaries (note 2)

Acquisition of High Tech Solutions

On 2 June 2017, the Group acquired 100% of the shares and voting interests in High Tech Solutions B.V. ("HTS"), a Dutch based high technology automation services provider. HTS is an industrial automation project and services provider. The company is located in Apeldoorn and delivers consultancy services in different markets like Telecom, Healthcare, Defence Security and High Tech Manufacturing. HTS realises profitable revenues of around EUR 2.5 million per annum. The acquisition supports ICT's growth ambitions.

Consideration transferred

	<u>x € 1,000</u>
Consideration transferred in cash	1,200
Total consideration transferred	<u>1,200</u>

Deferred acquisition consideration

The purchase consideration for 100% of the shares amounts to € 1,200 thousand transferred in cash. The amount of € 1,200 thousand represents the fair value as at the acquisition date.

Acquisition-related costs

The Company incurred acquisition-related costs including legal fees and due diligence costs. These costs were included in 2017 under "other operating expenses".

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	Carrying amount	Fair value adjustments	Recognised values
Intangible assets: Customer relationships	-	611	611
Intangible assets: Order Backlog	-	134	134
Property, plant and equipment	12	-	12
Cash and cash equivalents	73	-	73
Other current assets	549	-	549
Current liabilities	(360)	-	(360)
Deferred tax liabilities	-	(186)	(186)
Total identifiable net assets acquired	274	559	833

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets	Income approach: The income approach determines the fair value from the future cash flows the subject asset will generate over its remaining useful life. The application of this approach involves projecting the cash flows which the subject asset is generating, based on current expectations and assumptions about future states. The cash flows generated by the subject asset have to be converted to present value by discounting them with the appropriate discount rate. The discount rate reflects the time value of money and the relevant risk associated with the cash flows of the asset.

The trade receivables and revenue to be invoiced comprise gross contractual amounts due of € 544 thousand, all of which was considered to be collectible at the acquisition date.

Fair values measured on a provisional basis

The fair value of the assets acquired and liabilities assumed at the acquisition date have been determined on a provisional basis. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to the above amounts, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition will be revised.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	<u>x € 1,000</u>
Consideration transferred	1,200
Fair value of identifiable net assets	833
	<u>367</u>

The goodwill is attributable mainly to the skills and technical talent of HTS's workforce and the synergies the Company expects to achieve from integrating HTS in the Company's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

Amortisation

Customer relations and order backlog have been identified and valued as a part of a (preliminary) Purchase Price Allocation exercise. Customer relations have been valued for € 611 thousand to be amortised over a period of 5 years as from acquisition date. Order backlog has been valued at € 134 thousand to be amortised over a period of 4 months in 2017. As a result, the total amortisation amounts to € 44 thousand in the first half of 2017 (€ 10 thousand on Customer relations, € 34 thousand on order backlog). The amortisation is not expected to be tax deductible. In the valuation analysis, a deferred tax liability is included which will be released during the amortisation period. The net effect on net result after deferred taxes amounts to € 33 thousand. The amortisation in the second half of 2017 will amount to € 162 thousand.

Additional financial information

(UNAUDITED)

(x € 1,000,000)	First half-year 2017	First half-year 2016
Financial Highlights		
Revenue	50.7	42.1
Revenue added value	45.2	37.3
EBITDA	5.3	4.2
Operating profit	3.7	3.0
Net profit	2.6	2.1
Earnings per share in €	0.27	0.24
Ratios		
EBITDA / net revenue	10.5%	9.9%
Net profit / revenue	5.1%	5.1%
Net profit / average shareholders' equity	5.8%	6.0%
Solvency (Shareholders' equity / total assets) *	52.5%	51.7%
Personnel		
Headcount as at 30 June	1,014	826
FTE as at 30 June	971	793
Average number of FTEs for the half-year	940	794
Outstanding shares		
Outstanding ordinary shares at period end	9,411,301	8,845,251
Average outstanding ordinary shares during the period	9,307,580	8,828,967

* At 30 June 2017 and at 31 December 2016

Related-parties

For an overview of the related parties, we refer to section 33 of the 2016 Annual Report. During the first half-year of 2017 the transactions between entities of the ICT Group on a 100% basis with InTraffic B.V., LogicNets Inc, Strypes Nederland B.V. and Greenflux Assets B.V. can be specified as follows:

x € 1,000	H1 2017	H1 2016
Sales to related parties	2,356	1,947
Purchases from related parties	215	152
Receivables (net) from related parties	1,615	1,362
Loans (net) to related parties*	649	452
Payables to related parties	37	100

* The loans (net) to related parties represent the loans to Greenflux and CIS

The transactions relate mainly to the outsourcing of personnel. The transactions take place at arm's length rates. The liabilities from related parties include trade creditors related to these transactions.

Taxes

In the condensed interim financial statements, taxes are shown in the profit and loss account on the basis of the applicable rates for corporate income taxes in the Netherlands and Bulgaria (2016: Netherlands, Bulgaria and Poland).

Outstanding shares

At 30 June 2017 the number of outstanding shares amounted to 9,411,301 (31 December 2016: 9,288,309). ICT Group N.V. issued 40,000 new shares on 22 May 2017 related to the share participation plan for personnel and the long term investment plan of key management. On 7 June 2017, ICT issued 82,992 new shares related to the stock dividend.

Optional dividend

On 7 June 2017, ICT paid a cash dividend of € 2,052 thousand over the financial year 2016 and issued 82,992 new shares related to the stock dividend. In June 2016, ICT paid a cash dividend of € 2,123 thousand over the financial year 2015.

The movement in the share premium reserve of € 2,171 thousand (negative) is related to the 2016 stock dividend for € 1,013 thousand and to previous years' stock dividend for € 1,158 thousand, as disclosed in the 2016 Annual Report (page 118).

Obligations not shown on the balance sheet

Obligations not shown in the balance sheet that are included in the 2016 financial statements were essentially unchanged in the first half of 2017.

Relevant events occurring after balance sheet date

The Company has evaluated events up to issuance date of these interim financial statements and determined that no subsequent events required disclosure.

Statement from the Board of Executive Directors

The Executive Board of ICT Group N.V. declares, in accordance with the requirements outlined in article 5:25d of the Financial Supervision act, that to the best of its knowledge that the condensed consolidated interim financial statements provides a true and fair view of the assets, liabilities and the financial position as of 30 June 2017 and of the results of our consolidated activities in the first half and of the companies included in the consolidation, and that the condensed consolidated interim financial statements provides a true and fair view of the financial position as of 30 June 2017, of the developments in the course of the first half of 2017 within the Company and the companies included in the consolidation.

Barendrecht, 15 August 2017

Executive Board of ICT Group N.V.