Navigator Equity Solutions SE

Annual Report 2010

Content

Disclaimer

This report includes a German translation of the official English version. The English version is legally binding in all circumstances.

Key Figures

Thousands of euros		2010 (IFRS)	2009 (IFRS) *Restated*
Total revenues	Gesamteinnahmen	10,808	12,214
Operating result	Operatives Ergebnis	520	(288)
Operating margin	*Operative Marge*	*4.8%*	*n. a.*
Income before tax	Ergebnis vor Steuern	448	(457)
Pre-tax margin	*Vorsteuermarge*	*4.2%*	*n. a.*
Income for the period	Periodenergebnis	371	(490)
Income margin	*Ergebnismarge*	*3.4%*	*n. a.*
Attributable to:	Zuzurechnen den:		
Equity holders of the company	Aktionären der Gesellschaft	333	(506)
Non-controlling interest	Minderheitsanteilen	38	16
Earnings per share	Ergebnis je Aktie		
Basic	Unverwässert	0.06	(0.08)*
Diluted	Verwässert	0.06	(0.08)*

* The per share data was adjusted for the reverse stock split at a ratio of 20:1 conducted in July 2010.

A review of the year

- On January 20, 2010, Navigator Equity Solutions SE announced a voluntary share buyback offer for up to 13,110,890 ordinary bearer shares to its existing shareholders. The offer price amounted to 0.046 euros per share of Navigator Equity Solutions SE. In total, the company was offered 2,593,485 shares for buyback. Thus, Navigator Equity Solutions SE held a total of 11,181,049 own shares (8.5% of the company's share capital).

- On February 19, 2010, Navigator Equity Solutions SE announced the sale of its 51% participation in Kaldron N.V. and its subsidiary Lambion energy solutions GmbH to its strategic partner and co-investor in the project. With the sale of this participation the management realised a successful exit from the investment portfolio, generating an attractive rate of return. The respective return on invested capital for this transaction amounts to 23% per year.

- On March 29, 2010, Navigator Equity Solutions SE announced the successful completion of the Kaldron N.V. transaction.

- On May 11, 2010, Navigator Equity Solutions SE announced that the management proposes to the Annual General Meeting to consolidate the number of issued shares of the company at a ratio 20:1 and to increase the nominal value per share from 0.01 euros to 0.20 euros.

- On May 27, 2010, the Annual General Meeting of shareholders of Navigator Equity Solutions SE took place in Eindhoven, the Netherlands. The attending shareholders adopted all agenda items unanimously. This included especially the reverse stock split of the company's issued shares at a ratio of 20:1 and the increase of the nominal value of the shares from 0.01 euros to 0.20 euros per share. Through this action, the number of issued shares of the company decreased from 131,108,898 to 6,555,445. The company's share capital remained unaffected from this action.

- On July 21, 2010, Navigator Equity Solutions SE announced the execution of the planned consolidation of shares of the company for July 26, 2010, after stock market close. The new shares have the ISIN NL0009538008.

- On August 31, 2010, Navigator Equity Solutions SE announced another voluntary public share buyback offer for up to 1,311,089 ordinary bearer shares of the company to its existing shareholders. The offer price amounted to 0.81 euro per share of Navigator Equity Solutions SE. The period for acceptance of the share buyback offer started on September 03, 2010 and expired on September 17, 2010, 16:00 (CET). Upon completion of the share buyback, the company was offered a total of 562,878 shares for buyback. The number of own shares held by the company increased to 1,207,878 (18.4% of the company's share capital).

To our Shareholders

Dear Shareholders and Friends of Navigator Equity Solutions SE,

The fiscal year 2010 was characterised by a strong global recovery, mainly led by the emerging and developing countries with many advanced economies clearly lagging behind.

According to the International Monetary Fund (IMF), global growth accelerated from -0.6% in 2009 to 5.0% in 2010. However, growth in the advanced economies (3.0%) remained somewhat sluggish compared to the significant setback (-3.4%) of the year 2009. On the other hand, growth in the emerging and developing countries surged from 2.6% to 7.1%. Among the advanced economies, Germany has shown a quite strong performance with a growth rate of 3.6% compared to -4.7% in 2009. However, some of the important markets for Navigator Equity Solutions Group have developed less positive. This includes especially the IT services market but also M&A and private equity activity, though showing some improvement, remained at relatively low levels compared to pre-crisis volumes.

In light of this generally still challenging business environment for our Group, and although we have missed our initial expectations in some areas, we are nonetheless satisfied with the overall positive financial results for the fiscal year 2010. While IT Competence Group N.V. has fallen short of its revenue target, due to a worse than expected market development and cutting off low margin business, the operating result was still in line with expectations, which we think is a positive sign. It was especially pleasing to see that BEAM IT CONSULT GmbH, under its new management, was successful in generating its first new orders by the end of October and is well on its way to generate noteworthy revenues again in the future.

In the course of further integrating the financial services business and increasing brand awareness, we have chosen to re-brand our subsidiary The Ascendo Group N.V. into The ACON Group SE in November 2010. From an operational point of view, the financial services business has benefitted from the improvements in its market environment and almost doubled its revenues in comparison to the fiscal year 2009. Based on this positive revenue development The ACON Group SE made also a significant contribution to our overall operating income for the fiscal year 2010. Thus, Navigator Equity Solutions Group generated operating revenues of 10.1m euros compared to 12.1m euros in 2009. The main reason for the decrease in revenues is the deconsolidation of Kaldron N.V. which we have sold to our strategic partner in March 2010. However, this transaction contributed positively to our operating result. Operating revenues are split in 8.6m euros attributable to IT Competence Group N.V. and 1.5m euros attributable to THE ACON Group SE. Besides that, the Group generated revenues from investments held for trading of 0.7m euros. Therefore, total revenues for the Group amounted to 10.8m euros.

On an overall basis, the Group generated an EBIT (operating result) of 0.5m euros. Both our operating subsidiaries, IT Competence Group N.V. and THE ACON Group SE, contributed positively to this result, generating an EBIT of 0.4m euros and 0.3m euros respectively. This represents an improvement of 0.8m euros compared to the EBIT of -0.3m euros in the fiscal year 2009.

In the fiscal year 2010, we have issued two voluntary share buyback offers to our shareholders and we have also acquired a number of shares on the stock exchange in the course of a further optimisation of our capital structure. Thus, Navigator Equity Solutions SE now holds a total of 27.8% in the company’s share capital. Moreover, we have executed a reverse stock split of the company at a ratio of 20:1, increasing the nominal value of shares from 0.01 euros to 0.20 euros and reducing the number of shares issued from 131,108,898 to 6,555,445.

Current forecasts for the economic development in the fiscal year 2011 indicate a moderate slow-down of global growth. The projection sees a global growth rate of 4.4% with growth in advanced economies being down to 2.5% and the emerging and developing countries slowing down to 6.5% growth. However, the expected development in some of our most important markets looks quite positive. BITKOM sees a growth rate of 3.5% for the IT services market, bringing it back to 2008 levels. We also expect the business environment in the financial services sector to continue its positive development and to provide a sound basis for further growth of The ACON Group SE and its subsidiaries.

In February 2011, IT Competence Group N.V. has appointed Mr Markus Solibieda to its Management Board as the company's new CEO. Mr Solibieda will be especially responsible for driving the company's growth and we believe that this will be a great step forward for IT Competence Group N.V. Thus, in addition with the expected positive market environment, we expect to see a remarkable growth of revenues at IT Competence Group N.V. and a respectively positive development of operating income.

As for the financial services of The ACON Group SE, we believe that we will benefit from the groundwork laid in the past year so that we expect to see a positive development of revenues and operating income here, too.

Thus, we are confident to be well-positioned to benefit from the expected positive market development in our business segments and to continue the positive development of our financial results and we want to thank all our customers, employees and shareholders for their confidence and ongoing support.

Yours sincerely

Dr. Michael Hasenstab Robert Käß Dr. Florian Pfingsten

Waalre, 29 April 2011

Management

Board of Directors

Dr Michael Hasenstab

Dr Michael Hasenstab joined the Management Board of Navigator Equity Solutions SE in November 2008. He is also one of the founding partners of the consulting company The ACON Group SE. Dr Michael Hasenstab was an investment banker at Credit Suisse First Boston and BNP Paribas in London. In that capacity he played an active role in a large number of IPOs and M&A transactions in Germany and throughout Europe. He holds a Master in Economics from the University of Munich and a Ph.D. in International Management from the University of Jena.

Robert Käß

Robert Käß joined the Management Board of Navigator Equity Solutions SE in November 2008. He is also one of the founding partners of the consulting company The ACON Group SE. He founded AdVal Capital Management AG in 1998, a Munich-based consulting company specialised in the field of finance. In his capacity as CEO of AdVal he invested in several technology companies and advised six companies on their way to IPO. He started his career as a management consultant with KPMG. Robert Käß holds a Master in Business Administration from LMU in Munich.

Dr Florian Pfingsten

Dr Florian Pfingsten joined Navigator Equity Solutions SE in April 2006. He is also one of the founding partners of the consulting company The ACON Group SE. Before joining Navigator Equity Solutions SE he worked as an Investment Manager at Bowman Capital UK Ltd and at Nomura International Plc in London. In that capacity he was responsible for the origination and execution of principal investments in the European markets. He shared responsibility for a USD 80m portfolio of technology companies at Bowman and a portfolio of USD 300m at Nomura respectively. Mr Pfingsten started his career at Deutsche Bank AG in Munich working as a corporate banker. He holds a Ph.D. in Finance and a Master in Business Administration from LMU in Munich. Mr Pfingsten is an alumnus of the Haniel-Akademie, Duisburg, and has been awarded a Ph.D. scholarship by the Haniel-Foundation.

Supervisory Board

Dr Jens Bodenkamp (Chairman)

Dr Bodenkamp is currently active as a Business Angel. Previously, he was Managing Director of the ETF Group Deutschland GmbH, a wholly owned subsidiary of the globally active venture capital firm ETF Group based in Lugano, Switzerland, responsible for the German speaking market segment. Previously, Dr Bodenkamp directed Intel Corporation's broadband programme in Europe, responsible for strategy, strategic alliances, marketing and targeted investments in the broadband space. Prior to that, he gained substantial experience in a range of technical and senior executive positions with Intel in the United States and Germany, and in 1995 assumed responsibility for Intel's European investment strategy. Dr Bodenkamp serves on the Boards of several companies, and holds a Ph.D. in physics as well as a patent.

Ulli Fischer

Ulli Fischer is the founder of PORTUNEON GmbH, an internet company being successfully active in the fields of crowd sourcing and the lively exchange of knowledge. In addition, he is the CEO of the Munich-based company MARKETSOLUTIONSNETWORK INTERNATIONAL, specialised in the opening up of new markets for industrial goods companies. Before starting his own company, Mr Fischer signed directly responsible for the organizational planning and structuring of BMW Group’s worldwide sales & marketing operations. As a senior manager of corporate sales structures & processes, he was in charge of numerous business re-engineering projects. Before joining BMW Group, Mr Fischer worked in different overseas locations for Daimler-Benz. He was responsible for the financial development of sales and production joint ventures in Asia, South Africa and the Middle East. Ulli Fischer holds a degree in mechanical engineering with a special focus on computer automated manufacturing systems and combines his technical background with a degree from the International Management Program in Kobe, Japan and an MBA from Boston University.

Erich Hoffmann

Erich Hoffmann works as a consulting engineer and has also successfully supported a number of start-up companies since the year 2000. Mr Hoffmann is founder of ContTect GmbH, a producer of testing systems that was merged with a British competitor to aeco N.V. in the course of its listing on the Neuer Markt /Frankfurt in July 2000. As a Member of the Management Board, Mr Hoffmann was responsible for the technology department. Prior to this, he held the position of a managing director at Dr. Schenk GmbH, a producer of testing systems, where he was in charge of the “systems engineering” department. Mr Hoffmann started his career as an engineer at Deutsche Telekom. He graduated in electronic engineering at FH Munich.

The Company

Navigator Equity Solutions SE is committing funds to both majority and minority investments of different size and at different stages of the company life cycle – including start-ups and special situation businesses.

Through its operating subsidiaries Navigator Equity Solutions SE is currently active in several different industries, including Financial Services and IT Services. Additionally, Navigator Equity Solutions SE holds a number of minority investments in both publicly listed and privately held companies.

Investment Philosophy

Navigator Equity Solutions SE follows a qualitative stock-picking approach rather than a wide-spread portfolio approach, providing capital for promising enterprises in attractive industries. Within the scope of our investment strategy, we are looking for both minority and majority participations in publicly listed as well as privately held companies.

The targeted transaction volume is up to 5m euros in equity per investment.

When we make a majority investment in a company we get directly and actively involved in its operational activities until a positive impact and development has been successfully achieved. In limiting the total number of such direct investments, we make sure that we can follow the investee companies very closely and support the firms in establishing a stable and solid long term financial and market position.

Investment Criteria

In the selection of new investments, Navigator Equity Solutions SE focuses on private and publicly listed small and medium enterprises (SME) with a promising growth perspective.

a. Private Equity

In general, we are looking for undervalued companies with the potential to eliminate the existing undervaluation over time through active management support. We principally intend to work with firms for a medium-term time frame, however we also consider long-term participations if required. The overall goal is to make an active contribution to the development of our investee companies, so that over a long-term period their market positions are strengthened and secured.

Depending on the specific company situation we are doing both, majority participations and minority participations, with a preference for majority participations.

Typical investment opportunities in this segment would be unresolved business successions, management buy-outs, management buy-ins, restructurings, re-organisation of firms near insolvency, corporate spin-offs and growth financing. The main point in these opportunities is that the companies must have a healthy core business with good growth perspectives.

b. Public Equity

In this segment, Navigator Equity Solutions SE focuses on enterprises with above average growth and profit potential as well as undervalued companies. The company follows a pure stock-picking approach based on fundamental analysis of growth perspectives and valuation parameters.

For the most part, these investments will be minority participations. These participations will be entered into rather by capital increases than the purchase of stock via the stock exchange. Especially small and medium-sized companies often offer the purchase of stock at a discount to the current market value per share for the purpose of raising capital.

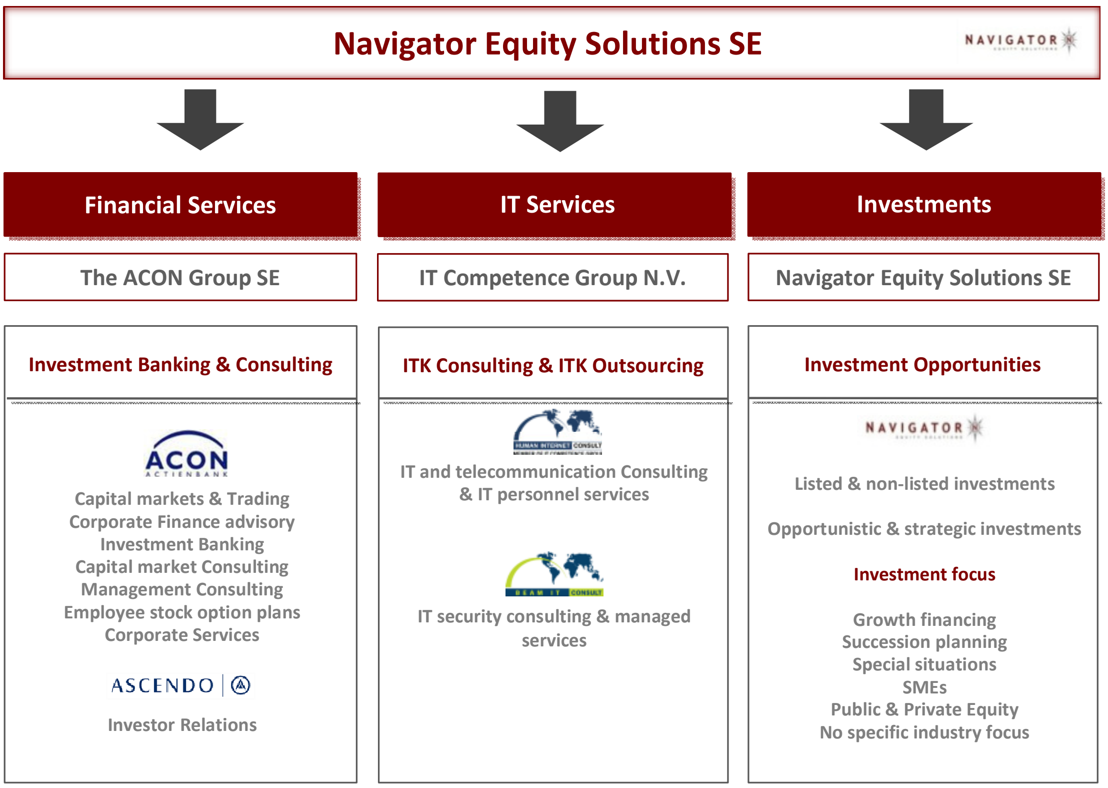
Operating Segments

Currently, Navigator Equity Solutions SE has operating activities in two industries.

The Financial Services business is comprised in The ACON Group SE and its subsidiaries ACON Actienbank AG and Ascendo Management GmbH.

The IT Services business is comprised in IT Competence Group N.V. and its subsidiaries Human Internet CONSULT AG (HIC) and BEAM IT CONSULT GmbH (BEAM).

Other financial investments are held directly by Navigator Equity Solutions SE.



1. Financial Services

a. The ACON Group SE

- Capital Market Advisory

  We offer comprehensive support in preparatory and strategic issues in the run-up of any transaction. Focus of our advisory services is your positioning on the capital market with respect of both investors and creditors. We act on behalf of our clients, supporting them in the evaluation and determination of suitable means and activities as well as potential capital market partners. In detail our services comprise:

  - Advice on developing a tailor-made equity and/or debt story
  - Advice on preparing corporate actions
  - Advice on structural and company-law preparations related to the capital market presence
  - Advice on capital market strategy
  - Support on selecting adequate capital market partners (banks, investors, creditors)
  - IPO-advisory
  - Advice on balance sheet restructuring

- Corporate Services

  The operational business is surrounded by a mass of statutory administrative duties. At this point the Corporate Service team of The ACON Group SE can assist its clients with its specialist expertise so that they can fully concentrate on their original core business. Services are:

  - Support in the preparation of annual financial statements, accounting, etc
  - Support in the execution of corporate actions (preparation of the required documentation, organisation and coordination of the time sheet and involved persons, application and obtaining of required documents, inducement and control of statutory publications)
  - Support in the execution of the annual general meeting (organisational tasks, preparation of the required documents, coordination of/with lawyers, solicitors etc)
  - Support in legal and financial issues (communication with lawyers, auditors, companies' register etc)

- Business Development Services

  The ACON Group SE offers its foreign clients a "hands-on" support in entering the German and European market. This includes "interim management" services as well as acting as a "Business Development Manager Europe" and assuming an administrative function in the local company. In particular, services comprise:

  - Market analyses
  - Analysis of the existing competitive and distribution structure
  - Interim Management/Manager

- Administrative function
- On-site office services
- Valuation of products and active product marketing
- Build-up of partnerships
- Trade fair management
- Cooperation analysis

b. Ascendo Management GmbH

- Investor Relations Services

  Ascendo Management GmbH offers its clients a comprehensive portfolio of investor relations services to keep up with the capital markets' information and transparency requirements as well as to comply with the legal and regulatory provisions for publicly listed companies. The service portfolio includes:

  - Preparation and maintenance of a communication network (communication with shareholders, investors, analysts, press, official authorities e.g. BaFin, etc)
  - Preparation and distribution of financial publications (annual report, quarterly reports, annual document, ad hoc releases, corporate news, etc)
  - Preparation of company presentations
  - Preparation und maintenance of a corporate website
  - Organisation of capital market events (One-on-Ones, analyst conferences, road shows, etc

c. ACON Actienbank AG

ACON Actienbank AG offers M&A-Advisory as well as Investment Banking services.

- M&A-Advisory

  Besides the usual buy and sell projects, the M&A-Advisory team of ACON Actienbank AG is also able to support its clients in implementing and realising capital market oriented M&A-processes (e.g. tender offers, etc.) as well as in dual processes. Their advice covers the full range from the identification and evaluation to the structuring and realisation of strategic M&A transactions. In particular:

  - Mergers, acquisitions, dual processes
  - Strategic planning and analyses
  - Successions (MBO & MBI)
  - Leveraged Buyout
  - Cooperation advisory
  - Financial restructuring
  - Transaction services (due diligence & data room, company valuation)

- Debt Advisory

  The ACON Group SE offers support to clients in the pre-arrangement of bank meetings as well as in the structuring and selection of adequate financing instruments or the search for possible funding partners. The aim is to develop an optimal solution that is complementary to the outside creditors' requirements. In detail the services comprise:

  - Borrowing of new funds and debt rescheduling
  - Restructuring of the liabilities side
  - Restructuring and reorganisation projects
  - Working capital optimisation, factoring, forfeiting
  - Financing of investments and growth financing (credit advice and capital market coaching, leasing, consortium financing, bond structuring)

- Investment Banking

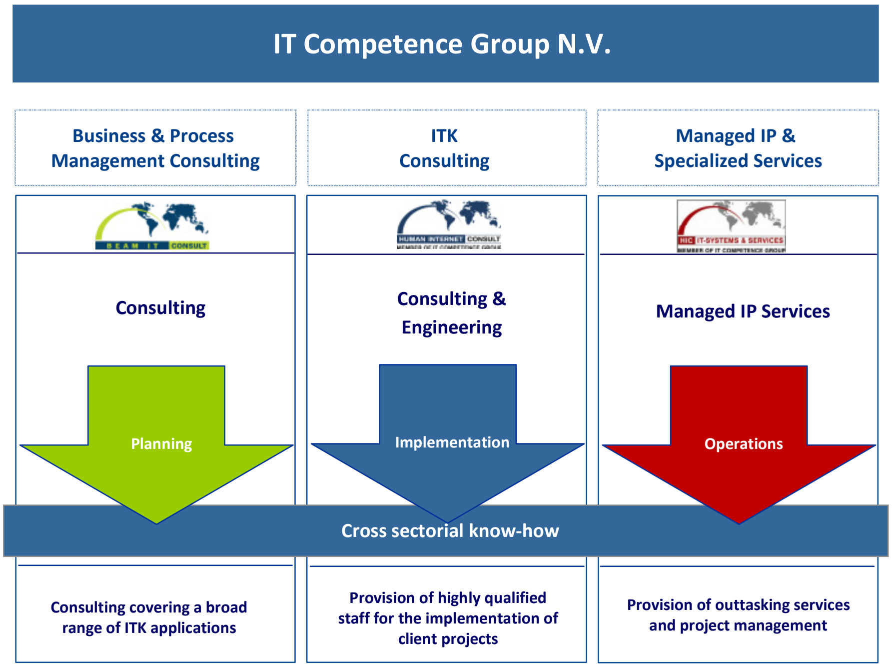
  ACON Actienbank AG holds a Wertpapierhandelsbanklizenz (securities trading bank license) according to § 1 Section 3d KWG (German Banking Act) and is operating free from any product involvements and independent from other bank groups. It is admitted to Frankfurt Stock Exchange, is a Deutsche Börse Listing Partner and is a member of the Munich Stock Exchange as "Emissionsexperte". The specialist investment banking team provides a detailed preparation of transactions, tailored to the requirements of both their clients and the capital markets to facilitate a successful completion. Investment Banking services comprise especially:

  - Initial public offers/listings
  - Capital increases/capital decreases
  - Securities management
  - Employee share plans and stock option programmes
  - Off-market equity financing, pre-IPO equity financing
  - Debt market transactions/other market transactions
  - As for "Designated Sponsoring and Brokerage", Acon Actienbank works closely together with external partners to guarantee a one stop shop service.

2. IT Services

Navigator Equity Solutions SE's IT Services business is comprised in the holding company IT Competence Group N.V. and its subsidiaries Human Internet CONSULT AG (HIC) and BEAM IT CONSULT GmbH (BEAM). IT Competence Group N.V., in which Navigator Equity Solutions SE holds a 76.20% stake of the voting shares, is a holding company for growth-oriented German IT companies in the fields of ITK Consulting and ITK Outsourcing.

IT Competence Group N.V. combines a maximum of entrepreneurial freedom for its subsidiaries with the advantages of a publicly listed group to support them in gaining a leading position in their respective markets.



As of December 31, 2010, IT Competence Group N.V. had 63 permanent employees (2009: 64) and generated total revenues of 8.6m euros (2009: 11.1m euros).

After a sharp decline in the fiscal year 2009, the German IT market has successfully returned to growth in the fiscal year 2010. However, according to information from the industry organisation BITKOM, the IT services business was significantly lagging behind this development and showed a less positive performance than expected at the beginning of the year. Thus, the comparably meagre 1.7% growth in IT services was not enough to compensate for the 5.6% setback experienced in 2009.

At IT Competence Group N.V., revenues generated by HIC came in below initial expectations, partly due to the still difficult market environment and partly due to HIC concentrating on profitable business and cancelling some low margin orders. This strategy proved to be successful in so far as the company's EBIT was in line with the forecast. It was also especially pleasing that BEAM, having appointed a new managing director, was successful in generating its first new orders by the end of October and is well on its way to generate noteworthy revenues again in the future.

Therefore, though revenues of IT Competence Group N.V. were down from 11.1m euros to 8.6m euros, the company still contributed with a positive operating result of 0.4m euros (2009: 0.6m euros).

3. General Investment Business

Navigator Equity Solutions SE focuses on enterprises with above average growth and profit potential as well as undervalued companies. The company follows a pure stock-picking approach based on fundamental analysis of growth perspectives and valuation parameters.

Typically, these investments are pure financial investments and, for the most part, will be minority participations. Such participations may be entered into by capital increases as well as the purchase of stock via the stock exchange. Especially small and medium-sized companies often offer the purchase of stock at a discount to the current market value per share for the purpose of raising capital.

The company's policy is to disclose participations where it is legally obliged to do so. Currently, Navigator Equity Solutions SE holds a more than 10% participation in Catalis SE.

- Catalis SE

The participation in Catalis SE was acquired in February 2009.

Catalis is a worldwide leading outsourcing provider focusing on high-end technical services relating to the creation of digital content for the film, video games and software industries. It operates through its wholly-owned subsidiaries Testronic, Kuju and DDP from ten locations throughout the US, the UK, Poland, Belgium, the Netherlands and the Czech Republic. At the end of the fiscal year 2010, Catalis Group had approx. 350 employees and, according to its preliminary figures published in April 2011, generated revenues of approx. 25.8m euros and an EBIT of -1.7m euros.

After a series of negative quarterly results, the group successfully returned to profitability in the second half of the year, benefitting from the rigorous structural and organisational adjustments it has made to its business in reaction to changing market conditions. According to its guidance, Catalis SE expects revenues in fiscal year 2011 of 30.0m to 32.0m euros and an EBIT between 1.7m and 2.0m euros.

Through its operating subsidiaries Testronic Labs, Kuju Entertainment and Doublesix Digital Publishing, holding leading positions in their respective markets, the group is well-positioned to benefit from the future development of the digital media and entertainment market.

- ProPharm AG

ProPharm AG is an unlisted public limited company founded and managed by pharmacists. The company provides services for pharmacies and also develops and implements new ready-for-marketing concepts for its customers.

The ProPharm AG umbrella unites a number of performance- and service-oriented pharmacies, being "more than just pharmacy". The overall aim is to provide a one-stop-shop solution for sanitary products.

ProPharm AG will continue to expand its business lines through further pharmacy co-operations and direct mail selling.

With its attractive service portfolio and more than 70 members, ProPharm AG is well-positioned to play an active role in the re-organisation of the German pharmacy market.

The Stock & Corporate Governance

Key Stock Figures 2010

Number of shares:	6.6m shares issued
End of year price:	0.82 euros per share
Price - High:	1.42 euros
Price – Low:	0.71 euros
Market Capitalisation:	5.38m euros
Reuters Symbol:	NUQA
WKN:	A1CUJD
ISIN:	NL0009538008
Designated Sponsor:	VEM Aktienbank AG
Stock Markets:	Munich, Xetra, Frankfurt, Berlin, Stuttgart
Segment:	Regulated Market (Munich)

The Trading Year 2010

The stock market development in the trading year 2010 is more or less a reflection of the economic development in the different countries. While the performance was stronger in the first and fourth quarter of the year, the development in the second and third quarter was rather volatile as a consequence of the Greek debt crisis and growing concerns about the financial stability of other countries, resulting in a severe Euro crisis that left its mark also on the stock markets.

In total, most of the major stock markets showed a positive performance for the year 2010. From an international point of view, the Dow Jones Industrial Index (+11.0%), the S&P 500 (+12.8%), the NASDAQ 100 (+19.2%) the Hang Seng Index (+5.3%) or the FTSE 100 (+9.0%) developed satisfactorily while other indices like the NIKKEI 225 (-3.0%) and the Dow Jones EuroSTOXX 50 (-5.9%) showed a decline. The latter reflecting the rather slow progress of the economic recovery in many countries of the European Union. Based on the MSCI Emerging Markets Index (+17.4%) it is also worth noting that the global emerging markets, which were less affected by the 2008 financial crisis and thus experienced a fast and strong recovery of their economies, have again clearly outperformed the above mentioned indices after having surged by 72.9% already in 2009.

In line with the strong economic growth in Germany, the German stock market indices bore the palm over most of its European counterparts. However, it was not the blue chip index DAX (+16.1%) to take the centre stage, but the Small and Mid Cap Indices SDAX (+45.8%) and MDAX (+34.9%) who really upstaged once again. Compared to the end of the trading 2008, both indices have now gained more than 80%, outperforming their famous big brother DAX by more than 30 percentage points.

The generally positive stock market development in the trading year 2010 is also reflected in the performance of the broad based market index CDAX (+18.5%) as well as the Entry All Share Performance Index (+19.2%). The latter is representing the upper class of stock in the Open Market segment.

Though broadly positive, the stock market development in the trading year 2010 has been more differentiated than the mere recovery in the trading 2009 as market participants have returned to focusing on fundamentals. The German stock market benefited form the strong economic development in Germany, being the undisputed leader of the economic recovery within the European Union, with the small and medium-sized companies making good use of their pent-up potential.

The Navigator Equity Solutions SE Share

Navigator Equity Solutions SE's shares are listed on the Regulated Market segment of the Munich Stock Exchange since the end of June 2005. In addition, the shares are traded on the Open Market segment of the Frankfurt Stock Exchange, Xetra and the Berlin Stock Exchange.

On January 20, 2010, Navigator Equity Solutions SE announced a voluntary share buyback offer for up to 13,110,890 ordinary bearer shares to its existing shareholders. The offer price amounted to 0.046 euros per share of Navigator Equity Solutions SE. In total, the company was offered 2,593,485 shares for buyback. Thus, Navigator Equity Solutions SE held a total of 11,181,049 own shares (8.5% of the company's share capital).

After stock market close on July 26, 2010, Navigator Equity Solutions SE conducted a reverse stock split at a ratio of 20:1. Thus, the nominal value of the shares increased from 0.01 euros to 0.20 euros and the number of shares issued was reduced from 131,108,898 to 6,555,445. The ISIN of the consolidated shares is NL0009538008 and their WKN is A1CUJD.

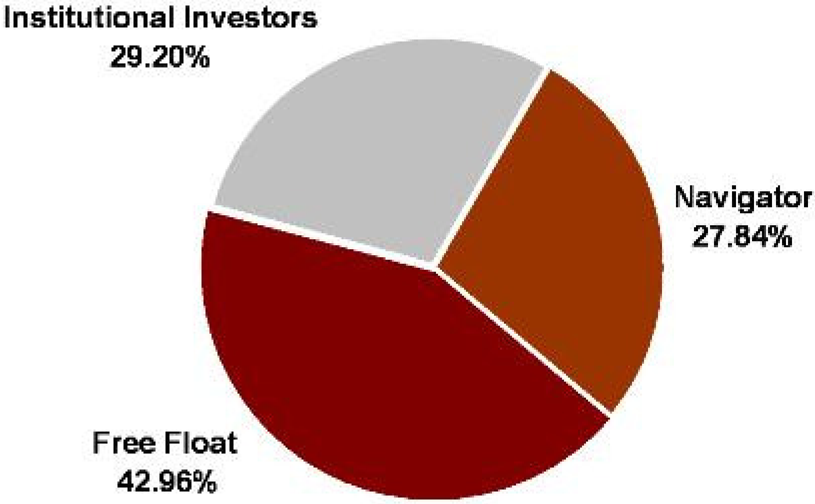
On August 31, 2010, Navigator Equity Solutions SE announced a voluntary public share buyback offer for up to 1,311,089 ordinary bearer shares of the company to its existing shareholders. The offer price amounted to 0.81 euro per share of Navigator Equity Solutions SE. The period for acceptance of the share buyback offer started on September 03, 2010 and expired on September 17, 2010, 16:00 (CET). Upon completion of the share buyback, the company was offered a total of 562,878 shares for buyback. The number of own shares held by the company increased to 1,207,878 (18.4% of the company's share capital).

At the end of the fiscal year 2010, the Navigator Equity Solutions SE share price closed at 0.82 euros. The share experienced its year low on August 18, with a share price of 0.71 euros; on March 16, the share price reached its year high at 1.42 euros. The market capitalisation as of December 31, 2010 amounted to 5.4m euros (2009: 6.0m euros). The share price performance for the year was -10.87%.

Shareholder Structure

In the fiscal year 2010, the number of shares issued by Navigator Equity Solutions SE was reduced from 131,108,898 to 6,555,445 as a result of the reverse stock split at a ratio of 20:1. By the end of the fiscal year 2010, the number of own shares held by Navigator Equity Solutions SE amounted to 1,824,993. Thus, the number of shares outstanding was 4,730,452.

As defined by Deutsche Börse, 42.96% of the shares were classified as free float, 29.20% were held by institutional investors (i.e. investors holding a stake larger than 5%) and 27.84% were held as treasury shares by the company.



as of December 31, 2010

Investor Relations

The company ensures that its communication activities are accurate, constantly updated and available to all of its stakeholders.

Through the Navigator Equity Solutions SE website all relevant information regarding the company's stock, corporate news and ad hoc releases are available for download. It is also possible to sign up for our electronic newsletter to become informed about the latest news and developments.

Throughout the fiscal year 2010, we have informed the financial community with a total of six ad hoc releases and seven corporate news releases about substantial developments in our company.

Section 15a of the German Securities Trading Act (WpHG) requires members of the Board of Directors and of the Supervisory Board of Navigator Equity Solutions SE to report the purchase or sale of Navigator shares both to the company and to the German Federal Financial Supervisory Authority (BaFin). In addition to purchase and sales transactions involving Navigator shares, securities transactions relating to Navigator shares (e.g. purchase or sale of options or stock warrants for Navigator shares) must also be reported. In the course of the year 2010, there were no so called Directors Dealings recorded at Navigator Equity Solutions SE.

Pursuant to Section 10 of the German Securities Prospectus Act (WpPG), every publicly listed company is required to annually provide the capital market with a document containing or referring to any information that it has published during the preceding twelve months to comply with specific capital market requirements ("Yearly Document"). Navigator Equity Solutions SE has decided to constantly update this document through the use of its corporate website.

All this information and relevant supporting documentation can be found at our website under www.navigator-equity.com. Here we have also published our annual reports since 2004 including all published quarterly reports.

Annual Shareholders' Meeting

The Annual General Meeting of Navigator Equity Solutions SE for the fiscal year 2009 took place in Eindhoven, the Netherlands, on May 27, 2010. In total 30.03% of the share capital was represented at the meeting. All items of the agenda were approved unanimously.

This includes especially the reverse stock split of the company's issued shares at a ratio of 20:1 and the increase of the nominal value of the shares from 0.01 euros to 0.20 euros per share. Through this action, which was executed with effect from July 27, 2010, the number of issued shares of the company decreased from 131,108,898 to 6,555,445. The company's share capital remained unaffected from this action.

Corporate Governance Report

As of January 01, 2004, the Dutch Corporate Governance Code became effective for Dutch listed companies. On December 10, 2008, the latest update of the Dutch Corporate Governance Code has been published. Navigator Equity Solutions SE is a company incorporated under the laws of the Netherlands with its registered office in Waalre, The Netherlands, listed on the regulated market of the Munich Stock Exchange. The Code contains a set of principles and a number of best practice provisions, creating a set of standards governing the conduct of the Members of the Managing Board and the Supervisory Board and shareholders. Navigator Equity Solutions SE is committed to implement sound Corporate Governance structures for its management and does apply the rules of the Code to a reasonable extent wherever they are appropriate.

Management Structure

Navigator Equity Solutions SE is organised as a Dutch limited liability company with a two-tier board structure. The company's management consists of a Management Board ("Raad van Bestuur") and a Supervisory Board ("Raad van Commissarissen"). Navigator Equity Solutions SE and its stakeholders emphasise that each Board performs its functions appropriately and according to a clear division of responsibilities.

Management Board

The Management Board is responsible for the day-to-day management of the company's business activities under the supervision of a Supervisory Board. According to the company's Articles of Association, the Management Board shall consist of one or more members. The number of Management Board Members shall be determined by resolutions of the meeting of shareholders. Currently, the Management Board has three members. The Management Board is also responsible for complying with all relevant legislation and regulations as well as for managing the risks associated with the business activities and the company's financing. The Management Board keeps close contact with the Supervisory Board, provides detailed, timely information on all relevant matters and submits important decisions to the Supervisory Board for approval.

The Members of the Management Board shall be appointed by the shareholders' meeting, subject to a nomination by the Supervisory Board to appoint a new Member of the Management Board. Each Management Board Member may be suspended or dismissed by the shareholders' meeting.

In February 2011, Roland Rompelberg, who was also a member in 2009, has resigned from the Management Board of the Company for personal reasons.

The Management Board of Navigator Equity Solutions SE currently consists of:

Name	Age	Position
Dr. Michael Hasenstab	41	Member of the Board
Robert Kaess	40	Member of the Board
Dr. Florian Pfingsten	42	Member of the Board

Supervisory Board

The Supervisory Board of the company shall consist of one or more members. The number of Supervisory Board Members shall be determined by resolutions of the meeting of shareholders. Currently, the company's Supervisory Board consists of three members.

The Supervisory Board is charged with supervising the policy of the Management Board and the general course of events of the company and the enterprise affiliated to it. The Supervisory Board assists the Management Board by giving advice. In performing their duties, the Supervisory Directors concentrate on the interests of the company and the enterprises affiliated to it.

Supervisory Board Members are appointed by the shareholders' meeting. Each Supervisory Board Member may be suspended or dismissed by the shareholders' meeting.

The Supervisory Board of Navigator Equity Solutions SE currently consists of:

Name	Age	Position
Dr. Jens Bodenkamp	66	Chairman of the Supervisory Board
Erich Hoffmann	59	Member of the Supervisory Board
Ulli Fischer	43	Member of the Supervisory Board

Board Committees

As the Supervisory Board of the company has only three members, the tasks of an Audit Committee, Remuneration Committee and a Selection and Appointment Committee have been assumed by the Supervisory Board as a whole.

Compliance with the Dutch Corporate Governance Code

Navigator Equity Solutions SE is subject to the Dutch Corporate Governance Code and applies (or shall apply in the future) the principles and best practices set out in that Code with exception of the following provisions.

According to the Code, non-application of best practice provisions is not in itself objectionable and indeed may even be justified by certain circumstances. To the extent we do not apply certain principles and best practice provisions of the Code or do not intend to apply these in the future, we give an explanation.

Provision II.1.3

The management is well aware of the risks to the company's business and has a suitable internal risk and control system in place to manage these risks. The Management Board is discussing and assessing the company's management and control system with the Supervisory Board at least once a year and ensures that the identified risks are properly managed. Yet, this system does not include all elements mentioned in this provision, e.g. code of conduct that is published on the website, so that the company does not comply with the Code here.

Provision II.1.4

The company has hitherto not reported about its internal risk management and control system in the annual report and will also not do so in the future. In its annual report the company is reporting about measures to handle and limit such risks and as the company follows a hands-on approach, there is no need to describe the underlying mechanisms of this system.

Provision II.1.6

The company has hitherto not set out the sensitivity of its result to external factors and variables. Such factors and variables are either of a very general nature or highly specific. In either case, it would be hardly possible to perform a reasonable sensitivity analysis and such analysis would be of limited significance.

Provision II.1.7

The company has not formulated or published an explicit whistleblower policy. Yet, the management also holds it, that there are no disadvantages for whistleblowers in the company.

Provision II.2.1

Before drawing up the remuneration policy, the Supervisory Board has discussed all components of the remuneration package. However, there was no detailed analysis of the variable remuneration components. Also, so far, the Management Board has not received any variable remuneration.

Provision II.2.2

The current remuneration policy has been determined in the fiscal year 2008. As there were no scenario analyses carried out in drawing up the policy, the Supervisory Board has determined level and structure of the remuneration package without reference to such analyses. The Supervisory Board regularly reviews the remuneration package to ensure that it meets the remuneration principles in both composition and amount.

Provision II.2.8

Navigator Equity Solutions SE is a rather small company. Therefore, compared to other publicly listed companies, the remuneration of the Members of the Management Board is comparably low. Thus, the maximum remuneration in the event of dismissal is not limited to one year’s fixed remuneration component.

Provision II.2.12 & 2.13

Hitherto, no remuneration report has been drawn up by the Supervisory Board. Legally required information is disclosed in the notes to the Financial Statements.

As no remuneration report has been drawn up yet, there is also no remuneration report published on the website.

Provision II.2.14

The company has not and will not publish immediately after conclusion the main elements of a contract with a Member of the Management Board. All legally required information will be published in the Annual Report.

Provision III.1.1

So far, there are no such regulations for the Supervisory Board.

Provision III.1.8

So far, the Supervisory Board report does not contain reference to the discussion of strategy, risks and control systems.

Provision III.3.6

The Supervisory Board has not drawn up a formal retirement schedule. Taking into account the small number of Board members, no schedule is required to handle this issue properly.

Provision III.4.3

The company has no company secretary in place. Given the limited size of the company, there is no need for such a position.

Provision III.4.4

As the company's Supervisory Board consists of three members only, the Board has not appointed a specific vice-chairman.

Provision III.5.1 – 5.14

So far, the Supervisory Board has not built any committees. The duties of these committees were part of the overall activities of the Supervisory Board and will be performed by the entire Board also in the future.

Provision IV.3.1

Meetings with and presentations to analysts and investors are not announced by means of press releases. The company does also not offer webcasts or telephone lines for its meetings with and presentations to analysts, investors, press. Such meetings are usually part of bigger capital market conferences, so this would be an unreasonable effort for the company. Yet, respective presentations are made available on the company's website.

Provision IV.3.3

As the company is relatively small, it is normally not covered by the analysts as they usually specialise on the big index listed companies. Therefore, the company also pays fees for research reports to be prepared and published. Yet, the company does not take any influence on the outcome of such research.

Provision IV.3.7

So far, the agenda of the general meeting does not explicitly list which items are to be voted upon and which items are for discussion only. However, this can be easily derived from the wording of the agenda.

Provision IV.3.8

So far, not all resolutions for approval or authorisation to be passed by the general meeting are explained in writing. So far, such resolutions mostly refer to the acquisition, cancellation or distribution of shares which are not very complex issues.

Provision IV.3.12

So far, the company does not give the possibility of issuing voting proxies or voting instructions to an independent third party prior to the general meeting.

Provision IV.3.13

The company has not formulated or published an outline policy on bilateral contacts with shareholders.

Article 10 of the Takeover Directive Decree

The EU Takeover Directive requires that listed companies publish additional information providing insight into defensive structures and mechanisms which they apply. The relevant provision has been implemented into Netherlands law by means of a decree of April 5, 2006. Pursuant to this decree, Netherlands companies whose securities have been admitted to trading on a regulated market have to include information in their annual report which could be of importance for persons who are considering taking an interest in the company.

Therefore, Navigator Equity Solutions SE provides the following information:

- Capital structure of the company

  The company's share capital is composed solely of ordinary shares. At the end of the fiscal year 2010, Navigator Equity Solutions SE had 6,555,445 shares issued and 4,730,452 shares outstanding. The shares had a nominal value of 0.20 euros. Each share grants one vote in the General Meeting of Shareholders of the Company. There are no special voting rights connected to any share. The development of the share capital throughout the fiscal year 2010 can be seen from note 23 to the consolidated financial statements.

- Restriction of transferring shares or voting rights

  Navigator Equity Solutions SE is not aware of any restrictions in transferring shares or voting rights in the company. The company's Articles of Association do not arrange for any such restrictions.

- Duty to report interests in the company

  Currently, Navigator Equity Solutions SE is not aware of any reports by virtue of part 5.3.3 of the Wet op het financieel toezicht (Wft) on the disclosure of major holdings in listed companies, except the report of IFOS Internationale Fonds Service AG of a stake of 29.2% in the company's share capital.

- Special controlling rights

  All shares of the company grant equal rights to the shareholders. There are no special rights attached to any share.

- Employee shares

  Currently, Navigator Equity Solutions SE does not hold any employee share scheme or option plan.

- Restriction on voting rights

  No restrictions are imposed on voting rights attached to issued shares, except for the fact that no vote may be cast at the General Meeting in respect of any share belonging to the company or a subsidiary of it, or in respect of any share in which the company or a subsidiary has the right of usufruct, or a share for which the company or a subsidiary holds the depository receipt.

- Agreements with shareholders

  Currently, Navigator Equity Solutions SE is not aware of any shareholder agreements.

- Regulations pertaining to the appointment and dismissal of Members of the Management and Supervisory Board and amendments to the Articles of Association

  The procedure for appointment and dismissal of the Members of the Supervisory Board and Management Board and the rules for amendment of the Articles of Association are defined in the company's Articles of Association.

  According to Article 10, Members of the Management are appointed by the General Meeting. The Supervisory Board has the right to suspend Members of the Management Board. The Supervisory Board is then obliged to convene a General Meeting to decide whether to terminate or extend the suspension or dismiss the suspended director. Each Member of the Management Board may at all times be suspended and dismissed by the General Meeting. Each suspension can be prolonged once or more times, but no longer than three months. If at the end of this period no decision is made on the termination of the suspension or on dismissal, the suspension will end. According to Article 12, Supervisory Board Members are appointed by the General Meeting for a maximum period of six years. Each Supervisory Board Member may be suspended or dismissed by the General Meeting at any time. Each suspension can be prolonged once or more times, but no longer than three months. If at the end of this period no decision is made on the termination of the suspension or on dismissal, the suspension will end. According to Article 43, the Articles of Association can only be amended subject to approval of the Supervisory Board.

- Powers of the Management Board to issue and repurchase shares

  The powers of the Management Board in respect of the issue of the company's shares and the acquisition of shares by the company are defined in the company's Articles of Association. According to Article 2, the Management Board is entitled to issue shares if and insofar the Management Board has been appointed as the competent body by the General Meeting of Shareholders. The resolution is subject to approval of the Supervisory Board. Currently, the

company has an authorised capital of 5.0m euros divided into 25,000,000 shares with a nominal value of 0.20 euros each.
According to Article 6, purchase of the company's own shares is subject to authorisation granted to the Management Board by the General Meeting of Shareholders which is only valid for a maximum period of eighteen months.
In the General Meeting of Shareholders dated May 27, 2010, the Management Board has been authorised to acquire for valuable consideration shares in the Company for a period of 18 months starting May 27, 2010. The number of shares to be acquired shall be limited by the maximum percentage of shares the Company may hold in its capital at any moment (according to the articles of association a maximum of 50%). This acquisition may take place by all kinds of agreements, including on a Stock Exchange. The price per share may not be less than the par value and not more than 110% of the Stock Exchange Price. For purpose of the foregoing the Stock Exchange Price will be the average of the closing price on the Frankfurt Stock Exchange of the last five days on which business was done, preceding the date of acquisition.
At the end of the fiscal year 2010, the company held a total of 1,824,993 (27.8% of the company's share capital) own shares.

- Important agreements when issuing a public bid

  Currently, Navigator Equity Solutions SE is unaware of important agreements with a change of control clause.

- Agreements with Members of the Management Board or employees in the event of a public bid

  Currently, Navigator Equity Solutions SE is unaware of any agreements with Members of the Management Board or employees providing for compensation if they resign or made redundant without valid reason or if their employment ceases because of a takeover bid.

Management Report

Business Environment

According to the update of its World Economic Outlook as of January 25, 2011, the International Monetary Fund (IMF) has calculated a global growth rate for the year 2010 of 5.0% compared to -0.6% in 2009. Therefore, the global economy has successfully overcome the deep recession of the years 2008 and 2009. However, growth rates still vary significantly among the different regions and countries.

The average growth rate for the advanced economies improved from -3.4% in 2009 to 3.0% in 2010 with individual growth rates ranging from -0.2% in Spain to 4.3% in Japan. The euro area has seen growth up from -4.1% to 1.8%, mainly driven by Germany with a growth rate of 3.6% (compared to -4.7% in 2009). The emerging and developing countries, which were less affected by the impacts of the financial crisis than by the mere economic downturn, have experienced a strong recovery of their economies with the average growth rate being up from 2.6% to 7.1%. Once again this development is led by developing Asia, especially China (+10.3%) and India (+9.7%).

In its World Economic Outlook from October 2010 the IMF points out that, so far, the recovery has been helped by inventory accumulation and fiscal stimulus rather than an increase in private consumption and investment activity. For the world economy to return to a sustainable, strong and balanced growth path, the IMF demands for an economic rebalancing, both internal and external. The first one means that fiscal stimulus has to be replaced by private consumption and investment activity again, especially in the advanced economies where the consequences of pre-crisis excesses are now hampering a healthy recovery. The second means a reduction of net exports, especially in the booming emerging and developing countries in favour of a stronger domestic demand and hence reduced dependency of these countries on demand from foreign advanced economies.

The IMF states that both of these rebalancing acts are taking place too slowly, bearing the risk that the current economic recovery will not be sustainable in the mid-term. Also, financial stability remained a crucial issue throughout the year 2010 with the turbulences in Greece, Ireland and some other countries of the euro area. Thus, on the one hand, persistent high unemployment rates, reduced household incomes and wealth in many advanced economies as well as high net exports in important emerging countries are hampering the current recovery and remain major risks to its sustainability. On the other hand, there is still some work to be done in restoring and reforming the financial sector where many banks are still undercapitalised, restraining both credit facilities and economic growth potential.

After the sharp decline of 4.1% in 2009, the Gross Domestic Product (GDP) in euro area was up 1.8% in the year 2010. Here, the recovery was led by Germany with a strong growth of 3.6% (-4.7% in 2009) while the development in a number of other European economies has been rather sluggish. The development in Germany was mainly driven by net exports but also supported by higher domestic demand such as capital formation in machinery and equipment as well as private consumption. This positive environment was also reflected in the labour market where the number of people in paid work increased to more than 41 million. In comparison to the euro area, the GDP in the US was up 2.8% and GDP in Japan increased by 2.6%.

Based on December figures, industrial production in the euro area was up 8.0% compared to 2009, still significantly below pre-crisis level but now back to its mid-2005 value. However, the economic recovery in the euro area was not strong enough to have a significant impact on the overall unemployment rate. Though there were some positive developments, e.g. in Germany or Finland, the seasonally adjusted unemployment rate in the euro area was even slightly up from 9.9% in December 2009 to now 10.0%. Basically, the unemployment rate stuck at that same level throughout the whole fiscal year 2010. In total numbers these are 15.8m people compared to 15.8m also in 2009. This persistence of unemployment surely had a negative effect on private consumption and it also remains a danger to the future economic development. The same holds true for the US, where the unemployment rate was still at the high level of 9.4% while in Japan the unemployment rate was at 4.9%.

Financial Markets

The positive economic and stock market development in Germany was only partly reflected in a moderately increasing listing activity.

Though international IPO activity was very strong with total volume exceeding USD 300bn in the year 2010, especially led by Asia and Greater China, the Frankfurt Stock Exchange recorded eight IPOs (2009: 1) on the Regulated Market and nine IPOs (2009: 2) on the Open Market (both Entry Standard and FQB). However, this was a significant improvement against the year 2009: the placement volumes of more than 2.5bn euros on the Regulated Market and more than 110m euros on the Entry Standard compare to 56m euros and 5m euros respectively in 2009. The biggest IPOs on the Regulated Market were Kabel Deutschland Holding AG (placement volume: 759m euros), Brenntag AG (placement volume: 745m euros) and Ströer Out-of-Home Media AG (placement volume: 371m euros). On a global basis these compare to USD 22bn placement volume from the IPO of Agricultural Bank of China or USD 20bn from the AIA Group IPO. In addition to the IPOs, four companies (2009: 2) changed segment from the Open Market to the Regulated Market.

On the Open Market listing activity has been significantly higher than in 2009. There were eight IPOs (2009: 2) on the Entry Standard segment and one IPO (2009: 0) on the First Quotation Board (FQB). In addition, there were 32 private placements (2009: 12) and 120 (2009: 35) other listings on the Open Market, adding up to a total of 161 (2009: 53) transactions. However, this is still slightly below the level of 2008, when there were 183 listings on the Open Market.

According to the Ernst & Young 2010 Global IPO Update from December 2010, global IPO activity more than doubled in terms of both deal numbers and deal volume. In 2010, IPO activity was dominated again by the emerging markets, especially in the Asia-Pacific region. Issuers from Greater China alone accounted for almost half of the total capital raised. The dominance of the Asia-Pacific region becomes even clearer when considering that, on the list of top capital raisers, Greater China is followed by the US, Japan, India, South Korea and Malaysia. Thus, it comes as no surprise that the three biggest deals where the IPOs of the Agricultural Bank of China (Hong Kong / Shanghai, USD 22bn), AIA Group (Hong Kong, USD 20bn) and General Motors (New York, USD 18bn), together accounting for almost 25% of total deal volume. In total, Asia-Pacific accounted for 66% of capital raised, followed by North America (16%), the EMEA region (15%) and Central & South America (3%).

Though being clearly dominated by the Asia-Pacific region, the EMEA region managed to increase its market share in 2010 in terms of both deal numbers (from 14% to 22%) and deal volume (from 9% to 15%). The EMEA region was headed by UK (USD 10.1bn capital raised) and Poland (USD 4.8bn capital raised). With a market share, based on capital raised, of 1% globally and 8% in the EMEA region, Germany played only a secondary role in 2010 IPO business.

Mergers & Acquisitions

According to mergermarket, European M&A activity has seen some improvement in 2010 but is still far below its peak levels. The number of transactions was up from previous year's 3,681 to 4,553 (+24%) and total deal volume increased to USD 630bn (+37%) compared to USD 460bn in 2009. However, this is still 60% below the 2007 peak level of USD 1,500bn. European M&A activity accounted for 30.2% of global deal volume compared 27% in 2009. The most active regions in Europe were the UK & Ireland (USD 133bn deal volume) followed by the German speaking countries (USD 129bn deal volume). The most active sector, accounting for 25% of total deal volume, was energy, mining & utilities. European M&A deals announced in 2010 included such transactions as the acquisition GDF Suez Energy International by International Power plc, the stepwise acquisition of a 75% stake in Alcon Inc by Novartis AG and the acquisition of Weather Investments SPA by VimpelCom Ltd, all of which showing a deal volume of more than USD 20bn.

Though European M&A activity has developed more positively in the fiscal year 2010, the market is still on a comparably low level and far away from the strength of the past, providing an ongoing difficult business environment for M&A advisory services provided by Navigator Group.

Private Equity

According to the unquote" Private Equity Barometer (by Incisive Media in association with Candover), European private equity activity in 2010 has seen a slight improvement in terms of deal numbers and a significant upturn in terms of deal volume. A continuously positive development was observed especially in the buy-out segment while growth and early stage financings were lagging behind.

On an overall basis, deal numbers were up from 944 in 2009 to 1,029 (+9.0%) and deal volume surged from 29.4bn euros to 71.5bn euros (+143%). This development was also helped by improved availability of debt capital. However, as there was a decline in both deal numbers and deal volume in the fourth quarter, the market is characterised rather by caution than by restored optimism, all the more as the above figures are still clearly behind the 2008 level. In fact, the decline of activity in the fourth quarter is mainly due to a setback in the provision of growth capital, where a lack of expansion funding usually hints at a cautious undertone or a difficult economic environment.

In the buy-out segment deal numbers were up from 256 to 367 (+43.3%) while deal volume more than doubled from 23.5bn euros to 63.1bn euros (+168.5%). Thus, the average deal volume also almost doubled from 91.8m euros to 171.9m euros. The buy-out segment has shown a continuously positive development throughout the year that was characterised by a strong activity in the mid cap segment. Especially in the fourth quarter, deal volume in this segment was up 60% compared to the previous quarter and 217% compared to the previous year.

In 2010, there were recorded twelve (2009: four) large transactions (value greater than 1.0bn euros) at a total volume of 21.3bn euros (2009: 7.1bn euros). In the mid-market segment (value between 100m euros and 1.0bn euros), there were recorded 117 (2009: 48) transactions at a total deal volume of 34.2bn euros (2009: 11.0bn euros). In the small-cap segment deal numbers were 238 (2009: 202) and deal volume was 7.6bn euros (2009: 5.4bn euros).

While the small cap segment has been stable throughout the year in terms of both deal numbers and deal volume, the relative importance of the segment in a growing market was diminished. On average, the small cap segment accounted for 64.8% (2009: 79.5%) of total deal numbers and 12.0% (2009: 23.0%) of total deal volume. On the other hand, the mid cap segment increased its market share in terms of deal numbers from 18.9% to 31.9% and in terms of deal volume from 46.9% to 54.2%. The average deal volume increased by 27.5% from 229m euros to 292m euros. The large cap segment accounted for 3.3% (2009: 1.6%) of all deals and 33.8% of total deal volume, while the average deal volume remained stable at 1.8bn euros. Thus, the main driver of the market development in the year 2010 was the mid cap segment.

The most active region was the UK, accounting for approximately one third of all buy-out activities in terms of both deal numbers and deal volume. The German speaking countries (Austria, Germany and Switzerland) have seen 49 (2009: 44) buy-outs in 2010 with a total volume of 9.0bn euros (2009: 6.2bn euros). In total, there were only two (2009: 6) transactions from the DACH region among the top 20 private equity backed buy-outs of the year 2010. This includes also the year’s third largest transaction, the buy-out of Sunrise Communications SA (Switzerland) by CVC Capital Partners in the third quarter of the year.

Overall, the buy-out segment has seen a significant improvement in terms of deal numbers and deal volume as well as increasing average deal volumes throughout the year 2010. However, the market sentiment is still characterised rather by cautiousness than by renewed exuberant optimism.

Public Equity

The market environment for public equity investments was still rather volatile under the influence of currency and sovereign risks in the euro area but basically positive throughout the year 2010. However, stock market development was more differentiated in 2010 than in 2009 and followed primarily the economic development in the respective countries.

Based on the strong economic environment, Germany has also outperformed most of the leading international stock markets. Especially the German small and midcap indices have shown a very positive development here.

In total, the market environment for public equity investments provided stable, positive business conditions, sometimes overshadowed by concerns about sovereign stability in the euro area, throughout the year. However, a number of substantial risks regarding both the speed and especially the mid-term sustainability of the economic recovery are still persistent, providing also some downward risk for the elevated stock markets in the future.

IT business

After the deep recession of the year 2009, the German IT market was back to growth in the fiscal year 2010. According to the industry organisation BITKOM (Federal Association for Information Technology, Telecommunications and New Media) the overall market was up 3.0% to a total volume of 65.9bn euros. However, this is still even less than the 66.9bn euros of the year 2007. Also, there was a significant change in the market development in the course of the year. While in March 2010, BITKOM had forecast growth rates of 0.2% for IT hardware, 0.9% for software and 2.2% for IT services, March 2011 figures indicated growth rates of 5.1% for IT hardware, 3.5% for software and only 1.7% for IT services. Thus, IT services have seen their growth rate diminishing by more than 20% throughout the year, equalling 200m euros in market volume. With a total of 33.0bn euros the market volume for IT services was up 1.7% against 2009 but still 4.1% down against the year 2008.

Therefore, the market development for IT services was less positive than initially expected and provided a still challenging business environment for Navigator Group’s activities in the IT service sector.

Business Situation of Navigator Equity Solutions SE

In General

Navigator Equity Solutions SE is a publicly listed (regulated market of the Munich stock exchange) investment company with an investment focus on majority and minority participations in European service companies. The investment portfolio comprises companies from the financial services, digital media services and IT services industries.

Corporate Actions

On January 20, 2010, Navigator Equity Solutions SE announced a public share buyback offer for up to 13,110,890 ordinary bearer shares to its existing shareholders. The offer price was 0.046 euros per share of Navigator Equity Solutions SE. The period for acceptance of the share buyback offer started on January 26, 2010 and expired on February 09, 2010, 16:00 (CET). Until the expiration of the offer, the company was offered a total of 2,593,485 shares for buyback. Thus, upon completion of the share buyback, Navigator Equity Solutions SE held a total of 11,181,049 own shares (8.5% of the company's share capital).

On February 19, 2010, Navigator Equity Solutions SE announced the sale of its 51% participation in Kaldron N.V. to its strategic partner and co-investor in this project. The deal was closed on March 29, 2010.

Navigator Equity Solutions SE had acquired the participation in Kaldron N.V. and its subsidiary Lambion energy solutions GmbH in September 2007. Since then, the company expanded the scope of its operating business significantly and increased its revenues to approximately 7.5m euros in 2009.

On May 27, 2010, the Annual General Meeting of Navigator Equity Solutions SE resolved upon the reverse stock split of the company's shares at a ratio of 20:1, thereby increasing the shares' nominal value from 0.01 euros to 0.20 euros. The consolidation of shares became effective as of July 27, 2010, reducing the number of shares issued from 131,108,898 to 6,555,445 shares.

On August 31, 2010, Navigator Equity Solutions SE announced a public share buyback offer for up to 1,311,089 ordinary bearer shares of the company to its existing shareholders. The offer price amounted to 0.81 euro per share of Navigator Equity Solutions SE. The period for acceptance of the share buyback offer started on September 03, 2010 and expired on September 17, 2010, 16:00 (CET). Until the expiration of the offer, the company was offered a total of 562,878 shares for buyback. Thus, upon completion of the share buyback, Navigator Equity Solutions SE now held a total of 1,207,878 own shares (18.4% of the company's share capital).

On October 04, 2010, Navigator Equity Solutions SE announced that as of October 01, 2010, the total of own shares held by the company exceeded the limit of 20% and amounted to 1,345,678 (20.53% of the company's share capital).

On November 02, 2010, Navigator Equity Solutions SE announced that as of November 02, 2010, the total of own shares held by the company exceeded the limit of 25% and amounted to 1,684,635 (25.70% of the company's share capital).

Development of Earnings, Asset and Financial Situation

Earnings situation

Revenue Development

In the fiscal year 2010, Navigator Equity Solutions Group generated total revenues of 10.8m euros (2009: 12.2m euros). These were made up from revenues of 10.1m euros (2009: 12.1m euros) generated by our operating subsidiaries IT Competence Group N.V. and The ACON Group SE and 0.7m euros generated from investments held for trading (2009: 0.1m euros).

The Group's total costs in the fiscal year 2010 amounted to 10.3m euros (2009: 12.5m euros). The decrease is a result of continued cost saving measures at the remaining subsidiaries.

Earnings Development

In the fiscal year 2010, Navigator Equity Solutions Group generated a gross profit of 7.3m euros (2009: 7.3m euros). Though gross profit was reduced in comparison to the fiscal year 2009, the gross margin was significantly improved from 59.9% to 67.9%. Excluding investment revenues, the gross margin was up from 60.4% to 65.5%, indicating a significant improvement in the quality of earnings at our operating subsidiaries.

The Group's operating result (EBIT) amounted to 0.5m euros (2009: -0.3m euros). Pre-tax earnings amounted to 0.4m euros (2009: -0.5 euros). After deduction of income tax amounting to 0.3m euros (2009: 0.1m euros) and income contribution of discontinued operation amounting to 0.2m euros (2009: 0.1m euros) income for the period amounted to 0.4m euros (2009: -0.5m euros). Of this income, 0.3m euros (2009:-0.5m euros) were attributable to equity holders of the company and 0.0m euros (2009: 0.0m euros) were attributable to non-controlling interest.

Business Units

1. Majority Participations

Income from Navigator Equity Solutions Group's majority participations for the fiscal year 2010 comprises income from the two fully consolidated majority participations IT Competence Group N.V. and The ACON Group SE.

IT Competence Group N.V. and The ACON Group SE generated total external revenues of 10.4m euros (2009: 12.1m euros). The respective contribution to the Group's operating result (EBIT) amounted to 0.7m euros (2009: 0.4m euros).

- IT Competence Group N.V.

In the fiscal year 2010, IT Competence Group N.V. generated total external revenues of 8.6m euros (2009: 11.1m euros). The company's gross profit amounted to 5.4m euros (2009: 6.3m euros). Operating result (EBIT) for this period was 0.4m euros (2009: 0.6m euros). This result is mainly attributable to HIC AG as BEAM IT CONSULT GmbH made no significant contributions to revenues and earnings in the fiscal year 2010.

- The ACON Group SE

The ACON Group SE comprises the financial services business of Navigator Equity Solutions Group and holds two subsidiaries, Ascendo Management GmbH and ACON Actienbank AG.

Total external revenues of The ACON Group SE in the fiscal year 2010 amounted to 1.8m euros (2009: 1.0m euros), made up from 1.4m euros of operating sales and 0.4m euros of investment revenues.

The contribution to the Group's operating result (EBIT) for this business amounted to 0.3m euros (2009: -0.3m euros).

2. Holding Activities

Holding activities of Navigator Equity Solutions SE comprise the holding costs as well as certain other investment revenues. In the fiscal year 2010, these activities generated revenues of 0.5m euros (2009: 0.4m euros) and an EBIT contribution of -0.2m euros (2009: -0.4m euros).

Asset Situation

Balance Sheet

As of December 31, 2010, the Navigator Equity Solutions Group balance sheet total amounted to 18.9m euros (December 31, 2009: 24.6m euros).

The group's total fixed assets decreased to 8.2m euros (2009: 8.4m euros). Current assets decreased from 16.2m euros at the end of 2009 to 10.6m euros. This is especially due to a reduction of cash and cash equivalents from 8.1m euros to 3.6m euros as a result of the deconsolidation of Kaldron N.V. and a number of share buyback transactions throughout the fiscal year 2010. Other items remained broadly unchanged.

In terms of equity and liabilities, taking into account the positive income for the period, the effect from repurchased shares as well as the deconsolidation of Kaldron N.V., total equity decreased from 18.4m euros to 16.8m euros, whereof 15.9m euros (2009: 16.7m euros) belonged to shareholders of the company and 0.9m euros (2009: 1.7m euros) were attributable to non-controlling interest.

Long-term liabilities of the company decreased from 0.4m euros in 2009 to 0.0m euros. Current liabilities were reduced from 5.8m euros to 2.0m euros, consisting of trade payables amounting to 1.0m euros (2009: 2.0m euros), other liabilities of 0.8m euros (2009: 1.7m euros) and current tax liability of 0.2m euros (2009: 0.2m euros).

The equity ratio improved from 75.0% to 89.1% which is also equal to the long-term capital share of the balance sheet.

The equity-to-fixed-assets-ratio amounted to 203.8% (2009: 217.6%), indicating a proper long-term financing of the fixed assets. The decrease against 2009 is due to the reduction of equity resulting from the repurchase of shares.

Therefore, long-term assets are still more than sufficiently financed through long-term capital.

Employees

As of December 31, 2010, the number of employees at Navigator Equity Solutions Group amounted to 74 (2009: 75). This comprises 63 employees at IT Competence Group N.V., 10 employees at The ACON Group SE and 1 employee at Navigator Equity Solutions SE.

We expect employee numbers at IT Competence Group N.V. to be significantly up in 2011 as its subsidiary HIC plans to expand its staff. We expect no significant changes in our other subsidiaries so that in total, we expect employee numbers at Navigator Equity Solutions Group to increase by approximately 10 to 15 percent in the fiscal year 2011.

Financial Situation

Cash Flow

The cash flow from operating activities of Navigator Equity Solutions Group for the fiscal year 2010 amounted to -1.2m euros (2009: -3.6m euros). The operating cash flow mainly reflects the fiscal year's income of 0.4m euros as well as an increase of financial assets of -0.8m euros, a decrease of current liabilities and provisions of -0.6m and a gain on sale of discontinued operation (Kaldron N.V.) amounting to -0.2m euros.

The cash flow from investing activities for the fiscal year 2010 amounted to -2.1m euros (2009: -0.0m euros), mainly reflecting the disposal of discontinued operation (Kaldron N.V.)

The cash flow from financing activities in the fiscal year 2010 is mainly composed of payments for the repurchase of shares amounting to 1.1m euros. Total cash flow from financing activities amounted to -1.1m euros (2009: -7.0m euros).

Total cash flow for the fiscal year amounted to -4.5m euros (2009: -10.6m euros), resulting in a consolidated cash position of 3.6m euros at the end of the period.

The cash ratio, calculated as cash and cash equivalents divided by current liabilities, for the fiscal year 2010 amounted to 181.6% (2009: 140.4%).

The quick ratio, calculated as (cash and cash equivalents + trade receivables + financial assets) divided by current liabilities amounts to 502.4% (2009: 263.6%).

The current ratio, calculated as current assets divided by current liabilities, amounts to 529.1% (2009: 279.3%).

Therefore, all liquidity indicators show a more than satisfying level of liquidity at the company.

Research & Development

None of the Group entities had any research and development expenditures in 2010 (2009: 0).

Supplementary Report

In February 2011, Roland Rompelberg has resigned from the Management Board of the Company for personal reasons.

On February 07, 2011, Navigator Equity Solutions SE sold its 50% participation in Die Erste SBM Fondsmanagement GmbH to a strategic investor for an appropriate purchase price.

Risk Report

Navigator Equity Solutions Group's future business development will always be influenced by both elements of chance and risk. Our risk management serves to recognise, observe and communicate both chance and risk. This ensures the punctual delivery of information to the relevant decision makers so that the development of suitable measures to both utilise chance and contain risk can be implemented.

Apart from the general risks that exist in the business environment, due to the nature of its industry, Navigator Equity Solutions Group is also subjected to other risks. These have been summarised below:

Direct Investments

In its direct investment business Navigator Equity Solutions SE acquires majority and minority participations in quoted and unquoted companies (hereinafter "Investee").

As these investment activities are rather capital intensive they embody the risk of significant capital losses.

In particular, the company has identified the following risks arising from this business:

Majority Participations

When acquiring majority participations in other companies, Navigator Equity Solutions SE follows an active management approach, getting directly involved in the Investee's operational activities until a positive impact and development has been achieved.

Management Risks

Navigator Equity Solutions SE usually acquires participations in enterprises in special situations which can in many cases be acquired at favourable prices and often show attractive appreciation potential. Special situations can be acute crises or situations with considerable need for reorganisation. Navigator Equity Solutions

SE is active in various industries using a portfolio diversification strategy to spread risk.

The selection, reorganisation and management of the Investees are carried out by a Best Practice Team, a team that is equipped with its own staff either employed or permanently associated with Navigator Equity Solutions SE. Therefore, the company depends to a large extent on the expertise and skills of these people.

A further risk concerns the recruitment of sufficiently specialised and qualified personnel for the extension of the investment portfolio. Since the investment philosophy of Navigator Equity Solutions SE tends to focus on selective "investment decisions" rather than on a wide-spread „portfolio approach", we prefer to miss out on a potential investment rather than making a bad investment.

Reorganisation Risks

As soon as we have acquired interests in a company, we directly and actively support the operational business until a sustained turnaround can been achieved. Since we intend to acquire only a limited number of majority participations, we are able to accompany the selected companies in a more intense and ongoing manner than other comparable holding companies and can lead the target companies to a secure long term position in the market.

However, a reorganisation may also fail due to a variety of factors. Despite of all analyses, the business development of the acquired companies is hardly predictable. Even though Navigator Equity Solutions SE endeavours to minimise risks, certain risks cannot be excluded such as important value-defining parameters that disappear or develop less favourably than expected or a deteriorating industry sector environment of the Investee or management failures in the reorganisation process. The negative development of individual participations could adversely affect the asset, financial and earnings situation of Navigator Equity Solutions SE.

Risks of Selling and Pricing

The ability to sell participations depends on numerous factors including the development of the economic situation in general and the industry in particular. The ability to sell participations depends to a large extent on the condition of the capital markets. A less favourable capital market climate may prevent the realisation of proceeds from a planned exit. Therefore it cannot be predicted how sales conditions will develop and what market prices can thus be achieved.

Cyclical Risks

The economic development of participations is linked to the general development of the economic situation in Germany, the EU and worldwide as well as the market development of individual industries which may also have an adverse effect on the state of investments.

Legal Risks

Amendments to laws and/or regulations may have a positive or a negative effect on a company's market activities. They may allow new competitors to enter the market or lead to a deterioration of the economic basis for business.

Tax Risks

Profits and losses yielded from participations (only when they are over 5%) are exempt from taxation. With regard to the taxable portion however, it cannot be excluded that certain legal tax terms, and consequently also certain factual situations, will be interpreted differently by the fiscal authorities or taxes on transactions or consumption will subsequently be charged. Despite its loss carry-forward, the company could incur expenses and a cash outflow due to taxes on proceeds levied on the basis of minimum taxation provisions.

Currency Risks

Investments are mainly made in the euro currency. The company's regional focus lies on European countries but it may also conduct business with countries outside the Euro currency area. Therefore it cannot be excluded that future investments will be made in foreign currencies involving a currency risk. Currency fluctuations between foreign currency and the Euro currency could lead to exchange rate losses. An ongoing unfavourable development of the exchange rate could adversely affect the asset, financial and earnings situation of the company even if hedging transactions were conducted.

Minority Participations

When acquiring minority participations, either in publicly listed or privately held companies, Navigator Equity Solutions SE has only limited influence on the Investee's management and strategy. Therefore, risks arising from these investments concern mostly the fields of pre-investment analysis and successful divestment.

Pre-investment Analysis Risks

Navigator Equity Solutions SE focuses on enterprises with above average growth and profit potential as well as undervalued companies. Therefore, prior to making an investment decision, Navigator Equity Solutions SE is carrying out a detailed analysis of the potential Investee to determine whether it meets these investment criteria or not.

Despite of all analyses, the business development of the acquired companies is hardly predictable. Even though Navigator Equity Solutions SE endeavours to minimise risks, certain risks cannot be excluded such as important value-defining parameters that disappear or develop less favourably than expected or a deteriorating industry sector environment of the Investee or management failures in the further business development. The negative development of individual participations could adversely affect the asset, financial and earnings situation of Navigator Equity Solutions SE.

Cyclical & Legal Risks

With respect to minority participations, the investment companies are exposed to the same cyclical and legal risks as described above in the majority participations sections. These risks may lead to an unfavourable business development of the respective investment companies and thus may have a negative impact on their valuation and the asset, financial and earnings situation of Navigator Equity Solutions SE.

Pricing Risks

Successful divestments of minority participations depend on numerous factors including the development of the economic situation in general and the respective industry in particular. It also depends to a large extent on the condition of the capital markets. A less favourable capital market climate may lead to unfavourable valuation criteria and prevent the realisation of proceeds from a planned divestment. Therefore it cannot be predicted how sales conditions will develop and what market prices can thus be achieved.

Financial Services

Through its subsidiary ACON Group SE, Navigator Equity Solutions SE is also active in the financial services business. Due to the special nature of this highly regulated business, especially in the investment banking space, (under the supervision of BaFin Bundesanstalt für Finanzdienstleistungsaufsicht and Deutsche Bundesbank) there are specific risks associated with these activities. However, the financial services business is based primarily on personnel capacity and therefore has a limited exposure to capital losses. Thus, the company has identified the following risks:

Liability Risks

In performing financial services, the company is exposed to liability risks for misconduct in several ways which might lead to damage claims against the company.

Personnel Risks

The performance of the company’s services depends to a certain extent on the special knowledge and qualification of its management and employees. Though the management policy aims to avoid the development of knowledge clusters, the loss of some key personnel might harm the company’s ability to deliver on its obligations.

Counterparty Default Risks

In performing its investment banking operations, ACON Actienbank AG is exposed to counterparty default risks with respect to accounts receivable from customers for the execution of capital market transactions and receivables from financial institutions. Due to its highly diversified customer and sales structure, the counterparty default risk on the customer side is of little importance only. These risks are further diminished by the call for significant advance payments at the beginning of each project. Against the background of the financial crisis, the more important risk lies with the financial institution side. To avoid default of receivables from such institutions, ACON Actienbank AG holds its accounts with a limited number of selected banks, showing excellent ratings and high degrees of creditworthiness.

Market Price Risks

As already mentioned above, the business development of ACON Actienbank AG is also dependent on the development of the capital markets. Yet, as ACON Actienbank AG is not very active in proprietary trading and holds only a few minor positions in its trading book, there is no direct risk for the company’s financial and asset situation from the market price development.

Legal Risks

ACON Actienbank AG is active in a highly regulated business and subject to the supervision of BaFin (The Federal Financial Supervisory Authority) and Deutsche Bundesbank. Therefore, amendments to laws and / or regulations as well as changes in prevailing case law and supervision practices may have positive or negative effects on its business activities. The management of ACON Actienbank AG is closely monitoring the development of the legal and regulatory environment enable timely reaction to any changes.

Operational Risks

Operational risks comprise the danger of losses occurring from the inadequacy or failure of internal procedures, people or systems. This includes also the legal risks which have been described afore. Further operational risks identified by ACON Actienbank AG concern the field of IT security. Here, the company has assigned an external IT service provider to take care of all necessary actions to ensure a high level of security.

Moreover, every customer project is attended personally by the entire Management Board with close involvement of the Supervisory Board. Relevant documentation is checked regularly by the Management Board for completeness and plausibility and the Management Board always participates directly in the execution of the projects.

Measures to Limit Investment Risks

In order to be able to detect and evaluate existing risks in our investment business in time and define appropriate measures to avoid, mitigate or conquer such risks, continuous monitoring is essential. The relevant markets are continuously monitored to be able to respond to market risks in a timely and adequate manner. This includes the study of various technical publications, participation in conventions and trade conferences and Private Equity events. In addition, the company has close connections and regular interchange with experts from the company network. For questions concerning capital market advice we often count on the expertise and professional experience of ACON Actienbank AG which looks after the technical processing of securities in capital market transactions on the stock exchange within the scope of our exit strategies.

As for majority participations, we directly and actively support the operative business until a sustained turnaround has been achieved. We contribute the necessary consulting know-how and our specific transaction skills to the partnership. Since we acquire only a limited number of participations, we are able to accompany the selected companies in a more intense and ongoing manner than comparable holding companies and can lead them to a secure market position in the long term.

Take-overs are usually financed through equity capital as well as debt provided by banks or other providers of loan facilities.

The acquired target companies are mostly businesses with a good market position. In order to minimize risks, the company uses its best endeavours in selecting and accompanying the investment companies. Taking the evaluation risk into account, special care is applied to selection. Navigator Equity Solutions SE prefers to select investments in undervalued companies which can be lead away from undervaluation through active accompanying measures generating added-value. Historical profitability, an experienced medium-level management and the existence of a sound core business are further prerequisites for an investment. A comprehensive analysis of a company's success-determining parameters is made prior to investment. For the purpose of a detailed due diligence the services of external experts are occasionally enlisted.

Internal Control and Management Statement

With due observance of the limitations that are inevitably inherent in any risk management and internal control system, our internal risk management and control systems provide reasonable assurance that our financial reports are free of material misstatement and that these systems were adequate and effective in 2010. There are no indications that they will not be adequate and effective in the current year. The phrase "reasonable assurance" is taken to mean the level of assurance that would be provided by a director acting with due care under the given circumstances. The set of procedures involving the internal risk management and control systems, and the related findings, recommendations and measures have been discussed with the Supervisory Board and the independent external auditor.

In addition, we declare, based on Article 5.25c Wet op het financieel toezicht (Wft), that to the best of our knowledge and in accordance with the applicable reporting principles:

- the consolidated financial statements of 2010 give a true and fair view of the assets, liabilities, the financial position and the profit and loss of Navigator Equity Solutions SE and its consolidated operations; and

- the management report includes a true and fair review of the position as per 31 December 2010 and of the development and performance during 2010 of Navigator Equity Solutions SE and its related participations of which the data have been included in the financial statements, together with a description of the relevant risks of which the Navigator Equity Solutions Group is being confronted.

Forecast Report

In the most recent update, published on January 25, 2011, to its World Economic Outlook the International Monetary Fund (IMF) forecasts a slight slow-down of global economic growth from 5.0% in 2010 to 4.4% in 2011. Due to the after-effects of the financial crisis and the consequences of the financial turmoil in the euro area, the global recovery remains uneven: While growth in the advanced economies will remain rather sluggish (2.5%), the emerging and developing countries will continue to see strong growth of 6.5%. However, this forecast is still subject to a number of downside risks, mainly arising from the advanced economies. These risks include renewed tensions in the euro area, the pending formulation of fiscal consolidation plans, continuously high unemployment rates and resulting depressed private consumption, rising commodity prices as well as overheating potential in the emerging markets.

The growth projection for the euro area is at 1.5% with the major force still being Germany at a growth rate of 2.2%. As Germany and the euro area are the major focus of Navigator Group's business activities, this provides a rather neutral business environment for the Group in 2011.

Based on information from BITKOM, the German IT market will continue to grow at an even stronger rate than in the year 2010. For the fiscal year 2011, BITKOM expects the whole market to be up by 4.3% to 68.8bn euros and thus exceeding the level of 2008. BITKOM projects growth rates of 5.6% for IT hardware, 4.5% for software and 3.5% for IT services, bringing the IT services market to a volume of 34.2bn euros and almost regaining the 2008 level of 34.4bn euros. According to BITKOM, the most important IT issues for corporate customers in 2011 will be cloud computing, IT security, business intelligence and business process management. This provides a positive market environment for the IT services business of IT Competence Group N.V. which is also reflected in their plans to increase staff in 2011. Thus, we expect good growth in revenues and a respectively positive development of the company's operating result.

In the financial services space we expect further improvements of market conditions, providing a positive environment for our investment banking and advisory business. Therefore, we also expect to see improvements in both revenues and earnings of our financial services business.

Other revenues, mainly dependent on the stock market development, are hardly predictable but may lead to significant up- or downsides.

In the fiscal year 2011, we will continue to expand the business of our operating subsidiaries, especially in the financial services sector where we believe that we will benefit from the groundwork laid in the past year.

Thus, we are confident to generate a considerable growth in operating sales as well as a correspondingly positive development of our operating result in the fiscal year 2011.

Waalre, April 29, 2011

The Management Board:

Dr. Michael Hasenstab
Robert Kaess
Dr. Florian Pfingsten

Additional Information

Supervisory Board Report

The Supervisory Board of Navigator Equity Solutions SE comprises three members, Mr Erich Hoffmann, Mr Ulli Fischer and Dr Jens Bodenkamp. The Chairman of the Supervisory Board is Dr Jens Bodenkamp.

Dr Jens Bodenkamp (66), Chairman of the Supervisory Board

Gender: male
Nationality: German
Appointment effective as of August 29, 2007
Term ends in 2013
German citizen, home domicile is in Munich, Germany

Currently active as a Business Angel
Chairman of the Board of Directors of Catalis SE

Mr Erich Hoffmann (59), Member of the Supervisory Board:

Gender: male
Nationality: German
Appointment effective as of May 27, 2010
Term ends in 2016
German citizen, home domicile is in Berg, Germany

Currently active as a consultant engineer
former Member of the Management Board of AECO N.V.

Mr Ulli Fischer (43), Member of the Supervisory Board

Gender: male
Nationality: German
Appointment effective as of August 29, 2007
Term ends in 2013
German citizen, home domicile is in Munich, Germany

Currently active as CEO of Munich based company MarketSolutionsNetwork International and Managing Director of PORTUNEON GmbH.

All members of the Supervisory Board fulfil the requirements of independent Board members as defined in best practice provisions III.2.1 and III.2.2 of the Dutch Corporate Governance Code.

Mr Erich Hoffmann is a member of the Supervisory Board of the company since its inception in October 2004. Dr Jens Bodenkamp and Mr Ulli Fischer have been appointed as members of the Supervisory Board by the Annual General Meeting of Shareholders of the company on August 29, 2007.

As all three members of the Supervisory Board have gained considerable experience in a number of national and international businesses throughout their professional careers, the Supervisory Board holds it that the Board’s composition meets the requirements of the Dutch Corporate Governance Code. In particular, Dr Jens Bodenkamp provides the required financial expertise.

In line with the Articles of Association of Navigator Equity Solutions SE, the Supervisory Board of the company held four plenary meetings in the fiscal year 2010.

The Supervisory Board was in frequent written, e-mail and verbal contact with the Board of Directors, regarding the financial situation and the business development of the company. At the meetings, the Supervisory Board was informed and consulted about the activities and policies of Navigator Equity Solutions SE.

Matters considered by the Supervisory Board during the year included especially:

- Company strategy
- Financial results and situation of the company
- Development of existing investments
- Sale of participation in Kaldron N.V.
- Development of financial services business
- Development of IT services business
- Budget 2010
- Audit and approval of the Annual Accounts 2009
- Investment strategy
- Development of opportunistic direct investments
- Potential new investments
- Formation of new subsidiary Ascendo Services B.V.
- Corporate actions, e. g. share buyback offers and consolidation of shares

The Supervisory Board also discussed the functioning of the Management Board and its individual members.

All members of the Supervisory Board took part in the meetings personally.

Conflict of Interest

In the fiscal year 2010, there were no conflicts of interest in both the Management Board and the Supervisory Board.

Committees

As the Supervisory Board of Navigator Equity Solutions SE comprises only three members, the tasks of an audit committee, a remuneration committee and a selection and appointment committee were performed by the full Supervisory Board in the course of their normal activities. This procedure is in line with provision III.5 of the Dutch Corporate Governance Code.

Audit committee tasks

The tasks of the audit committee were performed during the regular Supervisory Board meetings for the purpose of approval of the quarterly results and the results for the full fiscal year 2009. The Supervisory Board had a thorough discussion with the Management Board about the development of the financial results and the reasons therefore. Also, the Supervisory Board and the Management Board discussed the risks for the future development of the company’s financial situation and the measures to handle these risks. After these discussions, the Supervisory

Board is convinced that risks are adequately prioritised by the management and that the management follows a reasonable approach in controlling and handling such risks.

The auditors of KPMG presented their key findings of the audit 2009 to the Supervisory Board in one meeting. Discussed were the financial statements, main audit and accounting issues, internal risk management and controls, developments in law and regulations as well as a statement to the audit and auditor's independence.

Based on the discussions with the Management Board and the independent auditors of KPMG, the Supervisory Board holds it that all relevant issues regarding the company's financial statements for the fiscal year 2009 have been taken care of properly.

Remuneration committee tasks

The remuneration package of the Management Board of Navigator Equity Solutions SE consists of three main elements:

- a base salary
- a variable bonus
- shares / stock options

The variable elements of the remuneration package are closely linked to the achievement of reasonable performance objectives. An overview of the Management Board's remuneration can be found in note 46 of the Company Financial Statements.

According to the company's remuneration policy, the Supervisory Board will regularly review the remuneration package to ensure that it meets the remuneration principles in both composition and amount.

Therefore, the tasks of a remuneration committee were performed by the Supervisory Board in the course of the regular Board meetings. As a part of these discussions, the Supervisory Board has also given attention to the company's D&O insurances.

The remuneration policy of the company is designed to attract qualified people with both, the necessary skills and background to the Management Board. Additionally, it is sufficiently challenging to ensure and extend the focus on performance and long-term growth in the value of the company, to motivate the Management Board and to retain its members if it performs well.

Selection and appointment committee tasks

In the fiscal year 2010, there were no changes in the company's management and thus there was no need to perform any selection and appointment committee tasks.

The consolidated statements of Navigator Equity Solutions SE were drawn up according to the International Financial Reporting Standards (IFRS) as issued by the European Union (EU). The financial data has been audited by the independent auditors KPMG Accountants N.V.

We have approved the financial statements of Navigator Equity Solutions SE prepared by the Board of Directors and we also agree with the Management Report.

The composition of the subscribed capital as well as the provisions concerning the appointment and removal of members of the Executive Board, or amendments to the articles of association are in compliance with the statutory requirements and are self explanatory.

The Supervisory Board would like to thank the Board of Directors for its commitment, hard work and for the consistently trustworthy and fruitful dialogue.

Waalre, The Netherlands
29 April 2011

On behalf of the Supervisory Board:

Dr J. Bodenkamp
(Chairman)

Financial Information

Consolidated statement of financial position as at 31 December 2010 (in thousands of euros)

(before profit appropriation)

	Notes	2010	2009
ASSETS			
Non current assets			
Tangible fixed assets	*16*	156	197
Investments in equity accounted investees	*17*	189	-
Intangible assets	*18*	7,901	8,240
		8,246	**8,437**
Current assets			
Inventories	*19*	86	258
Other investments	*20*	5,382	5,470
Trade and other receivables	*21*	1,326	2,048
Current tax asset		175	271
Cash and cash equivalents	*22*	3,643	8,108
		10,612	**16,155**
Total assets		**18,858**	**24,592**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*23*	1,311	1,311
Share premium	*23*	20,199	20,199
Treasury shares	*23*	(1,575)	(451)
Fair value reserve	*23*	-	1
Retained earnings	*23*	(4,378)	(3,872)
Undistributed result	*23*	333	(506)
Total equity attributable to equity holders of the company		15,890	16,682
Non-controlling interest	*23*	916	1,750
Total equity		**16,806**	**18,432**
Non-current liabilities			
Provisions	*25*	31	339
Deferred tax liabilities	*26*	15	48
		46	**387**
Current liabilities			
Current tax liability		169	164
Trade payables and other liabilities	*27*	1,837	5,609
		2,006	**5,773**
Total equity and liabilities		**18,858**	**24,592**

The accompanying notes to these balance sheets form an integral part of these financial statements.

Consolidated statement of comprehensive income for the year ended 31 December 2010 (in thousands of euros)

	Notes	**2010**	**2009*** *Restated*
Continuing operations			
Revenue	*9*	10,071	12,099
Investment revenue	*10*	737	115
Total revenues		**10,808**	**12,214**
Cost of sales		3,469	4,904
Gross Profit		**7,339**	**7,310**
Other operating income	*11*	45	44
Personnel expenses	*12*	4,752	5,423
Depreciation and amortisation		91	109
Other expenses	*13*	2,021	2,111
Total expenses		**(6,864)**	**(7,643)**
Operating result		**520**	**(289)**
Finance income		11	17
Finance costs		(78)	(82)
Other		56	(104)
Net finance result	*14*	**(11)**	**(169)**
Share of profit of equity accounted investees (net of income tax)		**(61)**	**-**
Income before income tax		**448**	**(458)**
Income tax	*15*	(263)	(131)
Income for the period from continuing operations		**185**	**(589)**
Discontinued operation			
Income from discontinued operation (net of income tax)	*7*	186	99
Income for the period		**371**	**(490)**
Other comprehensive income, net of income tax			
Net change in fair value of available-for-sale financial assets		-	1
Total comprehensive income for the period		371	(489)
Income for the period attributable to:			
Equity holders of the company		333	(506)
Non-controlling interest		38	16
Income for the period		**371**	**(490)**

Total comprehensive income attributable to:			
Equity holders of the company		333	(505)
Non-controlling interest		38	16
Total comprehensive income for the period		**371**	**(489)**

EARNINGS PER ORDINARY SHARE **(in euros)**	*24*		
Basic		0.06	(0.08)**
Diluted		0.06	(0.08)**

EARNINGS PER ORDINARY SHARE – CONTINUING OPERATIONS **(in euros)**	*24*		
Basic		0.03	(0.09)**
Diluted		0.03	(0.09)**

** See note 7*

*** The per share data was adjusted for a reverse stock split of shares at a ratio of 20:1 conducted in July 2010.*

The accompanying notes to these balance sheets form an integral part of these financial statements

Consolidated Statement of Changes in Equity
(in thousands of euros)

	Share Capital	Share premium	Retained earnings	Treasury shares	Fair value reserves	Total attributable to equity holders of parent	Non-controlling interest	Total equity
Balance at 1 January 2009	**13,551**	**14,954**	**(3,696)**	**(616)**	**-**	**24,193**	**1,610**	**25,803**
Total comprehensive income for the year								
Profit	-	-	(506)	-	-	(506)	178	(328)
Total comprehensive income for the year	-	-	(506)	-	-	(506)	178	(328)
Transactions with owners of the Company, recognised directly in equity								
Capital reduction	(11,800)	5,245	-	-	-	(6,555)	-	(6,555)
Cancellation of shares	(440)	-	(176)	616	-	-	-	-
Repurchase shares	-	-	-	(451)	-	(451)	-	(451)
Net change in fair value of available-for-sale	-	-	-	-	1	1	-	1
Transaction with owners	-	-	-	-	-	-	(38)	(38)
Total transactions with owners of the Company	(12,240)	5,245	(176)	165	1	(7,005)	(38)	(7,043)
Balance at 31 December, 2009	**1,311**	**20,199**	**(4,378)**	**(451)**	**1**	**16,682**	**1,750**	**18,432**
Total comprehensive income for the year								
Profit	-	-	333	-	-	333	38	371
Total comprehensive income for the year	-	-	333	-	-	333	38	371
Transactions with owners of the Company, recognised directly in equity								
Repurchase shares	-	-	-	(1,124)	-	(1,124)	-	(1,124)
Net change in fair value of available-for-sale	-	-	-	-	(1)	(1)	-	(1)
Sale subsidiary	-	-	-	-	-	-	(872)	(872)
Total transactions with owners of the Company	-	-	-	(1,124)	(1)	(1,125)	(872)	(1,997)
Balance at 31 December, 2010	**1,311**	**20,199**	**(4,045)**	**(1,575)**	**-**	**15,890**	**916**	**16,806**

The accompanying notes to this changes in equity statement form an integral part of these financial statements

Consolidated cash flow statement for the year ended 31 December 2010 (in thousands of euros)

	2010	2009 *Restated*
Income for the period	**371**	**(490)**
Adjustments for:		
Depreciation of tangible fixed assets	65	83
Amortisation of Intangible assets	26	26
Impairment losses	-	-
Income tax expense	263	131
Gain on sale of discontinued operation, net of tax*	(186)	-
Change of financial assets	(771)	(1,309)
Change in other current assets and trade receivables	(116)	766
Change in current liabilities and provisions	(610)	(2,557)
Change in deferred tax liabilities	(8)	(20)
Interest paid	64	36
Income tax paid	(315)	(253)
Net cash used for or (provided) by operating activities	**(1,217)**	**(3,587)**
Cash flow from investing activities		
Purchase of property, plant and equipment, net	(76)	(39)
Sale of property, plant and equipment	9	8
Acquisition of subsidiary net of cash acquired	(189)	(9)
Disposal of discontinued operation, net of cash disposed of*	(1,868)	-
Net cash used for (provided by) investing activities	**(2,124)**	**(40)**
Cash flow from financing activities		
Repurchase shares	(1,124)	(451)
Decrease share capital	-	(6,555)
Proceeds from issuance of share capital	-	-
Dividend payment	-	-
Change in non-controlling interest	-	(5)
Net cash used for (provided by) financing activities	**(1,124)**	**(7,011)**
Net decrease in cash and cash equivalents of continuing operations	**(4,465)**	**(10,638)**
Net increase in cash and cash equivalents from discontinued operations	**-**	**1,351**
Cash and cash equivalents at beginning of year	**8,108**	**17,394**
Cash and cash equivalents at end of year	**3,643**	**8,108**

Net increase in cash and cash equivalents of discontinued operations		
Net cash provided by operating activities	-	1,497
Net cash used for investing activities	-	(114)
Net cash used for financing activities	-	(32)
Net cash provided by discontinued operations	**-**	**1,351**
Cash and cash equivalents of discontinued operations	-	**2,868**

** See note 7*

The accompanying notes to this cash flow statement form an integral part of these financial statements. Due to discontinued operations and the restated 2009 cash flow statement, certain items in the cash flow statement do not correspond to the differences between the balance sheet amounts for the respective items.

Notes to the consolidated financial statements for the year ended 31 December 2010

1. Reporting entity

Navigator Equity Solutions SE (the 'Company') is a company domiciled in The Netherlands. The address of the Company's registered office is Laan van Diepenvoorde 3, 5582 LA Waalre. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates and jointly controlled entities. Navigator Equity Solutions SE is a publicly listed investment company with an investment focus on majority and minority participations in European service companies. Through its subsidiaries, the Group is active in the financial services and IT services industries (see note 6).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The consolidated financial statements were authorized for issuance by the Board of Directors on 29 April 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in euro, which is the Company's functional currency. All financial information presented in euro has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The most critical accounting policies involving a higher degree of judgement and complexity in applying principles of valuation are described below. Changes in the assumptions and estimates as described could result in significantly different results than those recorded in the financial statements.

- **Impairment of intangible assets (note 18 and 36):** We assess whether the carrying values of intangible assets are recoverable. In this assessment, we make significant judgements and estimates to determine if the future cash flows expected to be generated by those assets are less than their carrying value. The data necessary for the impairment tests are based on our strategic plans and our estimates of future cash flows, which require estimating revenue growth rates and profit margins. The estimated cash flows are discounted using a net present value technique with business-specific discount rates.
- **Accounting for income tax (note 15):** As part of the process of preparing consolidated financial statements, we estimate income tax in each of the jurisdictions in which we operate. This process involves estimating actual current tax expense and temporary differences between carrying amounts of assets and liabilities for tax and financial reporting purposes. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We assess the likelihood that deferred tax assets will be recovered from future taxable income.
- **Provisions (note 25):** By their nature, provisions for contingent liabilities are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and information currently available.

(e) Changes in accounting policies

(i) Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010
For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions prior to 1 January 2010

For acquisitions prior to 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Company Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

Certain comparative amounts have been reclassified to conform with the current year's presentation (see note 7). In addition, the comparative statement of comprehensive income has been re-presented as if an operation discontinued during the current period had been discontinued from the start of the comparative period (see note 7).

(a) Basis of consolidation

(i) Business combinations

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2(e)(i) for further details.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

(c) Financial instruments

(i) Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held to maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise debentures.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, including service concession receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Service concession arrangement

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction or upgrade services provided. Such financial assets are measured at fair value upon initial recognition. Subsequent to initial recognition the financial assets are measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is recognised initially at the fair value of the consideration (see also note 4(d)).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(i)(i)) and foreign currency differences on available-for-sale debt instruments (see note 3(b)(i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Accounting for investment revenues is discussed in note 3(k)(ii).

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital

To date, the Group has not issued any preference share capital.

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised as capitalised borrowing costs, being part of the total costs of such assets.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within ‘other income’ in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Machinery and equipment	: 2-10 years.
Furniture and vehicles	: 2-20 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Estimates in respect of certain items of plant and equipment were revised in 2010 (see note 16).

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Acquisitions are accounted for applying the equity method.

Goodwill represents the excess of the cost or the costs of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Increase in majority interests are accounted for by applying the equity method. The goodwill arising from the increase in a majority interest is a result of the difference between the costs of the increased interest and the corresponding equity.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. In respect of the client list, the estimated useful lives for the current and comparative periods are 4 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The Group does not hold any leases classified as finance leases.

Other leases are operating leases and are not recognised on the Group's statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses (see 3(i)(ii)).

(i) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash – generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

(iii) Non-current assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(k) Revenue

(i) Services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(ii) Investment revenues

Investment revenues comprise interest income on funds invested, dividend income, income from banking activities, results on the disposal of investments in subsidiaries, share of profits in associates, and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(l) Finance income and finance costs

Finance income comprises interest income and foreign currency gains. Foreign currency gains and losses are reported on a net basis.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The Group holds no leases classified as finance leases.

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for non-tax deductable goodwill. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(p) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (Group's Management Board) to make decisions about resources to be allocated to the segment and assess its performance.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(r) Cash flow statement

The consolidated cash flow statement is drawn up on the basis of the indirect method. Cash flows in foreign currencies are translated into euro at the date of the transaction.

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing these consolidated financial statements. We do not expect that any of these will have a significant effect on the consolidated financial statements of the Group, except for IFRS 9 Financial Instruments, which becomes mandatory for the Group's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(b) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(c) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(d) Equity and debt securities

The fair value of equity and debt securities is determined by reference to their quoted closing bid price at the reporting date, or if unquoted, determined using a valuation technique. Valuation techniques employed include market multiples and discounted cash flow analysis using expected future cash flows and a market-related discount rate. The fair value of held-to-maturity investments is determined for disclosure purposes only.

(e) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

(f) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. Financial risk management

(a) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk.

According to the groups internal procedures these risks are monitored frequently.

It is at management's discretion to decide to what extent these risks are hedged.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The actual influence of these factors on the Group's credit risk is low.

The Group has adopted a policy of only dealing with creditworthy counterparties. Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed. The group does not have any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has sufficient liquidity to settle potential liquidity shortages at its operating units. The Group's cash and cash equivalents position at balance sheet date was EUR 3,643k. Within the regular reporting of its operating units, the Group is constantly overseeing and controlling whether the operating units are able to meet their obligations.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

Investments of the Group are mainly made in the euro (EUR) currency. Sales, purchases and borrowings are also mainly made in the euro (EUR) currency; all other currencies are of little importance only. The Company's regional focus lies on European countries but it also conducts business with countries outside the euro currency area. Therefore it cannot be excluded that future investments and transactions will be made in foreign currencies involving a currency risk.

Currency fluctuations between foreign currency and the euro currency could lead to exchange rate losses. An ongoing unfavourable development of the exchange rate could adversely affect the asset, financial and earnings situation of the company even if hedging transactions were conducted. At balance sheet date no hedge contracts were outstanding.

(ii) Interest rate risk

The Group is exposed to interest rate risk on a limited basis. There are no outstanding borrowings and the outstanding financial assets all have fixed interest rates. Net profit and equity reserves would not be affected as these investments are valued at amortised cost.

(iii) Investment risk

Navigator Equity Solutions SE's investment risk can be divided in investment risks

- on the one hand relating to its **direct investment business** from acquiring majority and minority participations in quoted and unquoted companies;
- on the other hand relating to **pure financial investments** such as participations in a few listed companies (with participations generally amounting to less than 3% of the target company) as well as in several other financial assets (investment funds, bonds, etc.).

Direct investments

When acquiring **majority participations** in other companies, Navigator Equity Solutions SE follows an active management approach, getting directly involved in the investment company's operational activities until a positive impact has been achieved.

The investment approach of the Group is based on the following principles which are oriented towards reducing investment risk:

- Investment in enterprises special situations at favourable prices and with attractive appreciation potential
- Portfolio diversification strategy/investments in various industries in order to spread risk
- Focus on selective "investment decisions" and acquisition of only a limited number of majority participations in order to accompany the selected companies in an intense manner
- Selection, reorganisation and management of the investment companies carried out by a best practice team equipped with own staff either employed or permanently associated with Navigator Equity Solutions SE.

As these investment activities are rather capital intensive they embody the risk of significant capital losses. In particular, the Group has identified management risks, reorganisation risks, risks of selling and pricing and cyclical risks as the main risks of such investment activities.

When acquiring **minority participations**, Navigator Equity Solutions SE focuses on enterprises with above average growth and profit potential as well as undervalued companies and invests in both publicly listed and privately held companies. Prior to making an investment decision, the Group is carrying out a detailed analysis of the potential participation. However, the Group has only limited influence on the investment company's management and strategy. Even though

Navigator Equity Solutions SE endeavours to minimise risks, certain risks cannot be excluded and the negative development of the participation embodies the risk of significant capital losses. In particular, the Group has identified pre-investment analysis risks, cyclical and legal risks as well as pricing risks.

In respect of further details of the Group's risk management of majority and minority participations, we refer to pages 36 to 41 of the annual report.

Equity price risk arises from available-for-sale equity securities held investments at fair value through profit or loss. The Group's Management Board closely monitors the mix of debt and equity securities in its investment portfolio on an individual basis and all buy and sell decisions are taken by the Management Board as a whole.

The primary goal of the Group's investment strategy is to maximise investment returns. In accordance with this strategy, certain investments are designated at fair value through profit or loss because their performance is actively monitored and they are managed on a fair value basis.

(e) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those things arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. The Group management regularly reviews and discusses operational risks and the respective implemented controls with the management of the business unit to which they relate.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and non-controlling interests of the Group. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests.

From time to time the Group purchases its own shares on the market as well as over the counter; the timing of these purchases depends on market prices. Primarily the shares are intended to be cancelled sometime in the future. Buy and sell decisions are made on a specific transaction basis by the Group's Management Board; the Group does not have a defined share buyback plan.

In the course of the fiscal year 2010, the Group again acquired a total of 1.4 million own shares (adjusted for a 20:1 consolidation of shares on July 27, 2010), resulting in a total of 1.8 million own shares held as treasury shares by the Group at the balance sheet date.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. Segment reporting

(a) Operating segments

The Group has three operating segments, as described below. The operating segments comprise different products and services, and are managed separately because basically each segment is organised in its own legal entity.

The Group comprises the following main operating segments:

- capital market related financial services
- IT services
- holding of investments.

Capital market related financial services comprise the consolidated subsidiary The ACON Group N.V. (with its two operational subsidiaries Ascendo Management GmbH and ACON Actienbank AG).

IT services comprise the consolidated subsidiary IT Competence Group N.V. (with its two operational subsidiaries Human Internet CONSULT AG and Beam IT Consult GmbH.

Holding of investments comprises the activities of the holding company Navigator Equity Solutions SE.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax, as included in the internal management reports that are reviewed by the Group's Management Board. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

(b) Geographical segments

The Group's segments operate in 3 principal geographical areas, Germany, Europe, and other regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Operating segments 2010

	The ACON Group N.V. *in EUR 1,000*	IT Competence Group N.V. *in EUR 1,000*	Kaldron N.V. *(Discontinued)* *in EUR 1,000*	Direct Invest-ments *in EUR 1,000*	Navigator Equity Solutions SE *in EUR 1,000*	Elimi-nations *in EUR 1,000*	Consoli-dation *in EUR 1,000*
External revenues	1,827	8,603	1,336	-	378	(1,336)	10,808
Internal revenues	88	-	-	-	577	(665)	-
Total revenues	**1,915**	**8,603**	**1,336**	**-**	**955**	**(2,001)**	**10,808**
Cost of sales	314	3,155	710	-	-	(710)	3,469
Gross income	**1,601**	**5,448**	**626**	**-**	**955**	**(1,291)**	**7,339**
External income	45	-	19	-	-	(19)	45
Internal income	107	-	-	-	-	(107)	-
Total other income	**152**	**-**	**19**	**-**	**-**	**(126)**	**45**
Employee costs	769	3,697	421	-	285	(420)	4,752
Depreciation and amortisation	9	56	4	-	26	(4)	91
Other expenses	458	1,275	158	55	443	(368)	2,021
Total expenses	**1,236**	**5,028**	**583**	**55**	**754**	**(788)**	**6,864**
Operating result	**517**	**420**	**62**	**(55)**	**201**	**(625)**	**520**
Net finance result	**(121)**	**(195)**	-	(1)	-	**307**	**(11)**
Share of profit of equity accounted investees (net of income tax)	-	-	-	-	(61)	-	(61)
Income before income tax	**396**	**225**	**62**	**(56)**	**140**	**(319)**	**448**
Income tax	(4)	(266)	(62)	-	7	62	(263)
Income from continuing operations	**392**	**(41)**	**0**	**(56)**	**147**	**(257)**	**185**
Discontinued operations							
Income from discontinued operations	-	-	-	-	186	-	186
Income for the period	**392**	**(41)**	**0**	**(56)**	**333**	**(257)**	**371**
Attributable to:							
Equity holders of the company	346	(41)	0	(56)	333	(249)	333
Non-controlling interests	46	-	0	-	-	(8)	38
Net income for the period	**392**	**(41)**	**0**	**(56)**	**333**	**(257)**	**371**

Segment assets	**3,392**	**7,026**	**4,638**	**209**	**16,023**	**(12,430)**	**18,858**
Segment liabilities	**1,186**	**4,690**	**3,227**	**59**	**133**	**(7,243)**	**2,052**
Capital expenditures	12	64	-	-	-	-	76

Geographical segments 2010

	Germany	**Europe**	**Other regions**	**Elimi-nations**	**Consoli-dated**
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
Revenue from external customers	9,761	2,275	108	(1,336)	10,808
Segment assets	9,067	24,938	-	(15,147)	18,858
Segment liabilities	6,251	4,370	-	(8,569)	2,052
Capital expenditures	76	-	-	-	76

Operating segments 2009

	The ACON Group N.V.	IT Competence Group N.V.	Kaldron N.V.	Direct Invest-ments	Navigator Equity Solutions SE	Elimi-nations	Consoli-dation
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
External revenues	952	11,109	5,870	-	145	-	18,076
Internal revenues	78	-	-	-	297	(375)	-
Total revenues	**1,030**	**11,109**	**5,870**	**-**	**442**	**(375)**	**18,076**
Cost of sales	143	4,761	3,236	-	-	-	8,140
Gross margin	**887**	**6,348**	**2,634**	**-**	**442**	**(375)**	**9,936**
External income	44	-	-	-	-	-	44
Internal income	15	-	-	-	-	(15)	-
Total other income	**59**	**-**	**-**	**-**	**-**	**(15)**	**44**
Employee costs	677	4,425	1,508	-	322	-	6,932
Depreciation and amortisation	15	68	24	-	27	-	134
Other expenses	482	1,210	745	6	518	(114)	2,847
Total expenses	1,174	5,703	2,277	6	867	(114)	9,913
Operating result	**(228)**	**645**	**357**	**(6)**	**(425)**	**(276)**	**67**
Net finance result	**(114)**	**(345)**	**9**	1	(14)	**305**	**(158)**
Income before income tax	**(342)**	**300**	**366**	**(5)**	**(439)**	**29**	**(91)**
Income tax	59	(185)	(106)	-	(5)	-	(237)
Net income for the period	**(283)**	**115**	**260**	**(5)**	**(444)**	**29**	**(328)**
Attributable to:							
Equity holders of the company	(278)	93	99	(5)	(444)	29	(506)
Non-controlling interests	(5)	22	161	-	-	-	178
Net income for the period	**(283)**	**115**	**260**	**(5)**	**(444)**	**29**	**(328)**
Segment assets	**2,690**	**7,275**	**4,846**	**217**	**16,907**	**(7,343)**	**24,592**
Segment liabilities	**2,375**	**4,898**	**3,330**	**11**	**227**	**(4,681)**	**6,160**
Capital expenditures	4	35	14	-	-	-	53

Geographical segments 2009

	Germany	Europe	Other regions	Elimi-nations	Consoli-dated
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
Revenue from external customers	16,059	2,134	(117)	-	18,076
Segment assets	10,841	27,936	-	(14,185)	24,592
Segment liabilities	6,025	7,514	-	(7,379)	6,160
Capital expenditures	53	-	-	-	53

7. Discontinued operation

Navigator Equity Solutions SE acts as a private and public equity investor and thus seeks an exit from its participations as soon as an attractive opportunity arises.
In March 2010, the Group sold its complete 51% participation in Kaldron N.V. and its subsidiary Lambion energy solutions GmbH to its strategic partner and co-investor in this project as they offered an attractive purchase price. The segment was not a discontinued operation or classified as held for sale as at 31 December 2009 and the comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Results of discontinued operation

	2010 *in EUR 1,000*
Participation	
Net equity value of Kaldron as at 01/01/2010	1,263
Result of Kaldron N.V. (31/03/2010)	(2)
Net equity value of Kaldron N.V. as at 31/03/2010	1,261
Share of Navigator Equity Solutions SE	51.00 %
Participating interest Navigator Equity Solutions SE as at 31/03/2010	644
Selling Price Kaldron N.V. (51%)	1,000
Participating interest Navigator Equity Solutions SE	(644)
Goodwill Kaldron as at 31/03/2010	(170)
Capital gain Navigator Equity Solutions SE	**186**

	2010 *in EUR 1,000*	**2009** *in EUR 1,000*
Revenue	1,336	5,870
Expenses	1,274	5,504
Results from operating activities	**62**	**366**
Income tax	(62)	(106)
Result from operating activities, net of tax	**0**	**260**
Gain on sale of discontinued operation	186	-
Income tax on gain on sale of discontinued operation	-	-
Profit (loss) for the year	**186**	**260**
Basic earnings (loss) per share	0.00	0.00
Diluted earnings (loss) per share	0.00	0.00

Cash flow from (used in) discontinued operation

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Net cash used in operating activities	(186)	1,497
Net cash from investing activities	(1,868)	(114)
Net cash from financing activities	-	(32)
Net cash outflow	**(2,054)**	**1,351**

Effect of disposal on the financial position of the Group

		2010 *in EUR 1,000*
Goodwill	*18*	(313)
Property, plant and equipment	*16*	(43)
Inventories	*19*	(208)
Financial asset	*20*	(859)
Trade and other receivables	*21*	(724)
Cash and cash equivalents	*22*	(2,868)
Provisions	*25*	186
Deferred tax liabilities	*26*	25
Trade and other liabilities	*27*	3,119
Non-controlling interest	*23*	871
Net assets and liabilities		**(814)**
Consideration received, satisfied in cash		1,000
Cash and cash equivalents disposed of		(2,868)
Net cash outflow		**(1,868)**

8. Acquisition of subsidiaries and non-controlling interests

Acquisition of non-controlling interest

IT Competence Group N.V.

In 2010, the Group acquired an additional 7.4% interest in Human Internet CONSULT AG (HIC), increasing the Group's participation in HIC from 92.6% to 100%. HIC in turn is held by IT Competence Group N.V. (ITC), in which Navigator Equity Solutions SE holds a 81.32% participation.

As the participation of ITC in HIC has always been regarded as a 100% participation and correspondingly, the participation of Navigator Equity Solutions SE in HIC has always been regarded as a 81.32% participation, the financial obligations due to the purchase instalments were stated in the other liabilities. For that reason, no decrease in non-controlling interests and no additional goodwill had to be recognized.

Acquisition of participations

DIE ERSTE SBM Fondsmanagement GmbH

In April 2010, the Group acquired a 50% participation in DIE ERSTE SBM Fondsmanagement GmbH (Die Erste), a closed-end fund initiator in the fields of real estate and renewable energies.

The purchase price for the participation amounted to EUR 250k.

Due to conflicting strategic goals as set forth by Navigator's management and the co-owners of Die Erste, in December 2010 the parties involved decided and mutually agreed on to sell the participation. As of February 7, 2011 the participation was sold and the transaction was successfully completed without establishing any contingent considerations.

Thus the management decided to apply the equity accounting method according to IAS 28 and to show the investment (Die Erste) at cost as of April 30, 2010.

Power Economizer GmbH

On August 16, 2010, the Group acquired a 68.89% interest in Power Economizer GmbH, a company active in the fields of e-energy and Home Automation. The participation was acquired by IT Competence Group N.V. (ITC), in which Navigator Equity Solutions SE holds a 81.32% participation.

Power Economizer GmbH is active in the smart grid (intelligent power networks) business where the company offers soft- and hardware solutions for the control and regulation of HVAC-technologies (heating, ventilation and air conditioning) and power consumption.

The participation was acquired from Nanoventure N.V. for a purchase price of EUR 1.00.

Unfortunately, the management expectations in the development of this specific market segment and the performance of the business were not reflected by reality.

As at December 31, 2010 the management decided, to sell the participation in the first half year of 2011.

Therefore the participation was classified as a held for sale asset which is valued at cost price.

9. Revenue

	2010	2009
		Restated
	in EUR 1,000	*in EUR 1,000*
Revenue from sale of services	10,071	12,099
	10,071	**12,099**

10. Investment Revenue

An analysis of the revenues from investments is as follows:

	2010	**2009**
		Restated
	in EUR 1,000	*in EUR 1,000*
Revenue from assets designated at Fair Value through Profit or Loss	621	(63)
Interest revenue from bank deposits	82	57
Revenue from other assets	34	(4)
Result from disposal of investments	-	125
	737	**115**

11. Other income

	2010	**2009**
		Restated
	in EUR 1,000	*in EUR 1,000*
Rental income	45	44
	45	**44**

12. Personnel expenses

	2010	**2009**
		Restated
	in EUR 1,000	*in EUR 1,000*
Wages and salaries	3,996	4,594
Social security contributions	565	612
Other personnel expenses	191	217
	4,752	**5,423**

The number of employees was as of 31 December:

	2010	**2009**
		Restated
Navigator Equity Solutions SE	1	1
The ACON Group SE	10	10
IT Competence Group N.V.	63	64
	74	**75**

13. Other expenses

	2010	2009
		Restated
	in EUR 1,000	*in EUR 1,000*
Consulting, legal and accounting expenses	407	290
Selling and marketing costs	457	565
Housing costs	281	291
Car expenses	422	393
Other	454	572
	2,021	**2,111**

14. Net finance result

	2010	2009
		Restated
	in EUR 1,000	*in EUR 1,000*
Interest income	11	17
Interest expenses	(78)	(82)
Currency differences	54	14
Other	2	(118)
Net finance result	**(11)**	**(169)**

15. Taxation

Income Tax

Major components of income tax expenses for the years ended December 31, 2010 and 2009 are:

	2010	**2009**
	in EUR 1,000	*in EUR 1,000*
Current income tax	210	233
Prior year adjustment	86	(8)
Deferred tax expense relating to temporary differences	(8)	(94)
Deferred tax benefit relating to discontinued operations	(25)	-
Income tax recognised in the income statement	**263**	**131**

Reconciliation of effective tax rate

		2010		**2009**
				Restated
	%	*EUR 1,000*	*%*	*EUR 1,000*
Profit for the year		185		(589)
Total income tax expense		263		131
Income before tax		**448**		**(457)**
Income tax using the Company's domestic tax rate	25.5%	114	25.5%	(116)
Effect of tax rates in foreign jurisdictions*	0.4%	2	(6.2%)	28
Recognition of previously unrecognised tax losses	(30.6%)	(137)	-	-
Current year losses for which no deferred tax asset was recognised	44.2%	198	(49.7%)	227
Under (over) provided in prior years	19.2%	86	1.7%	(8)
Income tax recognized in income statement	**58.7%**	**263**	**(28.7%)**	**131**

* The subsidiaries acquired operate in a tax jurisdiction with higher tax rates

The tax rate used for the 2010 and 2009 reconciliations above is the corporate tax rate of 25.5% (2009: 25.5%) payable by entities in The Netherlands. The results of investments are tax exempt when the participation exceeds 5% of the number of shares.

As from 2007, tax losses in The Netherlands can be carried forward for a maximum of nine years. At December 31, 2010, a total amount of EUR 6,823k (2009: EUR 6,686k) losses can be compensated with profits in the future (on a consolidated level).

Due to the uncertain time frame of compensation (mainly due to the tax exemption regulations in The Netherlands) no deferred tax asset has been recognized.

16. Tangible fixed assets

The movement in tangible fixed assets is as follows:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Cost		
Balance at January 1	1,199	1,154
Additions	76	53
Disposal sale participation	(115)	-
Disposals	(9)	(8)
Balance at December 31	1,151	1,199
Accumulated depreciation		
Balance at January 1	1,002	895
Disposal sale participation	(72)	-
Depreciation expenses	65	107
	995	1,002
Net book value	**156**	**197**

The book value consists of:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Machinery	63	59
Office equipment	75	119
Software	10	10
Other	8	9
Net book value	**156**	**197**

17. Investments in equity accounted investees

The Group's share of profit in its equity-accounted investees for the fiscal year 2010 was EUR -61k (2009: EUR 0k).

In EUR 1,000	**Reporting date**	**Owner-ship**	**Current assets**	**Non-current assets**	**Total assets**	**Current liabilities**	**Non-current liabilities**	**Total liabilities**	**Profit /loss**
Die Erste SBM Fondmanagement GmbH	31 December	50.0%	17	155	172	12	-	12	(141)

Balance sheet approach as at 31 December 2010

	in EUR 1,000
Purchase Price SBM as at 30 April.2010	250
Result 2010 (50% - 01 May – 31 December)	(61)
Net book value	**189**

18. Intangible assets

The movement in Intangible assets is as follows:

	Note	**2010** *in EUR 1,000*	**2009** *in EUR 1,000*
Cost			
Balance at January 1		8,279	8,270
Acquisition of non-controlling interest		-	9
Disposal participation	7	(313)	-
Balance at December 31		**7,966**	**8,279**
Amortisation and impairment losses			
Balance at January 1		39	13
Amortisation for the year		26	26
Balance at December 31		**65**	**39**
Net book value		**7,901**	**8,240**

Amortisation of EUR 26k in 2010 consist of a client list (acquisition value EUR 105k) acquired with the participation in The ACON Group N.V.

The book value consists of:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Goodwill	7,861	8,174
Client list	40	66
Net book value	**7,901**	**8,240**

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

In 2008, the acquisition of The ACON Group SE (former The Ascendo Group N.V) resulted in goodwill of EUR 3,074k.

In 2007, additional purchase costs of EUR 65k were added to the goodwill for the participation in Human Internet CONSULT AG, which comprises a total of EUR 4,764k. Also in 2007, the purchase of BEAM IT GmbH involved an amount of goodwill of EUR 13k. In 2009 Navigator Equity Solutions SE increased its participation in IT Competence Group N.V. and recognized goodwill of EUR 10k.

The aggregate carrying amounts to goodwill allocated to each unit are as follows:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
The ACON Group N.V.	3,074	3,074
IT Competence Group N.V.	4,787	4,787
Kaldron N.V.	-	313
	7,861	**8,174**

Referring to the goodwill allocated to the cash generating units, impairment tests have been performed. Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the flow to equity approach as follows:

Human Internet CONSULT AG (HIC):

Cash flows were projected based on actual operating results, a five year plan and a terminal value after five years.

Costs of equity were calculated using the CAPM (Capital Asset Pricing Model) approach. The following assumptions were made:

Risk free rate: Based on the current term structure of interest rates the yield on a German Bundesanleihe (treasury bond) maturing in 10 years is approximately 3.21% (February 10th 2011). This rate is commonly used as a substitute for the risk free rate of return on the German market.

Market premium: According to general practice we use a current market premium for Germany of 5.5% (geometric mean).

Beta: As the company is not listed on a stock exchange, the company's betas cannot directly be derived from stock prices. Alternatively, we established a peer group comprising representative German IT Service companies. Subsequently, we delevered the individual peer group constituent's beta and adjusted the delevered mean beta derived from the peer group for Human

Internet Consult's individual leverage and tax rate as of beginning 2011. The resulting actual market extracted beta amounts to 0.69.

Size premium: In order to account for differences in size and thus to reflect higher systematic risk we add a size premium of 2%.

The market extracted CAPM cost of equity thus results to a total of 8.67%. In order to account for the instability of important input variables to build up adequate cost of equity we decide to use a higher cost of capital since the input variables are biased by the currently increasing market prices of shares resulting in a lower volatility as compared to downturn periods. So, we used 10.16% as an adequate pre-tax discount rate.

As a result of the test no impairment turned out to be necessary.

Sensitivity to changes in assumptions

Following the impairment test of Human Internet Consult AG, the estimated recoverable amount exceeds the carrying amount by approximately EUR 3.57m (2009: EUR 2.0m).

Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The table below shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Human Internet Consult AG

	Change in assumptions required for carrying amount to equal the recoverable amount 2010
Pre-tax discount rate	from 10.16% to 19.27%
Budgeted Sales growth (for each of the upcoming five years)	from 10% to -15.0%

The ACON Group N.V.:

Cash flows were projected based on actual operating results, a five year plan and a terminal value after five years.

Costs of equity were calculated using the CAPM approach. The following assumptions were made:

Risk free rate: Based on the current term structure of interest rates the yield on a German Bundesanleihe (treasury bond) maturing in 10 years is approximately 3.21% (February 10th 2011). This rate is commonly used as a substitute for the risk free rate of return on the German market for company valuation purposes.

Market premium: According to general practice we use a current market premium for Germany of 5.5% (geometric mean).

Beta: As the company is not listed on a stock exchange, company betas cannot be derived from stock prices. In order to reflect the higher unsystematic risk of smaller companies we assume a beta of 1.5.

Using the CAPM a pret-tax discount rate of 11.46% can be calculated.

As a result of the test no impairment turned out to be necessary.

Sensitivity to changes in assumptions

Following the impairment test of The ACON Group SE, the estimated recoverable amount exceeds the carrying amount by approximately EUR 4.57m (2009: EUR 2.67m).

Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. Sales growth rate is not an appropriate key assumption for The ACON Group SE since the Company is a financial service provider without facing considerable fixed costs. In the medium run current year fixed costs are deemed to be variable costs. So, a decrease in sales would not necessarily lead to a proportional decrease in operating cash flow. In addition The ACON Group SE is serving as a holding company for several unrelated financial service businesses. A decrease in one subsidiary would not necessary be translated into a sales decrease for another company. Therefore, the assumption of a decrease in sales on the consolidated level could not be associated with a distinct related decrease in operating cash flow accounting for the heterogenic business models and cost structures of every single subsidiary. Therefore Management has identified the consolidated sustainable growth rate of operating free cash flow in the Gordon growth model (constant growth model employing next years expected operating free cash flow) as a key assumption.

The table below shows the amount that these assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

The ACON Group SE

	Change in assumptions required for carrying amount to equal the recoverable amount 2010
Pre-tax discount rate	from 11.46% to 29.67%
Consolidated sustainable growth rate of operating free cash flow	from 7% to 0%

19. Inventories

	2010 *in EUR 1,000*	**2009** *in EUR 1,000*
Work in progress	86	52
Raw materials	-	206
Total inventories	**86**	**258**

20. Other investments

The current other investments include the following:

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Investments held for trading	5,063	4,469
Investments available for sale	74	242
	5,137	4,711
Loans and other receivables	245	759
	5,382	**5,470**

Investments available for sale include a 9.8% participation in ProPharm AG, a group of independent pharmacies offering one-stop-shop services, which Navigator Equity Solutions SE holds through ACON Actienbank AG. As the investment does not have a quoted market price in an active market and the fair value can not reliably be measured, the investment is valued at cost of EUR 74k.

The Group's exposure to credit, currency and interest rate risks is disclosed in note 28.

21. Trade and other receivables

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Trade receivables	1,136	1,977
Less: allowance for doubtful accounts	(82)	(338)
	1,054	1,639
Other receivables	272	409
Total trade and other receivables	**1,326**	**2,048**

The other receivables include mainly taxes and social securities (EUR 61k) in 2010 (2009: EUR 155k).

22. Cash and cash equivalents

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Bank accounts	3,543	5,582
Call deposits	100	2,526
Total cash and cash equivalents	**3,643**	**8,108**

Call deposits include and term deposits of EUR 100k with less than three months maturity.

23. Capital and reserves

Share capital and share premium

	2010	2009
Issued ordinary shares of EUR 0.20 each as at 31 December 2010 and of EUR 0.01 each as at 31 December 2009 respectively	6,555k	131,109k
thereof outstanding shares	4,730k	122,561k
thereof treasury shares	1,825k	8,548k

Ordinary shares

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group, all rights are suspended until those shares are reissued.

At 31 December 2010, the authorised share capital comprised 25 million ordinary shares (2009: 500 million) with a par value of EUR 0.20 (2009: EUR 0.01). All issued shares are fully paid.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2010, The Group held 1,824,993 of the Company's shares (2009: 427,378 (adjusted for the consolidation of shares at a ratio of 20:1 on 27 July, 2010)).

Dividends

The Group has not declared any dividends for the year ended 31 December 2010 (2009: EUR 0).

The Management Board has also not proposed any dividends after the respective reporting date so far.

Capital reduction and reduction of par value

On May 27, the general meeting of shareholders resolved upon the reversed stock split of the company at a ratio of 20:1, thereby increasing the nominal value per share from € 0.01 to € 0.20 and respectively reducing the number of shares issued from 131,108,898 shares to 6,555,445 shares.

The consolidation of shares of the company became effective on July 27, 2010.

In order to create comparability the weighted average number of ordinary shares in 2009 in the earnings per share overview was adjusted as well.

24. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders of EUR 333k (2009: EUR -506k) and a weighted average number of ordinary shares outstanding of 5,725,134 (2009: 6,279,853), calculated as follows:

Profit attributable to ordinary shareholders

	2010			2009		
				Restated		
	in EUR 1,000			in EUR 1,000		
	Continuing operations	Discont-inued operation	Total	Continuing operations	Discont-inued operation	Total
Result for the year	147	186	333	(605)	99	(506)
Profit attributable to ordinary shareholders	**147**	**186**	**333**	**(605)**	**99**	**(506)**

Weighted average number of ordinary shares

	2010	2009
Issued ordinary shares as at 1 January	6,555,445	6,555,445
Effect of own shares held	(427,378)	
Effect of own shares held at share buyback ended on 10 February 2010	(115,463)	-
Effect of own shares held at share buyback ended on 18 September 2010	(161,924)	-
Effect of acquisition of own shares during the year	(125,546)	(275,592)
Weighted average number of ordinary shares as at 31 December	**5,725,134**	**6,279,853**
Diluted potential option rights	**-**	**-**
Weighted average number of ordinary shares (diluted)	**5,725,134**	**6,279,853**

EARNINGS PER ORDINARY SHARE
(in euros)

Basic	0.06	(0.08)*
Diluted	0.06	(0.08)*

EARNINGS PER ORDINARY SHARE – CONTINUING OPERATIONS		
(in euros)		
Basic	0.03	(0.09)*
Diluted	0.03	(0.09)*

* The per share data was adjusted for the reverse stock split at a ratio of 20:1, conducted in July 2010

25. Provisions

in EUR 1,000	**Warranties**	**Claims**	**Total**
Balance at 1 January 2010	**186**	**153**	**339**
Provisions made during the year	-	-	-
Provisions used during the year	-	-	-
Provisions reversed during the year	-	(122)	(122)
Disposal sale participation	(186)	-	(186)
Balance at 31 December 2010	**-**	**31**	**31**
Non-current	-	31	31
Current	-	-	-
	-	**31**	**31**

The provision for warranties related to Lambion energy solutions GmbH. Lambion energy solutions GmbH was sold by Navigator Equity Solutions SE in the first quarter 2010.

The provisions for contingent liabilities relate to ACON Actienbank AG and comprise mainly a contribution of EDW regarding the event of loss of the Phoenix Kapitaldienst GmbH. EDW provides compensation according to the provisions of the EAG law (the Law to Secure Deposits and Compensate Investors (EAG - Einlagensicherungs- und Anlegerentschädigungsgesetz) if an affiliated securities trading company gets into financial difficulty and cannot repay or meet its obligations towards customers under securities transactions. Affiliated securities trading companies have to pay their contribution annually as per September 30. For the compensation “Phönix” EDW collects special contributions. ACON Actienbank AG evaluated the special contribution of ACON to the amount of EUR 153k in 2009. Due to a written notice of EDW the special contribution of ACON Actienbank AG was adjusted to EUR 31k in 2010.

26. Deferred tax liabilities

Deferred tax liabilities are mainly relating to the temporary differences between the carrying amounts of assets and liabilities of financial reporting purposes and the amounts used for taxation purposes.

2009:

in EUR 1,000	**Balance 31.12.2008**	**Recognized in profit or loss**	**Balance 31.12.2009**
Intangible assets	23	(6)	17
Financial assets at fair value through profit or loss	18	(13)	5
Receivables	2	(1)	1
Construction work in progress	99	(74)	25
	142	**(94)**	**48**

2010:

in EUR 1,000	**Balance 31.12.2009**	**Re-statement due to Kaldron N.V.**	**Recognized in profit or loss**	**Balance 31.12.2010**
Intangible assets	17	-	(7)	10
Financial assets at fair value through profit or loss	5	-	(3)	2
Receivables	1	-	2	3
Construction work in progress	25	(25)		
	48	**(25)**	**(8)**	**15**

27. Trade payables and other liabilities

	2010 *in EUR 1,000*	**2009** *in EUR 1,000*
Payables due to related parties	38	52
Trade payables	978	1,967
Deferred income derived from construction contracts	-	2,104
Taxes and social securities	77	583
Other liabilities	744	903
	1,837	**5,609**

28. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Other investments at fair value through profit or loss	5,137	4,711
Loans and receivables	1,571	2,807
Cash and cash equivalents	3,643	8,108
	10,351	**15,626**

The maximum exposure to credit risk for loans and receivables at the reporting date by business segments was:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
The ACON Group N.V.	332	242
Kaldron N.V.	-	1,483
IT Competence Group N.V.	921	950
Regent Netherlands B.V.	11	-
Holding (including eliminations)	307	132
	1,571	**2,807**

Impairment losses

The aging of loans and receivables at the reporting date was:

	Gross 2010	Impairment 2010
	in EUR 1,000	*in EUR 1,000*
Not past due	1,420	7
Past due less than one year	180	36
Past due more than one year	46	39
	1,646	**82**

The allowance for doubtful accounts was as follows:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Allowance for doubtful accounts	**82**	**338**

Based on historic default rates, the Group believes that no further impairment allowance is necessary in respect of trade receivables not past due.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Bank loans are not mentioned as the Group has no liabilities to banks:

31 December 2010	**Carrying amount**	Contractual cash flows	< 1 year	> 1 year
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
Accounts payable	**1,016**	1,016	1,016	-
Other liabilities and accruals	**821**	821	821	-
Corporate tax	**169**	169	169	-
	2,006	**2,006**	**2,006**	**-**

31 December 2009	**Carrying amount**	Contractual cash flows	< 1 year	> 1 year
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
Accounts payable	**4,071**	4,071	4,071	-
Other liabilities and accruals	**1,538**	1,538	1,517	21
Corporate tax	**164**	164	164	-
	5,773	**5,773**	**5,752**	**21**

Currency risk

The Group had only a minor exposure to foreign currency risk as nearly all investments of the Group as well as all sales, purchases and borrowings are made in the euro (EUR) with the exception of one customer of Human Internet Consult AG (HIC) in the USA.

The exposure to currency risk deriving from transactions with that one customer of HIC was:

	2010	**2009**
	in EUR 1,000	*in EUR 1,000*
Trade receivables	-	43
Trade payables	-	-
	-	**43**

The following significant exchange rates applied during the year:

	Average rate 2010	**Reporting date 2010**
US Dollar	0.7569 EUR	0.75455 EUR

Interest rate risk

Interest rate risk derives mainly from intercompany loans which Navigator Equity Solutions SE has granted to group companies (see below “fair values”). The Group has engaged in a single SWAP transaction at HIC AG to manage market risks incurred in factoring transactions. Except of this contract the Group has no liabilities to banks. For these reasons, no sensitivity analysis has been performed.

Fair values

The fair value of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	31 December 2010		31 December 2009	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*	*in EUR 1,000*
Other investments carried at fair value through profit or loss	5,137	5,137	4,711	4,711
Loans and receivables	1,571	1,571	2,807	2,807
Cash and cash equivalents	3,643	3,643	8,108	8,108
Financial assets	**10,351**	**10,351**	**15,626**	**15,626**
Accounts payable	1,016	1,016	4,071	4,071
Other liabilities and accruals	821	821	1,538	1,538
Corporate tax	169	169	164	164
Financial liabilities	**2,006**	**2,006**	**5,773**	**5,773**
	12,357	**12,357**	**21,399**	**21,399**

For Financial assets carried at fair value quoted prices are available in active markets except for an amount of EUR 0.1 million which are not based on observable market data.
Loans and receivables and other payables have a remaining life of less than one year, the notional amount is deemed to reflect the fair value. The basis for determining fair values is disclosed in note 4.

29. Operating Leases

The Group leases a number of office facilities, cars and office equipment.

The yearly rental obligations for office facilities are EUR 288k (2009 - *Restated*: EUR 292k).

The yearly lease obligations for cars are EUR 182k (2009 - *Restated*: EUR 182k). Car leases typically run for a period of 2 years.

The yearly lease obligations for office equipment are EUR 2k (2009 - *Restated*: EUR 2k). Office equipment leases typically run for a period of 1 – 5 years.

A part of the leased properties has been sublet by the Group. Sublease payments of EUR 45k (2009: EUR 44k) are expected to be received during the following financial year.

30. Commitments and contingencies

Contingencies

A few legal actions and claims are pending or may be asserted in the future against the Group from litigations and claims incident to the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, management believes that no material liabilities are likely to result.

31. Related parties

The parties affiliated to the Group, of which Navigator Equity Solutions SE is the parent company, may be divided into: Members of the Supervisory Board, Members of the Board of Directors and other related parties.

Members of the Supervisory Board

As of 31 December 2010, the three members of the Supervisory Board controlled 4.46% (2009: 3,45%) of the voting shares of the Company, thereof Erich Hoffmann 4.13% (2009: 3,19%), Ulli Fischer 0.10% (2009: 0,08%) and Jens Bodenkamp 0.23% (2009: 0,18%). For the remuneration of the members of the Supervisory Board, reference is made to note 46‘Emoluments of directors and supervisory directors‘.

Members of the Board of Directors

The Group has neither granted any loans to directors and executive officers nor has it, in addition to their salaries, provided non-cash benefits to directors and executive officers. For the remuneration of the members of the Board of Directors, reference is made to note 46 ‘Emoluments of directors and supervisory directors‘.

Directors of the Company control 0 percent (2009: 0 percent) of the voting shares of the Company.

Other related parties

The following related parties can be identified:

Augmentum Consult GmbH:	relative of management
Service Dienstleistungen und Leasing GbR:	relative of management
Fokus Personalservice GmbH:	relative of management
Capella Capital N.V.:	relative of management
Market Solutions Network International GmbH	relative of management
Maprima Management B.V.	relative of management
Die Erste SBM Fondmanagement GmbH	Associated company

The following transactions were carried out with related parties:

	2010 *in EUR 1,000*	**2009** *in EUR 1,000*
Purchase of service		
Augmentum Consult GmbH: consultancy fee	58	48
Service Dienstleistungen und Leasing GbR: leasing facilities	26	29
Fokus Personalservice GmbH	202	-
Maprima Management B.V.	20	29
Market Solutions Network International GmbH	22	-

Investment revenue		
Capella Capital N.V.: Result on shares	(27)	(66)
Financial Assets		
Capella Capital N.V.	28	55
Purchase of Shares		
Capella Capital N.V.	-	52

In line with the Company's overall business strategy, Navigator Equity Solutions SE focuses on a close cooperation with its investments and customers. The reason for this close cooperation is to ensure the best possible development and a successful realisation of transactions. Also on that account, Navigator's Members of the Management Board often accept a seat in the Supervisory Boards of its customers for a set time period. The Company and its subsidiaries (Ascendo Management GmbH and ACON Actienbank AG) also offer its customers and investments access to its broad network and to its wide capital market services portfolio. Thus, there can be identified several transactions which amount approximately to EUR 368k (2009: EUR 331k).

32. Group entities

Significant subsidiaries

Name	Legally seated in	Country of incorporation	Trade register	Ownership interest in %
The ACON Group SE	Waalre, The Netherlands	The Netherlands	Brabant, No. 17193633	100.00
Investment Holding III N.V.	Waalre, The Netherlands	The Netherlands	Brabant, No. 17198874	100.00
Investment Holding IV N.V.	Waalre, The Netherlands	The Netherlands	Brabant, No. 17198854	100.00
Regent Netherlands B.V.	Maastricht The Netherlands	The Netherlands	Limburg, No. 14123681	100.00
IT Competence Group N.V.	Waalre, The Netherlands	The Netherlands	Brabant, No. 17193337	81.32
Ascendo Management GmbH	Munich, Germany	Germany	Munich, HRB 163602	100.00
ACON Actienbank AG	Munich, Germany	Germany	Munich, HRB 160937	64.99
BEAM IT CONSULT GmbH	Ludwigsburg, Germany	Germany	Stuttgart, HRB 723466	81.32
Human Internet CONSULT AG	Ludwigsburg, Germany	Germany	Stuttgart, HRB 311187	81.32
Ascendo Services B.V.	Waalre, The Netherlands	The Nehterlands	Brabant, No. 17265359	100.00

33. Subsequent events

In February 2011, Roland Rompelberg has resigned from the Management Board of the Company for personal reasons.

On February 07, 2011, the Group sold its participation in Die Erste SBM Fondsmanagement GmbH to a strategic investor.

Company statement of financial position at 31 December 2010 (in thousands of euros)

(before profit appropriation)

	Notes	2010	2009
ASSETS			
Non current assets			
Intangible assets	*36*	2,394	2,590
Financial fixed assets	*37*	6,834	6,353
		9,228	8,943
Current assets			
Trade receivables	*38*	15	51
Other financial assets	*39*	4,641	4,493
Other receivables	*38*	1,184	909
Current tax asset		-	98
Cash and cash equivalents	*40*	955	2,413
		6,795	7,964
Total assets		**16,023**	**16,907**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*41*	1,311	1,311
Share premium	*41*	20,199	20,199
Other reserves		(5,953)	(4,322)
Undistributed result	*41*	333	(506)
Total equity		15,890	16,682
Non-current liabilities			
Deferred tax liabilities	*42*	10	17
Current liabilities			
Accounts payable		55	38
Other liabilities	*43*	57	161
Current tax liability		11	9
		123	208
Total equity and liabilities		**16,023**	**16,907**

Company income statement for the year ended 31 December 2010 (in thousands of euros)

	2010	2009
Share in result from participating interests	195	(91)
Other result after taxation	138	(415)
	333	**(506)**

Notes to the Company financial statements for the year ended 31 December 2010

34. General

The separate financial statements are part of the 2010 financial statements of Navigator Equity Solutions SE (the ‘Company’). The description of the Company’s activities and the Group structure, as included in the notes to the consolidated financial statements, also apply to the Company financial statements. The Company financial statements form part of the financial statements 2010 of Navigator Equity Solutions SE.

With reference to the separate profit and loss account of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

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

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated against net equity value (with separate presentation of the goodwill component). These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). A description of these principles may be found in the notes to the consolidated financial statement.

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

36. Intangible assets

The movement in Intangible assets is as follows:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Cost		
Balance at January 1	2,629	2,620
Additions	-	9
Disposal of subsidiary	(170)	-
Balance at December 31	**2,459**	**2,629**
Amortisation and impairment losses		
Balance at January 1	39	13
Amortisation for the year	26	26
Net book value	**2,394**	**2,590**

The net book value consists of:

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Goodwill	2,354	2,524
Client list	40	66
Net book value	**2,394**	**2,590**

37. Financial fixed assets

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Participating interests in group companies	3,964	2,663
Loans to group companies	2,870	3,690
	6,834	**6,353**

The movements of the financial fixed assets can be shown as follows:

	Participating interests in group companies	Loans to group companies	Total
	in EUR 1,000	*in EUR 1,000*	*in EUR 1,000*
Balance as at 1 January 2010	**2,663**	**3,690**	**6,353**
Investment and loans provided	1,749	520	2,269
Prolongation short-term loans	-	160	160
Divestments and loans released	(643)	(1,500)	(2,143)
Share in result of participating interest	195	-	195
Balance as at 31 December 2010	**3,964**	**2,870**	**6,834**

On November 19, 2010, the Annual General Meeting of The Ascendo Group N.V. resolved upon the conversion of the company's legal form into a SE (European Public Company) and a change of the company's name into The ACON Group SE. In the course of this process, the shareholders also agreed to convert a portion of EUR 1,500k of the loans provided by Navigator Equity Solutions SE into equity and to increase the nominal value of the company's shares from EUR 0.01 to EUR 1.00 by way of a consolidation of shares. Thus a portion of EUR 1,500k of loans to Group companies was released in the fiscal year 2010.

The Company, Laan van Diepenvoorde 3, 5582 LA Waalre, The Netherlands, is the holding company and has the following financial interests:

Consolidated subsidiaries	Legally seated in	Country of incorporation	share in issued capital in %
The ACON Group SE	Waalre, The Netherlands	The Netherlands	**100.0**
Investment Holding III N.V.	Waalre, The Netherlands	The Netherlands	**100.0**
Investment Holding IV N.V.	Waalre, The Netherlands	The Netherlands	**100.0**
Regent Netherlands B.V.	Maastricht, The Netherlands	The Netherlands	**100.0**
IT Competence Group N.V.	Waalre, The Netherlands	The Netherlands	**81.3**

38. Trade and other receivables

As of 31 December 2010, trade receivables amounted to EUR 15k (2009: EUR 51k).

Other receivables

	2010	2009
	in EUR 1,000	*in EUR 1,000*
Group companies	1,137	830
Taxes and social securities	6	37
Other receivables and prepaid expenses	41	42
	1,184	909

39. Other financial assets

The movement in the investment in group companies as follows:

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Financial assets carried at fair value through profit or loss (FVPTL)		
Held for trading non-derivative financial assets	4,396	4,333
	4,396	4,333
Loans carried at amortised cost		
Loans to group companies	-	160
Loans to other entities	245	-
Book value at December 31	**4,641**	**4,493**

40. Cash and cash equivalents

Cash and cash equivalents comprise of several bank balances. The carrying amount of these assets approximates their fair value.

41. Shareholder's Equity

in EUR 1,000	**Share Capital**	**Share premium**	**Other reserves**	**Treasury shares**	**Undistributed result**	**Total shareholder's equity**
Balance at 1 January, 2009	**13,551**	**14,954**	**1,616**	**(616)**	**(5,312)**	**24,193**
Capital reduction	(11,800)	5,245	-	-	-	(6,555)
Cancellation of shares	(440)	-	(176)	616	-	-
Repurchase shares	-	-	-	(451)	-	(451)
Other comprehensive income (Net change in fair value of available-for-sale)	-	-	1	-	-	1
Appropriation of the result		-	(5,312)	-	5,312	-
Net profit of the year	-	-	-	-	(506)	(506)
Balance at 31 December, 2009	**1,311**	**20,199**	**(3,871)**	**(451)**	**(506)**	**16,682**
Repurchase shares	-	-	-	(1,124)	-	(1,124)
Other comprehensive income (Net change in fair value of available-for-sale)	-	-	(1)	-	-	(1)
Appropriation of the result	-	-	(506)	-	506	-
Net profit of the year	-	-	-	-	333	333
Balance at 31 December, 2010	**1,311**	**20,199**	**(4,378)**	**(1,575)**	**333**	**15,890**

Share capital

	2010	2009
Issued ordinary shares of EUR 0.20 (2009: EUR 0.01) each as at 31 December	6,555k	131,109k
thereof outstanding shares	4,730k	122,561k
thereof treasury shares	1,825k	8,548k

At 31 December 2010, the authorised share capital comprised 25 million ordinary shares (2009: 500 million with a par value of EUR 0.01) with a par value of EUR 0.20. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Reserve for own shares

The cost for the acquisition of 1.4 million own shares (adjusted for the reverse stock split at a ratio of 20:1 on July 27, 2010) at a total volume of EUR 1,124k conducted in 2010 has been recognised in the reserve for own shares. At 31 December 2010, the Group held a total of 1.8 million of the Company's shares (2009: 0.4 million (adjusted for the consolidation of shares at a ratio of 20:1 on July 27, 2010)).

42. Deferred tax liabilities

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Balance as at 1 January	17	23
Deferred tax liabilities incurred over the period:		
Intangible assets	(7)	(6)
Balance as at December 31	**10**	**17**

Deferred tax liabilities mainly relating to the temporary differences between the carrying amounts of assets and liabilities of financial reporting purposes and the amounts used for taxation purposes.

43. Other liabilities

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Group companies	10	1
Taxes and social securities	-	9
Other liabilities and accruals	47	151
	57	**161**

44. Commitments and contingencies

Operating leases

The Company has no operating leases.

Commitments and contingencies

Although no legal actions and claims are pending against the Company they may be pending or may be asserted in the future against the Company from litigations and claims incident to the ordinary course of business. Related risks have been analysed as to likelihood of occurrence. Although the outcome of these matters cannot always be ascertained with precision, management believes that no material liabilities are likely to result.

45. Average number of employees

The Company employed one person in 2010 (2009: one person).

46. Emoluments of directors and supervisory directors

Remuneration directors

Directors' total remuneration approximated EUR 274k in 2010 and EUR 323k in 2009 respectively. The remuneration of the board members is determined by the supervisory board. The remuneration package comprises a basic salary and a performance related bonus. The bonuses are determined by the supervisory board.

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Dr. Michael Hasenstab		
Salaries	81	103
Bonus	-	-
Other emoluments	4	4
	85	**107**
Robert Käß		
Salaries	99	103
Bonus	-	-
Other emoluments	4	4
	103	**107**
Dr. Florian Pfingsten		
Salaries	80	103
Bonus	-	-
Other emoluments	4	4
	84	**107**
Roland Rompelberg		
Salaries	2	2
Bonus	-	-
Other emoluments	-	-
	2	**2**

Remuneration supervisory board

In 2010, the supervisory board's remuneration was in total EUR 17k (2009: EUR 17k).

	2010 *in EUR 1,000*	2009 *in EUR 1,000*
Erich Hoffmann	7	7
Ulli Fischer	5	5
Dr. Jens Bodenkamp	5	5

Supervisory board members received a fixed compensation only.

Shares held by Members of the Board of Management and Supervisory Board:

		2010	2009
Erich Hoffmann	Member of the Supervisory Board	195,559	3,911,170
Ulli Fischer	Member of the Supervisory Board	4,900	98,000
Dr. Jens Bodenkamp	Member of the Supervisory Board	10,870	217,400

47. Additional information

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities: EUR 40k (2009: EUR 40k).

Waalre, 29 April 2011

The Management Board:

Dr. Florian Pfingsten
Robert Käß
Dr. Michael Hasenstab

The Supervisory Board:

Dr. Jens Bodenkamp
Ulli Fischer
Erich Hoffmann

Other information

Independent auditor's report

To: General Meeting of Shareholders of Navigator Equity Solutions SE.

Report on the financial statements

We have audited the accompanying financial statements 2010 of Navigator Equity Solutions SE, Waalre. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2010, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Navigator Equity Solutions SE as at 31 December 2010 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Navigator Equity Solutions SE as at 31 December 2010 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, 29 April 2011

KPMG ACCOUNTANTS N.V.

L.J.J.M. Vale RA

Provisions in the Articles of Association governing the appropriation of profit

According to article 17 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Article 17 of the company's Articles of Association:

1. Following the prior approval of the supervisory board, the management board is authorized to reserve such a portion of the profit as it deems necessary, with due observance of the obligation to retain statutory reserves, or any reserves prescribed by these articles of association.
2. Any profit remaining following the reserves retained as referred to in the foregoing paragraph is placed at the disposal of the general meeting.
3. Other than by adoption of the annual accounts, the general meeting is authorized to cancel the reserves, either wholly or in part, at the proposal of the management board, which proposal is approved by the supervisory board. A deficit may only be offset against the reserves prescribed by law to the extent that this is allowed by law. A deficit may only be offset against the reserves prescribed by law to the extent that this is allowed by law.
4. The company may only pay out to shareholders and other entitled parties any profit subject to distribution to the extent that its equity capital exceeds the amount of the paid and called-up portion of the capital plus the reserves that must be retained by law or in accordance with the articles of association.
5. In calculating the profit distribution, shares that the company holds in its own capital do not count and no profit is distributed in respect of them except if and to the extent that the shares in question are encumbered with a right of usufruct established by the company at the time they were acquired. These shares do not confer any right to ashare in the balance left after winding-up either.

Proposal for result appropriation

The General Meeting of Shareholders will be asked to approve the following appropriation of the 2010 income after tax: an amount of EUR 333k to be deducted from shareholders equity. The result after taxes for 2010 is included under the undistributed results.

Subsidiaries

The Company has significant subsidiaries in The Netherlands and in Germany. We refer to note 32.

Subsequent events

For subsequent events we refer to note 33.

Imprint

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