



Annual **Report**
2015



bittnet

The first IT company from Romania listed on The Bucharest Stock Exchange

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ANNUAL REPORT 2015

DRAWN UP UNDER ARTICLE 1121 OF THE ASF (FINANCIAL SUPERVISORY AUTHORITY) REGULATION NO. 1/2006

Annual report in accordance with	Article 112 from the ASF Reglementation No. 1/2006
For the financial exercise	01.01.2015 - 31.12.2015
Report date	28 March 2016
Company name	BITTNET SYSTEMS S.A.
Registered office	Soimus street no. 23, building 2, apartment 24, District 4, Bucharest
Telephone/Fax number	021.527.16.00 / 021.527.16.98
Single Register Code at the Trade Registry Office	21181848
Order Number to Trade Registry Office	J40/3752/2007
Market on which the issued securities are traded	AeRO ATS
Subscribed and paid up share capital	450 438.30 RON
Main characteristics of the securities issued by the company	4.504.383 common shares with face value of 0.1 RON each

LETTER FROM THE CEO OF THE COMPANY

Mihai Logofătu, CEO Bittnet

First year as a public company listed on the Bucharest Stock "Aero" Exchange (BVB) coincides with the best year so far for Bittnet organization in terms of financial results, but also as operational volume which we recorded. Shares were traded to a total volume of 148 trading sessions during 2015. A total of 7% of shares changed their owners during this period of time. We are thankful to shareholders who have expressed a trust vote in our actions, and confirms our confidence in the our submitted future plans. We are also grateful to our team that builds a Romanian daily reference brand. We hope that our results confirm or surpassed expectations. The strong profitability came as a confirmation of the aggressive growth strategy followed by our Company. Net income in fiscal year 2015 was 5 times higher than in 2014. In February, the PER indicator of the Company recorded the value of 6.7 in comparison to 37.2 at the time of listing. We continue to pursue the same aggressive growth strategy in 2016.



Financial results of 2015 have confirmed, once again, the strategy of accelerated growth of our Company. We are working in a knowledge sector, which requires a large team with experienced professionals both in sales, operations and technical departments. This business model results in a high fixed cost structure. On the other hand, once the company exceeds the gross margin generated by fixed costs, profit margin is generated automatically. For this reason, the Company is still pursuing a model of accelerated growth. Compared with previous year, in 2015 a 35% increase in revenue (with a profitability measured by gross margin percentages similar to 2014) brought a more accelerated growth in gross profit.

2015 was a year of accelerated transition:

- Status changed from a private company (even if very transparent) to a public company.
- From a mostly local company to a national company which is targeting new technologies such as: cloud, cybersecurity, datacenter.
- From a mixed sales model to a sales model based on gross margin, aiming to better align the interests of shareholders with those of the sales team.

I proudly announce the accomplishments of the year 2015:

- the implementation of a new management structure which ensure a sustainable growth
- strong growth in sales force and support roles - action that will be continued in 2016
- a successful first year of activity of the regional office in Cluj, a pilot project proved to be a good strategic decision and also a learning experience that will allow us to develop the following regional offices in 2016
- create a foundation for operational scale - standardizing and integrating operations through modern IT tools that provide transparency, reduce errors, lower costs

Perhaps the greatest achievement of the year is that all these successful financial and operational results occurred in the context of a volatile business environment, due both politics and macroeconomics around the world, but also to staff turnover in the Romanian labor market. All the above went to caution in making acquisitions in private sector, in which our clients are growing their businesses.

We intend to continue our sustainable growth strategy in the coming period 2016-2017, while the identified engines for growth were confirmed in 2015. We will continue to focus on reference projects, looking for and rewarding gross profitability of each project. We believe that 2016 trends - identified in 2015 - cloud, cybersecurity, virtualization and Data Center will continue to be a source of business growth for us. We intend to focus our efforts and resources to be among the most relevant IT partners in these areas, primarily by strengthening the position of one-stop-shop, but also improved position as the market leader in IT training. Success of our company on the IT training market could result from the background of our business as an IT integrator where we reported a 22% increase, in 2015, above the industry average.

We are planning for 2016 to give more attention to promoting business activities line of IT integration, taking into account the outstanding technical skills that the Company has also experience in business integration: In 2015 we delivered over 200 distinct projects such as expansion of national IT network of a DIY superstore, providing wi-fi functionality of a hypermarket nationwide or building a datacenter for a cloud services company. Thereby we have achieved 1000 IT integration projects in the history of the company.

Still the team is one of the major differentiators of Bittnet in local market, through the attitude of professional and enthusiasm who devote their time to this project and also in terms of skills and abilities. Those puts us in the market leader position of the IT training services, and namely the top 10 most relevant integrators network infrastructure services in Romania. As further evidence based on the extent of the technical team in 2015 with the conjunction of an independent audit conducted in February 2016 [the audit verified skills of entire Bittnet team] in March 2016 Bittnet had reached the status of "Cisco Certified Gold Partner".

We will continue to give special attention providing high added value services - consulting and migration to cloud computing security solutions, and providing IT solutions under the "managed services". At the end of 2015 we made great strides in this direction, which will be reflected in results in 2016: We recruited a new manager of the technical team, which has an experience of over 10 years in integration projects, and its role has focus particularly in increase the pre-sales consulting activity. Also, in 2015 we defined a role of "Business Development" Integration IT as a support role for the sales team, in addition with the role of BDM for IT Training.

There have been audited the financial results, standard procedures of the company, ensure of a high success rate, selling complex skills solutions, installation and maintenance of these solutions, proposals delivered documentation, project management, and the answer made vouchers for customer support.

Perhaps the most important the audit has been verified is the customer satisfaction, business practices and the ability to integrate solutions for Hybrid IT, Cloud and Managed Services projects with Cisco networking technology.

Bittnet is the only Romanian company that has obtained this status in the last 8 years! Certification "Cisco Gold Certified Partner" is a recognition of efforts and constant investments in the development team and the company, in our entire history. Only in relationship with Cisco we have certified a total of 20 people, who together own over 140 individual certifications! Certification "Cisco Gold Partner" joins the first position

to a long list of certifications from major global manufacturers of IT technology. For more details: <http://www.bittnet.ro/certifications>.

A proof of success was to continue the tradition of having a high rate of returning customers [customers who bought from us in 2015 after they bought from us before 2015] - 54% of our customers were returning clients, and they have generated 57% of company revenue. Considering the changes in our staff - generated by the team expansion - this result demonstrates that the procedures and company culture are a powerful and real differentiator that makes Bittnet a valuable brand.

At the team level we increased both sales force, but we also support the key technical skills by recruiting new colleagues, who have joined engineers and trainers, either as full-time members, or as part of the collaborators environment. This effort was already reflected in increasing the delivery capacity, perfectly exemplified in week 16 to 20 November, when we delivered simultaneously 9 courses in six different cities in Romania:

<http://www.bittnetsystems.ro/news-cifre-record-pentru-bittnet-liderul-pietei-de-training-it-din-romania-88>

To support a new wave of accelerated growth at the end of 2014, we entered into negotiations on a new infusion of capital with the Polish investment fund Carpathia Capital SA. This has been completed by attracting an investment of 150.000 euros and subsequent listing on the Bucharest Stock Exchange, section Aero in April 2015.

We intend to continue to strengthen our capital base by addressing three scenarios:

- a corporate bond issue
- an issue of preferred shares
- a capital increase from own sources in conjunction with an infusion of new capital

We do not exclude any possible acquisitions or consolidation opportunities, whether these opportunities are found to be suitable with the model and our company values.

The Bittnet attitude

The Bittnet local market managed to differentiate itself through the attitude with which it addresses each new situation. This attitude is based on the values and principles that the employees of the company share, or, better said, the organizational culture is what defines our general business conduit.

Objectively speaking, this attitude means that we have a general desire to "deliver what we promised on time" rigorously respecting the promises made to our clients.

Simply said we make a promise and we keep it!

In the process of sales we offer our clients the following benefits:

- **We are a unique point of contact** for anything that represents an infrastructure or IT training project. [starting with understanding the need of the client and transposing that need into a tailored solution or a program, designing the solution to the smallest details, deliver as well as implementing and maintaining the solution for its entire life duration]. The backbone of this statement is the continuous investment in the development of the technical team on as many complementary technologies from an important number of vendors and at the highest level of specialization. To use a phrase which we hear a lot from our clients: "You have the most competent technical team we had the pleasure of working with".

- **We are a "trusted technical advisor"** because we are authorized and recommended by the most important and known IT vendors at an international level through "preferred" statuses which make proof that we can implement complex solutions.
- **We are easy to communicate with** because we are proactive, available and prompt in our answer from both a commercial and operational point of view, because we learned how important these things are in the success of the project, even if they are sometimes overlooked by others.
- **We hold relevant project management competencies** which allows us to tackle seemingly complex projects by breaking them down into smaller components which we can easily and efficiently execute in such a way that the end result is a completely functional solution that answers the customer's need.
- **We are a group of extremely flexible people** (which in time also became a criteria for hiring) and we are preoccupied with the success of our projects.
- **We have financial solutions tailored** to all type of needs of our clients (direct acquisition, operation and financial leasing, term of payment, commercial assurance etc.)
- **We are an entrepreneurial company** for which the operational management is guaranteed by the majority stock holders, which is why the long-term interests of the company are the same with those of our clients. We have a long-term thinking in everything that we do. We wish to build an entity that will be present on the market even after 20 years and as such every action and decision that we make, takes into account the direct and indirect gains that we expect in the long run in prejudice of fast short-term gains.

These proofs determines us to say that we are the smallest large company and the largest small company, a simple but relevant combination for our customers.

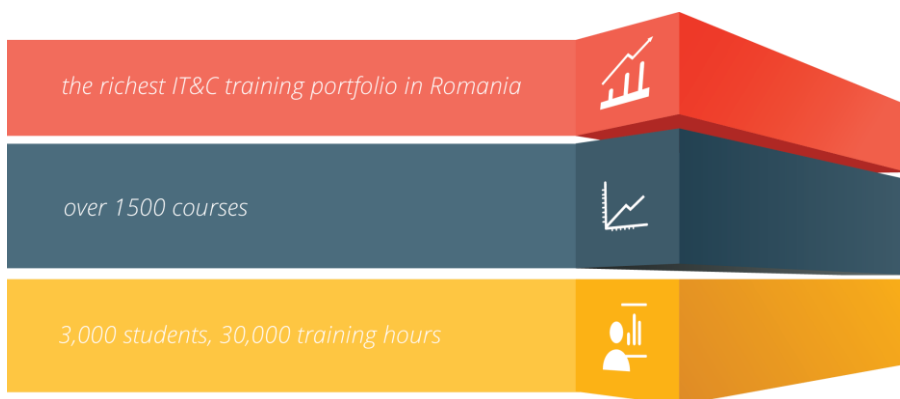
The Bittnet attitude is a result of the values that makeup the organizational culture of the company and represents the acceptance of the reasons for which our clients choose Bittnet. The process of acceptance is based on the research of one of Bittnet's founders for the past 3 years, Mihai Logofatu. For more information on this subject please see subchapter 1.1.4 Marketing and PR activities. The fact that at the end of a fiscal year (in which we expanded and refreshed our team, both in the sales and in the technical area) we recorded a high rate of recurring customer, while being the year with the highest number of actual customers sought - 100. This makes us confident that the values that the company has built its success so far are solid and real, recognizable to any team member. 2016 sounds good!

I. Analysis of the activity of Bittnet Systems SA [The Company]

Bittnet was founded in 2007 by Mihai and Cristian Logofatu keeping on the success story of a young and enthusiastic team of IT professionals that they started working together between 2000 and 2004, giving students and pupils Microsoft and Cisco Networking courses at an academy level.

The Company is recorded in the Trade Register, no. J40/3752/2007. In February 2009 the Company was transformed in a joint stock company after an increase in share capital using profits generated in 2008. In 2012, Bittnet had achieved a new capital infusion by a "Business -Angel" action from Mr. Razvan Căpățînă. In 2015, the company attracted a new infusion of capital from a Polish investment fund, Carpathia Capital SA and realized the IPO on Bucharest Stock Exchange [AeRO segment] and became listed under the stock symbol BNET. The Company was the first IT company in Romania on Bucharest Stock Exchange. Since the beginning, the company was focused on delivering IT training and IT integrator activity-based technology market leaders such as Cisco, Microsoft, Dell, Oracle, HP, VMware, Google, Amazon Web Services, etc.

IT Training



Bittnet is the IT training market leader from Romania, with a team with more than 15 years of experience and over 13.000 trained students. Throughout these years Bittnet has delivered more than 30.000 hours of IT training. The company has the largest team of trainers in Romania which assures the conservation of its competitive advantage relative to its competition.

Bittnet offers a wide range of IT courses. Each course can be held in two flexible ways: intensive [5 days/week, for 8 hours/day] or in a mixed format [courses of 2/4/6 hours depending on the client's needs]. Each student receives access to a set of dedicated equipment, the official curriculum as well as online and offline exams.

The largest portfolio on the market: the training portfolio holds over 1500 courses. From this portfolio the most important trainings are for the major vendors: Cisco, Microsoft, Microsoft Office, Amazon Web Services, ITIL, Linux, VMware, Oracle, Citrix, IBM, Adobe, Avaya, Dell - SonicWall, EMC, HP, Juniper.

The business training portfolio holds project management, ITIL & IT services management, business intelligence, C-M, E-P, Agile etc. Being able to deliver training in both English and Romanian, the company operates in a strategic partnership with Global Knowledge, the worldwide leader in IT training.

The IT solutions provided by Bittnet cover:

As a business integrator, Bittnet offers solutions and services that our customers need from initial analysis phase of design, implementation and testing resulting in turnkey projects. We are providing this for companies with different needs in terms of IT:

- Network infrastructure (routing, switching, Wi-Fi assessment, optimization, consulting)
- Cybersecurity (network security, security for data center, security for customers devices, IPS, Advanced Malware Protection, Next Generation Firewall, security for e-mail and web)
- Network management (alarm and monitoring, centralized management, traffic analysis)
- Migration and cloud services (private, public and hybrid cloud, switch from one version to another, migration and relocation step by step)
- Virtualization and data center (computing, storage, networking, backup, virtualization platforms, VDI)
- Employee's mobility including Bring Your Own Device – BYOD
- General consultancy (IP, DECT phones, instant messaging, online presence, web conferencing tools)
- Video conferencing, including telepresence (for desktops, administrative hall, conference rooms, smartphones, tablets, notebooks and workstations, integration with smartboards)
- Software licenses (Microsoft, Adobe, Cisco, Bitdefender, Dell, VMware, Veeam)
- General consulting, maintenance and support
- IT evaluation
- IT Training

Bittnet is able to provide its customers cloud-based services:

- Microsoft Office 365
- Microsoft cloud provisioning (Azure)
- Cisco cloud infrastructure (Meraki)
- Video conferencing cloud (Webex)
- Web security cloud (ScanSafe)
- Cisco Cloud Energy Management (JouleX)
- Google Apps

Bittnet's competencies are certified at the highest level and acknowledged by the market leaders. The Company's certifications include:

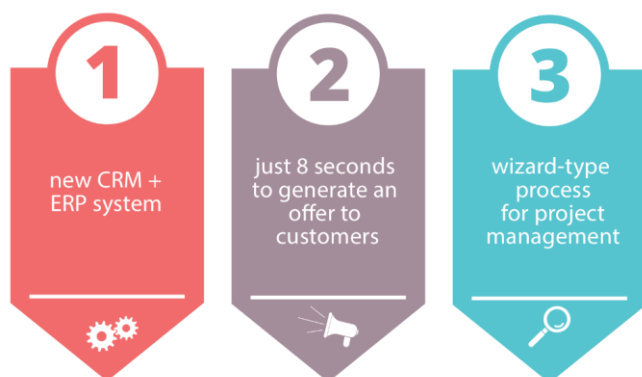
- Cisco Certified Gold Partner
- Cisco Learning Partner
- Cisco Advanced Collaboration Architecture Specialization
- Cisco Advanced Data Center Architecture Specialization
- Cisco Advanced Enterprise Networks Architecture Specialization
- Cisco Advanced Security Architecture Specialization
- Microsoft Silver Learning Partner
- Microsoft Cloud Partner
- Microsoft Silver Datacenter Partner
- Dell SonicWall Preferred Partner

- Citrix Silver Solution Advisor
- Citrix Authorized Learning Center
- Google Apps Authorized Reseller
- Oracle Authorized Education Reseller
- Oracle Silver Partner
- HP Silver Partner
- Jabra Registered Partner
- Veeam System Integrator
- VMware Solution Provider Partner
- IBM Training Provider - via Global Knowledge
- Amazon Web Services Authorized Training Partner
- ITIL Authorized Training Partner

Description of any fusion or significant re-organization of the commercial society, own branches or those of the owned society, during the financial exercise.

The Company does not have any branches, does not hold parts or shares in other commercial entities. The Company did not go through any fusion, acquisition or re-organization in 2015.

Description of acquisition and/or alienation of assets.



During 2015 Bittnet has acquired immaterial assets worth 119,031.71 RON. This has to do with the commissioning of a new integrated CRM + ERP system.

Until 2014 the company used a cloud-based CRM system for customer management, from the American company Salesforce.com and for the book-keeping an in-house developed system, using the "LAMP" technology [Linux, apache, mysql and php] hosted in a datacenter. This system was backed-up by an accounting program used by the company that covers the externalized book-keeping services.

During the year 2014 Bittnet decided to migrate to a customer management system (CRM - Customer Relationship Manager) offered by the American company Microsoft, called Dynamics CRM Online. The migration was chosen based on the TCO (total cost of ownership) analysis – which proved to favor the Dynamics CRM online system compared to the Salesforce.com one. Additionally the Dynamics CRM online system allowed us to implement multiple functionalities which can proactively assist the sales team in their professional activity. The main focus was to create an automated process for sales based on a NEXT/NEXT/NEXT flux which guarantees that each member of the sales team follows the same steps, obtains a predefined set of information from clients and generates a complete offer in a maximum of 8 seconds.

Last but not least, the CRM system from Microsoft allowed the company to adopt a new ERP (Enterprise Resource Planning) system, also from the Microsoft company. This system – Microsoft Dynamics NAV – allows the replication of all the functionalities of the previous system (issue invoices to clients, register invoices to suppliers, overview of payments and earnings for projects (profit centers)) as well as allow the issuing of financial statements directly from the system eliminating the “doubling” of the information in the externalized book-keeping company. The new system reduces the work time required to process excerpts through automated import, reduce processing time for orders issued to suppliers by automating the acquisition process and allows the automated correlation of the series of bought products through invoices with the deliveries to the clients associated with the resale invoices etc.

Also, the new ERP system is completely integrated with the CRM system, thus eliminating the “doubling” of invoice information, the risk of human error between the sales and the billing departments and assures real-time integration for projects (profit centers).

During the financial year 2015 no assets were alienated.

1.1. General evaluation elements



In 2015 revenues increased to an all-time high of RON 11,270m, a 35% increase compared to 2014. About 65% (RON 6,950m) of the revenues were from the first business line, namely IT solutions, implementation and consulting services. The remaining 35% (RON 3,690m) were given to the second business line – IT Training. The Company recognized a positive trend of a growing number of returning customers, whose count in 2015 was the highest to this day, reach 100 clients. Returning customers' ratio in revenues amounted to 57%.

Operating profit (EBIT) for 2015 reached the level of RON 757k, an improvement of 96%. With depreciation and amortization amounting to RON 153k, the value of EBITDA was RON 910k, a 64% increase compared to 2014. The net income increased to a value of RON 1.033m, the highest result in the Company's history with the aport of the financial income from the Bucharest Stock Exchange in value RON 632k. The net income of 2015 was 5 time higher then in 2014, the best result in the Company's history.

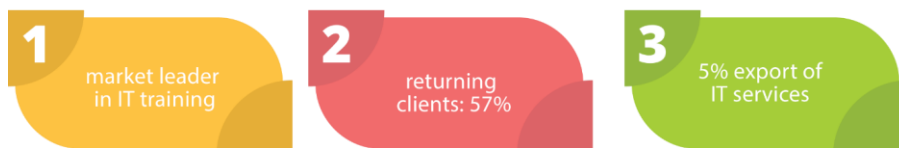
Total assets as of the end of 2015 amounted to RON 35m, a 52% increase in relation to the end of 2014. Current assets constituted the vast majority of total assets (95%, RON 96m), with RON 4.8m in accounts receivable, and RON 3m in cash. Fixed assets and prepaid expenses values were respectively RON 297k and RON 94k.

Shareholders' equity amounted to RON 1.92m at the end of 2015, a 2.2 time increase year over year, which was a result of an increase of paid in capital, retained earnings and profit for the year 2015. Other main liabilities items were: current liabilities (RON 5.62m, 57% increase), long term liabilities (RON 500k, a decrease of 24%) and deferred revenues (RON 305k, a 27% decrease).

Profit and loss account [RON]	2012	2013	2014	2015
Turnover	3 811 893	6 666 337	8 179 532	11 269 853
Operating expenses	3 761 631	6 476 894	7 960 691	9 814 813
Operating result	126 693	341 545	373 195	742 357
Financial result	66 612	211 447	269 112	479 111
Gross result	66 612	211 447	269 112	1 221 468
Net result	52 075	169 278	209 672	1 033 833

The company mainly serves the internal Romanian market, any exports are done through projects. As such, for 2015, the share of exports in the turn-over was 4.74%.

Market Share



IT&C sector has reached a benchmark of economic growth, becoming the most dynamic sector of Romanian economy, reached last year 6.7% of GDP in the first three quarters, according to National Institute of Statistics.

The Company operates in two major segments of the IT market: IT training and integration of IT solutions.

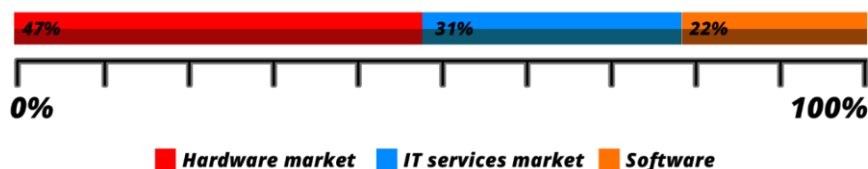
Due to the lack of independent reports regarding the IT training market in Romania the Company relies on own estimates for its share in the market. The Company has the widest and deepest coverage in the training market by having expert unique resources.

The Company sees itself as a IT training market leader and justifies it by:

- Competing in the most training market segments
- Not competing with the same competitors in more than 2 market segments
- Being either the market leader or the second largest provider in each market segment.
- There are market segments where there are no competitors (e.g. Amazon Web Services training partner)

When focusing the attention on the integration market (IT professional services), the very diversified range of services of the Issuer makes it impossible to determine percentages of market share. Independent research reports such as PMR "ICT market in CEE and CIS Report" or the ones by IDC, claim that the Romanian IT market has a value of 1 billion euro in 2014.

In 2015 computer hardware remained the largest segment within the IT market in Romania – it had a share in market value of over 47%. IT services had a market share of more than 31%, while software followed with approximately 22% market share. The main reason for this structure is the investment orientation of IT spending in the country. Romanian IT companies still earn most of their sales from the implementation of new IT systems (or upgrades and expansion); hardware is the largest budget expense in these IT projects.



Considering the estimation of the total IT market of 1 billion euro in 2015, the company's market share in the IT solution integration (hardware, software and services) segment is insignificant, registering a value of less than 1%.

It should be kept in mind that this analysis is based on estimates of the IT market which include the buying of equipment such as PCs, tablets, mobile phones, printers etc. by both the population as well as companies.

1.2. Evaluation of the company's technical expertise

The main outlet in 2015 for Bittnet's products and services has been, similar to previous years, Romania, with a share of 95% of revenues from clients within the country's borders. The share of 5% of revenues from foreign clients shows a slight increase compared to 2014. In 2015 revenues from "exports" come from renting the services and delivering effective training for clients from the EU.

The main distribution method is through direct sales through the sales team but in the future, based on the efforts from the end of 2015, we expect that 5% to 10% of revenues from IT training to be generated through the website. Each member of the sales team is given a portfolio of clients. A series of proactive actions of positioning Bittnet's solutions and services has been made in order to obtain this portfolio.

Another relevant share in total revenues (34% in 2015) is due to our strategic partnerships with key players on the IT market which can be seen as competitors but through which we managed to deliver services to their customers. The general attitude of the company through total transparency, fairness and respect for promises made to these partners has led to a natural, organic growth of business volumes attained with the help of these partners and as such we are confident in stating that in the years to come the number and models of strategic partnerships will represent an important growth pylon.

Description of the main products manufactured and/or services rendered by mentioning:



Network infrastructure

Network infrastructure refers to the hardware and software resources of an entire network that enables network connectivity, communication, operations and management of an enterprise network. Network infrastructure provides the communication path and services between users, processes, applications, services and external networks/the Internet.

Infrastructure is found in all enterprise IT environments. The entire network infrastructure is interconnected, and can be used for internal communications, external communications or both. A typical network infrastructure includes Hardware (routers, switches, wireless access points, cables) and Software (operations and management, operating systems, firewall, security applications, antivirus).

Network security

Securing a network is an ongoing process due to the evolution and spread of the informatics attacks from both inside and outside. Inside attacks are not always intentioned, they can be made unconsciously by exploiting the vulnerability of a network. It is important to have a network security policy and the security should be integrated with all devices in the network.

Security solutions focus on what happens before an attack and during an attack, and on what measures will be taken after the attack. As attackers and hackers become more sophisticated, it's no longer about preventing a known attack. The focus has shifted to detecting and responding to new, previously unknown types of attack.

The Company offers the following network security solutions:

- Firewalls
- Sensors for detection and prevention of attacks
- Anti-spam and anti-virus
- Data Loss Prevention (DLP)
- Sandbox systems
- Virtual Private Network solutions
- Network Access Control
- Security management

Network Management solutions

Functions that are performed as part of network management include controlling, planning, allocating, deploying, coordinating, and monitoring the resources of a network, predetermined traffic routing to support load balancing, cryptographic key distribution authorization, configuration management, fault management, security management, performance management, bandwidth management, route analytics and accounting management.

Data for network management is collected through several mechanisms, including agents installed on infrastructure, synthetic monitoring that simulates transactions, logs of activity, sniffers and real user monitoring. In the past network management mainly consisted of monitoring whether devices were up or down; today performance management has become a crucial part of the IT team's role which brings about a host of challenges — especially for global organizations.

Datacenter, virtualization and cloud computing

Virtualization provides IT organizations with a significant opportunity to improve management and automation across the datacenter. As IT organizations face growing business demands and budget pressures, automating labor-intensive, human tasks offers an ability to "do more with less" and increase the productivity of existing staff.

Datacenter solutions involve virtualization (the use of a *host* software, which creates a simulated computer environment, a *virtual machine*, for its *guest* software) in order to offer flexibility (the ability to relocate virtual machines from one hardware to another, as well as the ability to easily increase or decrease hardware resources available to a virtual server), the ability to easily provision new virtual servers (without the need for hardware purchases).

Cloud computing (and the migration to the cloud) means using the infrastructure (physical and logical) needed for virtualizing servers from a specialized provider, across the internet. This differs from the original idea of own datacenter / dataroom (private cloud) in that the platform is owned by a third party, and the customer only uses the functionalities.

The company offers consulting, design, implementation and maintenance services related to building and operating virtualized server solutions, own datacenters and migrating to cloud solutions.

Enterprise mobility including BYOD

Mobility solutions allow employees to work using any compatible device, anytime from anywhere, with maximum security. Thus client's business is flexible and easily adapts to changes.

Mobility solutions including:

- Wireless networks
- IP Soft Phones
- Virtual Private Network Access
- Teleworker

"Bring your own device" – BYOD – is a concept that allows employees of companies to access company data and resources using hardware owned by the employees (PCs, laptops, mobile phones, tablets, etc.). This concept allows staff to do work related activities from anywhere, at any time, but, on the other hand, opens up security issues (data leakage). That is why companies deciding to implement such policies need the guidance and implementation services of experienced security consultants.

The company offers start-to-end consulting and implementation services for the above concepts.

Unified communication and collaboration

Unified communication (UC) is the integration of real-time, enterprise, communication services such as instant messaging (chat), presence information, voice (including IP telephony), mobility features (including extension mobility and single number reach), audio, web & video conferencing, fixed-mobile convergence (FMC), desktop sharing, data sharing (including web connected electronic interactive whiteboards), call control and speech recognition with non-real-time communication services such as unified messaging (integrated voicemail, e-mail, SMS and fax). UC is not necessarily a single product, but a set of products that provides a consistent unified user-interface and user-experience across multiple devices and media-types.

In its broadest sense, UC can encompass all forms of communication that are exchanged via a network to include other forms of communication such as Internet Protocol Television (IPTV) and digital signage communication as they become an integrated part of the network communication deployment and may be directed as one-to-one communication or broadcast communication from one to many.

UC allows an individual to send a message on one medium, and receive the same communication on another medium. For example, one can receive a voicemail message and choose to access it through e-mail or a cell phone. If the sender is online according to the presence information and currently accepts calls, the response can be sent immediately through text chat or video call. Otherwise, it may be sent as a non-real-time message that can be accessed through a variety of media.

The company offers complete services and solutions in the Collaboration and Unified Communication fields. Examples include: setting up call-centers, with call recording, auto call forwarding, auto logging, etc. Other examples include setting up automated video-conferencing solutions that work as enterprise video-calls, using secure (encrypted) communication channels.

Software Licenses

The Company offers a wide range of software licenses from market leaders in their fields, covering the whole spectrum of computer programs:

- Operating systems (like Microsoft Windows 8 or Microsoft Windows Server)
- Database servers (Oracle software, Microsoft SQL server)
- Virtualization software (VMware, Microsoft Hyper-V)
- Productivity software (Microsoft Office)
- Sales automation software (Dynamics CRM software licenses)
- Cloud Software (Google Apps, Microsoft Office 365, Zoho productivity suite)

IT Services

Consultancy services

Bittnet offers architecture (design), implementation and integration services covering the major ICT domains and delivery models to help customers plan and build IT solutions and optimize their IT environment.

The consulting services identify solution designs for integrating new technologies and optimizing customer's current IT environment in line with their business development strategy. Bittnet has extensive architecture competencies, from network, communications, and datacenters to end-user computing, applications, service management, and security.

The consultancy services are staged processes that consist of the following steps:

Preparation

The first step in any IT infrastructure project is identifying business needs and the technologies to meet these needs.

Design

This step involves the assessment of the current situation and recommendations to accommodate new solutions. The Company is outlining the network architecture and if required will run a demonstration to test its functionality. Bittnet Systems also provides advice in choosing the best solutions to meet requirements both technically and financially.

Planning

The Company presents the detailed proposed solution, the equipment involved and configurations needed, together with an implementation plan and acceptance tests. Also in this stage Bittnet System works together with client to create an action plan with the activities and responsibilities of each party, milestones and deadlines of the project.

Implementation services

The implementation services consist of several stages listed below:

Installation, configuration, testing

This step involves equipment transportation, installation, configuration and testing. Everything is tested without being integrated in the existing infrastructure to avoid damages that may occur. After testing the system functionality, the client also should validate that the infrastructure is working properly. The next step is very important and is based on information gathered in previous steps – training for the IT staff.

Operating

The migration process to the new solution is gradual in order to reduce network downtime and minimize disruptions in the employees' work. At this stage the Company is continuously communicating with client's employees to ensure that continuous functioning of all services and applications is used by them.

Optimization

At this stage the new solution is implemented and verified if it works properly. Any solution implemented needs constant monitoring and maintenance to proactively identify faults that may occur. The Company is analyzing and optimizing various processes to increase client's employees' productivity. These enhancements are designed to adapt even more to the needs of client's network.

Maintenance and Support services

The Company's intervention team offers on-site and off-site support that includes equipment replacement, updating systems and fixing all problems covered by the support contract agreed. For all implementation projects done, Bittnet offers a support and maintenance option – which means that Bittnet guarantees the restoration of the initial functionality of the solution, using backup techniques.

Support services are typically recurring contracts, which offer customers the peace of mind that their network or IT systems functionality will survive any kind of situation. This means that Bittnet uses expert knowledge to react to changes in the customer's IT environment and re-establish the desired functionality, either by simple hardware replacement or by advanced policy and configuration restore operations.

IT training

In an economy driven by knowledge workers, educating and training of employees represents an investment towards achieving improved short-term performance as well as long-term success of the organization.

For example human capital and intellectual property are the attributes that provide competitive differentiation for companies in all industries. The valuation of knowledge-based companies is far greater than the cumulative total of their tangible assets because it is understood that there is significant value in their gifted and highly-trained workforce and business practices, processes, and other intangible assets.

Bittnet Training services provide structured learning and development frameworks that start with the customers' business strategy to increase human capital value within the organization. Bittnet identifies training needs based on gaps between current skills and the desired standards for specific job roles that require realignment due to organizational changes, new IT applications or new service offerings.

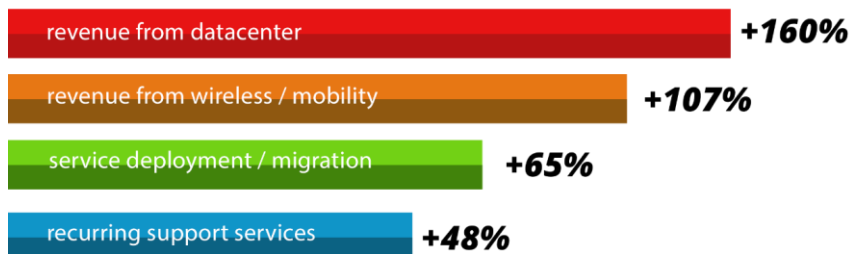
Training road maps and prioritization are developed to optimize training budgets, to manage staff development and post training assessment with a clear measurement of performance improvement helps ensure a return on investment.

The Company offers a wide range of IT training courses. Each course can be carried out in two flexible forms: intensive (5 days/week with 8h/day) or blended mode (meetings of 2/4/6 hours as per client's request). Each course participant receives dedicated bundle equipment, access to official curriculum, online and offline examinations.

Largest portfolio on the market: the training portfolio contains more than 1500 courses. The core training portfolio is focused on Cisco, Microsoft, Microsoft Office, VMware, Linux, Oracle, Amazon Web Services, Citrix, IBM, ITIL, mile2, RedHat, Adobe, Avaya, Dell - SonicWall, EMC, HP, Juniper, SAP. The entire training portfolio covers numerous IT topics of interest like Microsoft Office (Excel, Word, etc), Linux, networking, programming, operating systems, cyber security, telephony, video, virtualization, data-center, data storage, databases, web design, etc.

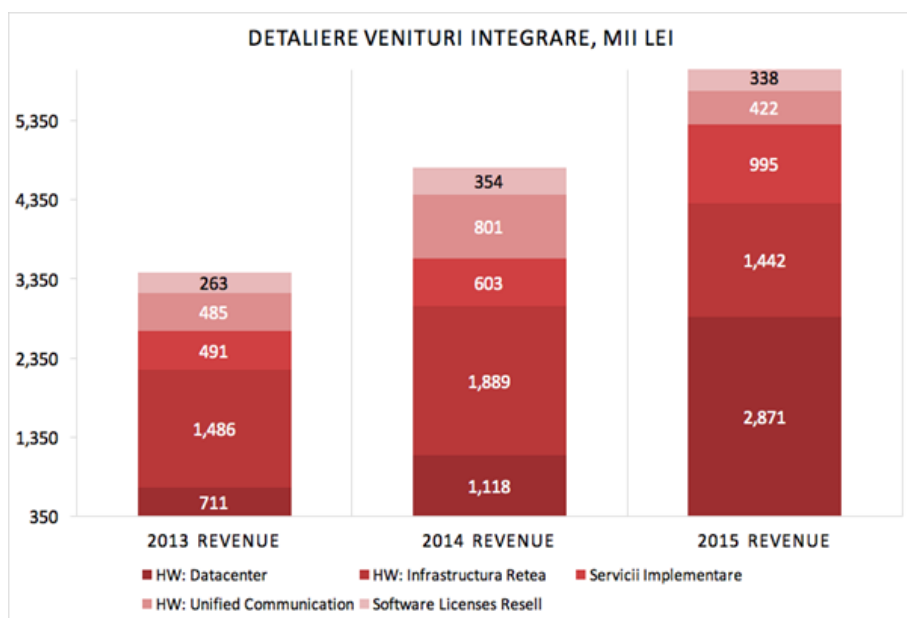
The business skills training portfolio feature project management, ITIL & IT service management, business intelligence, CRM, ERP, Agile, etc. Being able to deliver courses both in Romanian and English language the company is working under a strategic partnership with GlobalKnowledge, the worldwide leader in IT and business skills training.

The weight of each product or service type in the income and in the total company turnover for the last three years:

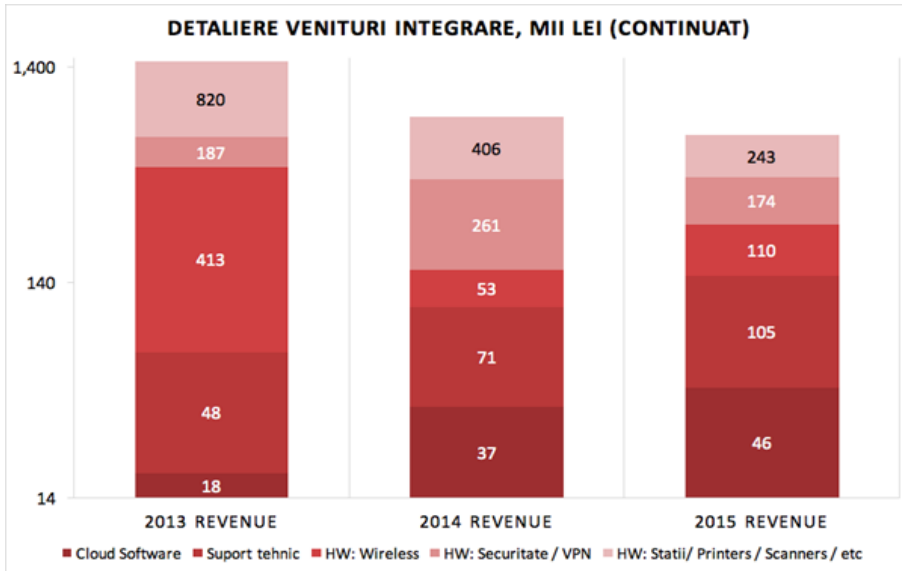


The IT solution integration line will always register a higher share in total turnover because of the nature of the business which includes the delivery of equipment (high turnover, small margin). Also, as absolute values in turnover, the IT solution integration business line has a better chance of fast growth which would lead to an increase of its share in the total turnover.

Analyzing more closely each business line we can notice the following evolution for the most important components.



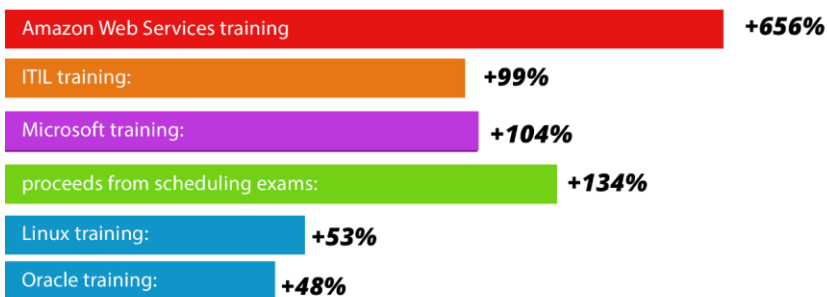
And secondary products and services:

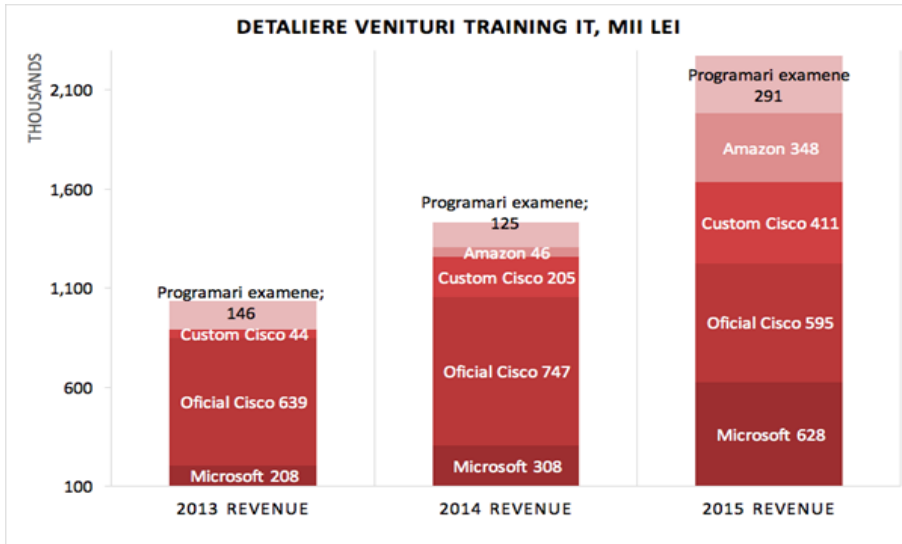


The main drivers of revenue growth, and profitability were:

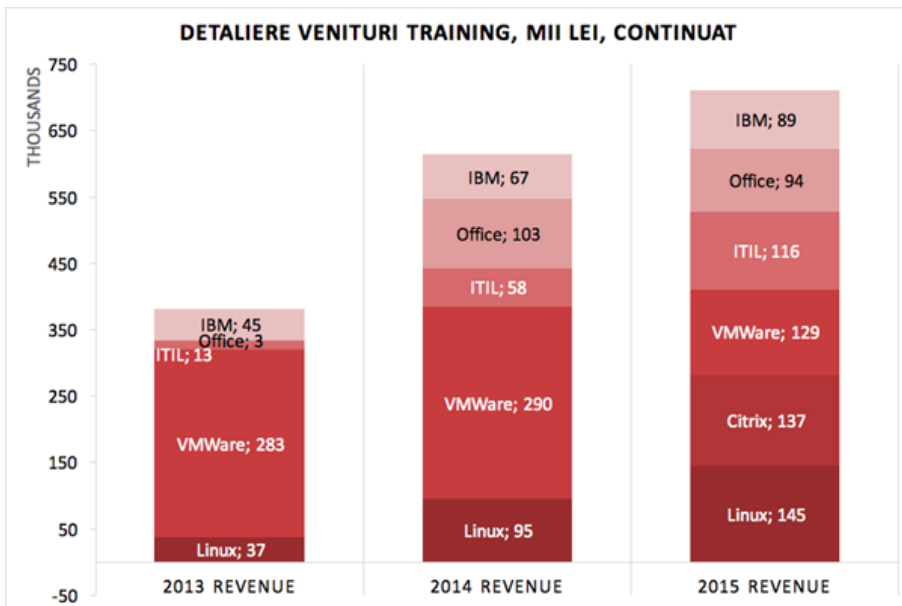
- Proceeds from the datacenter: + 160% compared to 2014
- Proceeds from wireless / mobile: + 107% compared to 2014
- Services Implementation / Migration: + 65% compared to 2014
- Technical Support Services recurring: + 48% compared to 2014
- The decrease in the share of products with added value (gross margin) small - PC, printer, scanners etc.

IT training earnings





And for secondary products:



The main drivers of revenue growth were:

- Training Amazon Web Services: 7 times more than in 2014
- ITIL Training: + 99% compared to 2014 - and more profitable since we obtained its licenses
- Training Microsoft: + 104% compared to 2014. Important is that these increases are recorded especially in categories of Datacenter and Cloud-related training (training on management servers and cloud services like Office 365).
- Receipts from scheduling exams: + 134% compared to 2014
- Adding Citrix training: 130.000 RON
- Training Linux: + 53% compared to 2014
- Training Oracle: + 48% compared to 2014
- Also very important is the growth of the share of the subcategory "Custom" versus the "Standard" in the category "Training Cisco". This trend increased confidence of our partners in ability of Bittnet to be a "tailor-made" service in identified the real needs of their business . IT infrastructures our clients operate are heterogeneous, combining several technologies and vendors leading to non-standard training needs that we addressed better in 2015.

New products planned for a substantial amount of assets in the next financial year and the stage of development of these products:



Cloud



Securitate IT



Managed Services

Each new product that is added to the company's portfolio is a result of a specific demand from our clients. As such, there is no new product for which a substantial amount of resources will be allocated, each additional product is brought into our portfolio in a "breakeven condition".

Strengthening the position of a leader of the IT Training market with intention of maintaining the perception of a 'one stop shop' provider of IT training in Romania. The Company plans to continue to aggressively grow training products portfolio and focus on:

- deepening the team's knowledge and ability in the areas that are already covered (being able to deliver more courses of the current vendors)
- widening the team's knowledge in additional areas

- adding new product lines
- adding new delivery options
- broadening the portfolio by adding end user trainings

Capitalizing on the wide industry trends including BYOD (Bring Your Own Device), cloud services, nearshoring (transfer of business and IT processes to companies in a nearby country, as opposed to offshoring to India or China) to Romania

Continuous development and creation of strategic partnerships with companies of similar or complementary profiles, which open a potential 'reseller channel' and enable each party to provide supplementary services to their customers

Particularly in 2016, we believe that an important part of business growth will come from reselling and implementing solutions based on technologies like "Cloud", "IT Security" and "Managed Services". We intend to position Bittnet solutions, based on our constantly developing team skills, in these areas of great interest for 2016, providing both training for migration to cloud services, and effective implementations and consulting solutions. Computer security is an area in which we excelled at Bittnet, our skills are certified by multiple vendors for IT security industry like Cisco, Dell SonicWALL, Bitdefender, Checkpoint, etc. The solutions of "cloud" or "mobility" or "IoT" which are the technological trends of 2016 can not be conceived without a serious component of IT security and Bittnet is ready to support customers in this area.

1.3. Evaluation of the provision of technical and material resources [domestic and imports]



For the IT solution integration business line, the company "stocks up" on:

- IT equipment and licenses (hardware and software) – which are resold as merchandise to clients. The merchandise is bought from importers and distributors – companies with a physical presence in Romania. For none of the equipment or licenses is there a situation of "single importer" and as such

there is no risk associated with having only one supplier. Bittnet keeps in touch with multiple distributors having significant business with each one.

- Course manuals and official virtual labs from our partner Global Knowledge. Bittnet is in a strategic partnership with Global Knowledge beginning with 2009, being the only Global Knowledge partner in Romania. The long time relation and the vastness of the supplying company (the largest IT company in the world) makes us consider it a safe source. Additionally Bittnet also has relations with other world wide suppliers (as Logical Operations or Arvato) that offer similar services.
- Subcontracted services from partners be it companies or independent subcontractors (freelancers). There is no unique supplier here either. Bittnet working with several partners in each area of activity.
- All the aforementioned relations are based on partnerships with IT producers (Cisco, Microsoft, Oracle, VMWare, Dell, HP, etc.). These partnerships offer Bittnet access to the offer and discount systems of the producers and the distributors/importers "transfer" these price conditions from the producers. The relations with the IT solution producers are kept through periodical renewal of our company's competencies and certifications. Each of these relations are important for Bittnet and each year we take the necessary actions to keep our status in relation with our partners.

The large majority of products and services which Bittnet offers and require a partnership with suppliers are not subject to price risks because the price lists of the majority of producers are posted for the duration of a year in advanced and these companies are large enough and have the necessary processes to sustain the prices for an entire year. At the same time Bittnet places orders to its suppliers only based on the demand of the customer and as such the period in which the price can vary is very short (maximum of 1 day). Considering these two points we believe that the fluctuation in price of materials and resources is not a risk for the company.

The company does not operate with inventory, placing orders to suppliers only based on firm demands from the customer.

1.4. Evaluation of the sales activity

+25%

turnover:

+20%

number of clients:

14.500€

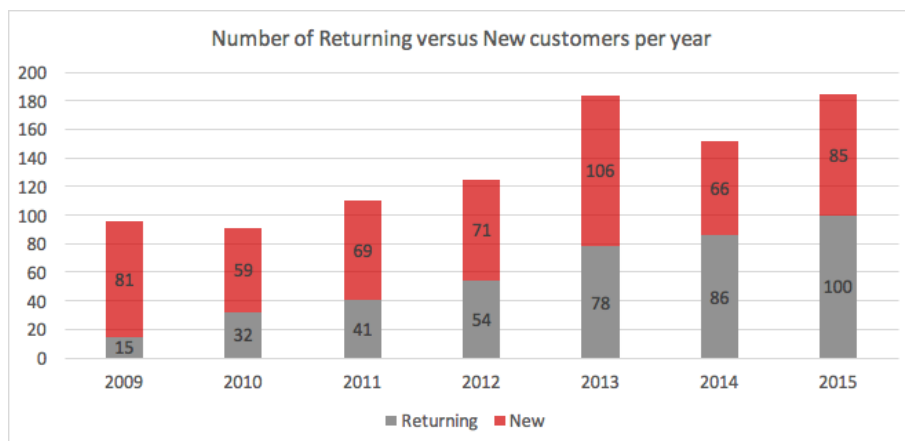
average invoice
per customer:

Description of the sales evolution on the domestic and/or international market and the medium and long term sales estimates:

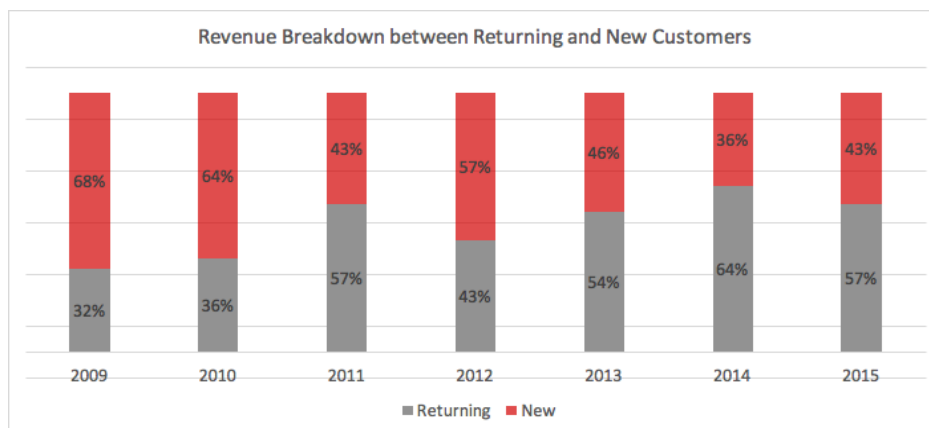
In 2015 sales continued their ascending evolution from previous years. Turnover has risen from 8.2 million RON to 11 million RON. During 2014 the turnover was obtained from 152 clients, a declining number compared to 2015 when it was 185.

The increase in turnover proves that the bonus method chosen at the beginning of the year was a correct one. The new formula placed more emphasis on the gross value of the client. The outcome was more focus on customers and projects with high potential of differentiation, where Bittnet can create and deliver added value.

The table below presents the number of customers served including a breakdown by new and returning customers. Since 2009 the count of returning customers is greater year by year which is a positive trend recognized by the Company, demonstrating the trust it was able to gain – resulting in increasing business repeatability.



The table below presents a breakdown of revenues by new and returning customers. Returning customers' share in revenues amounted to 57% for the year 2015 which was the highest number in the Company's history. The average value of a service provided to a returning customer amounted to EUR 15.000 compared to EUR 13.500 for a new customer, these values in 2014 were EUR 14.000 and EUR 10.000 respectively.



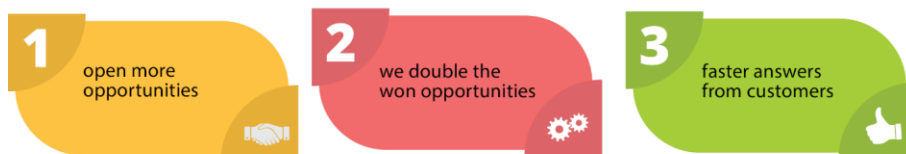
Source: Issuer

As in previous years the statement "Recurrent clients trust us more and therefore, on average, buy more than new clients" has proven to be true. From this point of view the company's strategy remains unchanged: we focus on developing our relations with existing customers while dedicating time and resources to attract new clients, which we can then familiarize with Bittnet's products and services so that they can become recurrent customers as well. As such we can briefly explain the way in which we build the company's sales activity: the Bittnet sales team is composed of in-house employees as well as reseller partners or middlemen (external legal entities). Because of the nature of the products and services delivered by Bittnet, our clients are in general small, medium and large companies. Over 90% of our clients fit the description "more than 5 million euro turnover and more than 100 employees".

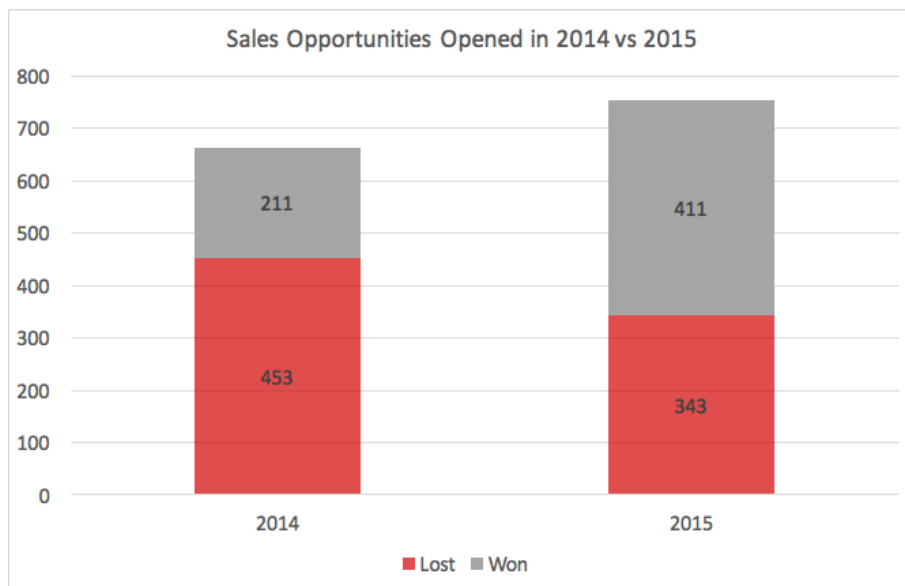
These companies are characterized by complex processes of acquisition, inter-department organization etc. In this situation the B2B sale activity is best handled by "individual" relations – the so called account manager. In other words the sales team (internal and external) address clients directly, presenting and positioning products and services to the relevant people in the acquisition process. During 2015 we achieved a number of operational changes designed to improve the process and results using better management and increase the alignment of shareholder interests.

Operational changes made in 2015:

- Complete a new CRM tool with processes designed to help sales team to close opportunities. This tool also produce, standardization offered for sale, allowing the sales team to create an offer that contains all the features and benefits of our proposal. All this in a short time between 2 and 8 seconds.
- We have changed the bonus formula to take into account only the gross margin generated by each vendor, regardless of the type of project and regardless of their income from the project. Also, the bonus continues to accelerate as the margin generated increases to achieve a better alignment of interest between the seller and shareholders. Thus, we focus on opportunities with high value, both in training and on site service opportunities with a high figure, but with a reduced margin. Generally where high numbers are characterized by low margin, financial risk rises.
- We have developed significantly internal functions of "support for the sales team" (as recommended in multiple HBR articles and studies about what differentiates a good team of sales of one common team: time spent with the manager and department sales support). The number of parts in this department increased from 1 to 4.
- Mihai Logofătu took over as sales manager to oversee the transition process. This led to a 100% transmission of company's objectives to the sales team and a better overview of the processes.



As a result, the sales team improved the number of identified opportunities (opened in CRM) - 13% increased - but most important the won opportunities - from 33% to 52% from the identified opportunities:



As number, the won opportunities nearly doubled in 2015. Another very important element showing the improvements is the sales process of "closing time" which is shorter. This means "how long does it take until we get the final decision from the client?". As the faster the answer is, the team can address more opportunities in a given time. The improving in won opportunities is 10%, but is very significant in terms of opportunities lost - which means that the time allocated on a lost opportunity will be decrease by 60% - this double the time spent by the sales team to identify and develop new opportunities.

The sale activity is supported by Marketing and PR activities which are designed to ease the beginning of a discussion between the client and the Bittnet salesperson. Marketing and PR activities have to generate awareness in the IT market regarding Bittnet and it is an important tool for generating results. As such we also include a dedicated chapter in this report.

Marketing and PR



WE ORGANIZED B2B EVENTS,
WITH MORE THAN 1,000
PEOPLE (IT TRAINING FEST,
AWSOME DAY, BITTNET
PARTNER'S DAY)



WE PARTICIPATED AT BIGGEST EVENTS
ORGANIZED BY IT VENDORS SUCH
AS CISCO CONNECT, MICROSOFT
SUMMIT, ORACLE UNIVERSITY SUMMIT,
AWS - ATP COUNCIL



400 POTENTIAL CLIENTS
WHICH GENERATED \$ 111,000

The Marketing and PR actions carried out in 2015 were ample and had a big impact in the creation and consolidation of the Bittne brand. The company carried out direct marketing campaigns as well as events that helped positioning of the company in the market, increase notoriety, attract new clients and finally generate leads.

In 2015 Bittnet continued the marketing efforts started in 2014 with the short-term objective of generating leads for the sales team and long-term objective of building the image and brand of Bittnet in the minds of potential clients as well as investors.

At the same time the number of activities increased compared to 2014. The team started using CRM and collaborated with the sales and technical team in building and enlarging the sales pipeline. This way, the marketing team can measure the impact of the campaigns carried out as well as their success.

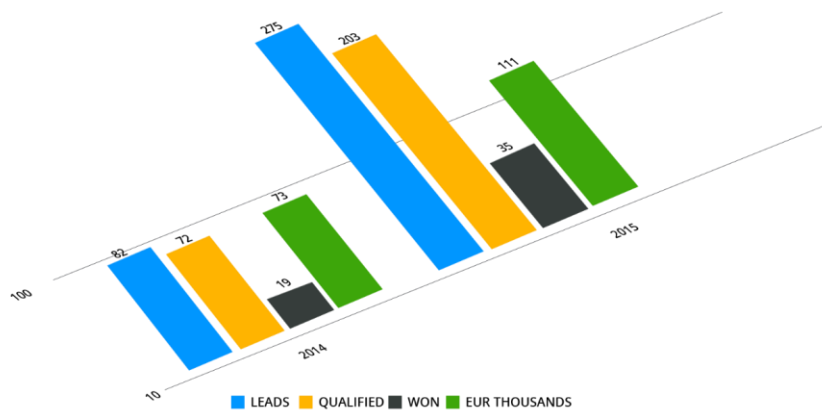
We are in a model of Business to Business ("B2B") with products and services with a long sales cycle dependent with the relationship that the sales team manages to establish with customers. This relationship based on trust and performance. Marketing department serves facilitate and improve the work of the sales team in identifying and addressing new customers. Moreover, the marketing department must ensure good visibility of the company on the market, making every effort to place as "first choice" when customers think of a partner trusted IT (both on the training and on the integration). For this reason, in 2015 we organized and participated in several events B2B, addressed to all professionals in IT, as IT Training Fest, Awsome Day, Bittnet Partner's Day, etc. Our work has generated over 400 contacts with potential customers whom we approached through lead campaigns. This is how the marketing department contributes to the continuous efforts of the company to diversify its portfolio. Through our presence at these events we ensure that current customers and potential customers are aware of our certifications and our growing expertise.

Company's own IT Event "IT Training Fest 2015" has seen the most coverage success since its inception. We had over 150 unique viewers edition held in Bucharest, attending our training sessions of hands-on, as well as 6 different partners [Citrix, Oracle, Dell, Veeam, in Colors Project, UTI Academy]. Their presence in a number so high at IT Training Fest makes us think that they see us as a reliable partner, competent and which may be trusted. And that we want to convey about us to clients. In June 2015 we organized an edition of ITTF in Cluj, consisting in 6 workshops dedicated to Citrix, Cisco, Oracle and AWS technologies.

During 2015 we participated in all the relevant IT vendors events [such as Cisco Connect, Microsoft Summit, Oracle University Summit, AWS - Council ATP etc.] and organized two editions of the event AWsome Day - in Bucharest and Cluj, with a total of 480 participants.

A significant part of our work in 2015 was dedicated to our presence in the online environment, we improved it constantly and have prepared for a major change in 2016. This makes us confident in the decision to upgrade the website, and the results that it will generate.

MARKETING DEPARTMENT ACTIVITY RESULTS, 2015 VS. 2014



In 2015 the marketing team generated the following:

- 275 marketing leads [82 in 2014]
- 203 of them were opportunities [72 in 2014]
- 35 were won opportunities [19 in 2014]
- The total amount of money from the won opportunities was EUR 111.212 (versus EUR 73.281 in 2014)

The main objective of the marketing department is to innovate, listen to customer needs and to help the sales team to meet their needs, being proactive and flexible, based on customer requests.

IT Training Center - achievements

New vendors and renewals vendors:

- renewal the partnership with Microsoft, Amazon Web Services, Oracle and Cisco. The other partnerships are still active (with other IT manufacturers which authorized us to deliver training).
- ITIL has been added to our portfolio by signing an agreement, becoming one of the three authorized training partners in Romania.
- Citrix has been added to our portfolio - Bittnet became the only partner of Citrix training delivery services.
- Dell SonicWALL has been added to the portfolio of training, consolidating Bittnet position of one-stop-shop.

Training students:

The first IT company from Romania listed on The Bucharest Stock Exchange

- a total of: 1141
- students in open courses from public schedule: 149
- students in closed courses: 919
- resale courses: 73

Description of the competition within the company's field of activity, of the market share, of the company's products or services and of its main competitors:

The analysis of the company's main competitors should be broken down in two because of the two business lines in which matters differ strongly.

The Company sees itself as a IT training market leader and justifies it by:

- Competing in the most training market segments
- Not competing with the same competitors in more than 2 market segments
- Being either the market leader or the second largest provider in each market segment. For example, for the Cisco official trainings, the company estimates a market share of $\pm 70\%$. On the other hand, in Microsoft training, the company holds a market share of $\pm 12\%$ out of 10 partners in Romania, receiving the information of being "second"
- There are market segments where there are no competitors (e.g. Amazon Web Services training partner)

When focusing the attention on the integration market (IT professional services), the very diversified range of services of the Issuer makes it impossible to determine percentages of market share. The main competitors among of other players in the IT and training market are:

Main competitors	Description
Avnet Technology Solutions	Avnet Technology Solutions distributes computing technologies for businesses, software and services. Avnet Technology Solutions is an operating group of Avnet, Inc. (NYSE: AVT). The company offers solutions as: computer components, security & networking solutions, server & infrastructure, server based computing, services, software, storage, document management technologies, virtualization. Through Avnet Academy they have for more than 25 years courses for vendors: VMware, IBM, Veeam, Symantec.
Brinel	For over 23 years in IT, Brinel offers IT solutions through the integration of applications and technology software, hardware, network equipment and services. Brinel has offices in Cluj Napoca, Bucharest, Oradea and Sibiu.
Crescendo	With a 23 years business experience in Romania, Crescendo provides IT&C applications, solutions and services. The company is defined as a "House of IT&C" which builds complex solutions for its customers. Crescendo holds certifications such as APC Certified Silver Reliability Provider, Cisco Silver Partner, Citrix Silver Solution Advisor, EMC Silver Business Partner, HP Gold Partner, Oracle Gold Partner, VMware Enterprise Solution Provider
Cronus eBusiness	With more than 10 years of experience in the Information Technology field, Cronus eBusiness is an important Systems Integrator on the domestic market. Cronus eBusiness provides a complete services package in the field of ICT

	infrastructures: Integration Services, Managed Network Services and Managed Desktop Services. The company is one of the 6 Cisco Gold Partners in Romania, Riverbed Gold Partner, Solarwinds Gold Partner, Fortinet Gold Partner.
Datanet Systems	Datanet Systems is a member of Soitron group of companies. The company is one of the 6 Cisco Gold Partners in Romania. The current portfolio of Datanet Systems comprises services for areas as security architecture, data center infrastructure, Software Defined Networking, virtualisation, Cloud infrastructure, customer interaction and information security. Datanet Systems is one of the technology providers for airtraffic control, banking and financial organizations, large, medium and small companies, public institutions and telecom operators in Romania. The company also provides Cisco courses.
Eta2U	Eta2U is an important provider of IT products and services, leading system integrator and IT solutions in western Romania. Eta2U is an active player since 1992. The big part of the business is on distribution, not on reselling IT products. Eta2U is also a training center focused on Microsoft, Cisco, Oracle, Java, Linux, ITIL, VMware, RedHat courses. Eta2U is active in Timișoara, Arad, Bucharest, Cluj-Napoca, Craiova, Deva, Oradea and Sibiu.
Frontal Communications	Established in 1994, Frontal Communications is a reliable IT&C solution and system integrator, having expertise and know-how in System Integration, Professional Services, Managed Services and Data Center Solution. The main focus of the company is on the public sector. Frontal is one of the 6 Cisco Gold Partners in Romania and also VMware partner. the company is also Cisco Learning Partner.
IT Academy	IT Academy carries out its activity on the market for 10 years of training in Romania. The company specializes in self-education Project, Programme, Portfolio, Risk and IT Service Management. IT Academy is accredited to deliver Project Management PRINCE2 courses, Risk Management M_o_R, AGILE Project Management, Portfolio Management MoP, ITIL Service Management, IT Governance COBIT, ISO20000, ISO27000 and OBASH.
Kapsch Romania	Kapsch is a system integrator and supplier of end-to-end telecommunications solutions for fixed and mobile network operators, railway operators, urban transport organizations and companies seeking real-time asset management solutions.
Learning Solution	Learning Solution is a Microsoft partner since 2005, holding Silver Learning competence, in addition to skills such as Server Platform, Midmarket Solution Provider or Volume Licensing. Learning Solution instructors are actively involved in consultancy projects, implementing or developing solutions based on Microsoft technologies. The company is also testing center for Prometric, Pearson VUE and Certiport.
New Horizons	New Horizons Bucharest is an authorized training provider for many industry-recognized software and certification organizations. New Horizons creates solutions that fit individuals, businesses and governments as: career training for

	individuals, business solutions, enterprise solutions, government solutions, room rentals.
Pro Management	Pro Management learning center is forming power-users, CAD specialists, network administrators or database, system engineers, senior programmers, business analysts, software architects and project managers. Pro Management is in business for 18 years. The company is Microsoft Silver Learning Partner. However, Pro Management is also a testing center for Prometric, VUE, Kryterion, Autodesk Authorized Training Center, Dassault Systemes by CENIT-Gold Certified PLM Education Partner.
S&T Romania	S&T Romania was established in 1994 as a subsidiary of S&T System Integration & Technology Distribution AG - Austria. S&T has a broad portfolio of IT services with added value including: consulting, training customer, installation and maintenance, warranty and post-warranty, project management, training and professional support in related areas such as networking and systems operating. Also, S&T Romania is a center that answers the queries for near shoring of IT markets in Europe. The company provides software development, project management and associated consulting services.

Description of any significant dependency of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's income:



**we provided solutions
for 185 customers**



**our customers - the most important
companies on the market**

In the description of the sales structure, the concentration of the turnover and the risk of losing significant customers, we should be aware of:

- The fact that the company does not have contracts with multiple, recurrent deliveries. Our type of product is better suited for "framework contract with punctual orders".
- The recurrence of the customers, the fact that the returning of these clients to buying from Bittnet is the result of combining two factors: our technical capacity of delivering products and services with a high level of specialization and the quality with which we carry out these services.
- Because of these factors, with the passing of time, the relations with our "reseller-type" partners but with other clients as well solidify. Bittnet gaining more and more confidence in the eyes of its partners which in turn translates into bigger projects.

These factors together lead to a concentration of sales to an important number of clients. Even though the company served more than 185 clients in 2015, 5 of these clients make up 45.6% of the turnover. The following table presents the clients with the highest share in the company's turnover within the limits of the confidentiality clauses of the contract. The structure of our clients is dominated by the IT sector. As such, in 2015, 4 of the most important 5 clients for the company operated in the information technology industry.

The main reason is the partnership model that the company implements. Besides direct sale to clients, the company uses a "reseller" partners which contact the client. The company then splits the sales activity but eventually the client comes back to Bittnet for the delivery of the solutions together with hardware delivery, implementation services, maintenance and training services. This leads to the concentration of "final clients" under the "shadow" of a reseller.

Clients with the highest share in the total turnover	2013	2014	2015
New Client for public sector	-	-	11,21%
Resale Partner Integration Services	-	-	11,63%
DIY superstore through sales partner IT	10,8%	5,98%	9,2%
Telecommunications sector client	8,16%	11,33%	7,23%
Datacenter Company	-	-	5,36%
Shared Support Services Company	0,014%	2,1%	4,10%
Automotive Manufacturing Company	-	1,8%	3,9%

1.5. Evaluation of issues related to the company's employees/staff

During 2015 the average number of employees was 9. The following table explains the breakdown of each department at the end of the fiscal years.

Department	2013	2014	2015
Sales	5	4	4
Technical	2	3	2
Marketing	1	2	2
Delivery	1	1	1
Management	Does not receive remuneration	Does not receive remuneration	Does not receive remuneration

The company externalizes a series of activities to independent subcontractors. At the end of 2015 the issuer was cooperating with 24 contractors.

All of the company's employees are higher education graduates. The company's employees are not organized in a union. In the company's history there has never been a conflict between the management and the employees.

It is worth mentioning that the IT industry is defined by a continuous desire to evolve and learn, by a young spirit and proactive professional attitude which our employees also share.

1.6. Evaluation of issues related to the impact of the issuer's main activity on the Environment

Synthetic description of the impact of the issuer's main activity on the environment as well as of any current or anticipated litigation in connection with the breaching of environment protection legislation.

Bitnet's professional activity does not have an impact on the environment. Working in the services sector, our activity focuses on acquiring knowledge and transferring it to our clients be it either through training or through consultancy, design and implementation services.

We are not engaged in any litigation and we do not foresee any litigation regarding the protection of the environment.

1.7. Evaluation of the research and development activity

Expenses during the financial year as well as of those estimated for the next financial year in connection with the research and development activity.

The company is not involved in any research and development activity. The company attains know-how by assimilating the information in the official materials of the IT producer (course materials, product

presentations] and by testing out different scenarios in labs. The company then makes proof of its competencies by obtaining certifications from the IT solutions producers.

The full list of certifications can be found on the company's website at this address: <http://www.bitnetsystems.ro/certifications>.

At the beginning of 2014 we started a process of optimization by implementing new information management systems (CRM and ERP) and a new infrastructure for the website. These systems are not developed by the company but adaptations of existing solutions to the specific needs of the company. The total investment in these systems was of 40.000 euro.

1.8. Evaluation of the company's risk management activity

Description of the company's exposure to price, credit, liquidity and cash flow risks.

The company is exposed to a series of general and specific risks associated with its size and domain of activity.

Price risk

Price risk represents the risk that the price on the specific product or service market, offered by the company, may vary in such a way that existing contracts are no longer profitable.

This risk is consisted of two components: risk of price fluctuation that make up fixed costs for the project and risk of price fluctuation that make up variable costs of the project.

- The company carefully addresses the issue of price fluctuation at the level of variable costs by:
- The company does not operate with inventory, each order to the supplier is based on a firm demand from the client and as such the commercial margin is "locked in".
- The company does not have any contracts with fixed prices for successive deliveries over long periods of time.
- The company does not offer such contracts. In case of a demand for such a contract the company adds a "limit of price variation" clause.

The company carefully addresses the issue of price fluctuation at the level of fixed costs by:

- In the case of work force (employees or subcontractors): the company does not have any long term contracts with successive deliveries and fixed prices with clients and as such can offer at any time depending on needs. We estimate that an increase of costs regarding work force will similarly affect the industry not just the company.
- The leader position on the IT training market allows the company to obtain better prices
- The most important fixed cost is the rent for the bias point at Lulu Maniu 7-II. This contract has a fixed price until January 2017 and the price includes utilities.

Exchange rate risk

An important element of the price risk is the exchange rate risk. The company aims to be neutral to the exchange rate risk. This is addressed by:

- The company does not make "cross currency" offers (offers in a different price either than the one in which it was bought).
- In case of such a demand we include a "variation limit" clause in the contract.

- All the selling prices from the contract are expressed in currency, with the billing in RON at the exchange rate from the date of the delivery.
- The company does not operate with inventory.

Liquidity risk

The liquidity risk is associated with owning immobilized or financial assets. The company's activity does not depend on owning financial and immobilized assets and transforming them into liquidities. The company's assets (equipment) is used in current activity (services). From the total assets the largest part consists of receivables and bank liquid. From this point of view, for the company, more important are the cash flow and credit risks.

Credit risk

The credit risk represents the risk for the company's debtors to not be able to honor their obligations in due date because of financial problems. The company is less exposed to this risk because of the specific nature of its products and services which address companies of a certain size and with a sturdy financial situation.

The company analyzes new customers using specialized tools (specific sites with the capability of analyzing a client's reliability) and has a strict procedure and documentation for orders and delivery of goods and services.

Although, the company has not identified a solution that completely eliminates the credit risk this being one of the most important risks for a company of our size.

Cash flow risk

The cash flow risk is associated with the fact that the company cannot honor its debts in due date.

In the company's activity this has two components which we closely follow:

- The synchronization of due date payments from our clients for a certain project with due date payments to the suppliers for that project. The company's procedures have a 0 priority for this synchronization (the due date for our client to be sooner than the due date to our supplier). This problem picks up on the form of back-to-back clauses when it comes to receiving invoices for subcontracted services or paying sale commissions. Additionally in order to address the issue in which clients with a strong negotiating power require due dates which the suppliers cannot hold, we actively look for solutions like factoring. As an example during 2014 the company had available and accessed 3 different facilities without regress from 3 different financiers.
- The risk of business seniority. Because of the specific nature of the clients which the company addresses (companies which operate on an annual budget, investment plans etc.), in the B2B IT industry segment, we noticed an increase in the volume of business in the fourth quarter. On the other hand the delivery capacity cannot easily be re-dimensioned and as such in case of a less-than-expected fourth quarter there is the risk for the company's profitability to not reach the set goals. Throughout the year this leads to the necessity of financing lines. The company actively seeks the extension of financing from banks in both short and long run. The company takes into account any financing tool for the long run which reduces the risk of cash flow. More so, the company desires to increase the volume of support services for 2015, which bring a constant monthly revenue which in turn reduces the "seasonal" risk.

Risk associated with key individuals

The Company's success depends to a significant degree on its ability to continue to attract, retain and motivate qualified personnel. Bittnet's business relies on highly qualified and adequately compensated engineers, which are limited in number and might receive position offers from competition. The Issuer's failure to manage its personnel needs successfully could have a material adverse effect on the business, financial condition, results of operations or prospects. The Company offers attractive compensation packages and dynamic career paths in order to attract, retain and motivate experienced and promising personnel.

As a proof of the most significant challenge that the industry has met in 2015 lies risk management: migration of staff (so-called "movement of staff" or "agitation") to the opening Western Europe work market, which was accelerated by the fact that IT represents "one world / one market".

Bittnet also faced with this problem - but other companies with whom we have business too. However, two important decisions that we took in 2015 have allowed us to resolve this issue:

1. adding the role of HR in organization and adding a new colleague which has experienced in recruiting IT professionals. The role of HR has two main objectives:
 - a. continue recruiting - identifying new talented professionals to include them in our technical team;
 - b. create and maintain a pleasant working environment, focused on promoting the values of company's corporate culture: competence, performance, integrity, flexibility and fun.
2. listing on the Bucharest Stock Exchange, allowed us to obtain an employer appreciated profile which helped us to differentiate our company as an open and transparent image - an highly appreciated by all new employees in 2015.

We managed to increase the strength of the technical team, both by adding new expertise and talented professionals. This allowed us to start 2016 with many more certifications and qualifications [5 new Cisco Certified Internetwork experts, including 1 double certified CCIE, certified engineers Citrix, Juniper and Checkpoint], as and in terms of training [5 new Cisco Certified Instructors in 2015, two certified Amazon Web Services trainers and 5 in process of accreditation trainers, 2 Microsoft Certified trainers reaching a total of seven trainers certified Microsoft best industry, a trainer of Java, one Citrix certified trainer, senior trainer in the area of programming and an ITIL certified trainer].

This risk continues to be one of the most important 'threatenings' of our company, and consequently, the management will continue to give importance to this aspect. At the Shareholders General Meeting, we intend proposing an incentive share-based plan for key people in order to better align their interests with the long term interests of the company.

Risk associated with significant clients

At the end of 2015 the Company's customer structure was highly concentrated. The main five customers generated 45.60% of revenues, decreasing from previous year (in 2014 main five customers generated 52.10%). The customer structure was dominated by companies from information technology sector (with four out of five largest clients). Moreover, returning customers' share in revenues amounted to 57% for the year 2015 (decreasing from 64.2% in 2014) which was the largest number in the Company's history. Highly concentrated customer structure creates risk associated with potential loss of one of main clients. Loss of a key customer may adversely affect the level of reported revenues and profits. The company is working actively to develop new partnerships to provide a dispersion of this risk - in 2015 can be seen results of these efforts, the concentration is lower, and in our portfolio appeared significant new customers.

Risk associated with the rights to the trademark

The „Bittnet Systems” trademark is owned by a third party related personally to the Company's management (hereinafter also referred to as licensor). In 2010 the Issuer signed an agreement under which the Company can use the trademark by paying a percentage of turnover value generated in a given year.

The agreement was signed for 10-year length period (until 2020) and does not include and terms of notice for dismissal. The agreement contains contractual penalties, according to which for each day of delay in payments there are interest charged equal to 0.1% of payment value.

The aforementioned contractual provisions impose several risk factors on Company's activities. Due to the payment calculation method the increase in revenues will lead to higher value of payments made to the licensor. Moreover increased payments for usage of trademark will lower the impact of operational leverage and profits reported by the Company. In 2015 the company has negotiated new contract terms for the agreement, in order to identified risks to its initial public offering (IPO). New contract terms provide for a minimum period of 6 months for unilateral termination notice from the licensor.

Risk associated with realization of business development plan

The Issuer's strategic objective is to continuously develop relationships with clients. It cannot be excluded that the Issuer will not be able to expand the current client base and that the relationships with existing customers will be deteriorating. There is also risk that the Issuer will not be able to perform other elements of the strategy, that is: the expansion of sales team, launching a new local office in one of the main Romanian cities, strengthening the position of a leader of the IT Training market, expanding the customer base and to provide trainings to more potential customers, development and creation of strategic partnerships with companies of similar or complementary profiles will not be successful. In order to reduce the aforementioned risk the Issuer's Board intends to continue to extend the product and services offer and improve marketing activities.

Risk associated with realization of the financial forecasts

Financial forecasts assume successful implementation of a growth strategy based on existing resources and business units. However, there is risk associated with the realization of the financial forecasts. Forecasts were created with due diligence, however they are subject to many variables. The actual data reported in future periodic may differ from forecasted values as a result of unforeseen factors in the environment of the Company. The Issuer will provide information according to the possibility of realization of financial forecast in each quarterly report.

Risk associated with interest rates

The Company is exposed to the risk of interest rate increase due to the raised credits and loans. Any increase in interest rates will be reflected as an increase of financial costs. The Company regularly monitors the market situation to predict the risk associated with interest rates.

Risk associated with the listing of the Company on the AeRO market – future price per share and transaction liquidity

The price of shares and the liquidity of transactions for companies listed on the AeRO market depend on the number and size of the buy and sell orders placed by investors. There can be no guarantee regarding the future price of shares and their liquidity after the debut on the AeRO market for the Company. There is no guarantee that after an investor has bought shares of the company he can sell them at a satisfying level of price.

Risk associated with direct investment in shares

Shareholders should be aware of the risk associated with direct investment in shares which is greater than the risk associated with public securities or shares in an investment fund, mainly because of the volatility and unpredictable nature of share prices, in both short and long-term.

Risk associated with changing law and tax in Romania

Changes in the Romanian legal or tax systems may affect the economic activity of the Issuer. Changes related to the adjustment of the Romanian legislation to EU regulations may affect the legal environment of business activity of the Issuer and its financial results. Lack of consistent rules and protracted procedure for obtaining administrative decisions may also restrict further development of the Issuer. In order to minimize the risk the Company regularly analyzes the changes in these regulations and their interpretations.

1.9. Estimates of the company's future activity

**STRENGTHENING OUR
LEADERSHIP
POSITION IN IT TRAINING**

**VALUE & DEVELOP
MARKET TRENDS**

**DEVELOPMENT
OF STRATEGIC
PARTNERSHIPS**

The development strategy of the Company for the short and medium term is based on the following pillars:

- **strengthening the position of a leader of the IT Training market** with intention of maintaining the perception of a 'one stop shop' provider of IT training in Romania. The Company plans to continue to aggressively grow training products portfolio and focus on:
 - **deepening the team's knowledge and ability in the areas that are already covered** (being able to deliver more courses of the current vendors):
 - enterprise networks
 - datacenter
 - virtualization
 - security
 - unified communications (telepresence, voice over ip, call management)
 - mobility (vpn, bring your own device)
 - cloud software and services (google apps, microsoft office 365, amazon web services)
 - middleware
 - databases
 - IT Service Management
 - **widening the team's knowledge in additional areas**, either by adding vendors in portfolios across the previously discussed architectures or by adding new technologies and delivery capabilities. In order to remain at the forefront of technological advances the Company

continuously monitors the technology landscape in order to identify trends that might become popular in future.

- **adding new product lines** in the areas of software training and programming languages, software development tailored to the needs of specific customers.
- **adding new delivery options** other than direct face to face classroom training, i.e. virtual remote live training in order to satisfy customers' needs to get training faster, closer to workplace, without having to travel, and with lower general expenses. This would allow the Company to start delivering training outside the borders of Romania having such advantages as: decent level of English, excellent IT knowledge and attractive prices.
- **broadening the portfolio by adding end user trainings**, as opposed to trainings aimed at IT system administrators (in different areas of administration), these trainings don't have a predefined user base, meaning that the potential customer base is much larger. The concept is to cooperate with larger companies offering Microsoft end user trainings (including Visio, Project, office365, etc.) and launching an "IT Security for Users" type of training which falls into the requirements of a large number of the Company's enterprise customers.
- **capitalizing on the wide industry trends** including BYOD (Bring Your Own Device), cloud services, nearshoring (transfer of business and IT processes to companies in a nearby country, as opposed to offshoring to India or China) to Romania. These trends allow the Company to deliver new technology projects to its existing customers, to expand the customer base and to provide trainings to a lot more potential customers that relocate to Romania. Nearshoring of business and IT processes to Romania create a huge opportunity for:
 - providing new companies or their offices with IT infrastructure (desktops, laptops, network infrastructure as: switches, routers, wireless, phones, tablets, servers, security solutions, etc.).
 - providing new companies or their offices with the implementation services and the support and maintenance services for their IT infrastructure.
 - providing new companies with IT user training.
 - providing new companies with continuous IT administration training for their employees in IT support roles.
- **continuous development and creation of strategic partnerships** with companies of similar or complementary profiles, which open a potential 'reseller channel' and enable each party to provide supplementary services to their customers.

The above description is a general framework for development, nevertheless the Company strives to remain flexible and its priority is to adapt to changing market conditions and reality.

The general approach of management is the strategy of accelerated growth in turnover. We work in a knowledge domain, which requires a large team and experienced professionals both in sales, operations and technical department. This business model results in a high fixed cost structure. On the other hand, once the company exceeds the gross margin generated by fixed costs, profit margin generated automatically becomes later. For this reason, the company aims to continue the pattern of "accelerated growth". In 2015 compared with 2014, a 35% increase in revenues (the same percentage gross margin compared to 2014) brought a much faster increase in gross profit, as expected.

II. The company's tangible assets

2.1. The location and main features of the production equipment owned by the company

The specific nature of the company's activity does not assume owning significant corporal assets. The owns calculus technique (laptops, servers, mobile phones) office furniture, multifunctional printers and network equipment organized as course labs and demonstration labs for technical solutions.

The majority of these assets were acquired with a irredeemable fund from Regio, code SMIS project 18446. This equipment can be found at Luliu Maniu 7-II boulevard, first floor, district 6, Bucharest.

2.2. Description and analysis of the extent of the company's property wear-and-tear

The IT equipment owned by the company has physical depreciation specific to an office - little. From the point of view of moral depreciation, due to the fact that at the time of acquisition they represented technologies "for the future" and because of the judicial use of virtualization technology, Bittnet has one of the best equipped training centers. This statement is confirmed by the fact that we rent equipped training rooms and IT infrastructure to companies from the IT industry for their internal trainings or to partners for resale.

2.3. Potential issues related to ownership rights over the company's tangible assets

In accordance with the irredeemable funding contract Regio through which the IT equipment was bought, these cannot be sold, rented or be offered as warranty in the purpose of obtaining credits until the 31 of March 2017.

III. The market for the securities issued by the company

FIRST IT COMPANY
LISTED AT THE BUCHAREST
STOCK EXCHANGE

SYMBOL: BNET

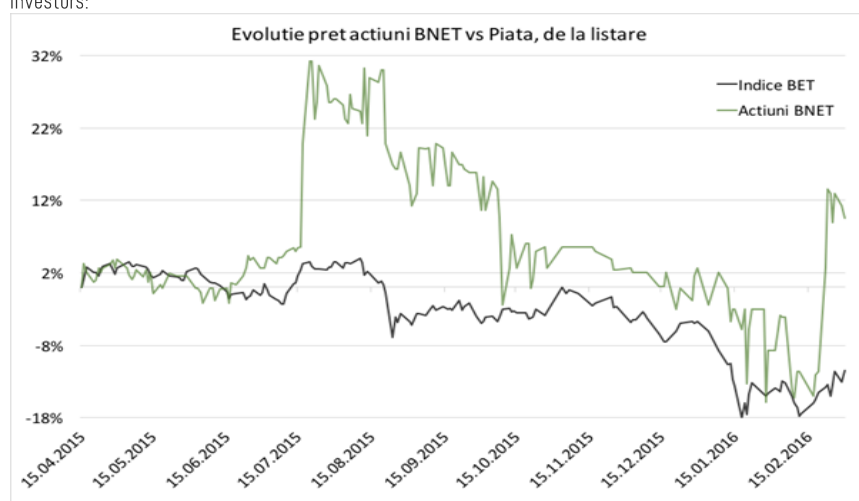


INCREASE OF 31%
FROM IPO TO MARCH 2016

3.1. The markets in Romania and in other countries where the securities issued by the company are traded.

Securities issued by the company are transactioned at the Bucharest Stock Exchange on the AeRO - ATS market, symbol BNET. ISIN code ROBNETACNOR1.

Between April 15, 2015 [listing date] and February 29, 2016, the BNET shares were traded a total of 182 sessions, in which a total of 7.6% of the company's shares have changed shareholders. The stock market followed the general trend, however reacting to certain reports with information considered relevant by investors:



3.2. Description of the company's dividend policy. Mention of the dividends owed/paid/accrued within the last 3 years and, if necessary, the reasons for a possible reduction in dividends during the last 3 years

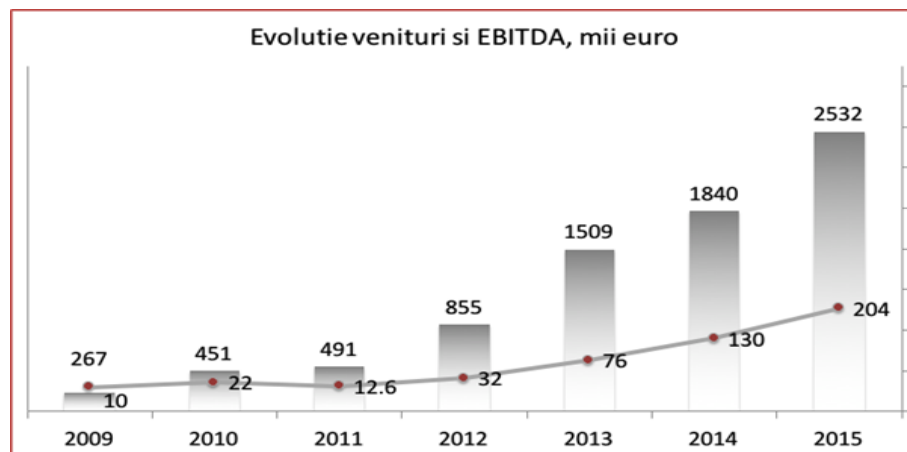
The General Meeting of Shareholders annually adopts the decision regarding the allocation of profits. However, it is the company's intention to not pay dividends for the following two financial years (from the profits of 2015 and 2016).

Bittnet operates in a very dynamic industry - Information Technology. Until now we managed to attain significantly growing rates of profitability from both an EBITDA point of view as well as net profit.

However, the current size of the company together with the trend of consolidation present in all industries in the economy give us the feeling that "the only way to go is up". As such we intend to continue to invest all our resources into building up the company.

On the other hand, from the point of view of the shareholders, this policy of complete reinvestment of profits means a "no-dividend" policy. We intend to propose to the shareholders that we continue this investment policy for as long as prospects of growth for the company are greater than those of the general market. In the long run and in general the value generated by the company will reflect in the company's value itself - share price. The management feels that it can keep an above-the-market rate of growth for a significant period of time. Our current operational capacity is of the nature that we can extract profits by accelerating the turnover growth. This is the management's intention: to continue the turnover growth in similar conditions of profitability expressed in gross margin. As such the company will generate more money that can sustain a general fixed structure of costs, in essence the "gross additional margin" contributing almost fully to the gross profit of the company.

Financial results in 2015 confirm this strategy - with an increase of only 37% of revenue, EBITDA grew by 64%, and gross profit almost doubled (even adjusted the income from selling shares in the listing process - correction is not entirely correct).



Specification of dividends due / paid / accrued in the last three years and, if applicable, the reasons for the possible reduction of dividends during the last three years.

Between 2011-2014 the company decided not to distribute dividends. In March 2015, in process of becoming a public company, Bittnet decided to use reserves from 2007-2011 profits as follows: RON 89.000 to increase

capital and RON 40.234 dividends due to shareholders. The amount of 40.234 lei was allocated for payment only, not actually disbursed.

3.3. Description of any activity involving the company's purchasing its own shares.

During 2014 and 2015, following the desire to be listed at the Bucharest Stock Exchange, the company increased its share capital with money from undistributed profits for the period 2007-2014. The shareholders made no restraining regarding the resulted shares, allowing the company to use them in order to receive capital infusion by placing the shares to new investors.

In 2014 and 2015 the Company acquired its own shares (treasury shares). The treasury shares were acquired as follows:

- 333.330 treasury shares on the basis of the resolution no. 2 of General Meeting of Shareholders conveyed on November 18th, 2014. The shares were paid out of profits available for distribution.
- 117.109 treasury shares on the basis of the resolution no. 2 of General Meeting of Shareholders conveyed on February 25th, 2015. The shares were paid out of profits available for distribution.

On March 9th, 2015 the Company signed a sales-purchase contract with Carpathia Capital S.A. headquartered in Poznań, Poland. According to the contract the Company sold 450 439 treasury shares, having a nominal value of RON 0.10 each and a total value of RON 45 043.90 representing 10% of Bittnet Systems share capital and 10% of total number of votes at the General Shareholder Meeting. The sales price for 450 439 treasury shares amounted to the total value of EUR 150 000. The Company will spend the capital raised on expansion of sales team and intensification of marketing activities.

3.4. Where the company owns branches, mention of the number and the nominal value of the shares issued by the parent company and held by the branches

The company does not have any subsidiaries.

3.5. Where the company has issued bonds and/or other debt securities, presentation of the way in which the company fulfils its obligations towards the holders of such securities

The company did not float any bonds. At the end of 2015 the company had the following bank credits:

- Credit at ProCredit Bank, for RON 350.000 with due date August 2017, with reimbursement in monthly rates

- Credit at Raiffeisen Bank, for RON 350.000 with due date November 2017, with reimbursement in monthly rates
- Credit at Banca Transilvania, for RON 50.000, with due date February 2019, with reimbursement in monthly rates
- Credit line at Banca Transilvania, RON 1.000.000, revolving, without reimbursement until maturity: December 2017
- Credit line NexteBank, 1.200.000 RON, revolving, reimbursement until maturity: June 2016
- Financing ceiling for acquisitions in projects involving the supply of commodities RON 1.000.000, NexteBank. Withdrawals from this loan product can only be made based on firm order from the customer and with advance invoice from the vendor. During 2016 this limit will increase to RON 2.000.000 and will turn into 'revolving'.

IV. Company administration

4.1. Presentation of the company's administrators and the following information for each administrator:

- a) CV (family name, first name, age, skills, professional expertise, position and length of employment;
- b) any agreement, understanding or family connection between the respective administrator and another person who is responsible for appointing him/her administrator;
- c) the administrator's equity participation in the company's capital;
- d) the list of related parties to the company.

4.2. Submission of the list of the company's executive management members. For each member the following information shall be included:

- a) terms of office for the person who is member of the executive management;
- b) any agreement, understanding or family connection between that person and another person who is responsible for appointing him/her member of the executive management;
- c) equity participation of that person in the company's capital.

4.3. For all the persons referred to in items 4.1. and 4.2, it shall be mentioned the possible litigation or administrative proceedings in which they have been involved in the last 5 years, referred to their activity within issuer, as well as those related to the capacity of that person to fulfil the attributions within the issuer

The company's administrator is Mihai Logofatu - founder of the company. The administrator's mandate has a duration of 4 years beginning with March 2015 until March 2019.

The operational management of Bittnet is represented by the two founders: Mihai Logofatu - CEO and Cristian Logofatu - CFO. Mihai and Cristian Logofatu are brothers.

Beginning with 2012, after the capital infusion from Razvan Capatana, Bittnet has put together a consultative Board, composed of people with good reputation and vast experience in the business world: Sergiu NEGUT, Andrei PITIS si Dan STEFAN. Starting 2015, Dan BERTEANU joined the Advisory Board of Bittnet.

The Board meets at least 4 times a year, when the members are presented internal management reports and the board members offer advice and guidance to the company management.

The experience of the board members has proved to be an invaluable resource and a strong support in developing the company for the past 3 years and Bittnet continues to rely on their help.

Mihai Logofatu – CEO & Founder

LinkedIn Profile

- <https://www.linkedin.com/Mihai>

Education:

- 2012 PhD in Management from the University of Craiova
- 2009 Master degree in Computer Science – University of Bucharest
- 2007 Bachelor degree in Management – Academy of Economic Studies – Bucharest

Professional experience:

- 2007 – Present Bittnet Systems, CEO, Owner
- 2003 – Present Academia Credis Bucuresti, Manager
- 2001 – 2003 Academia Cisco a Universitatii din Bucuresti, Instructor

Percent of shares held in the Company

Mihai holds 1,456,113 shares which account for 32.33% of share capital and 32.33% of votes.

Additional Regulatory Disclosure Info

- Mihai is currently also performing professionally as Business Development Consultant for the Credis NGO
- Within the last three years the Mihai was not a member of managing or supervisory board or a partner in a commercial law companies and partnerships.
- Within the last five years Mihai has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which Mihai was a member of managing or supervisory bodies.
- Mihai does not perform activities competitive to the activities of the issuer.

Cristian Logofătu – CFO & Founder

LinkedIn Profile

lnkdin.me/cristian

Education:

- 2006 Master degree in Computer Science – University of Bucharest
- 2003 Bachelor degree in Finance – Academy of Economic Studies – Bucharest

Professional experience:

- 2007 – Present Bittnet Systems, CFO, Owner
- 2003 – 2007 University of Bucharest – ODL Department, Economist
- 1999 – 2002 University of Bucharest – ODL Department, WebDesigner

Percent of shares held in the Company

Cristian holds 1,456,113 shares which account for 32.33% of share capital and 32.33% of votes.

Additional Regulatory Disclosure Info

- Cristian is currently also performing professionally as Executive Director for the Credis NGO
- Within the last three years the Cristian was not a member of managing or supervisory board or a partner in a commercial law companies and partnerships.
- Within the last five years Cristian has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which Cristian was a member of managing or supervisory bodies.
- Cristian does not perform activities competitive to the activities of the issuer.

Sergiu Negut – Member of Advisory Board

LinkedIn Profile

ro.linkedin.com/in/sergiu/ro

Education:

- 1990 – 1995 Universitatea "Politehnica" din Bucuresti, Master of Science, Computer Science
- 1992-1995 Academia de Studii Economice din Bucuresti, Bachelor degree, International Business Administration
- 2003-2003 INSEAD, Master of Business and Administration
- 2010-2010 Harvard Business School, Executive Course, Leading High Performance Healthcare Organizations

Professional experience:

- 2013 – Present Maastricht School of Management Romania, Associated Dean of Entrepreneurial Growth
- 2014 – Present Mindit Consulting, Partner
- 2012 – Present SVP Consult, Owner
- 2013 – Present 2Parale, Associate Partner
- 2011 – Present frufu, Associate Partner
- 2012 – 2014 Wanted Transformation Consultancy, Transformation Partner
- 2006 – 2011 REGINA MARIA, The Private Healthcare Network, Deputy CEO & Board Member
- 2005 – 2005 Amgen GmbH, Project Manager Business Development
- 2004 – 2005 Amgen CEE, Project Manager CEE
- 1998 – 2000 Windmill International, Country Manager
- 1994 – 1998 Windmill International, Steel Trader

Percent of shares held in the Company

Sergiu holds 36 486 number of the Company's shares which account for 0.81% in share capital and 0.81% of total number of votes.

Additional Regulatory Disclosure Info:

- Sergiu is currently Associate Dean in Maastricht School of Business.
- Currently Active partner in: SVP Consult, Intermedicas Worldwide SRL, Hart Human Resource Consulting SRL, 2 parale afilieri SRL, Mondo di pasta SRL, MINDIT Consulting SRL, Mindit Software

SRL, Instore Media Retail SRL, Spark Education SRL. Previously active in: Wanted Transformation Consultancy

- Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.
- Sergiu does not perform activities competitive to the activities of the issuer.

Andrei Pitis – Member of Advisory Board

Profil LinkedIn

ro.linkedin.com/in/andreipitis

Education:

- 1995 – 1996 Master degree in Computer Science, Universitatea "Politehnica" din Bucuresti

Professional Experience:

- 1995 – Present University Politehnica of Bucharest, Associate Professor
- 2005 – 2010 IXIA, Senior Director
- 2013 – Present Vector Watch, Founder & CTO
- 2012 – Present ANIS, President
- 2011 – Present Clevertaxi, Board Member

Percent of shares held in the Company

Andrei holds 36 486 number of the Company's shares which account for 0.81% in share capital and 0.81% of total number of votes.

Additional Regulatory Disclosure Info

- Member of the following NGOs: President of ANIS – the national association of software producers. Member of TechAngels and Member of Innovation Labs.
- Currently Active partner in: Vector Watch, Clever Taxi and TechMind (Simple Systems). Previously active in: I-rewind.
- Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies
- Andrei does not perform activities competitive to the activities of the issuer.

Dan Stefan – Member of Advisory Board

LinkedIn Profile

[dz.linkedin.com/in/danstefan](https://www.linkedin.com/in/danstefan)

Education:

- 2001 – 2002 Master's Degree, International Business, University of Paris
- 2000 – 2001 Master's Degree, International Economics, Universite d'Orleans
- 1997 – 2001 Bachelor's Degree, International Trade, Academia de Studii Economice din Bucuresti

Professional experience:

- 2006 – Present Autonom Rent a Car, Executive Director and Owner
- 2007 – Present Autonom Lease, General Manager and Owner
- 2002 – 2006 IAC, Purchasing Consultant

Percent of shares held in the Company

Dan holds 36 486 number of the Company's shares which account for 0.81% in share capital and 0.81% of total number of votes.

Additional Regulatory Disclosure Info

- Dan does not perform any activities outside the Issuer which are significant for the Issuer.
- Currently Active partner in Autonom Rent a Car and Autonom Lease.
- Within the last five years indicated person has not been prohibited by the court to act as a member of managing or supervisory bodies in commercial law companies and partnerships.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.
- Dan does not perform activities competitive to the activities of the issuer.

Dan Berteanu – Member of Advisory Board

LinkedIn Profile

<https://www.linkedin.com/in/danberteanu>

Education:

- 1990 – 1995 Master of Science Bio-Informatics, Politehnic University of Bucharest
- 2000 – 2015 multiple international certifications in Adult Education, Return on Investment, Project Management, Coaching and Gamification

Professional experience:

- October 2014 - present Equatorial - Managing Partner Equatorial
- January 2009 - October 2014 United Business Development - Partner
- September 2002 - December 2008 AchieveGlobal Romania – General Manager
- November 1997 - August 2002 NCH Corporation - Regional Sales Manager
- June 1996 - November 1997 RomWest EURO – Area Sales Manager

Percent of shares held in the Company

Currently Dan doesn't own shares at Issuer.

Additional Regulatory Disclosure Info

- Visiting Professor at the Polytechnic University
- Currently active partner in: United Business Dynamics Ltd, Equatorial Equatorial SRL and Gaming Training SRL
- Within the last five years the person was not prohibited from being a member of the board or supervisory board in a company or a partnership.
- Within the last five years there have been no cases of bankruptcy, compulsory administration or liquidation for entities in which the person was a member of managing or supervisory bodies.
- Dan performs activities that are not in competition with the issuer's activities.

V. Financial and accounting statements

Presentation of an analysis of the current economic and financial position in comparison with the previous 3 years, with reference to at least:

- a) balance sheet items: assets accounting for at least 10% of total assets; cash and other liquidities; reinvested profits; total current assets; total current liabilities;
- b) profit and loss account: net sales; gross income; cost and expenditure items accounting for at least 20% of net sales or gross income; risk and various expenses provisions; reference to any sale or interruption of an activity segment during the last year or estimated for the next year; dividends paid;
- c) cash flow: all the changes occurred in the cash flow generated by the company's main activity, by investments or financial activities, the cash flow at the beginning and at the end of the period.

BILANȚ					
DESCRIERE	RÂND	31 DECEMBRIE 2012	31 DECEMBRIE 2013	31 DECEMBRIE 2014	31 DECEMBRIE 2015
		RON	RON	RON	RON
A. ACTIVE IMOBILIZATE					
I. IMOBILIZĂRI NECORPORALE	1	9.245	0	98.493	147.682
II. IMOBILIZĂRI CORPORALE	2	174.491	323.318	179.073	58.742
III. IMOBILIZĂRI FINANCIARE	3	18.873	40.551	92.923	90.902
ACTIVE IMOBILIZATE - TOTAL	4	202.609	363.869	370.489	297.326

B. ACTIVE CIRCULANTE					
I. STOCURI	5	3.388	15.984	995.189	132.610
II. CREANȚE [Sumele care urmează să fie încasate după o perioadă mai mare de un an trebuie prezentate separat pentru fiecare element.]	6	2.135.222	4.022.250	3.249.575	4.815.606
III. INVESTIȚII PE TERMEN SCURT	7	0			
IV. CASA ȘI CONTURI LA BĂNCI	8	604.032	20.663	812.944	3.007.788
ACTIVE CIRCULANTE - TOTAL	9	2.742.642	4.058.897	5.057.708	7.956.004

C. CHELTUIELI ÎN AVANS	10	77.810	87.789	68.672	94.669
D. DATORII: SUMELE CARE TREBUIE PLĂTITE ÎNTR-O PERIOADĂ DE PÂNĂ LA UN AN	11	1.779.645	3.261.941	3.557.154	5.623.092
E. ACTIVE CIRCULANTE NETE/DATORII CURENTE NETE	12	1.040.807	882.028	1.567.397	2.421.826

F. TOTAL ACTIVE MINUS DATORII CURENTE	13	1.243.416	1.245.897	1.937.886	2.719.152
G. DATORII: SUMELE CARE TREBUIE PLĂTITE ÎNTR-O PERIOADĂ MAI MARE DE UN AN	14	0	0	657.788	499.858
H. PROVIZIOANE	15	0	0		

I. VENITURI ÎN AVANS	16	751.101	587.021	417.184	305.269
1. Subvenții pentru investiții	17	751.101	584.304	415.355	299.514
2. Venituri înregistrate în avans	18	0	2.717	1.829	5.755
Sume de reluat într-o perioadă de până la un an	19	0	2.717	1.829	5.755
Sume de reluat într-o perioadă mai mare de un an	20	0			
3. Venituri în avans aferente activelor primite prin transfer de la clienți	21	0			
Fondul comercial negativ	22	0			

J. CAPITAL ȘI REZERVE					
I. CAPITAL	23	300.000	300.000	333.333	450.438
1. Capital subscris vărsat	24	300.000	300.000	333.333	450.438
2. Capital subscris nevărsat	25	0			
3. Patrimoniul regiei	26	0			
4. Patrimoniul institutelor naționale de cercetare-dezvoltare	27	0			

II. PRIME DE CAPITAL	28	1.250	1.250	1.250	1.250
III. REZERVE DIN REEVALUARE	29	0			

IV. REZERVE	30	31.212	41.784	60.359	61.073
Acțiuni proprii	31	0		33.333	
Câștiguri legate de instrumentele de capitaluri proprii	32	0			
Pierderi legate de instrumentele de capitaluri proprii	33	0			

V. PROFITUL SAU PIERDEREA REPORTATĂ					
SOLD C	34	111.108	159.853	309.066	392.026
SOLD D	35	0			0

VI. PROFITUL SAU PIERDEREA EXERCIȚIULUI FINANCIAR					
SOLD C	36	52.075	169.278	212.643	1.033.833
SOLD D	37	0		0	0
Repartizarea profitului	38	3.330	10.572	18.575	18.840
CAPITALURI PROPRII - TOTAL	39	492.315	661.593	864.743	1.919.780
Patrimoniul public	40	0			
CAPITALURI - TOTAL	41	492.315	661.593	864.743	1.919.780

CONTUL DE PROFIT ȘI PIERDERE					
DESCRIERE	RÂND	31 DECEMBRIE 2012	31 DECEMBRIE 2013	31 DECEMBRIE 2014	31 DECEMBRIE 2015

		RON	RON	RON	RON
I. Cifra de afaceri neta	1	3.811.893	6.666.337	8.179.532	9.992.994
Producția vândută	2	1.855.334	2.311.434	3.256.157	4.370.986
Venituri din vânzarea mărfurilor	3	1.956.559	4.383.588	4.923.375	5.621.974
Reduceri comerciale acordate	4	0	28.685		
Venituri din dobanzi înregistrate de entitățile radiate din Registrul general și care mai au în derulare contracte de leasing	5	0			
Venituri din subvenții de exploatare aferente cifrei de afaceri nete	6	0			34

2. Venituri aferente costului producției în curs de execuție					
Sold C	7	0			71.913
Sold D	8	0			0

3. Producția realizată de entitate pentru scopurile sale proprii și capitalizată	9	0			
4. Alte venituri din exploatare	10	76.431	152.102	154.354	492.263
- din care, venituri din fondul comercial negativ	11	0			
VENITURI DIN EXPLOATARE – TOTAL	12	3.888.324	6.818.439	8.333.886	10.557.170

5. a) Cheltuieli cu materiile prime și materialele consumabile	13	98.798	161.601	190.804	400.784
Alte cheltuieli materiale	14	74.291	95.329	77.022	145.942
b) Alte cheltuieli externe (cu energie și apă)	15	0		615	
c) Cheltuieli privind marfurile	16	1.712.033	3.690.347	4.459.307	5.149.093

Reduceri comerciale primite	17		3.872	18.462	489
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6. Cheltuieli cu personalul	18	365.697	433.489	436.073	574.947
a) Salarii si indemnizatii	19	286.182	342.431	345.724	468.355
b) Cheltuieli cu asigurarile si protectia sociala	20	79.515	91.058	90.349	106.592

7.a) Ajustari de valoare privind imobilizarile corporale si necorporale	21	107.050	164.182	169.327	153.268
a.1) Cheltuieli	22	107.050	164.182	169.327	153.268
a.2) Venituri	23	0			
b) Ajustari de valoare privind activele circulante	24	19.949			1.573
b.1) Cheltuieli	25	19.949			1.573
b.2) Venituri	26	0			

8. Alte cheltuieli de exploatare	27	1.383.813	1.935.818	2.646.005	3.389.695
8.1. Cheltuieli privind prestatiile externe	28	1.382.157	1.933.551	2.635.894	3.354.710
8.2. Cheltuieli cu alte impozite, taxe si varsaminte asimilate	29	0	26	80	3.621
8.3. Alte cheltuieli	30	1.656	2.241	10.031	31.364
Cheltuieli cu dobanzile de refinantare inregistrate de entitatile radiate din Registrul general și care mai au în derulare contracte de leasing	31	0			
Ajustari privind provizioanele	32	0			
Cheltuieli	33	0			
Venituri	34	0			

CHELTUIELI DE EXPLOATARE – TOTAL	35	3.761.631	6.476.894	7.960.691	9.814.813
PROFITUL SAU PIERDEREA DIN EXPLOATARE:					
- Profit	36	126.693	341.545	373.195	742.357
- Pierdere	37	0	0	0	0

9. Venituri din interese de participare	38	0			
- din care, veniturile obtinute de la entitatile afiliate	39	0			
10. Venituri din alte investitii si imprumuturi care fac parte din activele imobilizate	40	0			
- din care, veniturile obtinute de la entitatile afiliate	41	0			
11. Venituri din dobanzi	42	20	958	309	2.280
- din care, veniturile obtinute de la entitatile afiliate	43	0			
Alte venituri financiare	44	39.254	35.915	39.544	710.403
VENITURI FINANCIARE – TOTAL	45	39.274	36.873	39.853	712.683

12. Ajustari de valoare privind imobiliarile financiare si investitiile financiare detinute ca active circulante	46	0			
- Cheltuieli	47	0			
- Venituri	48	0			

13. Cheltuieli privind dobanzile	49	56.879	102.371	118.990	172.908
- din care, cheltuielile in relatia cu entitatile afiliate	50	0			

Alte cheltuieli financiare	51	42.476	64.600	24.946	60.664
CHELTUIELI FINANCIARE – TOTAL	52	99.355	166.971	143.936	233.572
PROFITUL SAU PIERDEREA FINANCIARA:					
- Profit	53	0	0	0	479.111
- Pierdere	54	60.081	130.098	104.083	0

14. PROFITUL SAU PIERDEREA CURENTA:					
- Profit	55	66.612	211.447	269.112	1.221.468
- Pierdere	56	0	0	0	0

15. Venituri extraordinare	57	0			
16. Cheltuieli extraordinare	58	0			
17. PROFITUL SAU PIERDEREA DIN ACTIVITATEA EXTRAORDINARA:					
- Profit	59	0	0	0	
- Pierdere	60	0	0	0	
VENITURI TOTALE	61	3.927.598	6.855.312	8.373.739	11.269.853
CHELTUIELI TOTALE	62	3.860.986	6.643.865	8.104.627	10.048.385
PROFITUL SAU PIERDEREA BRUTA:					
- Profit	63	66.612	211.447	269.112	1.221.468
- Pierdere	64	0	0	0	0

18. Impozitul pe profit	65	14.537	42.169	56.469	187.635
19. Alte impozite ne reprezentate la elementele de mai sus	66	0			

20. PROFITUL SAU PIERDEREA NETA A EXERCITIULUI FINANCIAR:					
- Profit	67	52.075	169.278	212.643	1.033.833
- Pierdere	68	0	0	0	0

SITUAȚIA FLUXURILOR DE TREZORERIE					
DESCRIERE	RÂND	31 DECEMBRIE 2012	31 DECEMBRIE 2013	31 DECEMBRIE 2014	31 DECEMBRIE 2015
		RON	RON	RON	RON
+ Profit sau pierdere	1	52.075	169.278	212.643	1.033.833
+ Amortizări și provizioane	2	107.051	164.182	169.327	153.268
- Variația stocurilor [-/+]	3	+ 3.043	+ 15.596	+ 979.205	- 862.579
- Variația creanțelor [-/+]	4	+ 723.754	+ 1.887.028	- 772.675	+ 1.566.031
+ Variația datoriilor comerciale [-/+]	5	+ 1.065.984	+ 1.275.918	- 318.131	- 241.628
+ Variația altor datorii [-/+]	6	+ 50.879	- 37.424	+ 536.358	+ 229.333

+= Flux de numerar din activitatea de exploatare	7	+ 549.191	- 327.670	+ 393.667	+471.354
- Investiții efectuate - total, din care:	8	247.840	325.442	206.735	119.031

+= Flux de numerar din activitatea de investiții	9	- 247.840	- 325.442	- 206.735	- 119.031
+ Variația sumelor datorate instituțiilor de credit [=]-total, din	10				
+ Credite pe termen scurt sub un an]	11	+ 126.429		+ 734.774	+2.162.961

+ Credite pe termen mediu și lung	12	-		0	-242.658
+ Flux de numerar din activitatea de financiara	13	+ 126.429		+ 734.774	+ 1.920.303
- Variația altor elemente de activ [-/+]	14	- 5.378	+ 9.979	- 49.905	- 12.929
+ Variația altor elemente de pasiv [-/+]	15	+ 106.687	+ 7.922	- 179.330	- 90.711
+ Flux de numerar din alte activități	16	+ 112.065	+ 69.743	- 129.425	- 77.782
+ Disponibilități bănești la începutul perioadei	17	64.187	604.032	20.663	812.944
+ Flux de numerar net	18	+ 539.845	- 583.369	+ 792.281	+2.194.844
+ Disponibilități bănești la sfârșitul perioadei	19	604.032	20.663	812.944	3.007.788

VI. Signatures

The report shall be signed by the representative authorized by the Board of Directors, by the manager/CEO and by the company's chief accountant.

Where the company owns branches the information shown in the annual report shall be presented both in connection with each of the branches and in connection with the company as a whole.

The annual report shall be accompanied by copies of the following documents:

- a) the company's documents of incorporation, if they have been altered during the year for which the report has been drawn up;
- b) important contracts concluded by the company during the year for which the report has been drawn up;
- c) resignation/dismissal papers, if any, involving administration and executive management members, financial revisers;
- d) list of the company's branches and companies controlled;
- e) list of the company's related parties.

VII. Auditors report

The auditors report will be found in the attachment file.

VIII. Corporate Governance Principles

Board of Directors Responsibilities		
	Section A - mandatory provision	Section B - fulfillment model
A.	The role of the Board of Directors (Board) must be clearly defined and based on articles of association of the Company, in the internal regulations and / or other similar documents.	The incorporation paper of the company clearly states the duties of the administrator. The Company is managed by a single administrator, not a Board of Directors.
A.1.	The company should have an internal regulation of the Board which includes terms of reference for the Board and the key management functions of the company. The conflict of interests at the Board level should also be presented in the Board's regulation.	The Company is not managed by the Board but by the sole administrator. Both in the chapter Company Management from the Annual Report and on the Company's website, in the area of CV's can be found details of all interests the administrator has.
A.2.	A Board member's other professional commitments, including executive and non-executive Board positions in companies (excluding the company's subsidiaries) and non-profit institutions, should be disclosed to the Board before appointment and during his/her mandate.	Both in the chapter of Company Management (in the Annual Report) and on the company's website, (in the area of 'CV' s) detailing all interests of the administrator. The interests are detailed (in Annual Report and on the website) and applied for all members of the Advisory Board.
A.3.	Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly shares representing not less than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Both in the chapter of Company Management (in the Annual Report) and on the company's website, (in the area of 'CV' s) detailing all interests of the administrator. The interests are detailed (in Annual Report and on the website) and applied for all members of the Advisory Board.
A.4.	The annual report should inform on whether an evaluation of the Board has taken place under the leadership of the chairman. It should also	Not applied - The Company is managed by a single administrator.

	include the number of the meetings of the Board.	
A.5.	The procedure regarding the cooperation with the Authorized Consultant for the period in which this cooperation is imposed by the Bucharest Stock Exchange, will contain at least the following:	Cooperation procedure include all the elements required by Authorized Consultant.
A.5.1.	The contact person with the Authorized Consultant:	Cooperation procedure include all the elements required by Authorized Consultant.
A.5.2.	Frequent meetings with the Authorized Consultant [which will be at least once a month or whenever events or new information involves transmitting current reports], so still Authorized Consultant can be consulted:	Cooperation procedure include all the elements required by Authorized Consultant.
A.5.3.	The obligation to inform the Authorized Consultant with all reports and any information that reasonably require to fulfill his responsibilities:	Cooperation procedure include all the elements required by Authorized Consultant.
A.5.4.	The obligation to inform Bucharest Stock Exchange regarding any disfunctions in cooperation with Authorized Consultant, or changing of the Authorized Consultant.	Cooperation procedure include all the elements required by Authorized Consultant.
Section B - Internal Control System		
B.1.	The Board should adopt a policy ensuring that any transaction of the company with any of its subsidiaries that is equal to or more than 5% of the net assets of the company as stated in the latest financial report should be approved by the Board.	The Company has no subsidiaries. During 2015 the company has not signed contracts or transactions with subsidiaries.
B.2.	The internal audit should be carried out by a separate structural division (internal audit department) within the company or through retaining an independent third-party entity which should report to the Board, while within the company, it should report directly to the CEO.	The internal audit is conducted by the CFO, and the company's independent audit by the external auditor.
Section C - Fair rewards and motivation		

C.1.	The company should publish in its annual report a remuneration report including the total revenues for the Board members and the CEO for the past financial year and the total value of any bonus payments or other variable compensations and also the key assumptions and guidelines for calculating the above revenues.	The Company is managed by a single administrator, not a Board of Directors. During 2015, the Administrator has not been paid. The company will propose to the General Shareholders Meeting financial compensation for the Administrator starting 2016.
Section D - Building value through Investors Relations		
D.1.	In addition to information required by legal provisions, the corporate website should have a dedicated Investors Relation section, both in Romanian and English, with all relevant information of interest for investors, including:	All the Company's reports are made available both in Romanian and English
D.1.1.	Principal corporate regulations, in particular the articles of association and internal regulations of its governing bodies	The document can be found on the website
D.1.2.	Professional CVs of the members of its governing bodies	The CVs are published on the website
D.1.3.	Current reports and also periodic reports	All reports can be found on the website after they are published on Bucharest Stock Exchange.
D.1.4.	Information related to general meetings of shareholders: agenda and the materials sustaining the agenda of the meeting; the resolutions of the general meetings	Information about General Meeting of Shareholders will be available on the website
D.1.5.	Information on corporate events, such as payment of the dividends, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations	Information will be available on the website when necessary
D.1.6.	Other extraordinary information that should to be provided: the break down/ change/ start of cooperation with an Authorized Adviser (AA); the signing/ renewal/ termination of agreement with a Market Maker.	Information will be available on the website when necessary
D.1.7.	The company should have an investors relations function (IR), and will include on the IR section of the company's website the name and contact data of a person who should be able to provide knowledgeable information on request.	Information are published on the website

D.2.	A company should have adopted a dividend policy of the company, as a set of directions related to the distribution of net profit that the company declares to follow. The dividend policy principles should be published on the corporate website.	Information are published on the website and in the Annual Report
D.3.	A company should have adopted a policy with respect to forecasts, whether it would be distributed or not. Forecast means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called, assumptions). The policy should provide for the frequency, the period envisaged and content of forecasts. Forecasts, if published, may only be part of annual, half-yearly or quarterly reports. The forecast policy should be published on the corporate website.	The policy has been published on the website. The Company aims to provide annual financial forecast upon condition of feasible planning terms. The financial forecast will be published once a year in the annual report and on the corporate website and will include both revenues and operational and gross / net profit data.
D.4.	A company should set the date and place of a general meeting so as to enable the participation of the highest possible number of shareholders.	The Company will organise the General Meeting of Shareholders at the company's headquarters, during working days
D.5.	The financial reports should include information in both Romanian and English as regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators.	All Comapany's financial reports are published in both Romanian and English
D.6.	The company should organize at least one meeting/conference call with analysts and investors each year. The information presented on these occasions should be published in the IR section of the website of the company at the time of the meeting/conference call.	The Company organized a meeting with analysts / investors, on February 23, 2016 at 10.30 AM, at the Bucharest Stock Exchange, 14th floor - Aquariu Room. The videocall of the meeting can be found on the website.

Commented [1]: let us please improve this point