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SecondFloor Holding B.V.

Annual report
for the year 2013





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REPORT OF THE AUDITORS



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The board of directors
SecondFloor Holding B V
Beechavenue 180
1119 PS SCHIPHOL-RIJK

Schiphol-Rijk, May 5, 2014

Dear Sirs,

Please find enclosed the annual report for the year 2013 of your company

1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have audited the 2013 financial statements of SecondFloor Holding B V , Haarlemmermeer. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

These financial statements are included, together with the management boards report and the other information, in the 2013 annual accounts attached to this report.

2 GENERAL

2.1 Appropriation of result for the financial year 2012

The general meeting approved the result for the year 2012. The profit for the year 2012 amounting to € 364,694 was added to the other reserves.

Tel +31(0)20 653 18 12 | Fax +31(0)20 653 18 47

E-mail amsterdam@pkfwallast.nl | Website www.pkfwallast.nl

Beechavenue 78-80 | NL-1119 PW Schiphol-Rijk | P.O. Box 74681 | NL-1070 BR Amsterdam | The Netherlands

PKF WALLAST is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. The partnership PKF WALLAST is the only contractor of all the work. Our general terms and conditions are applicable to all our assignments. These conditions were lodged with the Court at The Hague on the 1th of July 2011 under number 52/2011. These conditions contain a limitation of liability. With the exception of assignments of investigation the financial statements referred to in article 2:393 of the Civil Code, the partnership PKF WALLAST does not accept any liability for the use by third parties of expressions of PKF WALLAST.



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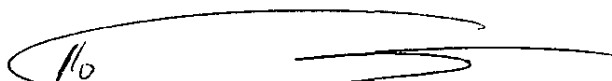
3 FISCAL POSITION

3.1 Fiscal unity

SecondFloor Holding B.V. is the head of the fiscal unity for corporate income tax with SecondFloor B.V. The other company forming part of the fiscal unity for corporate income tax is charged as if it was separately liable for tax, taking into account an allocation of the benefits of the fiscal unity to the various companies.

We shall be pleased to give further information

Yours sincerely,



Drs E. Bakker RA



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SecondFloor Holding B.V.

1 DIRECTORS' REPORT

1.1 General

SecondFloor provides innovative, state of the art compliancy Risk Management software. With more than 111 employees, offices in Schiphol-Rijk, Frankfurt, Rome, Paris, London and Zurich and eight years of solid experience on a global level, SecondFloor is a partner with convincing professional history of successful Risk Management and compliance projects and products.

1.2 2013

2013 was a difficult year. A decline in turnover of more than 15% is realized and also the profitability has declined. In particular the EBIT has not developed equal to the turnover trend and dropped to - 20% of the turnover compared to the +5% in 2012. The pressure on our EBIT is mainly due to additional costs for both marketing and the strengthening of our management team. These costs are not compensated in 2013 with license revenues. The main reason for this was the fact that the regulator postponed the deadline for the solvency II again.

In Q3 Martin Knook left SecondFloor. After the new management, Erwin van Dixhoorn, Emmanuel Noblet and Frans Hemmer was installed the process of stabilization the company started. In the last quarter of the year we reached to manage a decline in costs and stabilized the turnover.

In 2013 a lot of knowledge is shared to expand our business but the scale is still insufficient to define our business as a product company. Most sales are in the services (85%). However, our product portfolio expanded with the acquisition of the Swiss company SecondFloor Swiss with an installed base of 6,000,000 issued licenses for which an annual maintenance fee can be charged. This has strengthened our product positioning. Also the proposition of TopEase as eFrame analyzer is a very strong addition to position eFrame as a tool for Data Management for Governance, Risk and Compliance.

Due to investments in professionalizing the company but without any increase in turnover, our EBIT reached the -2 270K EUR (2012, 670K). Our EBITDA was -1 147K (2012, 1 534K) due to further increasing of the operation costs.



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1.3 2014 and further

Being active in the Solvency II market and the products we can sell and deliver, will enable the company to grow again in a more controlled and stabilized environment. We expect a turnover growth of more than 20% and we also estimate a positive result for 2014.

The outlooks for the years after 2014 remain positive as well.

Schiphol-Rijk, May 5, 2014

F. M. A. Hemmer

E. M. van Dixhoorn

E. Noblet

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1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2013

(after recognition of the loss)

		December 31, 2013		December 31, 2012	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	(1)	2,721,466		3,315,668	
Tangible fixed assets	(2)	888,337		1,019,733	
Financial fixed assets	(3)	550,932		113,564	
			4,160,735		4,448,965
Current assets					
Work in progress			70,714		-
Receivables, prepayments and accrued income	(4)				
Trade receivables		2,003,130		3,223,506	
Receivables from participants and other participations		-		31,840	
Taxes and social security charges		71,857		4,871	
Other receivables, prepayments and accrued income		183,903		434,636	
			2,258,890		3,694,853
Cash and banks	(5)		718,449		2,001,190
			<u>7,208,788</u>		<u>10,145,008</u>



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		December 31, 2013		December 31, 2012	
		€	€	€	€
EQUITY AND LIABILITIES					
Group equity	(6)				
Legal entity share in group equity		1,717,832		4,079,165	
Third-party share in group equity		160,697		141,991	
			1,878,529		4,221,156
Provisions	(7)				
Provision for deferred tax liabilities		104,508		156,101	
Other provisions		-		540,000	
			104,508		696,101
Long-term liabilities	(8)				
Other liabilities		200,000		-	
Bank loans		612,500		1,378,036	
Amounts due to participants and other participations		718,750		500,000	
			1,531,250		1,878,036
Current liabilities, accruals and deferred income	(9)				
Banks		727,486		359,784	
Current portion of long-term liabilities		1,224,574		708,676	
Work in progress		-		125,491	
Accounts payable		441,423		482,212	
Amounts due to participants and other participations		-		26,683	
Taxes and social security charges		285,428		298,528	
Other liabilities, accruals and deferred income		1,015,590		1,348,341	
			3,694,501		3,349,715
			7,208,788		10,145,008

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2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2013

		2013		2012	
		€	€	€	€
Net turnover	(10,11)	10,679,575		12,360,176	
Changes in inventory of work in progress		196,205		-553,897	
Capitalised production		371,500		1,565,214	
Total operation income			11,247,280		13,371,493
Expenses					
Cost of subcontracted work and other external charges	(12)	-		131,202	
Wages, salaries and social security charges	(13)	9,180,079		8,478,594	
Amortisation and depreciation	(14)	1,123,380		864,338	
Other operating expenses	(15)	3,217,063		3,227,649	
Total expenses			13,520,522		12,701,783
Operating result			-2,273,242		669,710
Financial income and expenses	(16)		-146,310		-86,524
Result before taxation			-2,419,552		583,186
Taxation on result	(17)		460,271		-79,813
Consolidated result from the ordinary activities after taxation			-1,959,281		503,373
Third-party share	(18)		-20,706		-138,679
Result after taxation			-1,979,987		364,694

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3 CONSOLIDATED CASH FLOW STATEMENT 2013

(According to the indirect method)

	2013		2012	
	€	€	€	€
Cash flow from operating activities				
Operating result	-2,273,242		669,710	
Adjustments for				
Amortisation and depreciation	1,123,380		906,005	
Changes in provisions	-591,593		655,041	
Changes in working capital				
Movements inventories	-70,714		-	
Movements work in progress	-		349,074	
Movements operating accounts receivable	1,435,963		-1,938,383	
Movement current liabilities (excluding current liabilities from banks)	-538,814		1,203,143	
Cash flow from business activities		-915,020		1,844,590
Interest paid	-146,310		-86,524	
Corporate income tax	460,271		-79,813	
Third-party share	-20,706		-138,679	
		293,255		-305,016
Cash flow from operating activities		-621,765		1,539,574
Cash flow from investment activities				
Investments in intangible fixed assets	-371,500		-1,650,701	
Investments in tangible fixed assets	-173,504		-721,160	
Disposals of intangible fixed assets	140,000		-	
Disposals of tangible fixed assets	7,222		-	
Cash flow from investment activities		-397,782		-2,371,861
Transport		-1,019,547		-832,287

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	2013		2012	
	€	€	€	€
Transport		-1,019,547		-832,287
Cash flow from financing activities				
Increase other receivables	-437,368		-113,564	
Movements share capital	-4,735		875	
Movements share premium	406,304		11,052	
Movements legal and statutory reserves	-326,986		455,151	
Movements legal reserve research and development	315,951		-457,182	
Purchase or sale own shares	-890,630		-	
Waiver loan M N Knook Beheer B V	118,750		-	
Movements third-party share in group equity	18,706		141,991	
Other loans	400,000		-	
Increase bank loans	-		1,750,000	
Movement of loans to shareholders	331,250		-	
Redemptions bank loans	-562,138		-199,004	
Cash flow from financing activities		-630,896		1,589,319
Movements in cash		-1,650,443		757,032

Breakdown of cash and cash equivalents

	2013		2012	
	€	€	€	€
Cash as at January 1	2,001,190		2,145,065	
Current liabilities from banks as at January 1	-359,784		-1,260,691	
Cash and cash equivalents as at January 1		1,641,406		884,374
Movements of cash	-1,282,741		-143,875	
Movements of current liabilities from banks (excluding current portion of long-term liabilities)	-367,702		900,907	
		-1,650,443		757,032
Cash and cash equivalents as at December 31		-9,037		1,641,406



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4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1 GENERAL

Activities

The activities of SecondFloor Holding B V , having its legal seat at Haarlemmermeer, and its group companies primarily consist of

- The core competence of SecondFloor is to understand regulations and translate this into common sense processes, tailor these processes with customer specific needs based on their governance system, risk management framework and other policies set. Implement the designed customer processes in the standard SecondFloor tooling to level up the compliance and in control statement of our customers

Consolidation

In the financial statements of SecondFloor Holding B V the financial information is consolidated of SecondFloor Holding B V and her group companies



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LIST OF PARTICIPATING INTERESTS

SecondFloor Holding B V in Haarlemmermeer is the head of a group of legal entities. A summary of the information required by articles 2:379 and 2:414 of the Dutch Civil Code is given below.

Name, registered office	Share in issued capital %
SecondFloor B V Haarlemmermeer	100.00
SecondFloor GmbH Frankfurt	100.00
SecondFloor Sas Paris	100.00
SecondFloor Srl Rome	100.00
SecondFloor Ltd London	100.00
SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH) Zürich	80.00

SecondFloor Holding B V has a wholly-owned subsidiary undertaking SecondFloor Ltd, company number 07825054, registered in the United Kingdom. The principal activity of this undertaking for the last relevant financial year was giving solutions for efficient, trusted analytics and reporting, for confident decisions and regulatory submissions.

SecondFloor Ltd has taken advantage of the exemption from audit available under s479A of the Companies Act 2006. In order for the subsidiary company to be entitled to this exemption the parent company must guarantee all outstanding liabilities that the subsidiary is subject to at the year end under s479C. Accordingly on 1 May 2014, SecondFloor Holding B V guaranteed all outstanding liabilities that SecondFloor Ltd was subject to at 31 December 2013. At date of signing these accounts the known potential amount outstanding under this guarantee amounted to nil.



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Consolidation principles

Financial information relating to group companies and other legal entities which are controlled by SecondFloor Holding B.V. or where central management is conducted has been consolidated in the financial statements of SecondFloor Holding B.V. The consolidated financial statements have been prepared in accordance with the accounting principles of SecondFloor Holding B.V.

Financial information relating to the group companies and the other legal entities and companies included in the consolidation is fully included in the consolidated annual account, eliminating the intercompany relationships and transactions. Third-party shares in equity and results of group companies are separately disclosed in the consolidated annual account.

The results of newly acquired group companies and the other legal entities and companies included in the consolidation are consolidated from the acquisition date. At that date the assets, provisions and liabilities are measured at fair values. Goodwill paid is capitalised, to which amortisation is charged based on the estimated useful life. The results of participations sold during the year are recognised until the moment of disposal.

4.2 GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared according with Title 9, Book 2 of the Dutch Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Financial instruments

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Upon initial recognition, financial derivatives are recognised at fair value which is equal to cost at initial recognition.

SecondFloor Holding B.V.**4.3 PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES****Intangible fixed assets**

Intangible fixed assets are presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet.

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use. Land is not depreciated.

Financial fixed assets

Where significant influence is exercised in associated companies are valued under the net asset value method, but not lower than a nil value. This net asset value is based on the same accounting principles as applied by SecondFloor Holding B.V.

The receivables on and loans to participations and other receivables are valued at face value after deduction of any provisions.

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

Work in progress

The work in progress for third parties is valued at the realized contract costs increased by the attributed profit and net of recognized losses and invoiced installments. If the result from a work in progress on a contract cannot be reliably estimated no profit is attributed. The contract costs comprise the costs directly relating to the contract, the costs that are attributable to contract activities in general and can be attributed to the contract and other costs that are chargeable to the customer under the terms of the contract.

Income from contracts and contract costs on account of the work in progress on contracts are recognized in the profit and loss account as income and costs in proportion to the completed performance as at balance sheet date. The percentage of completion is determined on the basis of the contract costs incurred up to the balance sheet date in proportion to the completion of a physically distinguishable component of the contract.



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If the aggregate of all work in progress on construction contracts shows a debit balance, the aggregate balance is presented under the current assets. If the aggregate of all work in progress on construction contracts shows a credit balance, the aggregate balance is presented under the current liabilities.

Income from contracts realized during the financial year is recognized in the profit and loss account as income in the item change in work in progress on contracts as long as the contract has not yet been completed. Contract costs are recognized in the costs of raw materials and consumables and in the costs of subcontracted work and other external costs.

Receivables

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Provisions

A provision is formed for liabilities of which it is probable that the liability will be settled and the size can be estimated. The size is determined based on the best estimate of the amounts necessary to settle the related liabilities on balance sheet date. Provisions are valued on face value.

Provision for deferred tax liabilities

The provision for deferred tax liabilities is formed for the temporary difference between the economical and fiscal valuation of the assets and liabilities. The provision is based on the current tax rate.

Other provisions

The provisions have a predominantly long-term character.

Long-term liabilities

Liabilities are valued at face value, unless otherwise mentioned.

SecondFloor Holding B.V.**4.4 PRINCIPLES FOR THE DETERMINATION OF THE RESULT****General**

The result is determined based upon the difference between the net turnover and the costs and other expenses taken into account the accounting principles mentioned before

Net turnover

Net turnover represents amounts invoiced for goods and services supplied during the financial year reported on, net of discounts and value added taxes

Revenues from goods are recognised upon delivery. The cost price of these goods is allocated to the same period

Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period

Expenses

Expenses are assigned to the period to which they relate, if necessary by means of accruals

Wages, salaries and social security charges

Personnel expenses are allocated to the period to which they relate, if necessary using accruals. Holiday allowance and vacation days and other employee benefits are expensed in the financial year the rights incurred

Amortisation and depreciation

Amortisation is charged as a fixed percentage of cost, as specified in more detail in the notes to the balance sheet

Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value

Financial income and expenses

Income and expenses relating to the financial year are accounted for under financial result, without taken into account receipt or payment



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Share in result of participations

Where significant influence is exercised over participations, the group's share in the participations results is included in the consolidated profit and loss account. This result is determined on the basis of the accounting principles applied by the parent company.

Taxation on result

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

Insofar as the corporate income tax concerns valuation differences, the relating amount is added to or deducted from the deferred tax assets or the provision for deferred tax liabilities.

4.5 PRINCIPLES FOR PREPARATION OF THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method.

The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents can be considered as highly liquid investments.

Cash flows in foreign currencies are translated at an estimated average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Corporate income taxes, issuance of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

The cost of group companies acquired is presented under the cash flow from investment activities, as far as payment has been made with cash and cash equivalents. The cash and cash equivalents of the group companies acquired are deducted from the purchase cost.



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4.6 NOTES TO THE SPECIFIC ITEMS OF THE CONSOLIDATED BALANCE SHEET

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Research and development costs	Intellectual property	Goodwill	Total
	€	€	€	€
Book value as at January 1, 2013	2,241,031	626,752	447,885	3,315,668
Acquisitions	371,500	-	-	371,500
Purchase value of disposals	-	-140,000	-	-140,000
Amortisation	-687,451	-48,675	-89,576	-825,702
Book value as at December 31, 2013	<u>1,925,080</u>	<u>438,077</u>	<u>358,309</u>	<u>2,721,466</u>
Purchase value	3,767,397	486,752	895,788	5,149,937
Accumulated amortisation	-1,842,317	-48,675	-537,479	-2,428,471
Book value as at December 31, 2013	<u>1,925,080</u>	<u>438,077</u>	<u>358,309</u>	<u>2,721,466</u>

Amortisation percentages

	%
Research and development costs	20
Intellectual property	10
Goodwill	10

The research and development costs concern product-development costs for IISolve and Eframe. A legal reserve is recorded for the self developed software expenses. During the period of amortisation this legal reserve will be released to the other reserves. Based on an impairment analysis, impairment is not deemed necessary. The present value of the cashflow exceeds the value of research and development costs.



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The investment in intellectual property relates to the purchase of 80% of the shares of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH) for which we refer to the disclosure on the participations in group companies in the notes to the specific items on the balance sheet

The goodwill concerns the acquisition of the shares in Secondfloor B V The remaining economic life-time is 4 years

2. Tangible fixed assets

	Land and buildings	Office equipment	Total
	€	€	€
Book value as at January 1, 2013	5,624	1,014,109	1,019,733
Acquisitions	-	173,504	173,504
Purchase value of disposals	-	-8,270	-8,270
Accumulated depreciation of disposals	-	1,048	1,048
Depreciation	-2,179	-295,499	-297,678
Book value as at December 31, 2013	<u>3,445</u>	<u>884,892</u>	<u>888,337</u>
Purchase value	8,640	1,505,800	1,514,440
Accumulated depreciation and other impairments in value	-5,195	-620,908	-626,103
Book value as at December 31, 2013	<u>3,445</u>	<u>884,892</u>	<u>888,337</u>

Depreciation percentages

	%
Land and buildings	20
Office equipment	20



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3. Financial fixed assets

	12/31/2013	12/31/2012
	€	€
Other receivables		
Deferred tax assets	550,932	113,564
	<u>550,932</u>	<u>113,564</u>
	2013	2012
	€	€
<i>Deferred tax assets</i>		
Book value as at January 1	113,564	112,837
Additions	437,368	727
Book value as at December 31	<u>550,932</u>	<u>113,564</u>

As per ended December 31, 2013 the compensable losses amount to € 2,754,660

The deferred tax assets are valued at the nominal tax rate of 20%

CURRENT ASSETS

	12/31/2013	12/31/2012
	€	€
Work in progress		
Work in progress	70,714	-
	<u>70,714</u>	<u>-</u>

4. Receivables, prepayments and accrued income

Trade receivables

Face value of the trade receivables	2,101,396	3,384,966
Provision for bad debts	-98,266	-161,460
	<u>2,003,130</u>	<u>3,223,506</u>

The trade receivables are valued at face value, diminished with a provision for doubtful debts



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	2013	2012
	€	€
<i>Provision for bad debts</i>		
Book value as at January 1	161,460	-
Addition	15,000	161,460
Release	-78,194	-
Book value as at December 31	<u>98,266</u>	<u>161,460</u>

	12/31/2013	12/31/2012
	€	€
Receivables from participants and other participations		
Stichting Administratiekantoor SecondFloor	-	31,840

On the current account no interest has been charged. Concerning the redemption and securities no specific agreements are made.

Anticipating the signing of a deed of assignment the current account with Stichting Administratiekantoor SecondFloor has already been balanced.

Taxes and social security charges

Corporate income tax	39,245	-
Value added tax	32,612	4,871
	<u>71,857</u>	<u>4,871</u>

Other receivables, prepayments and accrued income

Prepaid expenses	4,150	209,198
Loans to personnel	9,980	49,041
Other receivables	169,773	176,397
	<u>183,903</u>	<u>434,636</u>

5. Cash and banks

ABN AMRO Bank N V	-	286,387
ING Bank N V	612,372	1,596,049
Other banks	106,077	118,754
	<u>718,449</u>	<u>2,001,190</u>

Cash balances amounting to € 34,971 are not at free disposal.



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EQUITY AND LIABILITIES

6. Group equity

Legal entity share in group equity

Reference is made to the note on shareholders' equity in the company financial statements

7. Provisions

Provision for deferred tax liabilities

The provision for deferred tax liabilities is formed for the temporary difference between the commercial and fiscal valuation of the assets and liabilities. The provision is based on the nominal tax rate of 25%

	2013	2012
	€	€
Book value as at January 1	156,101	41,060
Addition	-	115,041
Reduction	-51,593	-
Book value as at December 31	<u>104,508</u>	<u>156,101</u>

	12/31/2013	12/31/2012
	€	€
Other provisions		
Other provisions	<u>-</u>	<u>540,000</u>

The other provisions related to the purchase of 80% of the shares of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH). The provision is based on a Purchase and Shareholders' Agreement.

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8. Long-term liabilities

	12/31/2013	12/31/2012
	€	€
Other liabilities		
Loan Founders of SecondFloor Swiss GmbH	200,000	-
	<u>2013</u>	<u>2012</u>
	€	€
<i>Loan Founders of SecondFloor Swiss GmbH</i>		
Book value as at January 1	-	-
Loan granted	400,000	-
Redemption liability next financial year	-200,000	-
Long-term as at December 31	<u>200,000</u>	<u>-</u>

On October 29, 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement. Part of the new agreement was a loan receivable of € 400,000 on SecondFloor Swiss GmbH. The loan is backdated to 1 January 2013. Interest is 4,5% and also backdated. First interest payment was done on November 1, 2013. The loan will be paid in 24 equal monthly instalments of € 16,667, starting at the end of January 2014. In case of a sale before the end of the 24 monthly payments, the future buyer of the company has to pay the remaining loan in one payment. The redemption liability of next financial year of € 200,000 is presented as a current liability. For further disclosure we refer to the disclosure on the participations in group companies in the notes to the specific items on the balance sheet. Part the new agreement was that the Founders now have the opportunity to convert their remaining shares in SecondFloor Swiss GmbH into a maximum 5% stake in the ordinary shares in the company via certificates of shares under the condition that the following two milestones are met:

- A turnover of € 1,500,000 and an EBITDA of € 300,000 in 2013 for SecondFloor Swiss GmbH and SecondFloor GmbH combined, and
- A turnover of € 2,000,000, of which at least 50% license fees and an EBITDA of € 400,000 in 2014 for SecondFloor Swiss GmbH and SecondFloor GmbH combined

SecondFloor Holding B.V.

	12/31/2013	12/31/2012
	€	€
Bank loans		
Loan ABN AMRO Bank (A)	-	61,380
Loan ABN AMRO Bank (B)	-	91,656
Loan ABN AMRO Bank (D)	225,000	450,000
Loan ABN AMRO Bank (E)	387,500	775,000
	<u>612,500</u>	<u>1,378,036</u>

	2013	2012
	€	€
<i>Loan ABN AMRO Bank (A)</i>		
Book value as at January 1	153,400	253,110
Redemption	-84,370	-99,710
Book value as at December 31	<u>69,030</u>	<u>153,400</u>
Redemption liability next financial year	<u>-69,030</u>	<u>-92,020</u>
Long-term as at December 31	<u>-</u>	<u>61,380</u>

Concerning the ABN AMRO Bank loan (A), supplied at October 7, 2009, interest rate is based upon a monthly Euribor and varies between +2% and - 2.25% a year. The loan will be redeemed over a period of 5 years. Loan repayments will be made in monthly payments of € 7,670 for a total of 59 months from the date when the loan was issued. The loan expires within 1 year.

Loan ABN AMRO Bank (B)

Book value as at January 1	183,312	282,606
Redemption	-84,018	-99,294
Book value as at December 31	<u>99,294</u>	<u>183,312</u>
Redemption liability next financial year	<u>-99,294</u>	<u>-91,656</u>
Long-term as at December 31	<u>-</u>	<u>91,656</u>

Concerning the ABN AMRO Bank loan (B), supplied at October 13, 2008, interest is based upon a fixed rate of 4.7% a year. The loan will be redeemed over a period of 6 years. Loan repayments will be made in monthly payments of € 7,638 for a total of 71 months from the date when the loan was issued. The loan expires within 1 year.

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	2013	2012
	€	€
<i>Loan ABN AMRO Bank (C)</i>		
Book value as at January 1	525,000	-
Loan granted	-	525,000
Redemption	-393,750	-
Book value as at December 31	131,250	525,000
Redemption liability next financial year	-131,250	-525,000
Long-term as at December 31	-	-

Concerning the ABN AMRO Bank loan (C), supplied at August 3, 2012, interest rate is based upon a 3-months Euribor +1 8% a year. The loan will be redeemed over a period of 1 year. Loan repayments will be made in quarterly payments of € 131,250 for a total of 4 quarters with the first repayment on April 1, 2013. The loan expires within 1 year.

<i>Loan ABN AMRO Bank (D)</i>		
Book value as at January 1	450,000	-
Loan granted	-	450,000
Book value as at December 31	450,000	450,000
Redemption liability next financial year	-225,000	-
Long-term as at December 31	225,000	450,000

Concerning the ABN-AMRO Bank loan (D), supplied at August 3, 2012, interest rate is based upon a 3-months Euribor +1 8% a year. The loan will be redeemed over a period of 3 years. Loan repayments will be made in quarterly payments of € 56,250 for a total of 8 quarters with the first repayment on January 1, 2014. The loan expires within 2 years.

<i>Loan ABN AMRO Bank (E)</i>		
Book value as at January 1	775,000	-
Loan granted	-	775,000
Book value as at December 31	775,000	775,000
Redemption liability next financial year	-387,500	-
Long-term as at December 31	387,500	775,000

Concerning the ABN-AMRO Bank loan (E), supplied at August 3, 2012, interest rate is based upon a 3-months Euribor +1 8% a year. The loan will be redeemed over a period of 3 years. Loan repayments will be made in quarterly payments of € 96,875 for a total of 8 quarters with the first repayment on January 1, 2014. The loan expires within 2 years.



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	12/31/2013	12/31/2012
	€	€
Amounts due to participants and other participations		
Loan M N Knook Beheer B V	118,750	237,500
Vendor loan M N Knook Beheer B V	337,500	-
Loan B Oortwijn Beheer B V	187,500	187,500
Loan F Hemmer Beheer B V	50,000	50,000
Loan H Toes Beheer B V	25,000	25,000
	<u>718,750</u>	<u>500,000</u>

On the loan with M N Knook Beheer B V of € 663,100 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO financing. In 2013 the company bought back the shares held by M N Knook Beheer B V. As part of the package deal, 50% of the outstanding amount was waived up to an amount of € 118,750. On the remaining part of the loan of € 118,750 6% interest is agreed upon as well as the possibility of penalty-free early repayment before January 1, 2016.

In 2013 the company bought the shares held by M N Knook Beheer B V. Part of the price of the shares was not paid but converted into a vendor loan up to the amount of € 450,000. The loan will be paid in 16 equal quarterly installments of € 28,125, the final installment no later than October 1, 2017. On this loan 2% interest is agreed upon as well as the possibility of penalty-free early repayment. The redemption liability of next financial year of € 112,500 is presented as a current liability.

On the loan with B Oortwijn Beheer B V of € 523,500 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

On the loan with F Hemmer Beheer B V of € 139,600 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

On the loan with H Toes Beheer B V of € 69,800 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

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9. Current liabilities, accruals and deferred income

	12/31/2013	12/31/2012
	€	€
Banks		
ABN AMRO Bank N V	727,486	359,784

A credit facility is available with the ABN AMRO Bank NV, with a limit of € 1,150,000

The ABN AMRO Bank loan has been secured under the banks right of pledge, which includes the trade debtors and other receivables

Current portion of long-term liabilities

Other liabilities	200,000	-
Bank loans	912,074	708,676
Loans from participants and other participations	112,500	-
	<u>1,224,574</u>	<u>708,676</u>

Work in progress

Work in progress	-	125,491
	<u>-</u>	<u>125,491</u>

Accounts payable

Accounts payable	441,423	482,212
	<u>441,423</u>	<u>482,212</u>

Amounts due to participants and other participations

Stichting Administratiekantoor SecondFloor	-	26,683
	<u>-</u>	<u>26,683</u>



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	12/31/2013	12/31/2012
	€	€
Taxes and social security charges		
Corporate income tax	8,859	35,673
Value added tax	111,081	72,101
Wage tax	101,401	69,759
Pension contributions	64,087	120,995
	<u>285,428</u>	<u>298,528</u>

The wages taxes include an amount payable of € 43,718 that relates to additional tax assessments resulting from a tax audit. The company has objected to these assessments. However, under the principle of prudence the company recorded a liability up to an amount € 37,000.

Other liabilities, accruals and deferred income

Holiday allowance	260,558	288,960
Vacation days	53,624	54,794
Salaries to be paid	-	55,000
Other accruals	701,408	949,587
	<u>1,015,590</u>	<u>1,348,341</u>

CONTINGENT ASSETS AND LIABILITIES

Liabilities and assets not accounted for

Conversion rights

On October 29, 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement. Part of the new agreement was that the Founders now have the opportunity to convert their remaining shares in SecondFloor Swiss GmbH into a maximum 5% stake in the ordinary shares in the company via certificates of shares under the condition that the following two milestones are met:

- A turnover of € 1,500,000 and an EBITDA of € 300,000 in 2013 for SecondFloor Swiss GmbH and SecondFloor GmbH combined, and
- A turnover of € 2,000,000, of which at least 50% license fees and an EBITDA of € 400,000 in 2014 for SecondFloor Swiss GmbH and SecondFloor GmbH combined



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Annual financial liabilities

Lease obligations

Annual lease obligations entered into with third parties are € 65,413 in total. No lease obligations have a term longer than 4 years.

Lease obligations property

Annual lease obligations entered into with third parties in respect of property are € 137,234 in total. The remaining term of the lease contract is 2 years.

Financial instruments

Interest swap

The company entered into two interest rate swap agreements for a total notional amount of € 1,010,000 with a maturity date of September 1, 2014 and January 1, 2015 respectively. As at December 31, 2013, these agreements have a remaining total notional amount of € 168,324. As at December 31, 2013, these agreements have a total negative fair value of € 3,360. This negative fair value has not been included in the financial statements.

SecondFloor Holding B.V.

4.7 NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2013

10. Net turnover

The net turnover for 2013 of the legal entity has decreased by 13.6% compared to 2012

	2013	2012
	€	€
11. Net turnover		
Net turnover	10,679,575	12,360,176

12. Cost of subcontracted work and other external charges

Cost of subcontracted work and other external charges	-	131,202
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13. Wages, salaries and social security charges

Wages and salaries	7,674,819	7,070,018
Social security charges	901,768	836,667
Pension costs	265,412	180,783
Management fees	338,080	391,126
	<u>9,180,079</u>	<u>8,478,594</u>

Wages and salaries

Wages and salaries	7,615,432	6,945,165
Holiday allowance	10,694	11,362
Temporary employment	163,708	186,192
Sickness benefits	93,267	101,141
Social security benefits	-100,633	-85,054
Grants received	-107,649	-88,788
	<u>7,674,819</u>	<u>7,070,018</u>

Remuneration of (former) directors and supervisory directors

In accordance with article 2:383 paragraph 1 of the Dutch Civil Code the emoluments of directors and supervisory directors are not mentioned because the statement can be traced back to a single natural person



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Average number of employees

The average number of employees during the year, converted to full-time equivalents, was in 2013 111 (2012 119)

	2013	2012
<i>Broken down by</i>		
Management	3	7
Staff	5	5
Operational	103	107
	<u>111</u>	<u>119</u>

A total of 19 employees are working abroad

	2013	2012
	€	€
14. Amortisation and depreciation		
Intangible fixed assets	825,702	739,276
Tangible fixed assets	297,678	166,729
Book result	-	-41,667
	<u>1,123,380</u>	<u>864,338</u>

Amortisation of intangible fixed assets

Research and development costs	687,451	566,767
Intellectual property	48,675	-
Goodwill	89,576	89,578
Recruitment costs	-	82,931
	<u>825,702</u>	<u>739,276</u>

Depreciation of tangible fixed assets

Land and buildings	2,179	3,914
Office equipment	295,499	162,815
Book result	-	-41,667
	<u>297,678</u>	<u>125,062</u>

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	2013	2012
	€	€
15. Other operating expenses		
Other personnel expenses	636,786	804,842
Housing expenses	432,338	376,576
Car expenses	166,949	114,557
Selling expenses	920,257	970,360
General expenses	1,060,733	961,314
	<u>3,217,063</u>	<u>3,227,649</u>
<i>Other personnel expenses</i>		
Travelling expenses	354,987	207,583
Canteen expenses	52,539	44,216
Coaching expenses	52,650	99,840
College expenses	44,909	75,390
Recruitment expenses	31,928	266,006
Recruitment bonus	-	28,040
Other personnel expenses	99,773	83,767
	<u>636,786</u>	<u>804,842</u>
<i>Housing expenses</i>		
Rent buildings	345,281	279,820
Maintenance buildings	44,849	70,310
Other housing expenses	42,208	26,446
	<u>432,338</u>	<u>376,576</u>
<i>Car expenses</i>		
Fuel	23,076	21,315
Lease	148,807	88,306
Other car expenses	-	8,573
Private use	-4,934	-3,637
	<u>166,949</u>	<u>114,557</u>



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	2013	2012
	€	€
<i>Selling expenses</i>		
Publicity and advertising expenses	410,042	274,888
Representation expenses	1,658	2,998
Travelling expenses	477,840	509,678
Provision for bad debts	-63,194	161,460
Other selling expenses	93,911	21,336
	<u>920,257</u>	<u>970,360</u>
<i>General expenses</i>		
Audit and advisory expenses	138,654	123,626
Administrative expenses	7,849	36,861
Advisory expenses	79,540	74,042
Legal expenses	35,026	52,775
Insurance	34,537	26,397
Office expenses	78,507	72,392
Office requirements	12,812	21,823
Automation expenses	470,279	306,705
Subscriptions	22,908	7,685
Telephone-, internet and postage expenses	166,131	158,921
Other general expenses	14,490	80,087
	<u>1,060,733</u>	<u>961,314</u>

SecondFloor Holding B.V.

16. Financial income and expenses

Other interest income and similar income
Interest expenses and similar charges

2013	2012
€	€
3,552	176,065
-149,862	-262,589
<u>-146,310</u>	<u>-86,524</u>

Other interest income and similar income

Interest income
Exchange results

-	141,525
3,552	34,540
<u>3,552</u>	<u>176,065</u>

Interest expenses and similar charges

Bank interest and expenses
Interest other loans
Other paid interest

94,211	222,809
29,664	30,000
25,987	9,780
<u>149,862</u>	<u>262,589</u>

17. Taxation on result

Corporate income tax
Corporate income tax previous years
Movement of deferred tax assets and liabilities

-42,303	-121,671
-16,555	41,858
519,129	-
<u>460,271</u>	<u>-79,813</u>

18. Third-party share

Third-party share SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)

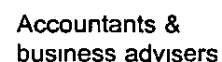
<u>-20,706</u>	<u>-138,679</u>
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SecondFloor Holding B.V.

5 COMPANY BALANCE SHEET AS AT DECEMBER 31, 2013

(after appropriation of result)

		December 31, 2013		December 31, 2012	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	(19)				
Research and development costs		1,925,080		2,241,031	
Intellectual property		438,077		626,752	
Goodwill		358,309		447,885	
			2,721,466		3,315,668
Tangible fixed assets	(20)				
Office equipment			516,798		695,419
Financial fixed assets	(21)				
Participations in group companies		5,221,697		5,566,711	
Other receivables		419,997		112,837	
			5,641,694		5,679,548
Current assets					
Receivables, prepayments and accrued income					
Trade receivables		64,100		31,468	
Receivables from group companies		106,035		132,466	
Receivables from participants and other participations		-		31,840	
Taxes and social security charges		39,154		4,871	
Other receivables, prepayments and accrued income		4,150		135,834	
			213,439		336,479
Cash and banks	(22)		7,033		678
			9,100,430		10,027,792



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6 COMPANY PROFIT AND LOSS ACCOUNT 2013

		2013		2012	
		€	€	€	€
Total operating income			6,993		31,469
Operating expenses					
Wages, salaries and social security charges	(29)	553,148		647,886	
Amortisation and depreciation	(30)	1,004,323		783,352	
Other operating expenses	(31)	424,245		402,990	
			1,981,716		1,834,228
Operating result			-1,974,723		-1,802,759
Financial income and expenses	(32)		-69,192		-143,472
Result before taxation			-2,043,915		-1,946,231
Taxation on result	(33)		397,907		507,132
			-1,646,008		-1,439,099
Share in result of participations	(34)		-333,979		1,803,793
Result after taxation			-1,979,987		364,694



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7 NOTES TO THE COMPANY FINANCIAL STATEMENTS

7.1 GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The company financial statements have been prepared according with Title 9, Book 2 of the Dutch Civil Code

For the general principles for the preparation of the financial statements, the principles for valuation of assets and liabilities and determination of the result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the notes to the consolidated financial statements, if not presented otherwise here after



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7.2 NOTES TO THE SPECIFIC ITEMS OF THE COMPANY BALANCE SHEET

ASSETS

FIXED ASSETS

19. Intangible fixed assets

	Research and development costs	Intellectual property	Goodwill	Total
	€	€	€	€
Book value as at January 1, 2013	2,241,031	626,752	447,885	3,315,668
Acquisitions	371,500	-	-	371,500
Purchase value of disposals	-	-140,000	-	-140,000
Amortisation	-687,451	-48,675	-89,576	-825,702
Book value as at December 31, 2013	<u>1,925,080</u>	<u>438,077</u>	<u>358,309</u>	<u>2,721,466</u>
Purchase value	3,767,397	486,752	895,788	5,149,937
Accumulated amortisation	-1,842,317	-48,675	-537,479	-2,428,471
Book value as at December 31, 2013	<u>1,925,080</u>	<u>438,077</u>	<u>358,309</u>	<u>2,721,466</u>

Amortisation percentages

	%
Research and development costs	20
Intellectual property	10
Goodwill	10

The research and development costs concern product-development costs for IISolve and Eframe. A legal reserve is recorded for the self developed software expenses. During the period of amortisation this legal reserve will be released to the other reserves. Based on an impairment analysis, impairment is not deemed necessary. The present value of the cashflow exceeds the value of research and development costs.



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The investment in intellectual property relates to the purchase of 80% of the shares of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH) for which we refer to the disclosure on the participations in group companies in the notes to the specific items on the balance sheet

The goodwill concerns the acquisition of the shares in Secondfloor B V The remaining economic life-time is 4 years

20. Tangible fixed assets

	Office equipment
	€
Book value as at January 1, 2013	695,419
Depreciation	-178,621
Book value as at December 31, 2013	<u>516,798</u>
Purchase value	949,060
Accumulated depreciation and other impairments in value	-432,262
Book value as at December 31, 2013	<u>516,798</u>
<i>Depreciation percentages</i>	%
Office equipment	20



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21. Financial fixed assets

	12/31/2013	12/31/2012
	€	€
Participations in group companies		
SecondFloor B V	4,175,893	4,630,418
SecondFloor GmbH	129,063	125,067
SecondFloor Sas	127,121	115,935
SecondFloor Srl	54,500	59,326
SecondFloor Ltd	92,334	68,006
SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)	642,786	567,959
	<u>5,221,697</u>	<u>5,566,711</u>
	2013	2012
	€	€
<i>SecondFloor B V</i>		
Book value as at January 1	4,630,418	3,430,488
Share in result	-454,525	1,199,930
Book value as at December 31	<u>4,175,893</u>	<u>4,630,418</u>
<i>SecondFloor GmbH</i>		
Book value as at January 1	123,523	116,101
Share in result	5,540	8,966
Book value as at December 31	<u>129,063</u>	<u>125,067</u>
<i>SecondFloor Sas</i>		
Book value as at January 1	117,479	110,280
Share in result	9,642	5,655
Book value as at December 31	<u>127,121</u>	<u>115,935</u>
<i>SecondFloor Srl</i>		
Book value as at January 1	59,326	43,142
Share in result	-4,826	16,184
Book value as at December 31	<u>54,500</u>	<u>59,326</u>



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	2013	2012
	€	€
<i>SecondFloor Ltd</i>		
Book value as at January 1	68,006	-11,513
Purchases	-	61,172
Share in result	24,328	18,347
Book value as at December 31	<u>92,334</u>	<u>68,006</u>

SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)

Book value as at January 1	567,959	-
Purchases	-	13,248
Share in result	74,827	554,711
Book value as at December 31	<u>642,786</u>	<u>567,959</u>

On August 1, 2012 the company and the Founders of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH) agreed upon a Purchase and Shareholders' Agreement. This agreement included the following

- The company purchases 80% of the common shares for € 100,000
- If the conditions of Milestone I and II have been fulfilled the company shall contribute € 400,000 as an additional share premium on the common shares
- Milestone I relates to number of legal, HR, financial, commercial, technical and operational requirements and Milestone II relates to a solvability level to be above 2,4
- If in the time window from two to four years after August 1, 2012 the total license sales over the last 12 months has reached an amount higher than € 6,000,000, the shareholders of the remaining 20% can offer their shares to the company in which situation the value is calculated as 20% of the invoiced license over the last 12 months multiplied by three
- After four years the shareholders of the remaining 20% can offer their shares to the company in which situation the value is calculated at net asset value

Given the fact that the purchase agreement provided for a possible adjustment of the purchase price dependent on future events and that management was able to make a reliable estimate of such an adjustment, in 2012 the company accounted for a best estimate of the purchase price of € 640,000 of which € 13,248 was accounted for as value of the participation (the net asset value at acquisition date) and € 626,752 was accounted for as intellectual property. The difference between best estimate of the purchase price of € 640,000 and the total amount paid as per balance sheet date of € 100,000 was accounted for as a provision of € 540,000.



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On October 29, 2013 the company and the Founders agreed to change the agreement. The changes are

- Milestone I and II are cancelled. Instead the Founders obtained a loan receivable of € 400,000 on SecondFloor Swiss GmbH. The Loan is backdated to 1 January 2013. Interest is 4,5% and also backdated. First interest payment was done on November 1, 2013. The loan will be paid in 24 equal monthly instalments of € 16,667, starting at the end of January 2014. In case of a sale before the end of the 24 monthly payments, the future buyer of the company has to pay the remaining loan in one payment.
- Milestone II was changed into an opportunity for the Founders to convert their remaining shares in SecondFloor Swiss GmbH into a 5% stake in the ordinary shares in the company via certificates of shares under the condition that the following two milestones are met
- A turnover of € 1,500,000 and an EBITDA of € 300,000 in 2013 for SecondFloor Swiss GmbH and SecondFloor GmbH combined, and
- A turnover of € 2,000,000, of which at least 50% license fees and an EBITDA of € 400,000 in 2014 for SecondFloor Swiss GmbH and SecondFloor GmbH combined

As a result of the changed agreement

- an amount of € 400,000 is no longer presented as a provision but on the level of the company (stand alone) as a payable to SecondFloor Swiss GmbH and on a consolidated level as a payable to the Founders
- an amount of € 140,000 is no longer presented as a provision but accounted for as a disposal of intellectual property
- the new milestone III is included as a liability not shown in the balance sheet

	12/31/2013	12/31/2012
	€	€
Other receivables		
Deferred tax assets	419,997	112,837

CURRENT ASSETS

Receivables from group companies

SecondFloor GmbH	10,105	21,158
SecondFloor Sas	55,857	69,956
SecondFloor Srl	11,190	9,800
SecondFloor Ltd	28,883	31,552
	<u>106,035</u>	<u>132,466</u>

Over the current accounts no interest has been charged. Concerning the redemption and securities no specific agreements are made.



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	12/31/2013	12/31/2012
	€	€
Receivables from participants and other participations		
Stichting Administratiekantoor SecondFloor	-	31,840

On the current account no interest has been charged. Concerning the redemption and securities no specific agreements are made.

Anticipating the signing of a deed of assignment the current account with Stichting Administratiekantoor SecondFloor has already been balanced.

Taxes and social security charges

Corporate income tax	39,154	-
Value added tax	-	4,871
	<u>39,154</u>	<u>4,871</u>

Other receivables, prepayments and accrued income

Prepaid expenses	4,150	2,127
Loans to personnel	-	49,041
Other receivables	-	84,666
	<u>4,150</u>	<u>135,834</u>

22. Cash and banks

ING Bank N V	<u>7,033</u>	<u>678</u>
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SecondFloor Holding B.V.

EQUITY AND LIABILITIES

23. Shareholders' equity

	12/31/2013	12/31/2012
	€	€
Issued share capital		
14,310 Ordinary shares with a nominal value of € 1 00	14,310	19,045
11,000 Preference shares with a nominal value of € 1 00	11,000	11,000
	<u>25,310</u>	<u>30,045</u>

The registered share capital amounts to € 140,000

	Ordinary shares	Preference shares	Total
	€	€	€
Book value as at January 1, 2013	19,045	11,000	30,045
Shares issued	4,635	-	4,635
Capital redemption	-9,370	-	-9,370
Book value as at December 31, 2013	<u>14,310</u>	<u>11,000</u>	<u>25,310</u>
Issued share capital	140,000	-	140,000
Number of issued shares	14,310	11,000	25,310
Nominal value		1 00	1 00

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	2013	2012
	€	€
Share premium		
Book value as at January 1	2,033,633	2,022,581
Movements	406,304	11,052
Book value as at December 31	<u>2,439,937</u>	<u>2,033,633</u>

In 2013 shares were issued up to a nominal value of € 4,635 with a premium of € 445,365 to existing shareholders. The premium is accounted for as movement in the share premium reserve.

Furthermore, in 2011 certain milestones were met, resulting in a repayment of share premium to two employees up to the amount of € 49,041. Till 2012 these repayments were accounted for as loans to personal. In 2013 the company accounted for this repayment as a movement in the share premium reserve.

Finally in 2013 75 certificates of shares were issued and 55 certificates of shares were bought. At balance 20 certificates of shares were issued for an amount of € 9,980. This is accounted for as movement in the share premium reserve.

As a result a movement of € 406,304 in the share premium reserve was accounted for.

	12/31/2013	12/31/2012
	€	€
Legal and statutory reserves		
Research and development	1,925,080	2,241,031
Translation reserve	-13,066	-2,031
	<u>1,912,014</u>	<u>2,239,000</u>

	2013	2012
	€	€
<i>Research and development</i>		
Book value as at January 1	2,241,031	1,783,849
Capitalised costs	371,500	1,023,949
Reduction in amounts capitalised	-687,451	-566,767
Book value as at December 31	<u>1,925,080</u>	<u>2,241,031</u>



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	2013	2012
	€	€
<i>Translation reserve</i>		
Book value as at January 1	-2,031	-
Exchange rate differences	-11,035	-2,031
Book value as at December 31	<u>-13,066</u>	<u>-2,031</u>
 Other reserves		
Book value as at January 1	-223,513	-131,025
Appropriation result financial year	-1,979,987	364,694
Movements legal reserve research and development	315,951	-457,182
Purchase or sale own shares	-890,630	-
Waiver loan M N Knook Beheer B V.	118,750	-
Book value as at December 31	<u>-2,659,429</u>	<u>-223,513</u>

In 2014 it was decided by the shareholders to cancel 9,370 shares with a nominal value of € 1 that are in possession of the company itself. As a consequence the sharecapital decreased with € 9,370 and the other reserves increased for the same amount.

M N Knook Beheer B V was the owner of 9,270 normal shares with a nominal value of € 1 per share. In 2013 the company bought the shares held by M N Knook Beheer B V for € 900,000. This amount is deducted from the other reserves.

As part of the afore mentioned transaction M N Knook Beheer B V waived part of a loan up to an amount of € 118,750. As this is part of a package deal, this amount is also deducted from the other reserves.

The holders of the cumulative preference shares are, based on the articles of association, entitled to a cumulative preference dividend of 8%. This remuneration is calculated based on the total paid up cumulative preference share capital, i.e. the nominal value together with share premium.

As the other reserves are negative, no dividends were paid out. The accumulated rights of the cumulative preference shareholders amounts to € 429,986 in 2013 (2012: € 284,493).



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24. Provisions

Provision for deferred tax liabilities

The provision for deferred tax liabilities is formed for the temporary difference between the commercial and fiscal valuation of the assets and liabilities. The provision is based on the nominal tax rate of 25%.

	2013	2012
	€	€
Book value as at January 1	156,101	41,060
Addition	-	115,041
Reduction	-51,593	-
Book value as at December 31	104,508	156,101

	12/31/2013	12/31/2012
	€	€

Other provisions

Other provisions	-	540,000
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The other provisions related to the purchase of 80% of the shares of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH). The provision is based on a Purchase and Shareholders' Agreement.



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SecondFloor Holding B.V.

	12/31/2013	12/31/2012
	€	€
25. Long-term liabilities		
Bank loans	-	61,380
Amounts due to group companies	200,000	-
Amounts due to participants and other participations	718,750	500,000
	<u>918,750</u>	<u>561,380</u>

Bank loans

Loan ABN AMRO Bank (A)	-	61,380
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	2013	2012
	€	€
Book value as at January 1	153,400	253,110
Redemption	-84,370	-99,710
Book value as at December 31	<u>69,030</u>	<u>153,400</u>
Repayment obligations next financial year	<u>-69,030</u>	<u>-92,020</u>
Long-term as at December 31	<u>-</u>	<u>61,380</u>

We refer to note 9 of the consolidated accounts

	12/31/2013	12/31/2012
	€	€
Amounts due to group companies		
SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)	<u>200,000</u>	<u>-</u>

On October 29, 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement. Part of the new agreement was of loan receivable of € 400,000 on SecondFloor Swiss GmbH. On the level of the company (stand alone) this amount is accounted for as a payable to SecondFloor Swiss GmbH. The loan is backdated to January 1, 2013. Interest is 4,5% and also backdated. First interest payment was done on November 1, 2013. The loan will be paid in 24 equal monthly instalments of € 16,667, starting at the end of January 2014. The redemption liability of next financial year of € 200,000 is presented as a current liability. For further disclosure we refer to the disclosure on the participations in group companies in the notes to the specific items on the balance sheet.



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	12/31/2013	12/31/2012
	€	€
Amounts due to participants and other participations		
Loan M N Knook Beheer B V	118,750	237,500
Vendor loan M N Knook Beheer B V	337,500	-
Loan B Oortwijn Beheer B V	187,500	187,500
Loan F Hemmer Beheer B V	50,000	50,000
Loan H Toes Beheer B V	25,000	25,000
	<u>718,750</u>	<u>500,000</u>

On the loan with M N Knook Beheer B V of € 663,100 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO financing. In 2013 the company bought back the shares held by M N Knook Beheer B V. As part of the package deal, 50% of the outstanding amount was waived up to an amount of € 118,750. On the remaining part of the loan of € 118,750 6% interest is agreed upon as well as the possibility of penalty-free early repayment before January 1, 2016.

In 2013 the company bought the shares held by M N Knook Beheer B V. Part of the price of the shares was not paid but converted into a vendor loan up to the amount of € 450,000. The loan will be paid in 16 equal quarterly installments of € 28,125, the final installment no later than October 1, 2017. On this loan 2% interest is agreed upon as well as the possibility of penalty-free early repayment. The redemption liability of next financial year of € 112,500 is presented as a current liability.

On the loan with B Oortwijn Beheer B V of € 523,500 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

On the loan with F Hemmer Beheer B V of € 139,600 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

On the loan with H Toes Beheer B V of € 69,800 6% interest is agreed upon. The loan is subordinated in relation to the ABN-AMRO Bank financing.

26. Current liabilities, accruals and deferred income

Banks

ABN AMRO Bank N V	<u>1,420,976</u>	<u>359,784</u>
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A credit facility is available with the ABN AMRO Bank NV, with a limit of € 1,150,000.

The ABN AMRO Bank loan has been secured under the banks right of pledge, which includes the trade debtors and other receivables.



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SecondFloor Holding B.V.

	12/31/2013	12/31/2012
	€	€
Current portion of long-term liabilities		
Bank loans	69,030	92,020
Loans from participants and other participations	112,500	-
	<u>181,530</u>	<u>92,020</u>
Accounts payable		
Accounts payable	176,959	51,793
Accounts payable intercompany	1,010,894	-
	<u>1,187,853</u>	<u>51,793</u>
Amounts due to group companies		
SecondFloor B V	3,185,020	3,533,084
SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)	200,000	494,579
	<u>3,385,020</u>	<u>4,027,663</u>
Over the current accounts no interest has been charged. Concerning the redemption and securities no specific agreements are made.		
Taxes and social security charges		
Corporate income tax	-	38,905
Value added tax	63,902	-
Wage tax	43,324	4,727
Pension contributions	3,235	2,536
	<u>110,461</u>	<u>46,168</u>
The wages taxes include an amount payable of € 43,718 that relates to additional tax assessments resulting from a tax audit. The company has objected to these assessments. However, under the principle of prudence the company recorded a liability up to an amount € 37,000.		
Other liabilities, accruals and deferred income		
Holiday allowance	7,220	9,084
Other accruals	66,280	104,634
	<u>73,500</u>	<u>113,718</u>



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CONTINGENT ASSETS AND LIABILITIES

Conditional liabilities

Fiscal unity

The legal entity is part of the fiscal unity SecondFloor Holding B V for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the whole fiscal unity

Liabilities and assets not accounted for

Conversion rights

On October 29, 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement. Part of the new agreement was that the Founders now have the opportunity to convert their remaining shares in SecondFloor Swiss GmbH into a 5% stake in the ordinary shares in the company via certificates of shares under the condition that the following two milestones are met

- A turnover of € 1,500,000 and an EBITDA of € 300,000 in 2013 for SecondFloor Swiss GmbH and SecondFloor GmbH combined, and
- A turnover of € 2,000,000, of which at least 50% license fees and an EBITDA of € 400,000 in 2014 for SecondFloor Swiss GmbH and SecondFloor GmbH combined

SecondFloor Holding B.V.

7.3 NOTES TO THE SPECIFIC ITEMS OF THE COMPANY PROFIT AND LOSS ACCOUNT

	<u>2013</u>	<u>2012</u>
	€	€
27. Net turnover		
Net turnover	<u>6,993</u>	<u>36,890</u>
28. Cost of subcontracted work and other external charges		
Cost of subcontracted work and other external charges	<u>-</u>	<u>5,421</u>
29. Wages, salaries and social security charges		
Wages and salaries	142,140	226,344
Social security charges	67,452	26,319
Pension costs	5,476	4,097
Management fees	<u>338,080</u>	<u>391,126</u>
	<u>553,148</u>	<u>647,886</u>
<i>Wages and salaries</i>		
Wages and salaries	131,446	207,482
Holiday allowance	10,694	11,362
Temporary employment	<u>-</u>	<u>7,500</u>
	<u>142,140</u>	<u>226,344</u>
<i>Social security charges</i>		
Social security	<u>67,452</u>	<u>26,319</u>
<i>Pension costs</i>		
Pension insurance	<u>5,476</u>	<u>4,097</u>
<i>Management fees</i>		
Management fees	<u>338,080</u>	<u>391,126</u>

SecondFloor Holding B.V.

Average number of employees

The average number of employees during the year, converted to full-time equivalents, was in 2013 5
(2012 5)

The average number of employees broken down by activity, was as follows

	2013	2012
Management	2	2
Staff	3	3
	<u>5</u>	<u>5</u>

30. Amortisation and depreciation

	2013 €	2012 €
Intangible fixed assets	825,702	739,276
Tangible fixed assets	178,621	85,743
Book result	-	-41,667
	<u>1,004,323</u>	<u>783,352</u>

Amortisation of intangible fixed assets

Research and development costs	687,451	566,767
Intellectual property	48,675	-
Goodwill	89,576	89,578
Recruitment costs	-	82,931
	<u>825,702</u>	<u>739,276</u>

Depreciation of tangible fixed assets

Office equipment	178,621	85,743
Book result	-	-41,667
	<u>178,621</u>	<u>44,076</u>

31. Other operating expenses

Other personnel expenses	29,330	118,671
Selling expenses	-40,380	415
General expenses	435,295	283,904
	<u>424,245</u>	<u>402,990</u>



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SecondFloor Holding B.V.

	2013	2012
	€	€
<i>Other personnel expenses</i>		
Travelling expenses	27,710	24,478
Canteen expenses	-220	-1,518
College expenses	-	5,400
Recruitment expenses	-	89,683
Other personnel expenses	1,840	628
	<u>29,330</u>	<u>118,671</u>
<i>Selling expenses</i>		
Publicity and advertising expenses	9,620	415
Recharged expenses	-50,000	-
	<u>-40,380</u>	<u>415</u>
<i>General expenses</i>		
Audit and advisory expenses	61,851	18,170
Administrative expenses	-	637
Advisory expenses	67,668	54,064
Legal expenses	27,832	6,006
Insurance	4,300	3,062
Automation expenses	262,114	174,924
Subscriptions	3,380	3,122
Telephone-, internet and postage expenses	7,059	16,172
Other general expenses	1,091	7,747
	<u>435,295</u>	<u>283,904</u>
32. Financial income and expenses		
Other interest income and similar income	3,552	34,540
Interest expenses and similar charges	-72,744	-178,012
	<u>-69,192</u>	<u>-143,472</u>
<i>Other interest income and similar income</i>		
Exchange results	<u>3,552</u>	<u>34,540</u>



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SecondFloor Holding B.V.

	2013	2012
	€	€
<i>Interest expenses and similar charges</i>		
Bank interest and expenses	40,889	147,097
Interest other loans	29,664	30,000
Other paid interest	2,191	915
	<u>72,744</u>	<u>178,012</u>

33. Taxation on result

Corporate income tax	-	463,675
Corporate income tax previous years	8,986	43,457
Movement of deferred tax assets and liabilities	388,921	-
	<u>397,907</u>	<u>507,132</u>

34. Share in result of participations

Share in result of SecondFloor B V	-454,525	1,199,930
Share in result of SecondFloor GmbH	5,540	8,966
Share in result of SecondFloor Sas	9,642	5,655
Share in result of SecondFloor Srl	-4,826	16,184
Share in result of SecondFloor Ltd	27,363	18,347
Share in result of SecondFloor Swiss GmbH (formerly Business-DNA Solutions GmbH)	82,827	554,711
	<u>-333,979</u>	<u>1,803,793</u>

Signing of the financial statements

F M A Hemmer

E M van Dixhoorn

E Noblet



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OTHER INFORMATION

1 INDEPENDENT AUDITOR'S REPORT

To the general meeting of SecondFloor Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of SecondFloor Holding B.V., Haarlemmermeer, which comprise the consolidated and company balance sheet as at December 31, 2013, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information

Management's responsibility

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimate made by management, as well as evaluating the overall presentation of the financial statements

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

Tel +31(0)20 653 18 12 | Fax +31(0)20 653 18 47

E-mail amsterdam@pkfwallast.nl | Website www.pkfwallast.nl

Beechavenue 78-80 | NL-1119 PW Schiphol-Rijk | P.O. Box 74681 | NL-1070 BR Amsterdam | The Netherlands

PKF WALLAST is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. The partnership PKF WALLAST is the only contractor of all the work. Our general terms and conditions are applicable to all our assignments. These conditions were lodged with the Court at The Hague on the 11th of July 2011 under number 52/2011. These conditions contain a limitation of liability. With the exception of assignments of investigation the financial statements, referred to in article 2:393 of the Civil Code, the partnership PKF WALLAST does not accept any liability for the use by third parties of expressions of PKF WALLAST.



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Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of SecondFloor Holding B V , as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

Report on other legal and regulatory requirements

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

Schiphol-Rijk, May 5, 2014

PKF Wallast

A handwritten signature in black ink, appearing to be 'E. Bakker', written over a horizontal line.

Drs E Bakker RA

SecondFloor Holding B.V.**2 Statutory rules concerning appropriation of result**

In Article 20 of the company statutory regulations, the following has been presented concerning the appropriation of result

- 1 The profit will be available to the general meeting with due observance of the possible obligation to keep the legal reserves
- 2 The company can only make distributions up to the profit available for distribution to the shareholders, and other parties entitled as far as its common equity exceeds the amount of the paid and claimed part of the capital, increased by the reserves to be kept in virtue of the Act or the articles of association
- 3 The distribution of the profit occur after approval of the annual accounts that shows the profit distribution is allowed
- 4 In the calculation of the appropriation of the profit, the shares held by the company in its own capital will be disregarded and no profit will be distributed on these shares, except if and as far as shares subject to usufruct are concerned on which usufruct was already created at the time of the acquisition by the company
- 5 The company can only make distributions between time if the requirements of Article 20 2 are fulfilled

3 Proposed appropriation of the loss for the financial year 2013

In accordance with legal rules the loss for the financial year 2013 amounting to € 1,979,987 was deducted from the other reserves. The financial statements do reflect this proposal.

4 Subsequent events

SecondFloor Holding B V has a wholly-owned subsidiary undertaking SecondFloor Ltd, company number 07825054, registered in the United Kingdom. The principal activity of this undertaking for the last relevant financial year was giving solutions for efficient, trusted analytics and reporting, for confident decisions and regulatory submissions.

SecondFloor Ltd has taken advantage of the exemption from audit available under s479A of the Companies Act 2006. In order for the subsidiary company to be entitled to this exemption the parent company must guarantee all outstanding liabilities that the subsidiary is subject to at the year end under s479C. Accordingly on 1 May 2014, SecondFloor Holding B V guaranteed all outstanding liabilities that SecondFloor Ltd was subject to at 31 December 2013. At date of signing these accounts the known potential amount outstanding under this guarantee amounted to nil.