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SecondFloor Ltd



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SecondFloor Holding B.V.

Annual report
for the year 2014



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LD5 31/07/2015 #216

COMPANIES HOUSE
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LD5 21/07/2015 #4

COMPANIES HOUSE



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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, June 1, 2015

Dear Sirs,

Please find enclosed the annual report for the year 2014 of your company.

1 SCOPE OF ENGAGEMENT

In accordance with your instructions we have audited the 2014 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 2014 annual accounts attached to this report.

2 GENERAL

2.1 Appropriation of result for the financial year 2013

The general meeting approved the result for the year 2013 on May 13, 2014. The loss for the year 2013 amounting to € 1,979,987 was deducted from the other reserves.

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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 1st 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,

A handwritten signature in black ink, consisting of a series of loops and strokes, positioned above the printed name.

Drs E Bakker RA

SecondFloor Holding B.V.

1 DIRECTORS' REPORT

1.1 General

With ten years of solid experience on a European level, SecondFloor is a trusted partner with convincing professional history of successful Risk Management and compliance projects and products to first and second-tier Insurance clients in The Netherlands, Belgium, the UK, France, Germany, Austria and Norway

1.2 2014

2014 again was a difficult year. A small decline in turnover of 3 % is realized and also the profitability has declined. In particular the EBIT has developed better to the turnover trend and dropped to - 12% of the turnover compared to the -21 % in 2013. We managed to save costs again in 2014. Although this cost savings we were not able to compensate the rest of the costs into turnover. The main reason for this was the fact that the regulator postponed the deadline for solvency II again.

In June 2014 Rene van Erp started as a CEO of SecondFloor. After the new management was installed, the process of stabilizing the company continued on all levels of the alignment model, meaning 1) Business and Product, 2) Organization and Process, 3) Application and Information and 4) IT growing into SecondFloor 2.0.

- 1 SecondFloor managed to redefine its products, dismantled the Swiss SecondFloor organization and transferred the TopEase IP back to the Dutch office, renaming it to eRock, created partnerships with larger consultancy firms and entered the German market.
 - 2 SecondFloor managed to further reduce its staff and the total cost level of the organization. At the same time creating a new Business Solutions unit to look for new product market combinations and keep performing to plan at existing clients. We started working with a works council and empowered the HR department of the company.
 - 3 SecondFloor started improving the stabilizing of the eFrame application and client satisfaction which will continue in 2015 as well as improving on the efficiency level and transparency.
 - 4 SecondFloor managed to start a Hybrid Cloud initiative with IBM which it will benefit from in 2015.
- In the last quarter of the year SecondFloor managed to start two large new client projects and together with a decline in costs stabilized the turnover. Still most sales are in the services (70%).

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1.3 2015 and further

SecondFloor has to leave the 'Wild Water' phase, creating new stability on all levels growing into SecondFloor 2.0

Knowing Solvency II will be slow in H1 2015 both on existing and new clients because of the regulators audit planned SecondFloor still needs to further improve its cost level management.

SecondFloor expects the Solvency II market to pick up in H2 and will focus on creating an additional Solvency II service Cloud Solution to support this

On a mid-term strategy Second Floor will focus on creating other eFrame pre-configured Solutions to bring to market as well as creating solutions on eRock
SecondFloor will need support to do this through trusted value added partners on a revenue sharing model

To strengthen the company's equity, the shareholders submitted a convertible loan in May 2015 for continuing purposes

So looking at a difficult H1 market to grow revenue from but an expected market revival in H2
SecondFloor aims for a small but positive result in 2015 and grow this into 2016 based on its unique existing and new product and services

Schiphol-Rijk, June 1, 2015

F M A. Hemmer

M van Erp on behalf of Elevate Consultancy B V



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FINANCIAL STATEMENTS

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1 CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2014

(after recognition of the loss)

		December 31, 2014		December 31, 2013	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	(1)	1,833,392		2,721,466	
Tangible fixed assets	(2)	561,716		886,102	
Financial fixed assets	(3)	929,326		550,932	
			3,324,434		4,158,500
Current assets					
Work in progress					
Work in progress			-		70,714
Receivables, prepayments and accrued income					
	(4)				
Trade receivables		1,370,450		2,003,130	
Receivables from participants and other participations		5,564		-	
Taxes and social security charges		79,077		30,386	
Other receivables, prepayments and accrued income		129,406		183,903	
			1,584,497		2,217,419
Cash and banks	(5)		859,323		718,449
			<u>5,768,254</u>		<u>7,165,082</u>



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		December 31, 2014		December 31, 2013	
		€	€	€	€
EQUITY AND LIABILITIES					
Group equity	(6)				
Legal entity share in group equity		674,938		1,717,832	
Third-party share in group equity		-		160,697	
			674,938		1,878,529
Provisions	(7)				
Provision for deferred tax liabilities			54,931		104,508
Long-term liabilities	(8)				
Other liabilities		-		200,000	
Bank loans		-		612,500	
Amounts due to participants and other participations		606,250		718,750	
Payables to other related parties		1,125,243		-	
			1,731,493		1,531,250
Current liabilities, accruals and deferred income	(9)				
Banks		1,011,603		727,486	
Current portion of long-term liabilities		732,638		1,224,574	
		314,425		-	
Accounts payable		445,782		441,423	
Taxes and social security charges		383,116		241,327	
Other liabilities, accruals and deferred income		419,328		1,015,985	
			3,306,892		3,650,795
			<u>5,768,254</u>		<u>7,165,082</u>



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2 CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2014

		2014		2013	
		€	€	€	€
Net turnover	(10,11)	10,333,301		10,679,575	
Changes in inventory of work in progress		-385,139		196,205	
Capitalised production		-		371,500	
Total operation income			9,948,162		11,247,280
Expenses					
Wages, salaries and social security charges	(12)	7,589,374		9,180,079	
Amortisation and depreciation	(13)	1,206,403		1,123,380	
Other operating expenses	(14)	2,351,235		3,217,063	
Total expenses			11,147,012		13,520,522
Operating result			-1,198,850		-2,273,242
Financial income and expenses	(15)		-172,229		-146,310
Result before taxation			-1,371,079		-2,419,552
Taxation on result	(16)		338,556		460,271
			-1,032,523		-1,959,281
Share in result of participations	(17)		35,146		-
Consolidated result from the ordinary activities after taxation			-997,377		-1,959,281
Third-party share	(18)		-53,517		-20,706
Result after taxation			-1,050,894		-1,979,987

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3 CONSOLIDATED CASH FLOW STATEMENT 2014

(According to the indirect method)

	2014		2013	
	€	€	€	€
Cash flow from operating activities				
Operating result	-1,198,850		-2,273,242	
Adjustments for				
Amortisation and depreciation	1,206,403		1,123,380	
Changes in provisions	-49,577		-591,593	
Changes in working capital				
Movements inventories	70,714		-70,714	
Movements operating accounts receivable	632,922		1,477,434	
Movement current liabilities (excluding current liabilities from banks)	-136,084		-582,520	
Cash flow from business activities		525,528		-917,255
Interest paid	-172,229		-146,310	
Corporate income tax	338,556		460,271	
Other results of participations	35,146		-	
Third-party share	-53,517		-20,706	
		147,956		293,255
Cash flow from operating activities		673,484		-624,000
Cash flow from investment activities				
Investments in intangible fixed assets	-		-371,500	
Investments in tangible fixed assets	-22,739		-171,269	
Disposals of intangible fixed assets	-		140,000	
Disposals of tangible fixed assets	26,943		7,222	
Cash flow from investment activities		4,204		-395,547



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	2014		2013	
	€	€	€	€
Cash flow from financing activities				
Movement reversals consolidations fixed assets	1,853		-	
Increase other receivables	-378,394		-437,368	
Movements share capital	-		-4,735	
Movements share premium	-		406,304	
Movements legal and statutory reserves	-741,822		-326,986	
Movement other reserves	749,822		315,951	
Purchase or sale own shares	-		-890,630	
Waiver loan M N Knook Beheer B V	-		118,750	
Movements third-party share in group equity	-160,697		18,706	
Other loans	-		400,000	
Movement of other related parties	1,125,243		-	
Movement of loans to shareholders	-112,500		331,250	
Redemptions bank loans	-904,436		-562,138	
Movement reversal consolidations long-term liabilities	-400,000		-	
Cash flow from financing activities		-820,931		-630,896
Movements in cash		-143,243		-1,650,443

Breakdown of cash and cash equivalents

	2014		2013	
	€	€	€	€
Cash as at January 1	718,449		2,001,190	
Current liabilities from banks as at January 1	-727,486		-359,784	
Cash and cash equivalents as at January 1		-9,037		1,641,406
Movements of cash	140,874		-1,282,741	
Movements of current liabilities from banks (excluding current portion of long-term liabilities)	-284,117		-367,702	
		-143,243		-1,650,443
Cash and cash equivalents as at December 31		-152,280		-9,037



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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 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 May 27, 2015, SecondFloor Holding B V guaranteed all outstanding liabilities that SecondFloor Ltd was subject to at December 31, 2014. At date of signing these accounts the known potential amount outstanding under this guarantee amounted to nil.

The financial information of SecondFloor Swiss GmbH has been consolidated in the financial statements of SecondFloor Holding B V up till and including November 30, 2014. After this date the 80% shares in SecondFloor Swiss GmbH were sold to a third party. Reference is made to the note on Participation of group companies in the company financial statements.



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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.

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.

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.

SecondFloor Holding B.V.

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, 2014	1,925,080	438,077	358,309	2,721,466
Amortisation	-749,822	-48,675	-89,577	-888,074
Book value as at December 31, 2014	<u>1,175,258</u>	<u>389,402</u>	<u>268,732</u>	<u>1,833,392</u>
Purchase value	3,767,397	486,752	895,788	5,149,937
Accumulated amortisation	-2,592,139	-97,350	-627,056	-3,316,545
Book value as at December 31, 2014	<u>1,175,258</u>	<u>389,402</u>	<u>268,732</u>	<u>1,833,392</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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Intellectual property concerns the use and adoption rights to source code "eRock"

The goodwill concerns the acquisition of the shares in Secondfloor B.V. The remaining economic life-time is 3 years

2. Tangible fixed assets

	Land and buildings	Office equipment	Total
	€	€	€
Book value as at January 1, 2014	3,445	882,657	886,102
Acquisitions	-	22,739	22,739
Purchase value of disposals	-	-26,943	-26,943
Reversal consolidations	-	-1,853	-1,853
Depreciation	-2,299	-316,030	-318,329
Book value as at December 31, 2014	<u>1,146</u>	<u>560,570</u>	<u>561,716</u>
Purchase value	8,640	1,500,691	1,509,331
Accumulated depreciation and other impairments in value	-7,494	-940,121	-947,615
Book value as at December 31, 2014	<u>1,146</u>	<u>560,570</u>	<u>561,716</u>

Depreciation percentages

	%
Land and buildings	20
Office equipment	20

	12/31/2014	12/31/2013
	€	€
3. Financial fixed assets		
Other receivables	<u>929,326</u>	<u>550,932</u>



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	12/31/2014	12/31/2013
	€	€
Other receivables		
Deferred tax assets	929,326	550,932
	<u>929,326</u>	<u>550,932</u>
	2014	2013
	€	€
<i>Deferred tax assets</i>		
Book value as at January 1	550,932	113,564
Additions	378,394	437,368
Book value as at December 31	<u>929,326</u>	<u>550,932</u>

The deferred tax assets are partly formed for the temporary difference between the economical and fiscal valuation of the assets and liabilities

The deferred tax assets have also been accounted for relating to the compensable losses

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

CURRENT ASSETS

	12/31/2014	12/31/2013
	€	€
Work in progress		
To be invoiced	-	243,013
Payments in advance	-	-172,299
	<u>-</u>	<u>70,714</u>

4. Receivables, prepayments and accrued income

Trade receivables		
Face value of the trade receivables	1,404,650	2,101,396
Provision for bad debts	-34,200	-98,266
	<u>1,370,450</u>	<u>2,003,130</u>

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



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	2014	2013
	€	€
<i>Provision for bad debts</i>		
Book value as at January 1	98,266	161,460
Addition	25,000	15,000
Use/Reversal consolidations	-89,066	-78,194
Book value as at December 31	<u>34,200</u>	<u>98,266</u>

	12/31/2014	12/31/2013
	€	€

Receivables from participants and other participations

Stichting Administratiekantoor SecondFloor	<u>5,564</u>	<u>-</u>
--	--------------	----------

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

Taxes and social security charges

Corporate income tax	30,860	30,386
Value added tax	48,217	-
	<u>79,077</u>	<u>30,386</u>

Other receivables, prepayments and accrued income

Prepaid expenses	89,147	96,080
Loans to personnel	13,219	9,980
Other receivables	27,040	77,843
	<u>129,406</u>	<u>183,903</u>

5. Cash and banks

ABN AMRO Bank N V	190,850	-
ING Bank N V	660,163	612,372
Other banks	8,310	106,077
	<u>859,323</u>	<u>718,449</u>

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

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EQUITY AND LIABILITIES

6. 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 20%.

	2014	2013
	€	€
Book value as at January 1	104,508	156,101
Reduction	-49,577	-51,593
Book value as at December 31	<u>54,931</u>	<u>104,508</u>

8. Long-term liabilities

	12/31/2014	12/31/2013
	€	€
Other liabilities		
Loan Founders of SecondFloor Swiss GmbH	<u>-</u>	<u>200,000</u>



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	2014	2013
	€	€
<i>Loan Founders of SecondFloor Swiss GmbH</i>		
Book value as at January 1	400,000	-
Loan granted	-	400,000
Settlement	-400,000	-
Book value as at December 31	-	400,000
Redemption liability next financial year	-	-200,000
Long-term as at December 31	-	200,000

In 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement from 2012. Part of the new agreement was a loan receivable of € 400,000 on SecondFloor Swiss GmbH. Due to the sale of the 80% shares in SecondFloor Swiss GmbH in 2014 the loan was settled.

	12/31/2014	12/31/2013
	€	€
Bank loans		
Loan ABN AMRO Bank N V (D)	-	225,000
Loan ABN AMRO Bank N V (E)	-	387,500
	-	612,500

	2014	2013
	€	€
<i>Loan ABN AMRO Bank N V (A)</i>		
Book value as at January 1	69,030	153,400
Redemption	-69,030	-84,370
Book value as at December 31	-	69,030
Redemption liability next financial year	-	-69,030
Long-term as at December 31	-	-

Concerning the ABN AMRO Bank N V loan (A), provided at October 7, 2009, the interest rate is based upon a monthly Euribor and varies between +2% and -2.25% a year. The loan has been redeemed over a period of 5 years.



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	2014	2013
	€	€
<i>Loan ABN AMRO Bank N V (B)</i>		
Book value as at January 1	99,294	183,312
Redemption	-91,656	-84,018
Book value as at December 31	7,638	99,294
Redemption liability next financial year	-7,638	-99,294
Long-term as at December 31	-	-

Concerning the ABN AMRO Bank N V loan (B), provided at October 13, 2008, the interest is based upon a fixed rate of 4 7% a year. Loan repayments are 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.

Loan ABN AMRO Bank N V (C)

Book value as at January 1	131,250	525,000
Redemption	-131,250	-393,750
Book value as at December 31	-	131,250
Redemption liability next financial year	-	-131,250
Long-term as at December 31	-	-

Concerning the ABN AMRO Bank N V loan (C), provided at August 3, 2012, the interest rate is based upon a 3-months Euribor +1 8% a year. The loan has been redeemed over a period of 1 year.

Loan ABN AMRO Bank N V (D)

Book value as at January 1	450,000	450,000
Redemption	-225,000	-
Book value as at December 31	225,000	450,000
Redemption liability next financial year	-225,000	-225,000
Long-term as at December 31	-	225,000

Concerning the ABN AMRO Bank N V loan (D), provided at August 3, 2012, the interest rate is based upon a 3-months Euribor +1 8% a year. Loan repayments are 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 1 year.



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	2014	2013
	€	€
<i>Loan ABN AMRO Bank N V (E)</i>		
Book value as at January 1	775,000	775,000
Redemption	-387,500	-
Book value as at December 31	387,500	775,000
Redemption liability next financial year	-387,500	-387,500
Long-term as at December 31	-	387,500

Concerning the ABN AMRO Bank N.V loan (E), provided at August 3, 2012, the interest rate is based upon a 3-months Euribor +1.8% a year. Loan repayments are 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 1 year.

The ABN AMRO Bank N.V. loans have been secured by

- Letter of guarantees provided by the (indirect) shareholders for a total amount of EUR 471,517
- Jointly and severally liability of SecondFloor Holding B.V., SecondFloor B.V. and SecondFloor GmbH
- Right of pledge for intellectual property, office equipment, trade debtors and other receivables

	12/31/2014	12/31/2013
	€	€
Amounts due to participants and other participations		
Loan M.N. Knook Beheer B.V.	118,750	118,750
Vendor loan M.N. Knook Beheer B.V.	225,000	337,500
Loan B. Oortwijn Beheer B.V.	187,500	187,500
Loan F. Hemmer Beheer B.V.	50,000	50,000
Loan J. Toes Beheer B.V.	25,000	25,000
	606,250	718,750



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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 Bank N V 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 N V 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 N V. financing

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



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Payables to other related parties

	2014	2013
	€	€
<i>Main SecondFloor C V.</i>		
Book value as at January 1	-	-
Loans granted	1,100,000	-
Interest	25,243	-
Long term as at December 31	<u>1,125,243</u>	<u>-</u>

Concerning the loan of Main SecondFloor C V, provided at Augustus 15, 2014, the interest rate is based upon 12% a year. The loan will be redeemed over a period of 5 years. Loan repayments will be made in quarterly payments of € 92,000 (first payment € 88,000). The loan is subordinated in relation to the ABN AMRO Bank N V financing. The loan has been secured by

- Right of pledge (2nd rank) for trade debtors
- Jointly and severally liability of SecondFloor Holding B V and / or its subsidiaries

Equity Kicker

In case of

- 1 the sale of all or minimal 25% of the assets and/or liabilities of the company
 - 2 the sale of all or minimal 25% of the shares of the company and/or its subsidiaries
 - 3 the payment of an option on item 1 or 2
- Main SecondFloor C V will receive a maximum of 3.3% of the total value of the shares

9. Current liabilities, accruals and deferred income

	12/31/2014	12/31/2013
	€	€
Banks		
ABN AMRO Bank N V	<u>1,011,603</u>	<u>727,486</u>

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

The ABN AMRO Bank N V credit facility has been secured by

- Letter of guarantees provided by the (indirect) shareholders for a total amount of EUR 471,517
- Jointly and severally liability of SecondFloor Holding B V, SecondFloor B V and SecondFloor GmbH
- Right of pledge for intellectual property, office equipment, trade debtors and other receivables



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	12/31/2014	12/31/2013
	€	€
Current portion of long-term liabilities		
Other liabilities	-	200,000
Bank loans	620,138	912,074
Loans from participants and other participations	112,500	112,500
	<u>732,638</u>	<u>1,224,574</u>
Work in progress		
Payments in advance	369,683	-
To be invoiced	-55,258	-
	<u>314,425</u>	<u>-</u>
Accounts payable		
Accounts payable	<u>445,782</u>	<u>441,423</u>
In the accounts payable an amount of € 10,209 is included as payable to shareholders and an amount of € 46,875 is included as payable to the management board		
Taxes and social security charges		
Value added tax	-	75,839
Wage tax	88,103	101,401
Social securities	19,412	-
Pension contributions	275,601	64,087
	<u>383,116</u>	<u>241,327</u>
The wage tax 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		
Other liabilities, accruals and deferred income		
Holiday allowance	186,310	260,558
Vacation days	38,139	53,624
Other accruals	194,879	701,803
	<u>419,328</u>	<u>1,015,985</u>



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CONTINGENT ASSETS AND LIABILITIES

Annual financial liabilities

Lease obligations

Annual lease obligations entered into with third parties are € 55,754 (2014) 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 € 100,269 (2014) in total. The remaining term of the lease contract is 5 years.

Financial instruments

Interest swap

The company entered into an interest rate swap agreement for a total notional amount of € 550,000 with a maturity date of January 2, 2015. As at December 31, 2014, this agreement has a fair value of € 31. This 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 2014

10. Net turnover

The net turnover for 2014 of the legal entity has decreased by 3.2% compared to 2013

	2014	2013
	€	€
11. Net turnover		
Net turnover	10,333,301	10,679,575

12. Wages, salaries and social security charges

Wages and salaries	6,128,439	7,581,552
Social security charges	872,066	995,035
Pension costs	268,182	265,412
Management fees	320,687	338,080
	<u>7,589,374</u>	<u>9,180,079</u>

Wages and salaries

Wages and salaries	6,166,032	7,626,126
Temporary employment	155,042	163,708

	<u>6,321,074</u>	<u>7,789,834</u>
Social security benefits	-136,226	-100,633
Grants received	-56,409	-107,649
	<u>6,128,439</u>	<u>7,581,552</u>

Remuneration of (former) directors and supervisory directors

The emoluments of directors and supervisory directors are equal to the management fees

SecondFloor Holding B.V.

Average number of employees

The average number of employees during the year, converted to full-time equivalents, was in 2014 91 (2013 111).

	2014	2013
<i>Broken down by</i>		
Management	2	3
Staff	5	5
Operational	84	103
	<u>91</u>	<u>111</u>

A total of 10 employees are working abroad (2013 19)

	2014	2013
	€	€
13. Amortisation and depreciation		
Intangible fixed assets	888,074	825,702
Tangible fixed assets	318,329	297,678
	<u>1,206,403</u>	<u>1,123,380</u>

Amortisation of intangible fixed assets

Research and development costs	749,822	687,451
Intellectual property	48,675	48,675
Goodwill	89,577	89,576
	<u>888,074</u>	<u>825,702</u>

Depreciation of tangible fixed assets

Land and buildings	2,299	2,179
Office equipment	316,030	295,499
	<u>318,329</u>	<u>297,678</u>

SecondFloor Holding B.V.

	2014	2013
	€	€
14. Other operating expenses		
Other personnel expenses	273,473	636,786
Housing expenses	262,764	432,338
Car expenses	146,615	166,949
Selling expenses	754,224	920,257
General expenses	914,159	1,060,733
	<u>2,351,235</u>	<u>3,217,063</u>
<i>Other personnel expenses</i>		
Travelling expenses	139,777	354,987
Canteen expenses	29,213	52,759
Coaching expenses	820	52,650
College expenses	4,834	44,909
Recruitment expenses	18,578	31,928
Other personnel expenses	80,251	99,553
	<u>273,473</u>	<u>636,786</u>
<i>Housing expenses</i>		
Rent buildings	182,804	345,281
Maintenance buildings	36,184	44,849
Other housing expenses	43,776	42,208
	<u>262,764</u>	<u>432,338</u>
<i>Car expenses</i>		
Fuel	24,915	23,076
Lease	129,392	148,807
Private use	-7,692	-4,934
	<u>146,615</u>	<u>166,949</u>
<i>Selling expenses</i>		
Publicity and advertising expenses	124,996	410,042
Travelling expenses	424,623	477,840
Provision for bad debts	25,000	-63,194
Other selling expenses	179,605	95,569
	<u>754,224</u>	<u>920,257</u>

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	2014	2013
	€	€
<i>General expenses</i>		
Audit and advisory expenses	196,559	146,503
Advisory expenses	49,481	79,540
Legal expenses	168,719	35,026
Insurance	38,522	34,537
Office expenses	7,374	78,507
Office requirements	17,696	12,812
Automation expenses	382,523	470,279
Subscriptions	8,727	22,908
Telephone-, internet and postage expenses	116,962	166,131
Other general expenses	-72,404	14,490
	<u>914,159</u>	<u>1,060,733</u>
15. Financial income and expenses		
Other interest income and similar income	56,810	3,552
Interest expenses and similar charges	-229,039	-149,862
	<u>-172,229</u>	<u>-146,310</u>
<i>Other interest income and similar income</i>		
Interest income	59	-
Exchange results	56,751	3,552
	<u>56,810</u>	<u>3,552</u>
<i>Interest expenses and similar charges</i>		
Bank interest and expenses	94,568	94,211
Interest other loans	109,042	29,664
Other paid interest	25,429	25,987
	<u>229,039</u>	<u>149,862</u>



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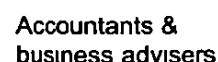
	<u>2014</u>	<u>2013</u>
	€	€
16. Taxation on result		
Corporate income tax	-3,350	-42,303
Corporate income tax previous years	11,165	-16,555
Movement of deferred tax assets and liabilities	330,741	519,129
	<u>338,556</u>	<u>460,271</u>
17. Share in result of participations		
Result sale SecondFloor Swiss GmbH	<u>35,146</u>	<u>-</u>
18. Third-party share		
Third-party share SecondFloor Swiss GmbH	<u>-53,517</u>	<u>-20,706</u>

SecondFloor Holding B.V.

5 COMPANY BALANCE SHEET AS AT DECEMBER 31, 2014

(after appropriation of result)

		December 31, 2014		December 31, 2013	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	(19)				
Research and development costs		1,175,258		1,925,080	
Intellectual property		389,402		438,077	
Goodwill		268,732		358,309	
			1,833,392		2,721,466
Tangible fixed assets	(20)				
Office equipment			308,584		516,798
Financial fixed assets	(21)				
Participations in group companies		4,217,421		5,221,700	
Other receivables		703,992		419,997	
			4,921,413		5,641,697
Current assets					
Receivables, prepayments and accrued income	(22)				
Trade receivables		49,835		64,100	
Receivables from group companies		106,247		106,035	
Taxes and social security charges		39,154		39,154	
Other receivables, prepayments and accrued income		2,850		4,150	
			198,086		213,439
Cash and banks	(23)		-		7,033
			<u>7,261,475</u>		<u>9,100,433</u>



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6 COMPANY PROFIT AND LOSS ACCOUNT 2014

		2014		2013	
		€	€	€	€
Total operating income			41,958		6,993
Expenses					
Wages, salaries and social security charges	(30)	-		553,148	
Amortisation and depreciation	(31)	1,092,084		1,004,323	
Other operating expenses	(32)	29,768		424,245	
Total expenses			1,121,852		1,981,716
Operating result			-1,079,894		-1,974,723
Financial income and expenses	(33)		-192,293		-69,192
Result before taxation			-1,272,187		-2,043,915
Taxation on result	(34)		333,572		397,907
Share in result of participations	(35)		-112,279		-333,979
Result after taxation			-1,050,894		-1,979,987



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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, 2014	1,925,080	438,077	358,309	2,721,466
Amortisation	-749,822	-48,675	-89,577	-888,074
Book value as at December 31, 2014	<u>1,175,258</u>	<u>389,402</u>	<u>268,732</u>	<u>1,833,392</u>
Purchase value	3,767,397	486,752	895,788	5,149,937
Accumulated amortisation	-2,592,139	-97,350	-627,056	-3,316,545
Book value as at December 31, 2014	<u>1,175,258</u>	<u>389,402</u>	<u>268,732</u>	<u>1,833,392</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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Intellectual property concerns the use and adoption rights to source code "eRock"

The goodwill concerns the acquisition of the shares in Secondfloor B V The remaining economic life-time is 3 years

20. Tangible fixed assets

	Office equipment
	€
Book value as at January 1, 2014	516,798
Acquisitions	22,739
Purchase value of disposals	-26,943
Depreciation	-204,010
Book value as at December 31, 2014	<u>308,584</u>
Purchase value	944,856
Accumulated depreciation and other impairments in value	-636,272
Book value as at December 31, 2014	<u>308,584</u>
<i>Depreciation percentages</i>	%
Office equipment	20

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21. Financial fixed assets

	12/31/2014	12/31/2013
	€	€
Participations in group companies		
SecondFloor B V	3,801,044	4,175,893
SecondFloor GmbH	128,782	130,608
SecondFloor Sas	130,046	125,578
SecondFloor Srl	55,381	54,500
SecondFloor Ltd	102,168	92,335
SecondFloor Swiss GmbH	-	642,786
	<u>4,217,421</u>	<u>5,221,700</u>
	2014	2013
	€	€
<i>SecondFloor B V</i>		
Book value as at January 1	4,175,893	4,630,418
Share in result	-374,849	-454,525
Book value as at December 31	<u>3,801,044</u>	<u>4,175,893</u>
<i>SecondFloor GmbH</i>		
Book value as at January 1	130,608	125,068
Share in result	-1,826	5,540
Book value as at December 31	<u>128,782</u>	<u>130,608</u>
<i>SecondFloor Sas</i>		
Book value as at January 1	125,578	115,936
Share in result	4,468	9,642
Book value as at December 31	<u>130,046</u>	<u>125,578</u>
<i>SecondFloor Srl</i>		
Book value as at January 1	54,500	59,326
Share in result	881	-4,826
Book value as at December 31	<u>55,381</u>	<u>54,500</u>



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	2014	2013
	€	€
<i>SecondFloor Ltd</i>		
Book value as at January 1	92,335	68,007
Exchange rate differences	-	-3,035
Share in result	9,833	27,363
Book value as at December 31	<u>102,168</u>	<u>92,335</u>

<i>SecondFloor Swiss GmbH</i>		
Book value as at January 1	642,786	567,959
Sales	-642,786	-
Exchange rate differences	-	-8,000
Share in result	-	82,827
Book value as at December 31	<u>-</u>	<u>642,786</u>

In 2012 the company and the Founders of SecondFloor Swiss GmbH agreed upon a Purchase and Shareholders' Agreement for 80% of the shares in the subsidiary. Further, both parties entered in an IP and patent transfer agreement. In 2014 it was decided to end these agreements and the cooperation based on them. On December 5, 2014 the shares of SecondFloor Swiss GmbH were transferred back against the full granting of a full-scale usage right, identical to the legal position of a creator / IP rights owner, of use and adaptation rights to the source code "eRock" and related documentation to enable both parties to continue to develop each under its own name, the software independently and at their own risk, and to sell and to license.

	12/31/2014	12/31/2013
	€	€
Other receivables		
Deferred tax assets	<u>703,992</u>	<u>419,997</u>

The deferred tax assets have also been accounted for relating to the compensable losses.

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



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CURRENT ASSETS

22. Receivables, prepayments and accrued income

	12/31/2014	12/31/2013
	€	€
Trade receivables		
Face value of the trade receivables	24,682	-
Face value of the trade receivables intercompany	25,153	64,100
	<u>49,835</u>	<u>64,100</u>

A provision for possible bad debts is not considered to be necessary

Receivables from group companies

SecondFloor GmbH	10,317	10,105
SecondFloor Sas	55,857	55,857
SecondFloor Srl	11,190	11,190
SecondFloor Ltd	28,883	28,883
	<u>106,247</u>	<u>106,035</u>

Regarding 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	<u>39,154</u>	<u>39,154</u>
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Other receivables, prepayments and accrued income

Prepaid expenses	<u>2,850</u>	<u>4,150</u>
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23. Cash and banks

ING Bank N V	<u>-</u>	<u>7,033</u>
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EQUITY AND LIABILITIES

24. Shareholders' equity

	12/31/2014	12/31/2013
	€	€
Issued share capital		
14,310 Ordinary shares with a nominal value of € 1 00	14,310	14,310
11,000 Preference shares with a nominal value of € 1 00	11,000	11,000
	<u>25,310</u>	<u>25,310</u>

The registered share capital amounts to € 140,000

	2014	2013
	€	€
Share premium		
Book value as at January 1	2,439,937	2,033,633
Movements	-	406,304
Book value as at December 31	<u>2,439,937</u>	<u>2,439,937</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 in 2013.



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	<u>12/31/2014</u>	<u>12/31/2013</u>
	€	€
Legal and statutory reserves		
Research and development	1,175,258	1,925,080
Translation reserve	-5,066	-13,066
	<u>1,170,192</u>	<u>1,912,014</u>
	<u>2014</u>	<u>2013</u>
	€	€
<i>Research and development</i>		
Book value as at January 1	1,925,080	2,241,031
Capitalised costs	-	371,500
Reduction in amounts capitalised	-749,822	-687,451
Book value as at December 31	<u>1,175,258</u>	<u>1,925,080</u>
<i>Translation reserve</i>		
Book value as at January 1	-13,066	-2,031
Exchange rate differences	-	-11,035
Reduction in amounts capitalised	8,000	-
Book value as at December 31	<u>-5,066</u>	<u>-13,066</u>
Other reserves		
Book value as at January 1	-2,659,429	-223,513
Appropriation result financial year	-1,050,894	-1,979,987
Movements legal reserve research and development	749,822	315,951
Purchase or sale own shares	-	-890,630
Waiver loan M N Knook Beheer B V	-	118,750
Book value as at December 31	<u>-2,960,501</u>	<u>-2,659,429</u>



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M N Knook Beheer B V was the owner of 9,370 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 in 2013.

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 added to the other reserves in 2013.

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 € 581,432 (2013: € 429,986).

25. 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 20%.

	2014	2013
	€	€
Book value as at January 1	104,508	156,101
Reduction	-49,577	-51,593
Book value as at December 31	54,931	104,508
	12/31/2014	12/31/2013
	€	€

26. Long-term liabilities

Amounts due to group companies	-	200,000
Amounts due to participants and other participations	606,250	718,750
Payables to other related parties	1,125,243	-
	1,731,493	918,750



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	12/31/2014	12/31/2013
	€	€
Amounts due to group companies		
SecondFloor Swiss GmbH	-	200,000

In 2013 the company and the Founders of SecondFloor Swiss GmbH agreed to change the Purchase and Shareholders' Agreement from 2012. Part of the new agreement was a loan receivable of € 400,000 on SecondFloor Swiss GmbH. Due to the sale of the 80% shares in SecondFloor Swiss GmbH in 2014 the loan was settled.

On the level of the company (stand alone) this amount is accounted for as a payable to SecondFloor Swiss GmbH.

Amounts due to participants and other participations

Loan M N Knook Beheer B V.	118,750	118,750
Vendor loan M N Knook Beheer B V	225,000	337,500
Loan B Oortwijn Beheer B V	187,500	187,500
Loan F Hemmer Beheer B V	50,000	50,000
Loan J Toes Beheer B V	25,000	25,000
	<u>606,250</u>	<u>718,750</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 Bank N V 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 N V 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 N V financing.

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

SecondFloor Holding B.V.

	12/31/2014	12/31/2013
	€	€
Payables to other related parties		
Main SecondFloor C V	1,125,243	-
	2014	2013
	€	€
<i>Main SecondFloor C V</i>		
Book value as at January 1	-	-
Loans granted	1,100,000	-
Interest	25,243	-
Long term as at December 31	1,125,243	-

Concerning the loan of Main SecondFloor C V , provided at Augustus 15, 2014, the interest rate is based upon 12% a year The loan will be redeemed over a period of 5 years Loan repayments will be made in quarterly payments of € 92,000 (first payment € 88,000) The loan is subordinated in relation to the ABN AMRO Bank N V financing The loan has been secured by

- Right of pledge (2nd rank) for trade debtors
- Jointly and severally liability of SecondFloor Holding B V and / or its subsidiaries

Equity Kicker

In case of

- 1 the sale of all or minimal 25% of the assets and/or liabilities of the company
 - 2 the sale of all or minimal 25% of the shares of the company and/or its subsidiaries
 - 3 the payment of an option on item 1 or 2
- Main SecondFloor C V will receive a maximum of 3.3% of the total value of the shares

27. Current liabilities, accruals and deferred income

	12/31/2014	12/31/2013
	€	€
Banks		
ABN AMRO Bank N V	1,011,603	1,420,976



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

The ABN AMRO Bank N V credit facility has been secured by

- Letter of guarantees provided by the (indirect) shareholders for a total amount of EUR 471,517
- Jointly and severally liability of SecondFloor Holding B V , SecondFloor B V. and SecondFloor GmbH
- Right of pledge for intellectual property, office equipment, trade debtors and other receivables

	12/31/2014	12/31/2013
	€	€
Current portion of long-term liabilities		
Bank loans	-	69,030
Loans from participants and other participations	112,500	112,500
	<u>112,500</u>	<u>181,530</u>

Accounts payable

Accounts payable	9,221	176,959
Accounts payable intercompany	510,894	1,010,894
	<u>520,115</u>	<u>1,187,853</u>

In the accounts payable an amount of € 10,209 is included as payable to shareholders and an amount of € 46,875 is included as payable to the management board

Amounts due to group companies

SecondFloor B V.	3,070,392	3,185,020
SecondFloor Swiss GmbH	-	200,000
	<u>3,070,392</u>	<u>3,385,020</u>

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

Taxes and social security charges

Value added tax	5,728	63,902
Wage tax	43,324	43,324
Pension contributions	1,333	3,235
	<u>50,385</u>	<u>110,461</u>



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The wage tax 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

	<u>12/31/2014</u>	<u>12/31/2013</u>
	€	€
Other liabilities, accruals and deferred income		
Holiday allowance	-	7,220
Other accruals	35,118	66,283
	<u>35,118</u>	<u>73,503</u>

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



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

28. Net turnover

The net turnover for 2014 of the legal entity has increased by 500 0% compared to 2013

	2014	2013
	€	€
29. Net turnover		
Net turnover	41,958	6,993

30. Wages, salaries and social security charges

Wages and salaries	-	142,140
Social security charges	-	67,452
Pension costs	-	5,476
Management fees	-	338,080
	-	553,148

Wages and salaries

Wages and salaries	-	142,140
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Social security charges

Social security	-	67,452
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Pension costs

Pension insurance	-	5,476
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Management fees

Management fees	-	338,080
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Average number of employees

The average number of employees during the year, converted to full-time equivalents, was in 2014 - (2013 5).

	2014	2013
<i>The average number of employees broken down by activity, was as follows:</i>		
Management	-	2
Staff	-	3
	-	5

SecondFloor Holding B.V.

	2014	2013
	€	€
31. Amortisation and depreciation		
Intangible fixed assets	888,074	825,702
Tangible fixed assets	204,010	178,621
	<u>1,092,084</u>	<u>1,004,323</u>
<i>Amortisation of intangible fixed assets</i>		
Research and development costs	749,822	687,451
Intellectual property	48,675	48,675
Goodwill	89,577	89,576
	<u>888,074</u>	<u>825,702</u>
<i>Depreciation of tangible fixed assets</i>		
Office equipment	<u>204,010</u>	<u>178,621</u>
32. Other operating expenses		
Other personnel expenses	-180	29,330
Selling expenses	722	-40,380
General expenses	29,226	435,295
	<u>29,768</u>	<u>424,245</u>
<i>Other personnel expenses</i>		
Travelling expenses	106	27,710
Other personnel expenses	-286	1,620
	<u>-180</u>	<u>29,330</u>
<i>Selling expenses</i>		
Publicity and advertising expenses	722	9,620
Recharged expenses	-	-50,000
	<u>722</u>	<u>-40,380</u>

SecondFloor Holding B.V.

	2014	2013
	€	€
<i>General expenses</i>		
Audit and advisory expenses	2,185	61,851
Advisory expenses	47,081	67,668
Legal expenses	46,697	27,832
Insurance	4,075	4,300
Automation expenses	4,797	262,114
Subscriptions	-	3,380
Telephone-, internet and postage expenses	2,827	7,059
Other general expenses	-78,436	1,091
	<u>29,226</u>	<u>435,295</u>
33. Financial income and expenses		
Other interest income and similar income	3,356	3,552
Interest expenses and similar charges	-195,649	-72,744
	<u>-192,293</u>	<u>-69,192</u>
<i>Other interest income and similar income</i>		
Exchange results	3,144	3,552
Other interest	212	-
	<u>3,356</u>	<u>3,552</u>
<i>Interest expenses and similar charges</i>		
Bank interest and expenses	84,042	40,889
Interest other loans	109,042	29,664
Other paid interest	2,565	2,191
	<u>195,649</u>	<u>72,744</u>
34. Taxation on result		
Corporate income tax previous years	11,165	8,986
Movement of deferred tax assets and liabilities	322,407	388,921
	<u>333,572</u>	<u>397,907</u>



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35. Share in result of participations

	2014	2013
	€	€
Share in result of SecondFloor B V	-374,849	-454,525
Share in result of SecondFloor GmbH	-1,826	5,540
Share in result of SecondFloor Sas	4,468	9,642
Share in result of SecondFloor Srl	881	-4,826
Share in result of SecondFloor Ltd	9,833	27,363
Result sale SecondFloor Swiss GmbH	249,214	82,827
	<u>-112,279</u>	<u>-333,979</u>

Signing of the financial statements

F M A. Hemmer

M van Erp on behalf of Elevate Consultancy B V

SecondFloor Holding B.V.



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OTHER INFORMATION

1 INDEPENDENT AUDIT REPORT

To the general meeting of SecondFloor Holding B.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of SecondFloor Holding B.V., Haarlemmermeer, which comprise the consolidated and company balance sheet as at December 31, 2014, 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the 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, 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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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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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, June 1, 2015

PKF Wallast

A handwritten signature in black ink, appearing to be 'Drs E Bakker RA', 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 occurs 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 2014

In accordance with legal rules the loss for the financial year 2014 amounting to € 1,050,894 was deducted from the other reserves. The financial statements do reflect this proposal.

4 Subsequent events

To strengthen the company's equity, the shareholders submitted a convertible loan in May 2015 for continuing purposes.