



Condensed consolidated  
interim financial statements

30 June 2014

# Report of the Board of Directors

## First half 2014

*This report covers the business activity and financial results of NedSense enterprises n.v. (the 'Company' or 'NedSense') for the half-year ended 30 June 2014.*

## Growth Strategy

After the successful launch of its highly innovative 3D customer experience technology LOFT, NedSense has continued its focus on the development of the LOFT suite of products. In line with current technology developments and on and offline customer behavior, LOFT is available through a variety of media, from in-house enterprise deployment with full functionality across the entire product range to a slim cloud-based service for more mobile use.

Customers can access and use the products through multiple internet supported devices, be it PC's or tablets. Loft has already shown its ability to execute in furniture retail (with implementations at Crate and Barrel, Havertys, Trendhopper, Carpet Court and DFS) as well as manufacturers (with implementations at Kravet, Donghia, Leolux, Thonet and Rubelli). LOFT is continuing its growth in market share in the furniture industry.

LOFT's strategy in Real Estate is to connect the worlds of real estate and furniture retail, enabling retailers to connect to the customer exactly when they need to; at the moment when they are looking to buy or rent a new house. At the same time, the realtor is able to provide the customer with a visualization of the house as their new home, helping swing the decision making.

The LOFT experience engine will continue to be enhanced thanks to the cooperation between the growing base of new clients, and our technology and marketing partners in the industry. The LOFT development roadmap also includes the addition of optional space planning footage like 3D scans and construction plans.

Although currently Loft's year-over-year revenue is gradually improving, entering the Real Estate industry will enable us to monetize the LOFT technology to its full potential.

On the 25th of August NedSense announced the sale of the NedGraphics division, which is fully in line with the company's strategy. With the divestment of NedGraphics, NedSense can now focus all its efforts and capital on the further development of LOFT.

## Financial results

In June 2014, it was decided that the NedGraphics operating segment would be held for sale. The financial results of this segment is therefore presented in the statement of comprehensive income as part of discontinued operations.

NedSense ended the first half of 2014 with a net loss of €1,057 thousand (first half 2013: €871 thousand loss). The decreased result is mainly the combination of a higher NedGraphics operating profit, offset by an increased LOFT operating loss.

Including the results of NedGraphics, NedSense realized a gross profit of €4,206 thousand compared to €4,353 thousand in the first half of 2013, a decrease of 3%. The gross profit for NedGraphics was down 2% while the gross profit was down 26% for LOFT primarily due to increased cost of sales.

NedGraphics' operating cost decrease of 5% compared to the similar period in 2013, had an immediate impact on the segment's profit from operations, which increased from a profit of €454 thousand in the first half of 2013 to €536 thousand in the first half of 2014.

The Loft division reported sales of €271 thousand as compared to €277 thousand in the first half of 2013. Due to a combination of the increased cost of sales noted above, as well as the blended result of decreased capitalized production with higher software amortization costs for this maturing product line, the segment's profit (loss) from operations was €683 thousand negative.

The Other operating segment includes the activities of the holding and the discontinued operation Dynamics Perspective.

## **Cash flow**

The operational cash flow in the first half of 2014 amounted to €1,262 thousand positive (first half 2013: €846 thousand positive). The increase is mainly due to decreased operating expenses at NedGraphics. The cash flow from investments in the first half of 2014 was €1,208 thousand negative (first half 2013: €1,400 thousand negative), due to decreased investments in software development mainly in LOFT. The cash flow from financing in the first half of 2014 was €0 (first half 2013: €2,509 thousand).

The total change in cash and cash equivalents in the first half of 2014 amounted to €54 thousand positive (first half 2013: €1,955 thousand positive).

## **Balance sheet**

As noted above, in June 2014, it was decided that the NedGraphics operating segment would be held for sale. The assets and liabilities of this segment are therefore presented in the statement of financial position as assets held for sale as of 30 June 2014.

From 31 December 2013 intangible assets including NedGraphics increased from €10,961 thousand to €11,005 thousand. This increase is mainly due to the investment in software development for the LOFT product line. Current receivables including NedGraphics decreased from €4,449 thousand to €2,450 thousand as the Company collected most of the outstanding maintenance invoices which were submitted at year-end 2013. Primarily due to the net loss in

the first half of 2014 of €1,057 thousand, total equity decreased from €6,293 thousand as of 31 December 2013 to €5,324 thousand as of 30 June 2014.

Due to negative results in the past few years, NedSense has tax losses that may be carried forward. These tax assets are not capitalized in the balance sheet as management is currently not certain that sufficient taxable profits will be made in the near future to realize the value of these tax assets.

The solvency decreased to 34.9% at 30 June 2014, from 36.8% at 31 December 2013 due to the net loss in the first half of June 2014. The number of outstanding ordinary shares, with a nominal value of €0.10 each, was 28,596,495 as of 30 June 2014 as well as 30 June 2013.

## **Outlook**

In the second half of 2014, NedSense will continue to deploy its strategic growth plan. As the order pipeline for the Loft division has improved, NedSense expects the revenue of LOFT to rise in 2014 versus last year.

NedSense is focused on the further development and rollout of LOFT with several important milestones expected in 2014. Existing customers like Havertys, DFS and Kravet will launch their online- and mobile LOFT implementations, and new customers are expected to start LOFT implementations. In the second half of 2014, the Loft division will launch the BtC/CtC Real Estate platform. Growth acceleration is essential to maintain the current competitive advantage and secure corporate autonomy.

In the third quarter NedSense expects to finalize the NedGraphics sale. Sales of the division are expected to be on par with expectations.

NedSense's strategy is to continue to develop its LOFT sales and marketing efforts, maintain our market knowledge, and sustain our customer base and maintenance contracts, while looking for more opportunities to expand beyond the niche in which we currently operate. We are building and investing in our knowledge heritage, so that we can innovate, lead, and create true economic value for our customers.

Pieter Aarts  
Jan-Hein Pullens  
Vianen, 28 August 2014

## **Board of Directors' statement on the condensed consolidated half-year financial statements and the interim management report**

We have prepared the half-yearly financial report 2014 of NedSense enterprises n.v. and the undertakings included in the consolidation taken as a whole in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Dutch disclosure requirements for half-yearly financial reports.

To the best of our knowledge it is our opinion that the condensed financial statements in this half-yearly financial report 2014 give a true and fair view of our assets and liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole at 30 June 2014, and of the result of our consolidated operations for the first half year of 2014 and has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The interim management report in this half-yearly financial report includes a fair overview of the situation at the balance sheet date, the course of affairs during the first six months of the financial year of the company and the undertakings included in the consolidation taken as a whole, and the expected course of affairs for the second half of 2014 as well as an indication of important events that have occurred during the six months ended June 30, 2014, and their impact on the condensed consolidated interim financial statements, together with a description of the principal risks and uncertainties for the second half of 2014, and also includes the major related parties transactions entered into during the six months ended June 30, 2014.

Vianen, 28 August 2014

The Board of Management

Pieter Aarts, *Chief Executive Officer*

Jan-Hein Pullens, *Chief Operating Officer*

# Condensed consolidated statement of financial position

*In thousands of euro*

	Notes	30 June 2014	31 December 2013
<b>Assets</b>			
Property, plant, and equipment	8	57	271
Intangible assets	9	3,025	10,961
Other receivables	10	500	483
<b>Total non-current assets</b>		<b>3,582</b>	<b>11,715</b>
Inventories		18	13
Trade and other receivables		376	4,449
Cash and cash equivalents		209	942
Assets held for sale	14	11,064	0
<b>Total current assets</b>		<b>11,667</b>	<b>5,404</b>
<b>Total assets</b>	<b>6</b>	<b>15,249</b>	<b>17,119</b>
<b>Equity</b>			
Issued capital	11	2,860	2,860
Share premium		37,565	37,565
Legal reserves		6,950	6,905
Translation reserves		(109)	(126)
Accumulated deficit	13	(41,942)	(40,911)
<b>Total equity</b>		<b>5,324</b>	<b>6,293</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	12	4,116	4,342
Employee benefits		59	134
<b>Total non-current liabilities</b>		<b>4,175</b>	<b>4,476</b>
Interest-bearing loans and borrowings	12	522	0
Trade and other payables		766	2,141
Deferred income		43	4,209
Liabilities held for sale	14	4,419	0
<b>Total current liabilities</b>		<b>5,750</b>	<b>6,350</b>
<b>Total liabilities</b>		<b>9,925</b>	<b>10,826</b>
<b>Total equity and liabilities</b>		<b>15,249</b>	<b>17,119</b>

*The notes are an integral part of these condensed consolidated financial statements*

# Condensed consolidated statement of comprehensive income

For the six months ended 30 June

In thousands of euro

	Notes	2014	2013* Restated
Net revenue	6	271	277
Cost of sales		(87)	(52)
<b>Gross profit</b>		<b>187</b>	<b>252</b>
Wages and salaries		740	770
Social security charges		148	138
Amortization and depreciation		543	429
Other operating costs		469	514
Capitalized production	9	(421)	(495)
<b>Profit (loss) from operations</b>	<b>6</b>	<b>(1,292)</b>	<b>(1,104)</b>
Finance income		17	16
Finance costs		(312)	(273)
<b>Net finance costs</b>		<b>(295)</b>	<b>(257)</b>
<b>Profit (loss) before income tax</b>		<b>(1,587)</b>	<b>(1,361)</b>
Income tax expense		0	0
<b>Profit (loss) for the period</b>		<b>(1,587)</b>	<b>(1,361)</b>
<b>Discontinued operations</b>			
Income (loss) from discontinued operations (net of income tax)		530	490
<b>Profit (loss) for the period</b>		<b>(1,057)</b>	<b>(871)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences for foreign operations		17	(15)
<b>Other comprehensive income for the period, net of income tax</b>		<b>17</b>	<b>(15)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>(1,040)</b>	<b>(886)</b>
<b>Profit (loss) attributable to:</b>			
Owners of the Company		(1,057)	(871)
<b>Profit (loss) for the period</b>		<b>(1,057)</b>	<b>(871)</b>

\*See note 7

\*The notes are an integral part of these condensed consolidated financial statements

# Condensed consolidated statement of comprehensive income (continued)

**For the six months ended 30 June**

*In thousands of euro*

	<b>Notes</b>	<b>2014</b>	<b>2013*</b> <b>Restated</b>
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company		(1,040)	(886)
<b>Total comprehensive income (loss) for the period</b>		<b><u>(1,040)</u></b>	<b><u>(886)</u></b>
<b>Earnings (loss) per share</b>			
Basic earnings (loss) per share (in euros)		(0.04)	(0.04)
Diluted earnings (loss) per share (in euros)		(0.03)	(0.03)
<b>Earnings (loss) per share continued operations</b>			
Basic earnings (loss) per share (in euros)		(0.06)	(0.06)
Diluted earnings (loss) per share (in euros)		(0.05)	(0.06)

*\*See note 7*

*The notes are an integral part of these condensed consolidated financial statements*



## Condensed consolidated statement of changes in equity

**For the 6 months ended 30 June**

*In thousands of euro*

	<b>Attributable to equity holders of the Company</b>					
<b>Notes</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Trans- lation reserve</b>	<b>Accum- ulated deficit</b>	<b>Other legal reserves</b>	<b>Total</b>
Balance at 1 January 2013	2,108	36,167	(116)	(39,015)	6,540	5,684
<b>Total comprehensive income (loss) for the period</b>						
Profit or (loss)	0	0	0	(871)	0	(871)
<b>Other comprehensive income - Items that are or may be reclassified to profit or loss</b>						
Foreign currency translation differences	0	0	(15)	0	0	(15)
Total other comprehensive income	0	0	(15)	0	0	(15)
Total comprehensive income (loss) for the period	0	0	(15)	(871)	0	(886)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issue of new shares (net of transaction costs)	752	1,401	0	0	0	2,153
Share-based payments	13	0	0	107	0	107
Total contributions by and distributions to owners	752	1,401	0	107	0	2,260
Total transactions with owners	0	0	0	107	0	107
Transfer to other reserves	0	0	0	(239)	239	0
Balance at 30 June 2013	2,860	37,568	(131)	(40,018)	6,779	7,058

*The notes are an integral part of these condensed consolidated financial statements*

## Condensed consolidated statement of changes in equity (continued)

**For the 6 months ended 30 June**

*In thousands of euro*

	Notes	Attributable to equity holders of the Company					Total
		Share capital	Share premium	Translation reserve	Accumulated deficit	Other legal reserves	
Balance at 1 January 2014		2,860	37,565	(126)	(40,911)	6,905	6,293
<b>Total comprehensive income (loss) for the period</b>							
Profit or (loss)		0	0	0	(1,057)	0	(1,057)
<b>Other comprehensive income - Items that are or may be reclassified to profit or loss</b>							
Foreign currency translation differences		0	0	17	0	0	17
Total other comprehensive income		0	0	17	0	0	17
Total comprehensive income (loss) for the period		0	0	17	(1,057)	0	(1,040)
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Share-based payments	13	0	0	0	71	0	71
Total contributions by and distributions to owners		0	0	0	71	0	71
Total transactions with owners		0	0	0	71	0	71
Transfer to other reserves		0	0	0	(45)	45	0
Balance at 30 June 2014		2,860	37,565	(109)	(41,942)	6,950	5,324

*The notes are an integral part of these condensed consolidated financial statements*

# Condensed consolidated statement of cash flows

**For the 6 months ended 30 June**

*In thousands of euro*

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
Profit (loss) for the period		(1,057)	(871)
Adjustments for:			
- Amortization and depreciation		1,179	1,072
- Change in inventories		(11)	3
- Change in trade and other receivables excluding finance income		1,999	1,201
- Change in trade and other payables excluding finance expense		15	437
- Change in provisions and employee benefits		(3)	(2)
- Change in deferred income		(1,209)	(1,343)
- Equity settled share-based payment		71	107
- Net finance costs		282	249
- Corporate income tax		11	(14)
Interest paid		(3)	(15)
Corporate income tax paid		(12)	22
<b>Cash flow from (used in) operating activities</b>		<b>1,262</b>	<b>846</b>
Investments:			
- Intangible assets	9	(1,176)	(1,326)
- Property, plant, and equipment	8	(50)	(56)
Other		18	(18)
<b>Cash flow from (used in) investment activities</b>		<b>(1,208)</b>	<b>(1,400)</b>
Net proceeds from issuance of shares		0	2,153
Proceeds from grant		0	356
<b>Cash flow from (used in) financing activities</b>		<b>0</b>	<b>2,509</b>
<b>Change in liquid assets</b>		<b>54</b>	<b>1,955</b>
Cash and cash equivalents		942	830
<b>Balance at 1 January</b>		<b>942</b>	<b>830</b>
Cash and cash equivalents		996	2,785
<b>Balance at 30 June</b>		<b>996</b>	<b>2,785</b>
<b>Change in liquid assets</b>		<b>54</b>	<b>1,955</b>

*The notes are an integral part of these condensed consolidated financial statements*

# Notes to the condensed consolidated interim financial statements

## **1. Reporting entity**

NedSense (the "Company") is domiciled in the Netherlands with registered office at Laanakkerweg 2b, 4131 PA Vianen, the Netherlands. These condensed consolidated interim financial statements of the Company as of and for the six months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Company is a holding company, which holds 100% of companies providing integrated, specialized design, production, and planning software to the textile and apparel industries globally.

## **2. Going Concern**

As of June 30, 2014 the Company has a solvency rate of 34.9%. Based on the Company's financial position, the scheduled invoicing of maintenance contracts and the resulting cash inflow in the fourth quarter of 2014 and first quarter of 2015, its assets and the current outlook of the financial performance for the forthcoming year, these condensed consolidated interim financial statements have been prepared based on the going concern assumption.

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as of and for the year ended 31 December 2013. We continue to tightly manage our cash balance. The uncertainty of sales is the main risk of the Company.

## **3. Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as of and for the year ended 31 December 2013. These condensed consolidated interim financial statements were approved by the Board of Directors on 28 August 2014.

## **4. Significant accounting policies**

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended 31 December 2013. These condensed consolidated interim financial statements have not been audited or reviewed.

*New standards and interpretations:*

The Group adopted the following new / revised standards, which are effective for its accounting period starting 1 January 2014:

- IAS 27 *Separate Financial Statements* (as revised in 2011, effective 1 January 2014)
- IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011, effective 1 January 2014)
- Amendment to IAS 32 *Financial Instrument: Presentation – Offsetting Financial Assets and Liabilities* (effective 1 January 2014)
- IFRS 10 *Consolidated Financial Statements* (effective 1 January 2014)
- IFRS 11 *Joint Arrangements* (effective 1 January 2014)
- IFRS 12 *Disclosure of Involvement with Other Entities* (effective 1 January 2014)

The adoption of the new / revised standards has no impact on the recognized assets, liabilities, and comprehensive income of the Group.

## **5. Estimates**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2013.

## 6. Operating Segments

Information about reportable segments:

### Business segment reporting

For the six months ended 30 June

<i>in thousands of euro</i>	NedGraphics**		Loft		Other		Elimination		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>External revenues</b>	<b>4,111</b>	<b>4,189</b>	<b>271</b>	<b>277</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,382</b>	<b>4,466</b>
<b>Inter-segment revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Segment profit (loss) from operations</b>	<b>536</b>	<b>454</b>	<b>(683)</b>	<b>(428)</b>	<b>(609)</b>	<b>(676)</b>	<b>0</b>	<b>0</b>	<b>(756)</b>	<b>(650)</b>
Intangible segment assets*	7,980	8,166	3,025	2,668	0	0	0	0	<b>11,005</b>	<b>10,834</b>
Other segment assets*	10,275	8,900	674	1,337	10,771	1,953	(17,476)	(6,068)	<b>4,244</b>	<b>6,122</b>
<b>Total segment assets*</b>	<b>18,255</b>	<b>17,066</b>	<b>3,699</b>	<b>4,005</b>	<b>10,771</b>	<b>1,953</b>	<b>(17,476)</b>	<b>(6,068)</b>	<b>15,249</b>	<b>16,956</b>

\*as of 30 June 2014 and 30 June 2013

\*\*See note 14

## 7. Discontinued operations

*Dynamics Perspective, Inc.:*

In June 2013, the Company decided to discontinue the activities of its wholly owned subsidiary Dynamics Perspective, Inc. (DPI). Accordingly, the statement of comprehensive income shows the discontinued operation separately from continuing operations.

DPI is still in the process of liquidation, and as such, the final gain or loss from disposition has not been determined or recorded.

### (a) Results of discontinued operation DPI

For the six months ended 30 June

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Net revenue	0	185
Expenses	(7)	(182)
<b>Profit (loss) from operations</b>	<b>(7)</b>	<b>3</b>
Income tax expense	0	(1)
<b>Profit (loss) for the period</b>	<b>(7)</b>	<b>2</b>

**Earnings (loss) per share**

Basic earnings (loss) per share (in euros)	0.00	0.00
Diluted earnings (loss) per share (in euros)	0.00	0.00

**(b) Cash flows from (used in) discontinued operation DPI  
For the six months ended 30 June**

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Net cash flow from (used in) operating activities	(8)	21
<b>Change in liquid assets</b>	<b>(8)</b>	<b>21</b>

**(c) Net assets and liabilities of discontinued operation DPI\***

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Cash and cash equivalents	0	(31)
Trade and other payables	27	43
<b>Net assets and liabilities</b>	<b>27</b>	<b>12</b>

\*as of 30 June 2014 and 30 June 2013

*NedGraphics:*

In June 2014, management committed to a plan to sell the NedGraphics operating segment. Accordingly, the statement of comprehensive income shows the results of this segment separately from continuing operations, in discontinued operations. See note 14 for additional information.

**(a) Results of discontinued operation NedGraphics  
For the six months ended 30 June**

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Net revenue	4,111	4,189
Expenses	(3,563)	(3,716)
<b>Profit (loss) before income tax</b>	<b>548</b>	<b>473</b>
Income tax expense	(11)	15
<b>Profit (loss) for the period</b>	<b>537</b>	<b>488</b>

**Earnings (loss) per share**

Basic earnings (loss) per share (in euros)	0.02	0.02
Diluted earnings (loss) per share (in euros)	0.02	0.02

**(b) Cash flows from (used in) discontinued operation NedGraphics  
For the six months ended 30 June**

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Net cash flow from (used in) operating activities	595	255
Net cash flow from (used in) investment activities	(535)	(576)
<b>Change in liquid assets</b>	<b>60</b>	<b>(321)</b>

### **(c) Net assets and liabilities of discontinued operation NedGraphics\***

(in thousands of euros)

	<b>2014</b>	<b>2013</b>
Property, plant, and equipment	(217)	(193)
Intangible assets	(7,980)	(8,166)
Inventories	(6)	(4)
Trade and other receivables	(2,074)	(2,333)
Cash and cash equivalents	(787)	(432)
Employee benefits	72	73
Trade and other payables	1,390	1,451
Deferred income	2,957	2,942
<b>Net assets and liabilities</b>	<b>(6,645)</b>	<b>(6,662)</b>

\*as of 30 June 2014 and 30 June 2013

## **8. Property, plant and equipment**

### *Acquisitions and disposals:*

During the six months ended 30 June 2014 the Group acquired assets with a cost of €50 thousand (six months ended 30 June 2013: €56 thousand).

No assets with a carrying amount were disposed of during the six months ended 30 June 2014 (carrying amount disposed of during the six months ended 30 June 2013: none). No gains or losses on disposals were realized during the six months ended 30 June 2014 or 30 June 2013. Assets with a carrying amount of €217 thousand were transferred to held for sale (see Note 14) (six months ended 30 June 2013: nil).

## **9. Intangible assets**

Investments for the six months ended 30 June 2014 comprised capitalized production of €1,176 thousand (six months ended 30 June 2013: €1,326 thousand). Capitalized production included both in-house and third party expenses incurred to develop intangible fixed assets (software). For the six months ended 30 June 2014, such in-house expenses amounted to €819 thousand and third party expenses amounted to €357 thousand (six months ended 30 June 2013: €916 thousand and €410 thousand, respectively). Assets with a carrying amount of €7,980 thousand were transferred to held for sale (see Note 14) (six months ended 30 June 2013: nil).

## **10. Non-current receivables**

In 2011, management invested €500 thousand in the share capital of the Company. At the same time the Company provided a loan to management of €500 thousand with an interest rate of 2.5%. These loans have been recognized at fair value taking the market interest rate into account (7.5%). Cash flows to be received (at 2.5%) and the total sum have been discounted



over the expected life of the loan (4 years). With these assumptions, the value of the receivables at 30 June 2014 is €500 thousand including accrued interest.

On 24 April 2013 the company entered into a subscription agreement with the new investor Nantahala in relation to the investment in new shares by Nantahala. The subscription agreement also contained certain new remuneration arrangements which were conditional to the investment by Nantahala. The arrangements have been approved by General Meeting in June 2013. One of the new remuneration arrangements was that the Investors agreed that the loans of Management members with the company shall be written-off. The Supervisory Board however, has postponed a final decision on the write-off as it seeks to minimize tax consequences of this write-off for both the company and Management Board members personally. No costs for the write-off are recorded as of 30 June 2014.

## **11. Share capital**

At 30 June 2014, the issued share capital comprised 28,596,495 ordinary shares (31 December 2013 28,596,495) with nominal value of €0.10, which have been fully paid up.

## **12. Loans and borrowings**

No additional funds were received or repaid during the six months ended 30 June 2014.

## **13. Share-based payment**

At 30 June 2014 the Group has the following share-based payment arrangements:

### *Share option program (equity settled):*

During the years 2009-2011, options were granted to management and key personnel based on performance criteria as set by the Supervisory Board of the Company. Total costs related to this plan during the six months ended 30 June 2014 amount to €6 thousand.

### *Share program (equity settled):*

A new remuneration plan is in effect for 2012 through 2015. The plan has a share payment component that provides for the Board of Directors and key employees.

During the years 2012-2015, shares of the Company will be granted to management and key personnel based on performance criteria as set by the Supervisory Board of the Company. Total costs related to this plan during the six months ended 30 June 2014 amount to €66 thousand. Shares earned through this plan have not yet been issued.

## **14. Disposal group held for sale**

In June 2014, management committed to a plan to sell the NedGraphics operating segment. Accordingly, the assets and liabilities of NedGraphics are presented as a disposal group held for sale. Efforts to sell NedGraphics have started and a sale is expected by October 8<sup>th</sup> 2014.

As of 30 June 2014, NedGraphics comprised assets of €10,277 thousand less liabilities of €4,419 thousand detailed as follows.

<i>In thousands of euro</i>	<b>Notes</b>	
Property, plant, and equipment	8	217
Intangible assets	9	7,980
Inventories		6
Trade and other receivables		2,074
Cash and cash equivalents		787
Employee benefits		(72)
Trade and other payables		(1,390)
Deferred income		(2,957)
		6,645

## **15. Subsequent event**

### *Additional funding received:*

On 10 July 2014, an additional €152 thousand was received as part of the grant (innovation credit) from the Dutch government for LOFT software development, bringing the total amount of the grant to €1,718 thousand. In addition, the grant repayment terms were changed to the following schedule:

- 1 October 2014 through 1 October 2015: €32 thousand per quarter
- 1 January 2016 through 1 October 2016: €175 thousand per quarter
- 1 January 2017 through 1 October 2017: €310 thousand per quarter
- 1 January 2018: remaining interest balance due