ANNUAL REPORT 2015

Contents

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Trade register Utrecht Chamber of Commerce under number 23092326

001 Key figures

	2015	2014 Restated*
Results from continued operations (in thousands of euros)		
Net revenue	0	0
Operating result	-781	-1,174
Net result	-4,725	-3,195
Cash flow	-4,645	3,734
Employees (in FTE's)		
Average number of staff in continued operations, including staff hired out	0	2
Balance sheet information (in thousands of euros)		
Balance sheet total	3,572	9,066
Shareholders' equity	-1,564	3,302
Guarantee capital	-1,564	3,302
Ratios (in %)		
Solvency (based on guarantee capital)	-44	36
Liquidity	0.7	1.2
Figures per share (amounts in euros)		
Average number of shares outstanding	29,501,761	28,682,566
Result per share	-0.16	-0.11
Cash flow per share	-0.16	0.13

**See Note 6 of the financial statements*

002 Profile and history

002 Profile and history

NedSense was founded as Blue Fox in early 1999 and has been listed on NYSE Euronext Amsterdam NV since 21 May 1999. The company grew rapidly as a result of its buy-and-build strategy until it encountered financial challenges in 2006. As a means of thwarting these challenges, the company initiated a new strategic direction and disposed of noncore activities. In 2009, Blue Fox underwent a complete transformation program to prepare the company, and our market, for a new era as NedSense. The company then continued with three distinct operating segments, NedGraphics, LOFT, and Dynamics Perspective. NedGraphics was sold in 2014, and Dynamics Perspective ceased to exist in 2013. After these divestments NedSense became a global provider of high quality software solutions and services for retailers and manufacturers, brands which surround us in our day-to-day lives, from fashion items and accessories to furniture, carpets and other woven materials. Upon the sale of the LOFT division in the first quarter of 2016, NedSense no longer has any operational activities.

003 Composition of the Boards

Board of Directors

Peter Paul de Vries (1967, Dutch, Male), Chairman of the Board of Directors since 6 April 2016
Mr. de Vries is the CEO of Value8 NV, a holding company listed on Euronext Amsterdam. He graduated from the Erasmus University in 1989, obtaining a master in Business Administration. Prior to founding Value8 in 2007, Mr. De Vries worked with the 'Vereniging van Effectenbezitter' (VEB) from 1989 to 2007. He was the Director of the VEB from 1995 to 2007. Mr. De Vries combines his position at Value8 with a position as a member of the Supervisory Board of Snowword NV and Euronext NV. Also, he is a non-executive Board member at IEX Group NV, a member of the Board of Directors at Sucraf NV and a member of the recommendation committee of Stichting Juliana Kinderziekenhuis.

Pieter Aarts (1967, Dutch, Male), Chairman of the Board of Directors from January 2009 to 6 April 2016
Mr. Aarts graduated from the Technical University Eindhoven (NL) in 1989 before obtaining a Master in Business Administration from Kingston University in London (UK). He started his professional career in 1989 with one of the PinkRoccade Group subsidiaries as a consultant in logistics. In 1994, Mr. Aarts was made Managing Director of PinkRoccade Industry, and continued in various Managing and Executive positions, including member of the Board of Directors, within PinkRoccade until 2004. He then moved to Hewlett-Packard Netherlands as member of the Board of Directors before continuing as an interim manager for several companies. Since 2002, Mr. Aarts has held a number of advisory management positions with a variety of organizations, mainly in the ICT industry.

Jan-Hein Pullens (1972, Dutch, Male), Member of the Board of Directors from January 2009 to 6 April 2016
Mr. Pullens graduated from the Faculty of Economics and Management at the University of Applied Sciences in Utrecht in 1997 having already started his professional career in the previous year as an Account Manager in the software industry. He was then recruited by Unisys Netherlands where he held various management and sales executive positions within Unisys' Global Industry and Global Infrastructure divisions. In 2004, Mr. Pullens became Division Director for Outsourcing at Inter Access, where he led the development and growth of this new division. Three years later, in 2007, he joined Hewlett-Packard's EMEA Strategic Outsourcing team as an Engagement Lead focusing on the large international IT outsourcing deals. Since 2005, Mr. Pullens has held various advisory and management positions with a number of organizations.

Supervisory Board

Gerben Hettinga (1977, Dutch, Male), Chairman Supervisory Board since 6 April 2016
Mr. Hettinga is a member of the Board of Directors at Value8 NV, a holding company listed on Euronext Amsterdam. He graduated from the Vrije Universiteit in Amsterdam in 2001, obtaining a master in Business Administration. Before he became a Board member at Value8 NV in 2008, Mr. Hettinga worked with the 'Vereniging van Effectenbezitter' (VEB) from 2001 to 2008. His last position at the VEB was 'head of economic affairs'. Mr. Hettinga combines his position at Value8 with a position as non-executive Board member at IEX Group NV. Also, he is a member of the Board of Directors at Sucraf NV.

Derek van Dam (1971, Dutch, Male), Chairman Supervisory Board since 6 April 2016
After finishing his HEAO study in Business Administration in 1995, Mr. van Dam started his career at Zwitserleven and ING. After Mr. Van Dam switched to ABN Amro Rotschild in 2000 (which was acquired by Royal Bank of Scotland in 2007), where he functioned (among others) as Vice President Equity Capital Markets / Corporate Actions. In 2013, Mr. Van Dam became investor relations manager at Grontmij NV. Later that year he switched to Snowworld NV, where he held the same position. Currently, Mr. Van Dam is working at the law firm Stibbe, where he is focusing on business development.

Elisabeth DeMarse (American, Female), Chairman Supervisory Board from 18 June 2015 to 6 April 2016
Elisabeth DeMarse was appointed Chairman, Chief Executive Officer and Chairman of TheStreet, Inc. in March 2012. From October 2010 to March 2012, Ms. DeMarse was CEO of Newser, LLC, an online news service. Prior to Newser, she was founder and CEO of CreditCards.com Inc. Previously, Elisabeth transformed iLife.com into Bankrate, Inc., engineering the turnaround of the company. Ms. DeMarse spent a decade as chief marketing officer for Bloomberg LP working directly for the founder, Michael Bloomberg. She serves on the Board of Directors of AppNexus. Ms. DeMarse is a graduate of HBS and a cum laude graduate of Wellesley College, is a member of the Committee of 200 and has received several business awards.

Kai Guldemond (Dutch, Male), Member Supervisory Board from 18 June 2015 to 6 April 2016
Kai Guldemond is admitted as advocaat to the bar of Amsterdam (the Netherlands) and as Rechtsanwalt in Düsseldorf (Germany). He is practicing law since 1996 in the corporate / commercial practice and is currently working for the Amsterdam based law firm Blenheim Advocaten. Kai studied law in Amsterdam (the Netherlands) and Fribourg (Switzerland), successfully completed a post graduate corporate law specialization course and passed the state bar exam for foreign qualified lawyers in Baden-Württemberg (Germany). Kai is a member of several professional associations including the American Counsel Association, Association Internationale des Jeunes Avocats and the Dutch-German attorney's association.

004 Report of the Board of Directors

004 Report of the Board of Directors

Highlights

- Investment additional EUR 800,000 by major shareholders
- Launch roOomy platform
- Sale of Loft

Large shareholders invest additional EUR 800,000 in company

On 8 April 2015, NedSense announced that Nantahala and Bertoia, two existing major shareholders in the company, had agreed to invest additional capital in the company to provide additional growth capital for Loft's growth of the roOomy platform. The investment was structured as subordinate bond that pays no interest and was convertible to equity at price of EUR 16ct per bond.

At the same time, NedSense announced that it had accelerated the repayment of its debt financing providers. NedSense had reached agreement with Rijksdienst voor Ondernemend Nederland (RVO) on a repayment of EUR 900.000 on the innovation credit granted by the Dutch government to NedSense. In addition, NedSense had reached agreement with its major subordinated convertible debt financing providers to repay EUR 1,800,000 (plus accrued but unpaid interest thereon) of this subordinated convertible debt financing.

The NedSense Strategy

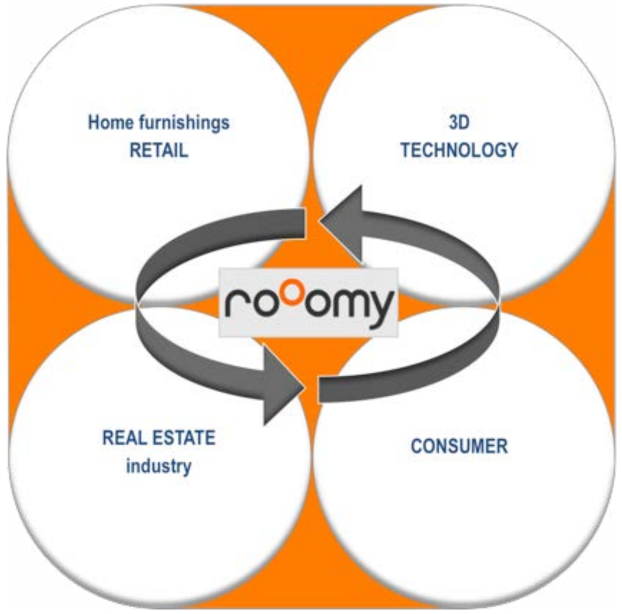
After the launch of its highly innovative 3D technology, NedSense continued its focus on the development of the Loft suite of products. Customers can access and use the products through multiple internet supported devices, be it PC's or tablets. Loft has already shown its ability to execute in furniture retail (with implementations at Crate & 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 home furnishing industry.

In line with current technology developments, Loft launched a first version of its roOomy platform in H1 2015. RoOomy connects home furnishings retailers and the real-estate community with consumers at the moment they are considering a home purchase or property rental, creating a new sales channel for brokers, developers and retailers. Real-estate brokers and property owners can use roOomy by subscription, to virtually stage their listings at low cost with furnishing products from participating brands. RoOomy's virtual staging technology is a breakthrough for the real estate industry where it is widely acknowledged that staged properties sell better. In turn, consumers can view 3D room environments of real estate listings in roOomy, and re-decorate them in a few clicks with furnishings from participating brands. Many US retail brands have already signed on as affiliates, making their products available for 'e-decoration' and promotion in the roOomy app. The company is currently working with leading real estate companies in the US, rolling out roOomy to their agents.

Although growth for the Loft division was foreseen, revenue for 2015 decreased versus 2014. The decrease in revenue is due to the company transitioning away from customized implementations of Loft, to focus on managing the roOomy platform with a subscription and referral fee business model.

In H1 2015, the Loft core technology, '3D modeling and rendering from 2D images' was patented by the US Patent and Trademark Office. A continuation of the patent has already been filed.

In August 2015, NedSense announced that, the company wishes to examine its strategic options. The company had therefore appointed Foghorn Capital LLC, a corporate financial advisor. On 10 November 2015, NedSense announced that the Supervisory Board and Board of Directors had carefully reviewed the various options for the company in the interest of NedSense, the related company and in the interest of all stakeholders including shareholders, other capital providers, employees, customers and suppliers. To meet the approximately EUR 2 million repayment obligations arising from the convertible loans and the innovation credit (which obligations were due by the end of 2015), and to secure the continuity for its employees and customers and to obtain the required working capital going forward, the Supervisory Board and Board of Directors had decided to pursue the sale of the Loft division.



On 4 January 2016, NedSense announced it had reached agreement with Ronglian Investments Limited ("Ronglian") on the sale of NedSense's LOFT division, for a purchase price of EUR 8.0 million (the "Transaction"). The proceeds of the Transaction have been used to repay all outstanding debt of NedSense, and in addition the Executive Board and the Supervisory Board of NedSense intended to declare an interim dividend of EUR 0.03 per NedSense ordinary share following closing of the Transaction. The by then major shareholders PHF, Todlin, Bertoia and Nantahala had already irrevocably agreed to support the Transaction and to vote in favour thereof.

On 18 January 2016, NedSense announced that it was informed by Value8 N.V. ("Value8") that Value8 had acquired an interest of approximately 56.8% of all issued and outstanding ordinary shares of NedSense at a price of EUR 0.08 per share (cum dividend). Value8 also supports the proposed transaction with Ronglian Investments Limited ("Ronglian") and had provided NedSense with the written commitment to vote in favour of the resolution of the proposed sale of the Loft Division.

On 25 February 2016, the sale of the Loft division was approved by the Extraordinary General Meeting for Shareholders.

Following closing of the transaction at 31 March 2016 NedSense no longer has any operational activities. NedSense distributed an interim dividend of € 0.03 per share. The purchase price initially amounted to EUR 8.0 million whereby EUR 1.6 million would be put in escrow with a third party escrow agent as additional recourse for the purchaser for a period of 12 months after closing of the Transaction. However, NedSense and the purchaser agreed to lower the purchase price to EUR 7.4 million in exchange for a waiver of all seller warranties (save for fundamental warranties) and the obligation to put a part of the purchase price in escrow. Additionally, there is a working capital adjustment, whereby the purchase price has been increased by € 0.6 million, resulting in an adjusted total purchase price of € 8.0 million.

Furthermore after closing of the sale of the Loft division, Messrs Aarts (CEO) and Pullens (COO) have resigned as members of the Executive Board of NedSense and have transferred to the Loft division. At the Extraordinary General Meeting for Shareholders at 6 April 2016, Messr De Vries was appointed CEO and Chairman of the Executive Board of NedSense. With the aid of Value8 NedSense will investigate new activities, including a possible reverse listing, in order to capitalize the value of the listing.

Board of Directors
Vianen, 25 April 2016

Financial results 2015

Report by the Board of Directors – Financial Information 2015

Financial results
NedSense ended 2015 with a net loss of € 4.73 million (2014: € 3.20 million loss). The lower result of 2015 was primarily due to the management board loan receivable write-off and related tax costs, as well as the bonus earned for successful negotiation of the sale of the Loft division. The operating result for 2015 amounted to € 0.78 million negative (2014: € 1.17 million negative).

With the divestment of the Loft division in early 2016, NedSense no longer has any operational activities. In 2015, LOFT net revenue decreased from € 0.48 million in 2014 to € 0.34 million in 2015. Operating result decreased to a loss of € 3.37 million (2014: € 1.51 million loss) as LOFT continues to further develop its markets. Included in the operating result of Loft are one-off expenses in the amount of € 1.26 million.

Cash flow, investments, financing
The operational cash flow in 2015 amounted to € 1.70 million negative (2014: € 0.25 million positive). The cash flow from investments in 2015 was € 0.95 million negative (2014: € 3.39 million positive). The decrease from 2014 was primarily due to the disposal of NedGraphics. The cash flow from financing in 2015 was € 2.00 million negative (2014: € 0.09 million positive). The total change in cash and cash equivalents in 2015 amounted to € 4.65 million negative (2014: € 3.73 million positive).

Upon the closing of the Loft division sale in early 2016, all debt was repaid. The purchase price for the division is € 8 million after adjustments for Loft working capital at the time of close.

Balance sheet
From 31 December 2014, non-current assets decreased from € 3.13 million to € 0 million. The decrease is due to the reclassification of Loft assets as held-for-sale. Due to the negative results in recent years, NedSense has 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.

Shareholders' equity decreased from € 3.30 million as of 31 December 2014 to € 1.56 million negative as of 31 December 2015. This € 4.87 million decrease was mainly caused by the negative result. Solvency decreased to 43.8% negative at 31 December 2015 from 36.4% at 31 December 2014.

The number of outstanding ordinary shares, with a nominal value of € 0.10 each, was 29,912,567 as of 31 December 2015. Please see the accompanying financial statements and the notes to those statements for additional information.

005 Report of the Supervisory Board

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This annual report includes the financial statements for the financial year 2015 as prepared by the Board of Directors and adopted by the Supervisory Board, as well as other information concerning NedSense.

Composition of the Supervisory Board

The Company's Articles of Association stipulate that the Supervisory Board must be composed of a minimum of two members. During the calendar year 2015 the Supervisory Board comprised two members. Until the AGM of June 18, 2015 the Supervisory Board consist of Mr. McCleary and Mr. Louwers. As from the AGM Mr. K. Guldemond and Ms. E. Demarse were appointed as members of the Supervisory Board. After the sale of the Loft division Mr. G.P Hettinga and Mr. D Van Dam were appointed at the AGM on April 6, 2016.

The appointment was in accordance with the Code of Conduct and Governance for a period of four years. Each of the two members of the Supervisory Board was selected on the basis of his specific knowledge and experience which is considered useful for the Company in its current stage of development and strategy.

The members of the Supervisory Board correspond with the required profiles of Supervisory Board members. Detailed profiles of the Supervisory Board members can be found in chapter 4 of this report and on the company's website www.NedSense.com.

Terms of reference
The members of the Supervisory Board will retire according to the following schedule:

Mr. Hettinga
Elected 2016:
First Term 06/03/16 – 06/03/20
Mr. Van Dam
Elected 2016:
First Term 06/03/16 – 06/03/20

The NedSense Supervisory Board terms of reference (see http://www.nedsense.com/investor-relations/corporate-governance/rules-supervisory-board/) describes the regulations for the Supervisory Board regarding its duties and responsibilities. The regulations are designed to ensure that NedSense is operated and managed in a manner consistent with the best interests of the Company and the best interests of its shareholders and other stakeholders. The NedSense Supervisory Board regulations stipulate, amongst others, that:

- The role of the Supervisory Board is to supervise the policies of the Board of Directors and the general affairs of NedSense.
- Members of the Supervisory Board have full and free access to NedSense management and, if necessary and appropriate, independent advisors.

Supervision in 2015

The Supervisory Board and the Board of Directors met on a regular basis during 2015, and have held various additional telephone conferences. This was particularly necessary due to the ongoing strategic reorientation of NedSense in general and more specifically the sale of the Loft division.

Recurring as well as incidental but relevant items on the agenda in 2015 included:

- Budgeting, forecasting and reportingprocedures and standards
- Rolling financial and operational performance of the individual subsidiaries
- Rolling business outlook including sales funnel, new projects and delivery issues
- Rolling balance sheet, profit & loss accounts, and the cash position of NedSense
- Software development plans, roadmaps & releases
- Personnel performance and changes in the organization
- Performance management, and compensation & remuneration
- Strategic options for Loft and NedSense
- General risks associated with the operations of the Company (strategic, operational, financial)
- Developments related to corporate governance & compliance
- Press, analysts and shareholder information & meetings

From the Supervisory Board's perspective, the year 2015 has been dominated many challenges. The Company tried to build upon the strategic foundations for rapid expansion of the LOFT product in US markets whilst managing the divestment of LOFT. These activities have been accompanied by continuous monitoring of financial performance and cash flows, personnel related issues, the strategic options for the NedSense, and shareholder relations, and all associated risks.

The Supervisory Board again spent significant time maintaining appropriate relationship with key shareholders, with an aim to keep their trust and support in the various processes that were ongoing within NedSense and naturally within the boundaries of good governance principles.

The Supervisory Board also spent considerable time with the Board of Directors in surveying and discussing the various areas of risk (strategic, business, financial, organizational, internal control & compliance) associated to the NedSense and its current situation, as well as the internal organization (people, structures, systems, processes).

Committees of the Supervisory Board

Under the Dutch Corporate Governance Code, it is common for the Supervisory Board to appoint a number of permanent committees. Due to the size of the company and the limited number of members of the Supervisory Board it was decided not to delegate tasks but to carry out the tasks related to the Audit Committee, Remuneration Committee and the Selection & Nomination Committee collectively.

Audit Committee topics

In 2015, the Supervisory Board acted in the capacity of the Audit Committee. The Audit Committee controls and assesses the financial reporting processes of the Company, as well as the expert investigation carried out by the external auditor. Two meetings were held with the external auditors KPMG Accountants N.V. (2014) and BDO (2015) to discuss the preparation and the content of the financial report.

The main topics discussed at those meetings included:

- The financial performance of the company as a whole, which were discussed every 6 months and focused on the quality of earnings, productivity, the balance sheet, financing, provisions and taxes, impairments and the outlook for the subsequent period.
- The auditor's reports for the full year, as well as the follow-up of the raised issues, client service plan, audit planning and fees.
- review of fiscal, treasury (including financing policy), and legal developments as provided by the Board of Directors.
- The performance review of the finance function and its key people.

External Auditors

KPMG Accountants N.V. acted as auditor of the company for the annual accounts of 2014. Its nomination was approved by the Annual General Meeting of Shareholders on 18 June, 2015. The Supervisory Board wishes to thank KPMG Accountants N.V. for its continuous constructive contributions and work in 2015.

BDO Audit & Assurance B.V. acted as auditor of the company. Its nomination was approved by the Annual General Meeting of Shareholders on 18 June, 2015.
The Supervisory Board wishes to thank BDO Audit & Assurance B.V. for its continuous constructive contributions and work in 2015 and the first months of 2016.

Internal Auditor
Due to the absence of an Audit Committee, as a result of the limited size of the company and the limited number of members of the Supervisory Board, it was also concluded that there was no need to appoint an internal auditor.

Remuneration Policy

The Supervisory Board sets the level of remuneration for the Board of Directors in line with the approved remuneration policy. Remuneration for the Chairman and other members of the Supervisory Board was set by the Annual General Meeting of Shareholders. The remuneration policy 2012-2015 was approved in the Annual General Meeting of Shareholders of June 5, 2012, for which the basis was introduced on June 7, 2011.

The main objective of the remuneration policy was to attract and retain qualified managers against market conditions for an international listed company with activities in the field of software development. The remuneration policy aims to provide the members of the Board of Directors, both jointly and individually, and certain, yet to be confirmed, key employees of NedSense with a level of compensation that:

- Aligns performance with the financial targets and the strategy of NedSense and its subsidiaries
- Attracts and retains top managers as management of NedSense
  The remuneration policy 2012-2015 for the members of the NedSense Board of Directors has three elements:
- Base compensation
- Variable income (bonus plan)
- Secondary employment conditions

The variable income was maximized for each of the members of the Board and is for 75% based on short term (financial and personal) targets and for 25% based on long term (financial) targets. Of the short term bonus 67% will be a cash payment and 33% will be in the form of performance shares. The long term bonus will be entirely in the form of performance shares. However, in the event that the NedSense cash flow in a financial year is negative the cash bonus component will be converted into conditional performance shares.

The members of the Board of Directors had regular employment agreements with NedSense with a termination date of December 31, 2012. In accordance with the changed regulations and as approved by the General Meeting of Shareholders on October 31, 2012 NedSense entered into an engagement agreement ('Overeenkomst van Opdracht') for a four-year period starting January 1, 2013 with both members of the Board of Directors.

At the AGM of February 25, 2016 the remuneration policy was amended due to the sale of the Loft division. Pursuant to the current remuneration policy of the NedSense Executive Board no cash bonuses will be awarded to members of the Executive Board in respect of any financial year in which NedSense had a negative cash flow. Given the envisaged transaction of the Loft division, the fact that both members of the Executive Board will upon completion of the transaction resign from the Executive Board and the fact that following completion of the Transaction NedSense will no longer have any operational activities, the Supervisory Board intends to amend the current remuneration policy for members of the Executive Board as follows. Conditional on completion of the sale of the Loft division and linked to the net cash proceeds of the transaction received by NedSense, the Supervisory Board proposes to grant a cash bonus to Messrs Aarts and Pullens.

The maximum bonus amounts payable will be EUR 205,000 for Mr Aarts and EUR 150,880 for Mr Pullens (in accordance with the bonus caps of the current remuneration policy). Furthermore and in accordance with the previously approved remuneration policy of members of the Executive Board, upon their resignation as a member of the Executive

Board of NedSense, conditional upon completion of the Transaction, the EUR 250,000 (two-hundred and fifty thousand euros) loan granted by NedSense to each of Messrs Aarts and Pullens shall be written off entirely (both principal amount and any outstanding but unpaid interest) as previously approved by the general meeting of shareholders of NedSense. Any taxes and/or social premiums payable by NedSense in connection therewith shall be for the account of NedSense.

The remuneration policy 2012-2015 can be found on the company website www.NedSense.com.

On the AGM of April 6th, 2016 the remuneration policy was changed and simplified. The Chairman of the Board of Directors, receives a remuneration package, including an annual fee of EUR 15.000.- and disbursements of out-of-pocket expenses. The Chairman of the Supervisory Board, receives a remuneration package, including an annual fee of EUR 12.000.- and disbursements of out-of-pocket expenses and a Member of the Supervisory Board, receives a remuneration package, including an annual fee of EUR 10.000.- and disbursements of out-of-pocket expenses.

Remuneration Report

In 2015, the Supervisory Board applied the remuneration policy 2012-2015 as follows:

Base salary

The base salary for the members of the Board of Directors of NedSense was set in 2012 for a period of 4 years, ending on December 31, 2015.

Variable Income

The financial objectives for 2015 that were set for the Board of Directors were related to three areas:

1. Short-term financial: the EBITDA level, revenue growth and NedSense Group cash flow
2. Short-term personal: business objectives, sales engagement, marketing exposure, software development releases, operational improvements
3. Long-term financial: the EBITDA level and revenue growth

As noted above, at the AGM of February 25, 2016 the remuneration policy was amended due to the sale of the Loft division. Conditional on completion of the sale of the Loft division and linked to the net cash proceeds of the transaction received by NedSense, the Supervisory Board proposes to grant a cash bonus to Messrs Aarts and Pullens.

The maximum bonus amounts payable will be EUR 205,000 for Mr Aarts and EUR 150,880 for Mr Pullens (in accordance with the bonus caps of the current remuneration policy). Furthermore and in accordance with the previously approved remuneration policy of members of the Executive Board, upon their resignation as a member of the Executive Board of NedSense, conditional upon completion of the Transaction, the EUR 250,000 (two-hundred and fifty thousand euros) loan granted by NedSense to each of Messrs Aarts and Pullens shall be written off entirely (both principal amount and any outstanding but unpaid interest) as previously approved by the general meeting of shareholders of NedSense. Any taxes and/or social premiums payable by NedSense in connection therewith shall be for the account of NedSense.

Secondary employment conditions

In 2012 the pension arrangements for members of the Board of Directors were based on a defined contribution. Due to contractual changes so as to comply with the Governance Code, pension has, as of 2013, become part of a management fee scheme as an add-on to the base fee. Additional arrangements included expense allowances, company car and accident insurance.

Selection and nomination

In the Annual General Meeting of Shareholders of October 31, 2012 the shareholders decided that the agreements with Pieter Aarts and Jan-Hein Pullens would be renewed for a four year period starting January 1, 2013. Contrary to the four years prior to 2013 both members of the Board of Directors have entered into engagement agreements with NedSense in accordance with the changed regulations.

Report of the Annual General Meeting of Shareholders June 18, 2015

During the Annual General Meeting of Shareholders held in Vianen, the members of the Board of Directors gave extensive presentations on the financial situation of NedSense and the general state of affairs of the Company. The 2014 remuneration report was discussed with the shareholders and the shareholders approved the report. The 2014 financial statements were approved and adopted. The members of the Board of Directors were granted discharge of liability for their management and the members of the Supervisory Board were granted discharge of liability for their supervision thereof. The whole meeting was recorded on tape and the minutes were published on the Company's website within 3 months after the meeting.

Financial Statements 2015

The Financial Statements 2015 have been audited and provided with an unqualified opinion by BDO Audit & Assurance B.V. (please see the auditor's report on page 118). The Supervisory Board is of the opinion that the Financial Statements 2015 meet all requirements and recommends that the Annual General Meeting of Shareholders adopts the financial statements and the appropriation of net income proposed by the Board of Directors.

Supervisory Board

Vianen, 25 April 2016

006 Corporate Governance

General

NedSense enterprises attaches great importance to corporate governance. In recent years, we have discussed in detail the Dutch Code on Corporate Governance. The Board of Directors and the Supervisory Board of NedSense endorse the Code and the amendments made to the code by the Monitoring Committee that entered into force on January 1, 2009. Within the framework of this Code, a company's stakeholders include staff members, shareholders and other providers of capital, financiers, suppliers, customers, as well as government authorities, social groups and factions. The Board of Directors and the Supervisory Board of NedSense are responsible for striking a balance between the interests of these stakeholders, while taking into account the continuity of the company. Therefore, best practice principles with regard to corporate governance are reflected in the management structure and the company's Articles of Association, as far as these are deemed applicable and are in the interest of all stakeholders.

Any substantial changes in NedSense's corporate governance structure and its compliance with the code will be submitted to the Annual General Meeting of Shareholders.

Corporate governance declaration

The NedSense enterprises' ordinary shares are listed on Euronext Amsterdam. Accordingly, the company complies with all applicable listing rules of Euronext Amsterdam.

In accordance with the recommendation of the Dutch Corporate Governance Code Monitoring Committee to 'comply or explain', NedSense's corporate governance practice was placed on the agenda of the Annual General Meeting of Shareholders in previous years, in order to give shareholders the opportunity to voice their opinion on the way the company interprets compliance with the Code. A description of NedSense's corporate governance policy, including the relevant regulations and reports, can be found on the website. For the application of the NedSense Code, we follow to the greatest extent possible the guidance provisions provided by the Dutch Corporate Governance Code Monitoring Committee in its reports on compliance with the Dutch Corporate Governance Code. The NedSense Code is posted on our website at www.NedSense.com.

The Board of Directors and the Supervisory Board, which are jointly responsible for the corporate governance structure of NedSense, are of the opinion that the vast majority of the principles and best practice provisions of the code are being applied. As the code is based on the 'comply or explain' principle, deviations which are deemed necessary in the interests of NedSense have been explained to shareholders and are described in this report.

Corporate Governance Structure

Board of Directors

The Board of Directors is responsible for the day-to-day management of the Company, and is accountable to the Supervisory Board and to the shareholders of the Company. It is responsible for ensuring that NedSense is achieving its operational, strategic and financial goals, for overseeing its compliance with all applicable rules and regulations that govern the Company, for managing the risks associated with our business activities, and for ensuring that the Company is properly capitalized. The Board of Directors informs the Supervisory Board annually of internal risk management and control systems, and any updates or developments related thereto. Any conflicts of interest or apparent conflicts of interest between the Company and members of the Board of Directors shall be avoided. Any transaction that would give rise to a conflict of interest or appearance of a conflict of interest requires the approval of the Supervisory Board.

The Board of Directors takes into account the interests of the Company and its affiliated enterprises as well as the interests of NedSense's shareholders and other stakeholders when taking decisions about the operation of the business. The members of the Board of Directors are required to put the interests of the Company ahead of their own interests and to act critically and independently when carrying out their responsibilities.
The Board of Directors is also charged with providing the Supervisory Board all material information required to permit the Supervisory Board to exercise its duties. The NedSense Articles of Association provide that certain resolutions of the Board of Directors require prior approval of the Supervisory Board. Pursuant to Dutch law and the Articles of Association, decisions taken by the Board of Directors involving a major change in the Company's identity or character are subject to the approval of the General Meeting of Shareholders.

The responsibility for the management of the Company is vested collectively in the Board of Directors as of January 1, 2009. As approved in the Extraordinary General Meeting of Shareholders held on 31 October 2012 the members of the Board of Directors have been appointed for another term of four years until 31 December 2016.

The division of tasks between the board members requires the approval of the Supervisory Board. Any board position at another company requires the prior approval of the Supervisory Board. In any event, a member of the Board of Directors may not be a member of the Supervisory Board of more than two listed companies or serve as chairman of the Supervisory Board of another listed company.

Supervisory Board

The role of the Supervisory Board is to supervise the Board of Directors and oversee the general affairs of the Company and its affiliated enterprises. The Supervisory Board annually evaluates its own performance. Supervisory Board members are required to put the best interests of NedSense ahead of their own interests and to act critically and independently when carrying out their responsibilities as Supervisory Board members. The NedSense Corporate Governance Code exempts no more than one Supervisory Board member from being independent. Each Supervisory Board member has the expertise required to fulfil the duties assigned to the role designated to him within the framework of the Supervisory Board profile, and the composition of the Supervisory Board shall be such that it is able to carry out its duties properly. Appointments and reappointments to the Supervisory Board are considered on the basis of a profile, taking into account the nature of NedSense's business and activities as well as the desired background and expertise of candidates. Diversity is an important criterion in order to establish a balance in experience and background of each member. A Supervisory Board member shall be reappointed only after careful consideration.

A member of the Supervisory Board should limit the number of Supervisory Board memberships and other positions at listed and non-listed companies in such a way as to guarantee the proper performance of his or her duties, and may not hold more than five Supervisory Board memberships in Dutch listed companies, with a chairmanship counted twice. Supervisory Board remuneration is determined by the Annual General Meeting of Shareholders, and is not dependent on the company's results. NedSense ensures that there are structured reporting lines to the Supervisory Board, and key departments and operating companies work according to reporting frameworks that facilitate monitoring by both the Board of Directors and the Supervisory Board. The Supervisory Board meets regularly throughout the year, according to a pre-arranged schedule, both with and without the Board of Directors. In addition to these meetings, the members of the Supervisory Board are available to the Board of Directors at all times. By way of frequent informal consultation with, and updates from the members of the Board of Directors in between meetings, the Supervisory Board remains well informed about the general state of affairs within NedSense and offers advice on a variety of matters. At the end of each year, the Supervisory Board extensively assesses the composition, performance and functioning of the Board of Directors and the Supervisory Board, as well as its individual members. The chairman of the Supervisory Board ensures the proper functioning of the Board as the main contact for the Board of Directors.

Any conflicts of interest or apparent conflicts of interest between the Company and Supervisory Board members shall be avoided. The Supervisory Board must approve any arrangement that would give rise to a conflict of interest or the appearance of a conflict of interest, provided that a member of the Supervisory Board with an interest in such matter shall not participate in determining or granting such approval. The Supervisory Board is responsible for deciding how conflicts of interest are resolved between members of the Board of Directors, members of the Supervisory Board, major shareholders or the external auditor on the one hand, and the Company on the other hand. The Supervisory Board regulations are posted on our website at www.NedSense.com.

Committees of the Supervisory Board
Under the Dutch Corporate Governance Code, it is usual for the Supervisory Board to appoint a number of permanent committees. Due to the size of the company and the limited number of members of the Supervisory Board it was decided not to delegate tasks but to carry out the task related to the Audit Committee, Remuneration Committee and the Selection & Nomination Committee in collegiality.

External Communication

The Board of Directors or the Supervisory Board provides shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the company's share price. Contacts between the Board of Directors on the one hand, and the press and analysts on the other are carefully handled and structured, and the Company is prohibited from engaging in any acts that compromise the independence of analysts in relation to the Company and vice versa. If price sensitive information is provided during a General Meeting of Shareholders or if a response to a shareholder's question results in the disclosure of price-sensitive information, then such information will be made public without delay.

Both the Board of Directors and the Supervisory Board have their own by-laws, which set rules with regard to objectives, composition, duties, responsibilities and working methods. These regulations are posted on the corporate website. Any shareholding in the company must be for the purpose of long-term investment. Board members must at all times comply with the provisions contained in the NedSense insider dealing rules.

Shareholders and the General Meeting of Shareholders

Good corporate governance requires the full participation of shareholders. It is in the interest of the Company that as many shareholders as possible participate in the Company's decision-making at the Annual General Meeting of Shareholders or at any Extraordinary General Meeting of Shareholders.

The Board of Directors and the Supervisory Board shall provide the General Meeting of Shareholders with the information that it requires for the exercise of its powers, subject to such limitations as are allowed under Dutch law.

Pursuant to Dutch law, any decisions taken by the Board of Directors on a major change in the identity or character of the Company or its enterprise shall be subject to the approval of the General Meeting of Shareholders. Further details about the proposals that the Board of Directors or the Supervisory Board can submit to the meeting, and the procedure according to which shareholders themselves (if representing at least 1% of the issued capital) can submit matters for consideration by the meeting are specified in the company's Articles of Association.

External Audit

The Board of Directors is primarily responsible for the quality and completeness of publicly disclosed financial reports. The Supervisory Board oversees the Board of Directors as it fulfills this responsibility. The General Meeting of Shareholders appoints the external auditor after recommendation for appointment by the Supervisory Board. The Supervisory Board also approves the remuneration of the external auditor and instructions to the external auditor with respect to non-audit services.

The Board of Directors ensures that the external auditors can properly perform their audit work. The Annual General Meeting of Shareholders charges the external auditors with the task of auditing NedSense's annual accounts.

Internal risk management and control systems

The Company's internal control function plays an important role in assessing and testing our internal risk management and control systems. This function operates under the responsibility of the Board of Directors, and consists of a formal framework defining key risks and key controls over financial reporting. The Board of Directors is responsible for the development, implementation and operating effectiveness of the risk management and control systems aligned to NedSense business activities. These systems are designed with a view to identifying significant risks in a timely manner and managing them as adequately as possible. They provide insight with reasonable assurance of the extent to which strategic, operational and financial objectives will be attained, financial reporting is reliable, and relevant statutory and regulatory requirements are complied with.

For a description of NedSense's risk management and risk profile reference is made to the section 'Risk & Control'. The periodic risk assessments and the discussions with management are an integral part of the risk management approach. Once a year, the overall design is discussed along with operating effectiveness of existing risk management and control systems as well as any significant shortcomings identified, and improvement measures already implemented or intended.

The Board of Directors believes that the existing risk management and control systems provide reasonable assurance that the financial reporting does not contain any errors of material importance, and that the risk management and control systems relating to financial reporting risks operated properly in the year under review.

The external auditors are invited to attend meetings of the Supervisory Board, at which the annual accounts results are reviewed for subsequent approval by the Supervisory Board. The external auditor reports its findings from the audit of the annual accounts and issues management letters if required.

Deviations from the Dutch Corporate Governance Code

NedSense complies with the majority of the main recommendations and provisions of the Code. The main deviations from best practice provisions are listed below.

Provisions III.1.1 and III.5.1:
division of tasks by the Supervisory Board and regulation for the audit committee: Due to the size of NedSense, these provisions have not been implemented and, consequently, the regulations concerned are not disclosed on the NedSense website.

Provision III.4.3:
company secretary The Supervisory Board believes such organizational and administrative support of its work is currently unnecessary.

Provision IV.3.1:
advance announcements of Investor Relations Meetings. The NedSense Investor Relations policy is aimed at complying with the best practice provisions in the code. However, the cost associated with the use of the infrastructure required for this are deemed to be disproportionate in view of the size of the company and the limited number of investors who are expected to actually use these facilities.

Finally, as a general remark, since 2009, the Board of Directors consists of 1 or 2 male members. To maximize diversity of gender in the Board of Directors, both boards will do the utmost to find and select a female candidate within the contest of an emerging vacancy.

NedSense will evaluate the compliance of the Dutch Code on Corporate Governance in connection to the sale of the activities in 2016 and the recent proposed changes by the Corporate Governance Committee.

007 Shareholders' Information

General
The shares of NedSense have been listed on Euronext Amsterdam since 21 May 1999.
As of 31 December 2015, the number of outstanding shares was 29,912,567 (2014: 29,423,232).

The shares outstanding as of 31 December 2015 have a nominal value of € 0.10, resulting in a share capital of € 2,991 thousand at the end of 2015. Share premium as of 31 December 2015 was € 37,504 thousand.

As far as NedSense can ascertain, most of the shares are held by Dutch institutional and private investors.

Pursuant to the 'Wet Melding Zeggenschap' (WMZ, the Act on Disclosure of Major Holdings in Listed Companies), an interest of 5% or more in the capital of Dutch listed companies must be reported. In addition, the passing of certain boundaries of percentage ranges in shareholdings must be reported. The following table is a review of the interests as of 31 December 2015, based on the latest information received.

Share based payments
The tables below and on the next page present an overview of option rights granted and outstanding, and share payments granted and outstanding at year-end 2015. In chapter 10, Notes to the company accounts, detailed information is provided on the outstanding options and share payments.

Dividend policy
In view of NedSense's situation, the company has paid no dividends in the past year.
A healthy balance between the company's capital and borrowings, in relation to the assets that can be financed within the company, is of great importance in this respect. Given the current solvency and financing structure, it is prudent for the company not to pay out a dividend.

Shareholders	31-12-15 including shares related to convertible loans and warrants	31-12-15 excluding shares related to convertible loans and warrants	31-12-14 including shares related to convertible loans and warrants	31-12-14 excluding shares related to convertible loans and warrants
Project Holland Beheer B.V.	20.3%	20.9%	27.3%	21.2%
Nantahala Capital Management. LLC	21.5%	15.5%	17.9%	15.7%
Bertoia LLC	18.0%	9.7%	12.3%	11.3%
Todlin N.V.	8.3%	10.8%	9.6%	11.0%
TWE Beheer B.V.	4.6%	6.7%	4.9%	6.8%
Generali Holding Vienna AG	3.5%	5.0%	3.9%	4.8%

Key figures per share (based on average number of outstanding shares)	2015	2014
Net result	-€ 0.16	-€ 0.11
Shareholders' equity	-€ 0.05	€ 0.12
Highest share price	€ 0.23	€ 0.38
Lowest share price	€ 0.04	€ 0.16
Closing price as of 31 December	€ 0.07	€ 0.16
P/E ratio as of 31 December	-0.44	-1.45
Market capitalization as of 31 December	2,093,880	4,707,717
Average trading volume per day	8,831	8,874
Average number of outstanding shares	29,501,761	28,682,566
Number of shares at 31 December	29,912,567	29,423,232

Share Based Payments

Options

As of 31-12-2014 Date granted and approved	Granted to	Vesting Date	Issued options	Outstanding options	Forfeited / expired	Exercise price (€)
June 2009	Pieter Aarts	2012	91,642	91,642	0	0.40
June 2009	Jan-Hein Pullens	2012	91,642	91,642	0	0.40
June 2011	key employees	2014	407,440	287,440	120,000	0.44
September 2011	key employee	2012	125,000	125,000	0	0.40
June 2012	key employees	2015	526,588	504,088	22,500	0.36
Total			**1,242,312**	**1,099,812**	**142,500**	

As of 31-12-2015 Date granted and approved	Granted to	Vesting Date	Issued options	Outstanding options	Forfeited	Exercise price (€)
June 2009	Pieter Aarts	2012	91,642	91,642	0	0.40
June 2009	Jan-Hein Pullens	2012	91,642	91,642	0	0.40
June 2011	key employees	2014	407,440	0	407,440	0.44
September 2011	key employee	2012	125,000	125,000	0	0.40
June 2012	key employees	2015	526,588	496,588	30,000	0.36
Total			**1,242,312**	**804,872**	**437,440**	

Shares

31-12-14 **Date granted and approved**	**Granted to**	**Vesting Date**	**Issued / To Be Issued**	**Outstanding**	**Forfeited / Cancelled**
June 2012[1]	Pieter Aarts	2014	394,230	394,230	0
June 2012[1]	Jan-Hein Pullens	2014	290,154	290,154	0
June 2012[2]	Pieter Aarts	2015	82,001	82,001	0
June 2012[2]	Jan-Hein Pullens	2015	60,352	60,352	0
June 2012[3]	Pieter Aarts	2016	281,875	281,875	0
June 2012[3]	Jan-Hein Pullens	2016	207,460	207,460	0
June 2012[4]	Pieter Aarts	2017	640,625	640,625	0
June 2012[4]	Jan-Hein Pullens	2017	471,500	471,500	0
August 2013	key employees	2016	200,000	200,000	0
Total			**2,628,197**	**2,628,197**	**0**
31-12-15 **Date granted and approved**	**Granted to**	**Vesting Date**	**Issued / To Be Issued**	**Outstanding**	**Forfeited / Cancelled**
June 2012[1]	Pieter Aarts	2014	394,230	394,230	0
June 2012[1]	Jan-Hein Pullens	2014	290,154	290,154	0
June 2012[2]	Pieter Aarts	2015	82,001	82,001	0
June 2012[2]	Jan-Hein Pullens	2015	60,352	60,352	0
June 2012[3]	Pieter Aarts	2016	281,875	281,875	0
June 2012[3]	Jan-Hein Pullens	2016	207,460	207,460	0
June 2012[4]	Pieter Aarts	2017	640,625	0	640,625
June 2012[4]	Jan-Hein Pullens	2017	471,500	0	471,500
August 2013	key employees	2016	200,000	100,000	100,000
Total			**2,628,197**	**1,416,072**	**1,212,125**

[1] *Formally approved by the Supervisory Board and Shareholders in 2013.*
[2] *Formally approved by the Supervisory Board and Shareholders in 2014.*
[3] *Formally approved by the Supervisory Board and Shareholders in 2015.*
[4] *Cancelled.*

Prevention of insider trading

NedSense has drawn up Insider Trading Regulations in accordance with the model of the VEUO (Vereniging van Effecten Uitgevende Organisaties – the association of share issuing organizations), which has been approved by the Netherlands Authority for the Financial Markets (AFM).

NedSense has made many staff members and advisors sign the Insider Trading Regulations. The Insider Trading Regulations of NedSense include a ban on trading in NedSense shares during an eight-week period prior to the first publication of full-year results and a three-week period prior to the publication of half-year results. There is also a ban on reversing a transaction within six months, in order to reduce or eliminate the risk. An exemption in writing from this ban can be given by the Compliance Officer. No exemptions were given during 2015.

Investor relations

NedSense greatly values a good relationship with its shareholders. In the interest of fair disclosure, all new material information is disclosed through the timely and simultaneous distribution of press releases on relevant issues concerning NedSense. In addition to the financial results, the company also provides much information on its strategic choices and objectives. NedSense observes a 'silent' period during which it holds no road shows or interviews with potential or current investors. For the annual figures, this period covers the eight-week period prior to the first publication of full year results and a three-week period prior to the publication of half-year results. Relevant information for potential and current shareholders may be found on the NedSense website under the link 'Investor Relations'. Direct questions from investors may be directed by e-mail to info@nedsense.com.

008 Risk & Control

008 Risk & control

NedSense has internal risk management processes and control systems in place that aim to minimize operational and financial risks for the Company, and limit the extent to which unexpected events may adversely affect the balance sheet and profit.

NedSense sees risk management as an ongoing activity, and embedding such control systems and processes is essential at every level of the organization. The further improvement and development of internal control systems is a continuous process, and NedSense is confident that the risk management and internal control measures in place are adequate and effective.

Important elements of the risk management and internal control processes are budget control, project monitoring procedures, and financial reporting of both the development and the results of the Company's operations. In addition, NedSense has an employee evaluation and assessment system in place. NedSense is a relatively small company and operates in several countries. It does not have the full resources as compared to a large company to perform an optimized audit function.

All of the activities concerning internal risk management and control are discussed with the Supervisory Board. The Company distinguishes the following main areas of risk:

• Economic developments
General economic developments improved in 2015. However, the Company remains cautious as it recognizes that the market continues to recover at a slow pace due to the still weak recovery from the global credit crisis, and the threat of a further fall back. Contingency plans are in place if developments will worsen.

• Technological developments
Fast technological developments, changing customer demands and evolving software standards are typical of the software market. NedSense's success depends on its ability to adapt to these changes and keep its employees knowledge up to date. Protecting know-how and products necessitates constant attention and priority. After the divestment of the Loft activities in 2016, the Company no longer has a material Technological risk.

• Software piracy
The illegal copying of software developed by NedSense forms a persistent threat. Product development, processes and security continue to be set up with the highest possible levels of protection, but illegal copying cannot be completely avoided. In line with the continuing prioritization to combat piracy, we continue to pay attention to implementing procedures and involving external specialists to detect the illegal use of our Company's software. Licenses are secured by activation and locking the software. After the divestment of the Loft activities in 2016, the Company no longer has a material Software risk.

• Employee dependency
In order to carry out its business operations and expand as intended, NedSense is to a large extent dependent on the availability of sufficient personnel, in particular sufficient highly-qualified personnel.

• Financial risks and policies
The Company's financial risk policy continued to focus on managing risks such as interest, currency, liquidity and credit.

• Credit risk
The solvency and creditworthiness of the majority of NedSense's customers mean that debtor's risk for the Company has not increased in 2015 and remains average. Nonetheless, the consequences of the global credit crisis have meant that clients are still taking longer time to meet their obligations. Proper attention to debtors' payment performance remains a priority.

• Interest risk
As in the previous year, interest risk is estimated to be at a minimum as the convertible loan as well as the innovation credit runs at a fixed interest rate for a fixed period. After the divestment of the Loft activities in 2016, the Company repaid the convertible loans, and has no material interest risk.

• Currency risk
Currency risk for NedSense concerns mainly US dollar and Euro exchange rate fluctuations. No currency contracts have been closed to cover currency fluctuations. After the divestment of the Loft activities in 2016, the Company no longer has a material currency risk.

• Liquidity risk
The Company's liquidity position is under constant control and is tightly managed. Further funding has been attracted in 2015, but cash management will remain a critical responsibility of the management.

After the divestment of the Loft activities in 2016, the Company no longer has any operational activities. There is however sufficient cash on hand to pay for all outstanding obligations.

Reference is made to the financial statements in the section "Financial instruments". An overview is given with respect to the contractual maturities of financial liabilities, including estimated interest payments.

009 Management statement

In accordance with the EU Transparency Directive as incorporated in chapter 5.25c paragraph 2 sub c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the Board of Directors and the Supervisory Board confirm to the best of its knowledge that:

- the annual financial statements for the year ended 31 December 2015 give a true and fair view of the assets, liabilities, financial position, and profit and loss of NedSense and its consolidated companies;
- the additional management information presented in the annual report gives a true and fair view of NedSense and its consolidated companies as of 31 December 2015;
- the additional management information presented in the annual report gives a true and fair view of the state of affairs at NedSense and its consolidated companies during the financial year to which the report relates;
- the annual report describes the principal risks facing NedSense. These are described in detail in chapter 8.

Vianen, April 25, 2016

Board of Directors

Corporate Governance Statement

The Tabaksblat Code on Corporate Governance was updated by the Monitoring Committee Corporate Governance ('Frijns Committee') in December 2008. On 10 December 2009 the updated Code ('Frijns Code' or 'Code') was designated by a governmental decree as the new code of conduct as referred to in Book 2, Section 391 of the Dutch Civil Code.

Corporate Governance Statement

This is a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports as last amended on 1 January 2010 ('Decree'). This statement forms part of NedSense's 2015 annual report. The information required to be included in this corporate governance statement, as referred to in articles 3, 3a and 3b of the Decree, can be found in the following sections, parts and pages of NedSense's 2015 annual report, and is to be considered incorporated and repeated here:

- Information on compliance with the principles and best practice provisions of the corporate governance code (article 3 of the Decree) is to be found in the section Corporate Governance.
- Information on the main elements of the internal risk management and control framework for the group's financial reporting process (article 3a (a) of the Decree) is to be found in the section Risk & control.
- Information on the functioning of NedSense's General Meeting of Shareholders and its main powers, and the rights of shareholders and how these can be exercised (article 3a (b) of the Decree), is to be found in the relevant parts of the section Corporate Governance.
- Information on the composition and functioning of the Board of Directors, Supervisory Board and its Committees (article 3a (c) of the Decree) is to be found in the section Corporate Governance and the Report of the Supervisory Board.
- The information as referred to in the Decree Article 10 EU Takeover Directive (article 3b of the Decree) is to be found in the section Corporate Governance.

Vianen, April 25, 2016

Board of Directors

010 Financial statements 2015

010 Financial statements 2015

Consolidated statement of financial position

Before appropriation of result

As of 31 December

In thousands of euro

	Notes	2015	2014
Assets			
Property, plant, and equipment	11	3	56
Intangible assets	10	0	3,070
Total non-current assets		**3**	**3,126**
Inventories	13	0	18
Trade and other receivables	14	84	1,229
Cash and cash equivalents	15	8	4,693
Assets held for sale	6	3,477	0
Total current assets		**3,569**	**5,940**
Total assets	**5**	**3,572**	**9,066**
Equity			
Issued capital		2,991	2,942
Share premium		37,504	37,565
Legal reserves		3,276	3,070
Translation reserves		-34	-7
Accumulated deficit		-45,301	-40,268
Total equity	**16**	**-1,564**	**3,302**
Liabilities			
Interest-bearing loans and borrowings	19	0	859
Employee benefits	20	29	55
Total non-current liabilities		**29**	**914**
Interest-bearing loans and borrowings	19	3,429	3,927
Trade and other payables	21	1,237	831
Deferred income		0	92
Liabilities held for sale	6	441	0
Total current liabilities		**5,107**	**4,850**
Total liabilities	**5**	**5,136**	**5,764**
Total equity and liabilities		**3,572**	**9,066**

The notes on page 52 to page 108 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December

In thousands of euro

	Notes	2015	2014 Restated*
Net revenue	5	0	0
Cost of sales		0	0
Gross profit		**0**	**0**
Wages and salaries	7	283	517
Social security charges	7	90	90
Amortization and depreciation	10, 11	13	5
Other operating costs	8	395	562
Profit (loss) from operations		**-781**	**-1,174**
Finance income		49	24
Finance costs	19	-640	-604
Net finance costs		**-591**	**-580**
Profit (loss) before income tax		**-1,372**	**-1,754**
Income tax expense	9	20	0
Profit (loss) for the period from continuing operations		**-1,392**	**-1,754**
Discontinued operations			
Income (loss) from discontinued operations (net of income tax)	6	-3,333	-1,441
Profit (loss) for the period		**-4,725**	**-3,195**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations	16	-27	119
Other comprehensive income for the period, net of income tax		**-27**	**119**
Total comprehensive income (loss) for the period		**-4,752**	**-3,076**
Profit (loss) attributable to:			
Owners of the Company		-4,725	-3,195
Profit (loss) for the period	16	**-4,725**	**-3,195**
Total comprehensive income (loss) attributable to:			
Owners of the Company		-4,752	-3,076
Total comprehensive income (loss) for the period		**-4,752**	**-3,076**
Earnings (loss) per share			
Basic earnings (loss) per share (in euros)	17	-0.16	-0.11
Diluted earnings (loss) per share (in euros)	18	-0.15	-0.10
Earnings (loss) per share continued operations			
Basic earnings (loss) per share (in euros)	6	-0.05	-0.06
Diluted earnings (loss) per share (in euros)	6	-0.04	-0.05

**See Note 6*

The notes on page 52 to page 108 are an integral part of these consolidated financial statements

Consolidated statement of changes in equity

(in thousands of euros)

Attributable to equity holders of the Company

	Notes	Share capital	Share premium	Translation reserve	Accum-ulated deficit	Other legal reserves	Total equity
Balance at 1 January 2014		2,860	37,565	-126	-40,911	6,905	6,293
Total comprehensive income (loss) for the period							
Profit or (loss)		0	0	0	-3,195	0	-3,195
Other comprehensive income - Items that are or may be reclassified to profit or loss							
Foreign currency translation differences		0	0	119	0	0	119
Total other comprehensive income		0	0	119	0	0	119
Total comprehensive income (loss) for the period		0	0	119	-3,195	0	-3,076
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	24	82	0	0	3	0	85
Total contributions by and distributions to owners		82	0	0	3	0	85
Total transactions with owners		82	0	0	3	0	85
Transfer to other reserves		0	0	0	3,835	-3,835	0
Balance at 31 December 2014		2,942	37,565	-7	-40,268	3,070	3,302
Balance at 1 January 2015		2,942	37,565	-7	-40,268	3,070	3,302
Total comprehensive income (loss) for the period							
Profit or (loss)		0	0	0	-4,725	0	-4,725
Other comprehensive income - Items that are or may be reclassified to profit or loss							
Foreign currency translation differences		0	0	-27	0	0	-27
Total other comprehensive income		0	0	-27	0	0	-27
Total comprehensive income (loss) for the period		0	0	-27	-4,725	0	-4,752
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Early repayment of convertible notes (net of taxes)	19	0	-415	0	0	0	-415
Issue of convertible notes (net of taxes)	19	0	354	0	0	0	354
Share-based payments	24	49	0	0	-102	0	-53
Total contributions by and distributions to owners		49	-61	0	-102	0	-114
Total transactions with owners		49	-61	0	-102	0	-114
Transfer to other reserves		0	0	0	-206	206	0
Balance at 31 December 2015		2,991	37,504	-34	-45,301	3,276	-1,564

The notes on page 52 to page 108 are an integral part of these consolidated financial statements

Consolidated statement of cash flows

For the year ended 31 December

(in thousands of euros)

	Notes	2015	2014 Restated*
Profit (loss) for the period		-4,725	-3,195
Adjustments for:			
- Amortization and depreciation	10, 11	1,022	1,723
- Change in inventories		-25	-15
- Change in trade and other receivables		1,048	2,373
- Change in trade and other payables		782	-6
- Change in provisions and employee benefits		12	-25
- Change in deferred income		-65	-2,238
- Equity settled share-based payment	24	-53	85
- Net finance costs	19	597	578
- (Income) loss on disposal of discontinued operations, net of tax	6	-45	1,116
- Corporate income tax		20	2
Receivable collected on disposal of discontinued operations		-250	0
Interest paid		-17	-144
Corporate income tax paid		-2	-2
Cash flow from (used in) operating activities	**26**	**-1,701**	**252**
Investments:			
Intangible assets	10	-1,183	-1,827
Property, plant, and equipment	11	-12	-67
Disposals:			
Property, plant, and equipment	11	23	5
Disposals of discontinued operations, net of cash disposed of	6	250	5,274
Other		-26	9
Cash flow from (used in) investment activities	**27**	**-948**	**3,394**
Proceeds from issue of convertible notes	19	800	0
Proceeds from grant	19	0	152
Redemption loans	19	-2,796	-64
Cash flow from (used in) financing activities	**28**	**-1,996**	**88**
Change in liquid assets		**-4,645**	**3,734**
Cash and cash equivalents at 1 January		4,693	942
Effect of movements in exchange rates on cash held		0	17
Cash and cash equivalents at 31 December		**48**	**4,693**

**See Note 6*
The notes on page 52 to page 108 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

1. Reporting entity

NedSense (the “Company”) is domiciled in the Netherlands with registered mailing address P.O. Box 44, 4130 EA Vianen, the Netherlands. The consolidated financial statements of the Company as of and for the year ended 31 December 2015 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 high-quality software solutions and services globally to furniture retailers and manufacturers, and the real estate industry.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorized for publication by the Board of Directors on 25 April 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Going concern

At the end of October 2015, it was decided that the Loft operating segment would be held for sale, and buyers sought. In 2016, the Company announced that it had reached an agreement with Ronglian Investments Limited for the sale of the Loft division. The sale price amounts to € 7.4 million to be adjusted if the actual working capital of Loft on the closing date is higher or lower than 750 thousand negative. Pursuant to this working capital adjustment, the price has been increased by € 0.6 million, resulting in an adjusted total purchase price of € 8 million. Some of the proceeds of the transaction have been used to repay all outstanding debt of the Company. In addition, an interim dividend of € 0.03 per ordinary share has been distributed in April 2016. The transaction, which has been approved at an extraordinary shareholders meeting in February 2016, was completed on 1 April 2016.

In January 2016, the Company secured an interim loan in the amount of € 1 million from an affiliate of Ronglian Investments Limited. This loan bears interest at the rate of 4% per annum and is repayable by the Company between the closing date of the sale of the Loft division and 13 July 2016. The Company intends to use the proceeds of the sale to repay the loan.

In 2015, a final € 250 thousand was received from the sale of the NedGraphics division. In addition, existing shareholders of the Company invested € 800 thousand of additional capital in the Company in June 2015. The investment, originally structured as a subordinate bond that pays no interest, is due June 2020, and is convertible to equity at a price of € 0.16 per bond, has been renegotiated and has been repaid in 2016 upon the closing of the transaction to sell the Loft division.

Also in 2015, € 1.8 million, or 50%, of the original convertible loans were repaid with the balance renegotiated and repaid upon the closing of the Loft sale transaction in 2016. € 996 thousand of an innovation credit from the Dutch government was repaid in 2015 with the balance renegotiated and repaid upon the closing of the Loft sale transaction in 2016.

As of the end of the year, the Company had equity of negative € 1,564 thousand, interest bearing loans of € 2,662 thousand, non-interest bearing loans of € 767 thousand, and a solvency rate of negative 43.8%. In 2015, the Company incurred a net loss of € 4,725 thousand.

Cash and cash equivalents as of 31 December 2015 amount to € 48 thousand, mainly as a result of repayments of loans net of receipt of new loans as noted above, as well as the net loss.

After the divestment of the Loft activities in 2016, the Company no longer has any operational activities. There is however substantial cash on hand to pay for all outstanding obligations. Additionally, management has substantial experience in the recruitment of reverse listing candidates. As such it remains appropriate to prepare the financial statements on a going concern basis.

Share issues

The shares of the Company have been listed on the official market of Euronext Amsterdam since 21 May 1999. 489,335 shares were issued in 2015 for share-based payments.

As of 31 December 2015, the number of outstanding shares was 29,912,567 (2014: 29,423,232) with a nominal value of € 0.10, resulting in a share capital of € 2,991,257 at the end of 2015. Share premium as of 31 December 2015 was € 37,504 thousand.

Changes in Group entities in 2015 and 2014

The Loft division has been classified as held-for-sale as of 1 November 2015. NedGraphics was sold as of 30 September 2014. Reference is made to note 6, Discontinued operations.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 12 – deferred tax assets and liabilities
- Note 19 – fair value of convertible loans and government grant (innovation credit)
- Note 24 – Share-based payment

(e) Changes in accounting policies

The accounting policies applied by the Group in the 2015 financial statements are those applied in previous year financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The consolidation includes NedSense and the following Group entities:

List of subsidiaries

		2015	2014
NedSense enterprises b.v.	the Netherlands (Vianen)	100%	100%
NedSense LOFT B.V.	the Netherlands (Vianen)	100%	100%
Topcad B.V.	the Netherlands (Vianen)	100%	100%
Loft, Inc.	USA (New York)	100%	100%

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative figures of the consolidated statement of comprehensive income are re-presented as if the operation had been discontinued from the start of the comparative year.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency (euro) at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. Since 1 January 2004, the Group's date of transition to IFRS, such differences have been presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Financial instruments

(i) Non-derivative financial assets

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

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

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

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

(ii) Non-derivative financial liabilities

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

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

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

Other financial liabilities comprise loans and borrowings, and trade and other payables.

(iii) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

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

(iv) Compound financial instruments
Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and other equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest and gains and losses relating to the financial liability are recognized in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognized on conversion.

(e) Property, plant and equipment
(i) Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

(ii) Subsequent costs
Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

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

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

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3(a)(i).

Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Software development activities involve a plan or design for the production of new or substantially improved products and processes. Software development expenditure is capitalized only if software development cost can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes external development, the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs for qualifying assets (whereas the Company currently does not have qualifying assets for which the commencement date for capitalization of these assets was before the effective date (of IAS 23) to capitalize borrowing costs). Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Other intangible assets

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

(iv) Subsequent expenditure

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

(v) Amortization

Amortization is based on the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

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

(i) Work in progress

Work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Work in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognized profits exceed progress billings. If progress billings exceed costs incurred plus recognized profits, then the difference is presented as deferred income in the statement of financial position.

(j) Impairment

(i) Non-derivative financial assets

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

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

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

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

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

(ii) Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment.
An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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

The Group's corporate assets do not generate separate cash inflows and may be utilized by more than one CGU. As only one CGU remains as of 31 December 2014, all corporate assets have been allocated to Loft since 2014.

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Employee benefits
(i) Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(iii) Share-based payment transactions
The grant-date fair value of share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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

(m) Revenue
Net revenue from sales in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates, agents' commissions, bonuses, and sales taxes. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible returns can be estimated reliably, there is no continuing management involvement with the goods, software, and services sold, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For sales of goods, software, and services that do not involve significant modifications or customization, transfer occurs upon shipment of the goods or software, and upon provision of services. Profit on work in progress is recognized pro rata to the progress of the project ('percentage of completion method'). The performance achieved during the reporting period, including the costs of supplied raw materials, directly and indirectly attributable wage and overhead costs as well as a mark-up for profit pro rata to the progress of the project are stated as sales.

A large part of net revenue concerns income from the selling of software licenses, as well as providing related services such as maintenance, support, and training with regard to in-house developed software. In addition, revenue is generated by performing and supervising software and hardware implementations as well as tailoring in-house developed software to specific customers' needs.

Software and related services sales range from those that provide a license for a single software product ('standard software') to those that, in addition to the delivery of software or a software system, require significant modification or customization of the software. If a sale to deliver software or a software system, either alone or together with other products or services, requires significant modification or customization of the software, the entire sale has to be accounted for in conformity with contract-accounting (for construction contracts).

(i) Sale of software
License fee revenue from standard software is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, or the possible return of the software.

The license fee income from standard software is recognized when all of the following conditions are met:

- the software license contract has been signed;
- the software and accompanying documentation have been delivered;
- there are no material uncertainties regarding customer acceptance; and
- there are no material uncertainties regarding payment of the account receivable.

(ii) Software services
If a sale to deliver software or a software system requires significant modification or customization of the software, revenue is recognized using the 'percentage of completion' method. The actual delivery of the non-standard software is therefore not regarded as the

realization moment for software that requires significant modification or customization. Revenue related to the delivery of non-standard software is accounted for pro rata to the progress of the project, which comprises the complete installation, modification and customizing of the software in the client's environment.

When the outcome of a project can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to surveys of work performed. If such estimates cannot be made reliably or surveys regarding the work performed are not available, all contract revenue is deferred and is accounted for on the basis of completed contract.

No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, or the possible return of the software. An expected loss on a contract is immediately recognized in profit or loss.

(iii) Maintenance and support revenue
Services with regard to performing maintenance and support of licensed software are provided to customers per agreement. Maintenance and support includes support provided over the telephone by a helpdesk, and upgrades (new versions) and updates of licensed software.

Revenue from maintenance and support is recognized over and attributed to the period to which the revenue relates. This period is generally a 12-month period. Unrealized revenue, consisting of the unrealized and therefore deferred part of the revenue from maintenance and support is presented under deferred income in the statement of financial position.

(iv) Goods sold and services rendered
Revenue from the sale of goods is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the sale of goods and services is recognized in profit or loss in proportion to the stage of completion of the transaction. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs, the possible return of goods, or continuing management involvement with the goods.

(n) Capitalized production for own company
The income from capitalized production for own company relates to the capitalization of software development costs with regard to in-house developed software and is accounted for in operating costs.

(o) Government grants
Government loans received for funding development activities at below market interest rates, are accounted for by recording the difference between the fair value of the loan at a market interest rate and the face value of the loan at the low interest rate, as a government grant. The grant is deducted from capitalized development costs and amortized over five years, thereby offsetting the costs the grant is intended to compensate.

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

(q) Finance income and finance costs
Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, and gains on the

re-measurement to fair value of any pre-existing interest in an acquiree. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, and impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset, of which the commencement date for capitalization of the asset is after the effective date to capitalize borrowing costs (of IAS 23), are recognized in profit or loss using the effective interest method.

(r) Income tax

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

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

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due.

The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

(s) Earnings per share

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

(t) Segment reporting

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

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

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

(u) New standards and interpretations not yet adopted

During the financial year 2015, no changes have been implemented in the accounting principles. A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018 with early adoption permitted.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The extent of the impact of these standards has not been determined.

4. Determination of fair values

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

(a) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. Discounting is performed at the market rate of interest at the reporting date (weighted average cost of capital).

(b) Trade and other receivables

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

(c) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

(d) Share-based payment transactions

The fair value of share options granted is measured using the Black-Scholes model. The Black-Scholes model is a so-called closed form model that evaluates options via a formula based on fixed data, including start and end dates to estimate the option's present value. The most important assumptions used in the model are: historical stock prices, share price, exercise price, valuation date, time to maturity, risk-free interest rate (based on government bonds), volatility (based on an evaluation of the company's historic volatility), dividend, and forfeiture rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

In addition to the Black-Scholes model, and due to the provisionally granted options of one of the options plans, the binominal model is also used for the purpose of calculating the weighted average granting percentage.

5. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Loft is focused on the development of software that allows 3-dimensional reproduction in a personal environment. See note 6, Discontinued operations, for more information regarding this segment.

- NedGraphics makes and sells CAD/CAM software for the textile and apparel industries. See note 6, Discontinued operations, for more information regarding this segment.

Other operations include the results of the holding company. The accounting policies of the reportable segments are the same as described in notes 2 and 3.

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

Business segment reporting

(in thousands of euros)

Operating segments **Profit, loss, assets and liabilities**	**Loft**		**NedGraphics**		**Other**		**Elimination**		**Total**	
	2015	**2014** discontinued*	**2015**	**2014** discontinued* restated*	**2015**	**2014**	**2015**	**2014**	**2015**	**2014** restated*
Software	5	0	0	2,604	0	0			5	2,604
Maintenance	126	148	0	3,236	0	0			126	3,384
Other	204	331	0	485	0	0			204	816
External revenues	**335**	**479**	**0**	**6,325**	**0**	**0**	**0**	**0**	**335**	**6,804**
Cost of sales	152	154	0	122	0	0			152	276
Operating expenses	3,372	1,510	0	4,731	768	1,169			4,140	7,410
Capitalized production	-826	-740	0	-346	0	0			-826	-1,086
Amorization and depreciation	1,009	1,071	0	647	13	5			1,022	1,723
Segment operating profit (loss)	**-3,372**	**-1,516**	**0**	**1,171**	**-781**	**-1,174**	**0**	**0**	**-4,153**	**-1,519**
Interest revenue	0	2	0	18	55	4			55	24
Interest expense	-6	0	0	2	-646	-584			-652	-582
Segment profit (loss) before tax	**-3,378**	**-1,514**	**0**	**1,191**	**-1,372**	**-1,754**	**0**	**0**	**-4,750**	**-2,077**
Corporate income tax	0	2	0	20	20	0			20	22
Intangible segment assets	3,276	3,070	0	0	0	0			3,276	3,070
Other segment assets	201	673	0	0	95	16,188	0	-10,865	296	5,996
Segment liabilities	441	11,285	0	0	4,695	5,344	0	-10,865	5,136	5,764
Revenue external customers Netherlands	32	47	0	114	0	0			32	161
Non-current assets Netherlands	3,293	3,111	0	0	4	15			3,297	3,126

**See note 6*

Revenue from external customers in the Netherlands was € 32 thousand in 2015 (2014: € 161 thousand). Non-current assets related to the Netherlands amounted to € 3,297 thousand in 2015 (2014: € 3,126 thousand). Revenue from external customers in the United States of America was € 231 thousand in 2015 (2014: € 3,395 thousand). Non-current assets related to the United States of America amounted to € 3 thousand in 2015 (2014: € 1 thousand).

6. Discontinued operations

Loft

At the end of October 2015, the Company decided that the Loft division would be held for sale, and buyers sought. In January 2016, the Company announced that it had reached an agreement with Ronglian Investments Limited for the sale of the Loft division.

Accordingly, the Loft segment has been classified as held-for-sale. The comparative consolidated statement of comprehensive income has been restated to show this segment separately from continuing operations.

The sale price agreed amounts to € 8 million. The transaction is subject to certain conditions, including Company shareholder approval (which has been obtained), no material adverse effect having occurred, no frustrating actions and no breach of warranties by the Company.

The transaction was completed on 1 April 2016. Net assets and liabilities are measured at the lower of carrying amount and fair value less costs to sell.

(a) Results of discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014
Net revenue	335	479
Expenses	-3,713	-1,993
Profit (loss) from operations	**-3,378**	**-1,514**
Income tax expense	0	-2
Profit (loss) from operations, net of tax	**-3,378**	**-1,516**
Income (loss) on disposal of discontinued operation	**0**	**0**
Income tax on loss on disposal of discontinued operation	0	0
Profit (loss) for the year	**-3,378**	**-1,516**
Earnings (loss) per share		
Basic earnings (loss) per share (in euros)	0.11-	0.05-
Diluted earnings (loss) per share (in euros)	0.11-	0.05-

The profit from the discontinued operation is attributable entirely to the owners of the Company.

(b) Cash flows from (used in) discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014
Net cash flow from (used in) operating activities	-2,089	-367
Net cash flow from (used in) investment activities	-1,177	-1,347
Net cash flow from (used in) financing activities	3,075	1,804
Net cash flow for the year	**-191**	**90**

(c) Effect of disposal on the financial position of the Group
(in thousands of euros)

	2015	2014
Property, plant, and equipment	-21	-42
Intangible assets	-3,276	-3,070
Inventories	-43	-18
Trade and other receivables	-97	-382
Cash and cash equivalents	-40	-231
Employee benefits	38	31
Trade and other payables	376	297
Deferred income	27	92
Translation reserve	**-34**	-7
Net assets and liabilities	**-3,070**	**-3,330**

NedGraphics

In September 2014, the Company sold the entire NedGraphics operating segment. Management decided to sell this segment following a strategic decision to place greater focus on further developing the Loft activities.

The Company and the buyer of NedGraphics came to final agreement in 2015 regarding the final sale price after covering claims of the buyer. An additional payment was received in 2015 in the amount of € 250 thousand.

The 2014 financial statements were misstated with regard to discontinued operation NedGraphics. The misstatement was related to the impairment of the assets held for sale to the lower of carrying value and fair value less cost to sell, as well as to the fact that depreciation and amortization was incorrectly continued after NedGraphics was classified as held for sale. The 2014 comparative information has therefore been restated to reflect the following corrections:

- The net assets and liabilities of NedGraphics, which had been incorrectly stated at carrying value, have been restated from carrying value, to the lower fair value less costs to sell of € 5,825 thousand.
- Depreciation and amortization incorrectly continued after NedGraphics was classified as held-for-sale. The effect of depreciation and amortization of € 306 thousand from the period when the assets were held-for-sale until disposal has been removed. This period is July 2014 through September 2014.
- Since the assets were written down to the lower fair value less costs to sell, intangible asset capitalization should not have continued as it increased the carrying value over the fair value less costs to sell. The effect of further intangible asset capitalization of € 246 thousand from July 2014 through September 2014 has been removed.
- Separate disclosure of the impairment loss is required, but was not originally disclosed. The loss on disposal has been separated into the impairment loss initially recognized when the assets became held-for-sale of € 655 thousand and the subsequent increase in loss incurred by the time of disposal of € 376 thousand.

These restatements have resulted in the following changes to the 2014 comparative information:

Consolidated statement of cash flows:

- Adjustment for amortization and depreciation decreased by € 306 thousand, from € 2,029 thousand to € 1,723 thousand.
- Adjustment for (income) loss on disposal of discontinued operations, net of tax increased by € 60 thousand, from € 1,056 thousand to € 1,116 thousand.
- Cash flow from (used in) operating activities decreased by € 246 thousand, from € 498 thousand to € 252 thousand.
- Investments intangible assets increased by € 246 thousand, from negative € 2,073 thousand to negative € 1,827 thousand.
- Cash flow from (used in) investment activities increased by € 246 thousand, from € 3,148 thousand to € 3,394 thousand.

Operating segments:

- Capitalized production increased by € 245 thousand: from negative € 591 thousand to negative € 346 thousand (in the case of NedGraphics), and from negative € 1,331 thousand to negative € 1,086 thousand (in the case of the total).
- Amortization and depreciation decreased by € 305 thousand: from € 952 thousand to € 647 thousand (in the case of NedGraphics), and from € 2,028 thousand to € 1,723 thousand (in the case of the total).
- Segment operating profit (loss) increased by € 60 thousand: from € 1,111 thousand to € 1,171 thousand (in the case of NedGraphics), and from negative € 1,579 thousand to negative € 1,519 thousand (in the cash of the total).
- Segment profit (loss) before tax increased by € 60 thousand: from € 1,131 thousand to € 1,191 thousand (in the case of NedGraphics), and from negative € 2,137 thousand to negative € 2,077 thousand (in the case of the total).

Discontinued operation NedGraphics:

- (a) Expenses decreased by € 60 thousand from € 5,194 thousand to € 5,134 thousand
- (a) Profit from operations increased by € 60 thousand from € 1,131 thousand to € 1,191 thousand.
- (a) Profit from operations, net of tax increased by € 60 thousand from € 1,111 thousand to € 1,171 thousand.
- (a) Loss on disposal of discontinued operation increased by € 60 thousand from € 971 thousand to:
    - Impairment loss on re-measurement of assets held for sale € 655 thousand, plus
    - Loss on disposal of discontinued operation € 376 thousand
    - Total loss on disposal € 1,031 thousand.
- (b) Net cash flow from operating activities decreased by € 246 thousand from € 355 thousand to € 109 thousand
- (b) Net cash flow from investment activities increased by € 246 thousand from € 4,489 thousand to € 4,735 thousand.
- (c) Property, plant, and equipment changed by € 7 thousand from negative € 210 thousand to negative € 217 thousand.
- (c) Intangible assets changed by € 977 thousand from negative € 7,926 thousand to negative € 6,949 thousand.
- (c) Net assets and liabilities changed by € 970 thousand from negative € 6,795 thousand to negative € 5,825 thousand.

Net assets and liabilities are measured at the lower of carrying amount and fair value less costs to sell.

(a) Results of discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014 Restated
Net revenue	0	6,325
Expenses	0	-5,134
Profit (loss) from operations	**0**	**1,191**
Income tax expense	0	-20
Profit (loss) from operations, net of tax	**0**	**1,171**
Impairment loss on re-measurement of assets held for sale	0	-655
Income (loss) on disposal of discontinued operation	45	-376
Total income (loss) on impairment and disposal	**45**	**-1,031**
Income tax on loss on disposal of discontinued operation	0	0
Profit (loss) for the year	**45**	**140**
Earnings (loss) per share		
Basic earnings (loss) per share (in euros)	0.00	0.04
Diluted earnings (loss) per share (in euros)	0.00	0.04

The profit from the discontinued operation is attributable entirely to the owners of the Company.

(b) Cash flows from (used in) discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014 Restated
Net cash flow from (used in) operating activities	0	109
Net cash flow from (used in) investment activities	250	4,735
Net cash flow for the year	**250**	**4,844**

(c) Effect of disposal on the financial position of the Group
(in thousands of euros)

	2014 Restated
Property, plant, and equipment	-217
Intangible assets	-6,949
Inventories	-10
Trade and other receivables	-1,580
Cash and cash equivalents	-301
Employee benefits	54
Trade and other payables	1,304
Deferred income	1,879
Translation reserve	-5
Net assets and liabilities	**-5,825**

The final consideration for the disposal of NedGraphics amounts to € 5,870 thousand, satisfied in cash. The cash and cash equivalents disposed of amounts to € 301 thousand, resulting in a net cash inflow of € 5,569 thousand.

Dynamics Perspective

In June 2013, the Company decided to discontinue the activities of its wholly owned subsidiary Dynamics Perspective, Inc. (DPI). The decision to discontinue the activities was made to allow the Company to further focus on its core activities. After carefully weighing all options and given current economic conditions, it was determined that continuing the DPI activities was no longer viable.

(a) Results of discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014
Net revenue	0	0
Expenses	0	20
Profit (loss) from operations	**0**	**20**
Income tax expense	0	0
Profit (loss) from operations, net of tax	**0**	**20**
Loss on disposal of discontinued operation	0	-85
Income tax on loss on disposal of discontinued operation	0	0
Profit (loss) for the year	**0**	**-65**
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

The loss from the discontinued operation is attributable entirely to the owners of the Company.

(b) Cash flows from (used in) discontinued operation
For the year ended 31 December
(in thousands of euros)

	2015	2014
Net cash flow from (used in) operating activities	0	-8
Net cash flow for the year	**0**	**-8**

(c) Effect of disposal on the financial position of the Group
(in thousands of euros)

	2014
Trade and other receivables	0
Cash and cash equivalents	0
Trade and other payables	0
Translation reserve	-85
Net assets and liabilities	**-85**
Consideration received, satisfied in cash	0
Cash and cash equivalents disposed of	0
Net cash inflow	**0**

7. Wages and salaries and social security charges

(in thousands of euros)	2015	2014 Restated*
Wages and salaries	158	434
Social security charges	19	19
Contribution to defined contribution plans	70	70
Increase (decrease) in liability for long service benefits	1	-1
Equity-settled share-based payment transactions	125	85
Total wages and salaries and social security charges	**373**	**607**

**See Note 6*

For the remuneration of key management we refer to note 43.

Staff

During 2015, the group had an average of 19 staff members (2014: 75). This staff can be divided as follows over the various divisions:

Staff over the various divisions

(in average FTE)	2015	2014
Management and staff holding company	0	2
NedGraphics	0	56
LOFT	19	17
Total number of staff members	**19**	**75**
Netherlands	15	37
Rest of Europe	0	23
USA	4	15
Total number of staff members	**19**	**75**

8. Other operating costs

The other operating costs can be specified as follows:

(in thousands of euros)	2015	2014 Restated*
Sales costs	5	10
Housing costs	8	63
Car costs	0	38
Other staff costs	2	0
General costs	378	373
Currency and exchange rate differences	2	78
Total other operating costs	**395**	**562**

**See Note 6*

9. Income tax expense

The activities of the group are subject to corporate income taxes of various countries, with tax rates between 21% and 40%. In the case of a relatively low nominal tax rate, not all the costs incurred are tax deductible. The various tax rates and the presence of unrecognized tax loss carry forwards are the cause of a deviation of the actual weighted tax rate and the nominal tax rate in the Netherlands (25%).

For the fiscal unit for corporate income tax with respect to the Dutch entities all years up until 2012 have been filed and accepted.

The reconciliation of the nominal and the effective tax is as follows:

Reconciliation of effective tax rate

(in thousands of euros)

	2015		2014	
Result from ordinary activities before tax		-4,705		-3,268
Tax using the Company's domestic tax rate	25.00%	-1,176	25.00%	-817
Effect of tax rates in foreign jurisdictions	0.00%	0	-0.06%	2
Recognition of tax effect previously unrecognized losses	0.00%	0	0.00%	0
Current year losses for which no deferred tax asset recognized	-24.99%	1,176	-25.00%	817
Convertible notes tax expense / (benefit) recognized	-0.43%	20	0.00%	0
	-0.43%	**20**	**-0.06%**	**2**

**See Note 6*

Tax recognized directly in equity

(in thousands of euros)

	2015			2014		
	before tax	Tax expense (benefit)	Net of tax	before tax	Tax expense (benefit)	Net of tax
Convertible notes	**-81**	**20**	**-61**	**0**	**0**	**0**

Deferred tax assets have been recognized in the annual accounts for as far as they can be reasonably expected to be realized within the foreseeable future. The deferred tax effect on the tax charge for the year relates to changes in (un-)recognized temporary differences.

10. Intangible assets

Movements were as follows:

(in thousands of euros)	Costs of software develop-ment	Total 2015	Total 2014 Restated*
Costs 1 January	7,804	7,804	41,355
Accumulated amortization 1 January	-4,734	-4,734	-30,394
Book value as of 1 January	**3,070**	**3,070**	**10,961**
Changes:			
Investments	1,183	1,183	1,827
Disposals	0	0	-35,294
Amortization	-977	-977	-1,654
Amortization on disposals	0	0	27,314
Deduction government grant	0	0	-84
	206	**206**	**-7,891**
Costs 31 December	8,987	8,987	7,804
Accumulated amortization 31 December	-5,711	-5,711	-4,734
Book value as of 31 December	**3,276**	**3,276**	**3,070**
Less held for sale	-3,276	-3,276	0
Net book value as of 31 December	**0**	**0**	**3,070**

**See Note 6*

Investments in 2015 include capitalized production of € 826 thousand and third party of € 357 thousand (2014 restated: € 1,086 thousand and € 741 thousand respectively).

The following amortization/depreciation percentages are used:

Amortization percentages

Costs of software development	20%

Impairment test for intangible assets

Intangible assets comprise software on Loft. No impairment test was done at the end of 2015 as the sale price in the agreement for the sale of the division, less expected costs to sell, exceeds the carrying amount of the net assets and liabilities of the division.

For the 2014 impairment test, the recoverable amount of the cash-generating unit (CGU) was based on a fair value less cost to dispose calculation for Loft. This calculation was based on a discounted cash flow calculation which was based on the budget for 2015 and estimated market developments for the period thereafter.

Cash flows for Loft for further periods were extrapolated using the following growth rates in the case of gross margin: 2015 55%, 2016 119%, 2017 120%, 2018 65%, 2019 63%, 2020 through 2023 2%. The terminal value growth rate is 1%. The following growth rates were used in the case of operating expenses: 2015 11%, 2016 29%, 2017 35%, 2018 and 2019 1%, and 2020 through 2023 2%. The terminal value growth rate is 1%. A pre-tax discount rate of 19.1% (2013: 13.3%) was used in discounting the projected cash flows. Allocated holding expenses were also incorporated in the calculations. Key assumption in the 2015 budget was that these activities in an introduction phase would start generating more material revenue levels.

Management's approach in determining the key revenue assumption in the 2015 budget noted above was based on trends noted at the time in the marketplace, and on the level of developed maturity and stability of the Loft product. Other key assumptions were the expected growth rate of revenues and operating expenses.

The 2014 revenue growth assumptions resulted in a positive Loft CGU fair value less costs to dispose of approximately € 6,015 thousand as compared to a carrying value of approximately € 3,100 thousand. Furthermore, if the market capitalization of the Company at the time was used as a fair value less cost to dispose indication, also significant headroom existed. As a result, no impairment was recorded in 2014.

Sensitivity to changes in assumptions

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

Loft impairment sensitivity

	Change required for carrying amount to equal the recoverable amount	
In percent	**2015**	**2014**
Pre-tax discount rate	n/a	22.5
Forecasted EBIT growth	n/a	-21.5

11. Property, plant and equipment

Movements were as follows:

(in thousands of euros)	**2015**	**2014 Restated***
Costs 1 January	796	1,874
Accumulated depreciation 1 January	-740	-1,603
Book value as of 1 January	**56**	**271**
Changes:		
Investments	12	67
Disposals	-753	-1,145
Depreciation	-21	-71
Depreciation on disposals	730	924
Currency influences	0	10
	-32	-215
Costs 31 December	55	796
Accumulated depreciation 31 December	-31	-740
Book value as of 31 December	24	56
Less held for sale	-21	0
Net book value as of 31 December	**3**	**56**

**See Note 6*

The following depreciation percentages are used:

Depreciation percentages

Refurbishing	20%
Computer equipment and programs	33%
Other assets	20%

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Recognized deferred tax assets and liabilities

(in thousands of euros)	**Assets 2015**	**Assets 2014**	**Liabilities 2015**	**Liabilities 2014**	**Net 2015**	**Net 2014**
Tax asset / liability related to government grant	8	59	-8	-59	0	0
Tax liability related to convertible loan	0	0	-35	-124	-35	-124
Tax value of loss carryforward recognized	35	124	0	0	35	124
Tax assets/liabilities	**43**	**183**	**-43**	**-183**	**0**	**0**
Netting of tax	-43	-183	43	183	0	0
Net tax assets and liabilities	**0**	**0**	**0**	**0**	**0**	**0**

Deferred tax assets have not been recognized in respect of the following items:

Unrecognized deferred tax assets

(in thousands of euros)	**2015**	**2014**
Tax Losses	4,510	2,720

The tax losses expire in the period from 2016 through 2025. Deferred tax assets have only been recognized to the level of deferred tax liabilities which are available to offset the deferred tax assets within the same fiscal unit for corporate income tax purposes. The amount of deferred tax assets that exist in excess of these deferred tax liabilities has not been recognized for the time being, as management is insufficiently certain that taxable profit will be available in the near future against which the temporary difference can be utilized.

In 2014, € 1,100 thousand of unrecognized deferred tax assets were used to offset a taxable transfer of intangible assets relating to NedGraphics software from the parent company to NedGraphics. This transfer was made as part of the disposal of NedGraphics.

Movement in deferred tax during the year

(in thousands of euros)	Balance 1 Jan. 2015	Recognized in income	Recognized in equity	Balance 31 Dec. 2015
Intangible assets	59	-51	0	8
Convertible loans	-124	69	20	-35
Government grant	-59	51	0	-8
Tax value of loss carryforward utilized	124	-89	0	35
	0	-20	20	0

(in thousands of euros)	Balance 1 Jan. 2014	Recognized in income	Recognized in equity	Balance 31 Dec. 2014
Intangible assets	56	3	0	59
Convertible loans	-186	62	0	-124
Government grant	-56	-3	0	-59
Tax value of loss carryforward utilized	186	-62	0	124
	0	0	0	0

13. Inventories

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Trade goods	43	18
	43	**18**
Less held for sale	-43	0
	0	**18**

The valuation of inventories on the basis of net realizable value is not materially different from the valuation above.

The Company only sells software licenses and related services. Inventories mentioned in this table relate to 3D software models.

14. Trade and other receivables

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Trade receivables	54	268
Corporate income tax	1	1
Prepaid expenses	87	75
Loans to directors	0	477
Other receivables and accrued income	39	408
	181	**1,229**
Less held for sale	-97	0
	84	**1,229**
Non current	0	0
Current	181	1,229
	181	**1,229**
Less held for sale	-97	0
	84	**1,229**

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 31 December 2015 was € 500 thousand plus accrued unpaid interest of € 53 thousand.

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 contains 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.

At the end of 2015, the € 553 thousand of receivables including interest have been written off. This write-off resulted in a charge of € 1,132 thousand to management wages and salaries expense and a € 579 thousand recording of employee tax liability related to the write-off.

Aging of the trade receivables as of 31 December

(in thousands of euros)	2015			2014		
Number of days outstanding	**Gross trade debtors**	**Impairment**	**Net trade debtors**	**Gross trade debtors**	**Impairment**	**Net trade debtors**
0 - 30 days	34	0	34	241	0	241
31 - 60 days	2	0	2	0	0	0
61 - 90 days	0	0	0	4	0	4
> 90 days	82	-64	18	84	-61	23
Total	**118**	**-64**	**54**	**329**	**-61**	**268**
Less held for sale	-113	64	-49	0	0	0
Total net of held for sale	**5**	**0**	**5**	**329**	**-61**	**268**

Movement in the allowance for impairment in respect of trade receivables during the year

(in thousands of euros)	2015	2014
Balance at 1 January	**61**	**73**
Impairment loss recognized	3	84
Disposal of participations	0	-96
Balance at 31 December	**64**	**61**
Less held for sale	-64	0
Balance at 31 December net of held for sale	**0**	**61**

15. Cash and cash equivalents

With the exception of the bank guarantees discussed in note 22, the cash and cash equivalents are at the free disposal of the Company.

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Bank balances	48	4,693
Cash and cash equivalents	0	0
	48	**4,693**
Less held for sale	-40	0
	8	**4,693**

16. Shareholders' equity capital and reserves

Share capital and share premium

At 31 December 2015, the issued share capital comprised 29,912,567 ordinary shares (2014: 29,423,232) with nominal value € 0.10, which have been fully paid up.

In 2015, 489,335 ordinary shares were issued as a result of share-based payments arising from the 2014 share program granted to the board of directors (see Note 24).

At 31 December 2015, 4,509,091 warrants, each exercisable at € 0.33 per ordinary share, issued in 2013 remain outstanding.

Regarding the warrants:

- The warrants are exercisable through 18 June 2019.
- Mandatory exercise of the warrants is required if the publicly available market price of the ordinary shares listed on Euronext Amsterdam is above € 1.00 for a continuous period of 6 months.
- In the event that ordinary shares are split or in case of a stock dividend in the form of ordinary shares or similar transaction, the exercise price of the warrants will be reduced based on the ratio of ordinary shares outstanding before and after the transaction.
- In the event that ordinary shares are consolidated, the exercise price of the warrants will be increased based on the same ratio.
- In the event that the Company issues additional ordinary shares, the warrant owners will be entitled to additional warrants in order to avoid dilution.

The warrants were cancelled in January 2016. See note 29 for more information.

Legal reserves

In conformity with the Netherlands Civil Code, a legal reserve is recognized for the carrying amount of internally developed capitalized software development costs at the statement of financial position date.

Translation reserves

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the company, as well as – for as far as applicable – from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

17. Earnings per share

The calculation of earnings per share at 31 December 2015 was based on the result attributable to ordinary shareholders of € 4,725 thousand negative (2014: € 3,195 thousand negative) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2015 of 29,501,761 (2014: 28,682,566), calculated as follows:

Weighted average number of ordinary shares

(number of shares)	31 Dec. 2015	31 Dec. 2014
Issued ordinary shares at 1 January	29,423,232	28,596,495
New shares issued (November 2015, November 2014)	489,335	826,737
Issued ordinary shares at 31 December	**29,912,567**	**29,423,232**
Issued ordinary shares at 1 January	29,423,232	28,596,495
Effect of shares issued (November 2015, November 2014)	78,529	86,071
Weighted average number of ordinary shares	**29,501,761**	**28,682,566**
(in thousands of euros)		
Profit (loss) for the period	-4,725	-3,195
Profit (loss) attributable to ordinary shareholders	**-4,725**	**-3,195**
Earnings per share	**-€ 0.16**	**-€ 0.11**

18. Diluted earnings per share

In 2014 and 2015, instruments that could potentially dilute earnings per share in the future were not included in the calculation of diluted earnings per share, because they were not dilutive for the period presented.

The diluted weighted average number of ordinary shares can be calculated as follows:

Weighted average number of ordinary shares (diluted)

(number of shares)	31 Dec. 2015	31 Dec. 2014
Weighted average number of ordinary shares at 31 December	29,501,761	28,682,566
Effect of share-based payments on issue	1,512,244	2,306,631
Effect of convertible notes on issue	7,011,970	7,500,000
Effect of warrants on issue	4,509,091	4,509,091
Antidilusive effect	-13,033,305	-14,315,722
Weighted average number of ordinary shares (diluted) at 31 December	**29,501,761**	**28,682,566**
(in thousands of euros)		
Profit (loss) attributable to ordinary shareholders	-4,725	-3,195
After-tax effect of interest on convertible loans	273	294
Profit (loss) attributable to ordinary shareholders	**-4,452**	**-2,901**
Diluted earnings per share	**-€ 0.15**	**-€ 0.10**

19. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see notes on interest risk and foreign currency risk.

The Company has negotiated early repayment of its convertible loans and government grant. In accordance with IFRS, the renegotiation of the loans requires the de-recognition of the original loans and re-recognition as new loans if there is a substantial difference between the book value of the loans and the calculated amortized cost price of the renewed loans based upon the original discount rate applied. A difference is considered to be substantial if it is more than 10%.

Convertible loans issued prior to 2015

As a result of these negotiations, in March and April of 2015, € 1,800 thousand or 50% of the outstanding convertible loans were repaid. The remaining € 1,800 thousand of these convertible loans will be repaid immediately after the closing of the Loft division sale in 2016.

This early payoff of debt with a book value of € 1,584 thousand required a revaluation of the repaid debt using a market interest rate of 17.1%, vs 13.75% used to originally value the debt, in order to determine the component of the repayment difference between the face value and the book value to be recorded as interest expense and the component to be recorded as equity component. As a result, the € 216 thousand difference between book value and face value was recorded as € 69 thousand interest expense and € 147 thousand as equity reduction (€ 110 thousand net of tax).

At year end there are outstanding convertible loans issued prior to 2015 with a face value of € 1,800 thousand. These loans were not de-recognized and re-recognized as new loans, since the difference between the book value of the loans and the calculated amortized cost price of the renewed loans based upon the original discount rate applied, was not substantial. The coupon on the loans is 4% payable annually over the outstanding amount at year end through March 15, 2016. As of March 16, 2016, € 1,700 thousand of the loans begin to earn interest at the annual rate of 20% until expected repayment immediately following the sale of the Loft division. The other € 100 thousand of the loans continue to earn interest at the annual rate of 4%. The convertible loans can be converted as of January 2013 and have a term of 5 years. The conversion premium is 120% (conversion price of € 0.48). These loans have been recognized at fair value, taking the market interest rate into account. The market interest is determined at 13.75%. This implies that fair value of the liability was recognized initially at € 2,468 thousand and the remainder of the value was recognized as equity. The interest charge equals 13.75% of the carrying amount.

Convertible loans issued in 2015

In June 2015, additional funding was obtained from existing shareholders of the Company through the issue of convertible loans with a face value of € 800 thousand, which was approved by the general meeting of shareholders in June 2015. The investment is structured as a subordinate bond that pays no interest, is due in June 2020, and is convertible to equity at a price of € 0.16 per bond. These loans have been recognized at fair value, taking a market interest rate into account. The interest rate of the liability part is equal to the market interest rate. In the case of NedSense this is determined at 17.1%. This implies that the debt value of the face amount of € 800 thousand is originally reduced to € 361 thousand and the remainder of the value is recognized as equity. The interest charge will be 17.1% of the carrying amount.

At the end of 2015, the € 800 thousand of convertible loans obtained in June 2015 were renegotiated to be repaid immediately after the closing of the Loft division sale in 2016. This early payoff of debt with a book value of € 394 thousand required a revaluation of the outstanding debt. The market interest rate of 17.1%, was the same in the original valuation and the revaluation. Therefore the adjustment to the book value of the loan was entirely recorded as equity component. As a result, the € 374 thousand adjustment to book value was recorded as € 374 thousand as equity reduction (€ 280 thousand net of tax). Of the € 374 thousand, € 406 thousand was equity reduction related to de-recognition of the loan at the original repayment terms and € 32 thousand was an increase to equity to re-recognize the loan at the new repayment terms.

At year end there are outstanding convertible loans issued in 2015 with a face value of € 800 thousand.

Government Grant

Also as a result of the early repayment of debt negotiations, in 2015, a total of € 996 thousand of the outstanding grant was paid off, € 900 thousand more than the payment schedule. The additional € 900 thousand repayment resulted in a charge to interest expense of € 132 thousand. The balance of the grant will be repaid immediately after the closing of the Loft division sale in 2016.

In July of 2014, additional funding of € 152 thousand was obtained through a grant (innovation credit) from the Dutch government for Loft software development. The total amount of the grant, which has been fully received, is € 1,718 thousand. The interest rate is 6.5%. This grant has been recognized at fair value, taking the market interest rate into account. The interest rate of the liability part is equal to the market interest rate.

In the case of NedSense this market interest rate is determined at 12.0% for funds received in 2013 and the part of 2014 prior to the disposal of the NedGraphics operating segment, based on a CCC+ rating (13.75% for funds received in 2012 based on a comparable basket rating between B and CCC).

This implies that the debt value of the face value of € 1,718 thousand is originally reduced to € 1,400 thousand (of which € 126 thousand was recorded in 2014, € 314 thousand was recorded in 2013, and € 960 thousand in 2012), and the remainder of the value is recognized as a reduction of Loft intangible asset capitalized production costs and amortized over five years. The interest charge will be 12.0% of the carrying amount for the amounts received in 2013 and July 2014, and 13.75% of the carrying amount for the amounts received in 2012.

Interest-bearing loans and borrowings

(in thousands of euros)		31 Dec. 2014
Non-current liabilities		
Convertible notes	0	172
Government grants	0	687
	0	**859**
Current liabilities		
Convertible notes	2,460	2,931
Government grants	969	996
	3,429	**3,927**
Convertible notes		
Proceeds from issue of convertible notes, net of repayments	2,600	3,600
Transaction costs	-35	-35
Net proceeds	**2,565**	**3,565**
Amount classified as equity	-1,016	-1,097
Accreted amount	911	635
Carrying amount of liability at 31 December	**2,460**	**3,103**

Terms and debt repayment schedule

The convertible loans are unsecured, subordinated loans. The government grant is securitized with a lien on all tangible and intangible Loft assets which are co-financed by the grant. Additionally, the grant terms stipulate that until the grant is fully repaid, unless expressly authorized, no payments for interest, principal, or dividends may be made to shareholders with the exception of the annual payment of interest on the convertible loans.

The convertible loans and government grant will be paid upon the closing of the Loft division sale in early 2016. See note 29 for more information.

20. Employee benefits

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Liability for long service benefits	67	55
	67	**55**
Less held for sale	-38	0
	29	**55**

Movement in the net liability for employee benefits

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Net liability for employee benefits at 1 January	55	134
Disposal of participations	0	-78
Expense recognized in the income statement	12	-1
Net liability for employee benefits at 31 December	**67**	**55**
Less held for sale	-38	0
	29	**55**

21. Trade and other payables

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Trade creditors	299	336
Tax and social security charges	36	135
Accrued staff expenses	465	63
Accrued sales expenses	25	30
Other debts and accruals	788	267
	1,613	**831**
Less held for sale	-376	0
	1,237	**831**

All short-term debts have a term of less than one year.

22. Off-balance sheet commitments

Bank guarantees

As of 31 December 2015, there were no bank guarantees to third parties (year-end 2014: € 45 thousand).

Operating leases

Non-cancellable operating lease rentals are payable as follows:

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Less than one year	87	125
Between one and five years	133	172
	220	**297**
Less held for sale	-220	0
	0	**297**

23. Financial instruments

Financial risk management

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Board oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

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

Trade and other receivables

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed or advanced down payments are requested on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Cash and cash equivalents

The Group held cash and cash equivalents of € 48 thousand at 31 December 2015 (2014: € 4,693 thousand), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA at a minimum based on rating agency Standard & Poors ratings.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. At 31 December 2015, there were no external guarantees outstanding (2014: € 45 thousand).

Liquidity risk

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

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including estimated interest payments. See note 29 for additional information.

31 December 2015 *(in thousands of euros)*	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Non-derivative financial liabilties						
Convertible loans	2,460	-2,672	-2,672	0	0	0
Government grants	969	-1,002	-1,002	0	0	0
Trade and other payables	1,237	-1,237	-1,237	0	0	0
	4,666	**-4,911**	**-4,911**	**0**	**0**	**0**

31 December 2014 *(in thousands of euros)*	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years
Non-derivative financial liabilties						
Convertible loans	3,103	-3,840	0	-144	-3,696	0
Government grants	1,683	-2,171	-32	-64	-700	-1,375
Trade and other payables	831	-831	-831	0	0	0
	5,617	**-6,842**	**-863**	**-208**	**-4,396**	**-1,375**

Market risk

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

Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the euro. The currency primarily giving rise to this risk is the U.S. dollar.

In respect of other monetary assets and liabilities held in currencies other than the euro, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The Group has not entered into forward exchange contracts hedging forecasted transactions.

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

(in thousands of euros)	euro 31 December 2015	USD	euro 31 December 2014	USD
Trade receivables	18	36	79	188
Convertible loans	-2,460	0	-3,103	0
Government grants	-969	0	-1,683	0
Trade payables	-262	-37	-336	0
Gross statement of financial position exposure	-3,673	-1	-5,043	188
Next month's forecast sales	4	4	8	11
Next month's forecast purchases	-53	-32	-81	-13
Gross exposure	-49	-28	-73	-2
Net exposure	**-3,722**	**-29**	**-5,116**	**186**

The following significant exchange rates applied during the year.

euro	Average rate 2015	2014	Reporting date spot rate 2015	2014
USD 1	0.901	0.753	0.917	0.823

Sensitivity analysis

A strengthening of the euro, as indicated below, against the USD at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2014.

	Strengthening		Weakening	
Effect in thousands of euros	Equity	Profit or loss	Equity	Profit or loss
31 December 2015				
USD (10% movement)	157	173	-224	-173
31 December 2014				
USD (20% movement)	15	-6	-36	6
GBP (10% movement)	0	-3	0	3
RON (5% movement)	0	0	0	0

Interest rate risk

Interest-bearing loans and borrowings have a fixed interest rate. The Group has not entered into interest rate swaps to mitigate the risk of interest rate fluctuations.

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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

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

Capital management
The primary objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Company does not have an explicit return on capital policy. There have been no changes in the capital management policies during the year. Capital is considered by the Company to be equity as shown in the statement of financial position.

The Company monitors capital on the basis of cash flow prognoses and the solvency and liquidity ratio. The solvency ratio is calculated as total equity attributable to equity holders of the parent divided by the balance sheet total. The liquidity ratio is calculated as current assets divided by current liabilities excluding deferred income. During the year, the solvency ratio decreased from 36.4% to negative 43.8%, and the liquidity ratio decreased from 1.2 to 0.7.

Accounting classifications and fair values
The fair values of financial instruments are not materially different from the carrying amounts shown in the balance sheet.

Carrying values

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Trade and other receivables	84	1,229
Cash and cash equivalents	8	4,693
Interest-bearing loans and borrowings	-3,429	-4,786
Trade and other payables	-1,237	-831

24. Share-based payment

Description of the share-based payment arrangements
At 31 December 2015 the Group has the following share-based payment arrangements:

Share option program (equity settled)
Option plans: input fair values

	C4	C4-1	C4-2	D3
options granted as % of shares	2.5%	-	-	2.5%
fair value at grant date	0.3228	0.1848	0.1952	0.2397
share price at grant date	0.37	0.32	0.32	0.38
exercise price	0.40	0.40	0.40	0.36
expected volatility	83%	86%	86%	87%
expected life (years)	3	4	4.5	4
expected dividends	0	0	0	0
risk free interest rate	0.52%	1.26%	1.41%	0.55%
weighted average granting %	-	-	-	17%

Option costs

(costs in euros) **Plan**	issued	2015 costs	issued	2014 costs
D2		0		3,280
D3	-7,500	3,081	-7,500	6,616
total		**3,081**		**9,896**

Options

(price in euros)	2015 nr of options	2014	2015 Weighted average exercise price	2014
outstanding 1 January	**1,099,812**	**1,372,253**	**0.39**	**0.41**
exercised	0	0	0	0
forfeited	-7,500	-7,500	0.36	0.36
expired	-287,440	-264,941	0.44	0.46
granted	0	0	0	0
outstanding 31 December	**804,872**	**1,099,812**	**0.39**	**0.39**
exercisable	804,872	1,099,812	0.38	0.39

The Company established a share option program on 25 May 2009 that entitled management and key personnel to purchase shares in the Company. The terms and conditions relating to these grants of the share options are as follows; all options are to be settled by physical delivery of shares:

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. There is a separate plan for management ("Plan C") and key personnel ("Plan D"). The basis of the plan is that the Company will issue a maximum of 30% of the outstanding shares available to: the management 20% ("Plan C") and key personnel 10% ("Plan D"). Both option plans are divided into several packages. Each package was granted if the Group reached certain targets. Targets have been set for the years 2009, 2010 and 2011 as defined in the remuneration policy.

The fair value of the options has been determined on grant date. No options have been granted in 2015. Total costs related to this plan in 2015 amount to € 3 thousand.

Share program (equity settled)
Share program: input fair values

	F1
fair value at grant date (average)	0.0204
share price at grant date	0.25
expected volatility	72%
expected time to maturity (years, average)	30
expected dividends	0
risk free interest rate	2.05%
weighted average granting % (average)	8.15%

Share program costs

(costs in euros)

	2012	2013	2014		2015	
Plan	**issued**	**issued**	**issued**	**costs**	**issued**	**costs**
E1	684,384			68,880		0
E2		142,353		-8,525		11,917
E3			489,335	-17,342		17,082
E4				31,869		95,607
F1		200,000		0	-100,000	-2,004
total				**74,882**		**122,602**

Share program shares

	2015 nr of shares	2014 nr of shares
outstanding 1 January	**2,628,193**	**2,341,873**
forfeited	-100,000	0
expired / cancelled	-1,112,121	0
granted	0	286,320
outstanding 31 December	**1,416,072**	**2,628,193**
vested	826,737	684,384

The remuneration plan in effect for 2012 through 2015, 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. There is a separate plan for management ("Plan E") and key personnel ("Plan F"). The basis of Plan E is that the Company will provide variable remuneration in the form of shares and cash, calculated in relation to fixed salary. The maximum variable remuneration is capped at 100% of fixed salary for the CEO and 80% of fixed salary for the COO. There is both a long-term and a short-term component of the variable remuneration, and the components will be granted annually if management achieves certain targets. The basis of Plan F is that the Company will provide annual shares of up to 1% of the outstanding share capital to certain key employees. The plans have a vesting period of 3 years.

For 2012, 50% of the potential variable remuneration of Plan E available for 2012 was approved at the Annual General Meeting (AGM) of Shareholders in June 2013. The number of shares to be issued for 2012 is determined based on the average stock price 15 days before and 15 days after the 2013 AGM, and accordingly 684,384 shares were issued in 2014.

For 2013, 12% of the potential variable remuneration of Plan E available for 2013 was approved at the Annual General Meeting (AGM) of Shareholders in June 2014. The number of shares to be issued for 2013 is determined based on the average stock price 15 days before and 15 days after the 2014 AGM, and accordingly 142,353 shares were issued in 2014.

For 2014, 22% of the potential variable remuneration of Plan E available for 2014 was approved at the Annual General Meeting (AGM) of Shareholders in June 2015. The number of shares to be issued for 2014 is determined based on the average stock price 15 days before and 15 days after the 2015 AGM, and accordingly 489,335 shares were issued in 2015.

For 2015, it had been expected that 50% of the potential variable remuneration of Plan E available for 2015 would be issued in the form of shares and approved at the Annual General Meeting of Shareholders in June 2016. However, the 2015 portion of Plan E has been canceled and replaced by a cash bonus arrangement. See note 25 for more information regarding this bonus arrangement.

Further for 2013, 200,000 shares have been provisionally granted 1 August 2013 (valuation date) under Plan F to key personnel. The shares will be permanently granted subject to the following criteria:

- 50% of the shares if stock price at € 0.46 or higher for a continuous period of 6 months,
- 50% of the shares if stock price at € 0.80 or higher for a continuous period of 6 months,
- If performance of key personnel is in line with expectations, at the discretion of the Executive Board,
- The employee agreement is not terminated at the request of the employee before January 1, 2016.

To calculate the fair value of the Plan F shares, and due to the provisional nature of the grant, the binomial model is used to determine the weighted average granting percentage. The most important assumptions used in the model are: historical stock prices, valuation date (grant date), share price, granting criteria, time to maturity, risk-free interest rate (based on government bonds), volatility (based on an evaluation of the company's historic volatility), and weighted average granting percentage.

The time to maturity lasts from the moment the share plan is issued (1 August 2013) until the expected retirement date of the employee.

The volatility represents the expected movements of the price of the share during the time to maturity. The expected movements during the time to maturity are based on movements in a past period. For shares provisionally granted in 2013, the period of 1 August 2009 through 1 August 2013 was used.

The fair value of services received in return for shares granted is based on the fair value of shares granted. Total costs related to this plan in 2015 amount to € 123 thousand.

25. Related parties

Transactions with executive board

Executive board compensation

In addition to their salaries, the Group also provides non-cash benefits to the executive board, and contributes to a post-employment defined contribution pension plan on their behalf. In accordance with the terms of this available premium system plan, the premium varies depending on the age of the employee.

In 2011 management invested € 500 thousand in the share capital of the Company. At the same time the Company has provided a loan to management of € 500 thousand with an interest rate of 2.5%. In 2012, the expected date of repayment of the loans has been modified from 3 years to 4 years (see note 14). In addition, interest receivable related to this loan in the amount of € 53 thousand had been recorded.

At the end of 2015, the € 553 thousand of receivables including interest have been written off. This write-off resulted in a charge of € 1,132 thousand to management wages and salaries expense and a € 579 thousand recording of employee tax liability related to the write-off. See note 14 for more information.

In 2015, cash bonuses were agreed with the executive board relating to successful completion of the sale of the Loft division, in lieu of additional share-based payments. The bonuses are payable as the Company is paid for the sale.

The executive board (and key employees) also participate in the Group's share option and share programs (see note 24).

See note 43 for additional information regarding remuneration of the boards.

The executive board control approximately 8% of the voting shares of the Company. Supervisory board members of the Company control no voting shares of the Company. Please see note 29 regarding the appointment of new board members effective 6 April 2016. The information in this note 25 refers to the prior board members.

26. Cash flow from operating activities

The cash flow from operating activities amounted to € 1,701 thousand negative (2014: € 252 thousand positive).

27. Cash flow from investment activities

The cash flow from investment activities was € 948 thousand negative (2014: € 3,394 thousand positive). The investments in tangible and intangible fixed assets amounted to € 12 thousand (2014: € 67 thousand) and € 1,183 thousand (2014: € 1,827 thousand) respectively.
The investments in intangible fixed assets relate to software development. The cash flow from disposal of discontinued operations in 2015 and 2014 is from disposal of the NedGraphics operating segment.

28. Cash flow from financing activities

The cash flow from financing activities amounted to € 1,996 thousand negative (2014: € 88 thousand positive).

29. Subsequent events

Interim loan
In January 2016, affiliates of Ronglian Investments Limited provided the Company with an interim loan in order to cover working capital requirements in the coming period. The loan bears interest at the annual rate of 4% and is repayable by 13 July 2016.

Value8
In January 2016, the Company was informed by Value8 N.V. that Value 8 has acquired an interest of approximately 56.8% of all issued and outstanding ordinary shares of the Company at a price of € 0.08 per share.

Warrant cancellation
In January 2016, the Company reached agreement with Nantahala Capital Partners and Bertoia LLC in respect of the cancellation of all warrants held by them.

In the context of the participation in NedSense by Nantahala and Bertoia in 2013, the Company granted 4,509,091 warrants to these companies. Each warrant entitled the holder to purchase one newly issued ordinary share in the capital of the Company against a purchase price of € 0.33 per ordinary share. As the warrants were exercisable at a price significantly higher than the current share price of the Company, the companies have agreed that NedSense purchase the warrants for € 0.0001 per warrant for a total purchase price of € 450.91.The purchase has taken place in February 2016 and the warrants are cancelled.

Loft division sale
At the start of 2016, the Company announced that it had reached agreement on the sale of the Loft division to Ronglian Investments Limited. The transaction has been approved by NedSense shareholders at an extraordinary general meeting of the shareholders in February 2016.

The purchase price is € 7.4 million to be adjusted if the actual working capital of Loft on the closing date is higher or lower than € 750 thousand negative. Accordingly, if the actual working capital is less than € 750 thousand negative, the purchase price will be lowered by such excess on a euro-for-euro basis. If the actual working capital is higher than € 750 thousand negative, the purchase price will be increased by such excess on a euro-for-euro basis. Pursuant to this working capital adjustment, the purchase price has been increased by € 0.6 million, resulting in an adjusted total purchase price of € 8.0 million.

The transaction is subject to certain conditions, including NedSense shareholder approval (already obtained), no material adverse effect having occurred, no frustrating actions, and no breach of warranties by NedSense.

The proceeds of the transaction have been used to repay all outstanding debt of the Company, and an interim dividend of € 0.03 per ordinary share has been paid.

Following closing of the transaction, the Company no longer has any operational activities.

Shortly after the closing of the transaction, on 6 April 2016 the executive board resigned and was transferred to Loft.

The Loft division sale transaction was completed on 1 April 2016.

Loans and borrowings
As noted above, immediately following the closing of the Loft transaction, all outstanding loans and borrowings including interest have been paid in full out of the proceeds of the transaction.

New boards appointed

At the extraordinary general shareholders meeting on 6 April 2016, new boards have been appointed to replace the existing boards effective immediately, as follows:

Board of Directors
Peter Paul de Vries, Chairman of the Board of Directors. Mr. de Vries is also the CEO of Value8.

Supervisory Board
Gerben Hettinga, Chairman of the Supervisory Board. Mr. Hettinga is also a board member of Value8.

Derek van Dam, Member of the Supervisory Board

Dividend

Following the closing of the Loft division sale transaction, an interim dividend of € 0.03 per ordinary share was paid 12 April 2016. The dividend amounted to € 897,377 in total on 29,912,567 ordinary shares.

Company balance sheet as of 31 December

before appropriation of result

(in thousands of euros)	Notes	31 Dec. 2015	31 Dec. 2014
Assets			
Property, plant, and equipment	33	4	15
Intangible assets	32	0	0
Financial fixed assets	34	3,039	9
Total non-current assets		**3,043**	**24**
Other receivables	35	84	4,163
Cash and cash equivalents		5	4,459
Total current assets		**89**	**8,622**
Total assets		**3,132**	**8,646**
Equity			
Issued capital		2,991	2,942
Share premium		37,504	37,565
Legal reserves		3,276	3,070
Translation reserves		-34	-7
Accumulated deficit		-45,301	-40,268
Total equity	**39**	**-1,564**	**3,302**
Liabilities			
Interest-bearing loans and borrowings	37	0	859
Employee benefits		28	23
Total non-current liabilities		**28**	**882**
Interest-bearing loans and borrowings	37	3,429	3,927
Trade and other payables	36	1,239	535
Total current liabilities		**4,668**	**4,462**
Total liabilities		**4,696**	**5,344**
Total equity and liabilities		**3,132**	**8,646**

The notes on page 110 to page 117 are an integral part of these company financial statements

Company profit and loss account

(in thousands of euros)	2015	2014 Restated*
Company result	-1,341	-3,018
Result from participating interests	-3,384	-177
Net result	**-4,725**	**-3,195**

** See note 6*

The notes on page 110 to page 117 are an integral part of these company financial statements

Notes to the Company financial statements

30. General

The separate financial statements are part of the 2015 financial statements of NedSense (the "Company"). With reference to the separate profit and loss account of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

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

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its separate financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the separate financial statements of the Company are the same as those applied for the consolidated financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of net asset value. These consolidated financial statements are prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the European Union. Please see the notes to the consolidated financial statements for a description of these principles.

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

32. Intangible assets

Movements were as follows:

(in thousands of euros)	Total 2015	Total 2014
Costs 1 January	0	18,779
Accumulated amortization 1 January	0	-15,200
Book value as of 1 January	**0**	**3,579**
Changes:		
Disposals	0	-18,779
Amortization on disposals	0	15,200
	0	-3,579
Costs 31 December	0	0
Accumulated amortization 31 December	0	0
Book value as of 31 December	**0**	**0**

33. Property, plant and equipment

Movements were as follows:

(in thousands of euros)	2015	2014
Costs 1 January	700	695
Accumulated depreciation 1 January	-685	-680
Book value as of 1 January	**15**	**15**
Changes:		
Investments	2	5
Disposals	-7	0
Depreciation	-6	-5
Depreciation on disposals	0	0
	-11	**0**
Costs 31 December	695	700
Accumulated depreciation 31 December	-691	-685
Book value as of 31 December	**4**	**15**

The following depreciation percentages are used:

Depreciation percentages

	%
Refurbishing	12
Fixtures and fittings	20
Computer equipment	33
Other assets	33

34. Financial fixed assets

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014 Restated*
Participations in group companies	3,039	9
	3,039	**9**
Movements in participations:		
Net asset value as of 1 January	9	9,965
Capital injections	0	37
Sale/divestment of group companies	0	-8,115
Dividends received	0	-2,715
Result from participations	-3,384	-177
Exchange rate differences	-27	122
Change in provisions for negative net asset value	6,441	892
Net asset value as of 31 December	**3,039**	**9**

** See note 6*

35. Other receivables

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Receivables from group companies	0	3,323
Granted loans to Directors	0	477
Other accounts receivable, prepayments and accrued income	84	363
	84	**4,163**

No deferred tax asset has been recognized for the fiscal unit as a whole as management is currently insufficiently certain that sufficient future profit will be made to realize the value of the tax assets. All receivables are due within one year.

36. Trade and other payables

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Short term portion of loans	3,429	3,927
Trade creditors	117	164
Taxation and social security charges	5	114
Other debts, accruals and deferred income	1,117	257
	4,668	**4,462**

All short-term debts have a term of less than one year.

As of 31 December 2015, the Company had no current account credit facilities (2014: none).

37. Loans and borrowings

(in thousands of euros)	31 Dec. 2015	31 Dec. 2014
Convertible notes	0	172
Government grants	0	687
	0	**859**

For more details on this matter we refer to note 19 of the notes to the consolidated financial statements.

38. Provisions

There are no provisions.

39. Shareholders' equity

Movements of the shareholders' equity can be stated as follows:

Shareholders' equity capital and reserves

		Attributable to equity holders of the Company					
(in thousands of euros)	**Notes**	**Share capital**	**Share premium**	**Translation reserve**	**Accumulated deficit**	**Other legal reserves**	**Total equity**
Balance at 1 January 2014		2,860	37,565	-126	-40,911	6,905	6,293
Total comprehensive income (loss) for the period							
Profit or (loss)		0	0	0	-3,195	0	-3,195
Other comprehensive income - Items that are or may be reclassified to profit or loss							
Foreign currency translation differences		0	0	119	0	0	119
Total other comprehensive income		0	0	119	0	0	119
Total comprehensive income (loss) for the period		0	0	119	-3,195	0	-3,076
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share-based payments	24	82	0	0	3	0	85
Total contributions by and distributions to owners		82	0	0	3	0	85
Total transactions with owners		82	0	0	3	0	85
Transfer to other reserves		0	0	0	3,835	-3,835	0
Balance at 31 December 2014		2,942	37,565	-7	-40,268	3,070	3,302
Balance at 1 January 2015		2,942	37,565	-7	-40,268	3,070	3,302
Total comprehensive income (loss) for the period							
Profit or (loss)		0	0	0	-4,725	0	-4,725
Other comprehensive income - Items that are or may be reclassified to profit or loss							
Foreign currency translation differences		0	0	-27	0	0	-27
Total other comprehensive income		0	0	-27	0	0	-27
Total comprehensive income (loss) for the period		0	0	-27	-4,725	0	-4,752
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Early repayment of convertible notes (net of taxes)	19		-415	0		0	-415
Issue of convertible notes (net of taxes)	19	0	354	0	0	0	354
Share-based payments	24	49	0	0	-102	0	-53
Total contributions by and distributions to owners		49	-61	0	-102	0	-114
Total transactions with owners		49	-61	0	-102	0	-114
Transfer to other reserves		0	0	0	-206	206	0
Balance at 31 December 2015		2,991	37,504	-34	-45,301	3,276	-1,564

The notes are an integral part of these company financial statements

The authorized share capital consists of 70,000,000 ordinary shares and 35,000,000 preference shares of € 0.10 nominal value per share, representing an authorized share capital of € 10.5 million.
On 31 December 2015 29,912,567 ordinary shares (2014: 29,423,232) were issued and paid up.

The legal reserve is made on account of the capitalization of costs of developed software.

The unallocated current year's loss amounting to € 4,725 thousand will be added to the accumulated deficit.

40. Off-balance sheet commitments

The company has no outstanding lease agreements at year-end 2015 (year-end 2014: € 187 thousand). The Company heads a fiscal unity for corporate income tax purposes, to which all the Dutch wholly-owned subsidiaries at year-end 2015 belong. On this basis, the company is wholly and severally liable for the tax commitments of the fiscal unity as a whole.

41. Share-based payment

For more details on this matter we refer to note 24 of the notes to the consolidated financial statements.

42. Staff

In 2015, the company had an average of 0 staff members (2014: 2 staff members).

43. Remuneration of the Supervisory Board and Board of Directors

The remuneration in 2015 of managing directors and supervisory directors was as follows:

	Gross compensation				Loan write-off		Bonus		Charges share based payment plans		Pension expenses		Crisis levy	
(in euros)	2015	2015	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Regular	Temporary US housing	Total	Total										
Supervisory Board														
Elisabeth DeMarse	5,000	0	5,000	0										
Kai Guldemond	12,500	0	12,500	0										
Macky McCleary	12,000	0	12,000	24,000										
Richard Louwers	8,975	0	8,975	20,800										
	38,475	**0**	**38,475**	**44,800**										
Board of Directors														
Pieter Aarts	205,000	48,650	253,650	205,000	572,748	0	102,500	0	72,884	46,944	40,000	40,000	0	15,851
Jan-Hein Pullens	188,600	48,650	237,250	188,600	559,185	0	75,440	0	53,935	35,556	30,400	30,400	0	7,449
	393,600	**97,300**	**490,900**	**393,600**	**1,131,933**	**0**	**177,940**	**0**	**126,819**	**82,500**	**70,400**	**70,400**	**0**	**23,300**

Gross compensation is exclusive of bonuses, social security charges, pension expenses, and crisis levy, Please see note 24 for information regarding share based payments, and for information regarding share based payments provided to the Board of Directors,

Outstanding options, Board of Directors	C4		D2		D3		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Pieter Aarts	91,642	91,642	0	128,720	178,294	178,294	269,936	398,656
Jan-Hein Pullens	91,642	91,642	0	128,720	178,294	178,294	269,936	398,656
	183,284	**183,284**	**0**	**257,440**	**356,588**	**356,588**	**539,872**	**797,312**

See note 24 for more information regarding these options

44. Audit fees

(in thousands of euros)	2015	2014
Audit fees		
Audit by BDO the Netherlands	75	0
Audit by KPMG the Netherlands	0	88
Audit related services by KPMG the Netherlands	0	4
Total	**75**	**92**

Vianen, April 25, 2016

The Board of Directors
Peter Paul de Vries, Chairman

The Supervisory Board
Gerben Hettinga, Chairman
Derek van Dam

011 Other information 2015

Independent auditor's report

To: the shareholders and Supervisory Board of Nedsense Enterprises N.V.

Report on the audit of the financial statements 2015

Our opinion
We have audited the financial statements 2015 of Nedsense Enterprises N.V., based in Vianen.

The financial statements include the consolidated financial statements and the company financial statements.

WE HAVE AUDITED	OUR OPINION
The consolidated financial statements which comprise: 1. the consolidated statement of financial position as at 31 December 2015; 2. the following consolidated statements for 2015: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of Nedsense Enterprises N.V. as at 31 December 2015 and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
The company financial statements which comprise: 1. the company balance sheet as at 31 December 2015; 2. the company profit and loss account for 2015; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed company financial statements give a true and fair view of the financial position of Nedsense Enterprises N.V. as at 31 December 2015 and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Nedsense Enterprises N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality
Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 105 thousand. The materiality is primarily based on 3% of income before taxes besides a number of other quantitative and qualitative factors. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 5 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Nedsense Enterprises N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Nedsense Enterprises N.V.

Our group audit focused on the significant group entities in the Netherlands and USA. We consider a component significant when:
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent we:
- performed full scope audit procedures in the Netherlands and USA;

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GOING CONCERN	OUR AUDIT APPROACH
We have identified Nedsense's going concern as a key audit matter. Nedsense has announced the divestment of its LOFT activities. The proceeds were received in April 2016. In connection to the divestment of the LOFT activities, the shareholder loans were redeemed in 2016. After the divestment Nedsense remains – for the time being – a listed shelf entity without any activities at the moment. The majority of the shares has meanwhile been acquired by Value8, a listed company in the Netherlands with an investment strategy.	For our audit of the going concern assumption as disclosed in note 2 to the consolidated financial statements we evaluated the assumptions used by management. We performed the following procedures: we reviewed the agreements made in 2016 in relation to the LOFT divestment, we reviewed the budget and cash flow forecast for financial year 2016 and we assessed if there were made any commitments by the Company for the future. We conclude that under the current circumstances management applied the correct going concern assumptions.

DISCONTINUED OPERATIONS	OUR AUDIT APPROACH
Nedsense announced the divestment of its LOFT activities early 2016. Per the balance sheet date the anticipated transaction was recorded under the principles of IFRS 5.	We have performed procedures to verify the accuracy, valuation and classification of the discontinued operations relating to the LOFT activities in Nedsense's financial statements 2015. We read the correspondence and legal documents related to the transaction and information included in note 6. We corroborated the total proceeds with supporting evidence such as the sale contract and we verified that the proceeds were received. We have performed procedures to ensure that the transaction cut off is recorded correctly and that no impairment was needed in 2015. Furthermore, we assessed the adequacy of the presentation and the disclosures in note 6 and verified that these are sufficient under IFRS 5.

SHARE BASED PAYMENTS	OUR AUDIT APPROACH
Nedsense has awarded share based payments to management and other staff. Management has performed calculations to record the related costs, also with the help of an external expert for the existing option plan. Procedures over management's calculations related to share based payments were significant to our audit because the assessment process is complex and imposes estimates.	Nedsense uses assumptions in respect of future market- and economic conditions. We determined that the Company uses the binomial model for the equity settled share program and we assessed and tested the most important assumptions used in this model, being historical stock prices, grant date, share price, granting criteria, time to maturity, interest rate, volatility and average granting percentage. We also determined whether the disclosure in note 24 is adequate and observed that the calculations and disclosures are in accordance with the applicable accounting standards.

Responsibilities of management and the Supervisory Board for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Other information
This report includes, next to the financial statements and our opinion thereon, other information. This other information consists of:
• the management board report
• the other information on page 125

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code and the auditing standards we report that:
• 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 the Dutch Civil Code, and whether the other information on page nr 125 as required by Part 9 of Book 2 of the Dutch Civil Code have been annexed.
• the management board report, to the extent we can assess, is consistent with the financial statements.
• we have nothing to report regarding the other information other than the management board report and the other information.

Our opinion on the financial statements does not include the other information and we do not express an opinion or other assurance conclusion on the other information. As part of our audit on the financial statements and based on the auditing standards, it is our responsibility to read the other information. We have to assess whether there are any material inconsistencies between the other information and the financial statements. In order to do so, we use the obtained audit evidence of audit of the financial statements and the conclusions drawn in our audit. We also determine whether the other information in other ways seems to include material deficiencies. If we conclude, based on the procedures performed, that the other information includes a material deficiency, we are required to report this matter.

Management is responsible for the preparation of the other information including the preparation of the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Engagement
We were engaged by the Supervisory Board as auditor of Nedsense Enterprises N.V. on 4 November 2015 as of the audit for year 2015 and have operated as statutory auditor since that date.

Eindhoven, 25 April 2016

For and on behalf of
BDO Audit & Assurance B.V.,
P.P.J.G. Saasen RA

Statutory provisions concerning result appropriation

Pursuant to article 28 of the Articles of Association, the profit is at the disposal of the Annual General Meeting of Shareholders.

Proposal for result appropriation 2015

The unallocated current year’s result amounting to € 4,725 thousand negative will be added to the accumulated deficit.

Group offices at 31 December 2015

The following offices with operating activities are part of the Group:

Company	Based in	Business address	Managing Director(s)
NedSense enterprises n.v.	the Netherlands (Vianen)	P.O. Box 44 4130 EA Vianen telephone +31 (0) 652 000 431	P.A.J.J. Aarts H.J.J. Pullens
NedSense enterprises b.v.	the Netherlands (Vianen)	P.O. Box 44 4130 EAVianen telephone +31 (0) 652 000 431	P.A.J.J. Aarts H.J.J. Pullens
NedSense LOFT B.V.	the Netherlands (Amsterdam)	Ertskade 107 1019 BB Amsterdam telephone +31 (0) 652 000 431	NedSense enterprises b.v.
LOFT Inc.	USA (San Jose)	99 S. Almaden Blvd. Suite 640 San Jose, CA 95113 telephone +1 917 623 3572	P.A.J.J. Aarts

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