UNIT4
BUSINESS SOFTWARE

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Annual Report 2009

EMBRACING **CHANGE**

UNIT4
BUSINESS SOFTWARE

EMBRACING **CHANGE**

Contents

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Text: C&F Report Amsterdam B.V., Tim Oake

Creating value

UNIT4 celebrates 30-years of delivering value and growth

In 1980, eleven pioneering professionals joined forces to establish UNIT4. Their shared vision was to develop platform-independent standard software that would create real value, be based on the business processes of the client, and could be used by any employee.

UNIT4's growth accelerated in the nineties, and our public listing in 1998 enabled the strategic acquisitions of companies such as Acoso, Omegon, X-Logic and Digis. Our activities had been focused on the Benelux, but our merger with Agresso in 2000 gave us the platform we needed for worldwide expansion. We spread our wings together into the 21st century as UNIT4 Agresso.

In 2006, we sharpened our strategic focus by divesting our security activities to concentrate exclusively on business software. Since then, our international products and services have been focused on the rapidly growing niche market we defined as Businesses Living IN Change, or 'BLINC' for short. Our acquisition of CODA in 2008 enabled us to complement our solution portfolio for this market with a best-of-class financial software suite designed for companies with fast-changing and mixed application environments.

We have embraced a lot of change in our first thirty years. More was needed in 2009, as we demonstrated how well we could manage the challenges of the economic downturn and leverage the synergies provided by the integration of CODA. And as we prepare for growth again, we embrace change once more in 2010, re-establishing our name as UNIT4 in our new corporate identity.

unit 4 INTERNATIONAL

unit4

UNIT4

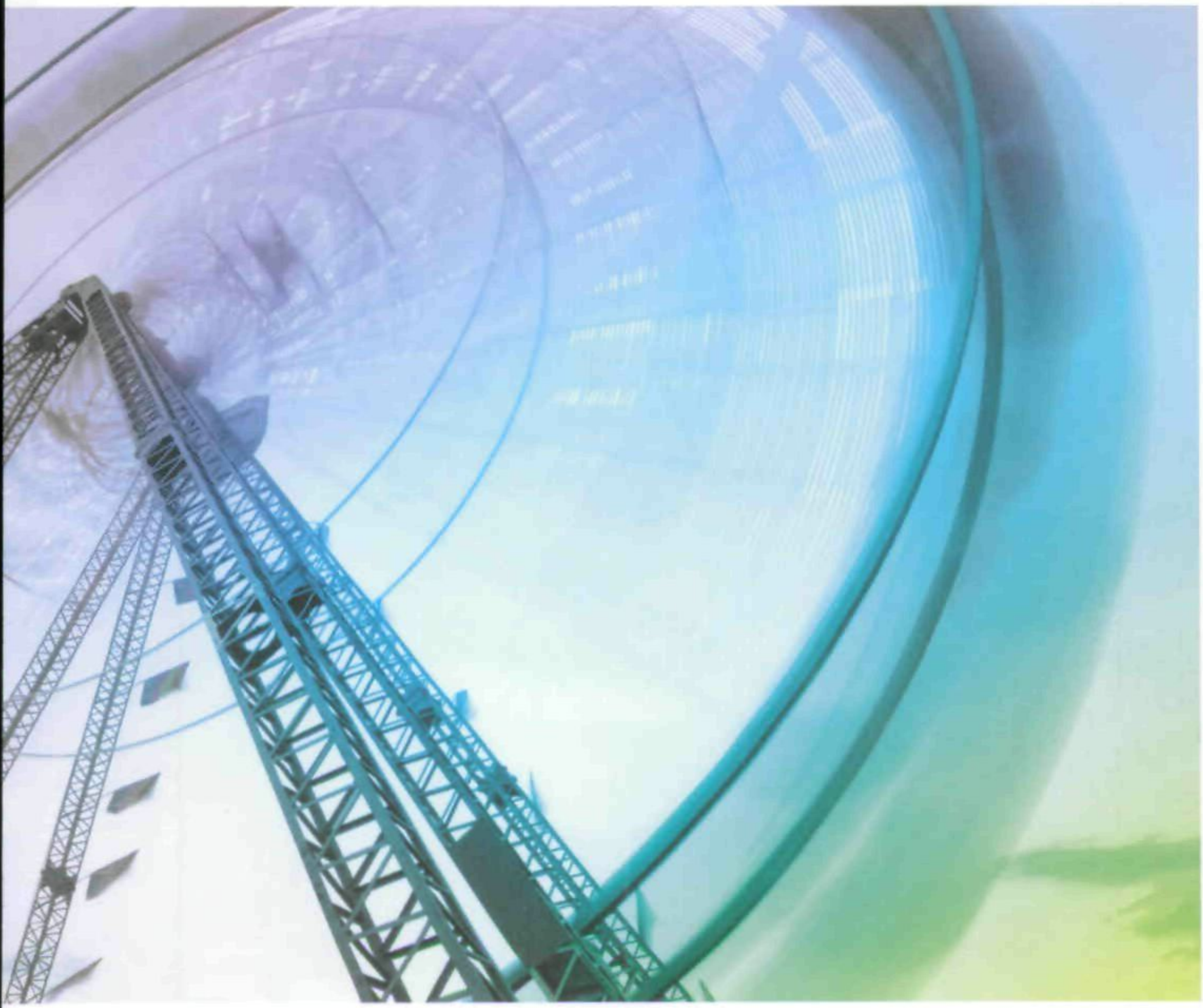
1980 1982 1984 1986 1988 1990 1992 1994 1996

1980: Unit Four International founded

1986: Unit 4 Belgium founded

1993: Unit 4 moves to Sliedrecht

1995: Launch of a full Windows financial system



UNIT4AGRESSO

UNIT4 BUSINESS SOFTWARE

1998 2000 2002 2004 2006 2008 **2010**

Acquisition of Agresso A.S.A.

Acquisition of CODA Group

Public flotation on the Amsterdam Stock Exchange

Acquisitions in Benelux, Sweden, Germany, Spain & UK

Launch of single UNIT4 brand

Chris Ouwinga

Message from the CEO

Dear Stakeholders,

Last year was tough – 2009 was the first of our 30 years to date in which our revenue shrank. All of us had to navigate through an exceptionally severe global downturn, so as we had expected, many of our clients quite reasonably decided to postpone investments. We had foreseen a potential drop in our top line before the year began however, and had made careful plans to manage our costs to at least maintain profitability.

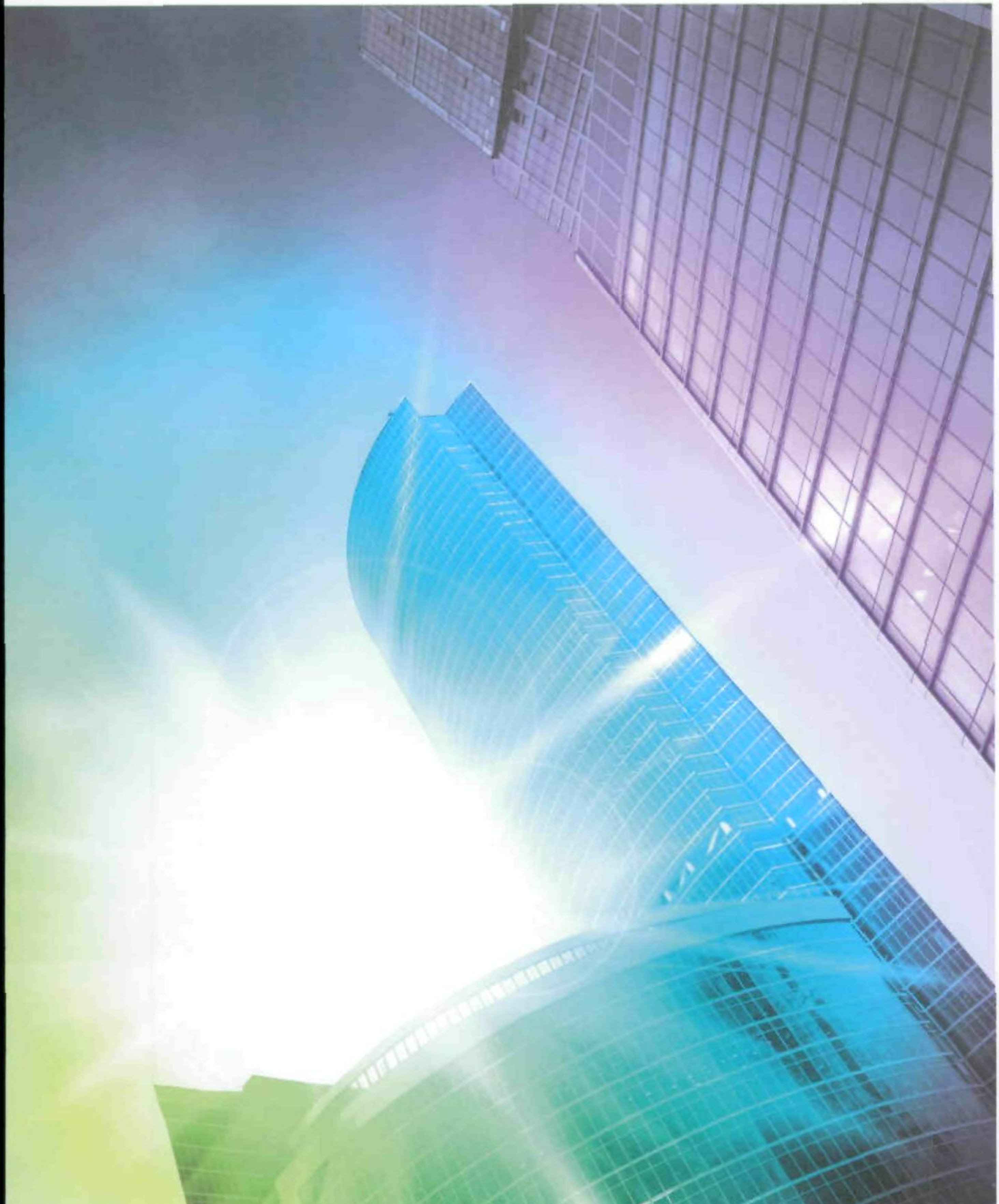
We put those plans into action early in the year, restructuring the business in certain countries, cutting third party hiring and focusing on cash flow developments. Despite a 4% drop in revenue, we increased our cash flow by more than 23% and exceeded our profitability target by actually increasing EBITDA before restructuring costs by 12%. It's a tribute to the great performance of our people that we're able to report such strong figures in such a bad year, so I'd like to thank everybody for their hard work and dedication.

We accelerated the completion of the integration of CODA to achieve synergies faster. And instead of going for acquisitions in 2009 we focused on internal opportunities, one of which was launching our FinancialForce.com joint venture with salesforce.com. Cloud computing is a relatively small but exciting market that's gathering momentum. We'll be making further investments in FinancialForce.com in 2010, and we'll continue to innovate in the other online and on-demand solutions we've been offering for some time. It has been interesting to see clients not only using our on-demand solutions for specific projects and purposes, but also discovering how easily they can be integrated with their other UNIT4 applications to provide highly effective solutions to their unique challenges.

As we'd expected, licence sales came under particular pressure in 2009, but we didn't suffer as badly as our main international competitors and so we were able to gain market share. Although economic uncertainty remains, a good third quarter, a strong fourth quarter and licence sales returning to growth in December give us optimism for 2010. While many are predicting falling spend in the public sector, I believe UNIT4's business there will remain stable, since the sector has to invest in technology that is proven to deliver efficiencies if it is to achieve the savings it needs to make. We've seen early signs of a private sector recovery, and the M&A market is coming back. Indeed, we've started 2010 with the acquisition of Consist, a profitable company that makes a good match with UNIT4. As well as providing significant cross-selling opportunities, it will consolidate our leadership in the payroll segment and our strong position with local authorities in the Netherlands.

For many years we've been focused on helping our clients to 'embrace change', and we've now given that philosophy increasing prominence in our new branding and corporate identity. The decision to align the Group worldwide under the return to the 'UNIT4' name was a logical step as we increase the synergies across our operations. It will clarify the distinction between our corporate and product brands and help us to communicate more clearly the significant size and market position we now enjoy. It marks the beginning of an exciting new chapter in the history of our Group.

Chris Ouwinga



Company Profile

UNIT4 is a global business software and services company focused on helping dynamic organizations to embrace change simply, quickly and cost effectively in a market sector we call 'Businesses Living IN Change' (BLINC)™*. The Group incorporates a number of the world's leading change-embracing software brands, including Agresso Business World and CODA Financials.

With a revenue of €379.4 million in 2009 we are a top six mid-market ERP software player globally, and Europe's second-largest ERP supplier. With offices in 13 European countries, as well six countries across North America, Asia Pacific and Africa and sales activities in several other countries, UNIT4 is headquartered in Sliedrecht, the Netherlands. The company has 3,456 employees (December 31, 2009). UNIT4 has been publicly listed on NYSE Euronext Amsterdam since 1998, and is part of the Amsterdam Small cap Index (AScX).

Specializations

We specialize in delivering software products and services designed to meet our clients' specific operational needs, regardless of industry or market sector.
Our business solution specializations include:

- Enterprise Resource Planning (ERP)
- Human Capital Management (HCM)
- Financial Management
- Consolidation and Cash
- Financial Audit
- Expert Software Services.

Our solutions are designed to minimize the cost and maximize the speed of change within commercial and public sector organizations.

Markets

Businesses Living IN Change (BLINC) is a horizontal market segment that stretches across many vertical markets. Organizations in this segment share a common characteristic: they all face ongoing and rapid business change.

- they reorganize / need to reorganize more often than others
- they acquire / merge more than others
- they face more compliance/government regulation pressures than others
- they face more organizational growth than others (international expansion, increasing organizational complexity, etc.)
- they are pressured to perform better than others to meet / exceed expectations from their external stakeholders (stock exchange-listed organizations, governmental organizations, etc.).

The dynamic organizations in this segment do not "just" need software that delivers the right functionality. More importantly, they need software that allows them to respond to change at the right time at the right cost - i.e. simply, quickly and cost-effectively. Such organizations are best served by UNIT4.

Our expertise is built on 30 years of knowledge and experience, helping businesses living in change across a wide range of commercial and public sectors.

Our key markets include:
- Local Government
- Higher Education
- Financial Services
- Professional Services
- Retail
- Transport & Logistics
- Wholesale & Distribution.

We work with our clients to deliver strategic and long-term business benefits, further enhancing our products and services in the process and often creating dedicated solutions to meet their specific needs.

International products

For medium-sized service-intensive organizations, UNIT4 markets the Agresso Business World ERP suite that is widely acknowledged as the business software solution that delivers the lowest total cost of change. This is achieved thanks to its VITA™ architecture, which allows for ongoing, post-implementation changes without the typical external IT costs and services that cost firms huge sums of money each year.

For medium to large-sized organizations seeking a 'no compromise' approach to financial management, UNIT4 markets the CODA best-of-class financial software suite. CODA is differentiated by its LINK™ architecture, which sets it apart from ordinary accounting systems by providing a financial information backbone for companies with fast-changing and mixed application environments.

Other international products in the Group's extensive portfolio of applications include FinancialForce.com, a cloud-based financial management solution, Agresso Wholesale, Agresso CRM, UNIT4 Talent Management, UNIT4 Collaboration Software, ekon and various UNIT4 accountancy products.

Local products

In the Benelux and a number of other countries, UNIT4 offers specialized business software for SMEs and specific vertical sectors, such as wholesale, accountancy, healthcare and financial agents. We also offer a range of solutions for payroll administration and human resource management. All applications have extensive facilities for reporting and management information.

Flexibility and choice

A unique feature of UNIT4's offering is the flexibility and choice we provide to our clients, especially in terms of how they wish to deploy their solutions. Many of them can either be deployed on their own premises, or hosted, or can run in the cloud. They can be deployed as a shared service, in their own dedicated environment, or with a range of outsourced business processes, such as payroll or invoice management. To facilitate even more flexibility and choice, we provide various delivery and payment combinations, and multi-platform hybrid computing services.

*'Businesses Living IN Change (BLINC)' is a registered trademark in the name of UNIT4 Business Software Holding B.V.

Product portfolio overview

This table provides an overview of UNIT4's key products, customer groups, geographical markets and market positions.

Solution	Brand	Product	Clients	Countries	Market position
Horizontal	Agresso Business World	Complete ERP system for people or service-focused organizations	Medium-sized and large organizations	Worldwide	Leading or strong regional and vertical market positions
	CODA Financials	Financial management systems with various additional products for analysis, consolidation and process control	Medium-sized and enterprise-level organizations, particularly multinationals	Worldwide	Leading or strong positions in specific vertical markets
	CODA Dream	Accounting and procurement system for growing businesses	SMEs	UK	Strong positions in specific vertical markets
	UNIT4 Multivers	Accountancy, stock and sales administration	SMEs	Benelux	Top 3 in the Netherlands
	FinancialForce.com	Financial management system delivered in the cloud	Medium-sized organizations	Worldwide	Introduced 2009
	ekon	ERP system	Small and medium-sized organizations	Spain and international	Top 5 in Spain
	Various	Including: Talent Management, CRM, WebInfo (information management), Auditor (control and risk analysis), payroll	Medium-sized and large organizations	Worldwide, Europe in particular	Strong (niche) positions
Vertical	Agresso Wholesale	ERP system	Wholesale companies	Benelux, some international	Top 3 in the Netherlands
	UNIT4 Accountancy	Accountancy and payroll	Accountants and administration offices, large organizations	The Netherlands, some international	No. 1 in the Netherlands
	UNIT4 Cura	Customers, personnel, financial, payroll, healthcare, logistics	Healthcare organizations	The Netherlands	No. 1 in the Netherlands
	Dias and EFDÉCÉ	Financial services	Insurance brokers and mortgage advisers	The Netherlands	Top 3 in the Netherlands

Key figures 2009

in € x 1 million

	2009	2008	2007	2006	2005
Continuing operations					
Revenue	**379.4**	**393.6**	**308.8**	**230.7**	**194.5**
Revenue growth against previous year	-3.6%	27.5%	33.8%	18.6%	21.8%
Operating result before depreciation and impairment (EBITDA)	**75.1**	**70.1**	**51.9**	**42.4**	**35.7**
% EBITDA/revenue	19.8%	17.8%	16.8%	18.4%	18.4%
Employees and ratios					
Average number of employees (FTEs)	3,323	3,302	2,702	2,051	1,695
Revenue per employee[1]	114	119	114	113	115
Discontinued operations[2]					
Revenue	**3.9**	**6.6**	**70.3**	**183.7**	**161.8**
Operating result before depreciation and impairment (EBITDA)	**-2.4**	**-4.2**	**-2.6**	**4.9**	**0.9**
% EBITDA/revenue	-61.5%	-63.8%	-3.7%	2.7%	0.6%
Employees and ratios					
Average number of employees (FTEs)	*49*	*81*	*172*	*325*	*275*
Revenue per employee[1]	80	81	409	565	588
Total					
Revenue	**383.3**	**400.2**	**379.1**	**414.4**	**356.3**
Profit before impairment	**35.0**	**30.3**	**35.1**	**26.3**	**23.8**
% profit before impairment/revenue	9.2%	7.6%	9.3%	6.3%	6.7%
Employees					
Total number of employees at 31 December (FTEs)	**3,320**	**3,486**	**3,412**	**2,933**	**2,091**
Balance sheet					
Total equity	**134.9**	**97.7**	**165.2**	**133.0**	**108.9**
% total equity/total equity and liabilities	28.4%	20.5%	44.5%	35.1%	42.7%
Interest-bearing (syndicated) loan	**145.9**	**165.9**	**0.0**	**0.0**	**0.0**
Liquidity[3]					
Working capital (excl. Cash and cash equivalents and Bank credits)	-48.9	-51.8	-22.7	-19.2	22.4
% quick ratio	79.4%	71.0%	99.1%	70.9%	110.6%
Financial figures per share in €					
Basic earnings per share before goodwill related items	**1.33**	**1.15**	**1.35**	**1.02**	**0.93**

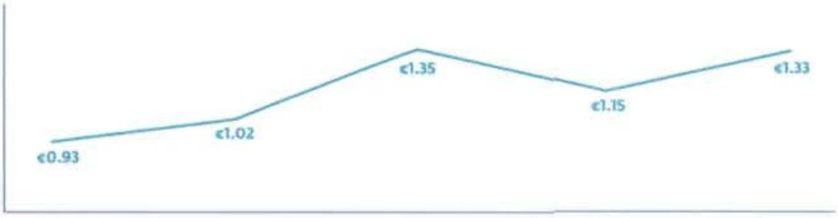
[1] in €000

[2] for further information see paragraph 6.16 of the Financial Statements

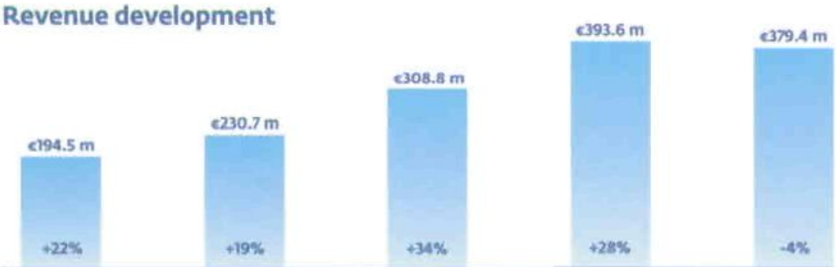
[3] continuing operations

Earnings per share

BEFORE GOODWILL-RELATED ITEMS AND IMPAIRMENTS



Revenue development



EBITDA development

Revenue split by category

Products	15%
Services & others	38%
Contracts & subscriptions	47%

Products	18%
Services & others	40%
Contracts & subscriptions	42%

Our identity, vision, mission and strategic approach

Our corporate identity

In January 2010 we announced the change of our name to UNIT4 from Unit 4 Agresso. This allows us to present ourselves to all our stakeholders with a single, clear name and vision worldwide. A series of acquisitions in recent years has seen the company grow to become a top six mid-market ERP software player globally and one of the largest European ERP suppliers. The Group has a growing number of products and brands around the world. The rebranding improves global awareness, clarifies our position in the market and provides a strong and clearly differentiated platform for the next stage in our company's growth.

We began applying the name UNIT4 across all the companies in the Group worldwide from February 1st, and so this annual report is one of the first major corporate publications to feature the rebranding. Please note that while the name UNIT4 is used throughout this report, the official renaming of the parent company, Unit 4 Agresso N.V., requires the consent of our shareholders and an amendment to our Articles of Association. The request for their approval will be on the agenda of the General Meeting of Shareholders on May 12, 2010.

Our proposition 'Embracing Change' highlights our focus and vision to set the global standard for business software that helps dynamic businesses in both the commercial and public sectors adapt to internally and externally-driven changes simply, quickly and cost-effectively. It clearly differentiates us as a company dedicated to helping our clients to cope with change in its many forms. This is particularly resonant in the uncertain economic and market conditions we and our clients have been facing, and so we have chosen 'Embracing Change' as the theme of this year's annual report.

Our vision

UNIT4 aspires to set the global standard for business software that helps dynamic organizations to embrace change simply, quickly and cost-effectively.

Our mission

We create, deliver and support adaptable business software and services globally that help organizations to manage their dynamic business needs effectively.

Our strategy is to grow organically and by acquisition to expand the scope of our solutions, the sectors we focus on and our routes to market.

We wish to be known for the quality and innovation of our software, services and partnerships, the passion and skills of our people and the success of our clients.

Our strategic approach

To support our vision and mission, and to continue differentiating ourselves from our competitors, UNIT4's strategic approach is guided by the following overall objectives:

- to provide the best products and services possible for businesses living in change across selected markets and sectors
- to ensure quick and effective implementation of the software and knowledge transfer to clients through the standardization of products and implementation methods
- to gain a strong share (top 3 position) of the markets in which we are active
- to ensure our clients enjoy the lowest total cost of change through specialization
- to ensure our clients can easily adapt our products to changing circumstances and get an integrated and accurate view of their organization at all times
- to remain close to our clients and ensure they receive the best service in the industry from our employees, distributors and partners.

UNIT4 focuses its R&D efforts on developing standard business software to enable our clients to improve the operation, management and optimization of their business processes. We target BLINC organizations which are found in many different vertical markets. Our products and services and the expertise and competencies of our employees are all carefully focused on addressing this target group. Agresso Business World and CODA, our main international brands, are central to this strategy. Their architecture and strong functionality, combined with our thorough knowledge of a great number of vertical markets, are key differentiators. In the Benelux and some other countries we aim to maintain and reinforce our strong market positions with a number of sector-orientated and horizontal national products.

Our business strategy is focused on enabling country organizations to strengthen their local market positions through new or improved products and services. We complement the growth potential of our international products with targeted and centrally coordinated investments in R&D, marketing communications and acquisitions. Our country organizations also optimize their market approach and their own mix of international and local products based on local opportunities.

Strategic challenges

Based on the SWOT analysis (see following page), we have identified the following key strategic challenges that UNIT4 will need to address in the next three years:

- delivering further cost synergies by continuing to coordinate and integrate R&D, marketing and sales activities, particularly for our international flagship products, Agresso Business World and CODA Financials
- building on Agresso Business World's strong position in the public sector market by responding to the sector's increasing demand with a strong marketing and sales focus
- developing partnerships to facilitate cost-effective growth and to extend our ability to deliver bigger solutions and target larger opportunities
- achieving further improvements in organizational efficiency through the optimal use of more automated maintenance methods, improved planning, and the wider mobilization of employees to save costs and utilize available capacity more effectively
- realizing growth in brand awareness and market share through rebranding, more effective and integrated international marketing, and the acquisition of software companies that make a good strategic and geographic fit with our existing activities
- developing Software-as-a-Service options for further products and offerings.

Strategic priorities

We have defined a strategic direction with the following priorities:

1. Growing market share – organically, and through partnerships, strategic alliances and acquisitions, especially in growing markets and in countries where our market positions have been too small until now.
2. Continuing to focus on specialized, standard products that meet the needs of BLINC organizations, enabling us to use our R&D capacity efficiently.
3. Optimizing the product mix on a country-by-country basis. These priorities are addressed each year through a range of initiatives. The main initiatives and activities of 2009 are discussed and reviewed on pages 33 – 35. An overview of the strategic initiatives planned for 2010 can be found on pages 47 – 49. The three priorities are described in more detail below.

SWOT analysis

Strengths

- **Leading position in the public sector**
  In the public sector, we have a leading position in Sweden, Norway, the United Kingdom and Ireland, and in the Benelux. UNIT4 also enjoys success and growth in the public sector in other countries. With our clear track record and commitment to serving public bodies, it is easier to maintain strong market positions in the public than in the private sector, making this strength particularly valuable while challenging economic conditions continue.
- **Product range**
  We have a range of strong products that generate considerable customer satisfaction and are focused on fast-changing (BLINC) organizations. In addition to our international flagship Agresso Business World and CODA product suites, UNIT4 also has a range of leading vertical and horizontal products.
- **Strong market position in Europe**
  UNIT4 is the world's sixth-largest mid-market ERP solution provider (source: IDC), with particularly strong positions in Europe, and the fifth-largest supplier of financial software in the EMEA region (source: Gartner).
- **Low customer turnover and solid organic growth**
  Great customer satisfaction and a large share of revenue from the public sector ensure a stable client base and low customer turnover. This also contributes to consistently solid organic growth.
- **Healthy financial track record**
  UNIT4 has built a healthy financial track record through sustained strong profitability.
- **Market knowledge**
  We have developed a uniquely thorough knowledge of the vertical markets we serve with specialized, standard products developed for them and on the market for open, interoperable financial systems.

Weaknesses

- **Relative size**
  We remain relatively small compared to some key competitors; in turn making our R&D costs relatively high.
- **Brand awareness**
  Outside of the Benelux, Scandinavia and the UK, brand awareness of our Group and its products has remained low compared to some key competitors. Turning this weakness into an opportunity was a key reason for the rebranding however, and we expect to see our brand awareness steadily improve.
- **Small market size in some countries**
  UNIT4's market positions remain too small in some countries to enable them to make a substantial contribution to profitability.

Opportunities

- **Larger and longer pipeline**
  Our customer base continues to grow and our geographic footprint continues to broaden. This provides us with many opportunities to sell more of our products and services to more customers in more countries.
- **Restructuring and cost management**
  While we expect to see the beginnings of an economic upturn in 2010, organizations will continue to focus for some time on restructuring and cost management. UNIT4 is well placed to benefit from this by offering solutions that are known for their low total cost of change. Our solutions always provide high levels of control and visibility across the organization, which is essential in such turbulent circumstances.
- **Cost savings through synergies**
  The shared focus of UNIT4 solutions on BLINC organizations continues to offer many opportunities for further cost reductions from leveraging R&D, marketing and sales synergies.
- **Realizing potential of FinancialForce.com**
  FinancialForce.com is the only accounting application developed and delivered on salesforce.com's enterprise cloud-computing platform. Enthusiastically received on its introduction in 2009, this product suite offers significant growth potential for 2010 and beyond. Its subscription model and fast time to implement make it particularly attractive in the current economic climate.
- **German public sector**
  Many local and regional authorities in Germany must replace their business software to comply with recent legislation requiring the use of a dual-entry accountancy system. We have strong local references now, and can continue to benefit from this replacement market.
- **Partnerships**
  Cooperation with partners in sales, implementation and/or maintenance activities facilitates our further international growth cost-effectively.
- **Demand for total solutions**
  Customers are increasingly demanding complete solutions and to work with fewer suppliers. We are now more able to benefit from this through our own software and through the strategic partnerships we are building with systems integrators, outsourcers and specialist software providers.

Threats

- **Continuing effects of economic downturn**
  While we expect the return in private sector licence sales growth we saw at the end of 2009 to continue in 2010, budget cuts in the public sector in many countries may continue to impact public sector licence revenue. This threat may well be offset by many public sector organizations investing in our software in order to achieve the cost savings they need to make however.
- **Price pressure**
  The general price pressure on licence sales and services is likely to remain while investment continues to be cancelled or postponed as a result of on-going uncertainty about the economy.
- **Consolidation**
  The continuing trend of consolidation in the IT sector leads to further concentration of market share. Our larger competitors gain cost advantages, enabling them to further strengthen their market position.

Growing market share

Market share growth can enable structural improvements to be made in profitability. UNIT4 invests a relatively constant amount in R&D, irrespective of the profit level. In 2009 this was approximately 12% of the turnover. The expansion of our customer base for our existing products through organic growth, partnerships and acquisitions therefore has a strong positive effect on the fixed R&D costs per customer and the profitability of the company. Market share growth also contributes to the improvement of our brand awareness.

In countries with good sales potential but where UNIT4 has no sales organization of its own, the company often has cooperation agreements with a partner for distribution and implementation. UNIT4 chooses partners who offer complementary applications and/or services. In certain cases, these cooperation agreements run for a trial period before acquiring the partner.

The objectives of a partnership or acquisition can be:

- to extend the customer base and offer customers paths to migrate to appropriate UNIT4 products. This is a good option for companies with a strong client base but obsolete products
- to access new vertical markets or specific niche markets in a country
- to extend the support of specific functions, such as performance management, HRM or payroll administration, in countries where no local versions of such products are available
- to extend our service offerings.

A number of principles and conditions have been defined for acquisitions with respect to performance requirements and risk control. For a description of these, see page 57. Expanding the customer base also increases the annual maintenance revenue, and additional services can be provided. This improves UNIT4's risk profile.

Focusing on specialized, standard products

UNIT4's competitive position as a medium-sized international player is based largely on our ability to market various products. Our financial resources are more limited than those of larger players. To use R&D capacity efficiently, we focus on standard technology platforms for specific target groups. Specialization and flexibility are important elements in the design of these platforms.

Our standard software packages can be implemented rapidly, and are developed to allow changes to be made after implementation quickly, cheaply, and efficiently, without the need for many external consultants. This results in a low 'total cost of change' for our clients, a key factor that differentiates UNIT4 from the competition.

Optimizing product mix by country

UNIT4 aims to offer an optimal mix of international and national products in each country to exploit local opportunities and to leverage advantages in distribution and R&D. For this reason, we list three product categories per country:

International products with a centralized market approach

This category applies to Agresso Business World and the CODA products, for which an international development plan has been created and for which centralized investments in marketing and R&D is made. Also included in this category are the accountancy products developed in the Netherlands and some other add-on products that can be sold into our core customer base around the world.

Local products with international growth potential

There are national development plans for these products. Their international growth potential is tested and, if thought to be sufficient, they are marketed in other countries. The development costs for these products are contributed centrally. Examples of this category include Agresso Wholesale, developed in the Netherlands, ekon, developed in Spain and EMS, a front office application developed in Canada for universities and high schools, integrated with Agresso Business World.

Purely local products

These products contribute to a more complete product offering per country, addressing local customer needs, specific market requirements and sales opportunities. Local investment funds the marketing of these products.

Local sales success can cause products to change categories. A number of purely local products originate from acquisitions. They are usually replaced after a while by existing UNIT4 products with a proven success. Others in this category have also proved to have growth potential.

UNIT4 products are sold via:

- our own country organizations, also selling partners' products to offer customers a better overall range
- distribution partners who offer products of several producers
- strategic partners, who offer their own product linked to a UNIT4 product as total solution.

UNIT4 and our clients: embracing change

Over the first thirty years in UNIT4's history, we've learnt a lot about change. We've grown from a handful of people to thousands, and from one office in the Netherlands to locations worldwide. We've identified unfulfilled customer requirements and developed new products to meet them. We've grown organically and at the same time we've embraced opportunities to buy and transform businesses that have enabled us to enhance our solutions and enter new markets.

UNIT4 isn't alone in undergoing so much transformational change of course. Almost all businesses and public sector organizations have to deal with significant change from time to time. Sooner or later, they are faced with managing internal growth, or the need to transform, evolve or reorganize. They may need to change to ensure they comply with changing legislation or regulations. The need for change may be driven by a merger or acquisition, or by developments in their financial management or business processes. They may need to adapt to changes in their market, to fluctuations in the economic cycle, or to meet the challenges of a new market entrant. And for most businesses today, the pace, scale and impact of the changes they face are all growing.

More agile and responsive

We've worked with thousands of different organizations around the world to help them solve their business problems, to navigate successfully through changing markets and uncertain times. Today our solutions are acknowledged to be the best for organizations that are facing a lot of business change simply because they prove to be easier, faster and more cost effective to change than any other solution in the market.

This capability brings a lot of advantages: UNIT4's solutions have given our customers greater visibility of their organizational performance. They have enabled them to achieve their own objectives and those that have been imposed on them. They have made them more agile and responsive to customer and market demands, or helped them to connect more effectively across their operations and beyond, linking more effectively with their suppliers and customers.

That's what we do, and that's what we do best. We help clients to embrace change, as we have ourselves over the last three decades. More than just helping them to identify, cope with or survive change, we help them to transform change from a threat into an opportunity. By helping them to exploit change and to seize the opportunities it presents, they are able to differentiate themselves as businesses which turn change into a strength instead of a weakness.

Businesses Living IN Change

UNIT4 business software is designed and optimized to enable our customers to embrace change simply, quickly and cost-effectively. Our broad and growing portfolio of solutions bring benefits to organizations of all types and sizes in a wide range of markets and industries, in both the commercial and public sectors. Those who benefit most are those organizations that are characterized by the speed, frequency and scale of the change they face. We call them Businesses Living IN Change, or 'BLINC' for short.

'BLINC' organizations have a range of defining characteristics. They may need to reorganize more than most or be involved in more mergers and acquisitions. They may face more compliance or regulation issues. Their organizations are generally more complex than most, and growing faster. They may be listed companies striving to meet or exceed their shareholders' expectations. They may be public sector organizations faced with tighter budgets, higher targets, changing objectives and stricter reporting rules. What is certain is that they need more from their business software than for it 'just' to deliver the right functionality. It should empower them to respond easily and effectively to change at the right time and at the right cost.

Inflexible ERP systems and business disruption

In December 2009, IT market intelligence firm IDC published the results of a survey we sponsored into the cost of disruption to businesses caused by the need to configure and modify their ERP systems to adapt them to ongoing business change. In-depth interviews were conducted with 214 line-of-business and IT managers and executives across a wide range of public and commercial sectors.

Key drivers of change

As part of the survey, IDC examined five key drivers of ERP system change and the resulting disruption and costs to the organizations. Compliance and regulatory requirements, reorganizations and restructuring, mergers and acquisitions, organizational growth and financial management-driven change were all reported to lead to significant negative consequences. Respondents reported that the resulting disruption negatively impacted in nine different areas including customer satisfaction, market share, time to market and stock price. It decreased operational and decision-making efficiency, and led to fines for non-compliance in a surprising number of instances. As one respondent stated: "Change to ERP paralyzes the entire organization from moving forward in other areas that can bring more value".

On the cost of system changes, the report notes: "From what IDC has observed from the survey, organizations operating in high-change environments would be well served to understand the change capabilities of the ERP systems they select. It is unacceptable that 51.4% of respondents with financial management-driven ERP changes reported losses of approximately $12 million to $296 million, that 72.2% reported losses from delayed product launches of around $10 million to $255 million and that 76.2% of executives reported losses of approximately $10 million to $255 million from delayed cost reduction plans."

The ongoing change costs of an ERP system have a much greater impact on the overall return on investment for these types of organizations. Equally important, organizations need to factor in the disruptive effect of making changes to rigid systems."

ROI, change and disruption

IDC concluded that too many ERP solutions were at best not giving organizations what they need, and at worst are negatively impacting their top and bottom line.

Investments do not seem to deliver the needed business infrastructure. Today's businesses need enterprise platforms that can be easily configured and changed to adapt to the inevitable business change that was seen in the survey. They recommended that businesses driven by change should choose or change to an ERP system that can support business agility and minimize business disruption, and that they should understand the correlation between ROI, business change and business disruption. Ultimately, the IDC white paper recommended to these organizations: "Choosing a system that is built with a flexible architecture that supports change – such as Agresso, for example – can enable a competitive and agile business strategy while minimizing downstream business disruption risks."

While the IDC survey focused on ERP systems, and therefore gave UNIT4's Agresso product suite as an example of a solution that supports change, all the solutions in the UNIT4 product portfolio are focused on helping clients embrace change. They all address one or more of the factors that contribute to being able to manage change and turn it into a competitive advantage, such as agility, transparency, ensuring that organizations are driven by results or that their solution connects easily with people, processes and systems. In terms of our international flagship products, Agresso Business World allows for ongoing, post-implementation changes without the typical external IT costs and services that cost firms huge sums of money. CODA Financials sets itself apart from ordinary accounting systems by providing a financial information backbone for companies with fast-changing and mixed application environments. Our products that are focused on specific verticals, such as UNIT4 Accountancy and UNIT4 Cura in the Netherlands, are designed to help clients embrace change that is happening in their sector, by meeting their specific changing needs and the latest legislation with which they must comply.

The fact that so many of our thousands of customers have been with us for many years is a testament to how our wide range of products and solutions support them through ongoing periods of change. In addition the many awards, accreditations and accolades we get for our products from around the world reinforce our strength in developing solutions that are uniquely positioned to help our clients embrace change.

Embracing change, avoiding disruption

To demonstrate what we mean by enabling our clients to embrace change and avoid disruption to their key processes, we will now highlight some examples of how we have worked with some of them to make their organizations more transparent, result driven, agile and connected.

Avis takes the right road with CODA Financials

Take Avis Europe, for example. Since purchasing UNIT4's CODA Financials three years ago, it has become this leading car rental company's core financial accounting solution used both by its European Head Office in the UK and across all of its European corporate locations. Before selecting CODA, Avis had used a traditional mainframe, green screen system, which was very labour-intensive with higher support costs. Avis evaluated a number of the leading market ERP solutions, but found that they were too prescriptive and involved high project management costs. Impressed by their rich functionality and the ease with which data could be extracted, Avis selected the whole suite of CODA solutions including Financials, CODA's XL reporting tool, purchasing, billing and fixed assets. They also selected Manager, a process management and finance automation tool which ties together all the systems and (manual) processes that take place outside the CODA solution but impact the financial position, thereby ensuring maximum compliance and auditability, especially in changing circumstances They deployed CODA centrally and provided access to its European operations, including its financial shared services centre, via the web.

As Avis found CODA to be intuitive from the beginning, they needed relatively little support from UNIT4 consultants during the implementation. The speed with which they were able to roll out the solution meant that smaller countries were going live within a month and they could maximize the return on their investment. Not only did CODA provide the flexibility, rich functionality and ease of use they had hoped for, it enabled them to seamlessly handle the different currency and legal requirements of their European operations. Today, CODA Financials is used by some 40-50 people within Avis' European operations and around 150 in its administration centre in Budapest, while another 2,000+ employees have access to the CODA purchasing module.

Best-in-class - a strategy for success

For Avis it's crucial to use the best tool for the job. Therefore CODA's ability to seamlessly integrate with their other key business applications was, and continues to be critical for Avis. Systems managing rental transactions, purchasing, asset management and reporting across Europe are tightly integrated with CODA Financials thereby relying on CODA's differentiating LINK architecture. One component within the LINK architecture, CODA's single Financial Model, facilitates Avis' own reporting solution to pull information directly from CODA, including the vehicle rental data that is automatically uploaded from their revenue distribution system into Financials to give them a comprehensive view of their financial position. CODA LINK also facilitates a dynamic link with their document imaging system, enabling them to view supplier invoices from within the application, giving them quick and paperless access to all the relevant data when dealing with supplier enquiries. CODA Financials continues to demonstrate its ability to grow with and adapt to Avis' changing business needs, delivering the information they need in the right format and at the right time.

Berkshire Shared Services and the agility of Agresso

Meanwhile Berkshire Shared Services (BSS) is a good example of how UNIT4 is helping public sector organizations to embrace change. Hosted by Berkshire Healthcare NHS Foundation Trust, BSS provides a wide range of non-clinical support services to National Health Service and other public sector bodies in Southern England. It manages physical and IT assets worth more than €180 million, reflecting its ability to deliver a shared service portfolio of support functions in Finance, Estates and Facilities and Health Informatics. BSS has been through three major NHS restructurings in recent years but its Agresso Business World ERP system has enabled it to adapt to them rapidly and effectively, thereby serving over 1,500 users across various organizations.

Thanks to its agility the team at BSS has been able to continually adapt their Agresso Business World system to the changing circumstances they face and so that it works just the way they want. Like most other organizations in the public sector, they have a responsibility to provide the best possible service to their government-funded clients, and to do so within set budgets. Soon after it had implemented UNIT4's Agresso Business World, it was able to deliver cash savings of over €3 million to its clients and at the same time exceed their expectations for service delivery.

Changing policies, shrinking budgets

As government policies change, healthcare trust budgets come under increasing pressure and BSS' clients – NHS and other public sector bodies – are required to do more with less. These changes lead to reorganizations and changes to services which in turn drive change in their systems with new requirements for processes, information, analysis, reporting and so on. As BSS views itself as being owned by its clients, it has to ensure it is always extremely flexible and its portfolio of services has to reflect this flexibility. As a shared service organization these challenges are all the greater for BSS as they have to deal with the complexity of all the different types of public sector clients that share the services they provide.

Agresso Business World allows BSS to make unlimited, ongoing post-implementation changes without the need for hiring expensive external experts. This is thanks to its unique VITA architecture, which ensures its three key components – the information model (data), the process model (business processes) and delivery model (reporting and analysis) are tightly coupled and move in lock step. When BSS needs to make a change in one of them, the other two automatically follow without the need to re-enter or re-check the data. This makes it extremely easy for BSS to deal with these changes itself quickly, easily and cost-effectively.

Amarant embracing healthcare system change with UNIT4 Cura

Another example of how we help our clients embrace change comes from the Netherlands, where the UNIT4 Cura product range has been developed specifically for healthcare organizations. Customer Amarant provides care services for around 3,000 mentally handicapped clients divided over ten districts in the Dutch province of North Brabant. It offers a broad portfolio of services from peripatetic care and day clinic treatment through counselling at school and leisure offerings to housing and residential care. Amarant is currently implementing UNIT4 Cura as its umbrella healthcare information system.

The management of the various care disciplines Amarant provides have a high degree of autonomy. Its services department is therefore driven by the demands of its internal clients and has chosen a decentralized way of working. It is currently not only having to address major changes in the way care is financed, but also the continuing roll-out of an Electronic Client Dossier (ECD) system throughout the Netherlands. The solutions it had been using were unable to support the changes that it needed to implement in its operational management processes, so Amarant decided to bring in an external consultancy firm to help them choose a new ICT system. The solution allows all Amarant staff and the clients' relatives to easily access client data within the national ECD from anywhere over the Internet. With this, its user-friendliness and the expansion possibilities of its care plan, it soon became clear that UNIT4 Cura would best meet their needs and would enable them to manage the changes they faced. All Amarant's 2,000 employees are expected to be working with the system by the end of 2010.

IKEA globalizes with the help of UNIT4

An international client that UNIT4 has been helping to embrace change for many years is IKEA. Given IKEA's rate of expansion and globalization even a decade ago, it had been investing heavily in IT over the years. Different languages, operating environments, processes and technology in each location had made it difficult for IKEA to operate as efficiently as it wanted to. Despite the strong store synergy driven by the concept, different countries and retailers were collecting different levels of financial information, so there was no continuity. IKEA had been operating different finance systems within the Group which was expensive, and the technology required major updates to keep up with business expansion. It also meant that consolidation of accounts across the business was complicated and manual inputting of information ran the risk of serious discrepancies in their financial reporting.

IKEA concluded that it needed to streamline the accounting working routines over all locations and to operate in the same way across all countries, stores and finance departments. A single global finance system would help IKEA collect data at a detailed level and ensure that every store was collecting the same level of information and reporting from the same set of standards. The company found the answer in UNIT4's CODA Financials. Initially implemented at the end of the 1990s to manage issues resulting from Y2K and the introduction of the euro, CODA was chosen to achieve the longer-term goal of having one common finance system globally that would make accounting quicker and easier. A big and high profile project at the time, CODA was implemented in Sweden, servicing Europe, in Philadelphia, servicing North America and in China, servicing IKEA operations in Asia.

Having used the client/server version of the CODA software for many years, IKEA undertook a major project in 2006 to upgrade to CODA's latest web browser version and to design and implement a single format for its global Chart of Accounts. Using a standard Chart of Accounts means that integration with IKEA's operational systems is easier and faster. CODA's LINK architecture and the tools available with the product allow for easy integration of source systems and data and makes system integration seamless, so financial reports are more accurate because staff don't spend as much time inputting data manually. The risk of manual error has been reduced and month-end and year-end reporting times have improved considerably.

Adecco grows in Norway with Agresso

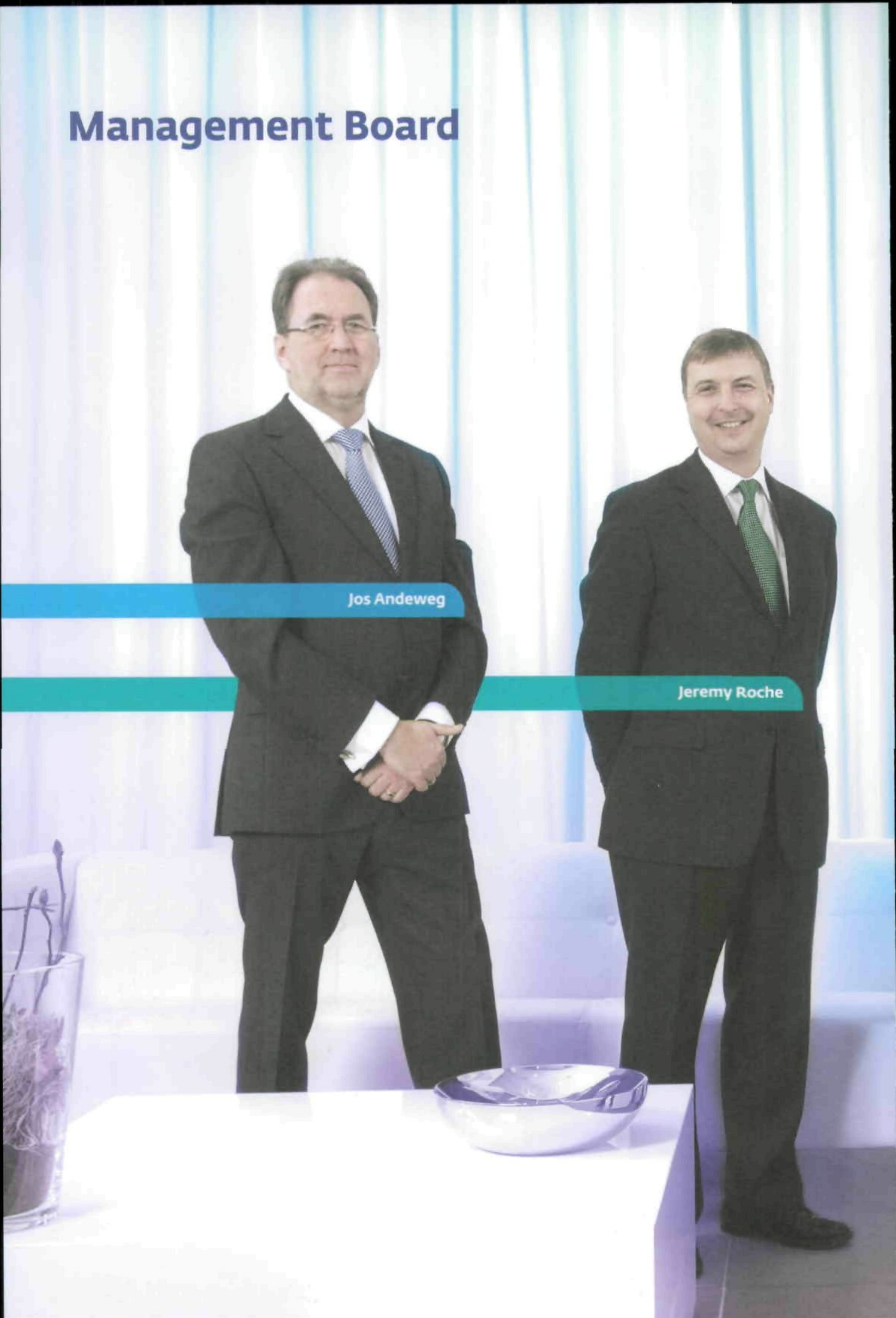
Our last example of how we are helping our clients to embrace change is provided by Adecco, the world's leading provider of HR solutions and a Fortune Global 500 company. The Adecco Group has over 28,000 FTE employees and more than 5,700 offices in around 60 countries providing temporary staffing, permanent placement, outsourcing, consulting and outplacement services. Adecco is also the staffing and recruitment market leader in Norway and the Group's business in the country accounts for more than 50% of its turnover in Scandinavia. Agresso has played a central role in the vigorous growth it has experienced in recent years.

Adecco in Norway has been faced with significant merger and acquisition activities, which have involved substantial internal reorganization. To manage the change involved, it recognizes how vital it is for its systems to be scalable and able to 'fit together'. Its Agresso solution, powered by its underlying VITA architecture, has continued to meet these requirements, covering finance, salaries, invoicing and projects. The solution has provided a significant competitive edge. When new framework conditions demand changes, Adecco can change both its processes and models quickly and easily. The company has found that its Agresso solution is extremely change-friendly and helps prevent old routines from dictating how it builds its culture as it has continued to grow.

We could not provide a better summing-up of what embracing change means to UNIT4 and our clients than Stian Nygård, Nordic Financial Director at Adecco, so we'll gladly give him the last word:

"There is no point generating changes to internal business processes if the management tools do not take them into account," he says. "I know of no other ERP systems that could have provided us with the same opportunities as Agresso. We can make most of the adjustments ourselves in the Agresso user interface. For example, we only had to spend a short amount of time on system configuration when changing our reporting routines. Agresso is superbly suited to companies that know that the future will be one of change and new requirements."

Management Board




Ab van Marion
Chris Ouwinga
Edwin van Leeuwen
HOLBORNSYSTEEM 7100

Management Board

Jos Andeweg

(Dutch, 1953)

Jos Andeweg has been a member of the Management Board of UNIT4 since 2007, and has been the Director of the company's Benelux division since 2001. He also manages the Agresso operation in France and is responsible for international Human Resources management. He originally joined UNIT4 as Head of Training and has filled different management functions in various locations around the company. In 2002 he completed an Advanced Management Program at the INSEAD, Fontainebleau.

Jeremy Roche

(British, 1965)

Jeremy Roche was the CEO of CODA and, following its acquisition joined UNIT4 as a member of the Management Board on 29 April 2008. He is principally responsible for the operations in Spain, France (CODA), Asia Pacific, international R&D and FinancialForce.com. He began his career at IBM, after which he held a number of senior roles at UK software house Lychgate. He joined Science Systems (now SciSys) as Commercial Director in 1990. Following the acquisition of CODA by Science Systems in 2000, he successfully led CODA through its de-merger, flotation and subsequent strong growth. He was one of the initiators of the European Software Association in 2005, and has been its Chairman for the last four years.

Edwin van Leeuwen
(Dutch, 1966)

Edwin van Leeuwen joined UNIT4 in 1999. Since his appointment in April 2002 as Chief Financial Officer (CFO), he has been a member of the Management Board and a member of the statutory Board of Directors. His primary areas of responsibility are Finance, Legal Affairs and Investor Relations. He is a chartered accountant and was formerly Finance & Control Manager at Koninklijke Van Ommeren N.V. Before that, he worked for eight years as an accountant at Coopers & Lybrand and other firms.

Ab van Marion
(Dutch, 1955)

Ab van Marion joined UNIT4 in 2002 and has been a member of the Management Board since early 2004. He is mainly responsible for the operations in the United Kingdom, Sweden, Norway, Germany, the United States, and in cooperation with international partners in the Czech Republic and Hungary. Before joining UNIT4, he held various national and international managerial positions, including CEO of Nedgraphics, General Manager of WANG Laboratories, Managing Director of Informix and Director of European Operations at Progress Software. Ab van Marion is a member of the Supervisory Board of Xerox Nederland B.V.

Chris Ouwinga
(Dutch, 1955)

As UNIT4's Chief Executive Officer (CEO), Chris Ouwinga is the Chairman of the Management Board and has been a member of the statutory Board of Directors since 1986. He co-founded UNIT4 in 1980. He filled various functions in the company until being appointed CEO in 1986. Under his leadership, UNIT4 has grown into one of Europe's leading suppliers of business software.

The statutory and non-statutory directors of UNIT4 together form the Management Board.

Executive Committee

The Executive Committee consists of the members of the Management Board, the management of the main regions and certain other key officers. As UNIT4's main consultative body, the Executive Committee discusses key business issues, including financial results and developments, acquisitions, R&D, product marketing, marketing communications, sales, services and HRM.

Report from the Management Board

Total revenue	€379.4 million	- 4%
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	€75.1 million	+7%
Net profit before goodwill	€35.0 million	+15%
Net profit before goodwill & swap & restructuring costs	€38.2 million	+13%
EPS before goodwill & swap & restructuring costs	€1.45	+13%

Key highlights: 2009

- Net profit up, primarily due to the impact of cost savings.
- Without restructuring costs, EBITDA rose by 12% and EBITDA margin rose to 21.3%.
- Significant reduction in operating costs and significant improvement in cash flow achieved.
- Successful launch of FinancialForce.com.
- Improved structure and basis to return to growth in 2010.

Medium-term financial objectives

Our business strategy, focused on protecting and strengthening our market position, requires constant growth via existing and new activities. UNIT4 has defined a number of financial objectives for the medium term for the financing of this growth. These are:

- achieving an average organic income growth of at least 7-10% per year.
- maintaining an average EBITDA margin of at least 20%
- growing further through acquisitions, with the aim of adding a further €100 million in revenue over the coming three years, with each acquisition making an immediate contribution to EPS and ROI of at least 15%
- maintaining a sound financial position (a leverage ratio, or the ratio of the net debt position to EBITDA, of below x2).

We did not publish short-term growth predictions for 2009, as we had not expected normal growth in economic activity. As the global downturn was so severe, we were unable to meet all our medium-term strategic financial objectives. We announced at the beginning of 2009 that we expected a decline in revenue, but also that we expected to be able to maintain at least the same EBITDA level as had been achieved in absolute terms the year before. The target was set at a minimum EBITDA of €68 million, the same level as in 2008 against constant currencies.

Although the licence sales decline was higher than expected – exceeding 25% over the first quarters of 2009 – we demonstrated our flexibility by achieving additional cost reductions. We achieved EBITDA of €75.1 million for the year under review, exceeding our original target by more than 10%. We expect to realize autonomous revenue growth of about 2 - 5% (around €400 million) in 2010, but our medium-term income growth objective remains as stated above.

Revenue development

Against the background of a challenging global economic conditions, UNIT4 performed strongly again in 2009. As we had warned shareholders and the investment community at the end of 2008, the poor economic climate had a particularly negative effect on income from licences. Despite the strong interest organizations continue to express in software to help them operate more efficiently, especially considering the high rate of change they continue to experience, they naturally tended to postpone investment in 2009. Nevertheless, UNIT4 continued to demonstrate the importance of efficient business software and convince many organizations of this, not least in view of the changes they were undergoing. In doing so, we were able to achieve the strategic operational objective we had set for 2009 of gaining market share with our success formula, despite the shrinkage in the economy as a whole.

While many of our competitors saw their licence income fall by between 20 to 30%, our revenue from licences declined by 16% over the year as a whole. The decline in total revenue from licences came to an end in the final quarter, and in December UNIT4 achieved growth in licences again (of 10%) for the first time in 2009. Despite declining licence revenue for most of the year, recurring revenue from contracts (maintenance and subscriptions/ SaaS) rose in 2009 by 8% to a level of €177.6 million (2008: €164.8 million), representing a share of 46.8% of the total revenue (2008: 41.8%). Impacted by the need to reduce external hiring and the necessary reorganizations however, revenue from services declined by 10% to €143.0 million (2008: €159.0 million).

Proven strengths

UNIT4's inherently strong profile proved itself again in 2009. Our products are fundamentally strongly positioned and demonstrate their added value, especially in times of restructuring and the need to reduce costs. Our underlying income development was affected much less by the weak economic climate than that of most companies of our size.

Our extremely high client retention rate is a result of how our clients have learned that our software enables them to manage all the changes they face and helps them survive in very difficult market conditions. Our clients were better able to sustain their businesses than most in 2009, and even in such a difficult year our retention rate was maintained at greater than 96%. It enabled us to grow revenue from the maintenance of contracts and subscriptions by 8% over the year, despite the 16% decline in licence revenue. In the fourth quarter the maintenance contract base grew by 12%, and for the full year nearly 47% of revenue was derived from recurring maintenance contracts, up from nearly 42% in 2008, and this underlines the resilience of the UNIT4 business model.

Our strong position in the public sector, our focus on service organizations and vertical markets, our extensive maintenance portfolio, and the broad product range in the Benelux, are all stable factors. UNIT4's increased geographic, product and market segment spread since the acquisition of CODA, as well as our growth in size and client base in total, has helped us to demonstrate our ability to manage through the economic cycle.

Besides good performances by our international Agresso and CODA products in most countries, our broad product range in Benelux also contributed significantly, and the market's enthusiastic reception of the launch of FinancialForce.com began to translate into an encouraging revenue stream towards the end of the year.

Improved operating margin through synergy gains and cost reduction

We demonstrated our ability to maintain the bottom line in 2009, despite the top line being under heavy pressure. Excluding restructuring costs, the EBITDA margin increased to 21.3%. We had originally planned to save at least €4 million on an annual basis over a three to four-year period by leveraging synergies resulting from our acquisition of CODA. This programme was brought forward, and all planned synergy costs savings were completed in 2009. In addition to these measures, we also restructured activities where performance had been weaker in Spain and the UK. This resulted in employee numbers in these countries being reduced by more than 10%. A total amount of €5.6 million was spent on restructuring in 2009. Including these restructuring costs, EBITDA rose by 7% to €75.1 million.

International development highlights

We outperformed the market in three of our four key geographies: the Benelux, Norway and Sweden. Revenue in the Benelux countries rose by 3% (pro forma: 1%). In addition to Agresso Business World and CODA Financials, important contributions to the increase were also made by the products for auditing and accounting firms, salary processing and healthcare. Revenue in Sweden declined by 6% as a result of currency exchange effects, but rose by 3% on a pro forma basis. Revenue stabilized in Norway, but without currency effects (pro forma) it would have risen by 6%. The key success factors in Scandinavia were our strong presence in the public sector and our extensive base of satisfied customers. The capacity reduction in the United Kingdom, our fourth key geographic market, was largely responsible for United Kingdom revenue falling by 13% (12% pro forma), mainly as a consequence of the reduction in capacity. UNIT4 saw the first signs of recovery in some sectors in the last quarter of 2009.

Revenue in North America grew by 11% (pro forma 0%), resulting in this region now contributing 5% of total UNIT4 revenue. With two main offices, on the west and east coasts, and a portfolio including both Agresso Business World and CODA products, a number of substantial and important orders were won. The Spanish economy has been particularly hard hit by the global recession. Significantly weaker demand from the public and financial services sectors and the construction industries led to a revenue decline of 14%. UNIT4 took steps to reduce costs during the year, and the organization is now better aligned with the level of activity in the country. Although revenue in Germany fell by 4% in the first half of the year, UNIT4 later saw the first major orders from the public sector, largely in the last quarter, resulting in stable revenue over the year as a whole.

Financial Overview

Revenue and gross margin

Total revenue from continued business activities declined by 4% from €393.6 million to €379.4 million. As a result of the improved utilization of the billable resources, the costs of externally hired consultants decreased strongly, resulting in a gross margin improvement from 89.8% to 91.5%. The gross margin fell by 2% from €353.6 million to €347.3 million. On a pro forma basis (based on constant currencies and including CODA for 12 months in 2008), revenue declined by only 3%. Extensive information about revenue growth by category and country can be found in 'Review of 2009' on page 33.

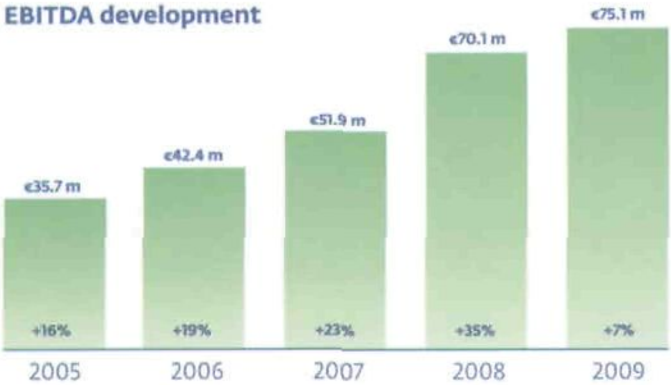
Revenue development

Operational costs

Total costs, excluding depreciation and amortization, reduced from €321.6 million to €298.7 million (-7%). Cost of sales decreased by 20%, mainly as a result of reducing our use of sub-contracted consultants. Personnel costs (post R&D capitalization) excluding restructuring costs fell from €238.2 million to €224.9 million (-6%). The total number of employees at year-end was reduced to a level of 3,270 (FTEs), representing a reduction of 146 full-time employees (end 2008: 3,416 FTEs). Average total operational costs and personnel costs per employee (FTE) were both reduced by more than 6%. Personnel costs (post R&D capitalization) excluding restructuring costs as a percentage of revenue fell from 61% to 59%.

Operational results

EBITDA development



EBITDA (earnings before deduction of interest, taxation, depreciation and amortization) rose from €70.1 million to €75.1 million (+7%). The size of the existing client base, which is a steady source of income from maintenance and services, is very important for continued profitability. The largest contribution to EBITDA growth therefore originates from countries where we have been active for a longer period: Benelux, the United Kingdom, Sweden and Norway. Amongst the remaining countries, the contribution to EBITDA from North America increased strongly again.

The EBITDA margin rose to 19.8%, despite an expenditure of €5.6 million for restructuring costs. These restructuring costs were principally used to accelerate the realization of the benefits of synergies with CODA in the UK and Germany and the restructuring of the Spanish organization. When these one-off expenses are excluded, the EBITDA margin is 21.3% (2008: 18.3%).

The planned management buy-out of Agresso France is expected to complete during the first half of 2010. The results of this operation are detailed in the Notes to the Consolidated Financial Statements under note 6.16 'Discontinued operations'.

Depreciation and amortization

The depreciation and amortization (including impairments) of intangible and tangible fixed assets rose from €37.7 million to €40.0 million (+6%). The depreciation and amortization (including impairments) of intangible and tangible fixed assets are detailed in the Notes to the Consolidated Financial Statements under notes 6.19 'Intangible assets', 6.20 'Impairment test of goodwill' and 6.21 'Property, plant and equipment'.

Net financing charges

Net finance charges decreased from €13.1 million to €6.8 million (-48%). The main reason for this decrease is the effect from the valuation of the two interest derivatives which jointly represented a market value of negative €6.1 million at the end of 2008, resulting in a loss of €6.1 million in 2008, and a market value of negative €6.6 million, resulting in a loss of €0.5 million in 2009. The interest costs related to the syndicated loan were more or less the same as in 2008, where 2008 was included for 10 months as the loan facility was used from end of February 2008. In addition to the two interest derivatives, another derivative was included in the 2009 figures. This resulted in €1.6 million of income and this derivative relates to a set of call-options on the shares of I-Signaal B.V., in which the current interest is 33.33%.

Taxes

The total tax burden for continued and discontinued operations was approximately 23%, compared to approximately 6% in 2008. The main reason for the higher tax burden was the inclusion of special items in the 2008 numbers. Those were the realignment of existing deferred tax positions related to the German activities following a decrease in tax rates. In 2009 the tax burden was lower than the average of nominal tax rates for a number of reasons. For more details about this, see note 6.15 'Income tax' in the Notes to the Consolidated Financial Statements.

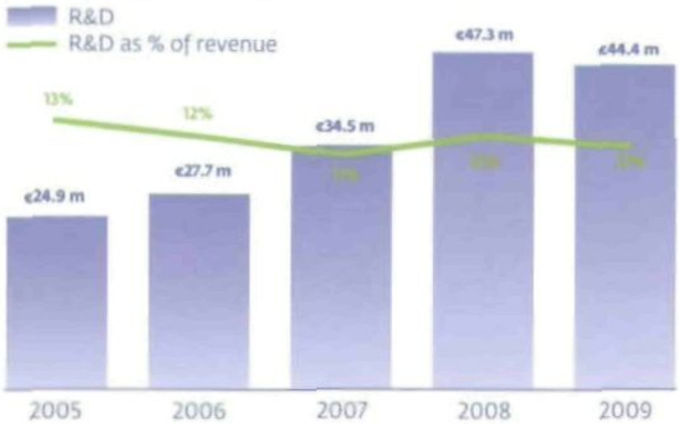
Net profit and earnings per share

Despite the increased amount of depreciation and amortization and the higher tax burden, the effect from restructuring and reducing costs resulted in an improved profitability. Net profit before goodwill-related items rose from €30.3 million to €35.0 million (+15%). Net profit (attributable to UNIT4 shareholders) rose from €12.3 million to €19.4 million (+58%). Another reason for the improved net profit was the result on discontinued operations which improved against 2008 and showed a loss of €2.5 million whereas the loss in 2008 was €6.1 million.

The (basic) earnings per share attributable to continuing operations (before goodwill-related items) grew from €1.15 to €1.33 (+15%).

Investment in Research & Development

Research & Development costs



Investments in R&D decreased from €47.3 million to €44.4 million (-6%), mainly because of synergy effects and cost reductions. The total R&D investment equated to 11.7% of the total turnover, almost the same as the 12.0% in 2008. The synergy effects and cost reductions derive from the development in 2008 of a new R&D centre in Granada, Spain, which will deliver benefits in both cost reduction and increased employee availability in the medium term. In 2009 further actions were taken to optimize the effective use of R&D knowledge and resources, resulting in a more centralized approach to managing R&D investments.

In addition to Granada, Harrogate in the UK became another R&D hub delivering resources to the R&D centre in Oslo, Norway. UNIT4's R&D efforts are focused on building new products, enhancing existing ones and adopting new technologies, driven by the need to satisfy customer, operational and market demands. R&D activities are also undertaken in most of the countries where we are active in order to deliver functional requirements specifically demanded in these countries. Future cost savings will mainly result from additional collaboration and technology sharing between the international Agresso Business World and CODA solutions. Continued reduction of R&D costs as a percentage of revenue, based on autonomous growth and growth through acquisitions, remains a target for the long term.

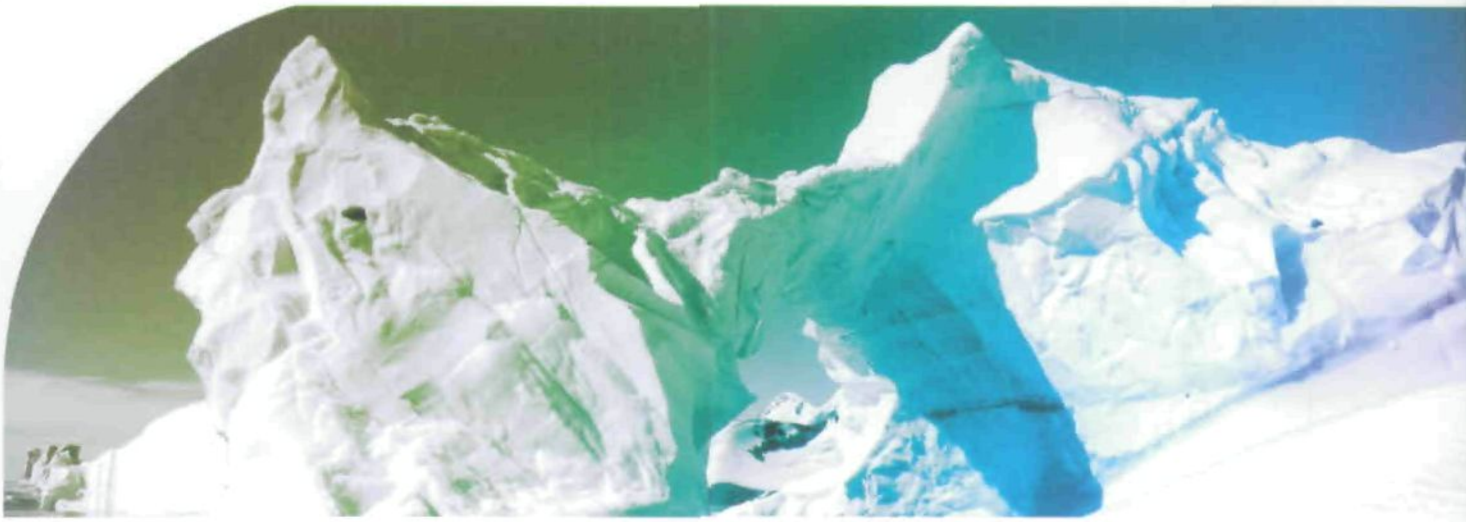
Cash position, syndicated loan and covenants

The net cash position, excluding the syndicated loan to finance the CODA acquisition, amounted to €14.7 million as at the end of 2009 (2008: €8.7 million negative). The cash flow from operating activities increased from €56.2 million in 2008 to €68.9 million in 2009, partly because of an improvement in working capital. The balance of the syndicated loan (including loan issuance costs) stood at €145.9 million at the end of 2009 (2008: €165.9 million). The cash flow cover amounted to 1.68 at the end of December, compared to the agreed covenant of 1.10. The 'leverage ratio', or net debt divided by EBITDA, was 1.73 at the end of 2009, well within the financial covenants as agreed with the banks of 2.25. For more details about this financing, see note 6.27 'Interest-bearing loans and borrowings' in the Notes to the Consolidated Financial Statements.

Equity position

Total equity (excluding non-controlling interest) increased from €97.5 million to €133.6 million (+37%), largely as a result of the increase in value of the UK, Norwegian and Swedish currencies relative to the euro. Solvency, the ratio of total equity (excluding non-controlling interest) divided by total liabilities, was 28% at the end of 2009 (2008: 20%).

Review of 2009



Growth and distribution of revenue

In total, revenue declined by 4% to €379.4 million (2008: €393.6 million). Based on constant currencies and including the CODA Group for the full 12 months in 2008 (pro forma) however, total revenue only declined by 3%. The weak economic climate principally affected income from licences. Investment decisions took longer or were postponed mainly due to less funding availability. Nevertheless, UNIT4 was also able to convince many organizations in 2009 of the importance of efficient business software, not least in view of the changes they were undergoing.

In terms of distribution by market sector, revenue from the public sector decreased to 34%. To a large extent, this is due to the fact that the presence of CODA in the public sector is less strong. The professional services sector provided 55% of the total, with the remaining 11% provided by a group of other sectors, such as logistics.

Looking at the geographical distribution of developments in revenue, Spain (-14%) and the UK (-13%) performed least well, in part as a result of the restructuring measures we took in 2009. Swedish revenue declined by 6%, but this is purely a result of exchange effects, as in the local currency there was an increase of 3%. The development in revenue was flat in Norway and Germany, while growth of 3% and 11% was achieved in the Benelux and North America respectively.

Products

Revenue from product sales (licences) declined from €69.9 million in 2008 to €58.9 million in 2009 (-16%). Especially in the first three quarters, the decline in licence revenue (in excess of 25%) was greater than had been expected, but in the last quarter we saw an improvement in our markets resulting in flat licence sales, and a return to growth in December. Licence sales only represented 16% of total revenue in 2009 (2008: 18%) and just 26% of these sales were to new clients.

Services and others

Revenue from services declined by 10% to €143.0 million (2008: €159.0 million), mainly as a result of a reduction in external hiring and reorganizations, which in turn made a significant contribution to the increase in the gross margin to 91.5% (2008: 89.8%).

Contracts and subscriptions

Despite declining licence revenue, recurring contract ('Maintenance contracts and subscriptions') revenue rose in 2009 by 8% to a level of €177.5 million (2008: €164.7 million), representing a share of 46.8% of the total revenue (2008: 41.8%). This revenue element is very important due to its recurring nature. The flexibility of our products after implementation results in high customer satisfaction and a very limited outflow of customers. This leads to a steady year-on-year increase in revenue from contracts and subscriptions.

Revenue from subscriptions, an alternative to a licence purchase for our customers, rose significantly to a total of €23 million. All costs for maintenance and updates are included in the subscription price. UNIT4 offers customers the choice between a SaaS (Software as a Service)-based subscription or based on software installed on their own servers. Many organizations in the public sector opted subscriptions in 2009.

Important initiatives 2009

There are many annual initiatives for strengthening our market position or other methods of executing our strategy. Some of these initiatives are initiated centrally, while others are taken by country organizations. They relate to acquisitions, quality improvement, extension of products and services, and improvement in marketing and sales. The important initiatives of the past year can be found below.

Introduction of FinancialForce.com

At the end of 2008 we introduced a complete financial management system called CODA 2go, supplied as Software as a Service (SaaS). It was the first financial management system to be built natively on the highly successful cloud-computing platform of salesforce.com, and remains the only one so far. Customers could easily combine CODA 2go with salesforce.com's CRM solution. A key strategic benefit for UNIT4 was the access this gave us to salesforce.com's large, fast growing user base, as our SaaS offering could be presented as their accounting solution of choice. To fully leverage this benefit, we decided to relaunch CODA 2go as FinancialForce.com in September 2009.

FinancialForce.com was established as a new company in which UNIT4 retains a controlling stake but in which salesforce.com joins us as a minority investor.

Cloud computing is a fast growing market, already estimated to be generating close to €6 billion annually worldwide. It allows companies to access applications and computing resources inexpensively and flexibly over the Internet, without up-front capital expenditure. FinancialForce.com aims to change the future of accounting and finance by delivering unique accounting applications in the cloud to finance professionals and CFOs.

FinancialForce.com delivers the power of a real-time, enterprise accounting system to organizations of all sizes. It supports businesses as they evolve, expand and outgrow more traditional accounting systems, while offering all the benefits of cloud computing, including ease of implementation, rapid return on investment and reduced cost and complexity.

For customers using or evaluating salesforce CRM, FinancialForce.com comes with an unequalled level of integration between its accounting functions and salesforce.com's Sales Cloud and Service Cloud. This allows users to make the most of customer relationships - from making initial contact to ensuring smooth accounting processes and accurate invoicing, right through to the ongoing customer relationship. For non-salesforce CRM users, FinancialForce.com offers a new choice of a comprehensive accounting solution built around salesforce.com's enterprise cloud-computing platform.

FinancialForce.com is run from new corporate headquarters in San Mateo, California and its EMEA office in Harrogate in the UK. Sales, pre-sales and support teams have been established in North America and the UK to take the new solution to market. Salesforce.com is providing first line support for FinancialForce.com, giving customers of both salesforce CRM and FinancialForce applications a single consistent point of contact.

New version of CODA Financials

An important new version of UNIT4's CODA Financials Solution was released towards the end of 2009. Although particularly geared to meet the specific needs of medium and large-sized retail companies, the version 11.3 release offers new enhancements that will assist organizations in all markets, industries and sectors.

CODA's financial management applications are already used by around 25% the UK's top retailers, as well as by retailers internationally. The retail sector has been one of the hardest hit vertical markets during the recession, so investment in technology has been postponed, but they are expected to resume IT spending. The new release is designed to help them improve their bottom line and puts CODA in a strong position.

CODA Financials continues to be used widely in almost all sectors, such as financial services and transport & logistics, and the recent series of v.11 releases ensures it remains one of the most advanced enterprise finance systems in the world today.

UNIT4 Hybrid Computing

In November 2009, UNIT4 Hybrid Computing was introduced in the Benelux. This is a new service that helps clients to use a mix of types of applications and delivery methods. For each application it is determined whether they should be installed on the client's premises, in a data centre on a hosted or 'ASP' basis, or in the cloud, as Software as a Service. UNIT4 Hybrid Computing also takes care of the integration of the applications, the appropriate service levels, invoicing, contracts and end-user support.

The new service meets the demand from many client companies to make cloud computing more suitable and applicable for their specific situation. The advantages of cloud computing for many organizations are clear: cost savings and easy access to documents and applications, and yet it is not the best solution for all applications. Most organizations neither can nor wish to take all their services at once from the cloud. What they want is a flexible, secure and reliable solution from a single provider dedicated to meeting their specific needs. By integrating on-site applications, data centres and the cloud, UNIT4 Hybrid Computing provides for the full range of office automation. On the basis of the applications used and the client's requirements and wishes, the most appropriate mix is provided. UNIT4 Hybrid Computing is not only a system integrator, but also a 'cloud integrator'.

Progress against previously announced initiatives for 2009

A stronger revenue growth from sales of products and services to existing customers

As anticipated, comparatively little business could be generated from new clients in 2009, so we focused on supporting and servicing our existing customer base. Only 9% of revenue was derived from new clients, and 74% of licence sales were to existing customers. The strength of UNIT4's existing client base is a key asset, especially in economic downturns.

Extension of partnerships focused on sales, implementation and maintenance

This strategic initiative was postponed in 2009 due to the economic climate and our focus on cost-cutting measures. It will receive our focus again from 2010 onwards.

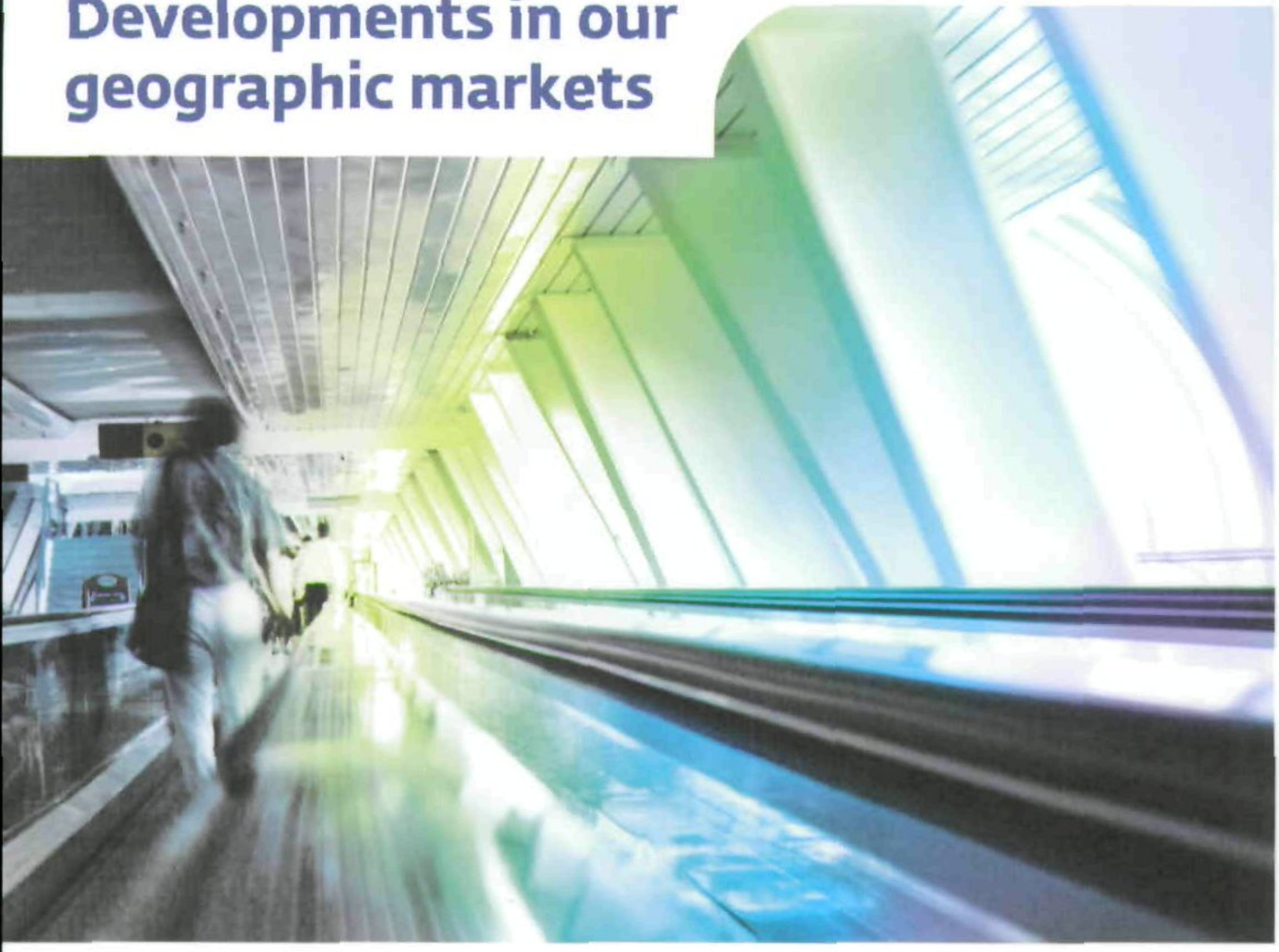
Better use of the R&D capacity through internal cooperation and improved efficiency

We integrated the Agresso and CODA R&D development teams, which now operate out of three strategic locations. Oslo is the control centre, Harrogate in the UK is the centre of excellence for financial application development for Agresso and CODA products, and Granada is our joint R&D centre in Spain, where significant investments are being made.

Continued cooperation with, and integration of, CODA, in particular for market position, sales and R&D

The integration of CODA was fully completed in 2009 and its product marketing and development are now aligned with that of other key solutions, focused on satisfying the needs of Businesses Living IN Change. In all countries apart from France, where Agresso is to be divested, and North America, we now have one sales director managing both Agresso and CODA sales teams, and UNIT4 R&D is fully integrated.

Developments in our geographic markets



How we apply our strategy in the countries where we operate

Our country organizations translate UNIT4's business strategy into a local strategy in order to optimize the product mix and market approach. All these organizations follow these shared guiding principles:

- a strong focus on the BLINC target group (Businesses Living IN Change)
- an optimized local market approach for the markets and sectors with the best opportunities
- the goal of obtaining a leading position in the sectors in which we are active.

The optimal product mix and market approach in each country are strongly linked to the dominant sectors and existing market positions there. Based on the local market circumstances and opportunities, country organizations extend their product offerings by developing new products themselves, by offering additional products via partners or by acquisitions.

Sales and marketing efforts are focused on the markets that offer the best opportunities. The market approach is also linked to the saturation level of the market. In countries where we have a large share of the market, the focus on additional products or modules for existing customers is higher than in countries where our market share is still limited.

Local partners sell our products in countries where we have yet to establish our own sales organization. We also work with a variety of partners and specialist resellers in countries where we have our own sales organization, such as the UK, Norway, Sweden, Germany and the USA.

BENELUX

The Benelux represents UNIT4's largest regional market by revenue, and a wider range of different types of products and services are developed and marketed here than elsewhere in the Group. While our international products, Agresso Business World and CODA Financials, enjoy great success here as in our other markets, a relatively large contribution to Benelux revenue is generated through a number of products developed specifically for market sectors in which we have leading positions. We therefore focus strongly and differentiate around various vertical and horizontal segments, with the objective of achieving or maintaining leadership in them, while creating and exploiting cross-selling opportunities. In 2008 we decided to fully integrate sales and marketing activities for CODA and Agresso Business World in the region, and this process was successfully completed in March 2009.

The full impact of the global economic slowdown was felt in the Benelux for the first time in 2009, later than in many other markets, and this particularly affected income from licence sales, especially in the first half of the year.

Despite this, UNIT4 strongly outperformed the market, and revenue rose from €124.8 million to €128.7 million (+3%; pro forma +1%). Income from contracts and services held up relatively well in general, largely due to some key sectors being much less affected by the poor economic climate. Particularly strong growth in revenue and profitability was achieved by our healthcare subsidiary for example, and Unit4 Accountancy also performed very well.

To align costs with the decline that had been anticipated in licence revenue, salaries were frozen for 2009, recruitment was suspended except for exceptional cases, and costs were carefully managed in all other areas. These measures, combined with the revenue growth in other areas mentioned above, enabled the Benelux operations to achieve an increase in profitability compared to 2008.

Accountancy

UNIT4 performed strongly again in 2009 with its accountancy products, increasing revenue and gaining market share across the Benelux and strengthening its leadership position in this segment in the Netherlands. The three main target groups are the large international audit firms, the top 250 Dutch audit and accounting firms, of which 85% work with one or more UNIT4 products, and the smaller audit and accounting offices, of which around 45% work with our products. A smaller part of revenue is also realized outside the Benelux via larger companies that have internal auditors.

Although the big audit and accountancy firms reduced headcount in the face of the economic downturn, strong demand for products such as UNIT4 Accountancy and UNIT4 AccountAnalyser reflected their increasing need for flexibility and greater efficiency. The multi-year agreement we entered into with PricewaterhouseCoopers (PwC) at the end of 2008 for the supply of integrated software provided one of the important drivers of our success in the accountancy sector in 2009. PwC is now using a number of our solutions, both for its clients and for its more than 4,000 staff in the Netherlands, and is working towards integrating the total UNIT4 Accountancy suite of applications.

Our close collaboration with PwC is helping us to introduce further product enhancements and provides an additional 'top 4' reference for our integrated solutions in the rest of the market. We signed a major contract with another significant accountancy and audit firm client for the use of our products in more than 80 countries. Grant Thornton in the Netherlands, a medium-sized accountancy and advice organization, also announced in 2009 that it would be improving the service it provides to its SME clients with UNIT4 Auditor, UNIT4 AccountAnalyser and the UNIT4 tax solution.

Human Resource Management and Payroll

UNIT4 software is used to process more than two million wage slips a month in the Benelux, largely via audit and accounting firms, and revenue from this area also grew in 2009. Both UNIT4 Salary and UNIT4 Personnel & Salary offer the competitive advantage of allowing wages and variances to be entered online, with unique security and authentication capabilities. For larger organizations, often providing a wide range of primary and secondary work

conditions to their employees, UNIT4 Personnel & Salary enables them to manage their more complex payroll environments effectively and flexibly.

We are also addressing the increasing demand from larger clients to integrate all their HR processes and workflow. We further enhanced and extended our Human Resource Management offering in 2009 with Recruitment and Talent Management modules, and HR Analyser, a product developed in partnership with business intelligence specialists QlikView.

UNIT4's share of the market for HR and payroll solutions for the Benelux education market grew in 2009. We partnered with ITIS Educational Services to integrate our HR and payroll offerings and UNIT4 Multivers with their new School Management System package. This in turn enables schools to integrate their HR data and student details with their financial administration, and the four schools run by the Rijnlands Lyceum began implementing the new system in April. Clusius College, with eight agricultural training centres in the Dutch province of North Holland, became the third education group to adopt UNIT4 Personnel and Salary in July. The solution will enable them to bring the payroll processing for their 738 employees in house.

Financial brokers

UNIT4 Financial Brokers, which develops and markets software for insurance and mortgage brokers, managed to realize revenue growth in a segment that was naturally hit particularly hard by the poor economic climate in 2009. The successful launch of Aplaza, an online platform UNIT4 has created with a partner in the sector, offers excellent prospects for 2010. Aplaza allows insurance brokers to communicate directly with insurers, improving their competitive position. They can now connect their software applications directly with the extranets and web services of insurance companies and other authorized organizations, enabling them to enter data only once, which will greatly enhance efficiency. The ABN AMRO Hypotheken Groep became a reference client for ÈFDÉCÉ, a UNIT4 mortgage advice software package, in June. Its e-Channels business unit is now using the package to streamline its mortgage advice processes.

Wholesale, logistics and retail

Agresso Wholesale differentiates itself through its broad and easy to implement functionality, focused on the specific requirements of the wholesale sector. Although services to existing customers performed well, it was another sector that was hit hard by the crisis, so 2009 was a difficult year with a marked decline in licence sales. The first signs of a recovery in the market could be seen towards the end of the year however. A new version of Agresso Wholesale was launched in November, featuring adaptations to the growing trend for wholesalers to expand their activities up and down the supply chain. Enhancements include a renewed GUI and expanded CRM and webshop modules, and the enthusiastic reception of the new release indicates that sales should begin to improve during 2010.

Small- and medium-sized enterprises

Although UNIT4 Multivers Online, the SaaS version of our package for the SME sector in the Benelux, continued to show good growth, overall this part of the business performed least well in 2009. Smaller companies seldom have the scale to be able to use software to gain efficiency and are often the first to suffer from the reduced spending levels that accompany a downturn. Like Agresso Wholesale, a new version of UNIT4 Multivers was launched towards the end of the year. UNIT4 Multivers 8 is compatible with Windows 7, incorporates the Office 2007 ribbon bar, and allows reports and invoices to be stored and sent as PDF files. The PaperLess module enables customers to digitize and archive their paper document flows.

Business and public services

Business and public services comprise most of the market segments addressed by Agresso Business World and CODA Financials. This division was able to maintain reasonable revenue growth throughout 2009, for both solutions.

The DHV Group, an internationally active consultancy and engineering agency headquartered in the Netherlands, was a major client win for Agresso Business World in 2008. Following its successful implementation in the Netherlands, DHV began the phased rollout of the package in 2009 in its operations in China, India, Indonesia, Poland, Portugal and the United States. The Agresso Business World client portfolio in the Belgian business and public services also grew steadily in 2009. TriFinance, AMMA Insurance, Bruxelles Formation and the Flemish Institute for Biotechnology began using Agresso Business World for the management and support of their financial, budgetary and logistics processes, while the fourth and fifth-largest health insurance funds in Belgium chose the UNIT4 solution to modernize and optimize their current management systems.

One of the largest housing associations in the Netherlands, Woonstad Rotterdam, selected CODA Financials in 2009 to manage its finances even more efficiently and the housing association now has a solution for the entire financial cycle within the organization including liabilities, (financial) project and assets administration. Lips Capital Group, a real estate investor a developer based in the Netherlands, chose CODA Financials to integrate the financial administration of all its projects. Lips has an expanding portfolio of projects in the Benelux, Germany, Scandinavia and Canada.

Local authorities and water boards

Local authorities and water boards represent the other market segment addressed by both Agresso Business World and CODA Financials. The Dutch government established 25 'safety and security regions' some years ago, in which emergency services collaborate to make plans for possible disasters or events that could lead to public disorder. Partly based on the positive experience the Limburg and Southeast Brabant security regions enjoyed with CODA Financials, the Central and West Brabant region also selected the solution in 2009. It was implemented during the second half of the year, ready for the reopening of their shared service centre in January 2010.

Healthcare

The healthcare sector provided another outstanding year for UNIT4 in the Benelux in 2009. Revenue grew strongly from UNIT4 Cura, the product range developed specifically for healthcare organizations, with another particularly significant contribution from UNIT4 Cura Care ECD (Electronic Client Dossier). Government requirements for healthcare organizations to provide detailed statistics and reports were helpful in this respect.

Infrastructure, outsourcing and interim staffing

UNIT4 Continuity and Security is a relatively small subsidiary that provides ICT infrastructure, outsourcing and interim staffing. Much larger competitors suffered badly as a result of the downturn, but our operation managed to grow and improve results in 2009. One of the reasons behind this success was their introduction of a hybrid computing model, helping companies who want to use some SaaS applications combined with their on-premises applications. One of their client wins was a contract to renew the complete ICT infrastructure for the Institute for Small and Medium-sized Enterprises.

UNITED KINGDOM

In the UK we have a strong focus on both public and commercial sector customers. We also have a strong presence in a number of key vertical markets, including local government, health, education, professional services, retail, financial services and media & publishing.

Not only had the UK economy entered recession earlier than those of most other European countries in 2008, but together with Spain it also suffered most from the downturn during 2009, with a resultant impact on buying cycles and investment. As the CODA-related business is more dependent on the private sector, which was badly hit by the poor economic climate, revenue from these products was more severely impacted than from the Agresso business, which has a very strong representation in the public sector.

We took a proactive approach to the downturn to protect our position in the UK and, while completing the integration of the Agresso and CODA organizations at the beginning of the year, we adjusted our cost structure in response to declining revenue and increasing pressure on margins. The restructuring of some UK subsidiaries inevitably involved a reduction in headcount. Wherever possible this was achieved by natural attrition and through previously announced synergy measures. Significant changes to the management organization during 2009 inevitably added to the year in the UK being characterized by an internal focus. UK revenue declined by 13% from €86.1 million to €74.9 million. The cost management and restructuring measures contributed strongly to profitability remaining solid for the year as a whole however, with the operational EBITDA margin increasing from 9.2% to 16.0%. The UK teams also remained focused on their mission to deliver adaptable business software and services. Combined with a slow but steady recovery in the UK economy towards the end of 2009, the order pipeline improved, with more requests for proposals received from the private sector and increased utilization rates in the consultancy area.

UNIT4 has been very successful with its strategic partner programme in the UK. Solution partners include Bottomline, Image Integrators, Microsoft, Proactis and Version One. New service partnerships were established with Liberata, Logica, Mouchel and Steria in 2009 and some significant wins were secured, including a large policing body and part of the health service. In Ireland, the existing Agresso reseller agreement with Calyx managed out of the UK was extended to also cover the CODA product suite, thereby consolidating a well-established partnership. In conjunction with UNIT4, Calyx currently services the majority of local authorities in Ireland, along with a large proportion of health and education customers.

UNIT4 Collaboration Software (formerly known as Business Collaborator) continued to see growth in its core business - project collaboration for construction. Highlights included securing an Enterprise agreement with Scott Wilson, consolidating our position within EDF and winning Construction Computing's Business IT Service Provider of the Year award. The latter part of the year saw a marked improvement in pipeline. This, coupled with the anticipated resumption of postponed projects and internal changes that align the company much closer with its parent, UNIT4 Business Software, makes for an encouraging outlook.

Commercial sector

UNIT4 benefits from having a solution portfolio that caters for the diverse system requirements of its expanding commercial sector user base. Organizations looking for more traditional enterprise resource planning (ERP) solutions select Agresso, while those looking for best-in-class finance solutions that integrate with other line of business applications they have often find CODA fits the bill. Those looking for SaaS offerings, where the burden associated with on-premises applications is removed entirely, can select FinancialForce Accounting. These solutions do not have to operate in isolation however. Telegraph Media Group, the leading UK newspaper publisher and long-standing Agresso Business World user, became a significant client for FinancialForce.com at the end of 2009. FinancialForce Accounting will automate the largely manual invoicing and accounting processes used in the media sales department and will integrate with the Group's existing salesforce.com CRM solution to give a single view of the Group's advertising sales and subscription management data. FinancialForce Accounting now also produces the invoices, creates all the accounting entries and automatically passes them into Agresso Business World. FinancialForce.com is essentially acting as accounting middleware, providing a link between the cloud and on-premises applications selected by Telegraph Media Group.

Key contract wins in the commercial sector for Agresso during 2009 included Southern Co-operative (retail), Certis Europe (crop protection), RM Education (business services) and Liberata (business services), a key partner for UNIT4 running the UK Local Government Association shared services operation on Agresso. A number of existing customers also further invested in their solution by adding additional modules and upgrading to the latest Agresso version. Agresso continued to increase its already significant presence in the professional services segment with the signing of additional contracts with Cyril Sweett Group and WSP UK.

The strong market position held by UNIT4's CODA products in the retail and financial services sectors was reinforced with significant new orders from the Seatem Group, Bradford & Bingley and Mothercare.

Central and local authorities

Public services remained a key focus for the UK team during 2009 as we maintained our market share in this sector. Working directly with customers and through an expanding strategic partner community UNIT4 in the UK has been able to achieve market-leading positions with its Agresso and CODA solutions. Both combine optimal functionality and integration capabilities with low cost of change making them a good fit with the need of public authorities in the UK to achieve improved performance from their IT infrastructure. This agility, flexibility and ease of change proved crucial differentiators for customers in the public

sector as did our ability to support a shared services model and business process outsourcing – both of which have garnered increasing levels of interest from public services looking to generate greater operational and financial efficiency. The year saw the team initiate successful projects with a number of central and local authorities including Warwickshire County Council, National Patient Safety Agency and Derbyshire, Leicestershire and Nottinghamshire Fire and Rescue.

Higher education

As the higher education sector in the UK was relatively immune from the worst effects of the recession, revenue from this market developed very well in 2009. Significant contracts were signed with Aberystwyth, Anglia Ruskin, Brighton, East London and Malta Universities, as well as the National Foundation for Educational Research. UNIT4 secured its largest ever student solution deal in the UK with UWIC. The solution covers student management, Customer Relationship Management (CRM) and curriculum management and builds upon the university's existing investment with Agresso. Thames Valley University selected UNIT4's Agresso CRM software to improve marketing to students and to support the largest employer engagement programme ever launched by a UK university. The software will enable the university to track all communications with individual employers.

Healthcare

The healthcare market, in which Agresso products have a strong position and in which CODA products have met with increasing success in the care home segment, also held up quite well despite the downturn. The South Devon Healthcare NHS Foundation Trust went live in 2009 with a fully integrated Agresso Financial Management Information & Procurement System. Agresso Business World was chosen as it wanted a versatile and fully integrated system that would be able to grow and change with the Trust in the future as required. Having gone live with Finance and Procurement, South Devon Healthcare now plans to develop its use of Agresso Business World by extending the application to the Trust Estates Department, and roll out web reporting, fixed assets and logistics across the Trust.

Not-for-profit

Charities and other non-profit organizations are an important part of the market for project-orientated organizations, where Agresso has a strong position. Foster Care Associates (FCA), the UK's largest independent provider of foster care services to local authorities with over 800 employees, 2,000 carers and revenue approaching £120m, replaced its core financial system with Agresso as part of its existing and future growth strategy. FCA has recently expanded overseas with start-up operations in Australia and New Zealand and is planning to continue to expand both in the UK and abroad through organic growth, acquisitions, additional childcare service offerings and by establishing new businesses in other countries.

SWEDEN

Although the Swedish economy slid into recession in the second half of 2008, signs of recovery were already seen a year later, and in January 2010 the government was expecting three percent growth for the year. Negative developments continue in the industrial sector, which is heavily dependent on global investments, but the services sector, where UNIT4 has its main focus, remains much more robust. Our strategy in Sweden is to focus strongly on the public sector and a number of vertical markets, including project orientated organizations, business services, real estate and construction companies, paper processing industries, forestry and technical services.

Revenue rose from pro forma €52.0 million to €53.7 million (+3%). As the Swedish ERP market shrank by about 6.4% in 2009, this means we grew our market share in the country by about 9%. The number of existing customers offered a strong basis for growth through the sales of additional products and new versions. New customers (32 in 2009) also contributed substantially to revenue growth. The product offering in Sweden is broader than in most other countries but is mainly related to Agresso technology, and the relatively small CODA sales organization had already been fully integrated during 2008. The wide range of functions offered by the Agresso product suite enables the Swedish organization to service diverse vertical markets.

Commercial sector

The framework agreement signed with Saab in 2008 entails Saab switching over to Agresso Business World as their single ERP solution for finance, reporting and project management throughout the entire group, replacing ERP solutions from all the major global vendors. In 2009 Saab continued the roll out of Agresso Business World and signed two major new projects. New deals included a nationwide fast food chain choosing the Agresso payroll module for its entire operation, with UNIT4's subcontractors delivering a schedule system and a time module. In fierce competition with SAP and Microsoft Dynamics, a major occupational pensions specialist also selected Agresso as its new ERP solution.

Public sector

UNIT4 has a similar number of customers in the private and public sectors, and 55% of Swedish revenue is generated from the public sector. This limited the impact of the economic downturn, and we continued to gain market share in the public sector in 2009. A clear trend is that more public sector organizations want to work more efficiently by setting up shared service centres. Examples include the county administrative boards, which all run Agresso Business World and merged their entire financial administration during the year.

The City of Stockholm has also established a shared service centre, and has signed an agreement with UNIT4 for the outsourcing of application management. A new group that will work with systems management for large clients, including the City of Stockholm, was established during 2009. UNIT4 is the market leader in the field of e-invoice software solutions, and this position was reinforced during 2009 with the introduction of the e-procurement solution. E-procurement will be mandatory for all authorities in 2010 and we see a great business opportunity in delivering this new solution to the authorities.

NORWAY

UNIT4 in Norway also focuses strongly on the public sector, a number of vertical markets and a wide range of additional products and services. Key vertical markets targeted include the offshore industry, financial services, energy and utility companies, media, communication, transport, technical services, engineering, healthcare and education. Despite the economic downturn and already having a very large market share in both the commercial and public sectors, strong revenue growth was generated again in 2009. Revenue in Norway rose from €31.5 million to €33.6 million (+6.7%). A number of new clients were signed during 2009. In the public sector, strategically important contracts with Bærum Kommune and Sør Trøndelag Fylkeskommune confirmed UNIT4's strong position in the local government segment. In the commercial sector, new clients such as DOF Subsea and Wartsila were added and reinforced our presence within the offshore industry.

SPAIN

UNIT4 Ibérica has offices across Spain, Portugal and Equatorial Guinea. Along with an extensive network of partners this allows us to service these geographic markets as well as many other Spanish and Portuguese-speaking territories. Across these markets we focus strongly on the manufacturing, wholesale, distribution and service sectors (especially financial services), the construction sector, tax advice sectors and auditing practices.

Significant business is also generated from the public sector, especially in healthcare. Of all the European markets, Spain has been the worst hit by the economic downturn, and there was still no sign of a sustained recovery at the end of 2009. The restructuring of our organization that had begun in 2008 continued through 2009, and headcount was reduced further to align costs with declining sales. Revenue fell from €42.8 million to €36.7 million (-14%). The activities in UNIT4's corporate R&D centre in Granada were expanded with development activities for elements of the FinancialForce.com offering in addition to expanded contributions to the Agresso product line.

UNIT4 Ibérica offers a number of ERP systems, the most important of which being ekon. Ekon is an advanced ERP solution specifically designed by UNIT4 Ibérica to adapt to a company's specific needs without losing the advantages of standard software. It has been particularly successful in the important Spanish SME sector and has been sold successfully in a number of international markets. During 2009 a new version of ekon was developed; ekon Ready. Launched in October, this product is delivered on a Software as a Service (SaaS) basis, and is specifically targeted at smaller businesses. A strong and loyal customer base has been established for ekon over many years, and there are good prospects for strong sales of ekon Ready through UNIT4 Ibérica's reseller network in 2010. A number of products from third parties are also offered, and high quality consultancy services for improving the efficiency of business processes, such as payroll, accounting, planning, invoicing, HRM and CRM.

Commercial sector

Despite the crisis affecting the main commercial segments in Spain and Portugal of financial services, construction and tourism, UNIT4 Ibérica maintained its leadership in the market for small and medium-sized companies. More than 4,000 of them now benefit from ekon and its capabilities to embrace change. More than 100 new customers purchased ekon in 2009, thanks to UNIT4 Ibérica's knowledge of verticals and their customers' needs. Investment in business software in Spain and Portugal is significantly lower than in the rest of Europe, and we are very well positioned to help businesses to overcome the economic crisis and progressively narrow this investment gap.

Public sector

Unlike some other countries, UNIT4 Ibérica's client base of around 330 local and regional authorities in Spain did little to offset declining revenue from the private sector. The reduction in local tax income meant that the recession also impacted these authorities. Nevertheless, UNIT4 Ibérica's international sales team was able to announce in May that the Conselho de Maputo, the city council of the capital of Mozambique, had selected Agresso Business World in a €2.2 million deal. Maputo, with over 2.1 million inhabitants, will use Agresso Business World to modernize its financial and fiscal processes. The project, which is financially supported by the World Bank and should be completed during 2010, will also enable council employees to share data with Mozambique's central bank and other national institutions.

GERMANY

Our mid-term strategy in Germany is to focus principally on the public sector, mainly local and regional authorities, with a secondary focus on not-for-profit and business services in the commercial sector. Revenue for the year was stable at €18.4 million. Agresso software and services are supplied to hundreds of cities and public organizations, amounting to more than 200,000 users, and maintenance services in the public sector are a stable revenue base for UNIT4 in Germany.

Under the new NKF law, which came into force in January 2009, all German local and regional authorities must switch to a double entry accounting system. The Agresso Public Sector product suite conforms fully to the new legislation, and a number of sales were made during the year. New customers and licence deals during 2009 included Kreis Mettmann migrating to the Agresso Public Sector solution. Kreis Mettmann is one of the largest county administrations in Germany and is centrally located in the state of Nordrhein-Westfalen, where there is a very large installed base of UNIT4's Agresso systems. Agresso Business World was chosen to replace an old solution. The new solution will be implemented with financial management first and enhanced to an integrated ERP in future, starting with procurement and warehousing. Another new Agresso Business World client was the Nordelbische Evangelisch-Lutherische Kirche Schleswig Holstein, the fifth largest evangelic regional church in Germany. The church chose UNIT4 based on our successful reference with Evangelische Landeskirche Hannover and as we were the only vendor that could ensure the successful implementation of legal requirements in the required time frame. The HRM solution is being implemented in the first phase, and will be rolled out to all the church districts. Further new clients included the Georg-Eckert-Institut, and an OCRA-based Agresso sale to Kommunales Rechenzentrum Minden-Ravensberg/Lippe.

FRANCE

As in most countries, the strategy in France has included a strong focus on the public sector and the education sector. Its local management also addresses a wide range of verticals in the commercial sector via their mid-term focus. These include segments from financial services through media to retail. Different standard solutions are offered based on best practices, and additional consulting services are being developed to help clients in pre and post implementation activities. It should be noted that results from Agresso France operations have been booked under 'Discontinued operations' since 2007. Expected to complete during the first quarter of 2010, the buy-out by existing management will involve the transfer to them of Agresso sales and implementation activities, with UNIT4 remaining responsible as licence owner for maintenance and local product development.

Revenue from continuing operations, now mainly relating to sales of CODA products, rose from €8.1 million to €9.4 million. The economic downturn meant 2009 was extremely challenging, but business improved significantly towards the end of the year. The UNIT4 CODA business, based in the La Défense business district of Paris, specifically targets French businesses with complex accounting requirements or multiple international operations, or with the desire to expand to international operations.

NORTH AMERICA

Commercial sector

Agresso-related business from the North American travel sector continued to develop strongly in 2009, with a major new contract – our largest CentralCommand deal ever – with a leading global online operator, and further substantial orders from BCD. CentralCommand is a management information system designed specifically for the travel sector, based on Agresso Business World and strategic partner Sabre's booking system. A new version of CentralCommand was released in October, including new features to further streamline users' operations, ensure regulatory compliance and offer more security, improved credit card handling and agile invoicing capabilities. Agresso has a solid leadership position in providing back-office solutions to the travel industry. No less than 23% of influential trade publication Travel Weekly's 2009 'Power List' of 62 travel companies with sales of more than $100 million use CentralCommand. An agreement worth over $1 million with Meyers Norris Penny, one of the largest chartered accountancy and business advisory firms in Canada, was signed at the end of the year. In the agreement, UNIT4's Agresso ERP solution will provide core financials and payroll capabilities and act as a platform to support the firm's growth and increasingly complex business model.

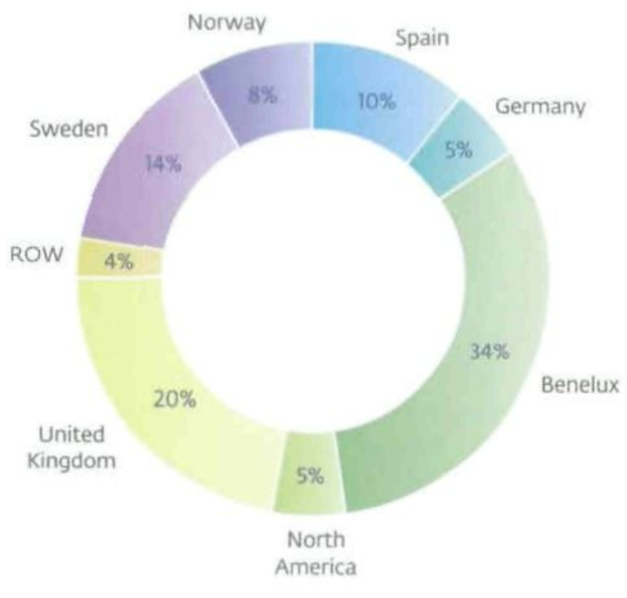
While 2009 was a challenging year for CODA in North America, some significant wins were achieved and the existing customer base continued to generate a good level of business. The Caterpillar dealer network, which together represents one of CODA's largest clients, continued to drive activity with continued implementations and ongoing services providing a strong stimulus for the North American business. Financial services is a primary market for the CODA product set in the region but despite the downturn in banking and insurance the company maintained a good level of business. For example, a contract with Graham Capital Management, a hedge fund manager and commodity-trading adviser, was signed at the beginning of the year to implement CODA's Financials software. With encouraging signs of recovery in the sector and a strong customer base, the business will continue to target financial services as well as transportation companies in 2010.

At the end of September, UNIT4 announced the creation of FinancialForce.com jointly with salesforce.com. The business, headquartered in San Mateo, California, was formed by taking the product formerly known as CODA 2go and the team that created it and creating a new entity into which UNIT4 and salesforce.com invested. UNIT4 is the majority shareholder with salesforce.com as minority shareholder. The creation of the new business stimulated early demand for the FinancialForce.com products and by the end of 2009 they had been sold to customers in ten countries. FinancialForce.com is unique in being the first and only finance and accounting application built natively on salesforce.com's Force.com platform.

Government and local authorities

The King County Housing Authority, which provides affordable housing options for the residents of King County, Washington, became another major Agresso client in October. The authority supports more than 17,000 households in housing dispersed throughout King County, which is the 12th most populous county in the US. The contract includes the provision of a full Agresso ERP suite, including financials, human resources and payroll, planning and budgeting, reporting and analytics. The software will be a key tool in helping the authority respond to regulatory change and find innovative solutions to improve options for low-income households. The Agresso product suite is ideal for housing authorities, as they experience unpredictable regulatory shifts and need to respond quickly and efficiently.

Geographical revenue split 2009



A $800,000-plus agreement was signed with the Louisiana Supreme Court to provide an Agresso ERP system offering enterprise-wide, role-based visibility into their business processes. The system, which includes financials, purchasing, grants, human resources and payroll capabilities, will help the court fulfill their mission of making the most efficient use of public resources. Successful go-lives included the Township of Langley and the cities of Sparks, Ventura and Kelowna.

Healthcare and not-for-profit

A major contract in the healthcare sector was announced in February as Bethany Care Society, one of Western Canada's largest providers of healthcare and other social services for seniors and persons with disabilities, selected Agresso's ERP solution over a number of Tier 1 and 2 software providers. Bethany Care provides at least 50 different financial reports annually to multiple agencies, and the requirements for these can change each year. Agresso provides them with a single integrated and flexible solution with which they can easily create custom reports while keeping all their historical reports intact. Replacing several legacy systems with Agresso also enables them to avoid multiple upgrades and maintenance fees.

The International AIDS Vaccine Initiative (IAVI), headquartered in New York, selected Agresso Business World as their ERP solution. The business, worth more than $900,000, was awarded to UNIT4 after extensive connectivity testing in remote areas of Africa. Agresso's unique post-implementation agility and superior web capabilities were seen as providing an ideal fit for IAVI's global, distributed, dynamic nature. Under site licence, IAVI purchased the full range of Agresso applications.

The downturn meant that many North American not-for-profits continued to struggle in 2009. Skookum, a non-profit organization based in Washington State that creates job opportunities for people with severe disabilities through government and commercial contracts, chose Agresso in 2009 to help it overcome budgeting hurdles and maintain its fiscal health during the recession. Other successful go-lives included Crista Ministries and Houston Zoo.

Higher education

The North American higher education market, which has been underserved by modern, innovative software, is becoming increasingly important for UNIT4. Our university foundations partnership with Agilon led to several key deals in 2009 including Bowling Green, Southern Illinois University Edwardsville Foundation and University of Toledo Foundations.

In December we announced an agreement to provide Harvard Law School with Agresso Education, a state of the art student information system. The school was seeking a solution that could manage ongoing changes as their requirements evolved in the future. Harvard Law School will receive a full suite of capabilities; registration and academic records, transcript management, programme completion and degree audit, student accounts, curriculum planning, faculty information, clinical and public services job placements, class rosters and anonymous grading. In addition to the functionally-rich modules included in the software, Harvard Law School has engaged Agresso to enhance the software further to serve the special requirements of the School's community.

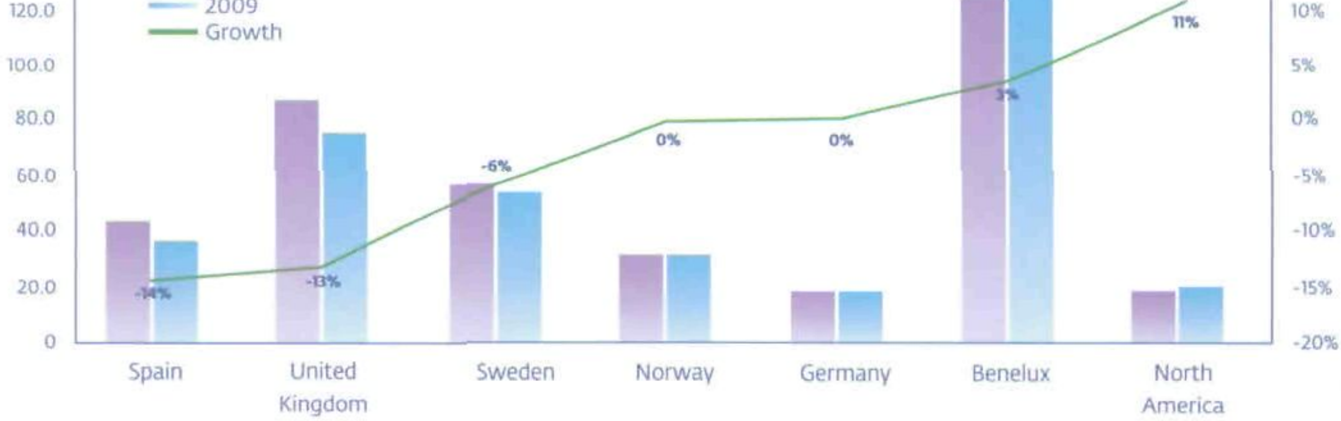
OTHER COUNTRIES

Revenue from other countries relates to sales from our own operations in Denmark, Portugal, the Czech Republic, Hungary, Singapore, Malaysia and Australia. The offices in Denmark and Portugal primarily focus on the sale of Agresso Business World, while sales in Australia involve both Agresso and CODA products. Agresso Pty in Australia is one of UNIT4's longest-standing resellers, and struck a significant deal last year with SKILLED, a national workforce services company with 25,000 employees. A second Agresso reseller, Connexxion, began its partnership with UNIT4 in 2009, and will focus on the government sector. Sales and other activities in the other UNIT4 offices relate principally to the CODA product suite. Overall, revenue rose from €14.2 million to €15.2 million (pro forma +7%).

Some additional investments were made in our small but profitable operation in Denmark, which managed to outperform the market and develop a strong order pipeline. Although the UNIT4 office in Denmark was only opened a few years ago, steady growth since then has built a solid bridgehead in the country, enabling us to further develop our market share in the years to come. Against the background of a badly depressed economy in both Hungary and the Czech Republic, a focus was maintained on providing consultancy services to the existing customer base.

Although the markets declined steeply in Singapore and Malaysia at the start of the year, they began to recover earlier than most of the Asia-Pacific. The UNIT4 offices in Singapore and Kuala Lumpur, which also manage projects in Indonesia, China and elsewhere in the region, reported another profitable year. The Australian market demonstrated that it was very open to the concept of cloud accounting and business accounts being managed in a hosted environment, and the launch of FinancialForce.com late in the year was well received.

Revenue per country



Forecast for 2010

In some respects the forecast for 2009 was easier to make, in that it was generally accepted that the market would decline and that this would impact the top line. At the start of 2010 there is more uncertainty; the market will improve, but at what rate and by how much are unknown factors. Circumstances will almost certainly vary on both a country-by-country and a sector-by-sector basis.

With the success of the cost reduction and restructuring measures undertaken in 2009, our current cost structure has ensured the whole organization is in better shape than ever. The fact that recurring income now represents a larger portion of total revenue indicates that our results have become more stable and predictable. The rebranding to UNIT4 will help us to drive future growth and value.

Further investments in the new FinancialForce.com organization will be made in 2010, which we estimate to be around €4 million more than in 2009. We see opportunities again in 2010 for acquisitions. Our principal focus in this area will be on growth markets and synergistic functionalities, such as Human Resource Management (HRM).

The business software market

Many organizations need to replace their business software, as in many cases the solutions they are using have been in place for around ten years. The continuing global downturn will mean that many will continue to postpone the investment required however. Nevertheless, there are also organizations that will choose to invest in new business software to enable them to cope with the difficult market conditions more efficiently and effectively, or to make restructuring easier.

The contribution of service-based organizations to the gross national product of developed countries has been continuously increasing for many years. Research indicates that manufacturing companies now represent less than 20% of the gross national product in OECD countries. Even in manufacturing companies, the importance of service provision and the relationship between services and production has led to a focus on service organizations. Service providers are important examples of BLINC organizations – Businesses Living IN Change – UNIT4's key broad target group.

Investment policy is likely to continue to differ greatly by vertical market in 2010. For retail, production and financial services the forecasts are mainly negative. For the public sector, the leisure sector and education, where UNIT4 is well represented, the forecast is moderately positive.

The main conclusions of the important study we conducted early in 2009 amongst CFOs of medium-sized organizations in the US about the total costs of change for ERP systems were:

- many organizations find it difficult and expensive to keep their ERP system up-to-date and to make changes after the system is installed. Respondents told us that they spend more than $1.2 million a year on average to maintain, adapt and update their ERP system. When asked for the main obstacles, 57% stated the complexity, 52% the costs, and 41% disruption as a consequence of implementing the system changes

- ERP systems are often too complex and neither cost-effective nor adaptable in the short term. This influences the way the company processes are organized. Many CFOs say they prefer changing their business processes rather than adapting their ERP system to the required business processes.

The conclusions of this research reinforce our conviction that UNIT4 can further improve its market share amongst medium-sized BLINC organizations. Previous research has already demonstrated that the actual costs for ERP systems are often much higher than budgeted. Many organizations are still insufficiently aware of the hidden costs of business software that only appear after the initial implementation. There are also many organizations that do not realize that these costs can be avoided by choosing the right software and supplier. Research conducted by Technology Evaluation Centres has demonstrated that, unlike competitive systems, Agresso Business World customers can carry out more than 98% of the most common changes themselves (43 scenarios in five main categories), via the graphical user interface, using the drag-and-drop function.

Later in 2009 we sponsored a technology industry survey conducted by IDC, a global provider of market intelligence and advisory services. Described in more detail in the 'Embracing Change' theme section of this annual report, the survey found that most ERP systems are not providing businesses with the architectural agility necessary to support businesses adequately in today's high-change, global environment. Survey respondents stated that the inability to easily modify their ERP system is disrupting their businesses by delaying product launches, slowing decision-making and delaying acquisitions and other activities that ultimately cost them many millions in lost revenue generation or cost reduction opportunities.
Agresso Business World, which differentiates itself through continued flexibility after the implementation and the related cost advantages, therefore has a competitive advantage that is especially important in the current market circumstances.

Trends in customer demands

Economic conditions still make it difficult to make predictions about market demand for 2010. We do see certain geographies and sectors gradually improving, but we also remain cautious with respect to government spending. Around 20% of our licence revenue is currently derived from (local and regional) public authorities, principally in the UK, Germany, Norway and Sweden. But here too, the effects in each geography can differ. We also see opportunities in this market, because the ultimate goal of our flexible products is to facilitate additional savings. In general in 2010, we will remain conservative regarding recruitment and investments.

Review of priorities due to recession

Surviving the recession, and coming out of it with competitive advantages, is critical. Managers and CFOs in particular are sure to be reviewing their short and long-term priorities. To survive successfully, CFOs are focused especially on monitoring and optimizing cash flows, maximizing income and profit, optimizing assets, keeping the management calm, increasing efficiency, controlling and limiting costs, and evaluating and controlling the risks of failure. Their longer-term focus is especially on refining long-term budgets, the proactive management of company performance, optimizing risk management, managing the numerous and complex compliance requirements, integrating financial control more effectively in all activities, and continued process improvement.

The functionality required to meet these requirements is not typically found in the market. The largest challenge is to adapt the ERP system to meet changing circumstances in a timely manner to make optimal use of the available functionality.

Human capital management

Doing more with less people, while retaining the best employees, is more important than ever for many organizations in the current market circumstances. Organizations also wish to have the right competencies at the right time in the right place. With pressure on staff numbers and competition for specialist jobs still increasing, there is a need for strategic human capital management. In turn this leads to a need for enriching strategic competence management, career planning, training management and e-learning. UNIT4's Agresso Business World meets these needs with its standard HRM modules and its Talent Management solution.

User-friendly applications

There is a clear shift in customer demand from 'more functionality' to 'more user-friendly' applications. Organizations increasingly expect most, if not all, their employees to make use of their business software. This leads to an increased demand for functionality that be utilized without the need for training, and applications must be much more user-friendly. New technology and applications are currently being developed in this area. They will provide revolutionary improvements and allow end-users across all disciplines to execute their key tasks in a fundamentally faster, cheaper and more enjoyable way.

Cloud-based solutions

Cloud-based computing, sometimes referred to as SaaS (Software as a Service), is an increasingly popular software format that enables customers to use the solution as an online service. The underlying idea is that the costs for the infrastructure and the acquisition of licences are avoided, and that organizations have more freedom to match the software they use with their actual needs. This delivery format makes software accessible to a wider public. The simplification of application management makes computing in the cloud an attractive option for more and more organizations, particularly in areas such as HR management, payroll administration and CRM. UNIT4's customers are increasingly choosing cloud computing or related delivery formats. It is principally a delivery format however, and therefore does not necessarily provide a solution for the growing frustration of many organizations about the inflexibility of their business software. That frustration can only be prevented with software that offers enough flexibility after its implementation. UNIT4's new accounting product based on the salesforce platform, FinancialForce.com, meets these needs precisely.

SaaS or cloud computing represents an additional option for user organizations. Customers still need a good solution at the right price and they want to select the right technology for their particular situation. They generally recognize that choosing either the on-premises or cloud-solution approach offers advantages and disadvantages. With on-premises software they have greater control but fewer economies of scale. With cloud-solutions they may have less control but many economies of scale. The way forward for many organizations will be to take a 'hybrid' approach, in which solutions are adopted that are run both within and outside the client's organization, according to their particular needs. The market reality is that customers are demanding more choice in terms of how the software they use is delivered, with on-premises solutions being integrated with those that are hosted externally. UNIT4 is virtually unique in being able to offer customers a full range of technology and delivery choices..

Developments amongst providers

There is a clear trend towards continued (international) consolidation amongst providers of business software. Medium-sized providers such as UNIT4 can protect and strengthen their competitive position by increasing scale, strategic cooperation and further specialisation in market sectors.

Strategic initiatives

UNIT4 focuses on the optimization of its market positions. The key strategic points for 2010 are:

- the roll-out of the rebranding throughout the Group.
- stronger revenue growth from sales of products and services to existing customers
- continued investments in FinancialForce.com and in enhancing the user experience
- better use of R&D capacity through internal cooperation and improved efficiency
- the evolution of our on-premise and cloud solutions so that they work in harmony, providing new options combining these technologies
- continued cooperation with, and integration of, CODA, in particular for market position, sales and R&D.

Revenue and profit expectations

In view of the contracting market, UNIT4 focused largely on internal measures in 2009, such as cost reductions and restructuring, in order to realize synergies. With our current cost structure, the whole organization is in better shape than ever, and the fact that recurring income now represents a larger portion of total revenue indicates that our results have become more stable and predictable.

UNIT4 expects to see licence revenue increase again in 2010, particularly in the private sector. Autonomous growth will also require investment in the future, both in FinancialForce.com and in UNIT4 as a whole. Without taking the additional investments/costs associated with FinancialForce.com or acquisitions into account, UNIT4 expects to realize organic revenue growth of 2 - 5% with an associated EBITDA margin of approximately 20%.

Personnel and organization

The professionalism and commitment of our employees are vital to UNIT4's continuing success and growth. We strive to recruit, retain and develop the very best talent. To enable them to perform at their best, we provide excellent opportunities for personal and career development.

In 2009 the average number of employees, based on full-time equivalents (FTEs), remained largely unchanged at 3,323 (+0.6%).

UNIT4 has a number of centrally formulated principles for personnel and organization, described below. In other respects, personnel and organization policies are optimized by region and operating company. A number of initiatives are regularly undertaken in all countries in order to further improve the professionalism of employees and organizational efficiency.

Number of employees

For changes in employee numbers and FTEs allocated to department, see the Financial Statements, note 6.8.

Number employees	2009	2008	Variance
Average number FTEs	3,323	3,302	+0.6%
Number FTEs end of year	3,270	3,416	-4.3%
Total number employees with current employment contract	3,456	3,609	-4.2%

Employer of choice

UNIT4 endeavours to be an employer of choice. Attractive primary and secondary employment conditions, training, and opportunities for professional and personal growth are important factors in this respect. Our open, informal company culture attracts many young professionals. The achievement of clearly communicated objectives, short lines between management and employees and the many opportunities to shape personal development and career path are central. UNIT4's values are integrity, pride in your company and your work, and loyalty.

Recruitment

While additional efforts had to be made in 2007 and until the end of 2008 to expand our capacity to align it with the growth then being experienced, deteriorating market conditions then required us to put a temporary stop to recruitment activities. While this enabled us to limit the need to reduce headcount, the reorganization and restructuring we required to reduce costs during the downturn in 2009 meant that the total number of employees at year-end was reduced to 3,270, representing a reduction of 146 full-time employees (end 2008: 3,416 FTEs). The main reorganization and restructuring activities were required in Spain and the UK, and staff numbers in these countries combined were reduced by more than 10%. We regret having to let these employees go, but we were pleased to be able to recommence recruitment activities in a number of countries during the last quarter of the year.

We have a special website in the Netherlands - www.unit4.nl/werken-bij - with information for prospective employees. This site also includes recent graduates' projects and work experience placements. UNIT4 targets three candidate groups: graduates in the final stage of their studies, starters with one to three years' experience and 'mid-career' candidates. We regularly hold presentations at recruitment fairs and in schools. Cooperation with schools is a key component of our recruitment policy. We not only demonstrate that UNIT4 is a great employer with plenty of opportunities for professional and personal growth; we also want to learn about the ambitions of young graduates and how we can meet their wishes and needs as far as possible.

We provide software to a number of schools, including Hogeschool Windesheim in Zwolle, the Netherlands, for educational purposes. In Germany, we have provided accountancy software to students at the University of Duisburg-Essen. This not only familiarizes students with our products, but also increases awareness of UNIT4 as an attractive employer.

Training and career development

The training plan for every employee is defined locally, with the annual appraisal as a starting point. Central support for the required knowledge of our software is provided for functions, project managers, implementation consultants and support consultants. Training makes considerable use of practical examples and is focused on disseminating best practice. The objective for participants is to understand our programming structure and the development of their ability to translate the knowledge they acquire into practical solutions for our customers.

Internal training for employees who work with our Agresso products is provided by the Agresso Academy in Oslo, Norway and Dallas, Texas. The Agresso Academy developed and launched an examination and certification programme for our consultants in 2009.

Our High Performance Organization programme in the Benelux focuses on continued organizational improvement. The programme provides evaluation of managers and promotes a results-orientated approach amongst all employees. All managers make clear agreements with their staff about objectives and results. Our training courses are explicitly adjusted to the principles of a High Performance Organization. The objectives of our education and training policy are to enable the company to reach its objectives with well-trained and educated employees, to give employees the opportunity to develop professionally and personally, and to shape their careers in a targeted way.

In the context of the High Performance Organization programme, for a few days each year our software developers carry out research in an area outside their core tasks. Innovation is the main theme and the boundary conditions are defined to give plenty of space for creativity. An element of this programme is a Developer's Day on the high tech campus of the TU Eindhoven. In 2009 some 130 employees, software developers and colleagues met and collaborated in plenary and parallel sessions.

While many training and career development activities were not run in 2009 as part of our cost containment programme, we plan to reinstate them in 2010.

Remuneration

The total remuneration package is aligned to the accepted primary and secondary reward structures in all the operating companies in the relevant countries and regions. The primary reward of direct employees consists of fixed and variable salary components. The extent of the variable part depends on personal commitment and achieved results.

Works councils

We have works councils in the Netherlands, Sweden, Norway, Spain, Germany and France. UNIT4's national organizations consult with the works councils on plans and changes to the organization, working conditions and labour agreements. In the Netherlands employee participation is through one corporate works council and sub-committees for each operating company. Consultation is held with a manager, the director of the department at UNIT4 Benelux.

Corporate Social Responsibility

As we state in our Business Principles, published on our website, UNIT4 strives to be a responsible corporate citizen, acting with integrity towards our shareholders, customers, employees, suppliers and business partners, competitors, governments, resellers, and others who can be affected by our activities. In everything we undertake to achieve our business objectives, we focus not only on the direct economic value of our products and services, but also on the short and long-term side effects our activities have on our stakeholders, the communities where we operate, the environment and society as a whole.

UNIT4 has developed a programme that sets corporate social responsibility (CSR) ambitions and objectives for the whole company. Our CSR vision is:

- UNIT4 wishes to create sustainable value for all our stakeholders by using the best possible working methods in all the areas in which we are active, by remaining competitive and by being respected for the way we operate.

CSR and our stakeholders

To provide a clear overview of the nature and extent of the effects of our activities on our stakeholders, we have divided them into seven groups. These are:

- our shareholders
- our clients
- our employees
- our suppliers
- the local communities where we operate
- our industry and society at large, and
- the environment.

Below we describe the overall and specific objectives of our CSR programme as regards group, together with progress made against these in 2009.

Shareholders

UNIT4 strives to conduct its operations in accordance with the highest standards of accepted corporate governance. We aim to achieve a satisfactory return on equity, with the intention of maintaining a sustainable dividend payment to shareholders, while at the same time retaining sufficient funds to generate profitable growth. We attach great value to our relationship with our shareholders and the financial markets, and we provide timely, regular and reliable information on our activities, structure, financial position and performance. UNIT4 is convinced that developing substantial and durable value through our activities for our shareholders is only possible if our activities are reported transparently and are based on sound CSR principles. This includes:

- achieving good financial results
- maintaining sound corporate governance
- publishing a transparent and accessible annual report that gives a complete view of our activities and our economic, social and environmental performance
- ensuring that UNIT4's business decisions and actions are governed by our Business Principles, Code of Ethics and Business Conduct and associated policies.

Our specific CSR objectives as regards our shareholders are:

- to fully and accurately report on revenue and profit growth compared to previous years
- to ensure the requirements of effective corporate governance and risk management are met
- to report on our social and environmental performance as well as our economic performance
- to publish all relevant documents related to our corporate governance, Business Principles, Code of Ethics and Business Conduct (including our whistleblower policy), remuneration and other policies on our corporate website.

Progress in 2009:

- we achieved good financial results for our shareholders
- we include a detailed description how we comply with the new Dutch Corporate Governance Code ('Frijns Code') and how we manage risks effectively in our 2009 annual report
- our annual report is transparent and accessible and gives a clear and complete view of our activities and performance
- all relevant documents regarding corporate governance etc. have been updated and published on our website
- we have maintained a sensible cost base and reviewed our key suppliers to ensure best value.

Clients

UNIT4 aims to be a good and reliable supplier to its clients.

We work continuously to improve the quality of our business processes. Our goal is to deliver software products and services to our clients that meet their specific operational needs – regardless of industry or market sector. To this end, we seek to maintain an ongoing dialogue with our clients, and always deal with them fairly and honestly. This includes:
- supplying products and services of high quality that provide long-term benefits to our clients
- developing and maintaining excellent customer relationships by responding quickly and effectively to their requests, and optimal performance in customer service, customer satisfaction and customer retention
- giving serious consideration to buying products and services from our clients if they are competitive in price and quality.

Our specific CSR objectives as regards our clients are:
- to continually monitor and improve the process for product innovation and improvement, continually informing the process with our clients' feedback, ideas and wishes, and ensuring in turn that they receive feedback about their suggestions and input
- to obtain our clients' opinions and evaluation about our services (support, consultancy, training, implementation), to report on the general conclusions and ensure that the lessons resulting from them are discussed by management
- to publish data about the average response time for support requests.

Progress in 2009:
- we have continued to supply high quality products and services that provide long-term benefits to our clients
- we have continued to improve customer service, customer satisfaction and customer retention
- on a corporate level, we have drawn up and implemented a policy, published on the website, describing our rules and procedures for how customer data is handled and protected
- we continue to procure products and services from our clients where appropriate
- we have implemented a tiered support model in the US to increase SLA response times
- many initiatives continue or have been launched in the UK, including mutually rewarding dialogue with Agresso and CODA user groups, annual user conference and customer survey, monthly client management newsletters, the set up of a Product & Solutions Approval Board and Services Innovation & Development team.

Employees

UNIT4 values its employees as a key resource and aims to be an employer of choice. An atmosphere of good employee communication, involvement and responsibility is considered vital. We support and encourage each employee's personal development and the optimum use of his or her talents.

We recognize and respect the freedom of employees to choose whether or not to establish, or to associate with, any organization. UNIT4 respects – within the framework of (local) law, regulations and prevailing labour relations and employment practices – the right of its employees to be represented by labour unions and other employee organizations. Every existing and prospective employee has equal opportunities and will be treated equally in employment and occupation, regardless of personal background, race, gender, nationality, age, sexual preference, disability or religious belief. We strive to offer equal pay for equal work performed at equal levels at similar locations. No form of harassment or discrimination will be tolerated.

We aim to:
- provide clarity and honesty regarding working conditions and remuneration policy
- promote the enthusiasm and commitment of employees, and encourage them to give their justified opinion about any of our activities
- improve the performance of all employees through training and development programmes
- avoid discrimination in recruitment, training and development opportunities and promotion
- ensure the best possible health and safety conditions and performance for our employees and others.

Our specific CSR programme objectives as regards our employees are:
- to encourage participation in training courses in order to improve the effectiveness of employees and the company
- to strive for employee forums that act as a 'voice' for the employees and the promotion of open feedback from all employees
- to maintain and promote an employee suggestions scheme to acquire creative ideas from across the company
- to improve formal and informal communication between departments
- to communicate the opportunities available for employees to give their opinions or to contribute outside their direct tasks
- to develop and promote an employee diversity policy in the company.

Progress in 2009:
- UNIT4 has continued to explain all internal regulations regarding employees in a clear and correct manner

- UNIT4 has continued to demonstrate that it values the opinion of employees, both individually and collectively, on all its activities
- while many training and development programmes had to be postponed in some countries, UNIT4 will reintroduce them at the earliest opportunity
- we have avoided discrimination in recruitment, training, development opportunities and promotion
- many employee initiatives relating to our CSR programme objectives were undertaken on a local level during 2009; these are detailed in the 'Personnel and organization' section of this report.

Suppliers

UNIT4 pursues mutually beneficial relationships with its suppliers and business partners. It seeks to do business with suppliers and business partners who are committed to act fairly and with integrity towards their stakeholders and who observe the applicable laws of the countries in which they operate. We strive for good long-term relationships with our suppliers by being a responsible buyer of products and services. This especially applies to:

- payments for products and services within the period agreed with the supplier
- discussing CSR issues with suppliers and to try to ensure that their CSR performance meets or exceeds our own.

Our specific CSR programme objectives as regards our suppliers are:

- to publish the average time between receiving and paying invoices and to provide information to suppliers immediately in case of doubt
- to purchase Fair Trade products for the organization where possible
- to inform suppliers about our CSR initiatives.

Progress in 2009:

- we have talked to our main suppliers about our CSR initiatives and tried to ensure that their CSR performance meets or exceeds our own
- our efficient finance team has ensured good supplier payment terms, demonstrating that UNIT4 is a responsible buyer of products and services
- our information security management systems have ensured supplier information is protected, and the ISO 27001 information security standard was achieved in the UK.

Local communities

UNIT4 aims to contribute to a better living and working environment in the local communities where it is represented and where it invests. This particularly applies to:

- involvement as a company in the activities of local communities in order to make a positive contribution to each community's interests and values
- the development and maintenance of a framework that stimulates local management and employees to support good causes and projects to the mutual benefit of UNIT4 and the local community.

Our specific CSR programme objectives as regards our local communities are:

- to contact other local companies and organizations to identify where mutual benefits can be realized
- to investigate opportunities to collaborate with local universities and schools
- to develop a framework that stimulates management and employees to get involved in local good causes.

Progress in 2009:

- UNIT4 has demonstrated that it is open to be involved in any appropriate local community activity and has a culture that encourages staff to get involved in good causes
- on a corporate level, UNIT4 is a founding sponsor of the KidsRights organization. This includes both a direct donation and matching employees' donations. As a founder, UNIT4 is involved in awarding the Kids peace prize.
- in the US, initiatives have included fund-raising for local food banks, involvement with Viatec, a local organization promoting a healthy and vibrant high tech business environment on Vancouver Island, sponsoring local universities and colleges, supporting various community clubs and making numerous charitable contributions.
- in Spain, UNIT4 has donated its old computers and office supplies to non-profit organizations
- initiatives in the UK have included sourcing from local suppliers, working with local educational institutions, supporting work placement initiatives and the setting-up of a company-wide JustGiving website to promote charitable donations
- FinancialForce.com announced its alliance with the salesforce.com Foundation and its intention to contribute 1% of its employees time and 1% of its product to non-profit organizations.

Our industry and society at large

UNIT4 aims to act as a good and responsible member of our industry and of society at large. Our Business Principles and Code of Ethics and Business Conduct govern both our activities in our industry and society at large as well as within our own organization. We aim to:

- set a good example in the IT sector for corporate social responsibility

- develop products and services that help other organizations to improve their corporate governance and promote responsible management
- strictly follow a policy to prevent conflict of interests, bribery and corruption
- Ensure that our advertising and marketing campaigns are neither untrue nor misleading.

Our specific CSR programme objectives as regards our industry and society at large are:
- to publish current good work practices, for example for employee forums, employee and customer satisfaction surveys and energy saving
- to enhance the reputation of our products and services that help improve corporate governance and simplify CSR reporting
- to participate in consultation in the IT sector in order to develop, exchange and adopt the best possible working practices that benefit our clients and the sector as a whole.

Progress in 2009:
- a range of solutions is provided that help our clients meet their corporate governance obligations and promote responsible management processes
- in the UK, Development of a Partner/Alliance ecosystem has been developed to promote the sharing of good practice to the benefit of our joint clients
- in the US, UNIT4 has provided mentorship and contributes to a variety of Viatec roundtables, professional associations etc. and its sponsorships included the American Society of Women Accountants and the HRMA Advisory Council.

Environment

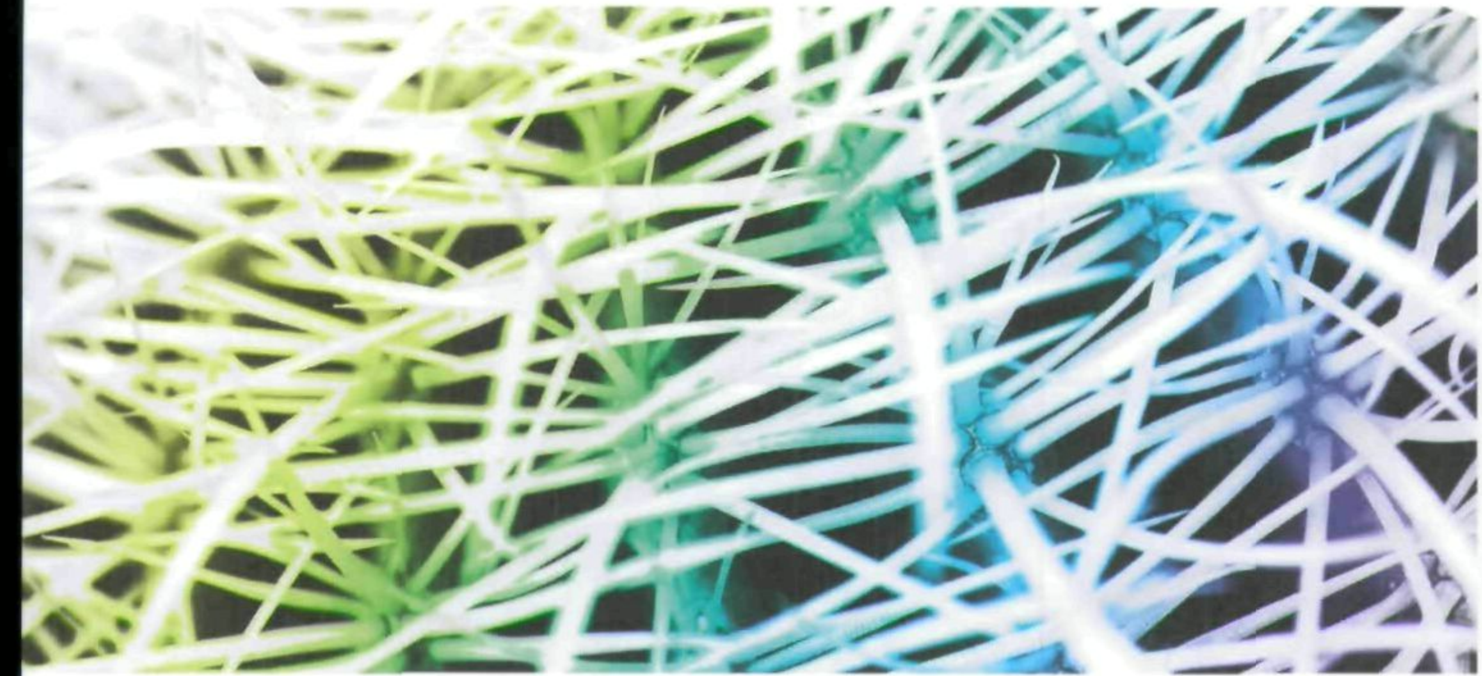
As we state in our Business Principles, UNIT4 does all that is reasonable and practicable to minimize any adverse effects of its activities on the environment. We also aim to influence others to ensure that the indirect environmental impact of our activities decreases. As well as respecting relevant environment legislation, UNIT4 wishes to positively contribute to a better environment where possible, and strives to continually improve its environmental performance.

UNIT4 regularly communicates regarding environmental issues with all our stakeholders. Our Environmental and Energy Policy is published on the corporate website. Its objectives address activities such as:
- real estate management (including emissions, waste and energy use)
- recycling
- travel (including home-to-work).

Our specific CSR programme objectives as regards the environment include:
- to reduce CO^2 emissions by preventing unnecessary travel where possible, e.g. through videoconferences and interactive e-learning
- to switch to 'green' energy at our sites where viable
- to manage our sites in a more environment-friendly way
- to standardize and adopt recycling procedures and communicate recycling initiatives more effectively
- to research rewards for environmentally-friendly travel, such as cycling and car-sharing
- to research opportunities for cooperation with other companies near our sites, for example to improve public transport facilities, recycling and shared car use
- to appoint environmental coordinators who collect ideas and suggestions and discuss them with site managers
- to analyze the resources we use and the waste we generate, and to define objectives to limit waste and dispose of it safely and effectively
- to be economical with company resources and, where appropriate, to buy environment-friendly products.

Progress in 2009:
- we now communicate with suppliers electronically as far as possible (in an environmentally efficient way)
- we have procured products and solutions which meet our environmental ambitions: recycled materials, Fair Trade products, local sourcing, etc.
- UNIT4's Group Marketing Director now sits on the Business Application Software Developers Association's Green Committee, which encourages BASDA members to play their part in combating climate change
- we have introduced environment-friendly lease regulations in the Benelux
- in Norway, we received a standard certification for the handling of waste
- initiatives in the US included 'going green' on a number of conferences and events, providing telecommuting options to employees and supporting 'bike to work week' and using WebEx technology extensively to avoid travel
- we implemented a strict energy policy in Spain which reduced consumption by more than 10% in a year
- initiatives in the UK included gaining ISO 14001 Environmental Accreditation, signing the UK Environmental Charter, installing recycling bins in each office, promoting regular 'cycle to work' or 'car share' days, using WebEx technology extensively to avoid travel and developing e-learning solutions for clients.

Risks and risk management



UNIT4 considers risk management, and the clear reporting of the risks we face and how we manage them, as an essential element of our corporate governance. Identifying and recognizing the main business risks, and controlling and mitigating them systematically, greatly contributes to the realization of our strategic and financial long-term objectives.

At UNIT4, we encourage entrepreneurship throughout the organization, which means identifying and seizing opportunities. The risks inherent in entrepreneurship must be assessed and controlled however, and UNIT4's risk appetite is based on a thorough quantitative and qualitative analysis of combinations of potential risks and opportunities. UNIT4 aims to realize its corporate objectives by consciously taking entrepreneurial risks while obtaining a certain level of certainty that it can meet its obligations to its shareholders, customers, employees and other stakeholders in the short and long term. UNIT4 strives to develop and maintain a deep and current knowledge of the market and a high level of transparency in the organization so that it can define when risks are justified, and when they should be avoided or mitigated.

The main risks that could threaten the profitability and growth of a medium-sized internationally active producer and supplier of business software, especially with growth ambitions such as those of UNIT4, are:

- macro-economic conditions that lead to decreasing investment in business software, attrition of the recurring revenue base and pressure on cash flow generation
- a worsening of competitive position due to the unsuccessful development of new technology that requires relatively high investment, and sometimes a long development period
- the availability and salary levels of IT professionals, versus pressure on market rates for professional and other services
- the disappointing performance and/or higher than planned financing charges following an acquisition.

UNIT4 aims to maintain a moderate risk profile. The main factors that contribute to lowering the risk profile are:

- a high and structurally increasing proportion of revenue from maintenance and support contracts and subscriptions (approx. 47% in 2009)
- a large share of revenue being generated from the public sector (approx. 33% in 2009), which is less directly sensitive to economic events than the private sector
- spreading income over licence sales, maintenance and support contracts, subscriptions, and other services
- ensuring that the product portfolio contains a range of software products and functionalities that meet the needs of a broad spectrum of (potential) customers
- income being distributed over many countries and different market segments.

Significant short-term risks

To finance the acquisition of CODA (finalized on February 26, 2008), UNIT4 entered into a five-year (syndicated) loan facility agreement. UNIT4 runs inherent risks related to meeting the financial covenants as defined in the facility agreement, which it has covered as much as possible. The main risks, without considering the present control measures, are:

- the compliance risk of being unable to meet the conditions of the financial covenants
- the liquidity risk of being unable to settle (on time)
- the currency risk of being unable to settle due to changes in currency rates
- the interest risk of being unable to pay the interest due to an increase in interest rates.

Should the exceptional situation arise in which UNIT4 would be unable to meet its obligations (sufficiently), additional reporting could be demanded, additional financing for other purposes could be more difficult to obtain, and/or UNIT4 could be held liable. Besides careful liquidity risk management, the main control measures to secure compliance with the financial covenants are:

- monthly forecasting of the operational, investment and financing cash flows, including forecasting of the financial covenants, and analysis of the operational results related to debt service
- detailed quarterly evaluations of the financial covenants, including the mandatory quarterly reporting to the banks
- hedging the currency risk by linking the nominal currencies of parts of the loan to the expected cash flows in those currencies (natural hedge)
- the use of derivates (interest swaps) to hedge against the (uncertain) market interest development by swapping approximately 80% of the outstanding loan from floating into fixed interest for the term of the loan.

See paragraph 6.27 of the Financial Statements for more information on the terms and charges related to the financial covenants.

Main structural risk types

UNIT4 considers the main types of structural risk to be strategic risks, technological risks, operational risks, financial risks and compliance risks. We describe these key risks, which have been discussed with the full Supervisory Board and its audit committee, below.

Strategic risks

UNIT4 considers the principal market risks to be inherent to its chosen strategy. These market risks are therefore incorporated in the strategic risks listed below.

Sensitivity to economic and seasonal fluctuations

UNIT4 recognizes three income streams from the development, distribution and support of business software. These are: income from licence sales, income from support contracts, maintenance contracts and subscriptions, and income from professional and other services.

Income from licence sales is particularly sensitive to external events, and depends on the climate for investment available in the market. Seasonal influences represent a specific risk to this income flow. June and December are historically important months, just before the time of year when many organizations start using new business software.

Income from support contracts, maintenance contracts and subscriptions is to a limited extent sensitive to economic conditions. This income is mainly generated from the existing client base, and it is recurring in nature. The growth of this income flow is directly dependent on the economy and the demand for new or additional licences and subscriptions.

Income from professional and other services consists mainly of implementation, migration, business consultancy, support and other (ICT) services. The demand for these services is also quite sensitive to the economic climate. By outsourcing part of the implementation work, depending on the economic outlook and availability of resources, UNIT4 can use its own resources efficiently without a high risk of (expensive) overcapacity.

Revenue distribution over countries and market segments limits the negative consequences of local and sector-linked economic downturns. In 2009, the geographical revenue distribution was: Benelux 34%, Sweden 14%, United Kingdom 20%, Spain 10%, Norway 8%, Germany 5%, United States and Canada 5%, and remainder 4%. UNIT4 is active in various vertical markets in the public and commercial sectors worldwide, including local and central authorities, healthcare, non-profit organizations, universities and schools, professional services providers, wholesale, banks, logistics companies and retail. More specifically within the Benelux, UNIT4 has substantial positions in the accountancy market, the market for insurance brokers and mortgage advisers and as a provider of various ICT services.

Risk factors following acquisitions

In order to realize its long-term strategic objectives, UNIT4 requires continuous growth of the business, for example through acquisitions. Risk management plays a key role in our acquisition policy. The following principles contribute to the control of risks before, during and after acquisitions:

- acquisitions should contribute to the earnings per share and offer a performance that enables a healthy balance sheet
- UNIT4 attaches value to qualified management and encourages the continued involvement of the managers and major shareholders of a company being acquired. 'Earn out' arrangements can therefore be part of the acquisition agreement, with part of the price depending on the future performance of the acquired company. The issue of a (limited) package of UNIT4 shares can also contribute to a closer connection between the interests of the divesting management and those of UNIT4
- acquisitions should make a close fit with UNIT4's business strategy, and help strengthen the position of UNIT4 in its chosen core markets
- the company culture of the acquired company should fit with that of UNIT4 and its subsidiaries to enable integration and mutual cooperation within the Group.

Solvency risk

Large acquisitions that are (partly) financed by one or more financing arrangements can result in relatively high amounts being required for servicing debt. The extent to which UNIT4 is able to meet its debt service obligations in relation to these financing arrangements depends on a number of factors. These are:

- the financial covenants and securities that have been agreed upon
- changes in interest rates and relevant currency rates
- the financial results and cash flows that UNIT4 can generate during the period in which it has to fulfil the debt services.

An overview of the control measures undertaken to mitigate this risk is provided in 'Significant short-term risks' above.

Risks related to economies of scale

UNIT4 is a medium-sized player in the international market for business software. UNIT4's size in relation to larger strategic competitors is a competitive disadvantage. Generally speaking, larger companies are able to invest more in R&D, new activities and products, and are better equipped to recover from a financial setback. The size of UNIT4 represents a risk with respect to large investments and important acquisitions. The impact on the results from the success or failure of major initiatives is relatively high. UNIT4 reduces the risk of unsuccessful initiatives, and related losses, by ensuring they are based on our unique strengths in technology, market knowledge and marketing.

Technological risks

Research & Development

R&D is one of the critical success factors for UNIT4. It can take up to seven years to develop new products and technologies. Such a long development time requires significant investment amounts and allows minimal tolerance for unsuccessful or late new product introductions. UNIT4 allocates approximately 12% of revenue to R&D. In absolute figures this is a substantially lower amount than some competitors use for this purpose. UNIT4 therefore needs to specialize and grow the business by developing the client base, forming alliances with distributors or other software vendors and entering into acquisitions.

Operational risks

There is the risk that products designed or adapted by UNIT4 meet neither our own expectations of them nor those of our clients. This risk is limited through the application of standardized customer contracts (terms and conditions) and standardized proven procedures for the development and the (intermediate) testing of new products and product versions.

Financial risks

Currency risks

UNIT4's Financial Statements are stated in euros. Its global activities mean that UNIT4 is sensitive to the risk of fluctuations between the reporting currency and the various functional currencies in the economic regions in which the Group's operating companies are active. A substantial proportion of the results of UNIT4 is generated in non-euro countries, mainly the United Kingdom, Sweden, Norway, Canada and the United States. In principle UNIT4 does not hedge its currency exchange risk. In addition, the Group operating companies supply sister companies with other currencies to a limited degree. If it deems it necessary to manage this transaction risk, UNIT4 uses derivatives, such as options and forward contracts, to secure its results as much as possible.

Interest risks

UNIT4 is exposed to interest risks to a limited degree. The company has long-term contracts with third parties that include an interest component. UNIT4's actual cash position, including the consolidated cash balances in each currency, is continuously monitored and managed by the Corporate Finance Department. Inter-company financing agreements, including interest clauses, are in place with the Group's operating companies to comply with the tax regulations in the relevant countries.

In relation to the syndicated loan used to finance the CODA acquisition early in 2008, the floating interest relating to approximately 80% of the current outstanding sum of this long-term loan has been converted into a fixed interest rate, reducing the interest exposure to a minimum.

For a sensitivity analysis of the interest, see paragraph 6.37.2 of the Financial Statements.

Credit risks

As a commercial organization, UNIT4 is exposed to credit risks related to its accounts receivable portfolio. In some cases, UNIT4 limits the associated risks through validation software based on annually changing pin codes that only allow use of the software after payment has been completed.

UNIT4 always assesses the credit status of new clients using a standardized procedure in which, when deemed necessary, advice is obtained from external credit reference agencies. Existing customers are only reassessed if their payment behaviour or other events, such as product or implementation problems, give reason to do so. If needed, UNIT4 uses debt collection agencies for credit management under strict procedures. A substantial part of the current client base consists of public organizations with a low credit risk profile. In practice, the residual credit risk is limited to bankruptcies and product or implementation issues.

Liquidity risk

There is a liquidity risk in exceptional circumstances. A combination of negative factors, such as high (credit) charges, high interest, unfavourable currency rates and decreased cash flows as a consequence of deteriorating market conditions, could lead to the liquidity of the company being reduced.

The main measures taken to manage liquidity risks are:
- active daily cash management, including optimization of the interest exposure and costs and centrally available working capital
- reporting and analyzing liquidity budgets for a period of six months ahead.

Compliance risks

Compliance risks refer to the possibility that UNIT4 cannot meet the legal and regulatory requirements applicable to the company. The framework for risk management provides mechanisms that enable compliance to these laws and regulations. The promotion and monitoring of appropriate behaviour by our employees, through our Code of Ethics and Business Conduct, our internal management regulations and maintaining an open company culture are important elements of the internal control framework.

Regarding the financial covenants related to the (syndicated) loan to finance the acquisition of CODA, UNIT4 is subject to a compliance risk, which is controlled by careful monitoring of the obligations to be met, and via liquidity management.

Changing laws and regulations regularly lead to new rules for business regarding transparency and duty of care.
The act on Financial Supervision, with additional General Management measures and all other regulations introduced in the Netherlands on January 1, 2007 is of particular importance for UNIT4. We have a compliance officer in place who monitors compliance, in cooperation with the Corporate Finance Department and the Corporate Legal Department, inside and outside the company.

Risk appetite

The appetite for the different types of risks is to a considerable extent defined by UNIT4's business objectives. UNIT4 ensures effective monitoring and governance of its risk appetite by incorporating a balanced mix of both quantitative and qualitative measures, which primarily results in financial targets. Those measures are part of day-to-day operations. Nevertheless, UNIT4 strives to maximize shareholder return, which logically leads to taking risks.

The importance of continuous innovation, and therefore the appetite for technological risks, is high. The damage resulting from failures, errors or late introductions, both in financial terms and to UNIT4's reputation, could be substantial. The Board of Directors continuously analyzes and evaluates these risks and discusses product related issues on a regular basis within the committees that are in place. The most important risks are discussed with the Supervisory Board, at least once a year.

The appetite levels for the main structural types of risk are set out below:
- The appetite for strategic risks is medium. A wide spread in types of income, a high percentage of recurring income and a substantial share of revenue from the public sector all reduce market-related risks. UNIT4 has a relatively high risk appetite for growth via acquisitions.

- The appetite for operational risks is medium. These risks are controlled through the business processes and reporting lines employed.

- The appetite for financial risks is medium. UNIT4 has detailed reporting and analysis procedures, based on our own software, for the management of these risks.

- The appetite for compliance risks is low. The design of the internal control process and the systems used, the directives for employees and the company culture focus on the control of these risks.

The risks that UNIT4 does not wish to bear itself are wherever possible transferred to insurance companies. Examples are: company and professional liability insurance policies, fire insurance policies, and policies that insure against company and transport damage.

Framework for risk management and control

UNIT4 operates in a challenging control environment, being a listed company with a decentralized structure, with numerous entities operating worldwide, having a moderately leveraged financial position, and operating in a highly technological and competitive market.

The risks identified above are controlled by an internal control framework consisting of the following main components:
- directives, regulations and guidelines
- planning and control system
- communication structure
- control visits and consultation.

For reporting and analysis, UNIT4 uses company-wide internal risk management and control systems based on software UNIT4 has developed. This also identifies new risks or risks that were previously considered immaterial as threats to the achievement of the company strategy. The effective functioning of the reporting and analysis is systematically monitored, as are the remaining components of the framework for risk management and control. The Board of Directors evaluates the management of business units and specialized departments together with non-statutory senior management, and uses the COSO-ERM model as a frame of reference.

Every organizational unit of UNIT4 periodically performs a risk analysis in which all structural risk factors are represented. Based on this analysis, the organizational units make a plan to mitigate and control the identified risks, which is part of the business plan. In addition, UNIT4 has detailed guidelines for financial and other reporting, investment decisions and treasury. These reports contain quantitative and qualitative data, including the development of the prospect portfolio and the consultant billability rate.

Directives, regulations, guidelines and consultation structures

The following directives, regulations, guidelines and consultation structures also act as tools for risk management:
- a manual with guidelines on financial reporting
- a corporate governance structure as defined in the Articles of Association and internal regulations
- a treasury policy plan, with objectives and rules for cash and currency management and financing
- guidelines on budgets and annual business plans
- consultation between the Board of Directors and the Supervisory Board at least once per year, in which the most important risks and mitigating control measures are discussed extensively
- management rules that define specific rules of contact and authorization for all operating company directors
- regulations and definitions for transfer pricing (inter-company pricing for products and services within the Group)
- rules governing the Supervisory Board's Audit Committee.

Planning and control

The periodic reporting of the operating companies is focused on providing timely, effective and efficient insight into the extent to which strategic and financial objectives are being achieved. The reporting of financial and management information takes place for all operating companies according to the guidelines of the central reporting system and follows a uniform procedure. The main reports are:
- annual budget including business plan
- extensive financial information every quarter about expected financial performance against the original budget and revised quarterly budget estimates
- quarterly status report about the financial covenants
- detailed monthly information about financial results against budget, revised budgets and previous years
- detailed qualitative monthly information, in particular regarding prospect and customer development, consultant utilization rates, order workbook, planned utilization of consultants, working capital development and R&D projects

- detailed monthly cash flow expectations for the next six months, from which information is also derived relating to the financial covenants as at the end of this six-month period
- standardized qualitative monthly reports from local management about the main events of the preceding period and actions planned for the next period, with subjects such as ongoing projects and proposals, debtors and personnel matters, possible claims, market expectations, competitive position, analysis of monthly results and other risks
- daily reporting about the status of liquidity (cash pool).

In addition to the reports above, thorough analysis and consolidation of the financial management information is also an essential success factor. Performance is checked with historic comparative reporting periods, detailed budgets, revised budget estimates and other financial information, such as signed and expected (pipeline) orders. Consolidation and analysis is carried out by the Corporate Finance Department, which reports directly to the Chief Financial Officer.

Communication structure

To support the framework for internal control and risk management the following is in place or scheduled:

- bi-weekly meetings between members of the Management Board
- monthly telephone conference meetings between the Management Board and local management about financial and business performance
- monthly telephone conference meetings between the Corporate Professional Services Director, the Director Corporate Control and local Professional Services management
- periodic telephone calls or meetings with operating companies that require working capital improvement
- bi-monthly meetings between members of the Executive Committee, which consists of the Management Board and managers of key business operations within the Group
- at least six meetings per year between the Management Board and the Supervisory Board
- at least two meetings per year between the Audit Committee, the Chief Financial Officer, Director, Corporate Control and the Legal Director
- half-yearly meetings between the Management Board and country managers of all operations within the Group
- annual individual budget meetings between the Management Board and country managers of all operations within the Group.

Control visits and consultation

UNIT4 consists of many operating companies that are all responsible for their own local internal control, financial reporting and risk management. Structured consultation governs reporting between local financial management and the head office. In addition, the Corporate Finance Department conducts regular on-site control visits and desktop reviews to ensure that all reporting is being conducted accurately and on time, and that risk management and control measures are being adequately executed. The Corporate Finance Department advises about further optimization of the internal control system and assesses the effectiveness of local working capital management.

Control does not offer certainty

No matter how effective our framework for risk management and control, it can never give absolute certainty that our objectives regarding strategy, operations, reporting and compliance are always achieved. Reality teaches us that when making decisions human errors can occur, that cost-profit evaluations always require the company to accept risks and take control measures, that human failure can cause big losses - even through simple errors or mistakes - and that conspiracy by officials can lead to the avoidance of internal control measures. Finally, there is the possibility that management does not comply sufficiently with agreements.

Improvements in 2009

Following extensive revisions and improvements to the planning and control system in previous years, it was refined further in 2009 to implement more detailed performance reporting, from which insight into the profitability of various departments within companies is provided and from which more insight will also be provided into the profitability of UNIT4's capital assets, such as its products and employees.

Following the appointment of a new member at the 2009 General Meeting of Shareholders, the UNIT4 Supervisory Board established an Audit Committee and a Remuneration Committee, in conformance with the directives of the Dutch Corporate Governance Code.

UNIT4 introduced a new company policy in 2009 for the entry, saving, processing and, if applicable, deleting of customer, ex-customer and potential customer data. The aim is to limit the risk of the loss of customer data, to provide management with better visibility, and to give better assurance of compliance with applicable legislation and regulations.

Chris Ouwinga & Edwin van Leeuwen

Management declaration

The Board of Directors of UNIT4 is responsible for the maintenance and development of an accurate framework for risk management and control and also, as far as possible, the active management of the strategic, technological, operational, financial and compliance risks that UNIT4 faces. We declare that the substantial risks with which UNIT4 is confronted are described in this Annual Report.

As well as local and consolidated reports, which provide insight into the extent to which risks are prevented and controlled, UNIT4 takes due consideration of the findings of the external auditor, Ernst & Young Accountants LLP, which audits the annual report. Based on the reports, our own observations and experiences from the past, the Board of Directors declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, as described above and in the Corporate Governance section of this report, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked properly in the 2009 reporting year. Its true effectiveness can only be evaluated based on the results over a longer period and/or based on specific checks of the design, the existence and the function of the internal management controls.

In accordance with the Dutch Financial Supervision Act, section 5:25c, the Board of Directors declares that, to the best of our knowledge:

- the Financial Statements for 2009, which have been prepared in accordance with the International Financial Reporting Standards (EU version), give a true and fair view of the assets, liabilities, the financial position and profit or loss of UNIT4 and the companies included in the consolidation; and
- the annual report gives a true and fair view of the situation per December 31, 2009, the state of affairs during the financial year of UNIT4 and related entities which are consolidated into the Financial Statements, and the essential risks with which UNIT4 is confronted.

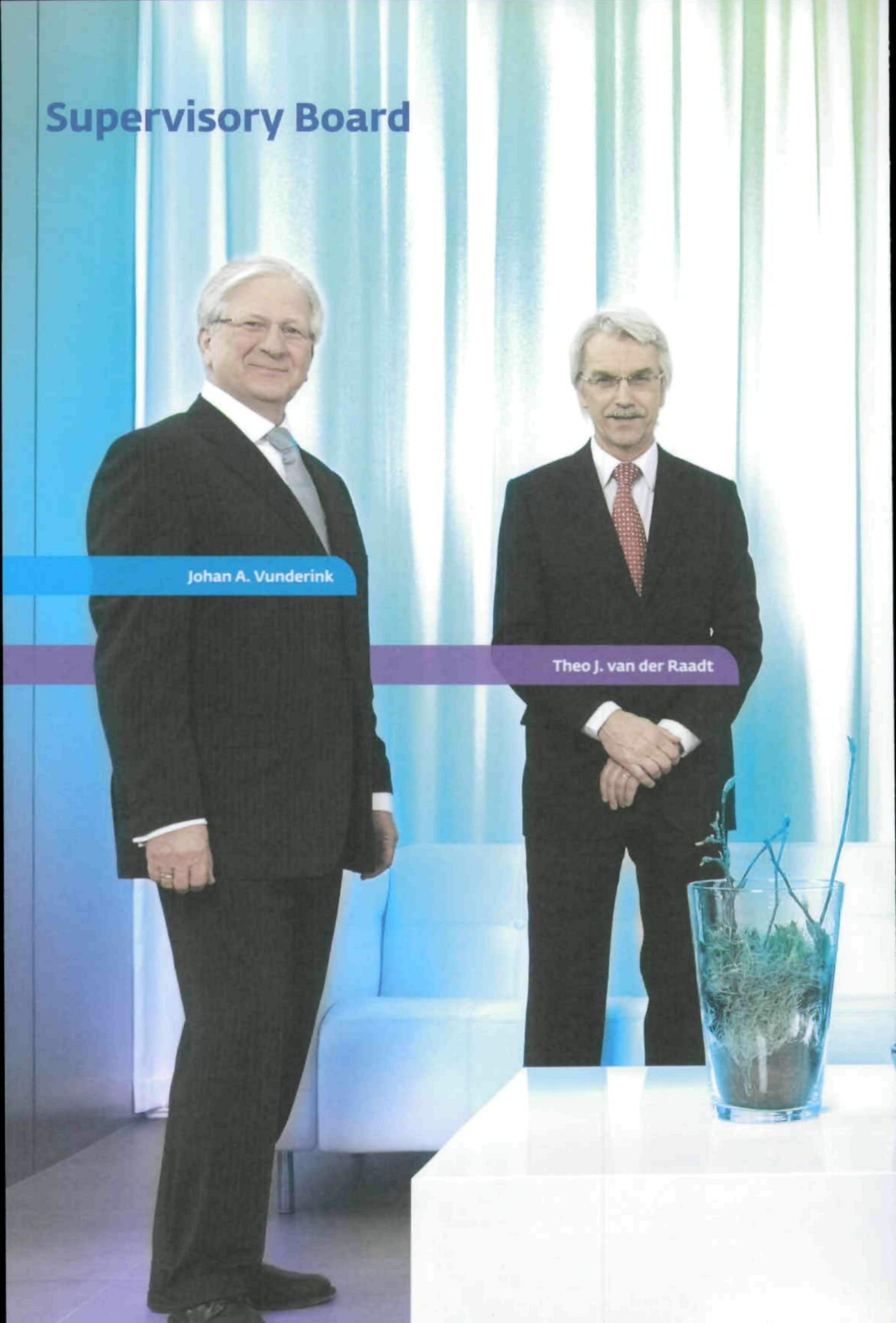
Sliedrecht, the Netherlands, 26 March 2010

Board of Directors

Chris Ouwinga

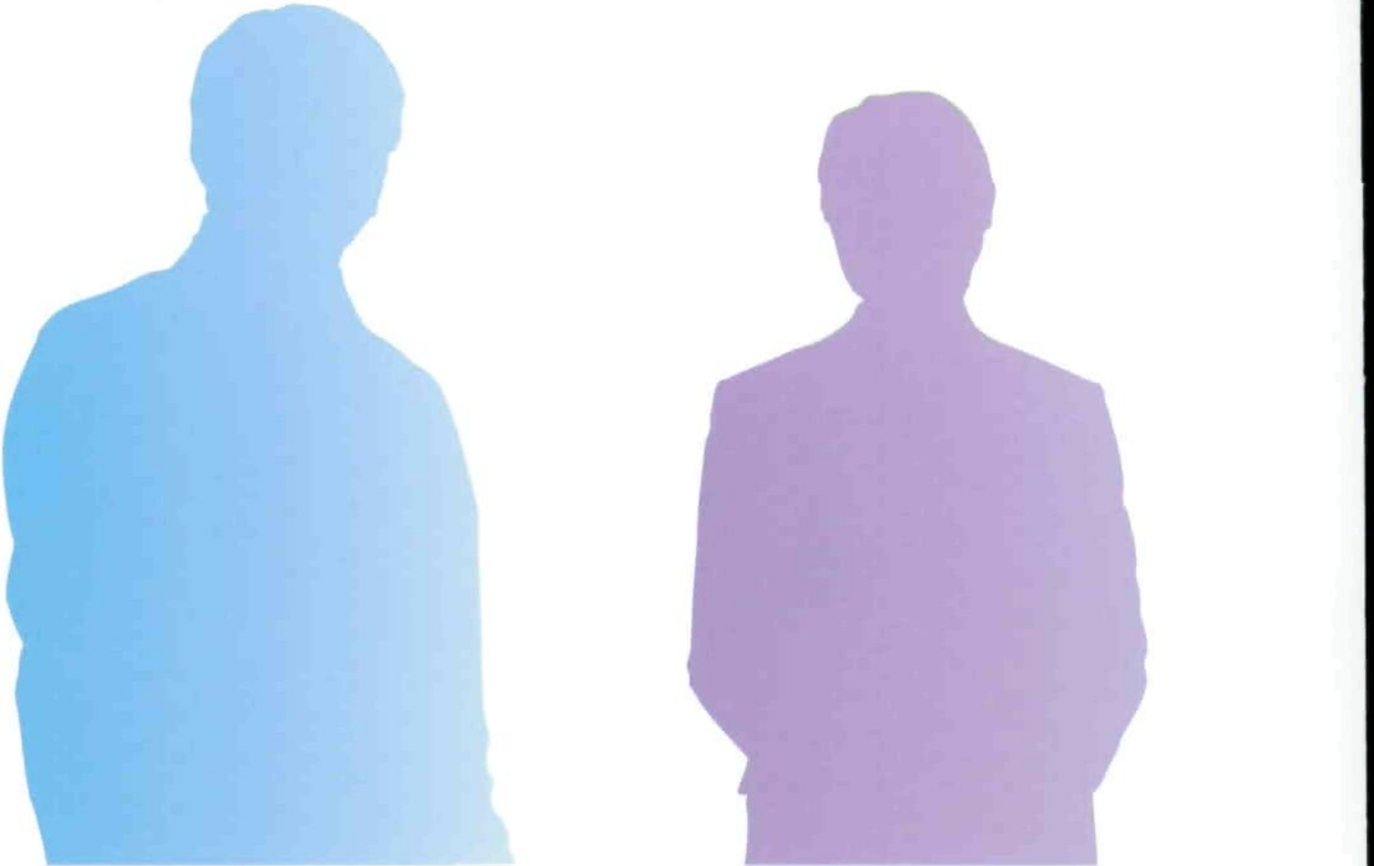
Edwin van Leeuwen

Supervisory Board




Rob A. Ruijter
Paul Smits
HOLBORNSYSTEEM

Supervisory Board



Johan A. Vunderink

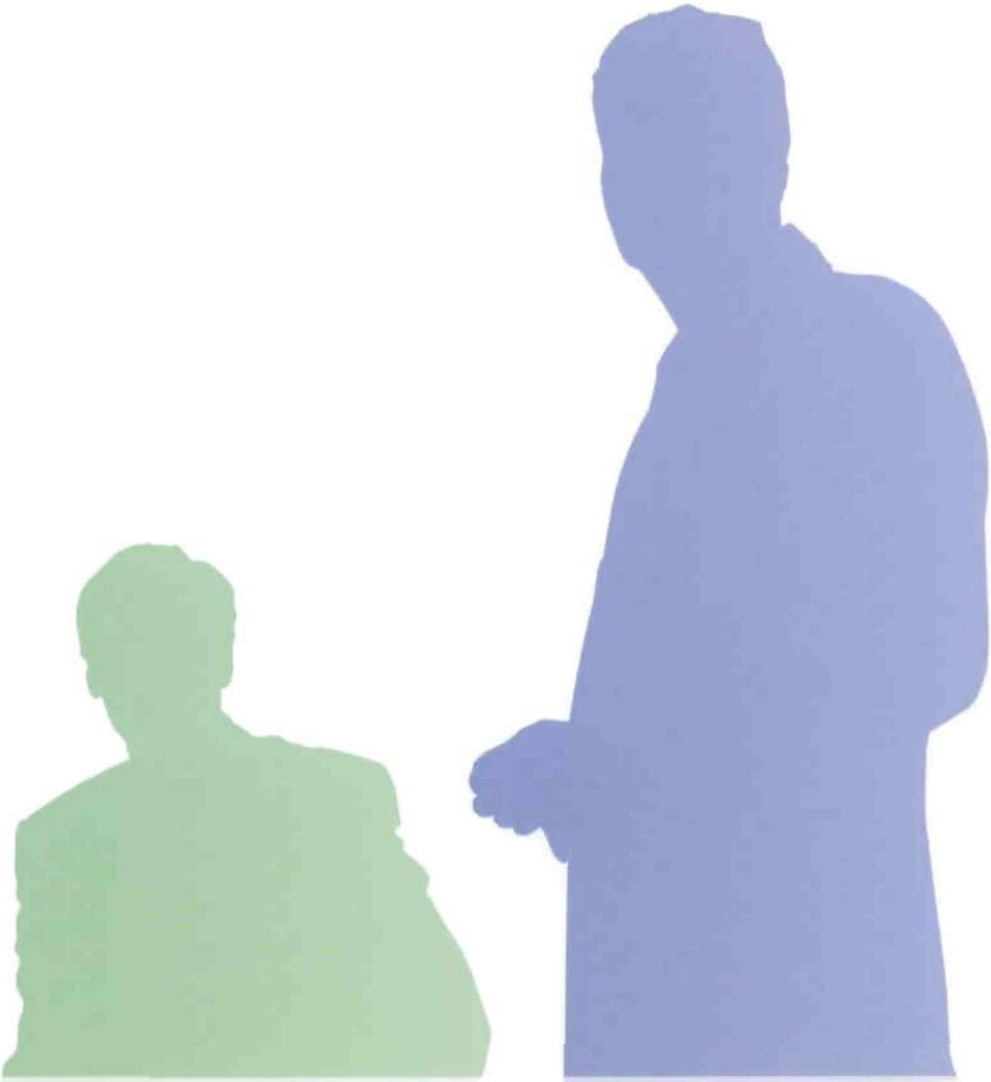
(1947) Member of the Audit Committee

Appointed in 2002. Current other positions: Supervisory Director of Siennax International B.V. and Interim Managing Director of Practis Holding B.V. Mr Vunderink has many years of experience in the IT industry, both in the market for professional services and for software products. He has led international expansions and is an expert in the area of marketing and account management.

Theo J. van der Raadt

(1953) Chairman of the Supervisory Board, Chairman of the Remuneration Committee

Appointed in 1997. Current other positions: Chairman of the Supervisory Board of Desso Group B.V., Chairman of the Supervisory Board of Maandag B.V. and Director of A-Lanes A12 B.V. Mr Van der Raadt has extensive general management experience and specific knowledge in the area of financial corporate governance.



Paul Smits

(1946) Member of the Remuneration Committee

Appointed in 2003. Current other positions: Chairman of the Supervisory Board of the Dutch Animal Protection Society, Chairman of the Deerns N.V. Supervisory Board, member of the Board of the KNVB foundation 'More than two goals', member of the Fortis Mees Pierson Advisory Board, Chairman of the Board of RET NV Rotterdam, Chairman of the Board of the foundation 'Het Kunkelsorgel', member of the Ciber Nederland B.V. Advisory Board, Chairman of the Dutch broadcasting company AVRO. Mr Smits has extensive management experience, among others in the fields of IT and ICT.

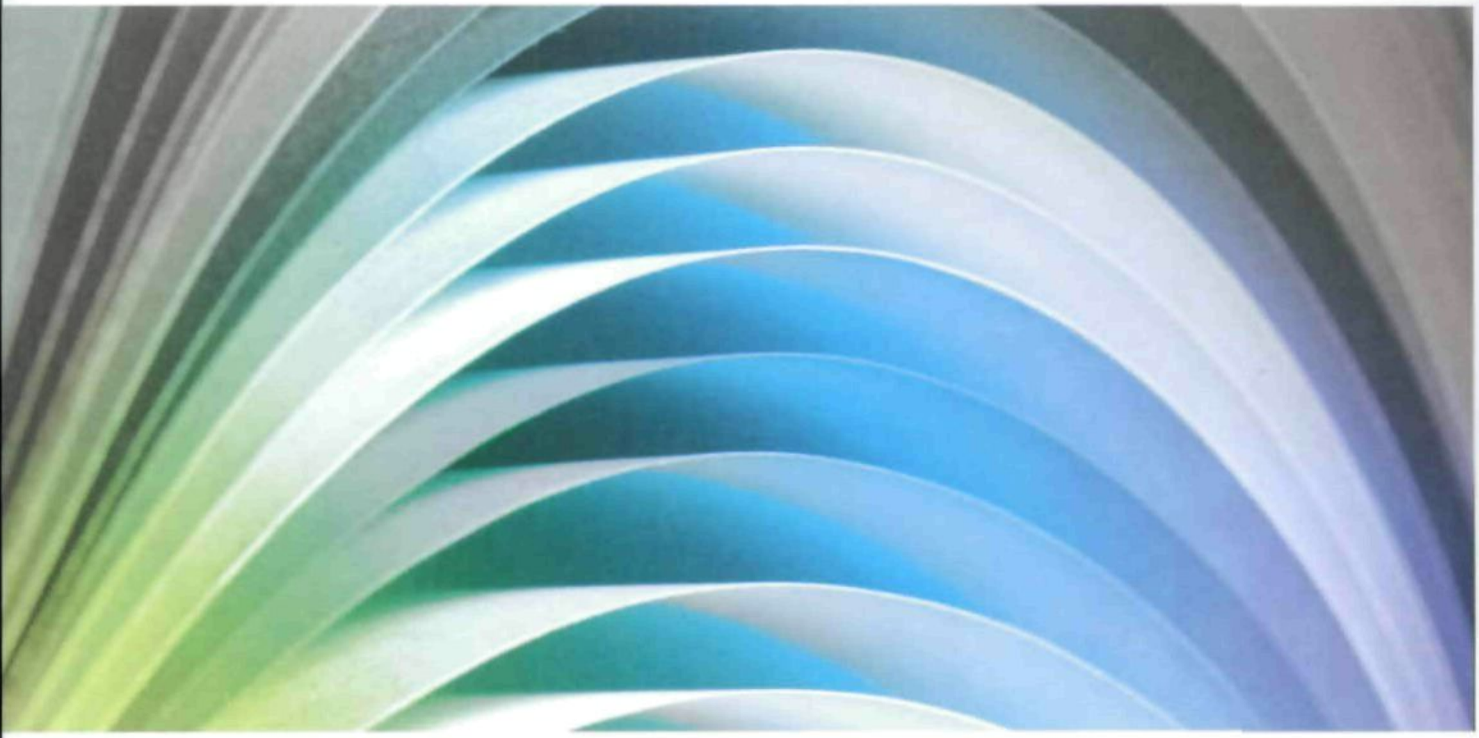
Rob A. Ruijter

(1951) Chairman of the Audit Committee

Appointed in 2009. Current other positions: member of the Supervisory Board of Wavin N.V., member of the Advisory Board of Verdonck, Klooster & Associates, member of the continuity foundation of Delta Lloyd N.V. and member of the Board of Terre des Hommes Netherlands. Mr Ruijter is a chartered accountant and financial expert and has held several senior financial roles.

All Supervisory Board members are of Dutch nationality and were appointed having due regard to the legal, statutory and regulatory stipulations, for a term of four years, except for Mr van der Raadt.

Report of the Supervisory Board



We advise the General Meeting of Shareholders (GMS) to assess the 2009 Annual Report. We further propose to discharge the Board of Directors from liability for their management in 2009 and to discharge the Supervisory Board from liability for their supervision. These matters are included as separate points in the agenda of the General Meeting of Shareholders.

Consultation and meetings

During the year, the Supervisory Board has discussed the development of UNIT4 regularly and in depth. There were nine Supervisory Board meetings. The Audit Committee (AC) and the Remuneration Committee (RC) both had two meetings.

Supervisory Board meetings overview:

Meeting date	With/without management Board (MB) AC / RC	Most important subjects
January 26, 2009	With MB	Approval budget 2009
February 23, 2009	With and without MB	2008 financials, with accountant
April 21, 2009	Without MB	Q1 09 financials
May 14, 2009	With and without MB	Preparation GMS
June 7, 2009	With and without MB	FinancialForce.com project plan
June 30, 2009	With and without MB	Long term strategy Risk Management
August 26, 2009	With and without MB AC	H1 09 financials
November 2, 2009	With and without MB AC and RC	Full year result estimates Corporate Governance developments Remuneration Policy 2009 Results, 2010 expectations and plans
December 14, 2009	With and without MB RC	Performance evaluation Remuneration Policy and incentive scheme

On 10 September 2009, the regular consultations took place between members of the Supervisory Board, the Dutch Works Council (OR) and the Management Board, during which the 2008 results and main developments in 2009 were discussed.

In addition to the formally scheduled meetings, there have been several informal contacts between the Management Board and the Supervisory Board.

Partly in addition to the main topics mentioned in the meetings overview, the Supervisory Board addressed the following topics in its various meetings:
- the financial crisis and the effects on UNIT4
- market developments and competitive position of UNIT4
- the development of the Group results and the financing of the company
- the new Dutch Corporate Governance code ('Frijns Code').
- risks and risk management
- installation of the Audit Committee and the Remuneration Committee
- the formation of FinancialForce.com, Inc.

Developments 2009

As in prior years, UNIT4 followed its consistent strategy in 2009, which has resulted in further expanding the already strong market positions whilst maintaining a healthy financial situation. Against the backdrop of the worldwide financial crisis, the Supervisory Board focused especially on the strategy and the operational objectives and priorities as defined by the Management Board. It was concluded that UNIT4 is sufficiently strong (both in its current strategy and also through the content of its range of activities) to cope with possible risks that might arise from market developments. A relatively stable income flow from maintenance and subscriptions, as well as a considerable degree of cost flexibility contribute to this. With regard to the integration of CODA, acquired early in 2008, the Supervisory Board has concluded that the intended synergies are indeed being realized.

Function and composition of the Management Board and Supervisory Board during 2009

There were no changes to the composition of the Management Board during the reporting year. The Supervisory Board has evaluated the performance of the Management Board in one of its meetings held in the absence of the Management Board. It was concluded that the membership of the Management Board is balanced in its composition and that it is functioning to the required high standards. Maintaining continuity in the composition of the Management Board in particular is deemed to be of great importance to a consistent strategic and operational management. The Supervisory Board is grateful that the objectives of meeting high standards and maintaining continuity by the Management Board have been achieved.

The evaluation of Management Board performance was furthermore based on the achievement of set objectives, both operational and financial, on the effective cooperation within the Management Board, as well as the ability to combine short-term management effectively with adherence to and successful execution of the long-term strategy.

At the General Meeting of Shareholders of 2009, the composition of the Supervisory Board changed by the resignation of Mr. Enno Wiersma, who had been a member since 2005. The Supervisory Board is grateful for his significant contribution to the Supervisory Board and to the development of UNIT4 during his term. The vacancy was filled by the appointment of Mr Rob Ruijter, who has brought valuable experience to the Supervisory Board. Mr Ruijter has agreed to chair the newly installed Audit Committee, taking effect from August 2009.

The Supervisory Board agreed and established rules for both the Audit Committee and the Remuneration Committee that outline the applicable scope and ways of working. For both committees, the leading principle is that they report to the Supervisory Board, which remains responsible for all decisions to be made on the basis of their recommendations. The rules can be found on the UNIT4 website www.unit4.com.

The Audit Committee had two meetings in the second half of 2009, in which the financial results were discussed as well as accounting procedures and internal controls. Particular attention was furthermore paid to risk factors and risk management. Discussions were held with the financial management of the company and the external auditor.

Also in the second half of the year, a Remuneration Committee was installed, which is responsible for evaluating remuneration policies, individual remuneration packages and incentive schemes for the statutory members of the Management Board (the Board of Directors). The Remuneration Committee will take a view with regard to these issues against a background of the interests of the company and corporate governance requirements, and will make recommendations to the Supervisory Board. Making decisions regarding remuneration policies and individual packages will remain the exclusive domain of the Supervisory Board.

In its December 2009 meeting, the Supervisory Board reviewed and evaluated its own performance, as well as the schedule of resignations and vacancies for the future. The Supervisory Board concluded that the current composition is well-balanced in terms of experience and expertise, and that the cooperation within the Supervisory Board and the interaction with the Management Board is meeting the high standards required. The General Meeting of Shareholders to be held in 2010 will see the resignation of Mr. Paul Smits from the Supervisory Board, who will not be eligible for a new term. In proposing a successor, great care will be taken in preserving the balanced composition, while adding new and valuable expertise to the Board.

Remuneration of the Board of Directors

The Remuneration Committee evaluated the various factors related to remuneration of the members of the Board of Directors, and has made recommendations to the Supervisory Board, which reports as follows.

The remuneration of the Board of Directors is based on the Remuneration Policy as defined by the General Meeting of Shareholders and is composed of a number of elements, which together must ensure the correct balance between interests in the short and long term. The Remuneration Policy provides a fixed remuneration together with a variable annual compensation. This variable component depends on achieving profit and growth objectives for the shorter term. A long-term incentive is provided by a share option scheme, which aims to align the long-term interests of the company with those of its directors. Taking into account the new Dutch Corporate Governance Code ('Frijns Code'), the Remuneration Policy was reviewed in the second half of 2009. This review resulted in a number of amendments, which will be proposed to the General Meeting of Shareholders on May 12, 2010 for their approval. Once approved, these amendments will then take effect as from January 1, 2010.

In view of the general uncertainties in the marketplace, at the beginning of 2009 it was decided to leave the fixed remuneration of the members of the Board of Directors unchanged for the year. This was in line with the general salary freeze for all company employees. The objectives defined by the Supervisory Board for the variable compensation of the members of the Board of Directors for 2009 were well exceeded, due to the strong operational results of the company despite the international financial crisis. As a result, it was decided to pay out the achievable variable bonus for the year in full. On the basis of an analysis made of the possible outcomes of this variable remuneration, the Supervisory Board decided, at the beginning of the financial year, to maximize the variable remuneration at 100% of the fixed remuneration; 50% of the variable remuneration depending on achieving a target for growth in earnings per share and 50% depending on achieving an EBITDA growth target.

With regard to other remuneration elements, no changes have taken place. The members of the Board of Directors have been entitled to the regular contributions to their respective pension arrangements, which are of a 'defined contribution' nature. The applicable employment agreements do not contain a predefined exit arrangement. The Supervisory Board is of the view that existing agreements will be respected and arrangements in conformance with the market will be made when the occasion arises.

In conformity with the company's share option scheme, 50,000 share options were granted to each of the members of the Board of Directors on September 7, 2009. These share options are unconditional, but subject to a two-four year phased lock up period.

Before drawing up the Remuneration Policy and determining the remuneration of individual members of the Board of Directors, the Supervisory Board made the analysis as described in best practice provision II.2.1. of the Frijns Code.

Corporate governance considerations

The Supervisory Board extensively discussed the developments regarding corporate governance in the Netherlands, as reflected in the Frijns Code of December 2009. A following section of this Annual Report is devoted to a detailed explanation of the views taken. In general it can be stated that UNIT4 will align with the Code in principle, while in a very small number of cases a difference in position will be explained. A revised Remuneration Policy, reflecting a number of adjustments, will be proposed to the General Meeting of Shareholders on May 12, 2010.

With regard to this Remuneration Policy, the desired alignment with long-term goals and risks to the company was thoroughly assessed. It was concluded that in broad terms, the existing Remuneration Policy and practice were

The remuneration elements and share option allocations are summarized below. A full and detailed report is given in note 6.40.2 to the Financial Statements.

Remuneration of the Board of Directors
(€000)

	C. Ouwinga		E.T.S. van Leeuwen	
	2009	2008	2009	2008
Salary	477	477	365	365
Bonus	477	562	365	431
Pension (including disability insurance)	106	80	42	42
Value of granted option rights	117	78	117	78
Total	**1,177**	**1,197**	**889**	**916**

Share options granted to the Board of Directors

Director	Year	Outstanding at 1 January 2009	Awarded in 2009	Exercised in 2009	Expired in 2009	Outstanding at 31 December 2009	Exercise price (€)	Price on exercise date (€)	Expiration date
C. Ouwinga	2005	50,000	0	0	0	50,000	13.02	-	April 2010
	2008	75,000	0	0	0	75,000	16.70	-	March 2013
	2009	0	50,000	0	0	50,000	13.42	-	Sept 2014
		125,000	**50,000**	**0**	**0**	**175,000**			
E.T.S. van Leeuwen	2005	50,000	0	50,000	0	0	13.02	16.40	April 2010
	2008	75,000	0	0	0	75,000	16.70	-	March 2013
	2009	0	50,000	0	0	50,000	13.42	-	Sept 2014
		125,000	**50,000**	**50,000**	**0**	**125,000**			
Total		**250,000**	**100,000**	**50,000**	**0**	**300,000**			

in line with the interests of an ambitious and fast-growing company in the complex information technology sector. However, a number of adjustments were considered relevant, the most important of which are listed below. It was considered appropriate early in 2009 to maximize the variable remuneration at a level of 100% of the fixed remuneration, in order to retain an optimal balance between those elements. Extensive discussion was devoted to the question of whether relevant non-financial bonus criteria should be added in order to better serve the interests of the company and its stakeholders. Various possibilities were considered, such as sustainability, employee diversity, other qualitative items or even fully discretionary bonus elements. The resulting conclusion was that current ambitious company programmes exist in all those areas, which are effectively controlled at an operational level, supervised by the Board of Directors. It was considered that the proven focus on the financial health of UNIT4 is in the current conditions the best guarantee for a continued successful development, whereby the qualitative elements of the strategy and operations are best served. The Supervisory Board therefore decided to maintain the current criteria of EPS and EBITDA as the basis for the 2010 bonus scheme.

The revised Remuneration Policy will contain a claw-back clause that enables the adjustment or recovery of variable remuneration paid, if knowledge becomes available that it was granted on the basis of incorrect (financial) information. With regard to arrangements for the possible occurrence of involuntary leave or change of control, it was decided after extensive consideration to make agreements in advance, in line with the Code, in case of the appointment of new members of the Board of Directors. For the current Board members, arrangements that conform with the market will be negotiated should the event occur.

The terms of the share option scheme were reconsidered with a view to their optimal long-term effect on alignment and commitment. It will be proposed to set the lock-up period at four years in a phased manner: after a full lock-up of two years, the option rights may be exercised at one third in each of the third, fourth and fifth years. In order to avoid undesirable exercise pressure, the exercise period for the option rights will be extended from five to seven years.

Supervisory Board re-appointments / provisions for vacancies

The re-appointments of the members of the Supervisory Board are as follows:

- Mr Van der Raadt: re-appointed on 14 May 2009 until 2011
- *Mr Vunderink: re-appointed on 14 May 2009 until 2013*
- Mr Smits: re-appointed on 10 May 2006 until 2010
- Mr Ruijter: appointed on 14 May 2009 until 2013.

At the 2010 General Meeting of Shareholders, Mr Smits will resign as a Supervisory Board member and will not be eligible for a new term.

At the 2010 General Meeting of Shareholders, the Supervisory Board will propose to appoint Mr F.H. Rövekamp (55) as a member of the Supervisory Board. Until January 1, 2010, Mr Rövekamp held the position of Group Chief Marketing Officer and member of the Executive Committee of Vodafone Plc in London. Mr Rövekamp currently holds the position of member of the Supervisory Board of Vodafone Germany. In the past, Mr Rövekamp has fulfilled several senior executive positions with Vodafone, Beyoo and KLM. He is a Dutch national. The Supervisory Board values his extensive expertise in general management and in the field of marketing and strategy in telecommunications and information technology. It is believed that the composition of the Supervisory Board will remain well-balanced as a result of his appointment.
The appointment will be for a four-year term, in accordance with legal, statutory and regulatory provisions.

In the year the appointment expires, a re-appointment or resignation will be placed on the agenda of the annual General Meeting of Shareholders of that year.
The Supervisory Board has drawn up a profile for members of the Supervisory Board. This profile is part of the Supervisory Board regulations (see below). In addition, the Supervisory Board aims for a diverse composition in terms of such factors as gender and age.

Supervisory Board regulations

UNIT4 has regulations that define the working method and profile of the Supervisory Board. These regulations are included in the documents: 'Supervisory Board Rules' and 'Appendices to the Supervisory Board Rules', which can be obtained on our website www.unit4.com.

Shares ownership and option rights

In 2009, the members of the Supervisory Board have not owned shares or option rights on UNIT4 shares.

Appreciation

In 2009, UNIT4 again demonstrated the value of the consistent execution of a proven successful strategy. It *was not a year of major acquisitions, but rather a year* of integration and optimization, with sound profitability and cash flows as a result, despite a turbulent economic environment. There was room for important strategic investments, such as the acceleration of strategic developments by the FinancialForce.com initiative and continued product development for the core product lines of UNIT4.

This could only be achieved through the joint efforts of the employees and the management of UNIT4. The Supervisory Board wishes to express its appreciation for this effort and to thank all employees for their collective willingness and ambition to provide an outstanding performance.

The members of the Supervisory Board have signed this year's report and Financial Statements to fulfil their legal obligation based on article 2: 101 section 2 Dutch Civil Code.

Sliedrecht, 26 March 2010
The Supervisory Board of UNIT4 N.V.

Theo van der Raadt, Chairman
Johan Vunderink
Paul Smits
Rob Ruijter

Corporate governance

Developments in corporate governance

The Corporate Governance Code Monitoring Committee presented an updated Dutch Corporate Governance Code at the end of December 2008, and this came into force on January 1, 2009. The full text can be found at www.commissiecorporategovernance.nl/Dutch_Corporate_Governance_Code

In August 2009, the Supervisory Board installed an audit committee and a remuneration committee. The regulations of these committees are attached to the Supervisory Board regulations as Annex D and E, and published on the corporate website at www.unit4.com.

Reporting year 2009

The 2009 Dutch Corporate Governance Code ('the Code') applies to the 2009 reporting year. UNIT4 strives to respect the Code as far as possible, and to make this public.

Therefore, in accordance with the obligations stated in article 391, sections 4 and 5, Book 2 of the Netherlands Civil Code and the Decree of March 20, 2009 for further directives about the content of the annual report, the following is a list detailing the extent to which the Principles and Best Practice Provisions of the Code are followed by UNIT4. The documents to which this overview refers in some places can be found on the corporate website www.unit4.com.

Best practice definitions of the Code

The vocabulary used by the Code is followed in this section. For this reason, 'Management Board' as it is used here refers to the statutory directors of the UNIT4 Management Board, known within UNIT4 as the Board of Directors.

I Compliance with and enforcement of the Code

I.1 Explain the broad outline of the Corporate Governance structure in the annual report.

In this chapter, UNIT4 provides a broad outline of its Corporate Governance structure by reference to the Code.

I.2 Submit any substantial change in the corporate governance structure to the General Meeting of Shareholders as a separate agenda item.

UNIT4 complies with this provision.

II Management Board

II.1 Role and procedure.

II.1.1 A Management Board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time.

UNIT4 does not apply this provision. In principle, members of the Management Board act from a strategic long-term perspective, and restrictions on their appointment do not comply with this. In addition, UNIT4 does not subscribe to the principle that progression to a position within the Management Board results in a change in the terms of employment from a permanent to a non-permanent appointment. For future members of the Management Board, the length of appointment will be defined on a case-by-case basis.

II.1.2 The Management Board shall submit the objectives, strategy and relevant CSR issues to the Supervisory Board for approval. The main elements shall be mentioned in the annual report.

UNIT4 complies with this provision. In line with the regulations of the Supervisory Board, the objectives, strategy and issues relating to corporate social responsibility, amongst other matters, are submitted to the Supervisory Board for approval. Regarding the publication of objectives and strategy in the annual report, there is one restriction. UNIT4 operates in a market that is sensitive to cyclical, seasonal and market fluctuations, and its results are often affected by these. The expression of possible expectations needs to be justified in a responsible manner. In view of uncertain external circumstances, UNIT4 ensures it does not express objectives that have doubtful feasibility. UNIT4 will communicate its financial objectives where possible, but reserves the right not to make any statements if the uncertainties are too great.

II.1.3 The company shall have a suitable internal risk management and control system.

UNIT4 complies with this provision, and uses internally developed software to support the internal risk management and control system. Risk analysis and control is also a permanent item on the Supervisory Board's agenda.

II.1.4 In the annual report, the Management Board shall describe the main risks related to the strategy, the design and effectiveness of the internal risk management and control systems, and any major failings, changes and improvements relating to those systems.

UNIT4 complies with this provision. There was a continuous focus during 2009 on the further elaboration and application of the company's internal risk management and control systems. The strategic and operational risks were inventoried, providing insight into the risks that are significant and specific to the company. These systems and risks are described in the 'Risk and Risk Management' chapter, on pages 56 to 62 of this annual report. The operation of the systems is systematically monitored. The Management Board carries out evaluations together with the management of divisions, business units and specialized departments, and uses the COSO-ERM model as a frame of reference. All the activities related to the internal risk management and control systems are regularly discussed by the Management Board with the Supervisory Board and its Audit Committee.

II.1.5 The Management Board states in the annual report that the internal risk management and control systems provide reasonable assurance.

UNIT4 complies with this provision and elaborates on this in the 'Risk and Risk Management' chapter on page 56.

II.1.6 In the annual report the Management Board shall describe the sensitivity of the results to external factors and variables.

UNIT4 complies with this provision and elaborates on this in the 'Risks and Risk Management' chapter on page 56.

II.1.7 Reporting irregularities and whistleblower procedure.

All employees are able to report any irregularities without jeopardizing their legal position, and the UNIT4 whistleblower procedure is published on the website.

II.1.8 A Management Board member may not be a member of the Supervisory Board of more than two listed companies. Nor may a Management Board member be the chairman of the Supervisory Board of a listed company.

UNIT4 currently complies with this provision.

II.1.9 The response time within the meaning of best practice IV.4.4 may not exceed 180 days.

UNIT4 will comply with this provision.

II.1.10 The Management Board shall closely involve the Supervisory Board in the process should a takeover bid be prepared.

UNIT4 will comply with this provision.

II.1.11 The Management Board shall discuss a request from a competitive bidder to inspect the records with the Supervisory Board without delay.

UNIT4 will comply with this provision.

II.2 Remuneration

II.2.1 The Supervisory Board shall analyse the possible outcomes of the variable remuneration components before drawing up the remuneration policy and determining the remuneration of Management Board members.

UNIT4 complies with this provision. See the Remuneration Report in the chapter Report of the Supervisory Board.

II.2.2 The Supervisory Board shall determine the level and structure of the remuneration by reference to the scenario analyses and with due regard for the pay differentials within the enterprise.

UNIT4 complies with this provision. See the Remuneration Report in the chapter Report of the Supervisory Board.

II.2.3 The Supervisory Board shall take into account the results, the share price performance and non-financial indicators, with due regard for the risks.

UNIT4 complies with this provision.

II.2.4 Options shall not be exercised within three years and shall be dependent on challenging targets.

Options cannot be exercised within 2 years from grant and after that 1/3 of the options can be exercised from the 2nd, 3rd and 4th anniversary of the grant. Furthermore UNIT4 complies with this provision.

II.2.5 Shares granted to Management Board members without financial consideration shall be retained for at least five years. The number of shares shall be dependent on the achievement of targets.

This provision is not applicable, as no shares have been granted to members of the Management Board.

II.2.6 The option exercise price is bound to rules.

UNIT4 complies with this provision.

II.2.7 Neither the exercise price nor the other conditions may be modified during the term of the options.

UNIT4 complies with this provision.

II.2.8 The maximum remuneration in the event of non-voluntary dismissal is one year's salary or, if this would be unreasonable, a maximum of twice the annual salary.

UNIT4 subscribes to the principle that no unreasonably high severance payments should be made to members of the Management Board in relation to the functioning and the working relationship of the Management Board. UNIT4 does not have any non-permanent appointments nor does it have any advance agreements with regard to severance payments for members of the Management Board. At dismissal, action will be taken in consideration of the circumstances and within reason.

II.2.9 The company may not grant its Management Board members any personal loans or guarantees.

UNIT4 will comply with this provision.

Determination and disclosure of remuneration

II.2.10 The Supervisory Board has the power to adjust the value of conditionally awarded remuneration.

UNIT4 complies with this provision and has adjusted the remuneration policy accordingly. The new remuneration policy will be put on the agenda of the next General Meeting of Shareholders (GMS) to receive shareholders' consent.

II.2.11 The Supervisory Board may recover variable remuneration awarded on the basis of incorrect data.

UNIT4 complies with this provision and has adjusted the remuneration policy accordingly. The new remuneration policy will be put on the agenda of the next GMS to receive shareholders' consent.

II.2.12 Overview of what shall be contained in the remuneration report.

In November 2009, the Supervisory Board installed a remuneration committee. The remuneration report is included in the Report of the Supervisory Board, on page 68. It contains an overview of the remuneration policy and a report on the way the remuneration policy was applied in the year under review and how it will be applied in the future. The new remuneration policy will be submitted to the next General Meeting of Shareholders for approval and published on the website.

II.2.13 Detailed information to be included in the remuneration report.

The Report of the Supervisory Board contains the information according to this provision, on page 68.

II.2.14 The main elements of the contract of a Management Board member shall be made public.

UNIT4 will comply with this provision.

II.2.15 Special remuneration paid to a Management Board member is to be included and explained in the remuneration report.

A car and a mobile phone are supplied to the (statutory) members of the Management Board. They also receive a small monthly payment to cover expenses. The remuneration of the (statutory) members of the Managing Board is defined annually by the Supervisory Board, advised by the remuneration committee. The maximum variable remuneration is equal to 100% of the fixed remuneration. The criterion for the allocation of the variable remuneration in 2009 is, as in previous years, 50% on achievement of an EBITDA target and 50% on achievement of an earnings per share target. Special income and expenditure are not considered. Both targets were fully met in 2009. See paragraph 6.40.2 of the Financial Statements.

II.3 Conflicts of interests

II.3.1 A Management Board member shall not enter into competition with the company, demand or accept (substantial) gifts, provide unjustified advantages, or take advantage of business opportunities to which the company is entitled.
UNIT4 complies with this provision, as addressed in the Management Board and Supervisory Board regulations, which have been published on the website.

II.3.2 A Management Board member shall immediately report any (potential) conflict of interest to the chairman of the Supervisory Board and to the other members of the Management Board. The Supervisory Board shall decide whether there is a conflict of interest.
UNIT4 complies with this provision, as addressed in the Management Board and Supervisory Board regulations, which have been published on the website.

II.3.3 A Management Board member may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a conflict of interest.
UNIT4 complies with this provision, as addressed in the Management Board and Supervisory Board regulations, which have been published on the website.

II.3.4 All transactions in which there are conflicts of interest with Management Board members require the approval of the Supervisory Board and shall be published in the annual report.
UNIT4 complies with this provision, as addressed in the Management Board and Supervisory Board regulations, which have been published on the website.

III Supervisory Board

III.1 Role and procedure

III.1.1 The division of duties and the procedure within the Supervisory Board shall be laid down in terms of reference. These shall include a description of Supervisory Board's relationship with the Management Board, the General Meeting of Shareholders and, where relevant, the works council. The regulations shall be posted on the website.
UNIT4 complies with this provision, as addressed in its Articles of Association.

III.1.2 The annual report shall include a report of the Supervisory Board with regard to its activities.
UNIT4 complies with this provision.

III.1.3 Gender, age, profession, principal position, nationality, other positions, date of initial appointment and current term of office of Supervisory Board members shall be included in the report.
UNIT4 complies with this provision.

III.1.4 A Supervisory Board member shall retire early in the event of inadequate performance.
UNIT4 complies with this provision.

III.1.5 Supervisory Board members who are frequently absent from Supervisory Board meetings shall be called to account for this.
UNIT4 complies with this provision.

III.1.6 List of items that shall be included in the supervision of the Management Board by the Supervisory Board.
UNIT4 complies with this provision.

III.1.7 The Supervisory Board shall discuss, without the Management Board being present, both its own functioning and that of its individual members, its committees, and the functioning of the Management Board and its individual members. Reference to these evaluations shall be made in the Report of the Supervisory Board.
UNIT4 complies with this provision.

III.1.8 The Supervisory Board shall discuss the strategy, main risks, and internal risk management and control systems. Reference to these discussions shall be made in the Report of the Supervisory Board.
UNIT4 complies with this provision and dedicates a separate meeting to this.

III.1.9 The Supervisory Board and its individual members each have their own responsibility for obtaining all information from the Management Board and the external auditor, officers and external advisers. The company shall make the necessary information available.
UNIT4 complies with this provision. The gathering of information is carried out in the first instance by the Management Board, which informs the Supervisory Board as a primary responsibility. Informing the Supervisory Board in a correct and timely manner is also addressed in the Supervisory Board regulations, signed by both the Supervisory Board and Management Board and published on the website.

III.2 Independence

III.2.1 All Supervisory Board members, with the exception of no more than one, shall be independent.
UNIT4 complies with this provision.

III.2.2 Independence criteria applicable to Supervisory Board members.
UNIT4 complies with this provision.

III.2.3 The report of the Supervisory Board shall confirm the independence of its members.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website).

III.3 Expertise and composition

III.3.1 The Supervisory Board shall prepare a profile of its size and composition, considering diversity. The profile shall be posted on the website.
UNIT4 complies with this provision (see the Report of the Supervisory Board and article 3 and Annex A of the regulations of the Supervisory Board on the website).

III.3.2 At least one member of the Supervisory Board shall be a financial expert.
UNIT4 complies with this provision (see article 3 of the regulations of the Supervisory Board on the website).

III.3.3 After their appointment, all Supervisory Board members shall follow an introduction programme. The Supervisory Board shall assess which of its members require further training or education.
UNIT4 complies with this provision (see article 7 of the regulations of the Supervisory Board on the website).

III.3.4 Limitation of the number of Supervisory Boards on which a Supervisory Board member may sit, in order to assure a proper performance of his duties.
UNIT4 complies with this provision (see article 3 of the regulations of the Supervisory Board on the website).

III.3.5 A person may be appointed to the Supervisory Board for a maximum of three 4-year terms.
UNIT4 complies with this provision (see article 3 of the regulations of the Supervisory Board on the website). As a necessary exception, Mr Van der Raadt was reappointed in 2009 for two more years with the approval of the GMS.

III.3.6 The Supervisory Board shall draw up a retirement schedule for its members. This schedule shall be posted on the website.
UNIT4 complies with this provision (see Annex B of the regulations of the Supervisory Board on the website).

III.4 Role of the chairman of the Supervisory Board and the company secretary

III.4.1 The chairman of the Supervisory Board shall ensure that the Supervisory Board members follow their induction programme, receive all necessary information in good time, that there is sufficient time for making decisions, that the Supervisory Board committees function properly, that the performance of Management and Supervisory Board members is assessed at least once a year, that the Supervisory Board elects a vice-chairman, and that the Supervisory Board has proper contact with the Management Board and the works council.
UNIT4 complies with this provision (see article 4 of the regulations of the Supervisory Board on the website).

III.4.2 The chairman of the Supervisory Board may not be a former member of the Management Board of the company.
UNIT4 complies with this provision (see article 3 of the regulations of the Supervisory Board on the website).

III.4.3 The chairman of the Supervisory Board shall be assisted by the company secretary.
UNIT4 complies with this provision (see article 4 of the regulations of the Supervisory Board on the website).

III.4.4 The vice-chairman shall deputise for the chairman.
UNIT4 will appoint a deputy for the chairman when necessary.

III.5 Composition and role of three key Supervisory Board committees

In August 2009, the Supervisory Board installed an audit committee and a remuneration committee. The regulations of these committees are published on the website. In view of the relatively limited size of the organization and the Supervisory Board (four members), UNIT4 currently has no separate selection and appointment committee. The Supervisory Board as a whole therefore addresses selection and appointment matters.

III.5.1 The Supervisory Board shall draw up a set of regulations for each of its committees. The regulations and the composition of the committees shall be posted on the company's website.
UNIT4 complies with this provision (see Annexes D and E of the Supervisory Board regulations).

III.5.2 The report of the Supervisory Board shall state the composition of the individual committees, the number of committee meetings and the main items discussed.
UNIT4 complies with this provision.

III.5.3 The Supervisory Board shall receive from each of the committees a report of its deliberations and findings.
UNIT4 complies with this provision.

Audit committee

III.5.4 The audit committee shall focus on supervising the activities of the Management Board with respect to internal risk management and control systems, the provision of financial information, compliance with recommendations of internal and external auditors, role and functioning of the internal audit department, the company policy on tax planning, relationships with the external auditor, financing of the company and the application of information and communication technology.
UNIT4 complies with this provision. An audit committee was installed in 2009. The audit committee regulations were added as Annex D to the Supervisory Board regulations.
III.5.5 The audit committee shall act as the principal contact for the external auditor in the event of irregularities in the financial reports.
UNIT4 complies with this provision.
III.5.6 The audit committee may not be chaired by the chairman of the Supervisory Board, or by a former member of the Management Board.
UNIT4 complies with this provision.
III.5.7 At least one member of the audit committee shall be a financial expert.
UNIT4 complies with this provision.
III.5.8 The audit committee shall decide whether and when the CEO, the CFO, the external auditor and the internal auditor should attend its meetings.
UNIT4 complies with this provision.
III.5.9 The audit committee shall meet with the external auditor as often as it considers necessary, but at least once a year, without Management Board members being present.
UNIT4 complies with this provision.

Remuneration committee

III.5.10 The remuneration committee shall propose the remuneration policy to be pursued and the remuneration of individual Management Board members to the Supervisory Board. They shall prepare the remuneration report.
UNIT4 complies with this provision. A remuneration committee was installed in 2009. The remuneration committee regulations were added to the Supervisory Board regulations as Annex E.
III.5.11 The remuneration committee may not be chaired by the chairman of the Supervisory Board, or by a former member of the Management Board, or by a Supervisory Board member who is a member of the Management Board of another listed company.
As this is considered the optimum for UNIT4, given the size and composition of the Supervisory Board and its committees, the remuneration committee is chaired by the chairman of the Supervisory Board. The chairmanship will be periodically reconsidered.
III.5.12 No more than one member of the remuneration committee shall be a member of the Management Board of another Dutch listed company.
UNIT4 complies with this provision.
III.5.13 A remuneration consultant advising the remuneration committee may not advise the Management Board members.
UNIT4 complies with this provision.

Selection and appointment committee

III.5.14 The items on which the selection and appointment committee shall focus.
UNIT4 complies with this provision, in that the Supervisory Board as a whole addresses these activities, as allowed for by the Code.

III.6 Conflicts of interests
III.6.1 Provision requiring Supervisory Board members to report any (potential) conflict of interest to the Supervisory Board chairman.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website).
III.6.2 A Supervisory Board member may not take part in a discussion and/or decision-making on a subject or transaction in relation to which he has a conflict of interest with the company.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website).
III.6.3 Provision requiring decisions to enter into transactions in which there are conflicts of interest with Supervisory Board members require the approval of the Supervisory Board. Such transactions shall be published in the annual report.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website). No such transactions have occurred during the accounting year.
III.6.4 Transactions between the company and legal or natural persons who hold at least ten percent of the shares in the company, require the approval of the Supervisory Board. Such transactions shall be published in the annual report.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website). No such transactions have occurred during the accounting year.
III.6.5 The regulations of the Supervisory Board shall

contain rules on dealing with conflicts of interest between Management Board members, Supervisory Board members and the external auditor. The company shall draw up regulations governing ownership and transactions in securities of other companies.
UNIT4 complies with this provision (see article 10 of the regulations of the Supervisory Board on the website).
III.6.6 Provision relating to delegated Supervisory Board members.
UNIT4 does not have a delegated Supervisory Board member.
III.6.7 A Supervisory Board member who temporarily takes on the management of the company, where the Management Board members are absent or unable to fulfil their duties, shall resign from the Supervisory Board in order to take on the Management Board task.
UNIT4 complies with this provision (see article 5 of the regulations of the Supervisory Board on the website).

III.7 Remuneration
III.7.1 A Supervisory Board member may not be granted any shares or rights to shares.
UNIT4 complies with this provision (see article 6 and Annex C of the regulations of the Supervisory Board on the website).
III.7.2 Any shares held by a Supervisory Board member are long-term investments.
UNIT4 complies with this provision (see article 6 and Annex C of the regulations of the Supervisory Board on the website).
III.7.3 The company may not grant its Supervisory Board members any personal loans, guarantees or the like unless in the normal course of business and after the approval of the Supervisory Board. No remission of loans shall may granted.
UNIT4 complies with this provision (see article 6 and Annex C of the regulations of the Supervisory Board on the website).

III.8 Principle relating to a one-tier management structure
This principle and its related provisions do not apply to UNIT4, as the company has a two-tier management structure, in accordance with Dutch company law.
III.8.1 The chairman of the Management Board may not also be or have been an executive director.
Not applicable; see above.
III.8.2 The chairman of the Management Board shall check the proper composition and functioning of the Management Board.
Not applicable; see above.
III.8.3 The committees referred to in chapter III.5 shall consist only of non-executive Management Board members.
Not applicable; see above.
III.8.4 The majority of the members of the Management Board shall be non-executive directors and are independent within the meaning of article III.2.2.
Not applicable; see above.

IV The shareholders and General Meeting of Shareholders
IV.1 Powers
IV.1.1 The General Meeting of Shareholders may pass a resolution to cancel a binding nomination by a majority vote and a quorum of a maximum of 1/3. If the quorum is not reached then a new meeting may be called without the quorum requirement.
UNIT4 complies with this provision (see article 16.4 of the Articles of Association on the website).
IV.1.2 The voting right attaching to financing preference shares shall be based on the fair value of the capital contribution.
Not applicable, as UNIT4 has no preference shares.
IV.1.3 In the event of a serious bid for a business unit or participating interest above a certain value as named in Article 2:107a of the Netherlands Civil Code, the Management Board shall, at its earliest convenience, make its position public.
UNIT4 complies with this provision (see article 18.1.c of the Articles of Association on the website).
IV.1.4 The policy on reserves and dividends shall be dealt with and explained as a separate agenda item at the General Meeting of Shareholders.
UNIT4 complies with this provision (see article 30.2 of the Articles of Association on the website).
IV.1.5 The resolution to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.
UNIT4 complies with this provision (see article 30.2 of the Articles of Association on the website).
IV.1.6 Resolutions regarding discharge of Management Board members from liability for execution of the policy, and discharge of Supervisory Board members from liability for the supervision exercised, shall be voted on separately in the General Meeting of Shareholders. Compliance with the Code shall be accounted for in the annual report.
UNIT4 complies with this provision (see article 30.2 of the Articles of Association on the website and this section of the annual report).

IV.1.7 Determination of registration date for the exercise of voting rights and the rights relating to meetings.
UNIT4 complies with this provision and the possibility of a registration date exists (see article 32.7 of the Articles of Association on the website).
IV.1.8 The chairman of the general meeting is responsible for proper conduct of business and a worthwhile discussion at the meeting.
UNIT4 complies with this provision.

IV.2 Depository receipts for shares
This principle and its related provisions do not apply to UNIT4, as the company has no depository receipts for shares, only shares with voting rights.
IV.2.1 The management of the trust office shall enjoy the confidence of depository receipt holders and operate independently.
Not applicable; see above.
IV.2.2 The managers of the trust office shall be appointed by the management of the trust office. No (former) Management Board members or (former) Supervisory Board members, employees or permanent advisers shall be part of the management of the trust office.
Not applicable; see above.
IV.2.3 A person may be appointed to the management of the trust office for a maximum of three 4-year terms.
Not applicable; see above.
IV.2.4 The management of the trust office shall be present at the General Meeting of Shareholders.
Not applicable; see above.
IV.2.5 In exercising its voting rights, the trust office shall be guided primarily by the interests of the depository receipt holders.
Not applicable; see above.
IV.2.6 The trust office shall report at least once per year on its activities. The report shall be posted on the website.
Not applicable; see above.
IV.2.7 Requirements to be met by the report named in IV.2.6.
Not applicable; see above.
IV.2.8 Issue of proxies to depository receipt holders.
Not applicable; see above.

IV.3 Provision of information to and logistics of the general meeting
IV.3.1 Presentations to analysts, (institutional) investors and press conferences shall be announced on the website and by means of press releases. Shareholders should be able to follow these meetings by means of web casting, telephone, etc. Presentations shall be posted on the website.
UNIT4 complies with this provision.
IV.3.2 Analysts' reports and valuations may not be assessed, commented upon or corrected, other than factually, by the company in advance.
UNIT4 complies with this provision.
IV.3.3 No fees may be paid for research, production or publication of analysts' reports.
UNIT4 complies with this provision.
IV.3.4 Meetings with analysts and investors may not take place shortly before the publication of the regular financial information.
UNIT4 complies with this provision.
IV.3.5 The Management Board and Supervisory Board shall provide the general meeting with all requested information, unless this would be contrary to an overriding interest of the company.
UNIT4 complies with this provision.
IV.3.6 Information shall be placed on a separate, non-commercial part of the website.
UNIT4 complies with this provision, providing information on a separate investor webpage.
IV.3.7 The agenda of the general meeting shall list which items are for discussion and which are to be voted on.
UNIT4 complies with this provision.
IV.3.8 A resolution for approval or authorisation shall be explained in writing and posted on the company's website.
UNIT4 complies with this provision.
IV.3.9 Material amendments to the Articles of Association or resolutions for appointment of Management and Supervisory Board members shall be submitted separately to the general meeting.
UNIT4 complies with this provision.
IV.3.10 The report of the general meeting shall be made available no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the report within the following three months.
At UNIT4, the chairman and company secretary finalize the minutes in accordance with the law and regulations and the provisions of the Articles of Association. The minutes will also be posted on the website within a 3 months period.
IV.3.11 The Management Board shall provide a survey of all existing or potential anti-takeover measures in the annual report.
UNIT4 complies with this provision and explains these measures in its annual report.
IV.3.12 The company shall give shareholders the

possibility of issuing voting proxies or instructions to an independent third party.
UNIT4 complies with this provision. A valid proxy is required.
IV.3.13 The company shall formulate an outline policy on bilateral contacts with shareholders and publish this policy on its website.
UNIT4 complies with this provision. This policy is published on the website.

IV.4 Responsibility of shareholders
This principle and its related provisions do not apply to UNIT4, as they refer to the responsibilities of shareholders.

Responsibility of institutional investors

IV.4.1 Institutional investors shall annually publish on their website their policy on the exercise of the voting rights for shares they hold in listed companies.
Not applicable; see above.
IV.4.2 Institutional investors shall annually report on their website and/or in their annual report, on how they have implemented their policy on the exercise of voting rights in the year under review.
Not applicable; see above.
IV.4.3 Institutional investors shall report on their website at least once a quarter, on whether and how they have voted as shareholders in the General Meeting of Shareholders.
Not applicable; see above.

Responsibility of shareholders

IV.4.4 Exercise of the right to put an item on the agenda by shareholders.
Not applicable; see above.
IV.4.5 A shareholder shall vote as he sees fit.
Not applicable; see above.
IV.4.6 A shareholder shall explain the item he has put on the agenda at the meeting.
Not applicable; see above.

V The audit of the financial reporting and the positions of the internal audit function and the external auditor
V.1 Financial reporting
V.1.1 Careful procedures, whereby the Supervisory Board supervises the compliance with these procedures.
UNIT4 complies with this provision, both for the preparation and publication of quarterly, half-yearly and yearly figures and financial information and for the monitoring role of the Supervisory Board in this area.
V.1.2 The audit committee shall determine how the external auditor should be involved in the content and publication of financial reports other than the annual accounts.
Within UNIT4, the Management Board is the first point of contact for the external auditor, in open consultation with the Supervisory Board. As from 2004, UNIT4 has complied with the principle that the external auditor is involved in the publication of financial reports other than the Financial Statements. All this in line with responding to best practice provision III.5.5.
V.1.3 The Management Board is responsible for quality and completeness of published financial reports. The Supervisory Board shall ensure that the Management Board fulfils this responsibility.
UNIT4 complies with this provision. Apart from the applicable standard procedures and the use of unambiguous systems within UNIT4 for financial reporting and management information (amongst others), there is monthly reporting to the Supervisory Board about financial progress and other relevant information.

V.2 Role, appointment, remuneration and assessment of the functioning of the external auditor
V.2.1 The external auditor shall attend the General Meeting of Shareholders and may be questioned in relation to the fairness of the Financial Statements.
UNIT4 complies with this provision.
V.2.2 The Management Board and the audit committee shall report to the Supervisory Board with regard to the independence of the external auditor. The Supervisory Board shall submit its nomination for appointment of the external auditor to the General Meeting of Shareholders.
Until the audit committee was installed in August 2009, this was addressed jointly by the Management Board and the full Supervisory Board. Since the installation of the audit committee, UNIT4 has complied fully with this provision.
V.2.3 Assessment of the external auditor every four years and announcement of the most important conclusions in the General Meeting of Shareholders for assessment of the nomination for appointment.
Until the audit committee was installed in 2009, the Management Board and the full Supervisory Board addressed this jointly. As from then, the Supervisory Board and audit committee has complied with this provision.

V.3 Internal audit function
V.3.1 Involvement of the external auditor and the audit committee in the drawing up of the work schedule of the internal auditor.
UNIT4 subscribes to the principle that the assessment and checking of the internal risk management and control systems

take place under the responsibility of the Management Board. In view of the relatively limited scope and complexity involved, UNIT4 does not yet have a formal internal audit department. This principle is fulfilled by the Corporate Finance Department, which reports directly to the CFO. Since its installation in 2009, the audit committee is also involved in the monitoring of internal risk management and control systems.

V.3.2. The internal auditor shall have access to the external auditor and to the chairman of the audit committee.

Considering that the internal auditor function is fulfilled by the Corporate Finance Department, UNIT4 complies with this provision.

V.3.3 If there is no internal audit function, the need for an internal auditor function shall be reviewed by the audit committee annually and a recommendation shall be made and reported on by the Supervisory Board.

UNIT4 complies with this provision.

V.4 Relationship and communication of the external auditor with the organs of the company

V.4.1 The external auditor shall attend the meeting of the Supervisory Board at which the Financial Statements are to be approved or adopted.

UNIT4 complies with this provision.

V.4.2 The external auditor may request the chairman of the audit committee to be present at the meeting of the audit committee.

UNIT4 complies with this provision (see the regulations of the audit committee, added as Annex D to the Supervisory Board regulations, which are published on the website).

V.4.3 The external auditor shall report his findings to the Management Board and the Supervisory Board in relation to his audit of the Financial Statements.

UNIT4 complies with this provision.

Additional information pursuant to the Decree on the Implementation of Article 10 of the Takeover Directive / Article 2:391 Paragraph 5 of the Netherlands Civil Code

In view of the decree of 5 April 2006 (which came into force on December 31, 2006) to implement Article 10 of Directive no. 2004/25/EC of the European Parliament and the Council of the European Union of April 21, 2004 on public bids (Bulletin of Acts and Decrees 2006, 191), additional regulations have been drawn up regarding the contents of the annual report of a company whose shares or depositary receipts for shares issued with its cooperation are listed on a regulated stock exchange in the EU.

a) The capital structure

UNIT4 N.V. ('the Company') had 26.366.808 issued ordinary shares, as at January 1, 2010. There are no other types of shares.

It has been agreed with Stichting Continuïteit UNIT4 that the company authorizes the Stichting to take preference shares in the capital of the company to such an amount as that is equal to the total nominal amount of all shares not invested by the Stichting Continuïteit in the capital of the company before the issue of the preference shares, reduced by the nominal amount of preference shares the Stichting Continuïteit holds at the time of issue. The existing put option of the company has expired in the meantime.

b) Restrictions laid down by the Company in the Articles of Association or contractually regarding the transfer of shares or depositary receipts for shares issued with the cooperation of the Company

Not applicable.

c) Duty of disclosure of holdings pursuant to section 5.3 of the Financial Supervision Act

The register of the AFM indicated the following substantial holdings on January 1, 2010:

- Aviva plc: 7.50%
- WAM Acquisitions GP, Inc.: 6.79%
- Navitas B.V.: 6.07%
- Stichting Continuïteit UNIT4: option on 100% of the invested capital
- Mr C. Ouwinga: 6.33%

d) Special control rights attached to shares and the name of the entitled party

Not applicable.

e) The control mechanism of a scheme in which employees are granted rights to take or acquire shares in the capital of the Company or in the capital of a subsidiary (employee share participation plan; employee stock option plan) if the control is not exercised by employees directly

There are several employee option plans in place in the company. Issue of options is made by the Management Board after approval of the Supervisory Board.

f) Restrictions on voting rights, time periods for exercising voting rights and the issue of depositary receipts for shares with the cooperation of the Company

Not applicable.

g) Contracts with shareholders insofar as known to the Company which can give rise to a restriction (i) of the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, or (ii) of the voting right
Not applicable.

h) The rules relating to the appointment and dismissal of directors and supervisory directors and alteration of the Articles of Association
The Articles of Association define that directors are appointed by the General Meeting of Shareholders (GMS). The combined meeting of Management Board and Supervisory Board is entitled to submit a binding nomination containing at least two candidates. The GMS may suspend or dismiss a member of the Management Board at all times. The Supervisory Board may suspend a member of the Management Board. Members of the Supervisory Board are appointed by the GMS. A decision proposed by the Supervisory Board regarding an amendment to the Articles of Association can be made by the GMS. The Articles of Association of the company and the regulations of the Supervisory Board and the Management Board, containing the full regulations, are published on the website.

i) The powers of the Management Board, in particular to issue shares in the Company and to acquire shares in the Company's own share capital
The company may issue shares following a decision by the GMS, or by the Management Board, if so authorized by the GMS. Such authorization was granted on May 14, 2009 for two years, relating to the issue in support of the taking of preference shares by the Stichting Continuïteit up to a maximum of 100% of the invested share capital. Issue of shares other than in support of the taking of preference shares by the Stichting Continuïteit applies to a maximum 20% of the then invested share capital. If an authorization was granted to the Management Board, the GMS cannot decide the issue. A decision for the issue of shares requires approval by the Supervisory Board.

Subject to certain conditions, the company may, with approval by the Supervisory Board and authorization by the GMS, obtain fully paid-up shares in its capital. By a decree of May 14, 2009, the Management Board has received authorization from the GMS for a period of eighteen months to purchase up to a maximum of 10% of the invested capital shares, if the price thereof is not higher than the difference between the nominal value and 110% of the average closing rate on the three previous business days before acquisition.

The Articles of Association of the company with the full regulations are published on the website.

j) Important contracts to which the Company is a party and which are made, altered or dissolved on the condition of a change in the control over the Company after a public bid has been made as referred to in section 5.5 of the Financial Supervision Act as well as the consequences thereof (change-of-control clauses) unless the contracts or consequences are of such nature that the Company could be seriously harmed by the disclosure
There are a number of important contracts with change-of-control clauses. Detailed publication is not possible due to confidentiality agreements.

k) Every contract between the Company and a director or employee which provides for a payout upon termination of the employment following a public bid as referred to in section 5.5 of the Financial Supervision Act
Not applicable.

Information for shareholders

Financial agenda

23 February 2010	Publication of annual figures for 2009 in Amsterdam, the Netherlands; press conference and analysts' meeting with audio-webcast
12 May 2010	General Meeting of Shareholders at Stationspark 1000, Sliedrecht, The Netherlands
26 August 2010	Publication of half-year figures for 2010 in Amsterdam, the Netherlands; press conference and analysts' meeting with audio-webcast
15 February 2011	Publication of annual figures 2010, press conference and analysts' meeting with audio-webcast

Quotation on the stock exchange

The shares of UNIT4 are quoted on NYSE Euronext Amsterdam. The share UNIT4 is part of the Amsterdam Small cap Index (AScX). This index consists of the 25 most-traded small caps and is therefore a complement to the AEX-index of the 25 most-traded Blue Chips in Amsterdam and the Amsterdam Midcap Index, which also totals 25 companies.

At the end of 2009, the market capitalisation was approximately €439 million. At the time of this annual report going to print the most used symbols for UNIT4 were Euronext: NL0000003830896, Reuters: UNI4.AS, Bloomberg: U4AGR NA. Please note that following of the re-branding to UNIT4 however, these symbols are soon to be updated.

Outstanding shares

The number of outstanding shares of UNIT4, with a nominal value of 5.0 euro cents, increased from 26,263,899 at the end of 2008 to 26,366,808 shares at the end of 2009.

In €	2009	2008
Basic earnings per share	0.74	0.47
Basic earnings per share before goodwill-related items	1.33	1.15
Diluted earnings per share	0.74	0.47
Diluted earnings per share before goodwill-related items	1.33	1.15
(Proposed) dividend for the financial year	0.19	0.00

For detailed information regarding equity, please see note 6.18 to the consolidated financial statements. Current share price and additional historical information can be found in the Investors' section of the corporate website.

Dividend

The Board of Directors will, with approval of the Supervisory Board, recommend to the General Meeting of Shareholders that an ordinary dividend be paid out of €0.19 per share.

Should any important strategic acquisitions occur prior to the date of the General Meeting of Shareholders, management reserves the right to adjust the dividend proposal.

The dividend policy for the coming years is aimed at paying out a dividend of between 20% and 25% of the net result if the yet to be determined conditions have been met.

Conforming with article 28.4. of the Articles of Association, the Board of Directors, with approval of the Supervisory Board, has retained the remainder of the 2009 earnings (after deduction of the recommended dividend described above) and added them to the accumulated deficit as part of the equity.

Share price development

Substantial participations

Under the Disclosure of Major Holdings in Listed Companies Act, shareholders are obliged to give notice of interests exceeding certain thresholds to the Netherlands Authority for the Financial Markets (AFM). The AFM register lists the following announcements of substantial participations as on January 1, 2010:

- Aviva plc, total holiding: 7.50%
- WAM Acquisitions GP, Inc., total holiding: 6.79%
- Navitas B.V. total holding: 6.07%
- Stichting Continuïteit UNIT4: option on 100% of the then issued capital
- C. Ouwinga: 6.33%.

UNIT4 share price - 5 year history

Options

UNIT4 has an option scheme for the management. Within the framework of this option scheme 854,316 options were outstanding at the end of 2009 (2008: 710,476). For more information, please see note 6.40.2 to the consolidated financial statements.

Agenda for Shareholders' meeting

The agenda and the relevant documents for the General Meeting of Shareholders will be published on our website: www.unit4.com. Printed copies can be requested by phone or by e-mail via ir@unit4.com and are also available as indicated in the advertisement related to this General Meeting.

Further information

In the section for investors on our website – www.unit4.com/Investors – you will find the most recent financial and related information, including press releases and (half) yearly figures. Annual reports, annual and half-year results and results presentations may be downloaded from there in PDF format.

UNIT4 BUSINESS SOFTWARE

Financial Statements 2009

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Financial Statements 2009

1 CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

(€000)

Continuing operations

	Notes	2009	2008
Products		58,859	69,857
Services and other		143,024	158,980
Contracts and subscriptions		177,567	164,753
Revenue		**379,450**	**393,590**
Cost of sales	6.10	32,191	39,926
Gross profit		**347,259**	**353,664**
Employee costs	6.8	230,481	240,124
Other operating expenses	6.12	41,696	43,406
Operating result before depreciation and impairment (EBITDA)		**75,082**	**70,134**
Depreciation of property, plant and equipment and amortization of intangible assets	6.11	39,958	37,706
Operating result (EBIT)		**35,124**	**32,428**
Finance costs	6.13	13,565	22,208
Finance income	6.14	6,712	9,072
Share of profit of an associate	6.6	-17	-4
Profit before tax		**28,254**	**19,288**
Income tax	6.15	6,057	909
Profit for the year from continuing operations		**22,197**	**18,379**
Discontinued operations			
Result for the year from discontinued operations	6.16	-2,464	-6,098
Profit for the year		**19,733**	**12,281**
Attributable to:			
Shareholders of UNIT4		19,425	12,256
Non-controlling interests		308	25
		19,733	**12,281**
Earnings per share in € (attributable to shareholders of UNIT4)	6.18		
- Basic earnings per share		0.74	0.47
- Basic earnings per share attributable to continuing operations		0.83	0.70
- Diluted earnings per share		0.74	0.47
- Diluted earnings per share attributable to continuing operations		0.83	0.70

Profit after tax before goodwill related items and impairments[1]	**35,016**	**30,264**
Earning per share in € (attributable to shareholders of UNIT4)		
Basic earnings per share (before goodwill related items)[1]	1.33	1.15
Diluted earnings per share (before goodwill related items)[1]	1.33	1.15

[1] including amortization of customer contracts, acquired software development costs and trademarks

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

(€000)

	2009	2008
Profit after tax	**19,733**	**12,281**
Currency translation differences on translation of foreign operations[1]	16,163	-56,331
Currency translation differences on hedge of net investment[1]	-2,037	9,310
Result on sale of non-controlling interest[1]	887	0
Other total result after taxes	**15,013**	**-47,021**
Total result after taxes	**34,746**	**-34,740**
Attributable to:		
Shareholders of UNIT4	34,438	-34,765
Non-controlling interests	308	25
	34,746	**-34,740**

[1] Income tax is not applicable for these items within the period

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

(€000)

	Notes	2009	2008
Assets			
Non-current assets			
Intangible assets	6.19	292,728	295,705
Property, plant and equipment	6.21	31,491	32,565
Investment in associates and joint ventures	6.6	79	56
Other financial assets	6.22	987	1,092
Deferred tax asset	6.23	13,266	12,909
		338,551	**342,327**
Current assets			
Inventories	6.24	402	474
Trade and other receivables	6.25	85,574	89,614
Income tax asset		1,193	4,223
Other taxes	6.25.3	722	942
Cash and cash equivalents	6.26	44,011	35,254
		131,902	**130,507**
Assets held for sale		3,944	3,830
Total assets		**474,397**	**476,664**
Equity and liabilities			
Issued capital	6.17.1	1,318	1,313
Share premium	6.17.2	257,274	255,866
Currency translation differences reserve	6.17.3	-37,774	-47,900
Accumulated deficit		-110,675	-124,015
Profit for the year		19,425	12,256
Equity attributable to UNIT4		133,568	97,520
Non-controlling interests		1,349	220
Total equity		**134,917**	**97,740**
Non-current liabilities			
Interest-bearing loans and borrowings	6.27	127,909	143,519
Pension obligations	6.28	484	476
Deferred tax liability	6.29	37,643	42,431
Provisions	6.30	3,602	4,127
		169,638	**190,553**
Current liabilities			
Provisions	6.30	2,569	3,269
Trade and other payables	6.31	13,694	16,780
Interest-bearing loans and borrowings	6.32	51,802	59,022
Income tax payable		9,879	10,510
Other taxes	6.33	17,515	14,177
Other liabilities, accruals and deferred income	6.34	70,169	79,326
		165,628	**183,084**
Liabilities concerning assets held for sale		4,214	5,287
Total equity and liabilities		**474,397**	**476,664**

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

(€000)

	Attributable to shareholders of UNIT4							
	Issued capital	Share premium	Currency translation differences reserve	Accumulated deficit	Profit for the year	Total	Non-controlling interests	Total equity
1 January 2009	**1,313**	**255,866**	**-47,900**	**-124,015**	**12,256**	**97,520**	**220**	**97,740**
Profit reporting period (after tax)	0	0	0	0	19,425	19,425	308	19,733
Other total result (after tax)	0	0	14,126	887	0	15,013	0	15,013
Total result after tax	**0**	**0**	**14,126**	**887**	**19,425**	**34,438**	**308**	**34,746**
Acquisition of non-controlling interests	0	0	0	0	0	0	1,159	1,159
Exercise of options	5	1,408	0	0	0	1,413	0	1,413
Appropriation of result 2008	0	0	0	12,256	-12,256	0	0	0
Dividend	0	0	0	0	0	0	-338	-338
Share-based payment	0	0	0	197	0	197	0	197
31 December 2009	**1,318**	**257,274**	**-33,774**	**-110,675**	**19,425**	**133,568**	**1,349**	**134,917**

For the year ended 31 December 2008

(€000)

	Attributable to shareholders of UNIT4							
	Issued capital	Share premium	Currency translation differences reserve	Retained earnings	Profit for the year	Total	Non-controlling interests	Total equity
1 January 2008	**1,313**	**255,840**	**-879**	**-131,014**	**11,925**	**137,185**	**28,016**	**165,201**
Profit reporting period (after tax)	0	0	0	0	12,256	12,256	25	12,281
Other total result (after tax)	0	0	-47,021	0	0	-47,021	0	-47,021
Total result after tax	**0**	**0**	**-47,021**	**0**	**12,256**	**-34,765**	**25**	**-34,740**
Acquisition of non-controlling interests	0	0	0	0	0	0	189	189
Discontinued operations	0	0	0	0	0	0	-28,010	-28,010
Exercise of options	0	26	0	0	0	26	0	26
Appropriation of result 2007	0	0	0	5,364	-5,364	0	0	0
Dividend	0	0	0	0	-6,561	-6,561	0	-6,561
Share-based payment	0	0	0	1,635	0	1,635	0	1,635
31 December 2008	**1,313**	**255,866**	**-47,900**	**-124,015**	**12,256**	**97,520**	**220**	**97,740**

5 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

(€000)

	Notes	2009	2008
Cash flows from operating activities			
Operating result (EBIT) from continued operations		35,124	32,428
Operating result (EBIT) from discontinued operations		-2,512	-6,973
Operating result (EBIT)		**32,612**	**25,455**
Adjustments for:			
Depreciation and impairment		40,021	40,475
Share-based payments		197	1,635
Changes in provisions		-138	-650
Changes in operating capital		8,397	-1,594
Cash flows from operations		**81,089**	**65,321**
Interest paid		-6,469	-7,711
Interest received		5,234	9,420
Income tax paid		-10,949	-10,826
Cash flows from operating activities		**68,905**	**56,204**
Cash flows from investing activities			
Investments in intangible assets		-17,021	-16,289
Acquisition of subsidiaries, net of cash and cash equivalents acquired (incl. earn out payments)		-800	-199,125
Divestments of other financial assets		0	-12,709
Repayment of other financial assets		132	674
Investments in property, plant and equipment		-3,819	-6,468
Divestments of property, plant and equipment		144	113
Cash flows from investing activities		**-21,364**	**-233,804**
Cash flows from financing activities			
Proceeds from issue of shares		1,413	26
Proceeds from non-controlling interest		1,753	0
Payments of borrowings		-23,153	-17,479
Dividends paid		-75	-6,561
Interest paid		-7,384	-8,514
Proceeds from borrowings		0	191,322
Cash flows from financing activities		**-27,446**	**158,794**
Net cash flows		-20,095	-18,806
Currency translation differences		3,284	-5,251
Cash and cash equivalents at 1 January		-8,670	15,387
Cash and cash equivalents at 31 December		**14,709**	**-8,670**

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 CORPORATE INFORMATION

At the end of January 2010 the name of the company Unit 4 Agresso was rebranded into UNIT4. In advance of the formal approval of the name change of the stock listed mother company Unit 4 Agresso N.V. in UNIT4 N.V. at the General Meeting of Shareholders, the new name UNIT4 N.V. has already been used throughout this document. As most of the subsidiaries are in the process of changing their names, the company names used in this document are based on the new company names that have been formally changed as per the date of this report, or will be changed during 2010. The consolidated financial statements for 2009 of UNIT4 N.V. were authorized for issue in accordance with the resolution of the Board of Directors and the Supervisory Board on 26 March 2010. UNIT4 N.V. is a limited company established and domiciled in the Netherlands whose shares are publicly traded. UNIT4 N.V. and its subsidiaries (jointly 'UNIT4' or 'Group') operate as an international producer of business software. The head office is based in Sliedrecht, the Netherlands.

6.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€000) except where otherwise indicated.

6.2.1 STATEMENT OF COMPLIANCE

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union.

6.2.2 CONSOLIDATION

The consolidated financial statements include the financial information of the parent company, UNIT4 N.V., and its subsidiaries.

A subsidiary is an entity over which UNIT4 has control. Control is the power to direct the financial and operational policy of the entity in order to achieve advantages from its activities. The financial figures of subsidiaries are recognized at 100% in the consolidation. Non-controlling interests in the equity and the net profit will be mentioned separately. Subsidiaries are consolidated as of the acquisition date, being the date when control in the acquired company was obtained, and deconsolidated as of the time when the control ceases to exist. Acquisitions are recognized in accordance with the 'purchase accounting method' (acquisition method). This method attributes the cost price of a business combination to the fair value of the acquired assets and liabilities and contingent liabilities as at the acquisition date. For the consolidation all intra-group relationships in the statement of financial position and intra-group transactions in the income statement are eliminated.

As at 31 December 2009, the following companies are recognized in the consolidation of the Group:

Companies	Registered office	Share in capital (direct parent/ subsidiary relation)
UNIT4 N.V.	**Sliedrecht, the Netherlands**	
UNIT4 Business Software Benelux B.V.	**Sliedrecht, the Netherlands**	**100%**
UNIT4 Business Software B.V.	Houten, the Netherlands	100%
UNIT4 Accountancy B.V.	Veenendaal, the Netherlands	100%
UNIT4 Oost Nederland B.V.	Hengelo, the Netherlands	100%
UNIT4 Software B.V.	Sliedrecht, the Netherlands	100%
UNIT4 Business Software N.V.	Antwerp, Belgium	100%
UNIT4 IT Solutions B.V.	Capelle a/d IJssel, the Netherlands	100%
UNIT4 Financiële Intermediairs B.V.	Zoetermeer, the Netherlands	100%
Amercom B.V.	*Amersfoort, the Netherlands*	*100%*
UNIT4 C-Logic N.V.	Brugge, Belgium	100%
CODA N.V.	Nieuwegein, the Netherlands	100%
I-Signaal B.V.	Rijssen, the Netherlands	33⅓%

Companies	Registered office	Share in capital (direct parent/ subsidiary relation)
UNIT4 Business Software Holding B.V.	**Sliedrecht, the Netherlands**	**100%**
Agresso Cyprus Ltd.	Limassol, Cyprus	100%
UNIT4 Agresso R&D AS	Oslo, Norway	100%
UNIT4 Agresso AS	Oslo, Norway	100%
UNIT4 Agresso AS	Lyngby, Denmark	100%
UNIT4 Current Software AS	Oslo, Norway	100%
UNIT4 Agresso AB	Stockholm, Sweden	100%
UNIT4 Eesti OU	Tallinn, Estonia	100%
UNIT4 OCRA AB	Kista, Sweden	100%
UNIT4 MAP AB	Sundsvall, Sweden	100%
UNIT4 MAP AS	Nydalen, Norway	100%
UNIT4 Business Software Ltd.	Bristol, United Kingdom	100%
MicroComputer Associates Ltd.	Swansea, United Kingdom	100%
Distinction Systems Ltd.	Swansea, United Kingdom	100%
CODA Ltd.	Chippenham, United Kingdom	100%
CODA Group International Ltd.	Chippenham, United Kingdom	100%
UNIT4 CODA France SA	La Défense, France	100%
Adalys SAS	La Défense, France	100%
CODA Financial Systems Ltd.	Dublin, Ireland	100%
UNIT4 CODA Inc.	Manchester, United States	100%
CODA Systems Pty Ltd.	Southport, Australia	100%
UNIT4 Malaysia Pte Ltd.	Petaling Jaya, Malysia	100%
UNIT4 Asia Pacific Pte Ltd.	Singapore, Singapore	100%
UNIT4 CODA Hungary Kft	Budapest, Hungary	100%
UNIT4 CODA Czech s.r.o	Praha, Czech Republic	100%
CODA GB Ltd.	Chippenham, United Kingdom	100%
CODA 2 Go Ltd.	Chippenham, United Kingdom	100%
UNIT4 Collaboration Software Ltd.	Chippenham, United Kingdom	100%
GWG Holdings Ltd.	Limassol, Cyprus	100%
CODA Group Holdings Ltd.	Chippenham, United Kingdom	100%
UNIT4 Business Software Spain S.L.	Granada, Spain	100%
UNIT4 Business Software Ibérica S.A.	Barcelona, Spain	100%
UNIT4 Guinea E.S.L.	Malabo, Equatorial-Guinea	65%
Longview Solutions S.L.	Madrid, Spain	100%
UNIT4 Portugal LDA	Oeiras, Portugal	100%
UNIT4 Agresso GmbH	Munich, Germany	100%
UNIT4 Agresso France SA	Bourg la Reine, France	100%
Agresso Maintenance & Services SA	Bourg la Reine, France	100%
Agresso Travel Industry Solutions Ltd.	Bristol, United Kingdom	100%
UNIT4 Agresso Inc.	**Victoria (BC), Canada**	**100%**
UNIT4 Agresso Corp	Alberta, Canada	100%
Agresso Americas Corp.	Massachusetts, United States	100%
Agresso Travel Industry Solutions Inc.	Texas, United States	100%
FinancialForce.com Inc.	**San Mateo, United States**	**83%**
Foundation ICT Group B.V.	**Utrecht, the Netherlands**	**100%**
Foundation ICT Solutions B.V.	Utrecht, the Netherlands	100%

6.2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRS 1 First-time Adoption of IFRS and IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Joint Controlled Entity or an Associate, effective 1 January 2009
- IFRS 2 Share-based Payment - Vesting Conditions and Cancellations, effective 1 January 2009
- IFRS 7 Financial Instruments: Disclosures - Disclosures on Fair Value and Liquidity Risk, effective 1 January 2009
- IFRS 8 Operating Segments, effective 1 January 2009
- IAS 1 Presentation of Financial Statements (Revised), effective 1 January 2009
- IAS 23 Borrowing Costs (Revised), effective 1 January 2009
- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation, effective 1 January 2009
- IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement - Reassessment of Embedded Derivatives, effective for periods ending on or after 30 June 2009
- IFRIC 13 Customer Loyalty Programmes, effective 1 January 2009
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, effective 1 January 2009
- Improvements to IFRSs (May 2008)

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or the performance of the Group, its impact is described below:

IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Joint Controlled Entity or an Associate

The amendment to IFRS 1 allows an entity, in its separate financial statements, to determine the cost of investments in subsidiaries, jointly controlled entities or associates in its opening IFRS financial statements at cost determined in accordance with IAS 27, or at fair value of the investment at the date of transition to IFRS, determined in accordance with IAS 39, or at the previous GAAP carrying amount of the investment at the date of transition. The amendment to IAS 27 requires all dividends from a subsidiary, jointly controlled entity or associate to be recognized in the income statement in the separate financial statement.

As the Group is not a first-time adopter of IFRS, the amendment is not applicable to the Group.

IFRS 2 Share-based Payment - Vesting Conditions and Cancellations

In January 2008, the IASB published an amendment to IFRS 2 Share-Based Payment: Vesting conditions and cancellations. In it, the IASB explains the terms 'vesting condition' and 'cancellation' on the basis of IFRS 2 on share-based payments. The term 'cancellation' relates to a termination by either the party granting the option/share plan (the entity) or another party (for example, an employee). The IASB also explains that only two types of vesting conditions (conditions on which a participant's right to exercise options becomes irrevocable) exist: performance conditions and service conditions. The definition of vesting conditions is limited to conditions representing an implicit or explicit requirement to provide services. The new rules have no effect whatsoever on market conditions. Vesting conditions have an effect on the number of options/shares that are expected to be/will actually be irrevocably exercised. Market conditions are taken into account when determining the fair value of the share/option plan.

The implementation of this amendment does not have impact on the financial position of the Group.

IFRS 7 Financial Instruments: Disclosures - Disclosures on Fair Value and Liquidity Risk

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The effect from the application of this standard is shown in notes 6.36 and 6.37.

IFRS 8 Operating Segments

In 2006, the IASB published IFRS 8 Operating Segments, which will replace IAS 14 from financial years commencing on or after 1 January 2009. The most significant change from IAS 14 is that the identification of the segments and valuation of the segment information under IFRS 8 are based on the internal reporting regularly used by the chief operating decision maker. In addition, the disclosure requirements under IFRS 8 have been changed and expanded. IFRS 8 was endorsed by the EU in November 2007. This means that Dutch listed entities must apply IFRS 8 as from the 2009 financial statements. The effect from the application of this standard is shown in note 6.7.

IAS 1 Presentation of Financial Statements (Revised)

In September 2007, the IASB published a revised version of IAS 1 Presentation of Financial Statements. The changes from the previous version of IAS 1 relate primarily to a number of changes in terminology within IAS 1, as well as the presentation of the income statement and the presentation of all income and expenditure separately from the statement of changes in equity. For the last part different options are allowed. The Group has chosen to show a separate statement for this.

IAS 23 Borrowing Costs (Revised)

In March 2007, the IASB published the revised IAS 23 Borrowing Costs. The main reason for this amendment is convergence with US rules (SFAS 34). The revised IAS 23 eliminates the current option that allows borrowing costs directly allocable to a qualifying asset to be recognized directly under expenses. The only method still allowed is to capitalize the borrowing costs.

The Group already complied with the revised conditions in the annual report of 2008.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

In February 2008, the IASB published amendments to IAS 32 and IAS 1 concerning Puttable Financial Instruments and Obligations Arising on Liquidation. Under the current version of IAS 32, a financial instrument is only classified under equity if certain conditions are met, one of these being that there is no contractual obligation to make payments in the form of cash or any other financial asset. The current version of IAS 32 stipulates that a financial instrument whose holder is entitled to resell the instrument to the issuing entity be recognized as a financial liability, resulting in little or no equity being held by operations such as open-end and closed-end funds with definite economic lives. The amendment to IAS 32 allows such operations to classify their units under equity, subject to certain conditions.

The revised Standard allows an exception for puttable financial instruments and for financial instruments, with the entity, in the event of liquidation, having the obligation to transfer the net assets, or a pro rata share thereof, to another party. These instruments transferred under sale and repurchase transactions are to be classified under equity upon application of the new rules.
The revised IAS 32 and IAS 1 were endorsed by the EU on the 22nd of January 2009.

The implementation of this amendment does not have an impact on the financial position of the Group.

IFRIC 9 Remeasurement of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement - Reassessment of Embedded Derivatives

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

The implementation of this amendment does not have an impact on the financial position of the Group.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognized as revenue over the period that the award credits are redeemed.

The Group does not maintain a loyalty points programme.

IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under IAS 19 Employee Benefits.

Improvements to International Financial Reporting Standards

In May 2008, the IASB issued a first omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations.
- IAS 1 Presentation of Financial Statements: Clarifies the classification of derivatives as current or non-current asset/liability. Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the statement of financial position.
- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with "fair value less costs to sell". The Group amended the terminology in its accounting policy accordingly.
- IAS 19 Employee Benefits: Revises the definition of 'past service costs' and 'return on plan assets' and replaces the term 'fall due'.
- IAS 23 Borrowing Costs: Revises the definition of borrowing costs to consolidate the two types of items that are considered components of 'borrowing costs' (borrowings' interest and amortization) into one - the interest expense calculated using the effective interest rate method calculated in accordance with IAS 39. The Group has amended its accounting policy accordingly.
- IAS 27 Consolidated and Separate Financial Statements: Clarifies that when a parent entity accounts for a subsidiary at fair value in accordance with IAS 39 in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- IAS 28 Investments in Associates:
  - Reduces the disclosures for entities that avail themselves of the exemption to account for associates in accordance with IAS 39. If an associate is accounted for at fair value in accordance with IAS 39 (as it is exempt from the requirements of IAS 28), only the requirement of IAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies to preparers.
  - Clarifies that an investment in an associate is a single asset for the purpose of conducting the impairment test - including any reversal of impairment. Therefore, any impairment is not separately allocated to the goodwill included in the investment balance.
- IAS 31 Interests in Joint ventures: Reduces the disclosures for entities that avail themselves of the exemption to account for jointly controlled entities in accordance with IAS 39. If a joint venture is accounted for at fair value, in accordance with IAS 39 (as it is exempt from the requirements of IAS 31), only the requirements of IAS 31 to disclose the commitments of the venturer and the joint venture, as well as summary financial information about the assets, liabilities, income and expenses will apply.
- IAS 36 Impairment of Assets: Clarifies that when discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. Furthermore, the amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in IFRS 8 before aggregation for reporting purposes.
- IAS 38 Intangible Assets: Clarifies that expenditure on advertising and promotional activities is recognized as an expense when the Group either has the right to access the goods or has received the service. Furthermore, the reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed.
- IAS 39 Financial Instruments: Recognition and Measurement:
  - Clarifies that changes in circumstances relating to derivatives are not reclassifications. Thus, a derivative may be either removed from, or included in, the 'fair value through profit or loss' classification after initial recognition. Similarly, when financial assets are reclassified as a result of an insurance company changing its accounting policy in accordance with paragraph 45 of IFRS 4, this is a change in circumstance, not a reclassification.
  - Removes the reference in IAS 39 to a 'segment' when determining whether an instrument qualifies as a hedge.
  - Requires use of the revised effective interest rate (rather than the original effective interest rate) when remeasuring a debt instrument on the cessation of fair value hedge accounting.

In April 2009, the IASB issued a second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets

- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or the performance of the Group:

- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance
- IAS 29 Financial Reporting in Hyperinflationary Economies
- IAS 40 Investment Property
- IAS 41 Agriculture

6.2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.2.4.1 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs directly attributable to the acquisition formed part of the acquisition costs (from 1 January 2010 acquisition costs will be expensed as incurred).

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, those stages were accounted for as separate steps.

Any additional acquired share of interest did not affect previously recognized goodwill. Equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss. Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

6.2.4.2 INVESTMENT IN AN ASSOCIATE

The Group's investment in its associate is accounted for using the equity method. An associate is an entity in which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates. The financial statements of the associate are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the income statement. Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognized in profit or loss.

6.2.4.3 INTEREST IN A JOINT VENTURE

The Group has an interest in a joint venture that is a jointly controlled entity, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The Group recognizes its interest in the joint venture using the equity method. Upon loss of joint control and provided the former joint control entity does not become a subsidiary or associate, the Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint controlled entity upon loss of joint control and the fair value of the remaining investment and proceeds from disposal are recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

6.2.4.4 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale ,if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This ,condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

6.2.4.5 FOREIGN CURRENCY TRANSLATION

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These are recognized in other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Group companies

The assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions (closing rate method). The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement. Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

The year-end exchange rates used are:

foreign currency compared to 1 €	2009	2008
Australian dollar (AUD)	1.6025	2.0250
Canadian dollar (CAD)	1.5025	1.7080
Czech krone (CZK)	26.4500	26.6000
Danish krone (DKK)	7.4410	7.4500
Estonian krone (EEK)	15.6350	15.6000
Hungarian forint (HUF)	272.0000	264.5000
Malaysian ringgit (MYR)	4.9181	4.9893
Norwegian krone (NOK)	8.3200	9.7750
Pound sterling (GBP)	0.9030	0.9542
Singapore dollar (SGD)	2.0100	2.0150
Swedish krone (SEK)	10.2950	10.9100
US dollar (USD)	1.4325	1.4000

The average exchange rates used are:

foreign currency compared to 1 €	2009	2008
Australian dollar (AUD)	1.7785	1.7364
Canadian dollar (CAD)	1.5867	1.5548
Czech krone (CZK)	26.4925	24.9497
Danish krone (DKK)	7.4461	7.4561
Estonian krone (EEK)	15.5614	15.6000
Hungarian forint (HUF)	280.6597	251.0278
Malaysian ringgit (MYR)	4.9414	4.9969
Norwegian krone (NOK)	8.7538	8.1935
Pound sterling (GBP)	0.8914	0.7946
Singapore dollar (SGD)	2.0210	2.0761
Swedish krone (SEK)	10.6218	9.6090
US dollar (USD)	1.3927	1.4759

6.2.4.6 REVENUE RECOGNITION

Revenues

The Group derives its revenues from the sale or license of software products and of support, subscription, consulting, development, training, and other services. The vast majority of our software arrangements include support services and many also include professional services and other elements.

Products revenue is the sum of own software revenues, customization of the software and third party software products. Services and other revenues is the sum of professional services, customer services, training, IT services and other revenues. Contracts and subscription revenues is the sum of maintenance/support contracts, IT-related services (outsourcing) contracts and subscription-based software-related service revenues. Maintenance/support revenues represent fees earned from providing customers with unspecified future software updates, upgrades, and enhancements, and technical product support. Subscription-based software-related service revenues represents fees earned from subscription and hosting contracts. Subscription contracts have both software and support service elements as they provide the customer with current software products, rights to receive unspecified software products in the future, and rights to support services. Customers pay an annual fee for a defined subscription term, usually three to five years.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration (to be) received, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following 4 criteria should all be met to allow for revenue recognition:

- Persuasive evidence of an arrangement exists.
- Delivery has occurred.
- UNIT4 subsidiary's fee is fixed or determinable.
- Collectability is probable.

The proceeds from the sales of software are recognized at the time when the risks and rewards have passed to the buyer. The proceeds from services are recognized pro rata to the activities carried out in the execution of the work. The proceeds from maintenance/support revenues are recognized ratably over the term of the contract, usually one year. The proceeds from subscription based software-related service revenues are recognized ratably over the term of the arrangement. In multiple-element arrangements involving software and consulting, training, or other professional services that are not essential to the functionality of the software, the service revenues are accounted for separately from the software revenues. Revenues for arrangements that involve significant production, modification, or customization of the software and those in which the services are not available from third-party vendors and are therefore deemed essential to the software, are recognized depending on the fee structure, on a time-and-material basis, or using the percentage of completion method, based on direct labor costs incurred to date as a percentage of total estimated project costs required to complete the project.

If a customer is specifically identified as a bad debtor, no revenue is recognized except to the extent of fees that have already been collected.

Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

6.2.4.7 TAXES

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.
Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax
Revenues, expenses and assets are recognized net of the amount of sales tax except:
- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of ,the expense item as applicable
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

6.2.4.8 GOVERNMENT GRANTS
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as part of this asset reducing the carrying amount of this asset. The grant is then recognized as income over the useful life of a depreciable asset by way of a reduced depreciation charge.

6.2.4.9 PENSIONS AND OTHER POST EMPLOYMENT BENEFITS
The Group has defined benefit pension plans in France and in the Netherlands. The pension plan in France is managed by the government. The pension plans in the Netherlands are contracted to a pension insurer. The plans at other entities, when available, qualify as contribution plans. With the exception of the pension plan in France, all plans are placed with local insurers. The pension plans are financed from payments by employees and the relevant entities. For the defined benefit pension plans in France and in the Netherlands, the pension costs are measured ,using the projected unit credit method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans. The past service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately. The defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less past service costs and actuarial gains and losses not yet recognized and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and actuarial gains and losses not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Provisions for jubilees are recognized in the statement of financial position at a value (per employee) that takes into account:
- The proportional composition of the deferred benefit.
- Actuarial gains or losses.
- Tax law effects.
- Discounting of the calculated obligation.

The actuarial results and the charges over passed services years are recognized directly in the result.

6.2.4.10 SHARE-BASED PAYMENT TRANSACTIONS
The Management Board and some senior executive employees of the Group receive remuneration in the form of share-based payment transactions (employee share options), if they realize a certain performance. This concerns equity-settled transactions. The costs of these employee share options are measured on the basis of the fair value of the options on the date when the options are granted. The fair value is measured making use of a derivative of the binomial option model, taking account of market

conditions relating to the UNIT4 N.V. share. The costs of these options are recognized in the income statement (Employee costs), with the equity (accumulated deficit) as contra entry, over the period in which the performance conditions are fulfilled and the options are unconditionally granted, ending on the date on which the relevant employees acquire the full right to exercise the equity-settled transactions. In most cases a period of 3 years lies between the granting date and the date upon which the options can be exercised and the underlying shares are free to be sold into the market.

The dilutive effect on the outstanding options is reflected as additional dilution of the shares in the calculation of the earnings per share.

6.2.4.11 FINANCIAL INSTRUMENTS – INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.
All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.
The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the income statement.
The Group has designated financial assets upon initial recognition valued at fair value through profit or loss. The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.
Derivatives embedded in host contracts, if available, are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement held-to-maturity investments are measured at amortized cost using the effective interest method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs. The Group did not have any held-to-maturity investments during the years ended 31 December 2009 and 2008.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is recognized in the income statement in finance costs and removed from the available-for-sale reserve.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement – is removed from other comprehensive income and recognized in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives, if available, are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the income statement.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the income statement.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.
For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

6.2.4.12 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year 2009 (and 2008) the Group did not apply hedge accounting to any transactions except for the hedge of a currency risk on a loan, nominated in GBP, against a (group of) investment(s) in the United Kingdom. These transactions are classified as a "Hedge of a net investment".

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of an interest rate-hedging derivative is recognized in the income statement in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement in finance costs. For fair value hedges relating to items carried at amortized cost, the adjustment to carrying value is amortized through the income statement over the remaining term to maturity. Effective interest rate amortization may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.
If the hedge item is derecognized, the unamortized fair value is recognized immediately in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement in finance costs. Amounts recognized as other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as other comprehensive income while any gains or losses relating to the ineffective portion are recognized in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the income statement.

Current versus non-current classification

Derivative instruments that are not designated and effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivates that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

6.2.4.13 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Property (buildings) : 50 years
- Plant and equipment : 2 to 10 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

6.2.4.14 LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the

Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

6.2.4.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.2.4.16 INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life of the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.
Amortization is calculated on a straight-line or accelerated (Sum of the Years Digits) basis over the estimated useful life of the asset as follows:

- Internally developed software : 5 years (straight line)
- Acquired software : 5 years (straight line) or 12 years (accelerated)
- Customer contracts : 10 years (straight line) or 21 years (accelerated)
- Other intangible assets : 2-5 years (straight line) or 5 years (accelerated)

Intangible assets with indefinite useful lives, if any, are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as ,an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to reliably measure the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied, requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

6.2.4.17 INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

6.2.4.18 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or if applicable, quoted share prices for publicly-traded subsidiaries or other available fair value indicators. Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

6.2.4.19 CASH AND SHORT-TERM DEPOSITS

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

6.2.4.20 PROVISIONS

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

6.2.4.21 CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the indirect method. In the cash flow statement a distinction is made between cash flows from operating, investing and financing activities. Cash flows in foreign currencies are translated at applicable rates on the dates of the transactions during the reporting year. Currency differences on cash and cash equivalents, less the overdraft liabilities are recognized separately in the cash flow statement. Revenue and expenses for income tax are recognized under Cash flows from operating activities. Interest costs and interest revenues, with the exception of interest of the syndicated loan, are recognized under Cash flows from operating activities. Interest costs of the syndicated loan are recognized under Cash flows from financing activities. Cash flows as a result of the acquisition or disposal of financial interests (subsidiaries and interests) are recognized under Cash flows from investing activities, taking into account the cash and cash equivalents present in these interests (net of cash). Dividends paid out, as well as obtaining loans, are recognized under Cash flows from financing activities.

6.3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Certain accounting judgments, estimates and assumptions, which entail a considerable risk of causing an important adjustment of the carrying amount of assets and liabilities in the following financial year, could deviate from the current accounting estimates and assumptions determined by the management. The main accounting estimates and assumptions are set out below.

Judgments

DISCONTINUED OPERATIONS

In the final quarter of 2007 it was decided to sell the sales and implementation activities of UNIT4 Agresso France SA. The company was split into two, a part that will remain and a part that will be sold. As at 31 December 2009 this process is still ongoing. The Board considered the operation still to be classified as discontinued operations for the following reasons:

- The activities to be sold are identified and an independent valuation have been made.
- Relevant internal parties have approved.
- The Board is in final negotiations with a potential buyer.
- The Board expects negotiations to be finalized and the sale to be completed by the end of the second quarter of 2010. For more details on the discontinued operation, refer to note 6.16.

Estimates and assumptions

GOODWILL AND FIXED ASSETS

Assets subjected to depreciation are reviewed for impairment if events or changes in the circumstances indicate that the carrying amount may not be recoverable. Assets not subjected to depreciation are reviewed for impairment once a year. In the impairment tests the lowest level cash-generating units are used. The goodwill will be attributed to those cash-generating units or group of cash-generating units that are to be expected to take advantage of those Business Combinations in which goodwill is generated The estimates and assumptions used by the management determine if an impairment is recognized, are:

- Determining the cash-generating units or group of cash-generating units.
- Timing of the review for impairment.
- Determining the discount rate.
- Projecting of cash flows including long-term expectations.

For more details on goodwill please see Note 6.20 "Impairment test of goodwill".

ACQUISITIONS

The costs related to acquired entities were valued against the total fair value per acquisition date of the acquired assets, liabilities and acquisition costs. Every purchase price allocation of the asset is determined by an active market or independent valuation, or estimated by the management based on cost price calculations or cash flows.

For more details on acquisitions please see Note 6.5 "Business combinations".

PROVISIONS

The amounts recognized as provisions represent the most accurate estimate of the costs needed for the settlement of a current liability at the reporting date made by the management. The management expected that these amounts would be paid to settle the liability at the reporting date or to assign to a third party at that date.

Pension costs are based on actuarial assumptions to calculate a reliable estimate of the amounts regarding pension rights for employees in exchange for their services during this and the preceding financial years.

The main actuarial assumptions are:

- Discount rate.
- Expected investment revenues.
- General wage movements.
- Price inflation.
- Indexation of acquired rights.

The fair values of investments are based on prices in the market.

Deferred tax assets

UNIT4 recognizes deferred tax assets related to losses carried forward or tax receivables as long as the respective fiscal unity or legal entity has sufficient taxable temporary differences or when there are reliable estimates that taxable profits will be available for use by the fiscal unity or legal entity.

Financial instruments

The management express their opinion, if applicable, about the classification of the financial instruments:

- Financial assets at fair value through profit or loss
- Loans and receivables.
- Held-to-maturity investments
- Available-for-sale financial investments.

Development costs

Development costs are capitalized in accordance with the accounting policy. Initial capitalization of costs is based on management's judgment that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Legal procedures and claims

UNIT4 is involved in various legal procedures that are generally linked to its business. In relation to those procedures and claims, management has investigated the probability on a negative decision and estimated the reasonable amount for that claim, taking into account the facts and basic legal procedures. Those estimations have necessarily been made on subjective assumptions, including opinions on the validity on the claims received and the probable outcomes of the legal and administrative procedures. The outcome of those procedures depends on various facts on which we do not have influence, especially the uncertainty linked to predicting the verdict from the judge and administrative bodies. The advisory costs relating to the legal procedures are recognized in the profit and loss account directly after the services have been carried out by the legal advisors.

6.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below:

- IFRS 1 First-time adoption of IFRS (Revised), effective 1 January 2010
- IFRS 1 First-time adoption of IFRS - Additional Exemptions for First-time Adopters, effective 1 January 2010
- IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Arrangements, effective 1 January 2010
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended), effective 1 July 2009
- IFRS 9 Financial Instruments, effective 1 January 2013
- IAS 24 Related Party Disclosures (Revised), effective 1 January 2011
- IAS 32 Financial Instruments: Presentation - Classification of Rights Issues, effective 1 February 2010
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items, effective 1 July 2009
- IFRIC 12 Service Concession Arrangements, effective 29 March 2009
- IFRIC 15 Agreements for the Construction of Real Estate, effective 1 January 2010
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation, effective 1 July 2009
- IFRIC 17 Distributions on Non-cash Assets to Owners, effective 1 November 2009
- IFRIC 18 Transfers of Assets from Customers , effective for transactions after 1 July 2009
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments2, effective 1 July 2010
- Improvements to IFRSs (April 2009)

IFRS 1 First-time adoption of IFRS (Revised)

Certain changes to the structure of the standard have been made. The substance of the standard has not been changed. As the Group is not a first-time adopter of IFRS, the revised standard is not applicable to the Group.

IFRS 1 First-time adoption of IFRS - Additional Exemptions for First-time Adopters

IFRS 1 has been amended to provide additional exemptions from full retrospective application of IFRS for the measurement of oil and gas assets and leases. As the Group is not a first-time adopter of IFRS and does not have such assets and leases, the amendment is not applicable to the Group.

IFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Arrangements
The amendment clarifies the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or the performance of the Group.

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.
IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) will be applied prospectively and will affect future business combinations or loss of control of subsidiaries and transactions with non-controlling interests.

IFRS 9 Financial Instruments
The IASB has published phase 1 of IFRS 9 Financial Instruments, the accounting standard that will eventually replace IAS 39 Financial Instruments: Recognition and Measurement. Phase 1 establishes a new classification and measurement framework for financial assets. At initial recognition, all financial assets are measured at fair value. For subsequent measurement, financial assets that are debt instruments are classified at amortized cost or fair value through profit and loss on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. All other debt instruments are subsequently measured at fair value through profit and loss. All financial assets that are equity investments are measured at fair value either through profit or loss or other comprehensive income. The Group has studied the standard and is currently assessing its impact and date to be implemented.

IAS 24 Related Party Disclosures (Revised)
The IASB has revised IAS 24 in response to concerns that the previous disclosure requirements and the definition of a 'related party' were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The revised standard addresses these concerns by providing a partial exemption for government-related entities and a revised definition of a related party. The Group does not expect to adopt this standard before 1 January 2011. The Group has studied the standard and is currently assessing its impact, which will be limited to disclosures only.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues
The amendment alters the definition of a financial liability in IAS 32 to classify rights issued and certain options or warrants (together, here termed rights) as equity instruments. The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met. The Group has concluded that the amendment will have no impact on the financial position or the performance of the Group, as the Group has not made foreign currency rights issues.

IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no impact on the financial position or the performance of the Group, as the Group has not entered into any such hedges.

IFRIC 12 Service Concession Arrangements
This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and, therefore, this interpretation will have no impact on the financial position or the performance of the Group.

IFRIC 15 Agreements for the Construction of Real Estate

The interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore it provides guidance on how to determine whether an agreement is within the scope of IAS 11 or IAS 18. The adoption of this interpretation will have no impact on the financial position or the performance of the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The adoption of this interpretation will have no impact on the financial position or the performance of the Group.

IFRIC 17 Distributions on Non-cash Assets to Owners

The Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Group does not expect IFRIC 17 to have an impact on the consolidated financial statements, as the Group has not made non-cash distributions to shareholders in the past.

IFRIC 18 Transfers of Assets from Customers

IFRIC 18 applies to all entities that receive from customers an item of property, plant and equipment or cash for the acquisition or construction of such items. These assets are then be used to connect the customer to a network or to provide ongoing access to a supply of goods or services, or both. The interpretation provides guidance on when and how an entity should recognize such assets. The Group has concluded that the amendment will have no impact on the financial position or the performance of the Group.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments clarifies the requirements of International Financial Reporting Standards (IFRSs) when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. IFRIC 19 clarifies that:

- the entity's equity instruments issued to a creditor are part of the consideration paid to extinguish the financial liability
- the equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.
- the difference between the carrying amount of the financial liability extinguished and the initial measurement amount of the equity instruments issued is included in the entity's profit or loss for the period.

The adoption of this interpretation will have no impact on the financial position or the performance of the Group.

Improvements to International Financial Reporting Standards

In April 2009, the IASB issued a second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 18 Revenue
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The Group anticipates that these changes will have no material effect on the financial statements.

6.5 BUSINESS COMBINATIONS

6.5.1 BUSINESS COMBINATIONS (INCLUDING START UPS) IN THE FINANCIAL YEAR 2009

In 2009 no business combinations (IFRS 3) were effectuated. There was one start up of a new business operation named "FinancialForce.com".

FinancialForce.com

In September 2009 UNIT4 signed an agreement with salesforce.com to develop their joint business activity, which is named FinancialForce.com. UNIT4 owned this activity and salesforce.com has made an investment in exchange for shares. UNIT4 still has control over the activity, which has registered office in the United States and a branch in the United Kingdom. As UNIT4 has control it has classified both entities as a Group company.

6.5.2 BUSINESS COMBINATIONS IN PREVIOUS YEAR

Current Software AS

In February 2008 the Group took a 100% interest in Current Software AS, a supplier of software for project administration. At the time of the acquisition the entity carried out a number of software maintenance contracts and employed 20 people. The acquisition is recognized in the Group's accounts according to the purchase accounting method. Consequently, the consolidated financial statements include the results of Current Software AS as from the acquisition on 13 February 2008. The acquisition has not contributed to goodwill (after revaluation of the balance sheet to fair values). The results that were consolidated in the Group's consolidated financial statements as of 13 February 2008 are a turnover of €2.3 million and a net result of €0.4 million. Over the period 1 January 2008 - 31 December 2008, Current Software AS realized a turnover of €2.6 million and a net result of €0.5 million.

(€000)

	Fair values	Carrying amount
Intangible assets	4,326	0
Property, plant and equipment	91	91
Trade and other receivables	703	703
Cash and cash equivalents	1,067	1,067
Deferred corporate income tax	-1,211	0
Current liabilities	-1,060	-1,060
Net identified assets and liabilities	**3,916**	**801**
Goodwill	0	
Cost price	3,916	
Acquired cash and cash equivalents	1,067	
Cost price net of cash and cash equivalents	**2,849**	

The cost price can be itemized as follows:	
Compensation paid	3,498
Compensation estimated	375
Acquisition costs	43
	3,916

CODA Group

At the end of February 2008 the Group took over all shares in CODA Group. CODA Group develops, sells and supplies ERP Software. At the time of the acquisition the company employed 612 people. The acquisition is recognized in the Group's accounts according to the purchase accounting method. Consequently, the consolidated financial statements include the results of CODA Group as from the acquisition on 26 February 2008. The acquisition has contributed to goodwill (after revaluation of the balance sheet to fair values). The results that were consolidated in the Group's consolidated financial statements as of 26 February 2008 are a turnover of €71.2 million and a net result of €14.8 million. Over the period 1 January 2008 - 31 December 2008, CODA Group realized a turnover of €86.0 million and a net result of €15.1 million.

(€000)

	Fair values	Carrying amount
Intangible assets	97,211	0
Property, plant and equipment	9,105	9,105
Financial assets	0	0
Trade and other receivables	25,885	25,885
Cash and cash equivalents	19,964	19,964
Deferred corporate income tax	-23,617	-404
Current liabilities	-28,766	-23,181
Net identified assets and liabilities	**99,782**	**31,369**
Goodwill	110,757	
Cost price	210,539	
Acquired cash and cash equivalents	19,964	
Cost price net of cash and cash equivalents	**190,575**	

The cost price can be itemized as follows:	
Compensation paid	208,979
Acquisition costs	1,560
	210,539

C-Logic N.V.

At the end of July 2008 the Group took over all shares in C-Logic N.V. C-Logic N.V. develops and supplies administration software. At the time of the acquisition the company employed 13 people. The acquisition is recognized in the Group's accounts according to the purchase accounting method. Consequently, the consolidated financial statements include the results of C-Logic N.V. as from the acquisition on 31 July 2008. The acquisition has not contributed to goodwill (after revaluation of the balance sheet to fair values). The results that were consolidated in the Group's consolidated financial statements as of 31 July 2008 are a turnover of €0.8 million and a net result of €0.1 million. Over the period 1 January 2008 - 31 December 2008, C-Logic N.V. realized a turnover of €1.9 million and a net result of €0.3 million.

(€000)

	Fair values	Carrying amount
Intangible assets	3,853	0
Property, plant and equipment	1,269	1,269
Trade and other receivables	143	143
Cash and cash equivalents	1,281	1,281
Non-current liabilities	-655	-655
Deferred corporate income tax	-1,310	0
Current liabilities	-207	-207
Net identified assets and liabilities	**4,374**	**1,831**
Goodwill	0	
Cost price	4,374	
Acquired cash and cash equivalents	1,281	
Cost price net of cash and cash equivalents	**3,093**	

The cost price can be itemized as follows:	
Compensation paid	4,250
Acquisition costs	124
	4,374

I-Signaal B .V.

At the end of November 2008 the Group took over 33 1/3% of the shares in I-Signaal B.V. I-Signaal B.V. develops and supplies webbased applications, mainly focussed on absence management. At the time of the acquisition the company employed 6 people. The acquisition is recognized in the Group accounts according to the purchase accounting method. A number of call-options give the Group the opportunity to acquire all shares of I-Signaal B.V. As the Group has this opportunity it has power to control, hence it is obliged to consolidate the statement of financial position and profit and loss accounts during the term of the option. The term regarding the first call option will end on 27 November 2010. The number of shares that are not yet owned by the Group (66,67%) will be adjusted as non-controlling interest. Consequently, the consolidated financial statements include the results of I-Signaal B.V. as from the acquisition on 27 November 2008. The acquisition has not contributed to goodwill (after revaluation of the balance sheet to fair values). The results that were consolidated in the Group's consolidated financial statements as of 27 November 2008 are a turnover of €0.1 million and a break even result. Over the period 1 January 2008 - 31 December 2008 I-Signaal B.V. realized a turnover of €0.9 million and a net result of €0.3 million.

(€000)

	Fair values	Carrying amount
Intangible assets	2,033	139
Property, plant and equipment	59	59
Trade and other receivables	178	178
Cash and cash equivalents	90	90
Non-current liabilities	-23	-23
Deferred corporate income tax	-483	0
Current liabilities	-159	-159
Net identified assets and liabilities	**1,695**	**284**
Non-controlling interest	-189	
Cost price	1,506	
Goodwill	0	
Cost price	1,506	
Acquired cash and cash equivalents	90	
Cost price net of cash and cash equivalents	**1,416**	

The cost price can be itemized as follows:	
Compensation paid	800
Compensation estimated	660
Acquisition costs	46
	1,506

6.6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The Group has a 27.5% (2008: 20%) interest in Exa Group Consultores S.A. (Spain), a 50% interest in Offentliga Dokument i Solna AB (Sweden) and a 50% interest in A-Plaza (the Netherlands).

At 31 December 2009

The revenue and the net profit of the associates and joint ventures for the year ended are:
(€000)

	Exa Group	Offentliga Dokument i Solna AB	A-Plaza	Total
Revenue	756	1,930	86	2,772
Net profit	-26	4	5	-17

The (abridged) statements of financial position of the associates at the reporting date are:

	Exa Group	Offentliga Dokument i Solna AB	A-Plaza	Total
Non-current assets	23	0	0	23
Current assets	473	519	104	1,096
Non-current liabilities	-5	0	0	-5
Current liabilities	-277	-503	-81	-861
Equity	**214**	**16**	**23**	**253**
The share in the Group is:				
in percentages	27.5%	50%	50%	
€000	59	8	12	79
Carrying amount of the investment	**59**	**8**	**12**	**79**

At 31 December 2008

The revenue and the net profit of the associates and joint ventures for the year ended are:
(€000)

	Exa Group	Offentliga Dokument i Solna AB	Total
Revenue	508	2,743	3,251
Net profit	-25	0	-25

The (abridged) statements of financial position of the associates at the reporting date are:

	Exa Group	Offentliga Dokument i Solna AB	Total
Non-current assets	34	0	34
Current assets	319	926	1,245
Non-current liabilities	-4	0	-4
Current liabilities	-100	-913	-1,013
Equity	**249**	**13**	**262**
The share in the Group is:			
in percentages	20%	50%	
€000	50	6	56
Carrying amount of the investment	**50**	**6**	**56**

6.7 OPERATING SEGMENT INFORMATION

Operating segments

The Group is organized in legal entities linked to the type of business, market or geographical location. The financial reporting structure is where possible linked to the legal entity structure. Operational responsibilities within the Group are linked to the results of the specific legal entities. This can be more than one entity per responsible operational manager. Furthermore more than one reporting segment can exist per country which are evaluated separately, as a result of which the reporting segment is not the same as the geographical split elsewhere in this document. The Management Board evaluates the results of the legal entities within the Group on a periodic basis. Based on their operational responsibilities or size. The legal entities are consolidated into one or more reporting units per country. The Management Board separates the following important reporting segments:

- Germany
- Norway
- Spain
- Sweden
- United Kingdom
- Benelux

All reporting segments mentioned above are generating revenues through the sale, implementation and support of business software for the monitoring, control and optimization of business processes and management. Besides the software that some reporting units develop themselves, the standard functionality of the product group Agresso Business World is developed by UNIT4 Agresso R&D AS. The standard functionality of the product group CODA Financials is developed by CODA R&D United Kingdom. These two entities are owners of the respective product groups and primarily have inter-segment revenues. Both R&D activities are included in the total of all other operating segments. The reporting segments, divided per country, focus primarily on the sale and support of business software (Agresso and/or CODA and/or other products).

No operational segments have been consolidated to come to the reporting segments mentioned above. The Management Board evaluates the results for the whole Group on a periodic basis including in particular the operating results (EBITDA) of these reporting segments.

Transfer prices between operating segments are on an arm's length basis.

The following tables present the revenues, results and assets of the operational segments of the Group. This operating segment information does not include Discontinued operations.

For the year ended 31 December 2009
(€000)

	Germany	Norway	Spain	Sweden	United Kingdom	Benelux	All other operational segments	Eliminations and adjustments	Total
Revenues third parties	18,405	31,289	36,663	50,615	74,828	128,665	38,985	0	379,450
Revenues inter-segment	230	357	2,382	332	1,302	10,460	40,401	-55,464 [1]	0
Total revenues	**18,635**	**31,646**	**39,045**	**50,947**	**76,130**	**139,125**	**79,386**	**-55,464**	**379,450**
EBITDA	**1,495**	**5,352**	**1,384**	**6,067**	**12,180**	**29,674**	**18,930**	**0**	**75,082**
Depreciation and impairment of property, plant and equipment and intangible assets	1,848	871	4,329	1,356	13,932	7,075	10,547	0	39,958
Restructuring costs	707	0	2,973	0	1,066	596	279	0	5,621
EBITDA before restructuring costs	2,202	5,352	4,357	6,067	13,246	30,270	19,209	0	80,703

[1] Inter-segment deliveries are eliminated in the consolidated statements

	Germany	Norway	Spain	Sweden	United Kingdom	Benelux	All other operational segments	Eliminations and adjustments	Total
Segment assets	**15,658**	**22,518**	**51,744**	**30,152**	**218,928**	**88,258**	**459,586**	**-430,644** [2]	**456,200** [3]
Acquisition of associates	0	0	29	0	0	0	0	0	29
Purchase of intangible assets and property, plant and equipment	687	273	3,236	725	1,543	4,470	10,499	0	21,433

[2] The segment assets do not contain Deferred tax assets, Other financial assets and Derivates as these items are managed on Group level.

[3] Excluding €3.9 million assets classified as held for sale

For the year ended 31 December 2008
(€000)

	Germany	Norway	Spain	Sweden	United Kingdom	Benelux	All other operational segments	Eliminations and adjustments	Total
Revenues third parties	18,386	31,509	42,811	54,598	86,123	124,773	35,390	0	393,590
Revenues inter-segment	114	145	1,866	508	1,116	9,161	43,782	-56,692	0
Total revenues	**18,500**	**31,654**	**44,677**	**55,106**	**87,239**	**133,934**	**79,172**	**-56,692**	**393,590**
EBITDA	**403**	**5,029**	**2,748**	**7,217**	**7,492**	**23,065**	**24,180**	**0**	**70,134**
Depreciation and impairment of property, plant and equipment and intangible assets	1,931	938	4,285	1,536	13,521	6,568	8,927	0	37,706
Restructuring costs	0	0	833	0	1,071	0	0	0	1,904
EBITDA before restructuring costs	403	5,029	3,581	7,217	8,563	23,065	24,180	0	72,038

[1] Inter-segment deliveries are eliminated in the consolidated statements

	Germany	Norway	Spain	Sweden	United Kingdom	Benelux	All other operational segments	Eliminations and adjustments	Total
Segment assets	**18,229**	**17,456**	**56,986**	**30,232**	**204,989**	**87,716**	**426,270**	**-383,045** [2]	**458,833** [3]
Acquisition of associates	0	0	0	0	0	0	0	0	0
Purchase of intangible assets and property, plant and equipment	393	4,795	4,481	377	220,866	13,764	10,791	0	255,467

[2] The segment assets do not contain Deferred tax assets, Other financial assets and Derivates as these items are managed on Group level.

[3] Excluding €3.8 million assets classified as held for sale

Geographic information

The revenues in the table below were generated from external customers attributed to the entity's country of domicile (in alphabetical order). The non-current assets consist of all non-current assets other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts located in the entity's country of domicile.

(€000)

	2009		2008	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	11	0	184	0
Benelux	128,665	61,997	124,773	64,459
Cyprus	0	0	0	0
Czech Republic	61	0	172	38
Denmark	814	12	818	0
Estonia	0	7	0	16
France	9,426	5,266	8,110	8,051
Germany	18,405	11,796	18,386	12,956
Hungary	1,789	6	1,549	15
Ireland	916	0	1,143	1
Malaysia	404	11	494	11
Norway	31,366	24,602	31,509	21,569
Portugal	482	81	632	74
Singapore	1,256	30	1,132	46
Spain	36,663	34,675	42,811	35,793
Sweden	53,680	11,354	57,063	11,363
United Kingdom	74,828	173,174	86,123	172,700
United States/Canada	20,684	1,208	18,691	1,178
	379,450	**324,219**	**393,590**	**328,270**

6.8 EMPLOYEE COSTS

(€000)

	2009	2008
Wages and salaries	157,780	162,219
Social security costs	30,705	32,052
Pension costs	9,002	9,149
Expense of share-based payment	197	1,635
Other employee costs	37,641	41,534
	235,325	246,589
Attributable to discontinued operations	-4,844	-6,465
	230,481	**240,124**

Research and development costs

The research and development costs incurred in the past year, divided into a part that has been capitalized and a part that is recognized under employee costs, are presented in the table below:

(€000)

Year	Research and development costs	Recognized as employee costs	Capitalized employee costs	Capitalized finance costs	Capitalized development costs
2003	21,740	16,568	5,172	0	5,172
2004	23,678	15,932	7,746	0	7,746
2005	24,932	15,591	9,341	0	9,341
2006	27,707	17,878	9,829	348	10,177
2007	34,528	21,209	13,319	651	13,970
2008	47,260	31,111	16,149	651	16,800
2009	44,414	28,148	16,266	593	16,859

Number of employees at 31 December

The number of employees concerns all employees that have a current employment contract, often referred to as 'headcount'.

	2009			2008		
	the Netherlands	Other countries	Total	the Netherlands	Other countries	Total
Sales & Marketing	138	278	416	143	299	442
Consultants	274	920	1,194	291	952	1,243
Developers	236	610	846	237	634	871
Support	113	361	474	106	373	479
Other	186	340	526	192	382	574
	947	2,509	3,456	969	2,640	3,609
Discontinued operations	0	50	50	0	72	72
31 December	**947**	**2,459**	**3,406**	**969**	**2,568**	**3,537**
Average number of employees during the reporting year	977	2,543	3,520	924	2,582	3,506
Discontinued operations	0	50	50	0	85	85
Average	**977**	**2,493**	**3,470**	**924**	**2,497**	**3,421**

Weighted number of employees at 31 December

The weighted number of employees concerns the number of employees taking account of part-time employees and temporary staff, usually abbreviated as FTE (full time equivalents).

	2009			2008		
	the Netherlands	Other countries	Total	the Netherlands	Other countries	Total
Sales & Marketing	133	273	406	138	293	431
Consultants	269	895	1,164	278	940	1,218
Developers	224	590	814	224	616	840
Support	105	348	453	104	358	462
Other	167	316	483	173	362	535
	898	2,422	3,320	917	2,569	3,486
Discontinued operations	0	50	50	0	70	70
31 December	**898**	**2,372**	**3,270**	**917**	**2,499**	**3,416**
Average number of employees during the reporting year	920	2,452	3,372	872	2,511	3,383
Discontinued operations	0	49	49	0	81	81
Average	**920**	**2,403**	**3,323**	**872**	**2,430**	**3,302**

6.9 EMPLOYEE SHARE OPTION PLAN

In September 2009 250,000 options on the shares of UNIT4 N.V. were granted to the Group Management Board. The term of the options is 5 years with a lock-up period during which period options may not be exercised. The lock-up ends after 2 years for 1/3 of the granted number of options, after 3 years for 1/3 of the options and after 4 years for the remaining number of options. The lock-up period has a value-decreasing effect. In addition, the options are non-transferable and are cancelled as soon as employment is terminated. In general, account is taken of an expected departure of employees of 0%. The date of valuation is the same as the date of granting. The exercise price is based on the average price of the last 5 trading days of the share on the day of issue. The expected term of the options is based on historical information and is therefore not indicative for any exercise patterns. The volatility is based on a historical analysis of the daily share price fluctuations over the last 5 years. The risk-free interest rate is based on 10-year Netherlands government bonds. The fair value thus comes to €4.11 per option.

	2009	2008
Option rights granted during the year	250,000	290,000
Price at issue date (€)	13.95	17.25
Exercise price (€)	13.42	16.70
Volatility (%)	37.75	21.90
Staff turnover (%)	0.00	0.00
Dividend (%)	1.00	1.00
Risk-free average interest rate (%)	2.31	4.15

	2009	2008
Cost of options granted during the financial year 2009 (€)	106,034	0
Cost of options granted during the financial year 2008 (€)	0	1,087,113
Cost of options granted during the financial year 2006 (€)	90,907	547,906
	196,941	**1,635,019**

An overview of the current option plan for UNIT4 N.V. shares is depicted below:

Year granted	Exercise period up to and including	Granted	Outstanding at January 2009	Expired in 2009	Exercised in 2009	Outstanding at 31 December 2009	Exercise price (€)
2005	Apr. 2010	150,000	100,000	0	50,000	50,000	13.02
2006	Feb. 2011	354,250	320,476	3,251	52,909	264,316	14.41
2008	Mar.2013	290,000	290,000	0	0	290,000	16.70
2009	Sep.2014	250,000	0	0	0	250,000	13.42
		1,044,250	**710,476**	**3,251**	**102,909**	**854,316**	

The weighted average remaining term for the share options at 31 December 2009 is 2.3 years (2008: 2.9 years).

6.10 COST OF SALES

(€000)

	2009	2008
Products	6,640	10,044
Provision of services and other	17,861	22,788
Contracts and subscriptions	8,514	8,758
	33,015	41,590
Attributable to discontinued operations	-824	-1,664
	32,191	**39,926**

6.11 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTIZATION OF INTANGIBLE ASSETS

(€000)

	2009	2008
Amortization of software products	21,938	20,804
Amortization of customer contracts	9,905	10,476
Amortization of other intangible assets	530	467
Depreciation of property, plant and equipment	5,681	5,854
Impairment of intangible assets and property, plant and equipment	1,967	2,874
	40,021	40,475
Attributable to discontinued operations	-63	-2,769
	39,958	**37,706**

For goodwill impairment, see Note 6.20.

6.12 OTHER OPERATING EXPENSES

(€000)

	2009	2008
Selling costs	8,399	10,864
Accommodation costs	14,708	14,715
Financial and advisory costs	4,343	5,871
Other expenses	15,034	14,626
	42,484	46,076
Attributable to discontinued operations	-788	-2,670
	41,696	**43,406**

6.13 FINANCE COSTS

(€000)

	2009	2008
Interest charges	11,257	15,501
Exchange rate loss	1,529	156
Interest concerning capitalized development costs	-593	-651
Result on valuation interest swap	534	6,083
Adjustment fair value from exchange rate swap	0	373
Finance costs (based on historical value)	12,727	21,462
Interest concerning capitalized finance costs (based on amortized costs)	997	1,105
	13,724	22,567
Attributable to discontinued operations	-159	-359
	13,565	**22,208**

6.14 FINANCE INCOME

(€000)

	2009	2008
Interest revenue	4,004	7,055
Derivatives	1,600	0
Adjustment fair value from exchange rate swap	681	0
Exchange rate gains	429	1,974
Dividend received from securities	0	45
	6,714	9,074
Attributable to discontinued operations	-2	-2
	6,712	**9,072**

6.15 INCOME TAX

(€000)

	2009	2008
Current income tax charge		
Current financial year	13,499	9,971
Amendments for preceding years	36	-3,275
	13,535	**6,696**
Deferred taxes		
Temporary differences between fiscal and commercial valuation	-6,051	-5,436
Change in tax rates	-12	-61
Utilization/benefit of tax losses recognized	-1,478	-428
	-7,541	**-5,925**
Taxes	**5,994**	**771**

Taxes divided into:		
Continuing operations	6,057	909
Discontinued operations	-63	-138
	5,994	**771**

Specification of effective tax rate

(€000)

	2009	%	2008	%
Profit before tax from continuing operations	28,254		19,288	
Loss before tax from discontinued operations	-2,527		-6,236	
Profit before tax	**25,727**		**13,052**	
Tax expense on the basis of Dutch nominal rate	6,560	25.5%	3,328	25.5%
Application of local, nominal rates	365	1.4%	-377	-2.9%
Non-tax deductible items/exempt expenses	386	1.5%	1,209	9.3%
Set-off of non-capitalized tax deductible losses	-782	-3.0%	-428	-3.3%
Prior-year capitalized fiscal losses	-560	-2.2%	-248	-1.9%
Prior-year tax liability/(asset)	25	0.1%	-3,088	-23.7%
Non-compensatory losses (no valuation as deferred tax asset)	0	0.0%	375	2.9%
	5,994	**23.3%**	**771**	**5.9%**

6.16 DISCONTINUED OPERATIONS

In the final quarter of 2007 it was decided to sell the sales and implementation activities of UNIT4 Agresso France SA. The company was split into two, a part that will remain and a part that will be sold. As at 31 December 2009 this process is still ongoing, but it is in its final stage. The net result of these sales and implementation activities over the year 2009 is a loss of €2.5 million (2008: €3.1 million).

In June 2008 the activities of CODA IT Services Ltd. and in December 2008 the activities of SIM Hotel (included in UNIT4 Business Software Iberica S.A.) were sold. Therefore the results of these operation are recognized as Discontinued Operations. Consequently, the above-mentioned decisions to divest and already finalized divestments show the following results:

The results of the above-mentioned companies are:

(€000)

	2009	2008
Revenues	3,893	6,594
Operational costs	6,405	13,567
Operating result (EBIT)	**-2,512**	**-6,973**
Finance costs	157	357
Result discontinued operations	142	1,094
Profit before tax	**-2,527**	**-6,236**
Taxes	**63**	**138**
Profit after tax	**-2,464**	**-6,098**
Earnings per share in €		
Basic earnings per share attributable to discontinued operations	-0.09	-0.23
Diluted earnings per share attributable to discontinued operations	-0.09	-0.23
Cash flow statement		
Cash flow from operating activities	-2,402	-2,255
Cash flow from investing activities	-66	1
Cash flow from discontinued activities	0	594
Cash flow from financing activities	0	0
Net cash flow	**-2,468**	**-1,660**

The assets and liabilities of these companies that are held for sale, are per 31 December:

(€000)

	2009	2008
Assets		
Intangible assets	0	0
Property, plant and equipment	141	138
Other financial assets	124	115
Inventories	10	0
Trade and other receivables	3,517	3,369
Cash and cash equivalents	152	208
Assets held for sale	**3,944**	**3,830**
Liabilities		
Provisions	199	391
Short-term liabilities	4,015	4,896
Liabilities held for sale	**4,214**	**5,287**
Net assets held for sale	-270	-1,457

6.17 ISSUED CAPITAL AND RESERVES

6.17.1 ISSUED CAPITAL

The authorized share capital at 31 December 2009 encompasses 40,000,000 (2008: 40,000,000) ordinary shares and 40,000,000 (2008: 40,000,000) preference shares, both with a nominal value of €0.05. No preference shares have been issued. The holders of ordinary shares have one vote per share at UNIT4's shareholders' meeting.

At the reporting date 26,366,808 ordinary shares (2008: 26,263,899) were issued and paid up. The changes (in numbers) in the share capital can be presented as follows:

	2009	2008
Balance at 1 January	26,263,899	26,262,125
Plus: exercise of options	102,909	1,774
Balance at 31 December	**26,366,808**	**26,263,899**

6.17.2 SHARE PREMIUM RESERVE

The share premium can be considered as paid up capital and can be freely paid out.

6.17.3 CURRENCY TRANSLATION DIFFERENCES RESERVE

The currency translation differences reserve encompasses all exchange differences, as of 1 January 2004 (IFRS transition date), relating to foreign currency differences arising from the translation of the net investment in entities with another functional currency than the euro, and from the translation of liabilities (loans and other financial instruments) used to hedge the Group's net investment in a foreign subsidiary. The currency translation differences reserve is qualified as a legal reserve in compliance with Dutch law requirements and cannot be distributed freely to shareholders of UNIT4 N.V.

6.18 EARNINGS PER SHARE

6.18.1 BASIC EARNINGS PER SHARE

The basic earnings per share over 2009 amounted to €0.74 (2008: €0.47).

The basic earnings per share at 31 December 2009 are based on the net profit as attributable to the ordinary shareholders, being €19.4 million (2008: €12.3 million) and the weighted average number of shares outstanding in 2009, being 26.4 million (2008: 26.3 million). This is calculated as follows:

Net profit attributable to ordinary shareholders
(€000)

	2009	2008
Net profit current financial year attributable to ordinary shareholders	19,425	12,256

Weighted average number of ordinary shares (in numbers x 1,000)	2009	2008
Number of ordinary shares at 1 January	26,263	26,262
Issued shares as a result of exercised option rights	24	1
Weighted average number of shares at 31 December	**26,287**	**26,263**

6.18.2 BASIC EARNINGS PER SHARE ATTRIBUTABLE TO CONTINUING OPERATIONS

The basic earnings per share attributable to continuing operations over 2009 amounted to €0.83 (2008: €0.70).

The basic earnings per share attributable to continuing operations at 31 December 2009 are based on the net profit attributable to continuing operations as attributable to ordinary shareholders, being €21.9 million (2008: €18.4 million) and the weighted average number of shares outstanding over 2009, being 26.3 million (2008: 26.3 million). This is calculated as follows:

Net profit attributable to continuing operations
(€000)

	2009	2008
Net profit attributable to continuing operations	21,889	18,354

Weighted average number of ordinary shares attributable to continuing operations
(in numbers x 1,000)

	2009	2008
Number of ordinary shares at 1 January	26,263	26,262
Issued shares as a result of exercised option rights	24	1
Weighted average number of shares at 31 December	**26.287**	**26,263**

6.18.3 DILUTED EARNINGS PER SHARE

The diluted earnings per share over 2009 were €0.74 (2008: €0.47).

The diluted earnings per share at 31 December 2009 are based on the net profit as attributable to ordinary shareholders, being €19.4 million (2008: €12.3 million) and the diluted number of shares outstanding in 2009, being 26.3 million (2008: 26.3 million). This is calculated as follows:

Net profit attributable to ordinary shareholders (after dilution)
(€000)

	2009	2008
Net profit attributable to ordinary shareholders	19,425	12,256
Outstanding option rights (after taxes)	0	0
Net profit attributable to ordinary shareholders (after dilution)	**19,425**	**12,256**

Weighted average number of ordinary shares (after dilution)
(in numbers x 1,000)

	2009	2008
Weighted average number of shares at 31 December	26,287	26,263
Outstanding option rights	0	12
Weighted average number of shares (after dilution) at 31 December	**26,287**	**26,275**

6.18.4 DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO CONTINUING OPERATIONS

The diluted earnings per share attributable to continuing operations over 2009 amounted to €0.83 (2008: €0.70).

The calculation of the diluted earnings per share at 31 December 2009 is based on the net profit attributable to continuing operations as attributable to ordinary shareholders, being €21.9 million (2008: €18.4 million) and the diluted number of shares outstanding over 2009, being 26.3 million (2008: 26.3 million). This is calculated as follows:

Net profit attributable to continuing operations (after dilution)

(€000)

	2009	2008
Net profit attributable to continuing operations	21,889	18,354
Effect of outstanding option rights (after tax)	0	0
Net profit attributable to continuing operations (after dilution)	**21,889**	**18,354**

Weighted average number of ordinary shares attributable to continuing operations (after dilution) (in numbers x 1,000)

	2009	2008
Weighted average number of shares at 31 December	26,287	26,263
Effect of outstanding option rights	0	12
Weighted average number of shares (after dilution) at 31 December	**26,287**	**26,275**

6.19 INTANGIBLE ASSETS

At 31 December 2009

(€000)

	Goodwill	Internally developed software	Acquired software	Customer contracts	Other intangible assets	Total
Carrying amount at 1 January	136,383	37,290	42,467	78,267	1,298	295,705
Adjustments preceding financial years	420	0	-423	20	0	17
Internally developed intangible assets	0	16,859	0	0	0	16,859
Investments	0	0	675	0	80	755
Divestments (cost price)	0	0	-4,219	-34	0	-4,253
Divestments (accumulated depreciation and impairment)	0	0	4,219	34	0	4,253
Depreciation	0	-12,543	-9,395	-9,905	-530	-32,373
Impairment	-1,967	0	0	0	0	-1,967
Currency translation differences	5,153	3,271	2,414	2,842	52	13,732
Carrying amount at 31 December	**139,989**	**44,877**	**35,738**	**71,224**	**900**	**292,728**
1 January 2009						
Cost price	143,317	75,331	56,021	99,613	2,323	376,605
Accumulated depreciation	-3,715	-38,041	-13,554	-21,346	-1,025	-77,681
Accumulated impairment	-3,219	0	0	0	0	-3,219
Carrying amount	**136,383**	**37,290**	**42,467**	**78,267**	**1,298**	**295,705**
31 December 2009						
Cost price	149,026	99,171	55,016	103,369	2,471	409,053
Accumulated depreciation	-3,724	-54,294	-19,278	-32,145	-1,571	-111,012
Accumulated impairment	-5,313	0	0	0	0	-5,313
Carrying amount	**139,989**	**44,877**	**35,738**	**71,224**	**900**	**292,728**

The intangible fixed assets regarding discontinued operations, which are not present at the reporting date, are recognized as divestments.

At 31 December 2008

(€000)

	Goodwill	Internally developed software	Acquired software	Customer contracts	Other intangible assets	Total
Carrying amount at 1 January	53,318	38,081	17,836	49,204	397	158,836
Acquisition of subsidiaries	109,373	0	54,184	56,387	1,618	221,562
Adjustments preceding financial years	-1,216	0	0	0	-12	-1,228
Internally developed intangible assets	0	16,800	0	0	0	16,800
Investments	0	53	0	0	70	123
Divestments (cost price)	0	-5,008	-10,522	-10,817	-370	-26,717
Divestments (accumulated depreciation and impairment)	0	3,194	715	4,850	283	9,042
Depreciation	0	-10,952	-9,852	-10,476	-467	-31,747
Impairment	-2,874	0	0	0	0	-2,874
Currency translation differences	-22,218	-4,878	-9,894	-10,881	-221	-48,092
Discontinued operations	0	0	0	0	0	0
Carrying amount at 31 December	**136,383**	**37,290**	**42,467**	**78,267**	**1,298**	**295,705**
1 January 2008						
Cost price	57,850	72,727	24,001	66,959	1,319	222,856
Accumulated depreciation	-3,740	-34,646	-6,165	-17,755	-922	-63,228
Accumulated impairment	-792	0	0	0	0	-792
Carrying amount	**53,318**	**38,081**	**17,836**	**49,204**	**397**	**158,836**
31 December 2008						
Cost price	143,317	75,331	56,021	99,613	2,323	376,605
Accumulated depreciation	-3,715	-38,041	-13,554	-21,346	-1,025	-77,681
Accumulated impairment	-3,219	0	0	0	0	-3,219
Carrying amount	**136,383**	**37,290**	**42,467**	**78,267**	**1,298**	**295,705**

6.20 IMPAIRMENT TEST OF GOODWILL

The Group annually carries out impairment tests on capitalized goodwill, based on the relevant cash-generating unit. In principle, the period to be used for discounting cash flows is infinite. The recoverable amount of various cash-generating segments in which goodwill is capitalized is determined by measuring their operating value. For such calculations, future cash flows based on current revenue from operations and (in general) a five-year forecast are used. Any terminal value is calculated on the basis of an infinite cash flow that is determined by means of the projected cash flow in the final year. The individual growth percentages are derived from long-term forecasts for the industry and the expectations of the management involved. A discount rate of 9.0% (2008: 10.0%) after taxes is used to measure the cash value of the future cash flows (operating value) before tax.

Below is described how the carrying amount of the goodwill unit can be attributed to the cash-generating units. The year stated in brackets represents the year of acquisition. For each goodwill unit, which forms a significant part of the total goodwill item, the assumptions for determining the recoverable amount are described.

(€000)

	Carrying amount goodwill at 31 December 2009	Impairment 2009	Carrying amount goodwill at 31 December 2008	Impairment 2008
Van der Kley automatisering (2000)	1,030	213	1,243	205
Amercom B.V. (2001)	4,362	0	4,362	0
UNIT4 Agresso Inc. (2002)	6,564	0	6,564	0
Momentum (2003) + ESV (2004) + Formaster (2005)	5,287	0	4,593	0
Fininfor (2003)	3,705	1,754	5,459	0
UNIT4 Business Software Spain S.L. (2004) + UNIT4 Business Software Ibérica S.A. (2006+2008)	11,593	0	11,593	0
Decade Financial Software (2004)	4,683	0	4,683	0
Amend (2004) + Foundation ICT Group (2005)	3,587	0	3,587	0
UNIT4 Financiële Intermediairs B.V. (2006)	5,703	0	5,703	0
Dogro-Partner ProFiskal Software (2006)	1,516	0	1,516	0
Kirp (2006)	1,825	0	1,825	0
Xit Consulting (2006)	442	0	376	0
CODA Ltd. (2008)	89,692	0	84,879	2,669
	139,989	**1,967**	**136,383**	**2,874**

However, future negative changes in the assumptions applied may cause the recoverable amount to drop to such an extent that they fall below the carrying amount.

Cash-generating unit UNIT4 Accountancy B.V. (business unit Van der Kley automatisering)

The recoverable amount of Van der Kley automatisering is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 6-year period, without taking account of a terminal value. In 6 years the cash flows decrease on average by 12% (2008: -20%) per year. A terminal value is not taken into account, because the goodwill following the acquisition in 2000 is expected to have been completely replaced by self-created goodwill by the end of 2015.

Cash-generating unit Amercom B.V.

The recoverable amount of Amercom B.V. is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 5-year period, taking account of a terminal value. In 5 years the cash flows grow on average by 101% (2008: +10%) per year. The high growth can be explained by the renewed management and focus of the business, together with a low performance over the year 2009. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth. The carrying amount and the recoverable amount are more or less equal. If the 2010 revenues are 10% lower than currently expected, and the costs are also 10% lower, the growth rate will be 91% and an impairment of €1 million will be necessary.

Cash-generating unit UNIT4 Agresso Inc. (including subsidiaries)

The recoverable amount of UNIT4 Agresso Inc. is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 5-year period, taking account of a terminal value. In 5 years the cash flows grow on average by 16% (2008: +29%) per year. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 Agresso AB (business unit Momentum, ESV and Formaster)

The recoverable amount of Momentum, ESV and Formaster is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 7-year period, taking account of a terminal value. In 7 years the cash flows grow on average by 5% (2008: +6%) per year. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 Agresso France S.A. (business unit Fininfor)

The recoverable amount of Fininfor is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 7-year period, taking account of a terminal value. In 7 years the cash flows decrease on average by 41% (2008: -11%)per year. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 0% growth.

The management expects less (license) revenues in the nearby future, mainly because of worsened economic conditions and a reduced level of migrations to Agresso Business World. The revised cash flow projections have resulted in a decrease of the recoverable amount resulting in an impairment of €1.754k. If the 2010 revenues will be 10% lower than currently expected, and the costs would also be 10% lower, the growth rate would be 52% negative and an impairment of €0.4 million would be necessary.

Cash-generating unit UNIT4 Business Software Spain S.L. and UNIT4 Business Software Ibérica S.A.

Anticipating the planned merger of UNIT4 Business Software Ibérica S.A. and UNIT4 Business Software Spain S.L. in 2009, the budget and the impairment test were edited for both companies together. The recoverable amount of UNIT4 Business Software Spain S.L. is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 7-year period, taking account of a terminal value. In 7 years the cash flows grow on average by 21% (2008: +13%) per year, due to an expected recovery of the economy. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 Business Software B.V. (business unit Decade Financial Software)

Decade Financial Software merged with UNIT4 Business Solutions B.V. on 1 January 2007. Therefore, the impairment test that took place is carried out for the cash-generating unit UNIT4 Business Solutions B.V. and is determined based on an operating value that is calculated using cash flow projections based on financial budgets for the merged organization approved by the management, covering a 5-year period, taking account of a terminal value. In 5 years the cash flows grow on average by 14% (2008: +3%) per year. The terminal value is calculated on the basis of the eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 IT Solutions B.V. (business unit Amend and Foundation ICT Group)

The recoverable amount of UNIT4 IT Solutions B.V., including the activities of Foundation ICT Solutions B.V., is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 5-year period, taking account of a terminal value. In 5 years the cash flows decrease on average by 1% (2008: +8%) per year. The terminal value is calculated on the basis of an eternal cash flow that is determinded by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 Financiële Intermediairs B.V.

The recoverable amount of UNIT4 Financiële Intermediairs B.V. is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 8-year period, taking account of a terminal value. In 8 years the cash flows decrease on average by 2% (2008: -5%) per year. The reason for the decrease is that it is to be expected that tax compensation will not be possible per 2013 and corporate income tax shall be included. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 2% growth.

Cash-generating unit UNIT4 Agresso GmbH (business unit Dogro-Partner ProFiskal Software)

The recoverable amount of Dogro-Partner ProFiskal Software GmbH & Co. KG is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 7-year period, taking account of a terminal value. In 7 years the cash flows decrease on average by 39% (2008: -9%) per year, due to an expected decrease of the contracts revenue per 2011. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 0% growth.

Cash-generating unit UNIT4 Agresso GmbH (business unit Kirp)

The recoverable amount of Kirp GmbH is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 7-year period, taking account of a terminal value. In 7 years the cash flows grow on average by 8% (2008: -7%) per year, due to an expected increase of the contracts revenue per 2012 and an expected increase of the licenses revenue per 2011. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 0% growth.

Cash-generating unit UNIT4 Agresso AS (business unit Xit Consulting)

The recoverable amount of Xit Consulting is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 5-year period, taking account of a terminal value. In 5 years the cash flows decrease on average by 8% (2008: -2%) per year. The terminal value is calculated on the basis of an eternal cash flow that is determined by means of the projected cash flow in the fifth year and 0% growth.

Cash-generating unit CODA Ltd. (including subsidiaries)

The recoverable amount of this cash-generating unit is determined based on an operating value that is calculated using cash flow projections based on financial budgets approved by the management, covering a 20-year period, taking account of a terminal value. In 20 years the cash flows increase on average by 2% (2008: +4%). The terminal value is calculated on the basis of cash flow projections in year 10 and 2% growth.

6.21 PROPERTY, PLANT AND EQUIPMENT

At 31 December 2009

(€000)

	Land and buildings	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	20,670	4,688	7,207	32,565
Acquisition of subsidiaries	0	0	0	0
Investments	92	2,207	1,520	3,819
Divestments	0	-779	-440	-1,219
Depreciation of divestments	0	941	422	1,363
Depreciation	-574	-3,297	-1,810	-5,681
Currency translation differences	359	125	163	647
Discontinued operations	0	8	-11	-3
Carrying amount at 31 December	**20,547**	**3,893**	**7,051**	**31,491**
1 January 2009				
Cost price	24,910	22,764	15,254	62,928
Accumulated depreciation	-4,240	-18,076	-8,047	-30,363
Carrying amount	**20,670**	**4,688**	**7,207**	**32,565**
31 December 2009				
Cost price	25,368	24,836	16,688	66,892
Accumulated depreciation	-4,821	-20,943	-9,637	-35,401
Carrying amount	**20,547**	**3,893**	**7,051**	**31,491**

The tangible fixed assets regarding discontinued operations, which are not present at the reporting date, are recognized as divestments.

At 31 December 2008

(€000)

	Land and buildings	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	15,270	5,089	5,367	25,726
Acquisition of subsidiaries	7,388	1,006	2,120	10,514
Investments	472	3,134	2,862	6,468
Divestments	-413	-3,685	-3,675	-7,773
Depreciation of divestments	42	3,004	2,550	5,596
Depreciation	-552	-3,705	-1,597	-5,854
Currency translation differences	-1,537	-202	-467	-2,206
Discontinued operations	0	47	47	94
Carrying amount at 31 December	**20,670**	**4,688**	**7,207**	**32,565**
1 January 2008				
Cost price	19,025	23,687	14,603	57,315
Accumulated depreciation	-3,755	-18,598	-9,236	-31,589
Carrying amount	**15,270**	**5,089**	**5,367**	**25,726**
31 December 2008				
Cost price	24,910	22,764	15,254	62,928
Accumulated depreciation	-4,240	-18,076	-8,047	-30,363
Carrying amount	**20,670**	**4,688**	**7,207**	**32,565**

Building and land are pledged for the total amount of €1.0 million (2008 €2.0 million).

6.22 OTHER FINANCIAL ASSETS

The other financial assets can be specified as follows:

At 31 December 2009

(€000)

	Loans and receivables	Securities	Pensions	Total
Balance at 1 January	1,719	7	28	1,754
Acquisition of subsidiaries	0	0	0	0
Investments	68	0	30	98
Reclassifications	0	0	0	0
Repayments	-865	0	0	-865
Discontinued operations	0	0	0	0
Balance at 31 December	**922**	**7**	**58**	**987**
Current	0	0	0	0
Non-current	922	7	58	987
	922	**7**	**58**	**987**

During 2009 a final repayment of €0.7 million was received on the loan given to a former subsidiary.
The item Securities relates to the 15% interest in Arge Holding B.V. and the 0.4% interest in ArgeWeb B.V., both based in Maassluis (the Netherlands).

At 31 December 2008

(€000)

	Loans and receivables	Securities	Pensions	Total
Balance at 1 January	2,345	7	24	2,376
Acquisition of subsidiaries	111	0	0	111
Investments	12	0	4	16
Reclassifications	-176	0	0	-176
Repayments	-600	0	0	-600
Discontinued operations	27	0	0	27
Balance at 31 December	**1,719**	**7**	**28**	**1,754**
Current	662	0	0	662
Non-current	1,057	7	28	1,092
	1,719	**7**	**28**	**1,754**

6.23 DEFERRED TAX ASSET

The deferred tax asset recognized is caused by tax losses which are expected to be offset in the future against taxable income and by differences between fiscal and commercial valuations and result determinations. The deferred tax asset is to a significant extent of a long-term nature.

The deferred tax asset at 31 December relates to the following:

(€000)

	2009	2008
Losses available for offset against future taxable income	8,861	11,018
Fiscally not-realized provisions for receivables	4,405	1,891
	13,266	**12,909**

The Group has an amount of €11.1 million in non-recognized losses available for offset. These losses are not recognized on the statement of financial position because the losses have not yet been determined by the local authorities or because the uncertainty as to whether sufficient taxable profits can be realized within the foreseeable future is too high. Of this amount, €4.5 million will expire at 31 December 2015, €1.2 million at 31 December 2016, €0.7 million at 31 December 2017, €1.3 million at 31 December 2018, €0.8 million at 31 December 2019 and €2.6 million after 2019.

6.24 INVENTORIES

The inventories consist entirely of trading stock.

(€000)

	2009	2008
Trading stock	412	474
Discontinued operations	-10	0
	402	**474**

6.25 TRADE AND OTHER RECEIVABLES

(€000)

	2009	2008
Trade receivables	62,384	67,227
Other receivables	26,707	25,756
	89,091	92,983
Discontinued operations	-3,517	-3,369
	85,574	**89,614**

6.25.1 TRADE RECEIVABLES

An amount of €4.7 million has been deducted from the trade receivables for bad debt (2008: €5.2 million).

6.25.2 OTHER RECEIVABLES

(€000)

	2009	2008
To be invoiced	15,718	14,157
Prepayments and accrued income	7,782	8,337
Derivatives	1,600	0
Receivables employees	190	225
Receivables related parties	0	707
Short-term part of long-term receivables	0	662
Other receivables	1,417	1,668
	26,707	25,756
Discontinued operations	-1,797	-1,772
	24,910	**23,984**

Prepayments and accrued income

Prepayments and accrued income includes, in particular, prepaid services or supplies, interest to be received and prepaid costs such as lease, rental and interest costs. These can be specified as follows:

(€000)

	2009	2008
Prepaid rent	1,576	1,306
Prepaid maintenance contracts	1,045	1,229
Prepaid insurance	525	349
Prepaid pensions	93	234
Interest to be received	74	194
Other	4,469	5,025
	7,782	8,337
Discontinued operations	-222	-293
	7,560	**8,044**

Derivatives

This item is related to 2 call options on shares in a non-controlling interest that have been valued at the end of 2009.

6.25.3 OTHER TAXES

The other taxes consist of:

(€000)

	2009	2008
Sales tax	565	642
Other taxes and social security premiums	157	300
	722	942
Discontinued operations	0	0
	722	**942**

6.26 CASH AND CASH EQUIVALENTS

(€000)

	2009	2008
ING Bank	2,310	8,565
Fortis Bank	18,639	15,195
Other bank balances and cash equivalents	23,214	11,702
	44,163	35,462
Discontinued operations	-152	-208
	44,011	**35,254**

6.27 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:

(€000)

	2009	2008
Interest-bearing loans and borrowings	122,897	142,867
Derivatives	4,509	0
Other interest-bearing loans and borrowings	503	652
	127,909	**143,519**

Interest-bearing loans and borrowings

On 30 January 2008 UNIT4 obtained a syndicated loan from a syndicate consisting of 3 banks at that time. This syndicated loan was obtained in different parts up to a total €150,000,000 and £34,276,094. A part of the loan amounting to €115,000,000 will be repaid quarterly over a period of 5 years. A part of the loan amounting to £34,276,094 is repayable per 25 February 2013. The remaining part of €35,000,000 is a revolving facility hence not repayable. No specific securities have been given. The following covenants need to be complied with, measured over a period of 12 months before the test date (relevant period) and monitored quarterly.

- Cashflow Cover: this is the ratio between the realized cash flow and the debt service (interest and repayment) which should *exceed 1.10:1.0*
- Interest Cover: this is the ratio between EBITDA and net finance charges which should exceed 4.0:1.0
- Leverage: this is the ratio between EBITDA and total net debt which should not exceed:
    - on the day of the initiation of the syndicated loan 3.25:1.0
    - and for the period ending on 31 March 2009 2.75:1.0
    - and for the period ending on 30 June 2009 2.50:1.0
    - and for the period ending on 30 September 2009 2.50:1.0
    - and for the period ending on 31 December 2009 2.25:1.0
    - and for the period ending on 31 March 2010 2.25:1.0
    - and for the period ending on 30 June 2010 2.00:1.0
    - and for the period ending on 30 September 2010 2.00:1.0
    - and for the period ending on 31 December 2010 1.75:1.0
    - and for the periods ending after 31 December 2010 1.75:1.0

At the reporting date the Group complies with all three covenants.

In addition, the most significant entities, based on 80% of the total operating result (EBITDA) and 70% of the total statement of financial position, are severally responsible. The interest is variable and the interest term is 1 month. This interest term can be amended on the request of UNIT4. UNIT4 has hedged itself against interest fluctuations for the main part of the syndicated loan by using an interest swap. For more information see the notes under note 6.35 Hedging activities and derivatives.

The development of the interest bearing loans and borrowings can be presented as follows:
(€000)

	2009	2008
Balance at 1 January	165,867	9
Syndicated loan	0	195,231
Loan issuance (financing) costs	0	-3,909
Repayment	-23,004	-17,259
Amortized capitalized financing costs (effective interest method)	997	1,105
Exchange rate differences recognized as other comprehensive income	2,037	-9,310
Balance at 31 December	**145,897**	**165,867**
Current	23,000	23,000
Non-current	122,897	142,867
	145,897	**165,867**

6.28 PENSION OBLIGATIONS

The development of the pensions can be presented as follows:
(€000)

	2009	2008
Balance at 1 January	476	407
Acquisition of subsidiaries	0	0
Pension costs attributable to the year	8	102
Discontinued operations	0	-33
Balance at 31 December	**484**	**476**

The breakdown of the plans by country is as follows:
(€000)

	2009	2008
Defined benefit plans the Netherlands	282	282
Defined benefit plan France	139	132
Defined benefit plan Germany	63	62
	484	**476**

The provisions relate to the obligations regarding committed pension entitlements in France, which are regulated by the government, to the obligations regarding defined benefit plans in the Netherlands, and to one individual pension plan in Germany.

The plan in France concerns an unfunded obligation. Because of the limited importance of the obligation, no further explanation has been included.

In Germany there is one individual pension plan with one employee for which the premiums are reinsured with an insurance company. Germany has no other pension plans.

In other countries, only defined contribution plans and/or old age provisions are in place, where applicable in accordance with the regulations in those countries.

Within the Netherlands, several (individual) pension plans exist which under IFRS qualify as defined contribution plans. These plans are fully reinsured. In the Netherlands there are also defined contribution plans which were made free of premium at the beginning of 2009 as all the participants moved to a new (average pay pension) plan that is classified as a defined benefit plan (ASR plan II and ASR plan I). The former plan has been frozen.

In the Netherlands there are currently 4 defined benefit plans with Nationale Nederlanden, AEGON and ASR. The ASR plan II shows a benefit asset as per 31 December 2009 of €54,000 which is not recognized as an asset as the insurance agreement states that the Group does not have the right to a refund or a discount on future contributions.

These defined benefit plans have been calculated by external actuaries and can be specified as follows:

Net benefit expense 2009
(€000)

	Nationale Nederlanden plan	AEGON plan	ASR plan II	ASR plan I	Total
Current service cost	141	44	1,590	105	1,880
Interest cost on benefit obligation	110	42	0	38	190
Expected return on plan assets	-86	-23	-121	-45	-275
Net actuarial loss recognized in the year	0	0	56	-30	26
Administration costs	71	32	0	0	103
Net benefit expense	**236**	**95**	**1,525**	**68**	**1,924**
Actual return on plan assets	-210	-82	-843	-184	-1,319

Benefit (asset)/liability 2009
(€000)

	Nationale Nederlanden plan	AEGON plan	ASR plan II	ASR plan I	Total
Defined benefit obligation	2,095	873	2,626	876	6,470
Fair value of plan assets	-1,798	-821	-1,746	-726	-5,091
	297	52	880	150	1,379
Unrecognized actuarial results	-87	20	-880	-150	-1,097
Unrecognized past service costs	0	0	0	0	0
Benefit liability	**210**	**72**	**0**	**0**	**282**

Benefit (asset)/liability 2008
(€000)

	Nationale Nederlanden plan	AEGON plan	ASR plan II	ASR plan I	Total
Defined benefit obligation	1,759	697	0	742	3,198
Fair value of plan assets	-1,609	-647	0	-578	-2,834
	150	50	0	164	364
Unrecognized actuarial results	44	39	0	-164	-82
Unrecognized past service costs	0	0	0	0	0
Benefit liability	**194**	**89**	**0**	**0**	**282**

Changes in the present value of the defined benefit obligation are as follows:
(€000)

	Nationale Nederlanden plan	AEGON plan	ASR plan II	ASR plan I	Total
Defined benefit obligation as at 31 December 2008	**1,759**	**697**	**0**	**742**	**3,198**
Interest cost	110	42	0	38	190
Current service cost	328	69	2,657	205	3,259
Benefits paid	0	-5	-3	0	-8
Actuarial (losses)/gains on obligation	-102	70	-28	-109	-169
Defined benefit obligation as at 31 December 2009	**2,095**	**873**	**2,626**	**876**	**6,470**

Changes in the fair value of plan assets are as follows:
(€000)

	Nationale Nederlanden plan	AEGON plan	ASR plan II	ASR plan I	Total
Fair value of plan assets as at 31 December 2008	**1,609**	**647**	**0**	**578**	**2,834**
Expected return	86	23	121	45	275
Contributions by employer	470	129	2,591	332	3,522
Benefits paid	0	-5	-3	0	-8
Service costs	-71	-32	0	0	-103
Actuarial (losses)/gains on plan assets	-296	59	-963	-229	-1,429
Fair value of plan assets as at 31 December 2009	**1,798**	**821**	**1,746**	**726**	**5,091**

The major category of plan assets as a percentage of fair value of total plan assets are as follows:

	Nationale Nederlanden plan		AEGON plan		ASR plan II		ASR plan I	
	FY09	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**	**FY09**	**FY08**
Bonds and other fixed income	0%	0%	0%	0%	0%	0%	0%	0%
Equities	0%	0%	0%	0%	0%	0%	0%	0%
Cash	0%	0%	0%	0%	0%	0%	0%	0%
Other	100%	100%	100%	100%	100%	100%	100%	100%

The actuarial assumptions related to the Nationale Nederlanden plan on which the above calculation is based are:

Demographic

Mortality	Pension table 2006 without adjustments for age
	Age difference man versus woman: 3 years (man older)
Resignation	From 20% to the age of 30, down to 0.0% for age 60 and over
Disablement	From 0.5% to the age of 26, rising to 1.0% for age 55 and over
Retirement	At the age of 65

Financial

Discount rate	5.0%
Expected return on assets	5.0%
General wage movements	2.0%
Indexation of acquired rights	Conditional

The actuarial assumptions related to the AEGON plan on which the above calculation is based are:

Demographic

Mortality	Pension table 2006 without adjustments for age
	Age difference man versus woman: 3 years (man older)
Resignation	From 20% to the age of 30, down to 0.0% for age 60 and over
Disablement	From 0.5% to the age of 26, rising to 1.0% for age 55 and over
Retirement	At the age of 65

Financial

Discount rate	5.0%
Expected return on assets	5.0%
General wage movements	2.0%
Indexation of acquired rights	No

The actuarial assumptions related to the ASR plan II on which the above calculation is based are:

Demographic

Mortality	AG 2005-2050 projection table with 1 year age set back
Resignation	From 13.3% until the age of 30, down to 0.0% for age 60 and over
Disablement	From 0.15% until the age of 26, rising to 0.6% for age 55 and over
Retirement	At the age of 65

Financial

Discount rate	5.26%
Expected return on assets	5.26%
General wage movements	1.15%, plus age related scale: age 25-34: 2.5%; age 35-44: 1.0%; age 45+: 0.0%
Indexation of acquired rights	Actives:0.00% and Non-actives:0.00%

The actuarial assumptions related to the ASR plan I on which the above calculation is based are:

Demographic

Mortality	AG 2005-2050 projection table with 1 year age set back
Resignation	From 13.3% until the age of 30, down to 0.0% for age 60 and over
Disablement	From 0.15% until the age of 26, rising to 0.6% for age 55 and over
Retirement	At the age of 65

Financial

Discount rate	5.34%
Expected return on assets	5.34%
General wage movements	1.15%, plus age related scale: age 25-34: 2.5%; age 35-44: 1.0%; age 45+: 0.0%
Indexation of acquired rights	Actives:0.00% and Non-actives:0.00%

6.29 DEFERRED TAX LIABILITY

The deferred tax liability recognized is caused by differences between fiscal and commercial valuations and result determinations and by fiscal facilities that make it possible to postpone tax payment. The deferred tax liability is to a significant extent of a long-term nature.

The deferred tax liability at 31 December relates to the following:

(€000)

	2009	2008
Temporary downward valuation facility (13ca) for interests	1,226	2,452
Facility deferred tax payment	735	473
Difference between commercial and fiscal result	35,682	39,506
	37,643	**42,431**

The temporary downward valuation facility (article 13ca Dutch tax law) for interests is related to the downward valuation option in the Dutch tax legislation offering the possibility of a temporary downward valuation of an interest (under normal circumstances 5 years), thus realizing an interest and possible rate gain.

The item 'Difference between commercial and fiscal result' decreased due in particular to the amortization of acquired customer contracts and software products from acquisitions.

6.30 PROVISIONS

The provisions consist of:

At 31 December 2009

(€000)

	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	3,248	695	3,453	7,396
Acquisition subsidiaries	0	0	0	0
Arising during the year	420	378	1,401	2,199
Expenditure	-800	-15	-2,613	-3,428
Reversed unused amounts	-307	0	0	-307
Discount rate adjustment	170	0	0	170
Foreign currency translation differences	126	2	13	141
Liabilities directly related to the assets held for sale	0	0	0	0
Balance at 31 December	**2,857**	**1,060**	**2,254**	**6,171**
Current	601	99	1,869	2,569
Non-current	2,256	961	385	3,602
	2,857	**1,060**	**2,254**	**6,171**

At 31 December 2008

(€000)

	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	4,759	615	3,797	9,171
Acquisition subsidiaries	0	0	199	199
Arising during the year	967	126	633	1,726
Expenditure	-2,105	-38	-773	-2,916
Reversed unused amounts	0	0	0	0
Discount rate adjustment	108	0	0	108
Foreign currency translation differences	-481	-8	-75	-564
Liabilities directly related to the assets held for sale	0	0	-328	-328
Balance at 31 December	**3,248**	**695**	**3,453**	**7,396**
Current	967	0	2,302	3,269
Non-current	2,281	695	1,151	4,127
	3,248	**695**	**3,453**	**7,396**

Earn out obligations

The earn out obligations relate to the expectations of the management for the variable part of the purchase price of the shares acquired during the year or earlier. No interest is owed over the earn out obligations. The terms of these obligations vary between 3 months minimum till 7 years maximum. The earn out obligations to be paid were discounted at 1.994% (2008: 3.974%), being 6 months Euribor plus 1% market risk surcharge.

Deferred benefits

The provision for deferred benefits (jubilee provision) relates to the payments connected with years of service (12.5 and 25 years and right before retirement) which is applied by a number of subsidiaries within the Group.

Other provisions

The other provisions include provisions relating to (legal) claims and a provision for the amount of the expected loss on the divestment of the UNIT4 Agresso France S.A. activities. This provision is subsequently classified under Liabilities directly related to the assets held for sale.

6.31 TRADE AND OTHER PAYABLES

The trade payables and other payables consist of:

(€000)

	2009	2008
Trade payables	11,608	14,371
Supplier invoices to be received	2,870	3,255
	14,478	17,626
Discontinued operations	-784	-846
	13,694	**16,780**

6.32 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:

(€000)

	2009	2008
Bank credit ING	983	8,790
Cash loan Fortis	8,000	15,000
Bank credit Fortis	17,009	19,565
Repayment term long term loan	23,000	23,000
Other bank credit facilities	3,462	777
	52,454	67,132
Discontinued operations	-652	-8,110
	51,802	**59,022**

ING Bank Nederland extended a credit facility of €10.0 million to UNIT4 N.V. and its Group companies that forms part of a pool of accounts that was set up for capital and interest compensation. In this way, the available funds are maximized and the interest costs are optimized. The balance of what is represented above as Bank credit ING relates to the total of debit balances present in the pool of accounts. No specific securities have been given. The interest on this credit facility is the EURIBOR (1 month) interest plus a surcharge of 75 basis points.

ING Bank Nederland also provides an umbrella facility of €10.0 million for UNIT4 N.V. linked to the cross border Zero Balancing Pool. This facility has the sole purpose to guarantee the temporary exceeding of local facilities as a result of cross border Zero Balancing, which has the ultimate goal ensuring the most efficient use of cash within the Group. This facility can not be used for financing working capital. The interest on this credit facility is the EURIBOR (1 month) interest plus a surcharge of 75 basis points.

Fortis Bank has provided multi-purpose facilities with a total limit of €25.0 million. This credit facility can be used as current account, as a cash loan with a term between one and twelve months (maximized at €15.0 million) and in the form of guarantees (maximized at €10.0 million). The interest on the current account is the Fortis basic interest plus a surcharge of 125 basis points. The interest on the cash loan is the EURIBOR interest, for a term equal to the term of the cash loan, with a surcharge of 95 basis points. At reporting date a cash loan of €8.0 million had been taken out of this facility with a term up to and including 6 January 2010.

6.33 OTHER TAXES

The other taxes consist of:

(€000)

	2009	2008
Sales tax	8,998	5,865
Income tax	5,232	5,472
Other taxes and social security premiums	3,580	3,220
	17,810	14,557
Discontinued operations	-295	-380
	17,515	**14,177**

6.34 OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

Other liabilities, accruals and deferred income consist of:

(€000)

	2009	2008
Deferred income	40,119	37,961
Holiday pay, holidays, salaries and employee bonuses to be paid	19,497	17,279
Pensions to be paid	609	635
Deferred and prepaid interest	271	623
Derivatives	2,253	7,150
Other	8,626	11,238
	71,375	74,886
Discontinued operations	-1,206	4,440
	70,169	**79,326**

6.35 HEDGING ACTIVITIES AND DERIVATIVES

At reporting date UNIT4 N.V. had the following derivatives outstanding at the ING bank. All changes in both the fair value of the underlying positions and in the financial instruments are recognized directly in the profit. The fair values are determined as the difference between the forward exchange rate on closing date and the forward exchange rate on reporting date.

Forward currency contracts

Positions at 31 December 2009	Expiration date	Forward exchange rate
Sell EUR 1.2 million in exchange for SEK	5 January 2010	10.475805
Sell SEK 15.1 million in exchange for EUR	5 January 2010	10.366448
Sell EUR 56.6 million in exchange for GBP	6 January 2010	0.896998
Sell EUR 0.6 million in exchange for GBP	6 January 2010	0.897926
Sell EUR 0.4 million in exchange for GBP	6 January 2010	0.902516
Sell EUR 18.7 million in exchange for NOK	6 January 2010	8.480921
Sell EUR 1.1 million in exchange for SGD	6 January 2010	2.028023
Sell EUR 0.5 million in exchange for CAD	6 January 2010	1.506597
Sell EUR 0.2 million in exchange for HUF	6 January 2010	277.584600
Sell EUR 0.002 million in exchange for CZK	6 January 2010	26.147650
Sell CAD 7.1 million in exchange for EUR	6 January 2010	1.541341
Sell HUF 6.4 million in exchange for EUR	6 January 2010	274.099000
Sell USD 2.9 million in exchange for EUR	6 January 2010	1.454356
Sell USD 0.7 million in exchange for EUR	6 January 2010	1.438419
Sell SGD 0.9 million in exchange for EUR	6 January 2010	2.027663

Positions at 31 December 2008	Expiration date	Forward exchange rate
Sell EUR 13.6 million in exchange for NOK	21 January 2009	1.340800
Sell EUR 22.9 million in exchange for GBP	21 January 2009	1.485300
Sell EUR 2.0 million in exchange for GBP	21 January 2009	1.432500
Sell EUR 3.3 million in exchange for SEK	21 January 2009	0.700600
Sell EUR 1.8 million in exchange for SEK	21 January 2009	0.723500
Sell EUR 0.6 million in exchange for SGD	21 January 2009	1.471500
Sell EUR 0.1 million in exchange for CAD	21 January 2009	1.432100
Sell CAD 7.7 million in exchange for EUR	21 January 2009	9.439600
Sell USD 4.2 million in exchange for EUR	21 January 2009	9.256000

Interest rate swaps

Positions at 31 December 2009	Expiration date	Fixed interest
The Group pays 5-year fixed interest in exchange for 3-month floating interest		5.037%
Underlying value GBP 34.0 million	31 March 2013	
The Group pays 5-year fixed interest in exchange for 3-month floating interest		4.030%
Underlying value EUR 84.8 million	25 February 2013	
The Group pays 3-month floating interest in exchange for 1-month floating interest		n/a
Underlying value GBP 34.0 million	5 December 2010	
The Group pays 3-month floating interest in exchange for 1-month floating interest		n/a
Underlying value EUR 84.8 million	31 December 2010	

Positions at 31 December 2008	Expiration date	Fixed interest
The Group pays 5-year fixed interest in exchange for 3-month floating interest		5.037%
Underlying value GBP 34.0 million	31 March 2013	
The Group pays 5-year fixed interest in exchange for 3-month floating interest		4.030%
Underlying value EUR 107.8 million	25 February 2013	
The Group pays 3-month floating interest in exchange for 1-month floating interest		n/a
Underlying value GBP 34.0 million	5 December 2009	
The Group pays 3-month floating interest in exchange for 1-month floating interest		n/a
Underlying value EUR 107.8 million	31 December 2009	

6.36 FAIR VALUE

The following overview presents a comparison of the carrying amount and fair value of all financial instruments of the Group recognized in the financial statements (excluding discontinued operations).

(€000)

	Carrying amount			Fair value
	2009	2008	2009	2008
Financial assets				
Other financial assets	987	1,754	987	1,754
Trade debtors	62,384	67,227	62,384	67,227
Other receivables	190	932	190	932
Cash and cash equivalents	44,011	35,254	44,011	35,254
	107,572	**105,167**	**107,572**	**105,167**
Financial liabilities				
Non-current liabilities	123,400	143,519	123,400	143,519
Earn out liabilities	*2,857*	*3,248*	*2,857*	*3,248*
Derivatives	6,762	7,150	6,762	7,150
Interest-bearing loans and borrowings	51,802	59,022	51,802	59,022
Trade payables	11,608	14,371	11,608	14,371
	423,739	**227,310**	**423,739**	**227,310**

Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for that all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques that use inputs which have a significant effect on the recorded fair value and that are not based on observable market data.

As at 31 December 2009, the Group held the following financial instruments measured at fair value:

(€000)

	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Financial assets at fair value through profit or loss:				
Derivatives (call option non-controlling interest)	1,600	0	0	1,600
	1,600	**0**	**0**	**1,600**
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss:				
Derivatives (currency and interest swaps)	6,762	6,762	0	0
	13,524	**6,762**	**0**	**0**

The level 3 assets were calculated based on a discounted cash flow valuation, with a forecasting period of 5 years (CAGR: 16%), a discount rate of 9% and taking into account a terminal value. To calculate the value of the call-options a Black and Scholes model was used using a interest rate of 1.24% and a volatility of 37.75%.

As at 31 December 2008, the Group held the following financial instruments measured at fair value:
(€000)

	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value				
Financial liabilities at fair value through profit or loss:				
Derivatives (currency and interest swaps)	7,150	7,150	0	0
	7,150	**7,150**	**0**	**0**

6.37 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

6.37.1 LIQUIDITY RISK

The Group's objective is to find a balance between continuity and flexibility of financing through the use of bank facilities, cash loans, factoring of trade receivables and lease and rental contracts. UNIT4 monitors its liquidity risk daily by using a procedure in which the bank balances linked to the electronic banking system are analysed. The principal daily movements are clarified. In addition all bank balances are reviewed every week and compared with the monthly estimated cash balances. This monthly cashflow forecast has a forecasting period of 6 months in which the first 3 months are forecasted on a weekly basis and the last 3 months on a monthly basis.

The table below represents an aging analysis of the liabilities recognized by UNIT4 as at 31 December, based on contractual expiry date (excluding discontinued operations):

At 31 December 2009
(€000)

	On demand	<3 months	3 -12 months	1 - 5 years	>5 years	Total
Non-derivative financial liabilities						
Provisions	0	0	2,569	2,506	1,096	6,171
Bank credits	0	5,750	17,250	124,704	0	147,704
Other borrowings	0	0	0	244	259	503
Trade and other payables	8,419	5,238	37	0	0	13,694
Interest-bearing loans and borrowings	20,696	8,000	106	0	0	28,802
	29,115	**18,988**	**19,962**	**127,454**	**1,355**	**196,874**

At 31 December 2008
(€000)

	On demand	<3 months	3 -12 months	1 - 5 years	>5 years	Total
Non-derivative financial liabilities						
Provisions	0	0	3,269	0	4,127	7,396
Bank credits	0	5,750	17,250	145,681	0	168,681
Other borrowings	0	39	0	0	613	652
Trade and other payables	8,202	6,286	1,923	369	0	16,780
Interest-bearing loans and borrowings	21,022	15,000	0	0	0	36,022
	29,224	**27,075**	**22,442**	**146,050**	**4,740**	**229,531**

6.37.2 INTEREST RISK

Interest risk

The exposure from the Group due to fluctuations in the market interest rates primarily relates to the Group's bank accounts with a floating interest, of which most are based on 1 month. The Group uses derivatives to manage the interest risk on the long-term loans, as this is one of the conditions of this syndicated loan. The Group does not use derivatives or other instruments to manage the interest risk on short-term bank overdrafts, as the interest risk is currently estimated to be low. The interest charges and interest income are optimized by centralizing the bank balances in a so-called 'cash pool'. Excess cash and cash equivalents, when available, will be put on short-term deposits. Need for short term financing is, depending on the interest conditions, fulfilled by cash loans.

For more information regarding the split of the total interest-bearing loans see note 6.27. In relation to the syndicated loan UNIT4 has contracted two interest swaps. One interest swap has an original value of €125.0 million and exchanges the floating into a fixed interest of 4.030%. The underlying value of this interest swap follows the repayment schedule of the loan. The other interest swap has a value of £34.0 million and will end on 25 February 2013. This swap exchanges floating interest into a fixed interest of 5.037%.

Sensitivity analysis

On the reporting date UNIT4 had interest-bearing loans of €137.5 million (2008: €178.0 million) from which in total €14.9 million was exposed to interest fluctuations. This includes discontinued operations.

An increase of 100 base points for all floating interest at the reporting date would, based on the current net interest-bearing (including Cash and cash equivalents) loans, increase the net finance cost in the profit and loss by €149,000. A decrease of 100 base points in the interest rates at 31 December would result in the opposite effect. Without the interest swaps, the effect of a change of 100 base points in the floating interest rate would have been €1.4 million. In this analysis it is assumed that all other variables, especially the exchange rates, remain unchanged.

The carrying amount of the Group's financial instruments that are exposed to an interest risk are set out below at nominal value, by maturity (excluding discontinued operations).

At 31 December 2009

(€000)

	Less than 1 year	1-5 years	More than 5 years	Total
Fixed interest rates				
Other financial assets	0	987	0	987
	0	**987**	**0**	**987**
Variable interest rates				
Cash and cash equivalents	44,011	0	0	44,011
Long-term bank credit facilities	-23,000	-94,720	-35,000	-152,720
Short-term bank credit facilities	-28,802	0	0	-28,802
	-7,791	**-94,720**	**-35,000**	**-137,511**

At 31 December 2008

(€000)

	Less than 1 year	1-5 years	More than 5 years	Total
Fixed interest rates				
Other financial assets	662	1,092	0	1,754
	662	**1,092**	**0**	**1,754**
Variable interest rates				
Cash and cash equivalents	35,462	0	0	35,462
Long-term bank credit facilities	-23,000	-111,323	-35,000	-169,323
Short-term bank credit facilities	-44,132	0	0	-44,132
	-31,670	**-111,323**	**-35,000**	**-177,993**

6.37.3 CREDIT RISK

The Group only trades with reputable, creditworthy third parties. It is the Group's policy that all customers who wish to pay in instalments are subject to a credit verification procedure. Moreover, the outstanding balances are continually monitored, so that the Group does not run any significant risks in respect to doubtful debtors.

A credit risk is run on the other financial assets of the Group, which consist of cash and cash equivalents, securities and certain derivatives, arising from default of the other party, with a maximum risk equal to the carrying amount of these instruments. As the Group only does business with reputable third parties, there is no need for collateral.

Aging analysis trade receivables

The table below represents an aging analysis of the trade receivables as of the reporting date (excluding discontinued operations).

At 31 December

(€000)

	Neither	Past due						Discontinued	Continuing
	past due nor impaired	< 30 days	30 - 60 days	60 - 90 days	90-180 days	>180 days	Total	operations	operations
2009	25,868	21,936	5,316	3,036	3,180	3,048	62,384	-1,720	60,664
2008	34,341	17,502	6,339	3,004	3,459	2,582	67,227	-1,596	65,631

6.37.4 SENSITIVITY ANALYSIS FOREIGN CURRENCY

Exchange rate risk

Due to the presence of investment activities in the United States, Canada, the United Kingdom, Norway, Sweden, Denmark, Cyprus, Estonia, Hungary, the Czech Republic, Singapore, Malaysia and Australia, the Group statement of financial position is exposed to changes in the respective exchange rates against the euro. For the years presented in this report the Group did not hedge this risk on investment activities.

The Group has some limited exposure to exchange rate risks on transactions. These risks arise from sales or purchases made by subsidiaries in a currency other than the functional currency. The Group's currency policy requires all the subsidiaries to use, in consultation with the Corporate Finance Department, forward currency contracts to eliminate the currency exposures on individual transactions resulting in statement of financial positions worth more than 5% of the subsidiary's statement of financial position total or if the counter value exceeds the amount of €500,000. In addition the Group uses currency swaps to optimize the interest charges and interest income (see note 6.35). For the derivatives the Group's Corporate Finance Department enters into contracts with accredited banks.

The table below presents the impact on the profit before tax and on the equity of a significant change (stated in euros) in exchange rates within the non-euro countries in which the Group operates, assuming that other variables remain unchanged (excluding discontinued operations).

(€000)

		NOK		SEK		GBP		CAD		USD		Other	
		Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
2009	10%*	-813	4,045	1,127	2,060	313	17,768	145	-401	558	66	148	179
	-10%**	665	-3,310	-922	-1,685	-256	-14,538	-118	328	- 457	-54	-122	-146
2008	10%*	-790	2,945	1,297	2,005	917	22,594	186	- 1,323	415	25	124	148
	-10%**	646	-2,409	-1,061	-1,640	-748	-18,486	-152	1,082	-340	-20	-101	-121

* Appreciation foreign currency

** Devaluation foreign currency

6.38 COMMITMENTS AND CONTINGENCIES NOT DISCLOSED IN THE STATEMENT OF FINANCIAL POSITION

6.38.1 RENTAL OBLIGATIONS

The Group has entered into rental obligations for an annual amount of €9.9 million (2008: €9.1 million).
The average term of the rental obligations is 4 years.
The rental obligation for a period of less than 1 year is €9.6 million.
The rental obligation for the period longer than 1 year and less than 5 years is €20.8 million.
The rental obligation for the period longer than 5 years is €8.0 million.
In 2009, €10.0 million worth of rental costs was recognized in the income statement.

6.38.2 LEASE OBLIGATIONS

The Group has taken on operational lease obligations for which the remaining instalments amount to €8.3 million (2008: €9.7 million). The average term of the lease obligations is 2 years.
The lease obligation for a period of less than 1 year is €4.1 million.
The lease obligation for the period longer than 1 year and less than 5 years is €4.2 million.
The lease obligation for the period longer than 5 years is €0.
In 2009, €9.1 million worth of lease costs (including fuel costs) was recognized in the income statement.

6.38.3 OTHER OBLIGATIONS

The Group has entered into a contract with a supplier for the use of software licences. The contract expires in 2012. The obligation for a period of less than 1 year is €1.0 million. The obligation for the period longer than 1 year and less than 5 years is €1.3 million.

6.38.4 SECURITIES

The securities issued by the Group on behalf of third parties amount to €0 (2008: €0).

6.38.5 BANK AND OTHER GUARANTEES

On the reporting date the amount of the current guarantees is €9.3 million (2008: €9.6 million).

6.38.6 GUARANTEE STATEMENT

UNIT4 N.V. has issued statements in accordance with the provisions of Article 403 of Book 2 Title 9 of the Netherlands Civil Code with regard to a number of the Dutch companies mentioned under 'General accounting policies'. These companies are therefore exempted from the regulations that apply to the preparation and publication of the financial statements.

Furthermore, the Dutch companies that are included in the fiscal unity for corporation tax and sales tax are severally responsible to the tax authorities.

6.38.7 LEGAL PROCEDURES

Following the activities of the Group, the company is involved in a number of legal proceedings.
In the opinion of the management this will not be of any material significance to the Group's financial position.

6.38.8 ABRIDGED REPRESENTATION OF COMPANY INCOME STATEMENT

As permitted pursuant to Article 402, Title 9, Book 2 of the Netherlands Civil Code UNIT4 N.V.'s company income statement is presented in an abridged form.

6.39 CAPITAL MANAGEMENT

The Group's principal goal is to maintain healthy balance ratios for the support and continuity of the operational activities and maximizing shareholders value. The Group monitors the capital structure and balance ratios so as to optimize their goals, taking into account the present economic circumstances. To achieve those goals, the Group's management is able to determine the dividend policy, share issues, other financial instruments or repurchase outstanding shares.

At the beginning of 2008 a syndicated loan was obtained to realize the acquisition of CODA Plc.

For more information about dividend, see note 10.3.

6.40 RELATED PARTIES

6.40.1 IDENTITY OF RELATED PARTIES

The following related parties of the Group can be distinguished: the subsidiaries, the associates, the Supervisory Board and the Board of Directors. Note 6.2 provides an overview of the subsidiaries that are included in the consolidated figures.

6.40.2 TRANSACTIONS WITH AND REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the members of the Board of Directors of the company over 2009 and 2008 can be presented as follows: (€000)

	C. Ouwinga		E.T.S. van Leeuwen	
	2009	2008	2009	2008
Salary	477	477	365	365
Bonus	477	562	365	431
Pension (including disability insurance)	106	80	42	42
Value of granted option rights	117	78	117	78
Total	**1,177**	**1,197**	**889**	**916**

A car and a mobile phone are made available to the Board of Directors of the company. They also receive a small monthly payment to cover expenses. The remuneration to members of the Board of Directors is defined annually by the Supervisory Board after being advised by the Remuneration Committee. The basis for the bonus is maximized at 100% of the fixed annual salary (2008 not maximized). The criterion for the allocation of bonus in 2009 is, as in previous years, 50% on achievement of a target EBITDA growth and 50% on achievement of target earnings per share growth. Special income and expenditures are not considered. Both targets were fully met.

The remuneration of the members of the Board of Directors is defined annually by the Supervisory Board after recommendation of its Remuneration Committee.

No transactions were entered into nor were guarantees given on behalf of the members of the Board of Directors.

For more information about these options, see note 6.9. The table below contains the information on options granted to the members of the Board of Directors (statutory board):

Director	Year	Outstanding at 1 January 2009	Awarded in 2009	Exercised in 2009	Expired in 2009	Outstanding at 31 December 2009	Exercise price (€)	Price on exercise date (€)	Expiration date
C. Ouwinga	2005	50,000	0	0	0	50,000	13.02	-	April 2010
	2008	75,000	0	0	0	75,000	16.70	-	March 2013
	2009	0	50,000	0	0	50,000	13.42	-	Sept 2014
Total		**125,000**	**50,000**	**0**	**0**	**175,000**			
E.T.S. van Leeuwen	2005	50,000	0	50,000	0	0	13.02	16.40	April 2010
	2008	75,000	0	0	0	75,000	16.70	-	March 2013
	2009	0	50,000	0	0	50,000	13.42	-	Sept 2014
Total		**125,000**	**50,000**	**50,000**	**0**	**125,000**			
Total		**250,000**	**100,000**	**50,000**	**0**	**300,000**			

6.40.3 REMUNERATION OF OTHER KEY OFFICIALS

In addition to the Board of Directors, three employees are designated key officials:
the Director of the international Agresso sub-division, the Director of the CODA sub-division and the Director of the Benelux sub-division.

The remuneration of these key officials over 2009 and 2008 can be presented as follows:
(€000)

	2009	2008
Salary (incl. profit share and bonus)	1,504	1,415
Pension (incl. disability insurance)	127	158
Value of granted option rights	66	633
Total	**1,697**	**2,206**

6.40.4 TRANSACTIONS WITH THE MEMBERS OF THE SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board over 2009 and 2008 can be presented as follows:
(€000)

	2009	2008
drs. Th.J. van der Raadt, Chairman	45	32
R. Ruijter (appointed 14 May 2009)	30	0
ir. P. Smits	30	20
J.A. Vunderink	30	20
mr. E.D. Wiersma (resigned 14 May 2009)	30	20
Total	**165**	**92**

Member of the Supervisory Board also receive a small payment to cover expenses.
No options are granted and no assets are made available to the members of the Supervisory Board.
No loans have been granted to the members of the Supervisory Board. No guarantee obligations have been entered into on behalf of the members of the Supervisory Board.

6.40.5 TRANSACTIONS WITH OTHER PARTIES

In the financial year 2009, no transactions took place with other parties, including the associates.

6.41 EVENTS AFTER REPORTING DATE

Acquisition of the shares in Consist B.V. (the Netherlands)

On 23 February 2010, UNIT4 N.V. announced the acquisition of 100% of the shares in Consist B.V. Consist has built up a strong position in the Dutch market for more than 30 years in the areas of financial management and human resources management software, with products such as FIS, FMS and EMIS. Consist has established a client base of 600 medium-sized businesses and other organizations. The cost of the acquisition will be fully funded from UNIT4's existing cash resources. As UNIT4 gained control over Consist as per 23 February, the consolidation will start from this date.

It is impracticable to provide further information due to the proximity of the acquisition date to the date of approval of the Consolidated Financial Statements.

7 COMPANY INCOME STATEMENT

For the year ended 31 December 2009

(€000)

	Notes	2009	2008
Company profit for the year		-4,101	-8,850
Group companies profit for the year		23,526	21,106
Profit for the year	8.3.1	**19,425**	**12,256**

8 COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

(€000)

	Notes	2009	2008
Assets			
Non-current assets			
Intangible assets	9.3.3	13,280	13,280
Property, plant and equipment	9.3.4	119	139
Financial assets			
Interests in subsidiaries	9.3.5	135,374	113,663
Other financial assets	9.3.6	6	6
Deferred tax asset		1,803	2,041
		150,582	**129,129**
Current assets			
Trade and other receivables	9.3.7	152,238	183,630
Income tax asset		0	546
Cash and cash equivalents		12	0
Total assets		**302,832**	**313,305**
Equity and liabilities			
Equity	9.3.8		
Issued capital		1,318	1,313
Share premium		257,274	255,866
Legal reserves		3,516	-10,613
Accumulated deficit		-147,965	-161,302
Profit for the year		19,425	12,256
		133,568	**97,520**
Non-current liabilities			
Interest-bearing loans and borrowings	9.3.9.1	127,406	142,865
Deferred tax liability	9.3.9.2	3,139	6,002
Provisions	9.3.9.3	181	210
		130,726	**149,077**
Current liabilities			
Provisions	9.3.9.3	45	0
Trade and other payables	9.3.10.1	632	1,533
Interest-bearing loans and borrowings	9.3.10.2	30,864	57,563
Income tax payable		3,148	0
Other taxes	9.3.10.3	130	116
Other liabilities and accruals	9.3.10.4	3,719	7,496
		38,538	**66,708**
Total equity and liabilities		**302,832**	**313,305**

9 NOTES TO THE COMPANY FINANCIAL STATEMENTS

9.1 ACCOUNTING POLICIES FOR THE COMPANY FINANCIAL STATEMENTS

The company financial statements of UNIT4 N.V. are prepared in accordance with the provisions of Title 9, Book 2 of the Netherlands Civil Code, making use of the facility offered by Article 362 Paragraph 8 to apply the same accounting policies for valuation of assets and liabilities and determination of the result to the company financial statements as are applied to the consolidated financial statements.

Interests in subsidiaries

Interests in subsidiaries relate to the subsidiaries in which the company has significant influence and decisive control. This creates the option of determining the financial and operational policy. Interests in subsidiaries are valued at the net equity value.

9.2 ACCOUNTING POLICIES FOR VALUATION OF ASSETS AND LIABILITIES AND ACCOUNTING POLICIES FOR THE DETERMINATION OF THE RESULT

The accounting polices for valuation of assets and liabilities and the accounting policies for the determination of the result are set out in notes to the consolidated financial statements (notes 6.3 and 6.4).

9.3 NOTES TO ITEMS ON THE COMPANY STATEMENT OF FINANCIAL POSITION

9.3.1 COMPANY INCOME STATEMENT

The company profit after tax relates to the costs of the company, less inter-group charges to subsidiaries and taking into account non-controlling interests.

9.3.2 REMUNERATION OF, LOANS TO AND GUARANTEES FOR DIRECTORS

See note 6.34.2.

9.3.3 INTANGIBLE ASSETS

The intangible assets consist entirely of goodwill. The development can be presented as follows:

(€000)

	2009	2008
Carrying amount at 1 January	13,280	14,496
Acquisition of subsidiaries	0	0
Adjustment prior financial years	0	-1,216
Divestments (cost price)	0	0
Divestments (accumulated depreciation and impairment)	0	0
Impairment	0	0
Carrying amount at 31 December	**13,280**	**13,280**
1 January		
Cost price	15,994	17,210
Accumulated depreciation	-2,714	-2,714
Accumulated impairment	0	0
Carrying amount	**13,280**	**14,496**
31 December		
Cost price	15,994	15,994
Accumulated depreciation	-2,714	-2,714
Accumulated impairment	0	0
Carrying amount	**13,280**	**13,280**

9.3.3.1 IMPAIRMENT TEST OF GOODWILL

	Carrying amount goodwill at 31 December 2009	Impairment 2009
UNIT4 Agresso Holdings Inc.	6,564	0
Amercom B.V.	4,362	0
Foundation ICT Group B.V.	2,354	0
	13,280	**0**

For further explanation see note 6.20.

9.3.4 PROPERTY, PLANT AND EQUIPMENT

At 31 December 2009

(€000)

	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	50	89	139
Investments	7	57	64
Divestments (cost price)	0	0	0
Depreciation of divestments	0	0	0
Depreciation	-30	-54	-84
Carrying amount at 31 December	**27**	**92**	**119**
1 January 2009			
Cost price	86	130	216
Accumulated depreciation	-36	-41	-77
Carrying amount	***50***	***89***	***139***
31 December 2009			
Cost price	93	187	280
Accumulated depreciation	-66	-95	-161
Carrying amount	**27**	**92**	**119**

At 31 December 2008

(€000)

	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	9	4	13
Investments	52	114	166
Divestments (cost price)	-5	0	-5
Depreciation of divestments	5	0	5
Depreciation	-11	-29	-40
Carrying amount at 31 December	**50**	**89**	**139**
1 January 2008			
Cost price	39	16	55
Accumulated depreciation	-30	-12	-42
Carrying amount	**9**	**4**	**13**
31 December 2008			
Cost price	86	130	216
Accumulated depreciation	-36	-41	-77
Carrying amount	**50**	**89**	**139**

9.3.5 INTERESTS IN SUBSIDIARIES

The interests in subsidiaries relate to the interests at 31 December 2009 as set out in Chapter 6.2. With regard to the interests in subsidiaries at 31 December 2008, account must be taken of the acquisitions and divestments during the financial year. The movements can be presented as follows:

(€000)

	2009	2008
Balance at 1 January	113,663	122,760
Divestment of subsidiaries	0	0
Dividend	-20,000	0
Capital contribution/acquisition of subsidiaries	4,448	16,816
Profit from group companies	22,880	21,108
Foreign currency translation differences	14,383	-47,021
Balance at 31 December	**135,374**	**113,663**

9.3.6 OTHER FINANCIAL ASSETS

The other financial assets per 31 December 2009 include an item 'Available for sale'. This item was not changed during 2009. The Securities item relates to the 15% interest in Arge Holding B.V. (formerly Arge Consultancy B.V.) and the 0.4% interest in ArgeWeb B.V., both based in Maassluis, the Netherlands.

9.3.7 TRADE AND OTHER RECEIVABLES

(€000)

	2009	2008
Trade receivables	1	0
Intercompany accounts	152,068	182,660
Other receivables	169	970
	152,238	**183,630**

9.3.8 EQUITY

The division of the company equity in accordance with Title 9, Book 2 of the Netherlands Civil Code can be presented as follows:

For the year ended 31 December 2009

(€000)

	Issued capital	Share premium	Legal reserves		Accumulated deficit	Profit for the year	Total
			Currency translation differences	Software development costs			
1 January 2009	**1,313**	**255,866**	**-47,900**	**37,287**	**-161,302**	**12,256**	**97,520**
Capitalized development costs in group companies	0	0	0	3	-3	0	0
Foreign currency translation differences	0	0	14,126	0	0	0	14,126
Result on sale of non-controlling interest	0	0	0	0	887	0	887
Profit for the year	0	0	0	0	0	19,425	19,425
Total income and expenses for the financial year	**0**	**0**	**14,126**	**3**	**884**	**19,425**	**34,438**
Exercise of options	5	1,408	0	0	0	0	1,413
Appropriation of result	0	0	0	0	12,256	-12,256	0
Dividend	0	0	0	0	0	0	0
Share-based payments	0	0	0	0	197	0	197
31 December 2009	**1,318**	**257,274**	**-33,774**	**37,290**	**-147,965**	**19,425**	**133,568**

For the year ended 31 December 2008

(€000)

	Issued capital	Share premium	Legal reserves		Accumulated deficit	Profit for the year	Total
			Currency translation differences	Software development costs			
1 January 2008	**1,313**	**255,840**	**-879**	**38,081**	**-169,095**	**11,925**	**137,185**
Capitalized development costs in group companies	0	0	0	-794	794	0	0
Foreign currency translation differences	0	0	-47,021	0	0	0	-47,021
Profit for the year	0	0	0	0	0	12,256	12,256
Total income and expenses for the financial year	**0**	**0**	**-47,021**	**-794**	**794**	**12,256**	**-34,765**
Exercise of options	0	26	0	0	0	0	26
Appropriation of result	0	0	0	0	5,364	-5,364	0
Dividend	0	0	0	0	0	-6,561	-6,561
Share-based payments	0	0	0	0	1,635	0	1,635
31 December 2008	**1,313**	**255,866**	**-47,900**	**37,287**	**-161,302**	**12,256**	**97,520**

9.3.9 NON-CURRENT LIABILITY

9.3.9.1 NON-CURRENT LIABILITY

The non-current liabilities consist of:

	2009	2008
Interest-bearing loans and borrowings	122,897	142,865
Derivatives	4,509	0
	127,406	**142,865**

9.3.9.2 DEFERRED TAX LIABILITY

The deferred tax liability recognized relates to the future liability based on a temporary downward valuation facility. The temporary downward valuation facility (article 13ca Dutch tax law) for Group companies is related to the downward valuation option in the Dutch tax legislation offering the possibility of a temporary downward valuation of a Group company (under normal circumstances 5 years), thus realizing an interest and rate gain.

9.3.9.3 PROVISIONS

The provisions consist of:

At 31 December 2009

(€000)

	Earn out obligations	Deferred benefits	Total
Balance at 1 January	169	41	210
Arising during the year	0	16	16
Balance at 31 December	**169**	**57**	**226**
Current	0	45	45
Non-current	169	12	181
	169	**57**	**226**

At 31 December 2008

(€000)

	Earn out obligations	Deferred benefits	Total
Balance at 1 January	169	38	207
Arising during the year	0	3	3
Balance at 31 December	**169**	**41**	**210**
Current	0	0	0
Non-current	169	41	210
	169	**41**	**210**

Earn out obligations

The earn out obligations relate to the expectations of the management for the variable part of the purchase price of the shares acquired during the year or earlier. No interest is owed over the earn out payments. The earn out obligations were discounted at a percentage of 1.994% (2008: 3.974%).

Deferred benefits

The provision for deferred benefits relates to the payments connected with years of service (12 $^1/_2$ and 25 years and right before retirement).

9.3.10 CURRENT LIABILITIES

9.3.10.1 TRADE AND OTHER PAYABLES

The trade and other payables consist of:
(€000)

	2009	2008
Trade payables	226	480
Other payables	308	776
Intercompany accounts	98	277
	632	**1,533**

9.3.10.2 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:
(€000)

	2009	2008
Bank credit ING	0	0
Cash loan Fortis	7,864	34,563
Repayment term long term loan	23,000	23,000
	30,864	**57,563**

For notes regarding the Group's credit facilities, see Note 6.28.2.

9.3.10.3 OTHER TAXES

The other taxes consist of:
(€000)

	2009	2008
Tax on wages	130	116
Other taxes and social security premiums	0	0
	130	**116**

9.3.10.4 OTHER LIABILITIES AND ACCRUALS

The accruals and deferred income consist of:
(€000)

	2009	2008
Accountants and advisory costs to be paid	335	387
Commissions to be paid	970	500
Holiday pay/holidays to be paid	180	270
Annual report costs to be paid	115	100
Derivatives	2,108	6,083
Other	11	156
	3,719	**7,496**

9.3.11 AUDITORS FEES

In accordance with the provisions of article 382a, Book 2 of the Dutch Civil Code, Ernst & Young Accountants LLP charged €175,000 to UNIT4 and its Dutch subsidiaries regarding total audit fees (2008: €267,000). Regarding other audit fees they charged €0 in 2009 (2008: €42,000) and regarding other services €0 (2008: €18,000).

9.3.12 GUARANTEE STATEMENT

UNIT4 N.V. has issued statements in accordance with the provisions of Article 403 of Book 2 Title 9 of the Dutch Civil Code regarding a number of the Dutch companies mentioned under 'General accounting policies'. These companies are therefore exempt from the regulations that apply to the preparation and publication of the financial statements.

Sliedrecht, 26 March 2010

Board of Directors

C. Ouwinga
drs. E.T.S van Leeuwen RA

Supervisory Board

drs. Th.J. van der Raadt
R.A. Ruijter (appointed 14 May 2009)
ir. P. Smits
J.A. Vunderink
mr. E.D. Wiersma (resigned 14 May 2009)

10 OTHER INFORMATION

To: the Annual General Meeting of Shareholders and the Supervisory Board of Unit 4 Agresso N.V.

10.1 AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2009 of Unit 4 Agresso N.V., Sliedrecht, the Netherlands. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company statement of financial position as at 31 December 2009, the company income statement for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Unit 4 Agresso N.V. as at 31 December 2009 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Unit 4 Agresso N.V. as at 31 December 2009 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 26 March 2010

Ernst & Young Accountants LLP
Signed by C. Th. Reckers

10.2 REGULATIONS IN THE ARTICLES OF ASSOCIATION CONCERNING THE APPROPRIATION OF RESULT

In accordance with article 28.4 of the Articles of Association, the Board of Directors is empowered, with the approval of the Supervisory Board, to entirely or partly reserve the profit remaining after payment to holders of preference shares. Any remaining profit is then at the free disposal of the General Meeting of Shareholders.

10.3 APPROPRIATION OF THE NET PROFIT 2009

During the financial year no interim dividend was paid out.

It will be proposed to the General Meeting of Shareholders to pay out part of the 2009 result (attributable to UNIT4 shareholders) to the amount of €0.19 per outstanding share as cash dividend. The amount that will be added to the accumulated deficit can be calculated as follows:

(€000)

Net profit 2009	19,425
Cash dividend on ordinary shares over 2009[1]	5,010
	14,415

[1] based on the number of shares outstanding as per 31 December 2009

10.4 EVENTS AFTER REPORTING DATE

Acquisition of the shares in Consist B.V. (the Netherlands)

On 23 February 2010 UNIT4 N.V. announced the acquisition of 100% of the shares in Consist B.V. Consist has built up a strong position in the Dutch market for more than 30 years in the areas of financial management and human resources management software, with products such as FIS, FMS and EMIS. Consist has established a client base of 600 medium-sized businesses and other organizations. The cost of the acquisition will be fully funded from UNIT4's existing cash resources. As UNIT4 gained control over Consist as per 23 February, the consolidation will start from this date.

It is impracticable to provide further information due to the proximity of the acquisition date to the date of approval of the Financial Statements.

10.5 STICHTING CONTINUÏTEIT UNIT4

The objective of Stichting Continuïteit UNIT4, a foundation with its seat in Sliedrecht, the Netherlands, is to protect the interests of the Group in such a way that the interests of the Group, its subsidiaries and all parties involved will be safeguarded in the best possible way and that influences that might negatively affect the independence and/or continuity and/or identity of the aforementioned companies are resisted, as well as performing all tasks related to or beneficial to the foregoing.

The foundation strives to achieve its objective by, amongst other activities, acquiring preference shares in the capital of the company and by exerting all rights connected with these preference shares.

The foundation is managed by:
J. Ekelmans, A. Offers, Th.J. van der Raadt, J. Thierry, R.D. Vriesendorp.

Declaration of independence

The Board of Directors of UNIT4 and the management of Stichting Continuïteit UNIT4 hereby declare that they are jointly of the opinion that the requirements concerning the independence of the management of Stichting Continuïteit UNIT4, as previously mentioned in Appendix X of the Listing and Issuing Rules of the NYSE Euronext Amsterdam Stock Market have been met.

Sliedrecht, the Netherlands, 26 March 2010

UNIT4 N.V. Board of Directors	Stichting Continuïteit UNIT4 Management

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