CLOUD AND SAAS BUSINESS SHOWS STRONG UPWARD TREND! ~ REVENUE UP!

UNIT4

ANNUAL REPORT

...see inside!


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REPORT

Contents

Chairman's Message

A Track Record of Innovation

CHRIS: 'Welcome everyone, to this year's annual report. And what a year it's been for the company. The biggest development was the acquisition by Advent, of course, which was discussed with shareholders at the end of February 2014. And after 27 years as CEO, I passed the mantle to José Duarte and became Chairman, focusing on strategy, coaching and external relations. And so, as we open the next chapter in the company's history, I'd like to look back at how we got to where we are today. I'll let Alex Rossen start first by introducing UNIT4 Agresso Wholesale.'

ALEX: 'Thanks Chris. It began with Univers, which was one of the first financial systems that could be installed with only two 5¼inch floppy discs. Remember those? Anyway, Univers was the predecessor of two solution brands: Omnivers and Multivers. Both were successful character-based solutions. Omnivers grew into a fit-for-purpose solution for Wholesalers and, with around 600 customers and annual revenues of €17m, it has a good track record.'

'Today the Wholesale industry is subjected to the dynamics of the supply chain. Often Wholesalers will sell direct to consumers, deploy activities abroad or discover the potential of online virtual marketplaces (think Amazon or e-Bay). As a result, their information needs are constantly shifting.'

'Luckily, we're here to help. We've taken an evolutionary step in ERP for Wholesale; by combining the lessons learned in other solutions and harnessing the agility of the flagship platform UNIT4 Agresso, we've created a unique solution for the dynamic Wholesaler. Where best in class Wholesale meets world-class finance. Called UNIT4 Agresso Wholesale, it supports, automates and standardizes all stages of the supply chain - from purchasing and paying vendors, through the receipt of incoming goods, up to and including outgoing distribution and payment collection. What do you think Chris? Does that about cover it?'

CHRIS: 'Thanks Alex. So, where should we go next? Let's see...how about Norway? Let's look at UNIT4's Time and Travel Expenses solutions. Øivind Sæbø's the man to talk about that.'

ØIVIND: 'Thanks Chris. 'Necessity is the mother of invention', they say, and this is especially true for our Time Management and Travel & Expenses solutions. The first version was developed because our IT consultants couldn't find a usable, easy system on which to record our billable hours. We didn't want a complex, difficult system as we needed to work on customer projects not spend time administering them. We soon found that some of our customers had the same issue and the idea was born. The first version of what is now called UNIT4 Time Management was released in 1999, with Travel & Expenses following in 2003, driven by demand from our Time Management customers. Today we have 300 customers with about 80,000 active users and local installations in around 20 countries. Our focus is on making things easier for our customers so we make it really simple for the end user to register time sheets and expenses for reimbursement; for management to get a complete overview, approve time sheets and expenses and be in control; and for customers to change when their organization changes.'

CHRIS: 'There we are, that was Øivind Sæbø. The man whose name baffles keyboards everywhere. Next we're going to ask Alar Lange to introduce us to UNIT4 Consolidation & Cash. Alar?'

ALAR: 'Chris, this story starts in the 1990s – in 1996 to be exact, when we met with KPMG and together developed an idea of changing the landscape of very complex financial consolidation solutions to introduce simplicity, transparency and business visibility. Version 1.0 was released in 1997 and between 2000 and 2004 we had average growth of 237%. In 2005 we were awarded the Technology FAST 500 company in Europe! We were acquired by CODA in 2006 and by UNIT4 in 2008. Today, we have more than 300 corporate groups as customers and over 20,000 users worldwide. We are market leader in Sweden with customers worldwide across America, Europe and Asia Pacific. Our solution optimizes and manages internal and external financial reporting and consolidation. We automate the cash planning process and give instant control of the company's liquidity forecasts, net cash position and currency exposure.'

CHRIS: 'Thanks Alar. Now let's talk to Chris Gill about Coda Financials.

CHRIS GILL: 'Chris, Coda Financials is, at its core, a back-office finance system. But it's more than just that. It includes financial management of assets, billing, procurement and other modules. Over the years it has gained a reputation worldwide for its ability to handle even the most complex multi-company, multinational and multilingual environments. So it's ideal for national or international companies with lots of international trade, or that have many 'line of business' systems which need to feed into a finance system that can handle complexity.'

'It was originally designed for the HP3000 system in the late 1970s. We then re-wrote it for the VAX system in 1984 and one of our first customers was Manchester University. The next re-write was in the 1990s when we realized this strange new thing called Windows might just become popular. While Europe and the USA are probably the main target markets, we have customers in (amongst others) Australia, the Middle East, Asia and Canada.'

CHRIS: 'Thanks Chris. And finally, let's talk to Ton Dobbe, our product guru and specialist.'

Ton: 'Chris, I want to talk about UNIT4 Agresso, our flagship ERP software solution. It's designed to manage the finance, procurement, projects, people, payroll and general administration of mid-sized to large service intensive organizations. Agresso was introduced in Norway in 1992. It grew quickly and by 1994 had started its first partnership in the UK. By 1997 it had its first UK subsidiary and quickly moved into France, Belgium and Italy. The first US subsidiary was opened in 1998 and in 2000 Agresso merged with UNIT4. We launched our first web-based software solution in 2001 with our first mobile solution quickly appearing in 2002. By 2005 we had more than 2.5 million users in more than 100 countries.'

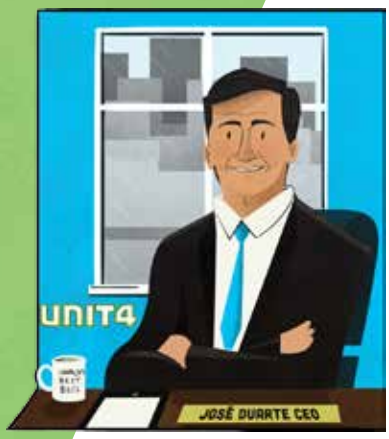
'Today, we are the first ERP software solution built around people and not programs. UNIT4 Agresso stands out from other offerings because of post-implementation agility. Agresso's VITA architecture allows the system to be reconfigured easily to reflect changing business requirements long after initial installation. The tight integration of the architecture enables the many types of changes faced to be addressed in-house: simply, quickly and inexpensively. It's the ideal solution for what we call 'Businesses Living in Change'. It is the company's international flagship product, and represents by far the largest revenue slice of any UNIT4 product in our portfolio.'

José Duarte Q&A

José Duarte joined UNIT4 in June 2013. He served as joint CEO with Chris Ouwinga until 1 January 2014, when he took over as CEO and Chris became Chairman and non-executive director.

Who is José Duarte?

I'm Portuguese, 46 years old and happily married and we have three beautiful children. I've spent the last 21 years working in the ERP industry and the past 15 of those working abroad. I trained originally as an accountant but quickly decided that consulting better suited my ambitions. After a period at Andersen Consulting - which later became Accenture - I moved into IT. I worked for a small company that was implementing SAP and, following the successful completion of the project, was asked to become the founding director of SAP Portugal. From there I held a variety of positions across the company, culminating as President Global Services & Corporate Officer of SAP AG. I left SAP looking for an opportunity that would make me passionate for the future. The industry is changing at such an unprecedented level, given the impact of cloud computing, mobile and social media, that I wanted to find a company with great products, a fantastic customer reputation, good people, which is also willing to embrace change. I found UNIT4.



What are your strategic priorities?

I was privileged to have the seven-month overlap as joint CEO with Chris, which gave me the space and time to learn about the organization. I was able to carry out discussions internally and externally to discover the company of today and think about what it could be tomorrow. After more than 50 interviews with customers, supervisory board members and partners, I felt I had a solid foundation on which to build. So where are we going, and how will we get there? We have developed a four-pillar strategy that will take UNIT4 through to 2020.

First, we will remain true to our roots. In other words, our customer centricity will remain. Our focus on strong engineering and strong people will continue. And our strong financial position is key, which we will use as a foundation to build on for the future.

Second, we will concentrate on innovation. We are developing a product range that is designed for a changing world. We are working with and for the younger generation, who communicate in different ways, so we need to embed social applications into our products. People centric applications start with empowering the users with insight into their business. Embedded Analytics will enable our users to make the best business decisions and deliver the highest value to their businesses. The world has gone mobile, so every application – in the context of where it makes sense – needs to be mobile and in most cases mobile will come first. We want UNIT4 applications to be used on any device, any time, anywhere. We will increase our focus on the cloud. We have a pure play cloud company in FinancialForce, but the rest of the company will embrace cloud computing. To achieve this, we will use the implicit knowledge and expertise of our greatest asset: our people.

Third, we will tap into our ecosystem. While retaining a strong services arm, we will concentrate on developing an ecosystem of business partners, which will enable us to expand our services geographically. We see multiple opportunities to partner with resellers, cloud players and OEM partnerships, whereby we embed our products into someone else's, and vice versa.

Fourth, we will focus on growth and develop a stronger global ambition for the company. While we will retain our European roots, and look to grow in France, Germany, the United Kingdom and the Benelux region, our aim is to make a far greater impact in the Americas. North America is a natural growth market, but we also have strong ambitions in Asia. We will target growth based on a sustainable model.

What benefit does the Advent acquisition represent to stakeholders and the company?

We reached conditional agreement with Advent on the acquisition of the company at the end of 2013, and it is very positive for all our stakeholders including customers, employees and shareholders. There are a few reasons for this. First, we're at a critical juncture in the company's development. There are fantastic opportunities available to us and as an experienced global investor in the software industry, Advent will be able to support us with financial backing and expertise for capital expenditure, investments and acquisitions based on our redefined strategy. Second, UNIT4 will continue evolving as UNIT4. Advent supports the execution of our joint strategy plan, including investments in R&D, and supports the continuation of our corporate identity, culture and brand. Third, Advent's investment will accelerate our Software-as-a-Service (SaaS) transition and will support our long-term initiatives, including the continued growth of FinancialForce.com, deepening our presence in existing vertical markets, expanding into adjacent verticals and geographies either directly or through partners, and pursuing operational excellence across the company. Fourth, there has been a great deal of continuity within the company. We were listed for many years and Chris was CEO for more than 25 years. Now there's a sudden period of change and this can create uncertainty. But it's important that we recognize that as a company we are used to dealing with change and from change we can create progress. We are specialists in helping those Businesses Living in Change adapt, and we need to be able to embrace change and adapt ourselves. Our motto is One UNIT4, and our success going forward will be based on our strength as a unified organization.

Integrated SWOT, Risk Management and Strategy

Who we are

UNIT4 is a global cloud business software and services company that helps dynamic public sector and commercial services organizations to embrace change simply, quickly and cost effectively in a market sector we call 'Businesses Living IN Change'. The Group incorporates a number of the world's leading change embracing software brands including UNIT4 Agresso, our flagship ERP suite for mid-sized services intensive organizations; Coda, our best-in-class financial management software; and FinancialForce.com, the cloud enterprise applications company formed with investment from salesforce.com.

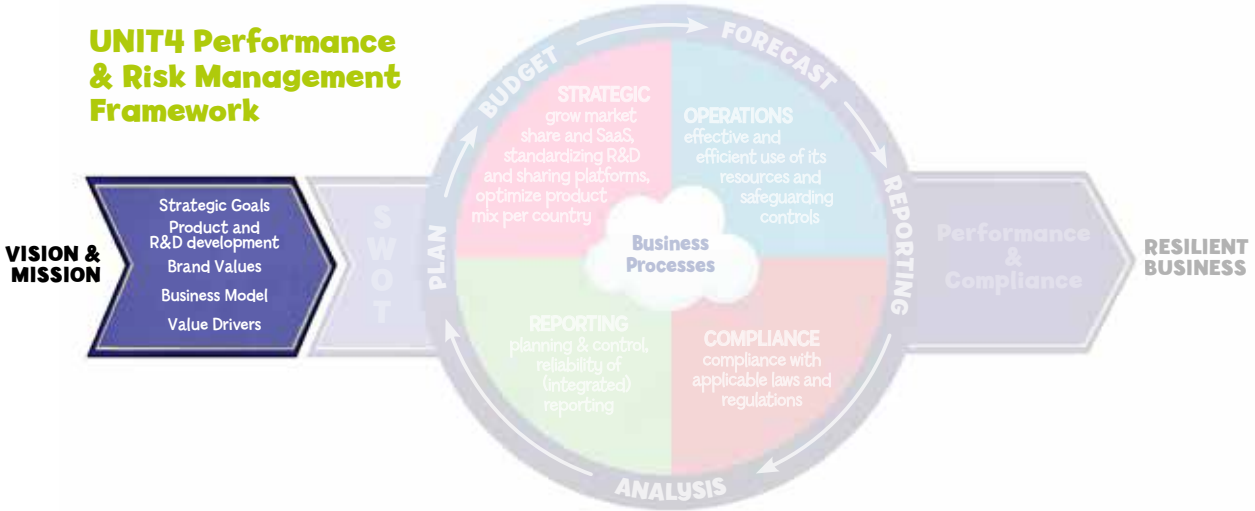
Solutions

We provide our customers with software products and services that are designed to meet the needs of an ever-changing business world. Our solutions have been designed to adapt to any internal or external changes our customers' businesses may face, irrespective of industry or market sector. Our aim is to help our customers embrace change and become independent, while minimizing the cost and maximizing the efficiency of the change process.

Businesses Living in Change all share one common characteristic: they face ongoing and rapid business change. There are a number of key drivers of this business change, including:

- Reorganization and restructuring
- New or changed business processes
- Mergers & acquisitions
- Government regulation and compliance.

As we understand that change is a constant and inevitable reality for fast changing organizations, we realize that their business software should empower them to respond easily and effectively to change.



Vision & mission

Our goal is: 'To become the World's leading people centric software company for the services sector'.

Services sector organizations are probably the most dynamic in the world today. We aspire to set the global standard for business software that helps dynamic organizations embrace change simply, quickly and cost-effectively. It is our mission to create, deliver and support adaptable business software and services globally, helping organizations manage their dynamic business needs effectively. Our strategy is to grow organically, through partnership and by acquisition to expand the scope

of our solutions, the sectors we focus on and our ways to communicate with our customers. 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 customers.

Our value proposition of embracing change remains our core focus – to help our customers cope with change in its many forms and thrive in uncertain economic times – and gives us a clear differentiation in the marketplace. Many organizations talk about change and flexibility, but few really adopt it as their mantra and drive it through their organization in the way that we at UNIT4 do.

Strategy

Our strategy rests on four pillars, which we believe will enable us to seize market opportunities and grow the business in the coming years. These pillars are:

- **Focus on our DNA.** UNIT4 has a proud history of innovation, customer centricity and financial stability which has seen it successfully survive and grow for more than three decades. This is at the heart of our business model, and we will continue to focus on our core strengths and on servicing our customer base to ensure they continue to get the solutions they need in a fast-changing world.

- **Concentrate on Innovation.** Social, Mobile, Analytics and Cloud are four megatrends changing our business. We are well placed to exploit these trends and have been developing products that exploit these exciting trends, delivering real business benefit to customers. Recent releases including Milestone 4 of UNIT4 Agresso have seen us embed social functionality into our products to support new ways of collaborative working. Information and analytics are key to long term business success so we are introducing in-memory analytics and embedding analytic capabilities into our products. The world has gone mobile, so every application – where it makes sense – will be accessible via mobile devices with a 'mobile first' approach to design of future solutions. UNIT4 applications should be useable on any device, any time, anywhere.
  Our success in delivering our solutions via the cloud means that we are already generating more revenue from SaaS than from traditional licencing. We continue to increase our focus on the cloud, both in the development laboratories and in our sales and services teams. We have a pure play cloud company in FinancialForce, but the rest of the UNIT4 company will embrace cloud computing. To achieve this, we will use the implicit knowledge and expertise of our greatest asset: our people.

- **Building our ecosystem.** While retaining a strong services arm, we will concentrate on developing an ecosystem of partners, which will enable us to expand our business geographically. We see multiple opportunities to partner with resellers, cloud players, and OEM partnerships, whereby we embed our products into someone else's, and vice versa.

- **Focus on growth and develop a stronger global ambition for the company.** While we will retain our European roots, and look to grow in France, Germany, the United Kingdom and the Benelux region, our aim is to make a far greater impact in the Americas. North America is a natural growth market, but we also have strong ambitions in Asia. We will target growth based on a sustainable model.

Product and R&D development

Product development is not only our largest area of investment, it is also the most important one. It determines our long-term competitiveness and what we can offer our customers. We grow our product portfolio in two ways: through acquisitions and through product evolution. The successful development of our products relies on two key factors: effective product management and high-quality research and development (R&D).

With the exception of our UNIT4 Agresso and UNIT4 Coda products, R&D is currently organized at a local level within the company, and is executed as part of the business unit and market segment it serves. This makes it difficult for our product management teams to share resources, source code and benefit from economies of scale. Technologies vary widely, which makes centralization a challenge.

To address this, we are creating a central Product Management organization and an R&D organization, enabling us to align product development and benefit from economies of scale.

The Product Management organization will have the following goals:

- Increase competitiveness in local and global market segments
- Decrease time to market
- Identify local talent with international potential
- Become more pro-active in executing core trends
- Achieve transparency on what is happening where, and who are our key contacts in the Group (internal & external)
- Manage our inventory of products
- Control our investments to obtain optimal results.

The R&D organization will have the following goals:

- Deliver what is required to the local market segment
- Enable synergy in projects going forward
- Achieve transparency on what is happening where
- Enhance capabilities for centrally delivered products
- Manage capacity for development
- Ensure availability of knowledge
- Optimize output from our capacity
- Offer opportunities for the best talent in our company.

We aim to introduce these changes during 2014, and will review progress during the course of the year and into 2015.

Business model

We aim for a business model that maximizes the entrepreneurship of the management that run the local business operations. We achieve this by balancing local initiatives against corporate strategic priorities and supplying them with central services and resources.

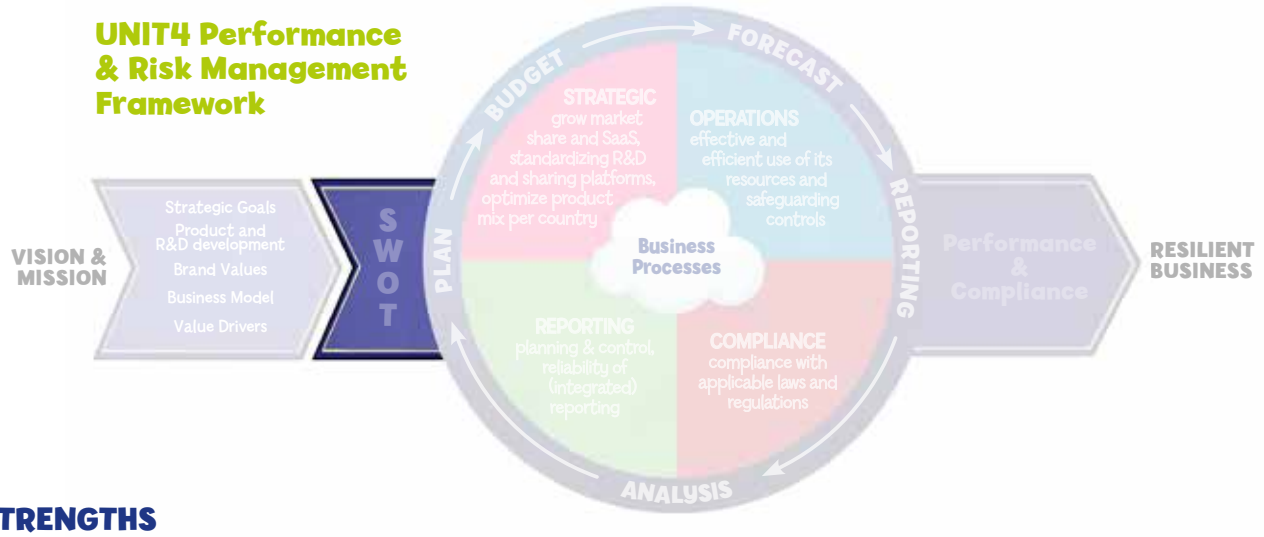
Value drivers

Our primary value drivers focus on ensuring that we deliver sustainable growth across our global operations.

These drivers are:

For each of the value drivers we show the risk areas and applicable control measurements, which are aimed at maximizing the realization of the underlying objectives:

VALUE DRIVERS	RISK AREAS	CONTROL MEASUREMENTS AND/OR MITIGATING FACTORS	RESIDUAL RISK
Revenues: growth of (vertical) market share and expanding SaaS and subscription business	Seasonal fluctuations and macro-economic conditions that lead to decreasing investments, price pressure on our licences and services, and increased attrition of the customer base	High portion of recurring revenues (maintenance, SaaS and subscription contracts) increases predictability and decreases the seasonality effect within our business. Extensive high quality product portfolio that is sold within multiple territories and (vertical) market segments. Customers within public and private sectors, both of which show cyclical/different market trends.	**Moderate** Growth projections for the software Industry are amongst the highest in class and we are consistently amongst the top 5 fastest growing companies (Europe and Global) in ERP and Finance in Europe thereby outperforming the competition.
Customer retention due to the innovation and quality of our products and services			
Qualified staff to assist our customers and fuel our business processes	Availability of qualified resources and continuity of key personnel	Human Resources are increasingly international in focus, which help us streamline the organization. An increased focus on employer branding enables us to reach more potential employees around the world. Internal focus on core products by centralizing product management and reduce local R&D activities, partly through the gradual transition to low cost countries.	**Low** We have low employee turnover rates and competitive remuneration packages for our employees. Within R&D we have a balanced process to analyse the customer requirements and prioritize our investments.
Effective investments in Research & Development & Marketing	Unsuccessful and inefficient Research & Development & lack of brand awareness	Centralizing product & group marketing maximizing funds and align the branding strategy as 'one UNIT4'.	
Acquisitions, joint ventures and partnerships	Acquisitions, joint ventures and in some cases partnerships have increased inherent risks, as the (micro) environment is most typically an area where we have lower experience levels. Acquisitions have impact on our liquidity and/or solvency.	Acquisitions should contribute to the earnings per share and should make a close fit with UNIT4's business strategy, as should its management and culture. Acquisition candidates are approached by our own central and local resources, and when necessary, are supported by external financial, legal and other experts.	**Moderate** We will always look after a healthy balance between the purchase price consideration for and the expected risks linked to an acquisition candidate and keep our net debt-leverage at an acceptable level.
Cost of capital optimization by integrating performance & risk management		Risk management, including the planning and control process, is continuously assessed and where necessary improved.	



STRENGTHS

Advent acquisition

The acquisition by Advent will accelerate our SaaS transition and will support long-term initiatives, such as the continued growth of FinancialForce.com, deepening our presence in existing vertical markets, and expansion into adjacent verticals and geographies either directly or through partners.

SaaS potential

We have a solid SaaS and subscription user base and over the medium to long term we expect to be able to capitalize on this position, returning good growth in our recurring revenues through SaaS and subscription models.

Acquisitions

We have a strong track record of identifying and acquiring companies that have solid growth opportunities and making healthy returns on those investments.

Strong market position in Europe and growth potential

We are the world's ninth-largest mid-market ERP solution provider, with particularly strong positions in Europe, and the sixth-largest supplier of financial software worldwide with strong growth potential.

Innovative product range

We are an innovative organization and produce strong products that generate considerable customer satisfaction and are focused on fast-changing organizations. Examples include our range of apps and cloud offerings.

Low customer turnover and solid organic growth

Great customer satisfaction and a large share of revenue from the public sector ensure a stable customer base and low customer turnover. This also contributes to consistently solid organic growth.

Healthy financial track record

We have a healthy financial track record through sustained, strong profitability, bolstered by the Advent acquisition.

Unified branding

The unified brand - UNIT4 - creates more brand leverage, helping us grow.

Market knowledge

We have developed a uniquely thorough knowledge of the vertical markets we serve with specialized products developed for them, and of the market for open, interoperable financial systems.

High quality of our products

By using the latest development techniques and proven test procedures our qualified staff maximize the level of quality of our products.

Entrepreneurial culture within a global company

We operate a structure of decentralized business units, which run their own budgets. This enables them to remain close to their own markets, while still retaining the service benefits of being part of a multinational.

WEAKNESSES

Integrating products

Given our acquisitive strategy, we have a number of distinct products within our portfolio. We need to increase the product integration rate and our focus on cross selling.

Relative size
We remain relatively small compared to some key competitors, which in turn makes our R&D costs relatively high.

Brand awareness
Our global brand awareness has been markedly improving since our rebranding efforts. Recognition of UNIT4 is strong in the Benelux, Scandinavia and the UK, although outside of these areas awareness of our Group and its products is lower than some key competitors.

Diversity
UNIT4 strives to create a diverse workforce in order to face our future challenges. However, our technical skilled workforce is still largely male. In our employer branding and recruitment policies we focus on attracting more diverse employees by offering an open-minded work environment with matching employment conditions.

OPPORTUNITIES

Interest in SaaS and subscription
Organizations are increasingly aware of - and interested in - purchasing solutions on a SaaS and subscription basis, as the threshold to make an investment is much lower compared to the larger up-front investment in licence we see with traditional licensing. On top of that, the technological SaaS environment also requires lower hardware investments. Our strategic focus, our solid base and our continuing investment in this area provide us with many 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
As the markets continue to stabilize, we expect organizations to continue to focus 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 times of change.

Cost savings through synergies
The shared focus of UNIT4 solutions on fast changing 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 applications and users of our applications continue to gain industry recognition and awards, and in 2013 the company grew strongly. We expect this to continue.

Developing in growth markets
We will capitalize on our recent acquisitions and the opportunities afforded by the Advent acquisition, and intend to further pursue growth opportunities in North America and Asia.

Partnerships
We intend to further expand our cooperation with partners in sales, implementation and/or maintenance activities facilitating 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.

Talent Management
By centralizing and internationalizing our Human Resource activities, we gain greater insight into the company's global talent pool. This helps us provide employees with more challenging career paths, and by monitoring this process we are better able to manage our succession challenges.

Employer branding
We are a global market leader in state of the art software development. However, we have yet to develop a truly global brand as an employer. We are developing a more strategic, global approach to recruitment, including using social media channels to help solve this issue, enabling us to reach more potential employees around the world.

THREATS

Effective product development
Given the fast-changing nature of economies and business environments, and the time it takes to develop new software products, we need to ensure that we effectively identify, plan and create new functionality and technologies. Failure to do so will diminish our competitive strength.

Price pressure
The general price pressure on licence sales and services is likely to remain while organizations continue to be cautious about investment because of ongoing uncertainty about the economy.

Consolidation
The continuing trend of consolidation in the IT sector leads to further concentration of market share. Our larger competitors might be better capable of gaining cost advantages thanks to their size, enabling them to further strengthen their market position.

SaaS development
The SaaS and subscription model can be viewed as a threat to short-term profitability. Because SaaS typically involves providing a software application to customers as a service on demand, with income delivered from a 'pay- as-you-go' model, it takes longer for recurring revenues to reach a point where they cover sales and set-up costs.

Continuing effects of economic downturn

Although we expect to see continuing private sector licence sales growth, 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.

Our control environment can be challenging because we have numerous entities operating worldwide within a highly technological and competitive market. However, we are continuing to become more centralized, and as an example of the result of the increasing control, we discovered some issues in Poland in 2012, which are explained further in Note 6.5 of the Financial Statements 2012. Implementing and maintaining a performance and risk management framework is necessary to maximize the effectiveness of our ambitions. Managing risk is an important element of our day-to-day business and, as such, is part of our corporate governance. Across the organization, the importance of internal controls to the business is clearly understood. Controls are embedded within our business processes and tested by our internal audit department on a regular basis. Despite this, a balanced level of entrepreneurship versus risk appetite is necessary to achieve our strategic and financial objectives. To integrate performance and risk management effectively, we use the 'three lines of defence model'.

Three lines of defence

Within UNIT4, the three lines of defence are laid out in the following way:

First line

The first line covers the business processes. The main control objectives are related to strategy, compliance, reporting and communication. Controls are designed into systems and processes and, assuming that the design is sound and can appropriately mitigate risk, compliance with the processes should ensure an adequate control environment. There should be adequate managerial and supervisory controls in place to ensure compliance and to highlight control breakdown, inadequacy of processes and unexpected events.

Within the UNIT4 organization, the importance of internal controls to the business is understood, and both the "UNIT4 Code of Ethics and Business Conduct" and the "UNIT4 Management regulations" are communicated transparently. A business planning and reporting cycle is in place to measure how well and consistently UNIT4 executes its strategy and delivers on its objectives. For reporting and analysis, UNIT4 uses company-wide planning and control systems supported by its own software.

Once a year, in the fourth quarter, the Management Board discusses the yearly business plan and the related detailed financial budget from each operating company within the Group. In this process the strategic alternatives are evaluated and objectives are set in alignment with our strategy. The Group's strategic plan is discussed with and approved by the Board.

The financial budget and business plan is revised each quarter to reflect the latest expectations and on-going progress. Each month the performance and progress is measured and discussed.

The periodic, mostly monthly, reporting consists of:

- Financial results (in total, per category and per department) against budget, quarterly revised budget (if applicable) and prior year
- Detailed information on pipeline, top deals and bookings (order intake)
- Detailed narrative report, including quantitative and qualitative information, discussing the general financial performance and key areas within the business unit
- Detailed narrative report, including quantitative and qualitative information, handling the performance within professional services
- Monthly cash flow statement and expectations for the next six months.

On a daily basis the liquidity and cash flow of the company is monitored via its cash pool accounts.

UNIT4 has a project in progress to standardize the ERP (Enterprise Resource Planning) solution for internal use. This project is named Central Installation Agresso (CIA) and covers all functional areas of Agresso's core software, being financial accounting (Financials), professional services automation (PSA), human resource (HR) and contract management (CM).

It is expected that the main part of this internal roll out will be completed in the third quarter of 2014.

As part of the day-to-day processes the local management and their business units have aligned reporting requirements assuring that reporting is made in a timely manner and that controls are embedded within the business processes. Compliance is required towards at least the following directives, regulations, guidelines and consultation structures:

- Manual with guidelines on financial reporting based on IFRS (adopted by the European Union)
- Treasury policy plan, with objectives and rules for cash and currency management, and financing
- Guidelines on budgets and annual business plans
- Consultation within the Board at least once per year, in which the most important risks and mitigating control measures are discussed extensively
- A corporate governance structure as defined in the Articles of Association and internal regulations
- Management rules that define specific rules of contact and authorization for all operating company directors
- Financial and legal checks by our Corporate Finance and Legal departments on material orders to be signed
- Regulations and definitions for transfer pricing (intercompany pricing for products and services within the Group)
- Board Rules (including rules governing the Board's Audit and Remuneration Selection & Nomination Committee).

The communication structure within UNIT4 Group contains the following:

- Annual budget meetings per business unit between relevant members of the Board and managers from those business units
- At least six meetings per year of the Board
- At least four meetings per year between the Audit Committee, the Chief Financial Officer, the Director of Corporate Control and the General Counsel
- Half-yearly meetings between relevant members of the Board and country managers
- Bi-weekly meetings between members of the Executive Committee
- Bi-weekly calls between members of the Executive Committee and local management
- Monthly telephone conference meetings between relevant members of the Board and local management about financial and business performance
- Monthly telephone conference meetings between the Corporate Professional Services Director, the Director Corporate Control and the local (Professional & Customers) services management
- Periodic meetings with business units that show underperformance on cash flow development.

The Group financial reporting is carried out by the Corporate Finance Department, which reports directly to the Chief Financial Officer.

Second line

UNIT4 consists of many operating companies (business units) that are all primarily responsible for their own local internal control, financial reporting and risk management. The Corporate Finance Department has defined a list of key (mainly financial) controls and guiding principles to which the business units need to comply. This compliance is tested for on a periodic basis via internal audits (on-site control visits and desktop reviews). The selection of companies to be audited is based upon a risk approach in which business units are categorized to audit priority levels. In most audits a standard audit approach is used. As a result of these audits, and if necessary, the Corporate Finance Department advises on further improvements and optimization of the internal control system.

Third line

UNIT4 has an on-going engagement with Ernst & Young Accountants LLP to perform the yearly (external) audit of the annual report. Please note that Ernst and Young LLP is not part of the UNIT4 internal risk management framework. For the purpose of expressing an audit opinion on the consolidated financial statements of UNIT4 N.V. taken as a whole, all relevant Group companies of UNIT4 are audited by Ernst & Young member firms. The audit is conducted in accordance with Dutch law, including Dutch Standards on Auditing.

The audit approach is focused on, among other things, identifying the main risks that are relevant to the financial statements. In principle the audit is planned to:

- Issue an independent auditor's report on the consolidated and company financial statements
- Determine whether the Board report has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the required other information has been included, as well as review the Board report in terms of consistency with the financial statements
- Review the press release within the context of the publication of the annual results
- Provide feedback regarding the internal control observations towards management.

General financial, tax and compliance risks

Financial and tax

On top of the risks we face within the strategic and operating areas, we also see the following financial and tax risks for which the risk appetite is low in all cases:

RISK AREAS	DESCRIPTION	CONTROL MEASUREMENTS AND/OR MITIGATING FACTORS
Currency	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, Scandinavia, Eastern Europe, Asia, South-Africa, 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. For a sensitivity analysis of the currency, see paragraph 6.37.4 of the Financial Statements.	Where it is deemed necessary UNIT4 uses currency derivatives, such as options and forward contracts, to secure its results as much as possible.
Interest	UNIT4 is exposed to interest risks to a limited degree. The company has long-term finance agreements 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. Intercompany financing agreements, including interest clauses, are in place with the Group's operating companies to comply with the tax regulations in the relevant countries. For a sensitivity analysis of the interest, see paragraph 6.37.2 of the Financial Statements.	UNIT4 uses interest derivatives to secure its long term exposure to volatility in interest rates. The short term (working capital) is financed against floating interest as in an economic downturn interest rates will normally tend downwards.
Credit	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 made. For a sensitivity analysis of the interest, see paragraph 6.37.3 of the Financial Statements.	UNIT4 assesses the credit status of new customers, and when there is an immediate cause also for existing customers, using a standardized procedure in which, when deemed necessary, advice is obtained from external credit reference agencies.
Liquidity	There is a liquidity risk in exceptional circumstances. A combination of negative factors, such as high (credit) charges, high interest, unfavourable currency rates, postponed collections and decreased cash flows as a consequence of deteriorating market conditions, could lead to the liquidity of the company being reduced. For further information on the credit risk, see paragraph 6.37.1 of the Financial Statements.	UNIT4 has a daily cash management process in place which monitors the daily cash flow of the main cash in- and outflow. UNIT4 also has a planning & control process which includes the analysis of liquidity budgets for a period of 6 months ahead.
Tax	UNIT4 has a good track record when it comes to tax compliance. Compliancy with tax laws and regulations is a general risk, especially when a multinational like UNIT4 is doing business through its subsidiaries in multiple countries. Except from the Netherlands all subsidiaries deal with their own tax compliancy. Between the subsidiaries UNIT4 has a limited number of relations and transactions which result in inter group transfer pricing. Transfer pricing related issues are monitored by the Corporate Finance Department. This monitoring includes the analysis, documentation and maintenance of a central "Transfer Pricing master file" which includes all relevant transactions between subsidiaries.	In its day-to-day business operations UNIT4 has the goal to fully comply with the tax legislation and if there is uncertainty about the interpretation of those relevant tax laws & regulations it will gain external specialist advice.

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 facilitate 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 by maintaining an open company culture are important elements of the internal control framework.

Regarding the financial covenants related to the syndicated loan (for more details on those covenants see paragraph 6.27 of the Financial Statements), UNIT4 is subject to a compliance risk, which is controlled by careful monitoring of the covenants to be met and via liquidity management.

Changing laws and regulations regularly lead to new rules for businesses, regarding transparency and duty of care.

We have a compliance officer who monitors compliance, in cooperation with the Corporate Finance Department and the Corporate Legal Department, inside and outside the company.

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 (economically) possible, transferred to insurance companies. Examples are: liability insurance policies and policies that insure against property and transport damage.

Control does not offer certainty

No matter how effective our framework for performance and risk management is, it can never give absolute certainty that our objectives regarding strategy, technology, 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 large 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.

Management declaration

The executive directors of UNIT4 are 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, to the best of our knowledge, 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 their 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 2013 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 executive directors declare that, to the best of our knowledge:

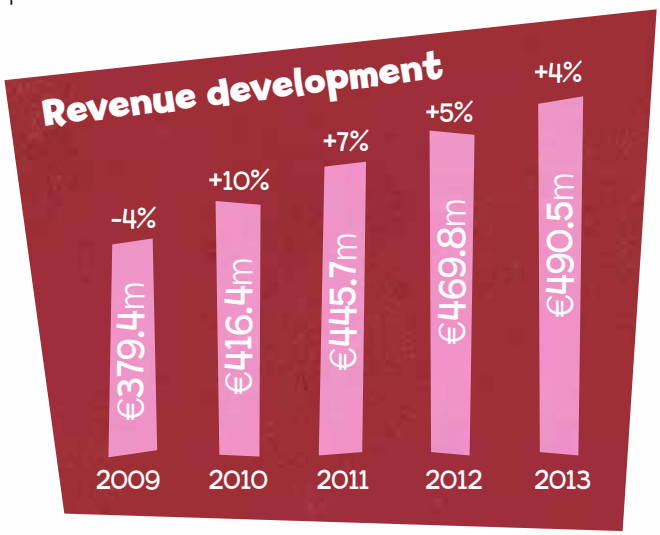
- The Financial Statements for 2013, which have been prepared in accordance with the International Financial Reporting Standards (as adopted by the EU), give a true and fair view of the assets, liabilities, the financial position and profit or loss of UNIT4 and the companies included in the consolidation; and
- The annual report gives a true and fair view of the situation as at 31 December 2013, the state of affairs during the financial year of UNIT4 and the companies related which are consolidated into the financial statements, and the essential risks with which UNIT4 is confronted.

Sliedrecht, the Netherlands, March 14, 2014

Financial overview

Revenue and gross margin

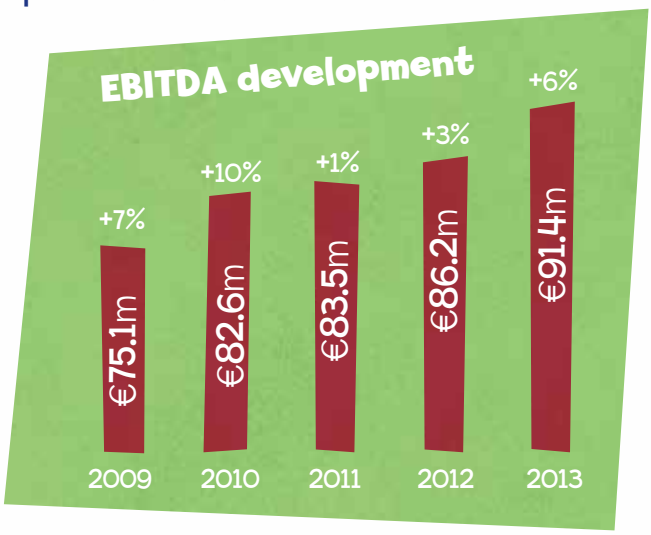
Despite a small decline in traditional perpetual product revenue as a result of the increased shift towards the SaaS and subscriptions model, total revenue grew by 4.4% to €490.5 million (2012: €469.8 million). The strong growth in SaaS and subscriptions resulted in total recurring revenues now representing almost 54% of total revenues (2012: 52%). The gross margin increased slightly, mainly as a result of lower third party product sales.



Operational costs

Total operating costs, excluding depreciation and amortization, increased to €363.2 million (2012: €348.0 million). This includes an increase of €6.2 million related to project Unique, the public-to-private project, which resulted in the public offer from Advent dated 20 December 2013. Personnel costs (pre-capitalized R&D) increased by 4.5% from €323.3 million to €337.9 million. The total (average) number of FTEs decreased slightly from 4,160 FTEs in 2012 to 4,156 FTEs at year-end 2013. Average total operating costs and personnel costs per employee (FTE), excluding R&D capitalization, grew by 4.6%.

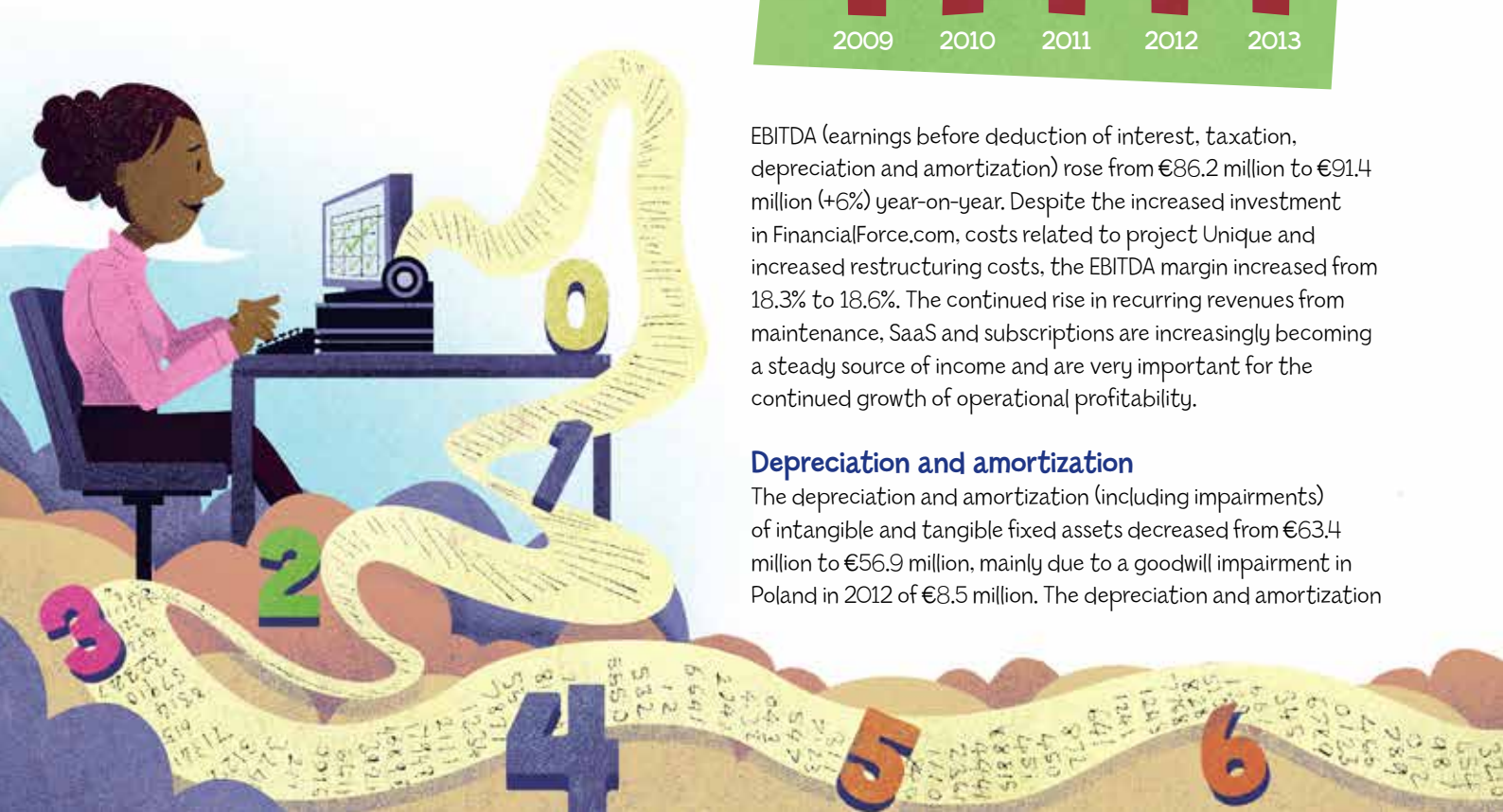
Operational results



EBITDA (earnings before deduction of interest, taxation, depreciation and amortization) rose from €86.2 million to €91.4 million (+6%) year-on-year. Despite the increased investment in FinancialForce.com, costs related to project Unique and increased restructuring costs, the EBITDA margin increased from 18.3% to 18.6%. The continued rise in recurring revenues from maintenance, SaaS and subscriptions are increasingly becoming a steady source of income and are very important for the continued growth of operational profitability.

Depreciation and amortization

The depreciation and amortization (including impairments) of intangible and tangible fixed assets decreased from €63.4 million to €56.9 million, mainly due to a goodwill impairment in Poland in 2012 of €8.5 million. The depreciation and amortization



(including impairments) of intangible and tangible fixed assets are detailed in the Notes to the Consolidated Financial Statements under notes 6.18 'Intangible assets', 6.19 'Impairment test of goodwill', and 6.20 'Property, plant and equipment'.

Net financing charges

The net finance charges increased from €9.6 million to €12.5 million. The increase was mainly caused by the recognized impairment of a loan in Poland for €6.9 million but was partly offset by the revaluation of the interest swaps which caused a decrease of the net finance charges of €4.1 million.

Income tax

Income tax reported a loss of €7.7 million. In 2012 income tax reported a profit of €10.3 million, mainly related to the valuation of a tax asset regarding a new tax facility related to intellectual property. The tax burden was 34.1% (2012: -77.8%) and was higher than the nominal tax rate of 25%. This was mainly caused by impairment expenses, which are not deductible for income tax purposes. For more details about income tax, see note 6.15 'Income tax' in the Notes to the Consolidated Financial Statements.

Net profit and earnings per share

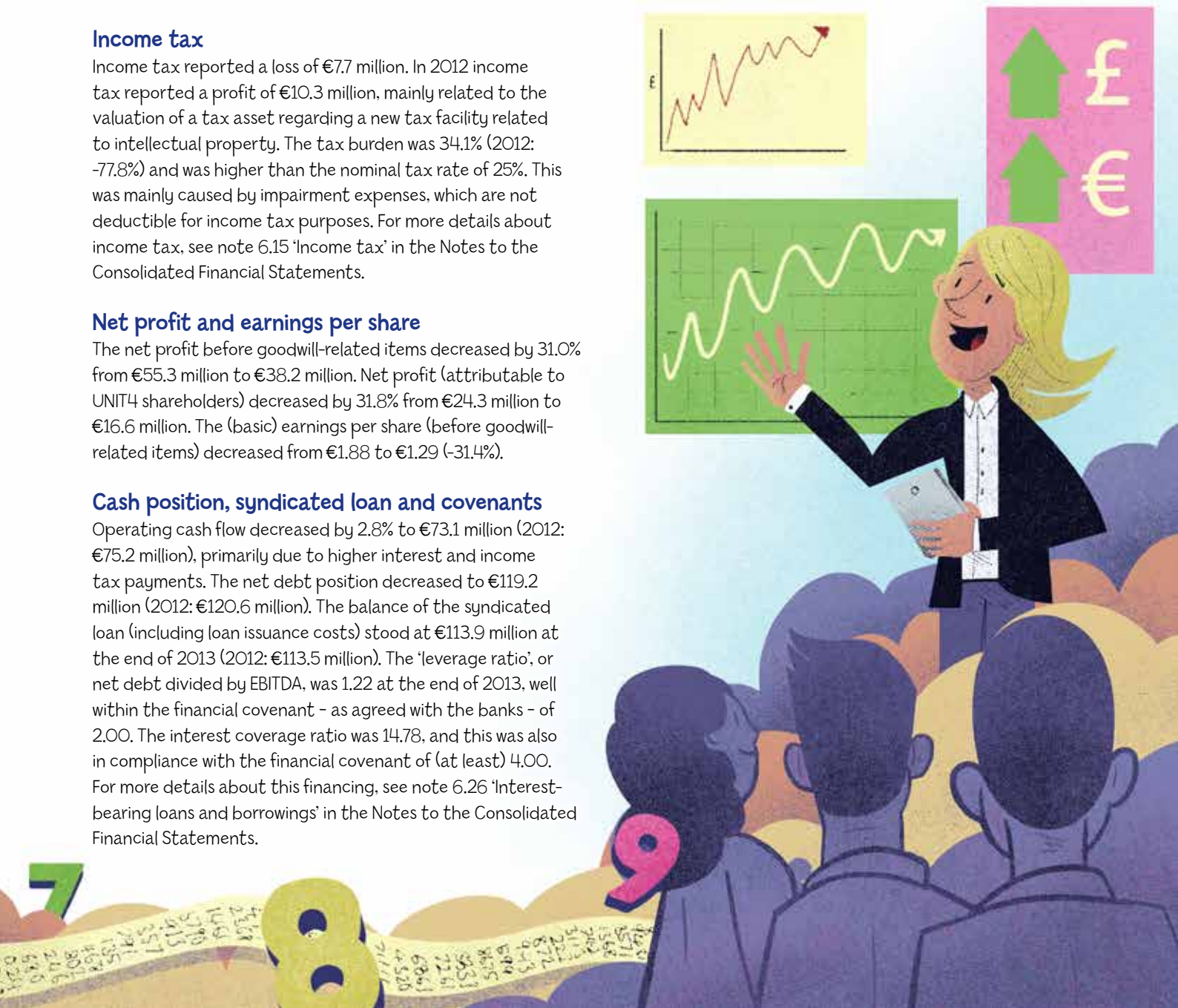
The net profit before goodwill-related items decreased by 31.0% from €55.3 million to €38.2 million. Net profit (attributable to UNIT4 shareholders) decreased by 31.8% from €24.3 million to €16.6 million. The (basic) earnings per share (before goodwill-related items) decreased from €1.88 to €1.29 (-31.4%).

Cash position, syndicated loan and covenants

Operating cash flow decreased by 2.8% to €73.1 million (2012: €75.2 million), primarily due to higher interest and income tax payments. The net debt position decreased to €119.2 million (2012: €120.6 million). The balance of the syndicated loan (including loan issuance costs) stood at €113.9 million at the end of 2013 (2012: €113.5 million). The 'leverage ratio', or net debt divided by EBITDA, was 1.22 at the end of 2013, well within the financial covenant - as agreed with the banks - of 2.00. The interest coverage ratio was 14.78, and this was also in compliance with the financial covenant of (at least) 4.00. For more details about this financing, see note 6.26 'Interest-bearing loans and borrowings' in the Notes to the Consolidated Financial Statements.

Equity position

Total equity (excluding non-controlling interest) decreased from €249.5 million to €249.1 million. Solvency, the ratio of total equity (excluding non-controlling interest) divided by total assets, was 43% (2012: 41%). For more details about equity, see the 'Consolidated statement of comprehensive income' and the 'Consolidated statement of changes in equity' within the Financial Statements.



Key figures

in € x 1 million	2013	2012	2011	2010	2009
CONTINUING OPERATIONS					
Revenue	**490.5**	**469.8**	**445.7**	**416.4**	**379.4**
Revenue growth against previous year	4.4%	5.4%	7.0%	9.8%	-3.6%
Operating result before interest, tax, depreciation and amortization (EBITDA)	**91.4**	**86.2**	**83.5**	**82.6**	**75.1**
% EBITDA/revenue	18.6%	18.3%	18.7%	19.8%	19.8%
Employees and ratios					
Average number of employees (FTE's)	4,156	4,160	4,048	3,666	3,323
Revenue per employee (in €000)	118	113	110	114	114
Total number of employees at 31 December (FTE's)	**4,120**	**4,222**	**4,095**	**4,040**	**3,270**
Profit after tax before goodwill related items and impairments	**38.2**	**55.3**	**44.7**	**40.1**	**35.0**
% profit before impairment/revenue	7.8%	11.8%	10.0%	9.6%	9.1%
Total equity attributable to shareholders of UNIT4	**249.1**	**249.5**	**225.0**	**212.2**	**132.7**
% total equity/total equity and liabilities	43.1%	40.6%	41.5%	37.6%	28.0%
Interest-bearing loans and borrowings	**113.8**	**113.5**	**107.2**	**127.9**	**145.9**
Liquidity					
Working capital (excl. cash and cash equivalents and bank credits)	-69.1	-74.7	-60.8	-51.6	-48.9
% quick ratio (incl. cash and cash equivalents and bank credits)	62.8%	62.8%	60.4%	72.8%	79.4%
FINANCIAL FIGURES PER SHARE IN €					
Basic earnings per share before goodwill related items	**1.29**	**1.88**	**1.53**	**1.41**	**1.33**
MARKET CAPITALIZATION (IN € MILLION)	**1,139**	**669**	**536**	**708**	**439**
Dividend (No dividend is proposed for 2013)	-	0.45	0.40	0.25	0.19

Earnings per share

Before goodwill related ITEMS and impairments

2009	2010	2011	2012	2013
€1.33	€1.41	€1.53	€1.88	€1.29

Revenue split by category

	CONTRACTS	SERVICES & OTHERS	PRODUCTS	SAAS & SUBSCRIPTIONS
2013	40%	31%	15%	14%
2012	42%	32%	16%	10%

Revenue development

	2009	2010	2011	2012	2013
	€379.4m	€416.4m	€445.7m	€469.8m	€490.5m
	-4%	+10%	+7%	+5%	+4%

EBITDA development

	2009	2010	2011	2012	2013
	€75.1m	€82.6m	€83.5m	€86.2m	€91.4m
	+7%	+10%	+1%	+3%	+6%

Product portfolio

Built for change, designed for people

UNIT4 is a multi-national, multi-product company providing software and services to a growing, diverse customer base. We have a clear focus on delivering real value to customers and this strong customer centricity has led to an excellent reputation and highly loyal user community.

As the company implements its strategy of an increased focus on innovation and growth, we have identified those products around the group which have outstanding capabilities and global relevance. These now fall under the control of the Group Product Management function and their related development teams form part of the central R&D team.

This gives us the ability to internationalize these products rapidly, adopt common technologies, processes and design approaches and more effectively drive new innovation across the global product portfolio.

Local products continue to be important, particularly where they serve specific market segments or deliver value to defined groups of users. However, by identifying and focusing centrally on a core group of global products we can drive further synergy from both a development and a marketing standpoint.

Our global product portfolio is outlined in the table hereafter, and represents a set of solutions that meet many of the challenges that our customers face today.

Social, Mobile, Analytics, Cloud

The technology industry is being transformed by the 'perfect storm' of four 'megatrends' that are maturing and driving customer demand – Social, Mobile, Analytics and Cloud. These each have specific and complex impacts on the way users want to work and therefore on how and where they want to use and interact with software.

This is driving unprecedented change in the technology sector and opens considerable innovation opportunities for well-placed suppliers like us. We are embracing these opportunities completely and see them as a significant way for us to transform our business and achieve growth in the market.

Our product innovation vision

Our vision is to create products that are:

- people-centric, easy to use, intuitive to learn, supporting the way people want to work and helping them to be more productive
- built for change, not just built to last
- systems of engagement, not simply systems of record.

Creating a system of engagement require products that inspire users to interact and work in new and exciting ways that can transform an organization.

In late 2013 / early 2014 we unveiled Milestone 4 of UNIT4 Agresso, our flagship international ERP. This release marks a key step in the delivery of our product vision, creating a solution that is truly engaging. It embraces key innovations around social collaboration, analytics, automation and mobile delivery, to create a powerful solution which people will find intuitive and exciting to use.

The first deliverables are available now with more coming later in 2014 and beyond. They will be applied across the global product portfolio as appropriate to benefit all customers worldwide.

International Product Portfolio

The table below provides an overview of UNIT4's global products - those that are taken to market across most or all of our operations worldwide and sit at the heart of our strategic product focus worldwide. This is not a comprehensive list of UNIT4's products, as there are many products which are not listed that serve specific niche sectors and are strategically important to us in particular markets.

PRODUCT	DESCRIPTION	MARKET FOCUS
FinancialForce ERP	Pure cloud ERP solution on the salesforce 1 cloud	Services based organizations worldwide
UNIT4 Absence Manager	Best-in-class absence reporting & management tool	Medium & large organizations worldwide
UNIT4 Agresso	ERP solution	Services based organizations worldwide
UNIT4 Agresso Research Costing & Pricing	Full economic costing solution	Education and research organizations worldwide
UNIT4 Agresso Wholesale	ERP solution	Wholesale organizations worldwide
UNIT4 Business Analytics	Strategic Performance Management Suite	Medium & large organizations worldwide
UNIT4 Campus	Administrative solution for Higher Education	Higher and post-16 education institutions worldwide
UNIT4 Cash flow Planning	Best-in-class cash flow planning solution	Medium & large organizations worldwide
UNIT4 Coda Financials	Best-in-class financial management solution	Medium & large national & international organizations worldwide
UNIT4 Consolidation	Best-in-class group reporting & consolidation solution	Multi-company organizations worldwide
UNIT4 Time Management	Best-in-class time & attendance tool	Medium & large organizations worldwide
UNIT4 Travel & Expenses	Best-in-class expense management tool	Medium & large organizations worldwide

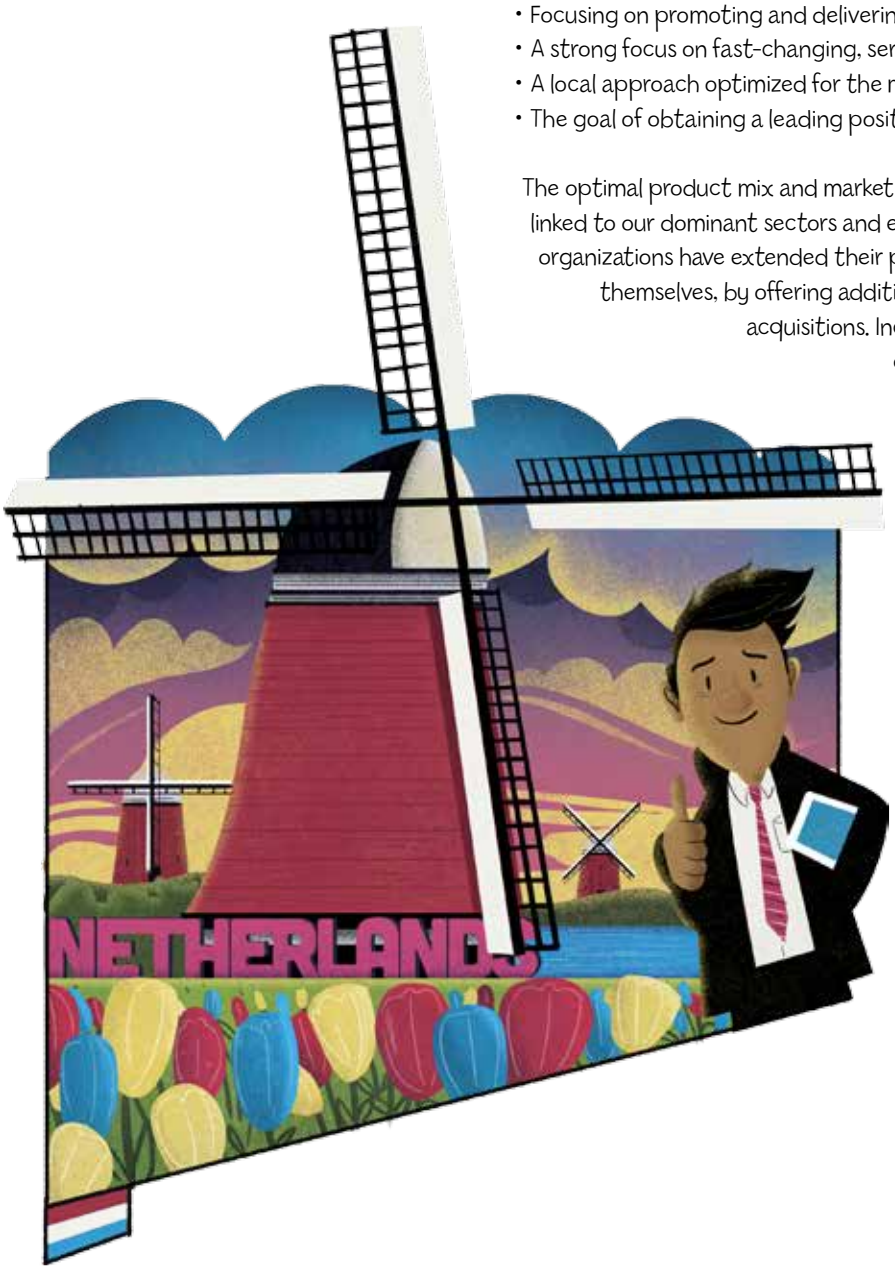
Developments in our geographic markets

Our country organizations

Each market in which we operate is unique. While our business strategy is set corporately, we execute it locally through our country organizations who tailor our go-to-market approach and the precise solutions we offer based on specific local market conditions. This approach encompasses a number of guiding principles, which are shared across the organization:

- Focusing on promoting and delivering our cloud based and SaaS solutions
- A strong focus on fast-changing, service-based sectors
- A local approach optimized 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 our dominant sectors and existing market positions. In the past country organizations have extended their product offerings by developing new products themselves, by offering additional products via partners, or through acquisitions. Increasingly we will seek to centralize development of product extensions and solutions so they can benefit all in the group, however we will actively seek partnerships that complement and expand our solution footprint in specific sectors.



Sales and marketing efforts are focused on growing our business through attracting new customers, as well as growing our solution footprint in existing customers and thereby increasing our share of their solution spend. In the past we have partnered in order to sell and deliver our solutions in certain chosen markets where we have no direct sales organization, and also have partnered in some markets with OEMs, services partners and others who have extended our solutions or sales capacity. However, our strategy now is to significantly grow our partner ecosystem to extend our existing country organizations and grow our business faster.

EUROPE

BENELUX

Our Benelux operations are made up of seven distinct business subsidiaries, which produce, market, sell and maintain a broad range of IT solutions. These range from specialized packages used in the accountancy sector, to solutions tailor-made for the healthcare sector. We also market our two main international products - the UNIT4 Agresso product line and the UNIT4 Coda product line - to a broad customer base. Our Benelux strategy is to continue to focus on various vertical and horizontal segments, with the objective of achieving or maintaining leadership in each of them, while creating and exploiting cross-selling opportunities. Where appropriate we are also actively expanding the reach of some solutions through our international subsidiaries.

Accountancy

UNIT4 Accountancy provides services exclusively within the audit firm sector, where we are market leader in the region. We currently have 5,000 customers and a market share of 50%, rising to 95% of the large accountancy firms. The ongoing lacklustre economic situation resulted in an increased focus on efficiency in the market and there was greater merger and acquisition activity. During the course of the year we launched UNIT4 Online Collaboration, a cloud solution that facilitates collaboration between audit firms and their customers. We also launched a new solution for inheritance and gift tax. We moved to a new office and integrated our Primaccount acquisition.

We added 175 new customers to our portfolio, and saw growth of 34% within the Dutch CFO market. With a range of products that help in the production of annual reports, audit papers and forecasting, we are focusing on the CFO market. We see increasing market demand for software that helps our customers provide their customers with advice, and UNIT4 Online Collaboration and UNIT4 Forecasting are proving particularly popular within this domain. We are concentrating on a number of areas, including making the organization cloud ready and selling and servicing cloud solutions. Our ongoing focus on optimizing processes has resulted in the productivity of our service desk growing by 40%.

Business Software

UNIT4 Business Software provides wholesale companies with finance and ERP software. While market conditions in the Netherlands remained fairly challenging in 2013, the first signs of recovery appeared in the fourth quarter. The market in Belgium was slightly better. Overall, 2013 was a good year. We closed more than 75 deals worth more than €50,000 each, our best ever performance. We closed a deal with Wageningen University worth €1.3 million. Other notable deals include strong Agresso agreements at Gemiva, Parkwind (energy sector) and a win at BNN and VARA, broadcasting companies that have been forced to merge. We closed a 3-year Wholesale deal with Riviera Maison, a leading interior brand in the Netherlands. While the new Agresso Wholesale product is getting more traction in the Dutch market, outside of the region we saw implementations with Caviar (a media production company) and Clear2pay (an innovative payments technology company), highlighting our competitive advantage internationally. Organizationally, Agresso Wholesale R&D became part of the global organization and the product is being prepared for a global launch. We moved to a new office in Utrecht, to the delight of many staff.

Financial Intermediaries

UNIT4 Financial Intermediaries develops and sells software for insurance agents and mortgage advisors and is leader in the Dutch market among independent brokers/agents. This is down to the popularity of our integrated software solutions: Dias, Scenario Advisory and APLAZA. In 2013 the market was impacted by an increase in financial legislation, greater consolidation and changing business models. Highlights for the year included migrating a €1.5 million project for Zicht B.V. (an insurance broker subsidiary of Dutch bank ING) to an integrated insurance solution; the ongoing development of a 'Straight Through Processing' module; rolling out a system called Scenario Advisory for insurance/mortgage advisors that uses a 'Decision-tree' approach; the expansion of the APLAZA platform (an independent financial platform for exchanging data between several insurance companies and thousands of independent Insurance brokers/agencies;) and the opening of a 24/7 'Click and Go' system to sell insurance online. While our focus continued to be on innovation of our integrated software solutions and providing solutions to help our existing customers, we also attracted a number of new customers. These included Verberkmoes, Paardekooper Assurantie- & Pensioenadviseurs, Van der Voet Assurantiën and Janson Makelaardij.

Healthcare

The Dutch healthcare sector again came under pressure in 2013 as ongoing budget cuts led to job losses among healthcare workers and the closure of healthcare organizations. While the Dutch population is aging and the demand for healthcare is rising the number of healthcare workers is decreasing, which results in greater work pressure. This causes healthcare workers to migrate away from their profession. The strategic use of software helps healthcare organizations to reduce work pressure and optimize work processes at all levels of the organization. The role of ICT in healthcare is seen as vital to ensuring a healthy, efficient organization.

In 2013 UNIT4 Gezondheidszorg focused on marketing its UNIT4 Cura Suite. Many healthcare organizations already work with specific modules of UNIT4 Cura, which saves organizations time and money and prevents mistakes in the information systems. During

the year we developed a new module for home care. We celebrated a number of successes in 2013, both big and small. One of the main achievements was the expansion of our customer base with one of Holland's largest healthcare organizations for people with disabilities, Stichting Philadelphia. Additionally, Cicero Zorggroep chose to implement UNIT4 Cura Suite. With almost 2,000 employees and over 3,000 customers, Cicero Zorggroep is our largest customer in the elderly-care sector. We also chose to begin profiling UNIT4 Gezondheidszorg as more of a knowledge partner and not just a software supplier.

HR Solutions

Our UNIT4 HR Solutions company is the only Dutch payroll vendor providing a flexible model of software and services to the market. Our customers can choose whether they purchase software in a SaaS model or outsource their payroll to us. We provide a tailor-made offering of software and services to our customer base. In 2013 we were successful in selling more software and services in a combined subscription contract, both Managed Payroll Services and Add-On Services such as checks and premium support. As payroll becomes more commoditized we continue to see the trend of organizations outsourcing their payroll to specialized vendors. One of the top priorities for HR departments is creating a more flexible workforce and outsourcing payroll activities supports this. We saw further growth in our Managed Payroll Services, while a refocus of the product portfolio in 2013 led to growth in the midsized market on both in-house and managed payroll services.

We radically improved our business processes, leading to all new projects in control, better invoicing, certifications of software and services (ISAE 3402; ISAE 3000; different security certifications), and a considerably lower DSO. All operational improvement projects from 2012 and before are now in control or have been closed. In 2013 we reshaped our product portfolio. We invested in new online functionality for accountancy firms and organizations of up to 1,000 employees and consequently saw numerous sales successes in the second half of the year. Progress was made in a number of different areas, including projects and services, lowering the number of support calls, renewing the sales organization, adding additional (recurring) services to the portfolio, introducing standard activity blocks for our implementations, introducing quality management and setting up and selling service level agreements to our strategic customers. We also successfully changed management in both sales and services.

IT Solutions

UNIT4 IT Solutions saw strong growth for its UNIT4 Hybrid Computing offerings in 2013. Demand is high for cloud solutions, although on premise delivery remains important. There is also increasing demand for the ultimate hybrid approach: on-premise, UNIT4 Cloud and third party cloud. We increased the number of datacentre locations we operate, opening new centres in the United Kingdom and North America to support Agresso and Coda cloud delivery. We also improved the architecture in our datacentres to maximize our flexibility, ease of deployment, availability and performance. We focused on developing new services and adding them to our UNIT4 Hybrid Computing service catalogue, on gaining new business for UNIT4 Hybrid Computing, and on migrating existing customers to the UNIT4 datacentres and expanding our footprint in existing customers. UNIT4 Hybrid Computing is aimed at helping fast-changing organizations to manage their business needs effectively. While we focus on a number of business segments, most of our business is still done in the professional services sector (with a strong footprint in marine and finance) as well as publishing.

Small- and medium-sized enterprises

UNIT4 Multivers supplies a comprehensive ERP solution that is tailored to the demands of small- and medium-sized enterprises (SMEs). The SME sector suffered in 2013 with a poor economy contributing to a high number of companies going bankrupt. Despite this, the market for BI Solutions - and the care market in particular - was buoyant. During the year we released an API with UNIT4 Multivers, and launched our first UNIT4 Multivers CRM app for iOS. We concentrated on developing a true web-based product for the SME market. We enjoyed our first commercial success cross-selling a Dutch accountancy product to an accounting firm in Belgium. We also completed a successful four-year plus transition program in the automotive sector in Belgium, for resellers from VW, Audi, and Skoda.

I-Signaal

I-Signaal is a pure SaaS company, which produces an application that enables customers to proactively monitor absenteeism within their organization. In 2013 we had turnover growth of 30%, and EBITDA growth of 40%. We mainly focused our attention on the insurance and occupational health services markets, and won contracts with Achmea, ATOS, ASML, AEGON, ASR, Argo Advies, and Friesland Zorgverzekeraar. During the year we changed our development process into scrum methodology, which has resulted in more flexibility.

DENMARK

Despite media attention on SaaS and cloud offerings, most companies still chose traditional on premise solutions in 2013, although there was slightly more interest in SaaS in 2013 than in 2012. Our focus remained on Agresso and complementary applications, including our locally developed PCB Plug-in solutions, which were sold successfully around the group.

Our biggest sale in 2013 was delivering Agresso to a range of divisions within Denmark's largest company, A P Møller Maersk. The business units which have purchased Agresso include Maersk Oil Trading (with activities in Copenhagen, Singapore, Rotterdam and New York, they were implemented within 100 days); Maersk's group accounting and group procurement departments (main users will be in Denmark and India); Maersk Insurance; and Maersk Maritime Technology.

FRANCE

Economic conditions remained challenging in France in 2013. A key development for UNIT4 in the market was the purchase of our French distributor Agresso France. We started the process of consolidating all of our French activities – UNIT4 Coda France, Agresso France and AFMS – into one entity, UNIT4 Business Software France SAS. We began investing in the French market in order to build a new team, which is able to deliver the growth that we should be able to achieve in one of Europe's largest IT markets. Our first steps were to rebuild the sales team, and to establish a strategy based around sales force growth, partner relationship development and the introduction of new products to the market. We saw significant licence growth (+25%), and we activated our network to develop market awareness of the company. The sales force is now organized by vertical sector (Finance, Services, Education, Retail) and most sales in 2013 came from our existing customer base, with a special focus on services.

GERMANY

For our operations in Germany we shifted our focus more to lead generation, market awareness, business readiness and licence growth. This led to a number of changes at the top of the team, including a new sales director and business development director. The organization is now more 'business ready' than previously with better competitive processes, more partners and a clearer go-to market strategy.

In addition to a greater focus on lead generation, we re-focused the service department to a more product-oriented structure in order to gain more in-depth knowledge about specific markets and products, which will lead to greater competitiveness in the market. We integrated Adata, a payroll company acquired in 2012, and we implemented an Agresso-based Goal Management System internally, to ensure each employee works towards our company goals.

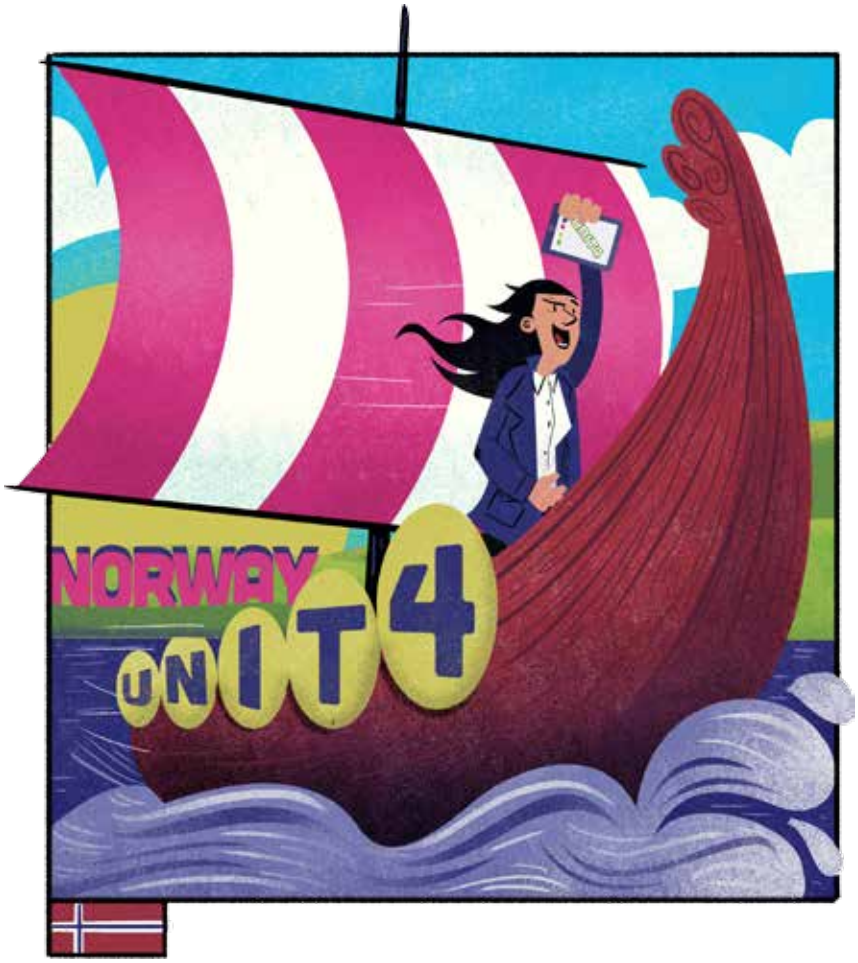
We welcomed a number of new customers during the year, including the City of Vreden, which went live with KIRP8 and ATF as our first pure package customer. The City of Freudenberg & Wilnsdorf – two local authorities – will establish a Shared Service Centre (SSC) for financial services based on an Agresso system. Within central government, Saxony-Anhalt signed a new 6-year contract.

ITALY

Our organization in Italy continued to develop. The market is slowly becoming more cloud aware with national ad campaigns beginning to focus on the cloud. Notable highlights during the year include the hiring of our first salesman; starting marketing work with a new website; and beginning to demo Agresso. We continued to concentrate on our traditional Coda customers, as well as on the not-for-profit sector with Agresso.

NORWAY

The Norwegian economy was buoyant in 2013, and we enjoyed our best ever year. We added 31 new customers, and saw top-line growth of 5.2%. New sales activities were focused on our traditional strong verticals, and we made strong progress in local government with 13 new customer names. In partnership with



IT-Nor, we targeted a new vertical: fast growing SME companies, mainly in the oil service sector. The initiative was a success, with ten new customer signings.

POLAND

The ERP market in Poland is buoyant, with current growth expected to continue in the coming years. Our operations in Poland stabilized in 2013 following a number of management changes, including a new CEO and CFO. We focused our attention on developing our TETA Galactica product, a web accessed ERP system. We launched a new platform - including the help desk - to better communicate with customers, providing them with a faster, more efficient service. We successfully sold and implemented our systems within the SaaS model to a large number of customers.

Customers appreciate the fact that UNIT4 TETA takes over many of their duties, providing guaranteed reliability and full access to the system at a reasonable cost. The higher education and public sectors are becoming increasingly important to us.

We closed a number of important deals during the year, including Wavin Metalplast Buk on our UNIT4 TETA platform; LESAFFRE POLSKA S.A., which will implement the web-accessed TETA Personnel system; Opole University of Technology and LOT AMS, both of whom are implementing TETA Constellation.

Looking ahead, we plan to develop a strong partner network. We expect to reach agreement with a number of new sales and implementation partners, and we are also considering partners in the area of consulting and advisory services with whom we could make the joint offer of comprehensive solutions in the area of HR, including assessment, training and recruitment.

SPAIN AND PORTUGAL

Both the Spanish and Portuguese economies had another challenging year in 2013. Spanish unemployment hit 26% by year-end, while in Portugal it was 15.5%. However, there is a common consensus that 2014 will see the end of the recession with GDP growth of 0.5% predicted by the fourth quarter. For UNIT4 Iberica 2013 was a decisive year for the cloud business. There was a boost for ekon Cloud, with sales growth of 60%, and the signing of the first two projects for Agresso Cloud. Agresso solutions were positioned centrally in large accounts, and deals were won with customers such as Randstad and Kutxabank.

For existing customers we focused on promoting the benefits of cloud solutions, upgrading them to the latest ekon and Agresso versions with new functionality. We also concentrated on companies going international and with HCM solutions for companies looking to improve the efficiency of their employees.

We improved our organization to achieve more proximity to our customers in our main regions. We also created an Operations Director position with responsibility for managing sales and professional services per region in order to be more accessible to customers. In the public sector we saw an increase of 166% in licences sold to city councils. In the private sector UNIT4 Health won two innovative projects covering the front- and back-office areas of Clinica Diagonal and Hermanas de Palencia.

SWEDEN

The most significant business drivers in Sweden during 2013 were cost effectiveness, a low total cost of ownership and a low cost of change - factors which will continue to influence the market

during 2014. These match well with our unique selling points and position us well for the future. Given the state of many of the world´s major economies, the Swedish ERP market in 2013 was marked by uncertainty. Despite this, we maintained our position as one of the market-leading ERP companies and strengthened our competitive advantage by closing a number of strategic business deals. We improved our already strong market position and cemented our position as a key player within the cloud-based products and services environment. The demand for IT-based support for performance management, administration contracts, purchasing and e-commerce remained high, and we expect this trend to continue throughout 2014. We signed agreements for e-commerce with 15 customers and one of the year's highlights was a successful Agresso User Conference in Karlstad, which brought together more than 600 participants. We also carried out a number of upgrades both for Agresso customers (to Agresso Milestone 3) and FastNet to FastNet 6.0 (market leading Real Estate business solution in Sweden).

The reorganization that took place in 2012 had the desired impact in 2013, and no major organizational changes were made during the year. We succeeded in achieving our target of increasing licence sales by 20% in 2013. During the year the UNIT4 Business Handbook project was implemented, with Sweden acting as a pilot location within the Group. The work is meant to further improve and strengthen our competitiveness and sharpen the way we work – both internally and externally. It consists of several sub-projects, which focus on project excellence management, consultancy issues, sales tools and industry standards.

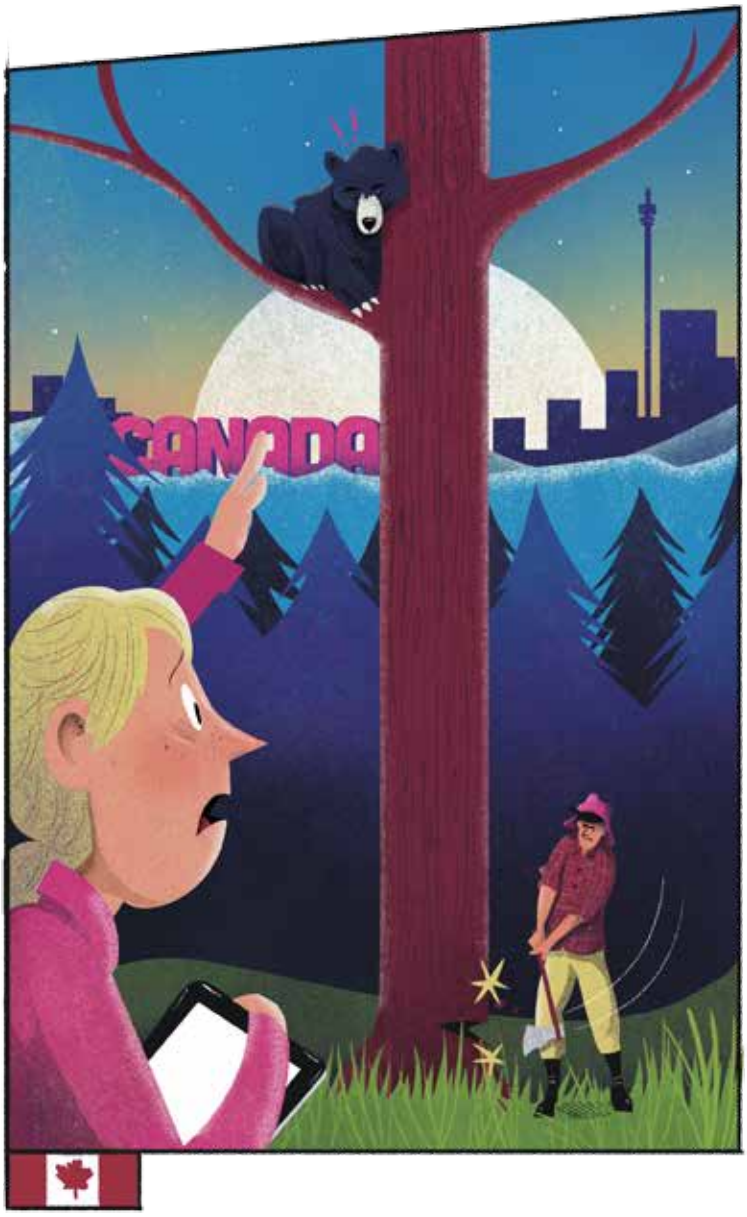
UNITED KINGDOM

In 2013, both the public and the private sectors faced a number of similar challenges. These included dealing with deficits in new ways, such as introducing shared service delivery, business process outsourcing (BPO), consolidation, mergers and acquisitions, and by investing in new technologies, such as the cloud. New regulation required doing more with less and in a smarter way, and investing in collaboration and strategic partnerships. Developing policies that focus on growth and sustainability and not just on short term fixes was also an integral part of organizations' strategic focus.

UNIT4 saw a rise in the demand for – and extensive use of – data that delivers better quality information to support enhanced decision-making. This included projects being broken down into

smaller elements, which required a return on investment (ROI) to be shown before approval to proceed to the next stage was given; technology vendors being chosen from a preferred supplier list and/or frameworks to avoid lengthy procurement costs; the increase in shared service opportunities; an increase in partner-led BPO/BPS opportunities; cloud-based ERP offerings becoming a major requirement across all of our key sectors; and subscription and SaaS licensing becoming the norm across our sectors. We also launched the new UNIT4 UK Cloud Data Centre in readiness for our rapid acceleration to a cloud-first business model.

In Ireland we secured our customer base and restructured our operations. We supported the formation of the Global Education & Research Unit, and helped with both direct and indirect sales at a number of UNIT4 subsidiaries, including Portugal, North America, the Benelux region, France, Germany, Denmark and Singapore. In Australia we supported the launch of a new UNIT4 office and the management of three Australian resellers.



Public sector

We continued to make strong progress within the public sector, and we are now independently recognized as the alternative ERP solution to Oracle & SAP for government agencies. We signed twelve new government departments and agencies in 2013, including the Department of Transport and six agencies, HM Treasury, the Department of Culture Media & Sport, the Department of Communities & Local Government, the Civil Nuclear Constabulary, and the Competition & Markets Authority. In April we signed a contract with Arvato UK & Ireland, the business process outsourcing (BPO) partner, to supply Agresso software that will underpin the UK government's first independent shared service centre through a SaaS, cloud-based templated BPO service. Within local government, we reinforced our position as the number one provider of finance solutions, signing six new councils including the London Tri-Borough shared service through BT. We are now the partner of choice for a number of strategic BPO/SI Partners, including BT Global Service, Arvato, and HP, and we have growing relationships with a number of others.

Commercial sector

We signed 19 new-name customers during the course of 2013, including the SuperGroup, McArthy & Stone and Cordant. In January, Barrett Steel, the UK's largest independent steel stockholder, selected our Business Analytics suite to complement its existing Coda Financials portfolio. We also had successful global implementations at Travelex (Coda) and CG Centres (Agresso).

Higher education

We rolled out our new Research module (Agresso Research Costing & Pricing), which was developed in conjunction with Oxford and Cambridge Universities. By the end of the year this had been successfully sold to thirteen organizations, including Monash, Australia's largest university. In March we announced that the University of Aberdeen is to implement our Agresso Campus Platform to facilitate OneSource, the university's transformational business improvement programme. Sheffield College and UTC Sheffield chose to implement Agresso Finance, part of the UNIT4 Campus Solution, while Swansea University will implement UNIT4 Campus to facilitate its ongoing pursuit for world-leading, globally collaborative and internationally recognized research.

NORTH AMERICA

On 1 January 2013 our two business operations in North America - UNIT4 Business Software and UNIT4 Coda - merged to become North American UNIT4 Business Software. We continue to offer a broad range of products, including UNIT4 Agresso, our flagship ERP suite for mid-sized organizations, and UNIT4 Coda Financials, our best-in-class financial management software. Customers now benefit from greater coverage and support across North America, better global integration and additional product sets.

There was increased economic activity in North America in 2013, and the United States and Canadian economies continue to climb out of recession. It became clear during the year that cloud and SaaS-based licensing has emerged into the mainstream and there is greater interest in both solutions. Social collaboration is moving into the business arena and changing how people expect to interact with technology, vendors and colleagues. There is also a greater expectation for more transparent, accessible, and user-friendly business analytics and intelligence.

Highlights

During the year we organized the North American User Conference, which was our most successful conference to date (combining Coda and Agresso customers) with an increased attendance of 93% and three additional learning tracks. We saw continued momentum in the not-for-profit sector, adding the Salvation Army in Canada, Vinfen Corporation, Family Residences and Essential Enterprises, and continued our work with the Nature Conservancy. We successfully completed the final integration of the Coda and Agresso organizations, and the sales and marketing teams are cross selling and promoting both solutions. We signed an agreement with Amazon.com to provide a North American-based cloud location through the Amazon Web Services (AWS) cloud platform. This key agreement was accompanied by an increased marketing and sales focus on cloud and SaaS opportunities. The sales organization saw a number of structural changes during the year, with the appointment of four new sales directors. We expanded the marketing organization, increasing inside sales and lead generation staff to allow for more specialization and focus in each vertical market. The services department launched a successful internal consultancy training program to accelerate skills acquisition of junior implementation consultants.

Not-for-profit & NGOs

Agresso offers a low total cost of ownership and can help not-for-profit organizations effectively manage change and better focus on their key mission. This reduces their overheads, and helps create more agility. We continue to have a great deal of success in this sector and we are a silver sponsor of InsideNGO, a key sector event. Our new customers include the Salvation Army in Canada, Vinfen Corporation, and Family Residences and Essential Enterprises. We also continued work with The Nature Conservancy.

Financial Services

Within the financial services sector we help companies improve their financial management and operational efficiency. We help our customers manage complex statutory reporting requirements, M&As, multi-nation operations, changing lines of business and other unpredictable change drivers. This is a

primary business sector for UNIT4, where both Agresso and Coda products are good solutions. In 2013, we developed joint messaging to capture the full range of possibilities that we can offer this market. Customers include AXCESS Financial Services, The CBE Group, Sentinel Security Life Insurance, Funeral Directors Life Insurance Company,

Higher Education

Within the higher education sector we help manage the day-to-day activities of administrators, faculty and students both now and in the future. The key activity in this sector in 2013 was preparing to support UNIT4 Campus and enter the Research market. The messaging, content and internal expertise were aligned in collaboration with the global Centre of Excellence.

Canadian Public Sector

The Canadian public sector faces ever-changing pressure on their financial management systems. Whether driven by internal pressure (evolving processes, organizational restructuring, and so on) or formidable external pressure (such as regulatory requirements or citizen requests), the ability to adapt quickly to change is essential in order to minimize the impact on an organization. In 2013 we continued to expand the customer base in Western Canada and the partnership network has expanded to provide access to the US local government market to include Enable, Panorama Consulting, and SNP GL Associates. Customers include Ontario College of Trades, the City of Port Coquitlam, and the City of Medicine Hat.

ASIA

The economies of the Asia-Pacific region performed well in 2013. UNIT4 had a very strong year, with licence growth of 50% year-on-year, and SaaS growth of 34.9% versus 2012. We saw a successful enhancement of Prosoft HRMS to cater to the payroll market in China, which will open up more opportunities. We had the official launch of the new Prosoft HRMS version (Version 8.5). This full web version will allow greater competitiveness to compete in the cloud and mobile space. We focused on building a pipeline in the government sectors and competing in larger accounts.

AUSTRALIA & NEW ZEALAND

The region remains a highly attractive business environment despite a slow-down and the effect of the 2013 federal elections in Australia which particularly affected public procurements. In particular we believe that UNIT4 has the right track record for a public sector that is increasingly under pressure to cut costs and avoid large, costly ERP projects which have been characterized by costly overruns and late delivery.

We have operated through partners for more than a decade in the region and while we have now established a direct local presence we will continue to support and grow our partner ecosystem in order to go to market and deliver many of the services around our solutions. We have some excellent customers in the region including the Queensland OneSchool project, New Zealand Post group and the Skilled Group.

In 2013 we sought to stabilize our partner and customer base and prepare for growth, and 2014 should see steady growth in partners and customer business.

FINANCIALFORCE.COM

FinancialForce.com, our US-based cloud applications company formed with minority investment from salesforce.com, again grew strongly in 2013. Investment in FinancialForce.com was increased to support the growing momentum and opportunities in the fast-growing cloud applications market.

Total revenue grew by 85% with the annual run rate in December 2013 (including services) reaching $30.6 million compared to $17.0 million in December 2012 (+76%) and $21.5 million in June 2013. This illustrates how strongly growth accelerated in the last few months of the year, where only limited revenues could be recognized. In order to drive growth we increased staff numbers by 60% in 2013 to 250 FTEs across the US, UK and Spain, while investment in marketing grew by more than 75%.

Customers

The number of new customer deals was up more than 50% compared to 2012 with growth achieved across the small business, mid-market and enterprise sectors. Notably, FinancialForce.com's penetration of the enterprise market increased, particularly with its Billing and PSA applications. The number of customers using both core applications - Accounting and Professional Services Automation (PSA) - more than doubled and deal size (annual contract value) also grew.

To meet the needs of the growing enterprise customer base, FinancialForce.com completed a SOC 1 Type II audit in 2013, providing publicly traded customers with an additional layer of compliance and security. More information can be found at: trust.financialforce.com.

Acquisitions

In November the company moved closer to providing a full cloud ERP with two acquisitions: Vana Workforce, a global human capital software provider and maker of a leading HR application on the Salesforce platform; and the business and assets of Less Software, including the firm's Supply Chain Management (SCM) solutions. The applications have been re-branded FinancialForce Human Capital Management (HCM) and FinancialForce Supply Chain Management (SCM) respectively. FinancialForce.com can now offer companies a unified set of applications sharing the same cloud as Salesforce CRM, including Financial Management, Professional Services Automation, Supply Chain Management and Human Capital Management. In February 2014 we introduced FinancialForce ERP and unveiled the new FinancialForce tagline, "ERP at Customer Speed" completing a new vision for ERP where businesses win and retain customers by aligning ERP processes around customer touch points - creating a unified, informed view of the customer across the entire organization.

Recognition

FinancialForce.com picked up more industry acknowledgments in 2013, being listed in the AlwaysOn Networks Global 250 and the OnDemand 100 for its outstanding accomplishment in the cloud. FinancialForce Accounting was named Software Product of the Year in the Business Finance Awards and the company was honoured by San Francisco Business Times as a 'Best Place to Work' and UK's Great Place to Work survey.

Employees continue to invest time in FinancialForce4Good. In 2013, the company organized eight community service events across the globe and launched an inaugural non-profit social campaign in conjunction with San Francisco Society for the Prevention of Cruelty to Animals (SPCA).

Corporate social responsibility

As a company with offices and staff located around the world that is growing rapidly, we take corporate social responsibility seriously. We seek to create a business model that is sustainable and has a positive impact on all its stakeholders.

We work hard to increase stakeholder engagement locally, getting involved with local communities through a wide range of initiatives. Many of our key country organizations run corporate responsibility programs locally. The more innovative operations are embedding this into their strategy in order not only to be better corporate citizens, but also to drive a stronger culture, improve performance and create a better working environment. In this section we highlight some of the best practices around the Group.

We are using these examples to drive a more coordinated Group-wide response to sustainability as we go forward.

UNIT4 is increasingly focused on cloud-based solutions, which can deliver environmental benefits through the sharing of resources and reduced energy consumption. We are careful to ensure that the data centres we work with, which are operated by third parties and host our cloud/SaaS services, hold the Carbon Trust Standard.

STAKEHOLDER ENGAGEMENT

Shareholders

We believe that strong and sustainable long-term economic performance depends on compliance with corporate responsibility best practices and open reporting of our activities. We seek to:

- Achieve appropriate financial returns for our shareholders.
- Comply with key Corporate Governance requirements.
- Be as comprehensive and transparent as possible in our reporting at all times.
- Report openly on aspects of our non-financial performance, including social, environmental and ethical risks and opportunities.

Customers

We aim to be a good supplier and respected business partner to our customers. We seek to:

- Provide high-quality products and services that are of long-term benefit to customers and partners.
- Develop and maintain excellent relations with our customers, dealing with them directly and responsively and providing optimum levels of customer service, satisfaction and retention.
- Develop and enhance existing products as long as commercially viable in consultation with customers and the market to meet regulatory and technology changes; provide customers with long-term support for existing products and practical, low-impact routes to new technologies and versions wherever possible.

Employees

We aim to be a good employer. Our objectives for achieving this are to:

- Operate clear and fair terms of employment and remuneration policies.
- Avoid discrimination in our recruitment, staff training, development and promotion policies.
- Nurture the enthusiasm and commitment of staff, encouraging an open culture where staff can question management and propose ideas.
- Enhance the performance of management and staff through ongoing training, skills and knowledge development.
- Ensure a safe, pleasant working environment for employees.

Suppliers

We aim to build excellent long-term relationships with our suppliers by being a responsible purchaser of goods and services, in order to build partnerships and deliver value to the company.

- Make payments for goods and services that have been delivered within the period agreed with the supplier and inform the supplier clearly and promptly when an invoice is queried.
- Engage with our principal suppliers on their own commitment to environmental and social responsibility, seeking wherever appropriate to influence them to adopt an approach compatible with our standards.

Communities

We aim to make the communities in which we invest better places to live and do business. We aim to achieve this by:

- Engaging in appropriate activities with a range of relevant communities, addressing issues that we have in common with those communities.
- Developing and maintaining frameworks that encourage staff to be involved in charity and community projects in a manner that the company can sustain and that provides an appropriate level of benefit to the company.

Marketplace

We aim to operate as a good corporate citizen by:

- Developing goods and services that help other organizations improve their corporate governance and responsible business practice.
- Developing a clear, ethical policy regarding bribery and corruption and ensuring all staff adhere to it
- Ensuring that all advertising, marketing and other materials are truthful and not misleading.
- Promoting best practice widely across the industry, across customer, supplier and partner bases, and within our community activities.

Environment

We aim to reduce our direct adverse environmental impacts wherever we have direct control and to influence others to reduce those that are indirect. In addition to complying with relevant legislation we will, wherever possible, look for opportunities to make a positive contribution to the environments in which we operate. The Group aims to achieve continuous improvement in its environmental performance over time. Our environmental objectives cover the following core activities:

- Procurement
- Property management
- Recycling
- Travel, including to & from work.

OUR CSR SITUATION IN 2013

Shareholders

- We published our results quarterly and in a timely manner throughout the year.
- A detailed description of how we comply with the Dutch Corporate Governance Code ('Frijns Code') and how we manage risks effectively are published in the Corporate Governance Report on our website.
- Our annual report provides a complete overview of our CSR objectives and aims.
- All relevant documents have been updated and published on our website.
- We deliver value to our shareholders by maintaining a sensible cost base and reviewing our key suppliers regularly to ensure best value is sustained.

Customers

- We have continued to supply our customers with high quality products and services that provide long-term benefits.
- A number of committees and communities that focus on maintaining a high standard of service and solution excellence have been set up within the organization.
- Additionally, our customer service programmes have continued to improve, as has our customer satisfaction and customer retention levels. The company conducts frequent Customer Surveys where feedback is sought on all areas of our business. The results are used by the Group to improve service and solution provision.

Employees

- Local works councils are active and act as a forum to discuss company-related issues and act as a contact point between employees and the company on many work-related issues.
- We have assiduously avoided, and continue to avoid, discrimination in recruitment, training, and development opportunities.
- We value the opinion of employees, both individually and collectively, across the Group, and employees are encouraged to provide feedback to their manager. Employees are encouraged to provide input on the future direction and success of the organization.

Suppliers

- Our finance team ensures that our suppliers receive reasonable payment terms.
- In addition to conducting business electronically we procure products and solutions that meet our environmental ambitions, including recycled materials and Fair Trade products.
- Throughout the year we talked with our main suppliers about our CSR initiatives and tried to ensure that their CSR performance meets or exceeds our own.
- We apply rigorous Information Security Management Systems, which ensure supplier information is protected.

Communities

- A number of subsidiaries in the Benelux participate in Rotary activities.
- We sponsor a charity called Muscles-for-Muscles in the Netherlands, which helps children with muscle-wasting illnesses.
- We are involved, as a founder, in awarding the Kids Peace Prize in the Netherlands.
- UNIT4 sponsors the Dutch Football Association (KNVB), which has about 1 million members. Part of the sponsorship deal involves supplying products and services to around 3,000 amateur football organizations that are KNVB members.
- In the United States our Victoria office participates in an annual challenge among all high technology companies in the region to raise food and funds for a local food bank. These funds are raised through employee-based activities.
- In the Netherlands, UNIT4 provides regular donations and support to causes identified by our employees and their families as important to the community.
- The UK operation ran a program of events to raise money for the Prince's Trust, which helps disadvantaged young people to improve their lives.
- FinancialForce.com continues to contribute 1% of its employees' time and 1% of its products to non-profit organizations. In the Netherlands, a fixed percentage of the EBITDA of certain subsidiaries was made available to local charities, based on employees' requests. Similar schemes are in place in other divisions worldwide.

Marketplace

- We provide our customers with a range of solutions to help them improve their business processes, adopt best practice, meet their corporate governance obligations and promote responsible management processes.
- In the UK, we have developed a Partner/Alliance ecosystem that promotes the sharing of good practices to the benefit of its joint customers. This partner ecosystem model will be rolled out group wide in the future.
- All business processes throughout the organization are subject to continuous review and improvement.

Environment

- We continued to use video conferencing whenever possible, and invested in new conferencing products.
- We communicate with suppliers electronically whenever possible.
- Our data centres, which are operated by third parties and host our cloud/SaaS services, hold the Carbon Trust Standard. The carbon standard is only awarded to companies and organizations that measure and reduce their carbon emissions year-on-year. The company's data centres are certified to ISO 14001, and it is a Member of the Green Grid. It also follows the EU Code of Conduct for Data Centres, ensuring that its data centres deliver maximum efficiency.
- We procure products and solutions which meet our environmental ambitions: recycled materials, Fair Trade products, local sourcing, and so on.
- We began a project looking into new working practices, which involves employees spending less time working in the office and more time working from home. The aim: to reduce fuel consumption through decreased travel and save on energy through lower heating and electricity costs at the office.
- Our country operations either continued to actively recycle or introduced recycling initiatives.

Accreditations

Across the Group we seek to achieve internationally recognized accreditations to ensure that we are working to the highest quality and following best practice wherever possible. Most of our development operations, for example, are accredited to the ISO 9001 Quality Standard. We also strive to achieve environmental accreditations such as ISO 14001 and others where appropriate. Many of the larger operations have dedicated staff to monitor and enforce key quality and environmental standards.

Key standards achieved across the Group (not necessarily in every operation) include:

- Quality Management
- Environmental Management
- Business Continuity Management
- Information Security Management.

Individual operations in the Group will choose different accreditations, depending on the specific activities they carry out and markets they operate in. See individual websites for specific details.

CSR PROGRESS PER COUNTRY

United Kingdom

UNIT4 UK is a company that cares about the environment and we are committed to complying with all relevant environmental legislation. As such we have defined the impact our business operations have on the environment and we actively promote good environmental practices, with the aim of eliminating or reducing negative impacts. To help us achieve this we have created an environmental management system, which satisfies the requirements of BS EN ISO 14001 and we have achieved formal registration to the Standard. All UNIT4 managers and employees are committed to this process, which also involves our suppliers and subcontractors.

In 2013 we continued to support The Prince's Trust, a nationwide charity focussed on helping disadvantaged young people and getting them back into education or into the world of work. We are proud patrons of the Technology Leadership Group of the Trust and focus on company-wide employee engagement and fund raising activities. In November we were awarded the Trust's 'Going for Gold' award in recognition of our company-wide employee engagement and the amount of money we raised.

Electricity

From an environmental perspective we asked employees to think about their electricity usage in their day-to-day work and actively attempt to reduce it. Total electricity usage across our UK locations in 2013 was 1,983,689 kWh (2012: 2,037,767 kWh) a decline of 2.66% year-on-year. We were proud of this result, which exceeds our electricity environmental objectives of maintaining electricity usage within 2%. This highlights employees' willingness to work in a manner that helps the company reduce its environmental impact.

Travel

Employees travel extensively on business and between sites. Consequently we have focused on providing green initiatives to help reduce the need to travel. During the course of 2013 we ensured that video conferencing facilities were available at all locations and that employees have access to suitable web communications such as GoToMeeting and Lync. In 2013 road travel by UNIT4 employees reduced 4.81% over 2012.

Waste

Employees are encouraged to recycle and reduce waste whenever possible. We estimate that 34.4 metric tons of waste were recycled in 2012, and in 2013 this figure rose to 37.53 metric tons, an 8.4% increase. Although this figure is an estimate, we can see that employees are using the recycling facilities available to them to reduce their impact on the environment.

Asia-Pacific

We recently established a CSR team and they will develop a strategy during the course of 2014. In 2013 we introduced paper recycling within our offices, organized the distribution of food to 25 low-income families for a period of 6 months and collected $2,940 for Typhoon Haiyan Relief. We continue to encourage our staff to participate in CSR activities.

Norway

For the past three years, we have had a close relationship with the organization for the blind and partially sighted in Norway, Norges Blindeforbund. The main purpose of this cooperation has been to further our aim of making UNIT4 products accessible for all, including those who are blind or have other disabilities. Technicians from Norges Blindeforbund have been of great value to the Agresso R&D team, providing advice and testing throughout the whole process. The result is that our latest version of Agresso meets the requirements for an AA WCAG certification, as defined by the international standard W3C. Not only will this give UNIT4 a competitive advantage in the future, it will also make sure that more blind and partially sighted people will be able to work with our products worldwide. In June 2013 UNIT4 received the prestigious CSR Award for our work with Norges Blindeforbund.

In addition to working together on product development, we also decided to engage in Norges Blindeforbunds campaign iCare:-). This is an initiative that aims to collect money to help eliminate unnecessary blindness in the world. We chose to support iCare:-) by paying for eye surgery in Nepal for the same number of people that we employ in Norway. Our support will enable doctors to give 171 blind people in Nepal their vision back in 2014.

Certification

UNIT4 Agresso AS and UNIT4 R&D were re-certified to ECO-light House, a Norwegian environmental certification. In practice this means that we have assessed our working environment and catalogued our impact on the external environment. Precise goals were then worked out within our working environment, leading to measures to reduce our impact on the external environment.

Sweden

UNIT4 in Sweden has worked on developing and securing a corporate social responsibility strategy for a number of years. In 2006 we established an Environment Management System based on the ISO 14001 standard. In 2008 we were awarded our EMS certificate and three years later it was renewed. Within this framework we ensure that we continuously enhance our environmental performance with regard to greenhouse gas emissions, energy efficiency and waste disposal.

Benelux

- In the Netherlands, we began sponsoring a children's charity called Spieren voor Spieren (Muscles-for-Muscles) in 2013. The charity provides help and assistance to children with muscle diseases. In October over 130 people ran, cycled or walked to collect money for the charity, with 25 employees from UNIT4 Healthcare and HR Solutions among the participants. Collectively they raised €13,000 for the charity.

- We continued our partnership with the Dutch Football association (KNVB). This involves sponsoring the Dutch national team and stadium during home games, as well as working at all levels of football, including sharing computing expertise with local clubs across the country.
- Some of our operations moved to a new office, and an energy reduction plan has been put in place focusing on the efficient use of lighting, heating and cooling.

North America

While we don't have a formalized corporate responsibility strategy in North America, we do have a number of company initiatives and support a variety of individual employee and customer initiatives. These include:

- Green Initiatives: There is an active recycling program in our offices. North America practices paper conservation (green conferences, supporting digital versus paper distribution, and so on) and we have replaced older computers and laptops with more energy efficient models. Recycled and repurposed obsolete laptops are donated to NH Child & Family Services. Additionally, we have reduced travel expenses by moving to video conferencing, teleconferencing and on-line meetings where appropriate.
- Employees Home Office Program: Where appropriate for the position, many of our employees work from home-based offices. This reduces commuting, office space and overheads.
- Bike to Work: We promote and encourage alternative transportation and provide a bike lock-up facility and showers for employees who wish to bike to work on a regular basis.
- Annual Holiday Customer Giving Program: For the past four holiday seasons, we have chosen to make a charitable donation rather than send gifts to our customers. In 2013 we chose Save the Children as the recipient of the donations. Through this initiative, we raised awareness and made donations on behalf of customers totalling $13,000.
- Annual Food Bank Challenge: Each year our Victoria office participates in an annual challenge for all high technology companies in the area to raise food and funds for the Mustard Seed Food Bank. These funds are raised through employee-based activities, which this year included a Halloween-themed cubical decorating and best costume competition, poker tournament, cakewalk, mystery presents, silent auction and raffle to see your manager dressed in a Christmas tree costume. Funds raised by employees where matched by the company for an approximate total of $2,745. The Manchester Office contributed food and just under $500 to the NH Food Bank, while a donation of $2,000 was made to Red Cross NH.
- Individual Employee Causes: UNIT4 provides regular donations and support to causes identified by our employees and their families as important to the community. In 2013 designations included a variety of sports team, charitable initiatives and community clubs and associations.
- Colleges and Universities: We are active in a number of co-op programs and support these programs by providing placements, scholarships and board support to a number of advisory committees to ensure program directions support the company's future direction.
- Professional Communities: Both management and employees contribute to a variety of professional communities by participating on boards, speaking and publishing white papers, as well as mentorship, contributions to roundtable discussions and support of professional associations.

Spain

Our focus in Iberica is on respecting our customers, employees, the community and the environment. To achieve this we focus our CSR efforts in a number of different areas. These include:

- Developing software products and providing consultancy services that help organizations improve corporate governance and promote accountability.
- Applying green policies internally, such as recycling bottles, paper and batteries.
- Cooperating with not-for-profit organizations to help people with special needs.
- Working to reduce CO_2 emissions through reduced travel by investing in video conferencing and increasing telework for our employees. Last year we reduced travel costs by 18%.
- Investing in services and products from companies certified as a special employment centre to facilitate labour market integration of handicapped personnel.
- Applying strict prevention policies: conflicts of interest, corruption, and so on.
- Expanding the UNIT4 website to collect customer feedback of our performance.
- Introducing a satisfaction survey after each help desk contact at customer service departments.

Providers

- We pay for goods and services within the generally agreed terms.
- We search for, and contract, the providers best able to combine productivity efforts and environmental responsibility.
- We reduce energy costs by applying good practices on energy systems.
- We send electronic invoices.

Employees

- We held a family day at our Barcelona office.
- We develop career possibilities.
- We help develop international careers through collaboration with other company subsidiaries.

Personnel & organization

We are a people-centric business – not just in the way we design and deliver our software solutions, but in the way we run our business. Our focus is on recruiting, retaining and developing the very best talent in the industry, while our goal is to provide a business environment and opportunities that enable our employees to perform at their best and achieve their full potential.

As we move towards the next stage in the company's development, it is clear that success is dependent on the focus, creativity, and drive of everyone within UNIT4. We need to continuously innovate and produce cutting-edge solutions that delight our customers, and we must deliver excellent service consistently if we are to build on our track record of attracting, servicing and retaining our customers.

We operate across a wide number of geographic and business markets so each business operation varies in size, maturity and structure. Consequently, we have established a set of key centrally formulated principles for personnel and organization, although some policies are optimized by region and operating company. All countries undertake initiatives to further improve the professionalism of employees and to optimize organizational efficiency.

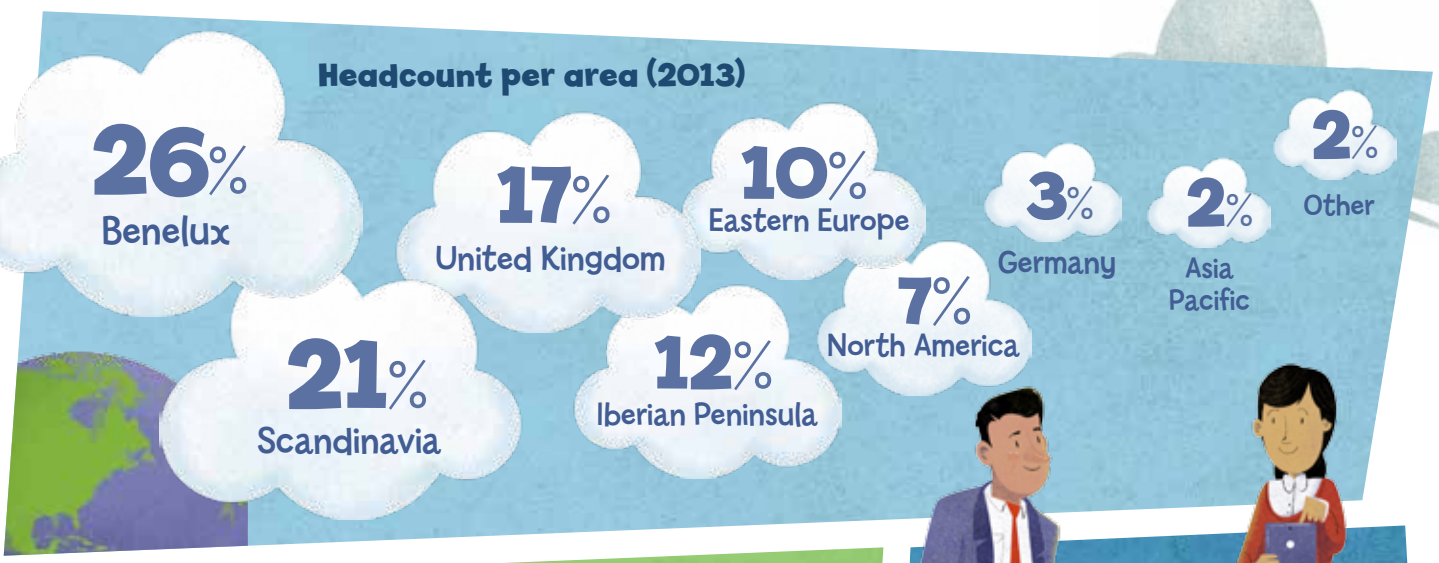
Our goal as an employer

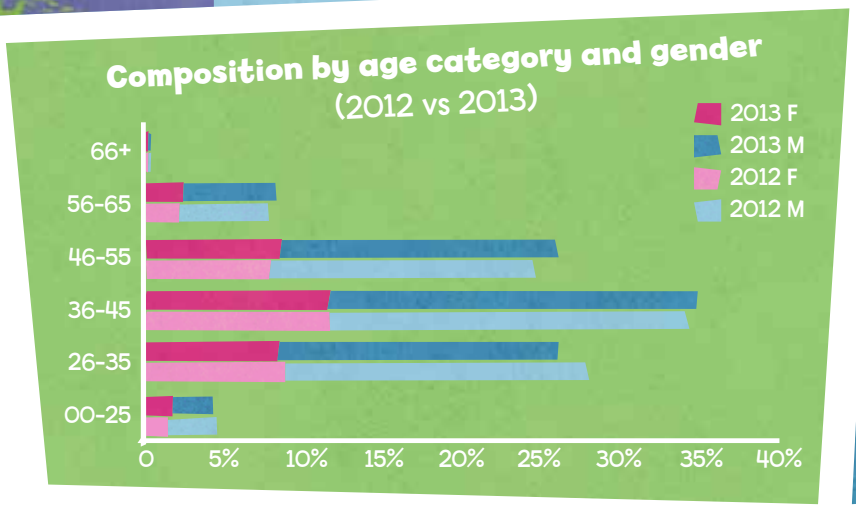
We aim to bring out the best in our employees, by providing them with challenging and stimulating roles that allow them to develop. We want our people to be committed to what they do and what UNIT4 does as an organization. By offering attractive employment conditions and benefits along with on-going training and opportunities for professional and personal growth we seek to inspire, nurture and retain the best staff in all areas. We create flat management structures and try to deliver clearly communicated objectives and opportunities to shape personal development and career goals. By achieving these objectives, we believe we will develop a motivated and inspired workforce, which benefits our employees, the company and our customers.

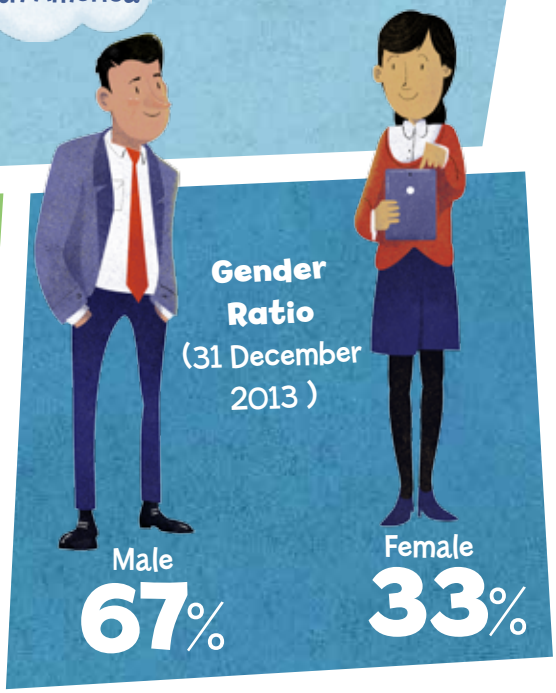
How we recruit

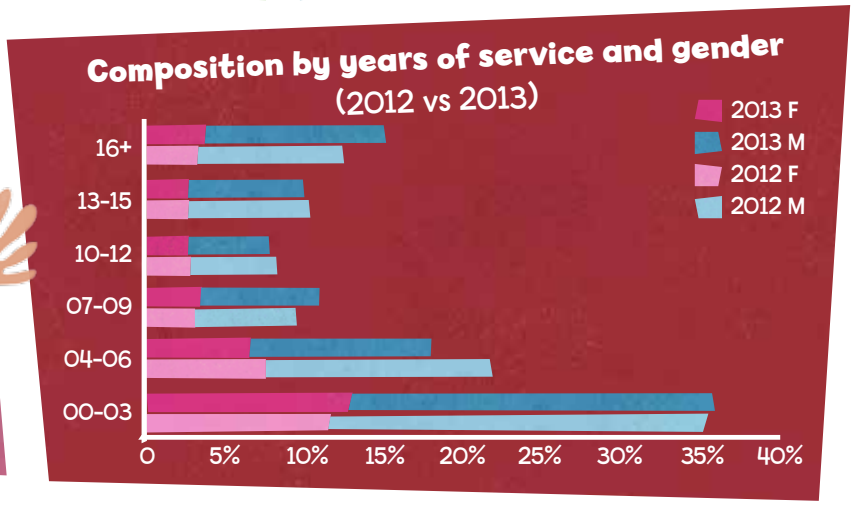
Recruiting employees with the right skill set is vital for the success of our company. Although our headcount is often bolstered through acquisitions, we also actively recruit in our local markets. Each country determines the recruitment methods best suited to their local environment, however in 2013 we committed to a group approach to using social media for recruitment, including a corporate arrangement with LinkedIn to professionalize our use of that channel for recruitment. Early signs are that this is already paying off in delivering high quality candidates at a reasonable cost.

In 2013 we created the position of global HR director. This helps provide an overview of what's happening across the organization's regions and countries, assists us in creating uniform policies and procedures, and enables us to introduce best practices more efficiently and effectively. Over the course of the year we concentrated on performance









management. Our goal is to help employees identify the added value they bring to the company, while introducing transparency in both what the company expects from them and what they expect from the company. We are currently introducing a new measurement system, which will enable the company and employees to better measure their performance, providing metrics that can be compared company-wide.

Following the approach and subsequent offer to shareholders by Advent at the end of the year, we began preparing for the changes that will occur in 2014. Change management is an important part of the process and we will use both top down methods (such as strategic engagement and town hall meetings) as well as bottom up (such as internet, emails and other channels) to involve employees in the acquisition process and to make them aware that the goal is to create an organization that is stronger and more dynamic than it previously was. Stability within the organization is key and the preparations we began in 2013 will enable us to move to One UNIT4 in 2014.

Our 'On TRACK' values

Across the organization we operate a development program called On TRACK, which encapsulates our four core values – transparent, result-driven, agile, and connected – and acts as a reminder to our employees that these values drive everything we do. In 2013, On TRACK continued to be promoted across the organization. A selection of these initiatives, as well as training and development programs and company social activities, are outlined below.

DENMARK

Experience-driven learning is a vital part of internal development and growth at UNIT4. In Denmark, we started to structure connected knowledge sharing among consultants by sharing newly achieved UNIT4 Agresso capabilities among colleagues in meetings. We are in the process of establishing incentive programs, which inspire employees to be result-driven in terms of mind set. We focus on maximizing billable hours and will optimize our resource planning and capacity as well as the wider mobilization of consultants in order to save costs for the company and our customers, as this also affects our overall competitive situation in the marketplace.

FRANCE

Following the acquisition of our French distributor Agresso France we started the process of merging three UNIT4 organizations within France, rebuilding our company culture around the One UNIT4 model. We started to reinforce links with corporate customers and began a project to re-house all employees to a new office. We made a number of new hires during the year, including one sales director and three new account managers, one team leader for direct marketing and one new professional services director. This recruitment plan will continue in 2014.

BENELUX

In the Benelux region, we put a lot of effort into coaching management on transparency when communicating to their employees, on encouraging professional relationships with co-workers, and on ensuring that there is enough room for personal development and the work/life balance. We believe in celebrating successes within the departments and teams and giving recognition to those who have worked hard. We work towards creating a performance management culture by clarifying the individual contributions needed to support the goals of the specific business units, as well as by generating a dialogue between managers and employees about performance, development and ambition. In 2013 we started training management in how to appraise correctly and outlined the importance of performance management (PM) through workshops. The aim of the workshops was to enable management to become more familiar with PM as a method of integral HR policy.

Recruitment

During the course of the year we made a total of 81 hires. Some positions were difficult to fill, especially network architects and .NET developers. We used a range of methods to attract new employees, including websites (such as Monsterboard), as well as actively searching through LinkedIn and asking colleagues (using our referral program). Many vacancies were filled quickly, but the software developers, network architects and network consultants were all approached either by the recruitment department, agencies or colleagues, making these jobs both time consuming and, occasionally, costly to fill.

Encouraging commitment

Our first method to stimulate and encourage commitment among employees is through management contact and motivation. While we don't have a fixed career path framework we do offer employees a variety of training programs where they can choose to develop a range of skills. In 2012 we started a high potential program for our most promising and talented employees and in 2013 we introduced a new group of promising young talents to the program.

Remuneration

As well as a base salary, we offer a number of different bonus schemes. Around half of all employees are entitled to a company car; we operate a pension plan; and we have taken out a range of different types of employee insurance (employees can choose to participate in collective insurance or discount schemes). Additionally, effort is rewarded through promotion, a bonus or training programs.

Outside work

We have weekly social evenings at our offices in the Netherlands, where we celebrate our successes. We also hold Christmas parties and run a Global Sports Event in Marbella, Spain.

NORWAY

In 2013 we changed the way we work, introducing performance management and competency management. For top management levels we introduced a new process for involvement and goal setting, while for other employees we introduced competency development that supports and reflects the company's goals. This creates more relevance for employees, management and the company. We achieved this by assessing each department's services and deliveries, then picking the four or five most important ones from each and describing/transforming the most critical competencies into competency cards. Each card describes one leadership competence and behavioural indicator. Additionally, we launched a new intranet during the year.

IBERICA

During the course of 2013, we continued with our 'Voice of the Employee' plan and support activities. Additionally, we continued to be transparent and clear about business, products, results, and procedures. We held a forum and ran communication sessions hosted by the general manager and first line management to inform and align all employees on our strategic decisions. We also held departmental meetings with guest directors from other areas to share experiences and knowledge. We implemented several courses at management level to focus on improving their performance. The training included time management, business skills and coaching. We carried out training to boost performance and obtain the best business results possible. We also introduced the SCRUM methodology for the R&D department, in order to improve the agility of our software development method and, as a consequence, to offer the best products to our customers.

Recruitment

Given the current economic situation in Spain and Portugal there is no shortage of applicants to each vacancy we publish. That said, it still remains challenging to fill very specialized positions and to find candidates with good English language skills. Our recruitment methods include:

- Using recruitment websites and professional networking sites
- Collaborating with universities (we have an agreement with two large universities, which involves a group of Computer Science students developing their final thesis at UNIT4, using our technology and integrated with real projects and development teams. We are then able to hire the most promising students.)
- We use colleague recommendations
- We publish all vacancies internally.

Development

Within the company we run employee career plans, including helping them develop towards promotions, greater responsibilities, training and financial compensation. To improve internal skills we run a number of different courses and certifications for first and second line management team. In 2013 these included:

- PMP Certification: eight employees are certified in PMP
- A Master's Program of High Management for one manager
- A Lean Management course given to the Professional Services departments
- An 'English for Business' course.

SWEDEN

In 2013 we continued to focus on our core values – competence, responsibility, purposefulness, enthusiasm and team spirit – which influence our daily work. We strive to have an open, collegial atmosphere where we help one another to succeed. Our employees' performance review is also influenced by the core values. Each year we hand out awards to those employees who have done something special, based on our core values. All employees are free to nominate and vote for the person who they think deserves an award. Every two years we carry out an employee engagement survey, and this was last carried out in 2012. However in 2013 we carried out an employee engagement survey from NKI, the Institute of Human Resource Indicators who collect, analyse and present data regarding human resource costing and accounting. The reports include comparisons between UNIT4 and other participating organizations. UNIT4 won the prize for being the most attractive employer in 2013.

Recruitment

In 2013 we hired approximately 35 new employees. Some vacancies were more difficult to fill than others, with IT specialists and senior vacancies the most challenging. We recruit through a number of channels, including recruitment boards and social media sites.

Working conditions

We strive to offer a working environment that employees enjoy being a part of. We aim to offer flexible working conditions, where employees are able to combine work with their private life, notably by having flexible working hours. We are also working towards being a gender-balanced organization, and we have a number of male employees who take parental leave.

Development

At UNIT4 we encourage competence development and personal development. While there are no explicit career paths, there is a positive atmosphere towards internal development. We run a trainee program that starts each autumn, with around eight participants from different universities. So far it has been a great success.

Training

In the first half of 2013 we established a leadership program for all managers, which will conclude in 2014. The aim is to create a shared vision and picture of what leadership and the role of being a manager are. The topics covered in early 2013 were self-awareness and how to lead and develop the group. One important part has been getting a consensus on internal issues and developing a bigger and stronger network between the company's managers.

UNITED KINGDOM

During 2013 we worked with The Bristol Business School to co-design and develop a behavioural competency framework. The framework links personal performance to corporate aspirations and values. It outlines the knowledge, skills and behaviours required for people to work effectively in their role and within their department, thereby increasing the performance of the organization.

Our drive to develop a competency framework (the UNIT4 Performance Framework) was motivated by a series of business requirements:

- To recruit the right people
- To measure performance
- To enhance employee effectiveness
- To identify the best development paths for our people
- To aid succession planning (and identify future leaders).

The decision to co-design with The Bristol Business School was to ensure access to the best evidence, professional expertise and judgement, which – coupled with our organizational and local knowledge – resulted in a rounded perspective from the team involved in the development. The resulting framework was rolled out to the UK business from the beginning of 2014. The framework has been designed to be dynamic to meet the requirements of a business living in change and it is intended to have a commercial application once successfully bedded into our business.

Employee engagement

On behalf of Group R&D, we completed a 'Great Place to Work' survey amongst UK-based Group R&D personnel in 2013, which prompted a 77% response rate. The report focuses on TRUST (see below), as this links to employee involvement, dedication and engagement. These values link to the productivity and financial results of a business and shows that a culture of trust exists within the company. The report also identifies areas of strength and improvement. The TRUST index increased from 65% in 2010 to 77% in 2012, and has remained stable in 2013. There are five dimensions to the TRUST index – Credibility, Respect, Fairness, Pride and Camaraderie. Feedback in 2012 identified five areas for improvement:

- Sharpen management skills
- Business skills for all staff
- Community
- Building improvements
- Work experience/sandwich students.

These were addressed in 2013 by managers having a two-day development workshop and HR working with managers and rolling out management training/workshops internally. More work was done for the community through fundraising for the Prince's Trust, including a lunch and taking part in the Leeds half marathon. Building improvements included refurbishing the kitchens in Harrogate, putting decorating plans in place and looking at new water coolers. We also had two students on work experience in 2013. Feedback from last year's survey shows that the following makes us a great place to work:

- People
- Location
- Company reputation
- Products
- Employee benefits
- Working patterns
- Management.

Recruitment

In 2013 we hired 104 new employees, of whom four were in Ireland, five in Group and 95 in the UK. We generally recruited through agencies when looking for specific skills and occasionally we struggled to fill the positions. For example, we took a long time to recruit a product designer at Swansea because of location and salary package. We also recruited new employees via LinkedIn and our Employee Referral Scheme, and are currently advertising internally across all sites via a Referral Poster. Our new Careers Portal also encourages people to follow us on Facebook, Twitter, YouTube, LinkedIn and Google+.

Career development

We actively encourage employees to develop their abilities and technical skills by undertaking relevant academic, technical, personal or professional training. Methods used are the most appropriate for achieving the desired learning and include on-the-job training, secondments, self-study, seminars, mentoring, coaching and courses. For learning activities that are not performed in the workplace, these are evaluated to understand whether the aims have been achieved and to ensure learning is put into practice. We encourage continual professional development, funding membership fees for appropriate professional bodies/institutions and required technical certification and accreditation such as Microsoft Certified Professional training. Employees are encouraged to take responsibility for their personal development plans and to discuss and agree action plans with their line manager as part of their personal performance appraisal reviews.

In 2013 we launched our Employee Recognition Scheme, which we were able to link directly to CSR. The scheme was based on peer recognition and winners were offered the chance to complete an adventure challenge in Ecuador with the Prince's Trust.

Leadership

We provide structured, tailored management development and coaching to enable all levels of management/team leaders to lead the organization confidently and skilfully. Managers are central to communicating key business issues, leading change, managing performance, developing talent, building performing teams and proactively promoting a whole company approach. Managers are empowered to raise and solve operational problems across team boundaries. As a business we are good at matrix management, and regularly deliver projects with multi-faceted teams.

NORTH AMERICA

Our focus in North America is on our local company core values (Can Do Attitude, Humble, Customer Empathy). To ensure success, we:

- Continually revamp employee orientation
- Continued with the values section of our performance appraisals
- Talked about company values at company-wide presentations

- Gave out goody bags (zip drives, chocolates) with our company values.

Our Social and Wellness Committees focused on providing fun activities for bonding both at work and outside work. Activities included:

- Family BBQ, curling, volleyball, monthly BBQs hosted by different departments in the summer, weekly nature walks, mini golf, fresh fruit day, birthday celebrations, team luncheons and holiday parties
- Fundraising (silent auction, Halloween decorating contests)
- Contests (Halloween costume, ugly Christmas sweater)
- Recognition of birthdays monthly, including cupcakes in the office to celebrate, and cards sent to home-based employees
- Popular amenities (providing coffee, tea, hot chocolate, etc).

Performance management

New employees participate in an orientation course when they join the company. Periodic sessions are held between managers and employees to identify goals/objectives and a development plan, which is part of the performance management process. Managers and employees have ongoing discussions to foster the development of the team and the individual employee. Managers are involved in business planning and participate in weekly management meetings. Goals are relayed by managers to their teams, as well as through team briefings.

Recruitment

In 2013 we hired 48 new employees. Sales and consultancy roles are typically difficult to fill due to the skills' requirements. Recruitment took place through a number of channels, including:

- Facebook, LinkedIn, Twitter, Bullhorn Reach
- We encouraged employees to engage their networks by educating them about the employee referral program and sharing ideas for tweeting
- Participated in career fairs, and networked with colleges and universities
- Used recruitment agencies when needed.

Career development

We offer competitive compensation and a benefits package within a fun, flexible working environment that fosters camaraderie and development. A training budget is maintained for each employee, and there are group-training opportunities (A-train, company meeting) and training is tracked in the Learning Management System. Current training programs include:

- A-train program is ongoing for new hires
- Consulting training (6-month graduation program) for junior consultants
- Sales boot camp for new sales personnel
- The Learning Management System which was implemented in North America.

We also developed individual skills through internal cross training, team training sessions, outside training courses and mentoring from senior staff members.

GERMANY

In 2013 our German operations established a Quarterly MVP (Most Valuable Player) award, tied to the On TRACK values. Employees are asked quarterly to nominate colleagues 'living the values' in their daily work. Additionally, our competency framework is based on the On TRACK values, and we have evaluated characteristics and functions based on these values. Our focus is on creating a positive, stimulating working environment. We aim to achieve this in a number of ways, including:

- Holding bi-weekly management meetings with timely and effective communication to all employees on our go-to-market strategy and our business objectives
- Running a variety of training sessions that focus on communication, teamwork and management skills
- Continuous all-hands meetings within teams and company-wide webcasts to keep all employees informed of company progress
- Weekly 1:1 meetings (managers and employees/teams) to review goal setting and expectations on business objectives
- After-work meetings within locations initiated by employees to foster motivation and communication
- Sporting activities (company bowling cup, running events, golf)

In 2013 leadership was defined by competencies such as Integrity, Customer Focus, Innovation, Transparent Communication and Inspiring Change. We trained management with the objective of establishing a dedicated Leadership Program in the German organization. We coach on how to encourage a High Performance Culture (strategic thinking, decision making and commitment to results) by focusing on clear target setting and reviewing goal setting processes with all teams. Internal development is aligned to dedicated responsibilities and leadership skills, and we focus less on grades and hierarchy (such as Project Manager, Solution Architect and Consulting Skills, and so on). We also align all salary reviews and benefits with the message: 'We pay for performance'. Employees have a clear understanding of how performance is reflected within their remuneration package.

POLAND

In 2013 we restructured our management team and hired software engineers for the R&D team. We began using social media and LinkedIn searches as part of our recruitment process. We operate a flexible migration system between the areas of R&D and support for programmers and engineers. We renovated our office, held an integration party for employees, began a free fitness club week for staff and held a number of contests. After a period of comprehensive restructuring in 2013, our operations in Poland will begin developing HR programs in 2014.

BOARD REPORT

One Tier Board

During the Extraordinary meeting of shareholders of September 24, 2013 it was i.a. decided that the corporate structure of UNIT4 N.V. would from January 1, 2014 be changed from the existing Two Tier Board system (with separate Supervisory Board and Management Board) to a One Tier Board system (with non-executive and executive directors). For detailed information on the relationship between the non-executive and executive directors and their respective tasks reference is made to the Articles of Association and the Board Rules of UNIT4 N.V. available on our website. During the whole year 2013 UNIT4 N.V. had a Two Tier Board system (with separate Supervisory Board and Management Board).

Composition of the UNIT4 One Tier Board as from January 1, 2014

Non-Executive Directors

Chris Ouwinga
(1955, Dutch nationality) Chairman of the One Tier Board
Appointed in 2013. Current other positions: Chris Ouwinga has been Chairman of the Management Board and a member of the Statutory Board of Directors since 1986. From June 3, 2013 until January 1, 2014 Chris Ouwinga has acted as co-CEO alongside José Duarte.

Philip P.F.C. Houben
(1950, Dutch nationality) Senior Independent Non-Executive, Chairman of the Selection & Nomination Committee
Appointed in 2011. Current other positions: member of the Supervisory Board of TKH Group and of Stork Technical Services, Chairman of the Dutch Private Equity & Venture Capital Organization (NVP). Mr. Houben has broad experience in general management and specific knowledge in the area of corporate strategy, mergers & acquisitions, investor relations and management development.

Rob A. Ruijter
(1951, Dutch nationality) Chairman of the Audit Committee
Appointed in 2009. Current other positions: member of the Supervisory Board and Chairman of the Audit Committee of Wavin N.V., member of the Supervisory Board and Chairman of the Audit Committee of Ziggo N.V., member of the Advisory Board of Verdonck, Klooster & Associates, member of the continuity foundation of Delta Lloyd N.V., CEO of Vion N.V. and Chairman of the Supervisory Council of Terre des Hommes Netherlands. Mr. Ruijter is a chartered accountant and financial expert and has held several senior financial positions at, among others, KLM and VNU/Nielsen.

Frank Rövekamp
(1955, Dutch nationality) Chairman of the Remuneration Committee (from December 19, 2012)
Appointed in 2010. Current other positions: Chairman of the Supervisory board of Simons Voss Technologies AG, member of the Supervisory Board of PostNL N.V., member of the Supervisory Board of Royal Theatre Carré, Vice Chairman of the Board of Vluchtelingenwerk Nederland, member of the Foundation "Kasteel de Haar". Mr. Rövekamp has held several senior executive positions with Vodafone, Beyoo and KLM and he is an expert in general management and in the field of marketing and strategy in telecommunications and information technology.

Nikki S. Beckett
(1961, British nationality) Member of the Audit Committee.
Appointed in 2013. Current other positions: non-executive chairman of NSB Ltd. Nikki Beckett has extensive knowledge of the IT industry with a particular focus on software solutions and services for the speciality retail market.

Executive Directors

José Duarte
(1968, Portuguese nationality) Chief Executive Officer and statutory director.
Appointed in 2013. Current other positions: José Duarte is a non-executive board member of Symphony-EYC, an American software company dedicated to Customer Centric Retail Solutions. José Duarte has many years of experience in the international commercial software sector and combines this with both strong entrepreneurial spirit and outstanding commercial and sales skills.

Edwin. T.S. van Leeuwen
(1966, Dutch nationality) Chief Financial Officer since 2002 and statutory director
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 auditor at Coopers & Lybrand and other firms.

Report of the One Tier Board

We recommend to the General Meeting of Shareholders (GMS) to adopt the 2013 Annual Report. We further propose to discharge all members of the One Tier Board from liability for their duties and obligations performed and incurred as non-executive and executive directors until the date of the 2014 GMS. These matters are included as separate items on the agenda of the General Meeting of Shareholders.

Consultation and meetings

During the year 2013, the Supervisory Board has discussed the development of UNIT4 and its markets regularly and in depth. There were nine Supervisory Board meetings. One meeting took place at the location of subsidiary FinancialForce.com, which allowed the Supervisory Board to meet local management and discuss regional opportunities and issues. All (applicable) meetings were attended (live or via conference call) by all members of the Supervisory Board. The Audit Committee (AC) had three meetings and the Remuneration, Selection & Nomination Committee (RSN), had seven meetings. Attendance and preparation proved that all directors have adequate time available to provide sufficient attention to the concerns of the company.

Supervisory Board meeting overview:

Meeting date	With/without Management Board (MB) AC / RSN	Most important subjects
January 30	With MB	Approval budget 2013
February 20	With and without MB AC with auditor RSN	Completion 2012 financials, auditor's report, meeting with accountant Remuneration Management and search for new member Supervisory Board Search for, profiling and discussions with new co-CEO José Duarte
March 26	RSN	Remuneration Management Board and search for new member Supervisory Board
May 22	With MB and without MB AC without auditor RSN	Preparation General Meeting of Shareholders Introduction of and remuneration package of new co-CEO José Duarte
June 28	With MB	Long term strategy, industry consolidation trends Risk management
August 21	With MB AC with auditor RSN	H1 2013 financials, Project Unique (Public to Private project) Board Rules
September 24		Project Unique
October 13	With MB RSN	Visit FinancialForce.com Project Unique
November 14	Without MB	Project Unique
November 17	With and without MB RSN	Project Unique
December 11	With and without MB RSN	Portfolio analysis, performance evaluation SB and MB, preliminary budget 2014, Project Unique

In addition to the formally scheduled meetings, there were 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 activities and development of FinancialForce.com, Inc.
- Reorganization and restructuring measures
- Acquisition targets and opportunities
- Market developments, industry consolidation opportunities and the competitive position of UNIT4
- The development of the Group results, as well as the financing of the company
- The development of the Dutch Corporate Governance Code ('Code Frijns') and its implications for the company
- Risk exposure and risk management
- The activities of the Audit Committee and the Remuneration, Selection & Nomination Committee.

Developments 2013

In the summer of 2013 UNIT4 received preliminary interest from private equity firms for a possible takeover bid of UNIT4. After a careful process UNIT4 reached conditional agreement with private equity party Advent in November 2013 after which Advent launched its formal offer on December 20, 2013. Both the Supervisory Board and Management Board unanimously supported the offer. On March 5th, 2014 Advent declared its offer for UNIT4 unconditional after 95.2% of all UNIT4 shares had been tendered.

After Chris Ouwinga had indicated at the beginning of 2013 that for personal reasons he would like to step back as CEO of UNIT4 N.V., the next steps and scenarios were discussed between the Remuneration, Selection & Nomination Committee and Chris Ouwinga. It was decided to look externally for a successor and with the help of a qualified executive recruiter, contact with José Duarte was made. After several interviews and a thorough background check the Remuneration, Selection & Nomination Committee concluded that José Duarte has excellent communication skills, has relevant experience, has a solid international background and is very well qualified as successor of Chris Ouwinga. Within a new One Tier Board José Duarte would become the new CEO and Chris Ouwinga the non-executive Chairman of the Board. Philip Houben would step back as non-executive Chairman and take the role of Senior Independent non-executive.

At the GSM in May 2013 Nikki Beckett replaced Johan Vunderink as member of the Supervisory Board and at the Extra-ordinary Meeting of Shareholders (EGM) of September 2013 José Duarte was appointed as statutory director of UNIT4 N.V. José Duarte already started as co-CEO beside Chris Ouwinga from June 3, 2013. Also at the EGM of September 2013 it was decided to change the corporate structure of UNIT4 N.V. from the existing Two Tier Board system (with separate Supervisory Board and Management Board) to a One Tier Board system (with non-executive and executive directors).
During the course of 2013 the Supervisory Board closely followed market developments in cloud technology, as well as the impact of these developments on UNIT4 and its individual activities, especially on the business of FinancialForce.com.

In line with the ongoing strategy of the company, the acquisitions of Agresso France in France and Vana Workforce and Less Software by FinancialForce.com in North America were reviewed and approved.

Functioning and composition of the Management Board and Supervisory Board during 2013

At the EGM of September 2013 José Duarte was appointed as statutory director of UNIT4 N.V. and he had already started as co-CEO beside Chris Ouwinga from June 3, 2013. José Duarte was born in 1968 and has the Portuguese nationality. José Duarte developed most of his professional career at SAP. He has held multiple leadership roles, the most relevant being as President of the EMEA & India region as well as President of the Latin America region. Most recently he served as President Global Services and Corporate officer of SAP A.G. His international experience spans software and services, large enterprise and SME, high value and high volume businesses. He started his career at Unilever in Portugal, moving at a later stage to Andersen Consulting. José Duarte has many years of experience in the international commercial software sector and combines this with both strong entrepreneurial spirit and outstanding commercial and sales skills. UNIT4 believes that José Duarte will play a pivotal role in helping the company to expand, enhance and promote further our successful solution and services strategy and help UNIT4 reach into new markets and territories.

At the General Meeting of Shareholders of 2013, the composition of the Supervisory Board changed following the resignation of Johan Vunderink, who was a member of the Supervisory Board since 2002 and has served the maximum 12 years permissible.

The Supervisory Board highly appreciates the significant contributions of Johan Vunderink to the functioning of the Supervisory Board and to the development of UNIT4 during his term. To fill the resulting vacancy in the Supervisory Board, the combined meeting of the Board of Directors and the Supervisory Board nominated Nikki Beckett as a new member of the Supervisory Board.

Nikki Beckett started her career with IBM. Following this she founded NSB Retail Systems, which grew to a global provider of software solutions and services for the speciality retail market. NSB was listed on the LSE in 1999 and was acquired by Epicor Software in 2007. Nikki is of British nationality and has broad experience with founding, growing, listing and exiting a successful IT company. Nikki Beckett does not hold shares in the capital of the Company.

The Supervisory Board has evaluated the functioning of the management 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 is deemed to be of great importance to a consistent strategic and operational management. The Supervisory Board is grateful that the Management Board has fulfilled the objectives of meeting high professional standards, effective internal cooperation, and successful execution of strategy and maintenance of continuity in the organization.

The Audit Committee and the Remuneration Committee have been operational since 2009. 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 Audit Committee had three meetings in 2013, during which the financial results were discussed, as were accounting procedures and internal controls. Particular attention was paid to risk management procedures and internal control. Discussions were held with the financial management of the company and the external auditor. During the discussions with the external auditor, the Audit Committee addressed (a) the main items of the statutory auditor's letter to the management and supervisory directors, (b) the auditor's firm rotation or tendering policy and (c) the approach to the use of the auditor for non-audit related services. The Audit Committee has reviewed and concluded (again) that there is no need within UNIT4 for a separate internal audit department. The control function is performed in a good qualitative way by the UNIT4 Corporate Finance Department.

The Remuneration, Selection & Nomination Committee had seven meetings in 2013 during which the individual remuneration packages and incentive schemes for all members of the Management Board (statutory and non-statutory) were discussed. In its December 2013 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 cooperation within the Supervisory Board and the interaction with the Management Board is meeting the high standards required. Furthermore, the Supervisory Board has concluded that all its members are independent in conformity with section III.2.2. of the Dutch Corporate Governance Code.

Remuneration of the statutory members of the Management Board

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

The remuneration of the statutory members of the Management Board is based on the Remuneration Policy as approved by the General Meeting of Shareholders and is composed of a number of elements, which together must constitute a competitive and motivational package with a correct balance between interests in the short and long term. The Remuneration Policy provides for a fixed salary together with a variable annual compensation as well as a long-term incentive plan. The variable component depends on achieving certain profit and growth objectives for the year under review. A long-term incentive is provided through a Performance Share Plan which aims to align the long-term interests of the company's shareholders with those of its directors.

The possible outcomes of the variable remuneration is maximized at 100% of the fixed remuneration in case of a cash pay-out or at 150% in case of participation in the Performance Share Plan; 50% of the variable remuneration is dependent on achieving a target for growth in earnings per share and 50% dependent on achieving an EBITDA growth target. A graduated calculation with a linear increase is applicable for the determination of the variable remuneration.

The statutory members of the Management Board 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 legal rights will be respected and arrangements in conformance with the market will be made when and if the occasion arises.

The remuneration elements and share option allocations are summarized below. A full and detailed report is given in Note 6.39.2 to the Financial Statements.

Remuneration of the Board of Directors

(€000)

	2013					2012				
	Short-term benefits	Post employment benefits	Long-term incentive plan	Share-based payments	Total	Short-term benefits	Post employment benefits	Long-term incentive plan	Share-based payments	Total
C. Ouwinga	916	138	260	980	2,294	1,059	144	191	172	1,566
J. Duarte	522	62	0	910	1,494	0	0	0	0	0
E.T.S. van Leeuwen	712	73	199	1,264	2,248	818	68	146	183	1,215
Other key officials	1,694	133	463	2,522	4,812	1,871	145	360	375	2,751
Total	**3,844**	**406**	**922**	**5,676**	**10,848**	**3,748**	**357**	**697**	**730**	**5,532**

The short-term benefits can be specified as follows:

(€000)

	2013				2012			
	Salary	Short term incentive-plan	Other short-term benefits (incl. Cars)	Total	Salary	Short term incentive-plan	Other short-term benefits (incl. Cars)	Total
C. Ouwinga	534	326	56	916	522	482	55	1,059
J. Duarte	312	190	20	522	0	0	0	0
E.T.S. van Leeuwen	409	249	54	712	399	369	50	818
Other key officials	930	700	64	1,694	924	882	65	1,871
Total	**2,185**	**1,465**	**194**	**3,844**	**1,845**	**1,733**	**170**	**3,748**

Share options granted to the Board of Directors

Director / Share options	Year	Outstanding at 1 January 2013	Awarded in 2013	Exercised in 2013	Expired in 2013	Outstanding at 31 December 2013	Exercise price	Price on exercise date	Expiration date
Share options in UNIT4 N.V.									
C. Ouwinga	2008	75,000	0	75,000	0	0	16.70 EUR	25.00 EUR	March 2013
	2009	50,000	0	0	0	50,000	13.42 EUR	n/a EUR	Sept 2014
	2011	50,000	0	0	0	50,000	24.19 EUR	n/a EUR	Sept 2016
	Total	**175,000**	**0**	**75,000**	**0**	**100,000**			
E.T.S. van Leeuwen	2008	40,000	0	40,000	0	0	16.70 EUR	25.00 EUR	March 2013
	2009	50,000	0	0	0	50,000	13.42 EUR	n/a EUR	Sept 2014
	2011	50,000	0	0	0	50,000	24.19 EUR	n/a EUR	Sept 2016
	Total	**140,000**	**0**	**40,000**	**0**	**100,000**			
Total share option UNIT4 N.V.		**315,000**	**0**	**115,000**	**0**	**200,000**			
Share options in FinancialForce.com									
C. Ouwinga	2011	251,875	0	0	0	251,875	0.08 USD	n/a USD	Nov 2021
E.T.S. van Leeuwen	2011	251,875	0	0	0	251,875	0.08 USD	n/a USD	Nov 2021
	Total	**503,750**	**0**	**0**	**0**	**503,750**			

C. Ouwinga and E.T.S. van Leeuwen have exercised their vested options as per 31 December 2013, being 188,907 options for each person. The payments for the exercise prices were received in January 2014.

The Performance Share Plan works as follows. Each year the applicable participants have the voluntary option to convert, at market value, part or the total of their annual cash bonus, together with their own resources ("Own Contribution") into shares ('Basic Shares') of UNIT4. The Supervisory Board has determined a minimum (currently an amount equal to the net equivalent of 50% of the earned bonus) and a maximum (currently an amount equal to the net equivalent of the maximum bonus to be earned) for the applicable participant. The Basic Shares, paid for by Own Contribution, may not be disposed of for a period of 3 years after the acquisition ('Lock-up Period'). After the Lock-up Period, the Supervisory Board may grant additional shares ('Performance Shares') to a participant on the basis of the achievement of pre-agreed long-term targets of the Company (currently growth EBITDA, growth EPS and Relative TSR (Total Shareholder Return measured in comparison with the performance peer-group)). Performance Shares shall be awarded based, together with the long-term targets, on the agreed ratio between Basic Share and Performance Share (increasing from 0 Performance Shares per Basic Share up to maximum of 2 Performance Shares per Basic Share). Basic Shares and Performance Shares shall be granted annually up to a maximum joint total of 1% of the number of issued shares in the Company. By thus postponing a significant proportion of the annual cash bonus earned, variable income becomes more dependent on the long-term results of UNIT4. In this way participants acquire a substantial shareholding in UNIT4 and further align their interests with those of UNIT4.

Corporate governance considerations

The Supervisory Board is closely monitoring the developments regarding corporate governance in the Netherlands. The online section of this Annual Report is devoted to a detailed explanation of the views taken. In general it can be stated that UNIT4 aligns with the Code in principle, while in a very small number of cases a difference in position will be explained. With regard to this Remuneration Policy, the desired alignment with long-term goals and risks to the company has been thoroughly assessed. It was concluded that in broad terms, the existing Remuneration Policy and practice were 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 on the previous page.

It was considered that the proven focus on the financial health of UNIT4 is, in the current economic conditions, the best guarantee for a continued successful development, and that they serve the qualitative elements of strategy and operations in the best possible manner.

The Remuneration Policy contains a 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.

For the share option schemes (last scheme in 2011) a lock-up period of four years is applicable as follows: after a full lock-up of two years, the option rights may be exercised by one-third in each of the third, fourth and fifth years. As from 2012, instead of a share option scheme, Performance Share Plans will be in place with a lock-up of three years on the Basic Shares.

(Supervisory) Board re-appointments / provisions for vacancies

In 2013 the (re)appointments of the members of the Supervisory Board were as follows:

- Philip Houben: appointed on 25 May 2011 until 2015
- Rob Ruijter: appointed on 22 May 2013 until 2017
- Frank Rövekamp: appointed on 12 May 2010 until 2014
- Nikki Beckett: appointed on 22 May 2013 until 2017.

At the EGM of September 2013 it was decided:

- to appoint Chris Ouwinga as non-executive director of UNIT4 N.V. as per 1 January 2014 for a period of four (4) years;
- to appoint Philip Houben as non-executive director of UNIT4 N.V. as per 1 January 2014 until after the day of the annual General Meeting in 2015
- to appoint Rob Ruijter as non-executive director of UNIT4 N.V. as per 1 January 2014 until after the day of the annual General Meeting in 2017
- to appoint Frank Rövekamp as non-executive director of UNIT4 N.V. as per 1 January 2014 until after the day of the annual General Meeting in 2014
- to appoint Nikki Beckett as non-executive director of UNIT4 N.V. as per 1 January 2014 until after the day of the annual General Meeting in 2017.

Following this, at the EGM of 19 February 2014, in view of the impending transaction with Advent, a number of board changes were agreed:

- Philip Houben, Rob Ruijter and Nikki Beckett conditionally resigned as non-executive directors of the Board as per the settlement date of the Advent acquisition (17th March 2014).
- Frank Rövekamp was conditionally reappointed as non-executive director as per the settlement date, to become the independent non-executive director
- John Woyton, Fred Wakeman, Bram Grimmelt, Léo Apotheker and Bret Boling were conditionally appointed as non-executive directors as per the settlement date.

Composition of the UNIT4 One Tier Board (post 17th March 2014)

NON-EXECUTIVE DIRECTORS

Chris Ouwinga
(1955, Dutch nationality) Chairman of the One Tier Board
Appointed in 2013. Chris Ouwinga has been Chairman of the Management Board and a member of the Statutory Board of Directors since 1986. From June 3, 2013 until January 1, 2014 Chris Ouwinga acted as co-CEO alongside José Duarte.

Frank Rövekamp
(1955, Dutch nationality) Independent Non-Executive Director
Appointed in 2010. Current other positions: Chairman of the Supervisory board of Simons Voss Technologies AG, member of the Supervisory Board of PostNL N.V., member of the Supervisory Board of Royal Theatre Carré, Vice Chairman of the Board of Vluchtelingenwerk Nederland, member of the Foundation "Kasteel de Haar". Mr. Rövekamp has held several senior executive positions with Vodafone, Beyoo and KLM and he is an expert in general management and in the field of marketing and strategy in telecommunications and information technology.

John Woyton
(1978, British nationality) Non-Executive Director.
Appointed in 2014. Mr Woyton is currently a Director at Advent. In the past he has held board positions at Cameca, NP Aerospace and Orthogon Systems and currently holds a board position at KMD in Denmark. He has over 14 years of experience investing in the technology industry.

Fred Wakeman
(1962, American nationality) Non-Executive Director.
Appointed in 2014. Mr Wakeman is currently a Managing Partner and CEO of Advent International plc. He previously held positions as non-executive board member at Radio 538, Radio Zet, HMV Media, Venere, Fat Face and Poundland and currently holds positions as non-executive board member of KMD in Denmark, Oberthur Technologies in France and DFS in the United Kingdom.

Bram Grimmelt
(1977, Dutch nationality) Non-Executive Director.
Appointed in 2014. Mr Grimmelt is currently a Director at Advent. He previously held positions as member of the supervisory board of Nucletron and Delft Instruments Holding. Mt Grimmelt joined Advent in 2005 and has over 10 years' experience of investing in companies in the Netherlands.

Léo Apotheker
(1953, French nationality) Non-Executive Director.
Appointed in 2014. Mr Apotheker is currently chairman of the board of directors of KMD in Denmark. He is the former President and CEO of Hewlett-Packard Corporation, and the former CEO of SAP AG. He has 29 years' experience in the technology industry.

Bret Bolin
(1968, American nationality) Non-Executive Director.
Appointed in 2014. Mr Bolin is currently Executive chairman of Misys, and previously held board positions at P2 Energy Solutions, Inc., Ventyx, Inc., SourceNet Solutions, Inc. and Misys. He currently holds a board position at Oil and Gas Asset Clearinghouse. Mr Bolin is a leader in the enterprise software space, with over 20 years of industry experience.

EXECUTIVE DIRECTORS

José Duarte
(1968, Portuguese nationality) Chief Executive Officer and statutory director.
Appointed in 2013. Current other positions: José Duarte is a non-executive board member of Symphony-EYC, an American software company dedicated to Customer Centric Retail Solutions. He is furthermore a non-executive board member of IBS, a Swedish software company. José Duarte has many years of experience in the international commercial software sector and combines this with both strong entrepreneurial spirit and outstanding commercial and sales skills.

Edwin. T.S. van Leeuwen
(1966, Dutch nationality) Chief Financial Officer since 2002 and statutory director.
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 auditor at Coopers & Lybrand and other firms.

Board Rules

UNIT4 has regulations that define i.a. the relationship and tasks of the non-executive and executive directors. These regulations are included in the document: "UNIT4 Board Rules", which can be obtained on our website.

Shares ownership and option rights

In 2013, the members of the Supervisory Board owned no shares or option rights on UNIT4 shares or any of its subsidiaries.

Dividend

No dividend is proposed for 2013.

Appreciation

UNIT4 again demonstrated its ability to continue its growth record and at the same time develop the organization in such a manner that it meets the challenges of the future.

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

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

Sliedrecht, March 14, 2014, the One Tier Board of UNIT4 N.V.
Chris Ouwinga, Chairman
Philip Houben, Senior Independent
Rob Ruijter
Frank Rövekamp
Nikki Beckett
José Duarte
Edwin van Leeuwen

Corporate governance

Developments in Corporate Governance

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

UNIT4 has taken notice of the final report of the Corporate Governance Code Monitoring Committee Streppel that was presented on October 1, 2013 as well as the installation of a new Corporate Governance Code Monitoring Committee under the chairmanship of Mr van Manen for the coming 4 years.
New legislation (Wet Corporate Governance) came into force from July 1, 2013. The new elements that are applicable for UNIT4 are dealt with below.

During the Extraordinary General Meeting of Shareholders of September 24, 2013 it was decided, among other things, that the corporate structure of UNIT4 N.V. would from January 1, 2014 be changed from the existing Two Tier Board system (with separate Supervisory Board and Managing Board) to a One Tier Board system (with non-executive and executive directors). For detailed information on the relationship between the non-executive and executive directors and their respective tasks, reference is made to the Articles of Association and the Board Rules of UNIT4 N.V. available on our website. During the whole of 2013 UNIT4 N.V. had a Two Tier Board system (with separate Supervisory Board and Managing Board). Considering the aforementioned, mentioning of the (members of the) Supervisory Board and Managing Board should be m.m. read as non-executive and executive directors.

Reporting year 2013

The 2009 Dutch Corporate Governance Code ('the Code') applies to the 2013 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 Dutch Civil Code and the Decree of March 20, 2009 for further directives about the content of the annual report, a full report on corporate governance can be found on the corporate website (www.unit4.com/investors/corporategovernance). This full report on corporate governance contains a list detailing the extent to which the Principles and Best Practice Provisions of the Code are followed by UNIT4.

In view of the (as from 1 January 2013) required gender-balance it is noted that in general UNIT4 strives to achieve a good gender-balance in its distribution of seats because it believes a good balance improves the quality of the decision-making process. Unfortunately, the speed at which the balance process develops lags behind our ambitions, because the ICT sector is characterized by low female intake in both early career and throughout the career process. UNIT4 seeks to contribute to business transcending initiatives to, for example, increase the number of female students in ICT training activities. Additionally, UNIT4 asks parties who assist UNIT4 with the selection of good candidates, explicitly to search and nominate female candidates. As a result, the number of female managers within the overall UNIT4 organization has risen in recent years.

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 April 5, 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 29.691.331 issued ordinary shares, as at January 1, 2014. There are no other types of shares issued.

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.

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, 2014 (NB: the percentages are given based on the outstanding number of shares of UNIT4 N.V. as per January 1, 2014 mentioned above). Please note that based on new legislation (Wet Corporate Governance, introduced July 1, 2013) the lowest threshold for the disclosure of capital interests and/or voting rights in a listed Company was reduced to 3%.

- Norges Bank 4.57%
- AQR Capital Management LLC 5.02%
- Water Island Capital LLC 3.02%
- Sageview Capital MGP LLC 4.89%
- JP Morgan Chase & Co 4.36%
- Navitas B.V. 5.29%
- Chris Ouwinga 5.51 %
- Stichting Continuïteit UNIT4:
  option on 100% of the then issued capital.

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 within the Company.

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 rights

Not applicable.

h) The rules relating to the appointment and dismissal of directors and supervisory directors and alteration of the Articles of Association

See the current version of the Articles of Association on our website.

i) The powers of the Managing 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 decisions by the GMS, or by the Board, if so authorized by the GMS. Such authorization was granted (most recently) on May 23, 2012 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. Such authorization was granted (most recently) on May 22, 2013 for two years, relating to issuance 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.

Subject to certain conditions, the Company may, after authorization by the GMS, obtain fully paid-up shares in its capital. By a decree of May 22, 2013, the 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.

Corporate Governance Statement

UNIT4 N.V. is required to make a statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) with effect from 1 January 2010 (the 'Decree'). The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree can be found in the following sections of this Annual Report and Accounts:

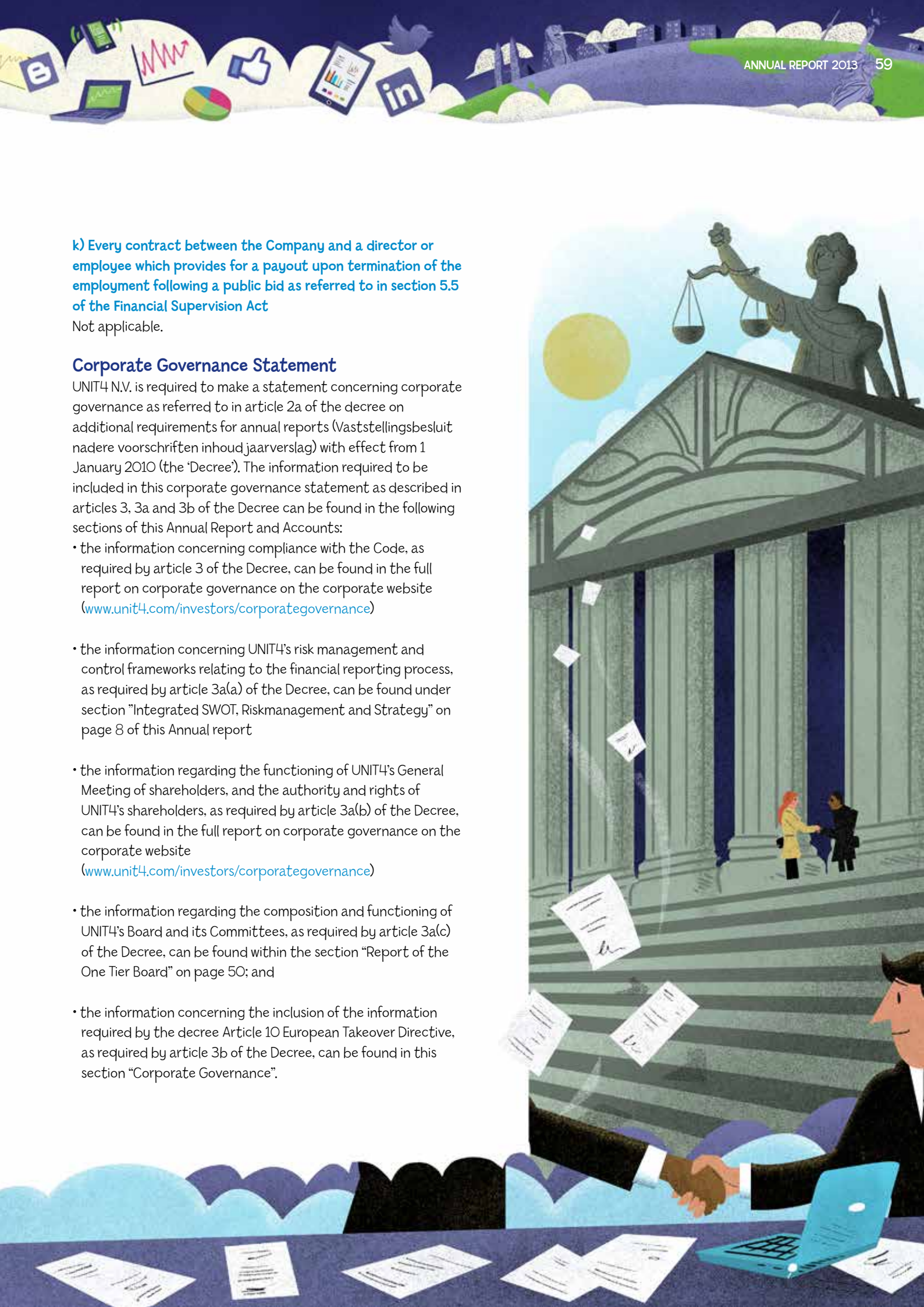
- the information concerning compliance with the Code, as required by article 3 of the Decree, can be found in the full report on corporate governance on the corporate website (www.unit4.com/investors/corporategovernance)

- the information concerning UNIT4's risk management and control frameworks relating to the financial reporting process, as required by article 3a(a) of the Decree, can be found under section "Integrated SWOT, Riskmanagement and Strategy" on page 8 of this Annual report

- the information regarding the functioning of UNIT4's General Meeting of shareholders, and the authority and rights of UNIT4's shareholders, as required by article 3a(b) of the Decree, can be found in the full report on corporate governance on the corporate website (www.unit4.com/investors/corporategovernance)

- the information regarding the composition and functioning of UNIT4's Board and its Committees, as required by article 3a(c) of the Decree, can be found within the section "Report of the One Tier Board" on page 50; and

- the information concerning the inclusion of the information required by the decree Article 10 European Takeover Directive, as required by article 3b of the Decree, can be found in this section "Corporate Governance".



Information for shareholders

Financial agenda

14 February 2014	Publication of 2013 annual figures
March 2014	Planned settlement Advent Offer
April 2014	Planned De-Listing
May 2014	General Meeting of Shareholders at Stationspark 1000, Sliedrecht, the Netherlands

NB: all dates are provisional and subject to change

Quotation on the stock exchange

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

At the end of 2013, the market capitalization of UNIT4 was approximately €1,139 million. The most used symbols for UNIT4 are Euronext: NL0000038308 96; Reuters: UNI4.AS; Bloomberg: UNIT4 NA.

Outstanding shares

The number of outstanding shares of UNIT4, with a nominal value of 5.0 euro cents, increased from 29,457,789 shares at the end of 2012 to 29,691,331 shares at the end of 2013.

Information per share

In €	2013	2012
Basic earnings per share	0.56	0.83
Basic earnings per share before goodwill-related items	1.29	1.88
Diluted earnings per share	0.56	0.83
Diluted earnings per share before goodwill-related items	1.28	1.88
(Proposed) dividend for the financial year	-	0.45

For detailed information regarding equity, please see note 4 to the consolidated financial statements, on page 70. Current share price and additional historical information can be found in the Investors section of the corporate website.

Dividend

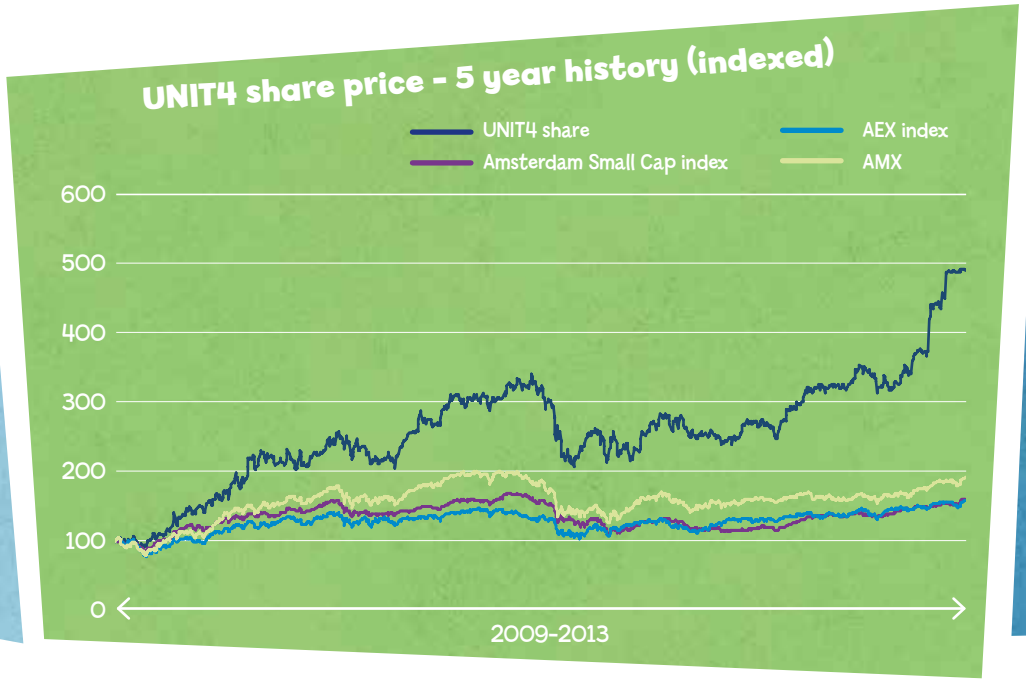
No dividend is proposed for 2013.

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 Dutch Authority for the Financial Markets (AFM). The AFM register lists the following announcements of substantial participations as on January 1, 2014 (NB: the percentages are given based on the outstanding number of shares of UNIT4 N.V. as per January 1, 2014 mentioned above):

• Norges Bank	4.57%
• AQR Capital Management LLC	5.02%
• Water Island Capital LLC	3.02%
• Sageview Capital MGP LLC	4.89%
• JP Morgan Chase & Co	4.36%
• Navitas B.V.	5.29%
• Stichting Continuïteit UNIT4	option on 100% of the then issued capital.
• Chris Ouwinga	5.51 %.



Options

UNIT4 has an option scheme for management. Within the framework of this option scheme 391,670 options were outstanding at the end of 2013 (2012: 574,188). For more information, please see note 6.9 to the consolidated financial statements, on page 100.

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.


YouTube

Financial statements 2013

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Financial statements 2013

1 CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

(€000)

	Notes	2013	2012
SaaS and Subscriptions		68,307	47,979
Products		72,217	76,358
Contracts		195,135	196,310
Services and other		154,828	149,123
Revenue	6.7	**490,487**	**469,770**
Cost of sales	6.10	35,865	35,609
Gross profit		**454,622**	**434,161**
Employee costs	6.8	307,230	294,426
Other operating expenses	6.12	55,991	53,567
Operating result before interest, tax, depreciation and amortization (EBITDA)		**91,401**	**86,168**
Depreciation of property, plant and equipment and amortization of intangible assets	6.11	56,884	63,338
Operating result before interest and tax (EBIT)		**34,517**	**22,830**
Finance costs	6.13	17,932	16,129
Finance income	6.14	5,402	6,322
Share of profit of an associate	6.6	445	212
Profit before tax		**22,432**	**13,235**
Income tax	6.15	7,659	-10,292
Profit for the year		**14,773**	**23,527**
Attributable to:			
Shareholders of UNIT4		16,577	24,292
Non-controlling interests		-1,804	-765
		14,773	**23,527**
Earnings per share in € (attributable to shareholders of UNIT4)	6.17		
- Basic earnings per share		0.56	0.83
- Diluted earnings per share		0.56	0.83

2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

(€000)

	Notes	2013	2012
Profit for the year		**14,773**	**23,527**
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Currency translation differences on translation of foreign operations[1]		-9,473	11,226
Reclassification of currency translation differences due to loss of control on former subsidiary[1]	6.6	-268	0
Currency translation differences on hedge of net investment[1]		0	-25
Total other comprehensive income to be reclassified to profit or loss in subsequent periods		**-9,741**	**11,201**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial gains and losses on defined benefit plans	6.27	324	-2,437
Income tax effect		-81	609
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		**243**	**-1,828**
Total comprehensive income for the year after taxes		**5,275**	**32,900**
Attributable to:			
Shareholders of UNIT4		7,520	32,802
Non-controlling interests		-2,245	98
		5,275	**32,900**

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

3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

(€000)

	Notes	2013	2012
Assets			
Non-current assets			
Goodwill	6.18	171,344	174,095
Intangible assets (excluding goodwill)	6.18	181,768	202,076
Property, plant and equipment	6.20	41,554	37,109
Investment in associates and joint ventures	6.6	12,448	5,424
Other financial assets	6.21	2,751	11,561
Deferred tax asset	6.22	45,055	50,587
		454,920	**480,852**
Current assets			
Inventories	6.23	520	642
Trade and other receivables	6.24	97,729	97,842
Income tax asset		1,341	246
Other taxes	6.24.3	755	503
Cash and cash equivalents	6.25	23,126	33,906
		123,471	**133,139**
Total assets		**578,391**	**613,991**
Equity and liabilities			
Equity			
Issued capital	6.16.1	1,485	1,473
Share premium	6.16.2	318,478	314,189
Currency translation differences reserve	6.16.3	-18,207	-8,907
Accumulated deficit		-52,694	-57,257
Equity attributable to UNIT4		249,062	249,498
Non-controlling interests		-3,460	8,152
Total equity		**245,602**	**257,650**
Non-current liabilities			
Interest-bearing loans and borrowings	6.26	97,908	90,416
Pension obligations	6.27	1,054	6,961
Deferred tax liability	6.28	34,832	45,680
Provisions	6.29	3,156	2,231
		136,950	**145,288**
Current liabilities			
Provisions	6.29	2,780	2,608
Trade and other payables	6.30	17,296	17,818
Interest-bearing loans and borrowings	6.31	44,410	64,098
Income tax payable		6,624	9,627
Other taxes	6.32	22,966	22,945
Other liabilities, accruals and deferred income	6.33	101,763	93,957
		195,839	**211,053**
Total equity and liabilities		**578,391**	**613,991**

4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013
(€000)

	Attributable to shareholders of UNIT4						
	Issued capital	Share premium	Currency translation differences reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
1 January 2013	**1,473**	**314,189**	**-8,907**	**-57,257**	**249,498**	**8,152**	**257,650**
Adjustment for the adoption of new standards[1]	0	0	0	459	459	0	459
1 January 2013 (adjusted)	**1,473**	**314,189**	**-8,907**	**-56,798**	**249,957**	**8,152**	**258,109**
Profit reporting period (after tax)	0	0	0	16,577	16,577	-1,804	14,773
Other comprehensive income	0	0	-9,300	243	-9,057	-441	-9,498
Total comprehensive income	**0**	**0**	**-9,300**	**16,820**	**7,520**	**-2,245**	**5,275**
Change in ownership non-controlling interest	0	0	0	219	219	-219	0
Derecognition non-controlling interest former subsidiary[2]	0	0	0	0	0	-8,999	-8,999
Issue of share capital	3	1,288	0	0	1,291	0	1,291
Exercise of options	9	3,001	0	0	3,010	0	3,010
Dividend	0	0	0	-13,353	-13,353	-149	-13,502
Share-based payment[3]	0	0	0	418	418	0	418
31 December 2013	**1,485**	**318,478**	**-18,207**	**-52,694**	**249,062**	**-3,460**	**245,602**

For the year ended 31 December 2012
(€000)

	Attributable to shareholders of UNIT4						
	Issued capital	Share premium	Currency translation differences reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
1 January 2012	**1,465**	**311,406**	**-19,245**	**-68,622**	**225,004**	**8,240**	**233,244**
Profit reporting period (after tax)	0	0	0	24,292	24,292	-765	23,527
Other comprehensive income	0	0	10,338	-1,828	8,510	863	9,373
Total comprehensive income	**0**	**0**	**10,338**	**22,464**	**32,802**	**98**	**32,900**
Change in ownership non-controlling interest	0	0	0	82	82	-62	20
Issue of share capital	2	754	0	0	756	0	756
Exercise of options	6	2,029	0	0	2,035	0	2,035
Dividend	0	0	0	-11,836	-11,836	-124	-11,960
Share-based payment[3]	0	0	0	655	655	0	655
31 December 2012	**1,473**	**314,189**	**-8,907**	**-57,257**	**249,498**	**8,152**	**257,650**

[1] The adjustment of the opening balance for accumulated deficit relates to the adoption of new accounting standards as discussed in Note 6.2.3.

[2] See Note 6.6 for more information.

[3] For equity settled share-based payment transaction IFRS 2.7 requires to recognize an increase in equity but does not specify where in equity this should be recognized. The Group has chosen to recognize the credit in Accumulated deficit.

5 CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

(€000)

	Notes	2013	2012
Cash flows from operating activities			
Operating result (EBIT)		**34,517**	**22,830**
Adjustments for:			
Depreciation and impairment		56,884	63,338
Share-based payment transaction expense		5,704	773
Conversion of pension plan to defined contribution plan		-5,140	0
Changes in provisions		-1,151	373
Changes in operating capital		1,047	2,536
Cash flows from operations		**91,861**	**89,850**
Interest paid		-4,519	-5,425
Interest received		2,185	5,048
Income tax paid		-16,458	-14,271
Cash flows from operating activities		**73,069**	**75,202**
Cash flows from investing activities			
Investments in intangible assets		-30,861	-29,189
Acquisition and divestment of subsidiaries, net of cash and cash equivalents		-8,153	-18,122
Investments in associates		-1,663	0
Investments in other financial assets		-1,291	-8,583
Repayment of other financial assets		35	795
Dividend from securities		30	0
Investments in property, plant and equipment		-15,979	-8,047
Cash flows from investing activities		**-57,882**	**-63,146**
Cash flows from financing activities			
Proceeds from issue of shares		4,300	2,791
Payments of borrowings		-27,090	-115,158
Dividends paid		-13,502	-11,964
Interest paid		-3,952	-3,878
Proceeds from borrowings		28,229	120,774
Acquisition of non-controlling interest		3	18
Cash flows from financing activities		**-12,012**	**-7,417**
Net cash flows		3,175	4,639
Currency translation differences		-3,267	2,283
Cash and cash equivalents at 1 January		-3,192	-10,114
Cash and cash equivalents at 31 December		**-3,284**	**-3,192**
Reconciliation with items on the statement of financial position:			
Cash and cash equivalents	6.25	23,126	33,906
Interest-bearing loans and borrowings (Repayment term long-term loan not included)	6.31	-26,410	-37,098
Cash and cash equivalents at 31 December		**-3,284**	**-3,192**

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 CORPORATE INFORMATION

The consolidated financial statements for 2013 of UNIT4 N.V. were authorized for issue in accordance with the resolution of the Board of Directors on 14 March 2014. UNIT4 N.V. is a public 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 and vendor of business software. The head office is based in Sliedrecht, the Netherlands.

On 20 December 2013 Advent International and UNIT4 published a recommended public offer by Advent International of €38.75 (cum dividend) in cash for all issued and outstanding ordinary shares of UNIT4. The offer period ended on 28 February 2014 and resulted in 28.519.086 shares being tendered representing approximately 95.2% of the total number of shares. On 5 March 2014 the offer was declared unconditional. The settlement is expected on 17 march 2014 followed by a termination of the listing of the shares on Euronext Amsterdam Stock Exchange.

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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

In case of a non-controlling interest, total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary.
- Derecognizes the carrying amount of any non-controlling interest.
- Derecognizes the cumulative currency translation differences on translation of foreign operations, recorded in equity.
- Recognizes the fair value of the consideration received.
- Recognizes the fair value of any investment retained.
- Recognizes any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or accumulated deficit, as appropriate.

Overview of consolidated Group companies

As at 31 December 2013, 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.	Sliedrecht, the Netherlands	100%
UNIT4 Accountancy B.V.	Veenendaal, the Netherlands	100%
UNIT4 Gezondheidszorg B.V.	Sliedrecht, the Netherlands	100%

Companies	Registered office	Share in capital (direct parent/subsidiary relation)
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.	Sliedrecht, the Netherlands	100%
UNIT4 C-Logic N.V.	Bruges, Belgium	100%
UNIT4 HR Solutions B.V.	Nieuwegein, the Netherlands	100%
I-Signaal B.V.	Enter, the Netherlands	100%
UNIT4 Business Software Holding B.V.	**Sliedrecht, the Netherlands**	**100%**
Agresso Cyprus Ltd.	Limassol, Cyprus	100%
UNIT4 R&D AS	Oslo, Norway	100%
UNIT4 Agresso AS	Oslo, Norway	100%
UNIT4 Current Software AS	Kristiansand, Norway	100%
UNIT4 Agresso A/S	Farum, Denmark	100%
UNIT4 Agresso AB	Solna, Sweden	100%
UNIT4 Eesti OU	Tallinn, Estonia	100%
UNIT4 OCRA AB	Solna, Sweden	100%
UNIT4 Business Software Ltd.	Bristol, United Kingdom	100%
CODA Ltd.	Bristol, United Kingdom	100%
CODA Group International Ltd.	Bristol, United Kingdom	100%
UNIT4 Coda B.V.	Sliedrecht, the Netherlands	100%
UNIT4 Malaysia Sdn. Bhd.	Petaling Jaya, Malaysia	100%
UNIT4 Asia Pacific Pte. Ltd.	Singapore, Singapore	100%
UNIT4 Prosoft Pte. Ltd.	Singapore, Singapore	100%
Prosoft Systems Pte. Ltd.	Singapore, Singapore	100%
UNIT4 Business Software (Ireland) Ltd.	Dublin, Ireland	100%
UNIT4 Business Software Spain S.L.U.	Granada, Spain	100%
UNIT4 Business Software Ibérica S.A.U.	Barcelona, Spain	100%
UNIT4 GE S.L.	Malabo, Equatorial-Guinea	65%
UNIT4 Portugal Unipessoal LDA	Lisboa, Portugal	100%
UNIT4 Business Software S.r.l.	Milan, Italy	100%
UNIT4 Business Software GmbH	Munich, Germany	100%
adata Software GmbH	Verden (Aller), Germany	100%
UNIT4 Business Software France SA	Bourg la Reine, France	100%
Agresso France Maintenance & Services SAS	Bourg la Reine, France	100%
UNIT4 CODA France SAS	La Défense, France	100%
UNIT4 R&D Spain, S.L.	Granada, Spain	100%
UNIT4 Business Software Pty Ltd.	Southport, Australia	100%
UNIT4 CODA Hungary Kft.	Budapest, Hungary	100%
UNIT4 CODA Czech s.r.o.	Praha, Czech Republic	100%
PT. UNIT FOUR INDONESIA	DFI Jakarta, Indonesia	100%
UNIT4 Business Software (Pty) Ltd.	Gauteng, South-Africa	100%
UNIT4 ABW B.V.	Sliedrecht, the Netherlands	100%
UNIT4 TETA Sp. z o.o.	Wrocław, Poland	100%
UNIT4 Business Solutions Sp. z o.o.	Wrocław, Poland	100%
UNIT4 Software Engineering Sp.z o.o.	Wrocław, Poland	100%
UNIT4 TETA BI Center Sp. z o.o.	Wrocław, Poland	66.43%
VT-SOFT Software Kft.	Budapest, Hungary	86%
UNIT4 Business Software Americas Inc.	**Victoria (BC), Canada**	**100%**
UNIT4 Business Software Corp.	Alberta, Canada	100%
UNIT4 Business Software Inc.	Massachusetts, United States	100%
FinancialForce.com Inc.	**San Mateo, United States**	**79.90%**
FinancialForce.com (SCM) Inc.	Wilmington, US	100%
FinancialForce Spain S.L.	Granada, Spain	100%
FinancialForce.com Canada Inc.	Ontario, Canada	100%
Foundation ICT Group B.V.	**Utrecht, the Netherlands**	**100%**

6.2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2013 and are relevant for the Group:

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income (Amendment)

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be

presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Group's financial position or performance.

IAS 19 Employee Benefits (Amendment)

IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard in accordance with the transition provisions of the standard. The impact on the Group can be specified as follows:

- The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. As the Group already used a similar rate for both the interest cost on the defined benefit obligation and the expected return on plan assets, this amendment did not have any impact on the performance or financial position of the Group.

- The amended standard introduced the new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. These remeasurements are recognized in other comprehensive income (OCI) and permanently excluded from profit and loss. As the Group already recognized all actuarial gains and losses in other comprehensive income (OCI), this amendment did not have any impact on the performance or financial position of the Group.

- The standard requires past service cost to be recognized immediately in profit or loss. Based on an assessment of the impact of this amendment the Group concluded the impact of the recognition of past service cost to be immaterial on prior periods. Therefore the Group has decided to adjust the opening balance for 2013 and not retrospectively adjust the comparative figures.

The following adjustments have been made as a result of the adoption of the revised standard:

As of 1 January 2013
(€000)

Decrease in pension obligation	612
Decrease in deferred tax asset	153
Decrease in opening accumulated deficit	**459**

The effect of the adoption on the statement of cash flows and on earnings per share was not material.
See Note 6.27 for more information on pension obligations.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. These disclosures are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

IAS 36 Impairment of assets (Amendment)

This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment becomes effective for annual periods beginning on or after 1 January 2014, however the group has decided to early adopt the amendment as of 1 January 2013.

Annual Improvements May 2012

The adoption of the following amendments resulted in changes to the accounting policies but did not have any impact on the financial position or performance of the group:

- *IAS 1 Presentation of Financial Statements*
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

- *IAS 16 Property Plant and Equipment*
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

- *IAS 32 Financial Instruments, Presentation*
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

- *IAS 34 Interim Financial Reporting*
  The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The following amendment to IFRS as of 1 January 2013 is not applicable to the Group and therefore did not have any impact on the accounting policies, financial position or the performance of the Group:
- IFRS 1 First-time Adoption of International Financial Reporting Standards

The Group has not adopted early any other standard, interpretation or amendment that has been issued but is not yet effective.

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 Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in financial and legal advisory costs.

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, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts are reported for the items for which the accounting is incomplete. If, during the measurement period, new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the assets and liabilities recognized as of that date, the provisional amounts recognized will be adjusted retrospectively. The measurement period ends as soon as the information it was seeking about facts and circumstances that existed as of the acquisition date is received or the moment that more information is not obtainable. The measurement period does not exceed one year.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, that do not reflect facts or circumstances that existed at the acquisition date, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with IAS 37 or other IFRSs as appropriate. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration (to be) transferred and the amount recognized for non-controlling interest over the 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 the income statement.

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 unit 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 and the Group's share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. 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 (or loss) of an associate 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 associate.

The financial statements of the associate are prepared for the same reporting period as the Group. 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 associate. 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 'share of profit of an associate' 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 is 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 their 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 principally 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 statement of comprehensive income 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 operations, 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) or other comprehensive income is reported separately in the income statement or statement of comprehensive income respectively.

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 step by step 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 arising on settlement or translation of monetary items are taken to the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

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	2013	2012
Australian dollar (AUD)	1.5410	1.2705
Canadian dollar (CAD)	1.4645	1.3115
Czech krone (CZK)	27.3500	25.0800
Danish krone (DKK)	7.4590	7.4595
Hungarian forint (HUF)	296.7500	291.5000
Indonesion rupiah (IDR)	16.712.7071	12.720.4146
Malaysian ringgit (MYR)	4.5133	4.0360
Norwegian krone (NOK)	8.3675	7.3500
Polish zloty (PLN)	4.1510	4.0800
Pound sterling (GBP)	0.8322	0.8150
Singapore dollar (SGD)	1.7400	1.6075
South African rand (ZAR)	14.5200	11.1750
Swedish krone (SEK)	8.8630	8.5750
US dollar (USD)	1.3770	1.3175

The average exchange rates used are:

foreign currency compared to €1	2013	2012
Australian dollar (AUD)	1.3775	1.2408
Canadian dollar (CAD)	1.3666	1.2853
Czech krone (CZK)	25.9031	25.1336
Danish krone (DKK)	7.4571	7.4434
Hungarian forint (HUF)	296.7139	288.7083
Indonesion rupiah (IDR)	13,827.2071	12,049.2305
Malaysian ringgit (MYR)	4.1965	3.9688
Norwegian krone (NOK)	7.8130	7.4792
Polish zloty (PLN)	4.1986	4.1833
Pound sterling (GBP)	0.8483	0.8111
Singapore dollar (SGD)	1.6590	1.6064
South African rand (ZAR)	12.8113	10.5399
Swedish krone (SEK)	8.6536	8.7040
US dollar (USD)	1.3268	1.2876

6.2.4.6 REVENUE RECOGNITION

Revenues

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

Products revenue is the sum of proprietary 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, 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 four 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
- Collection 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.

Cost of sales
In general, the cost of third party goods and services delivered is recognized in the same period as the corresponding revenue.

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. Dividends received from non-controlling interests are recognized in Finance income.

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 in other comprehensive income is recognized in other comprehensive income 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 profit 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 Germany, France and in the Netherlands. The pension plan in France is managed by the government. The pension plans in the Netherlands and Germany are contracted to a (local) pension insurer. The plans at other entities, when available, qualify as defined contribution plans. The pension plans are financed from payments by employees and the relevant entities.

For the defined benefit pension plans in Germany, France and in the Netherlands, the pension costs are measured using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to accumulated deficit through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under 'Employee expenses' in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

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.

6.2.4.10 SHARE-BASED PAYMENT TRANSACTIONS

The Executive directors and some senior executive employees of the Group receive remuneration in the form of share-based payment transactions if they realize a certain performance. This concerns both equity-settled transactions and cash-settled transactions.

Equity-settled transactions

The cost of equity-settled transactions is recognized, together with a corresponding increase in accumulated deficit in equity, over the period in which the performance conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a

period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee costs.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect on the outstanding options is reflected as additional dilution of the shares in the calculation of the earnings per share (see Note 6.17).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date, further details of which are given in Note 6.9. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in employee benefits expense (see Note 6.8).

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:

Financial assets at fair value through profit or loss

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. Re-assessment 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 2013 and 2012.

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 re-organization 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, it 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.

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 2013 and 2012 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 or income. 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 or income.

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 currency translation differences reserve, while any ineffective portion is recognized immediately in the income statement in finance costs or income.
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. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, 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 : 2-10 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 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, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Financial 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 or technical life expectancy, of which the shortest is applied, 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: 3-5 years (straight line) or 5-12 years (accelerated)
- Customer contracts: 5-10 years (straight line) or 10-21 years (accelerated)
- Other intangible assets: 2-20 years (straight line) or 12 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 in principal tested for impairment annually.

6.2.4.17 INVENTORIES

Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for on a first in, first out basis.
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 pre-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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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.

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 interest bearing loans and borrowings.

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 and interest costs related to research & development projects, 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, cash equivalents and repaid third party debts present in these interests. Dividends paid out, as well as obtained loans, are recognized under Cash flows from financing activities.

6.2.4.22 FAIR VALUE

The Group measures financial instruments, such as derivatives, and certain non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 6.35.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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.

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 of 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 has been generated.

The estimates and assumptions used by the management determine if an impairment has to be 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 6.19.

Business combinations

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.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

For more details on acquisitions please see Note 6.5.

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 income statement directly after the services have been carried out by the legal advisors.

Changes in estimates and assumptions since the last interim report
The following significant estimates and assumptions changed since the last interim period reported (third quarter):

Expectations around the completion of the public offer by Advent International
As at 30 September 2013, the Group was still engaged in exploratory discussions with multiple private equity firms and there was no certainty that any of these discussions would lead to a public offer. Therefore none of the share-based expenses as a result of change of control were recognized as at 30 September 2013.

On 20 December 2013 Advent International and UNIT4 published a recommended public offer by Advent International of EUR 38.75 (cum dividend) in cash for all issued and outstanding ordinary shares of UNIT4. As at 31 December 2013, management reasonably expects that the offer will succeed and therefore the share based expenses as a result of a change of control have been recognized as per 31 December 2013. See Note 6.9 for more information.

Credit risk
The other financial assets include a loan towards the main former external partner of UNIT4 TETA SA amounting to PLN 29.1 million (€6.9 million). The loan was scheduled to be repaid in five pre-determined installments during the coming years, with a final payment on 31 December 2017.

On 31 December 2013, a first installment with an amount of PLN 1.5 million (€0.4 million) became due and is not received. The Group has re-assessed the credit risk based on the most recent information and concludes that it is uncertain that the debtor will be able to fullfill its obligations. The Group is investigating its ability to collect the pledged intangible items and the current valuation hereof. The possible enforcement of the pledges is subject to third party approvals and, in addition, the assets are subject to technological obsolesce and the Group expects the market to sell those assets to be difficult.
Because of these recent developments and the uncertainty of any future recovery, management has fully provided for this loan as at 31 December 2013.

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. This listing of standards and interpretations issued are those that the Group reasonably expects to have a certain impact on disclosures, financial position or performance when applied at a future date. The Group intends to adopt these standards when they become effective.

IAS 27 Separate Financial Statements (as revised in 2011)
As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.
The amendment becomes effective for annual periods beginning on or after 1 January 2014.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures, in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2014.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39.
The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.
The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation — Special Purpose Entities.
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.
Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group.
This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.
Based on the preliminary analyses performed, and the fact that the Group already uses the equity method as accounting method for joint ventures, IFRS 11 is not expected to have any significant impact on the financial position or performance of the Group.
This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.

IFRIC 21 Levies

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognized.
Based on the preliminary analyses performed, IFRIC 21 is not expected to have a significant impact on the financial position or performance of the group.

6.5 BUSINESS COMBINATIONS

6.5.1 AGRESSO FRANCE

On 11 July 2013, the Group acquired 100% of the (voting) shares in Agresso France SA, an unlisted company based in Bourg la Reine (France). Agresso France was a former subsidiary of the Group until part of the business, the sales and implementation activities, was divested via a management buy out transaction in 2010.

Agresso France is a reseller/distributor for Agresso software in France and French speaking African countries. The Group has re-acquired Agresso France after a strategic reorientation for the French market.

Assets acquired and liabilities assumed

The Group is still in the process of determining the fair value of the defered tax asset and has therefore made a provisional assessment of the assets acquired and the liabilities assumed.
The provisional fair value of the identifiable assets and liabilities of Agresso France at the date of acquisition were:
(€000)

	Fair values
Assets	
Property, plant and equipment	73
Other non current financial assets	127
Trade and other receivables	1,764
Cash and cash equivalents	134
	2,098
Liabilities	
Non-current liabilities	-2,483
Current liabilities	-3,922
	-6,405
Total identifiable net assets at fair value	**-4,307**
Goodwill arising on acquisition	5,357
Purchase consideration transferred	**1,050**

The fair value of the trade receivables (within trade and other receivables) amounts to €1.3 million. The gross amount of trade receivables is €4.4 million. Based on an individual provisional assessment, the trade receivables have been impaired for €3.1 million.

The goodwill of €5.4 million comprises the value of expected synergies with the existing French business and the knowledge and skills from the employees. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of the acquisition, Agresso France has contributed to the Group revenues of €1.6 million and a loss of €1.3 million. If the combination had taken place at the beginning of the year, revenue would have been €1.5 million higher and the profit would have been €0.6 million lower.

Purchase consideration (€000)

Consideration paid in cash	1,050
Total consideration	**1,050**

Analysis of cash flows on acquisition (€000)

Transaction costs of the acquisition (included in cash flows from operating activities)	-55
Net cash acquired with the subsidiary (included in cash flows from investing activities)	134
Consideration paid in cash (included in cash flows from investing activities)	-1,050
Net cash flow on acquisition	**-971**

Transaction costs of the acquisition are included in other operating expenses (see Note 6.12).
At the date of the acquisition the company employed 26 people.

6.5.2 VANA WORKFORCE

On 18 November 2013, the Group acquired 100% of the (voting) shares in Vana Group Inc., an unlisted company based in Canada. Vana Workforce provides a native application built on the Salesforce Platform which integrates HRMS, talent management and recruitment capabilities, allowing a consistent user experience across these solutions.

The Group has acquired Vana Workforce to further extend the functionality of the FinancialForce.com product suite.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Vana Workforce at the date of acquisition were:
(€000)

	Fair values
Assets	
Intangible assets	2,844
Trade and other receivables	381
Cash and cash equivalents	229
	3,454
Liabilities	
Deferred corporate income tax	-782
Current liabilities	-536
	-1,318
Total identifiable net assets at fair value	**2,136**
Goodwill arising on acquisition	1,769
Purchase consideration transferred	**3,905**

The fair value of the trade receivables amounts to €350,000. The gross amount of trade receivables is €397,000. The trade receivables have been provided for the amount of €47,000.

The goodwill of €1.8 million mainly comprises the fair value of expected synergies between the FinancialForce product suite and the Vana Workfoce product. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of the acquisition, Vana Workforce has contributed to the Group revenues of €0.1 million and a loss of €0.1 million. If the combination had taken place at the beginning of the year, revenue would have been €0.6 million higher and the profit for the Group would have been €0.3 million lower.

Purchase consideration

(€000)

Consideration paid in cash	3,905
Total consideration	**3,905**

Analysis of cash flows on acquisition (€000)

Transaction costs of the acquisition (included in cash flows from operating activities)	-112
Net cash acquired with the subsidiary (included in cash flows from investing activities)	229
Consideration paid in cash (included in cash flows from investing activities)	-3,905
Net cash flow on acquisition	**-3,788**

Transaction costs of the acquisition are included in other operating expenses (Financial and Advisory costs, see Note 6.12).
At the date of the acquisition the company employed 8 people.

6.5.3 LESS SOFTWARE

On 18 November 2013 the Group acquired the business and assets of Less Software Inc., a United States based cloud solution company, including the company's Supply Chain Management (SCM) solutions.

The Group acquired Less Software's business and assets to extend the FinancialForce.com suite with comprehensive SCM capabilities including Configure-Price-Quote (CPQ), Order Fulfillment, Service Contracts, Inventory Management, Supplier and Spend Management.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Less Software at the date of acquisition were:
(€000)

	Fair values
Assets	
Intangible assets	2,354
Trade and other receivables	211
	2,565
Liabilities	
Current liabilities	-415
	-415
Total identifiable net assets at fair value	**2,150**
Goodwill arising on acquisition	257
Purchase consideration transferred	**2,407**

The fair value of the trade receivables amounts to €211,000. The gross amount of trade receivables is €236,000. The trade receivables have been provided for the amount of €25,000.

The goodwill of €0.3 million mainly comprises the fair value of expected synergies between the FinancialForce product suite and the Less Software product. The goodwill recognized is expected to be fully deductible for income tax purposes.

From the date of the acquisition, Less Software has contributed to the Group revenues of €0.1 million and a loss of €20,000. If the combination had taken place at the beginning of the year, revenue would have been €0.7 million higher and the profit for the Group would have been €0.2 million higher.

Purchase consideration

(€000)

Consideration paid in cash	2,407
Total consideration	**2,407**

Analysis of cash flows on acquisition

(€000)

Transaction costs of the acquisition (included in cash flows from operating activities)	-58
Consideration paid in cash (included in cash flows from investing activities)	-2,407
Net cash flow on acquisition	**-2,465**

Transaction costs of the acquisition are included in other operating expenses (Financial and Advisory costs, see Note 6.12).
At the date of the acquisition the company employed 6 people.

6.5.4 ADDITIONAL INFORMATION ON BUSINESS COMBINATIONS IN THE PREVIOUS YEAR

As part of the purchase agreement with the previous shareholder(s) of Montana Software B.V., a contingent consideration has been agreed. There will be additional cash payments to the previous owner of:
a) €250,000, if the entity generates at least 90% of a predefined EBIT target for 2013
b) €250,000, if the entity generates at least 90% of a predefined EBIT target for 2014

As at 31 December 2012, the fair value of the contingent consideration was estimated to be €500,000.
As at 31 December 2013, management concluded that target for 2013 has been met and based on expectation and forecasts for 2014, management expects that the target for 2014 will also be achieved.
Because of the short term character no discounts on expected cash outflows have been applied. Therefore, no change to the contingent consideration has been recognized. In 2014 a settlement has been signed with the previous shareholder(s) in which the contingent consideration has been agreed on €500,000, from which €250,000 becomes payable on 1 April 2014 and €250,000 on 1 October 2014.

6.6 INVESTMENT IN ASSOCIATES AND JOINT VENTURES

As at 31 December 2013 the group has an interest in the following entities:
- InsERT SA (Poland): 35.00% (2012: included in consolidated figures)
- NCCW B.V. (the Netherlands): 49.00% (2012: 49.00%)
- Aqualogy Business Software S.A. (Spain): 30.00%
- Exa Group Consultores S.A. (Spain): 30.33% (2012: 30.33%)
- BPO4U AB (formerly: Offentliga Dokument i Solna AB) (Sweden): 50.00% (2012: 50.00%)
- A-Plaza B.V. (the Netherlands): 50.00% (2012: 50.00%)

InsERT SA
In the third quarter, the Group waived the call option on the remaining 65% of the shares of InsERT SA. As a result, the Group lost power to control the subsidiary InsERT SA and has consequently:
- derecognized the assets (including attributable goodwill) and liabilities of InsERT SA at their carrying amounts;
- derecognized the carrying amount of the non-controlling interests;
- recognized the 35% share at its fair value as an investment in an associate.

The resulting loss can be specified as follows:
(€000)

Derecognition of assets and liabilities (including attributable goodwill)	13,837
Derecognition of non-controlling interest	-8,999
Recognition of investment in associate based on fair value of 35% interest	-4,707
Loss recognized in share of profit of an associate	**131**

In addition, the cumulative amount of exchange differences related to InsERT SA of €0.3 million previously recorded in other comprehensive income, was reclassified to the exchange rate differences in the income statement.
The derecognition of the cash and cash equivalents of InsERT SA resulted in a cash outflow of €1.2 million which is in included in the cash flows from investing activities.

The fair value of InsERT SA was determined based on a calculation of the net present value of the expected future cash flow based on financial budgets/forecasts for the next 5 years and a growth percentage derived from long-term forecasts for the industry and expectations of the management involved for the period afterwards. These long-term forecasts are based upon growth rates for the different revenue categories, mainly products, as well as the retention rate and various costs indexations. Both the expectation for long term GDP and CPI growth rates for Poland have been taken into consideration.

The discount rates represent the current market assessment of the risks specific to InsERT SA and Poland, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Since unobservable inputs are used in the calculation, the fair value estimation is qualified as a non-recurring level 3 fair value measurement. The following significant non observable inputs are used in the calculation:

Gross profit growth	5.0%
Employee and other expenses growth	3.0%
Discount rate	12.3%

NCCW B.V.
On 23 December 2013 UNIT4 received a call option to purchase the remaining 51% of the shares for a consideration to be paid in cash. The call option is exercisable on four predetermined dates during 2014. Once UNIT4 will not exercise this call option, a put option becomes active in which the current 51% shareholder can sell its shares to UNIT4. Both options were exchanged without any purchase consideration being transferred. As per reporting date UNIT4 did not have the power to control.
See Note 6.21 for more information with regards to the valuation of the call option.

Aqualogy Business Software S.A.
On 15 February 2013 the Group acquired 30% of the shares in Aqualogy Business Software S.A.. Aqualogy Business Software is a collaboration between Aguas de Barcelona and UNIT4 which intends to develop tools for water management based on existing UNIT4 technology.

Exa Group Consultores S.A.
At the end of December 2011 Exa Group Consultores S.A. started the process of filing for bankruptcy. Since the Group does not expect to derive any future cash flows from the investment in Exa Group Consultores S.A. the carrying amount was already impaired to zero in 2011.

At 31 December 2013
The revenue and the net profit of the associates and joint ventures (at 100%) basis for the year ended are:
(€000)

	InsERT[1]	Aqualogy Business Software[2]	NCCW	BPO4U (Offentliga Dokument i Solna)	A-Plaza	Total
Revenue	2,538	4,078	29,367	5,314	617	41,914
Expenses (Including cost of sales)	2,408	4,210	28,526	5,259	601	41,004
Net profit	**130**	**-132**	**841**	**55**	**16**	**910**

[1] For InsERT the Revenue and Net profit only reflect the period after the deconsolidation date (1 July 2013 till 31 December 2013).
[2] For Aqualogy the Revenue and Net profit only reflect the period after the acquisition date (15 February 2013 till 31 December 2013).

The (abridged) statements of financial position of the associates at the reporting date are:
(€000)

	InsERT	Aqualogy Business Software	NCCW	BPO4U (Offentliga Dokument i Solna)	A-Plaza	Total
Non-current assets	13,947	2,574	12,168	0	0	28,689
Current assets	1,851	4,791	13,941	1,298	181	22,062
Non-current liabilities	-1,050	0	-2,528	0	0	-3,578
Current liabilities	-570	-1,955	-11,691	-1,225	-264	-15,705
Equity	**14,178**	**5,410**	**11,890**	**73**	**-83**	**31,468**
The share of the Group is: in percentages	35.00%	30.00%	49.00%	50.00%	50.00%	
Carrying amount of the investment	**4,962**	**1,623**	**5,826**	**37**	**0**	**12,448**

The unrecognized share of losses in A-plaza as at 31 December 2013 amounts to €41,000 (2012: €50,000).

At 31 December 2012

The revenue and the net profit of the associates and joint ventures (at 100%) basis for the year ended are:
(€000)

	NCCW	Offentliga Dokument i Solna	A-Plaza	Total
Revenue	29,195	4,052	378	33,625
Expenses (Including cost of sales)	28,683	4,062	546	33,291
Net profit	**512**	**-10**	**-168**	**334**

The (abridged) statements of financial position of the associates at the reporting date are:
(€000)

	NCCW	Offentliga Dokument i Solna	A-Plaza	Total
Non-current assets	12,134	0	0	12,134
Current assets	6,407	683	169	7,259
Non-current liabilities	-3,173	0	0	-3,173
Current liabilities	-4,319	-664	-268	-5,251
Equity	**11,049**	**19**	**-99**	**10,969**
The share of the Group is: in percentages	49.00%	50.00%	50.00%	
Carrying amount of the investment	**5,414**	**10**	**0**	**5,424**

6.7 OPERATING SEGMENT INFORMATION

Operating segments

The Group is organized in legal entities linked to the type of activities (e.g. Sales, Research & Development), the product (e.g. Agresso, Coda Financials), market sector (e.g. Accountancy, Healthcare) or the geographical location. The financial reporting structure is where possible linked to the legal entity structure.

Operational responsibilities within the Group are linked to the financial results of the specific legal entities. This can be more than one legal entity per responsible operational manager. Furthermore more than one reporting segment can exist per country that are evaluated separately, as a result of which the reporting segment is not the same as the geographic information elsewhere in this document.

The Board of Directors evaluates the results of the various business operations 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 Board of Directors separates the following reporting segments:

- Benelux
- FinancialForce.com
- United Kingdom
- Germany
- Norway
- Sweden
- Central R&D.

No operational segments have been consolidated to come to the reporting segments mentioned above. The Board of Directors evaluates the results for the whole Group on a periodic basis including in particular the operating results (EBITDA) of those 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 reporting segments of the Group, including the total of all other operating segments and the eliminations and adjustments.

For the year ended 31 December 2013
(€000)

	Benelux	Financial Force.com	United Kingdom	Germany	Norway	Sweden	Central R&D	All other operating segments	Eliminations and adjustments	Total
Revenues third parties	159,785	16,124	83,700	16,514	45,439	69,221	0	99,704	0	490,487
Revenues inter-segment	13,735	0	841	52	1,077	1,289	48,782	4,719	-70,495 [1]	0
Total revenues	**173,520**	**16,124**	**84,541**	**16,566**	**46,516**	**70,510**	**48,782**	**104,423**	**-70,495**	**490,487**
EBITDA	**46,214**	**-11,745**	**18,303**	**-2,416**	**8,059**	**9,429**	**29,405**	**-5,848**	**0**	**91,401**
Depreciation of property, plant and equipment and intangible assets	12,309	1,535	10,695	1,592	1,621	2,073	11,106	13,009	0	53,940
Impairment charges	163	0	0	0	0	0	0	2,781	0	2,944
Restructuring costs	3,446	0	876	2,342	0	0	22	1,162	0	7,848
Benefit of conversion of pension plan to defined contribution plan	5,140	0	0	0	0	0	0	0	0	5,140

[1] Inter-segment deliveries are eliminated.

Segment assets	**191,310**	**45,384**	**202,729**	**15,189**	**29,096**	**36,650**	**139,742**	**551,672**	**-681,187**	**530,585**
Acquisition of associates	0	0	0	0	0	0	0	1,663	0	1,663
Capital expenditure	15,395	8,849	3,254	995	429	2,570	12,829	15,449	0	59,770

For the year ended 31 December 2012
(€000)

	Benelux	Financial Force.com	United Kingdom	Germany	Norway	Sweden	Central R&D	All other operating segments	Eliminations and adjustments	Total
Revenues third parties	151,997	9,017	80,102	14,194	43,180	69,471	20	101,789	0	469,770
Revenues inter-segment	12,554	0	1,974	122	992	1,600	44,155	3,030	-64,427	0
Total revenues	**164,551**	**9,017**	**82,076**	**14,316**	**44,172**	**71,071**	**44,175**	**104,819**	**-64,427** [1]	**469,770**
EBITDA	**37,312**	**-9,101**	**17,460**	**-4,465**	**6,445**	**7,778**	**25,504**	**5,235**	**0**	**86,168**
Depreciation of property, plant and equipment and intangible assets	10,569	1,211	12,320	1,365	1,999	1,751	10,170	11,732	0	51,117
Impairment charges	194	0	0	0	0	0	0	12,027	0	12,221
Restructuring costs	1,360	0	887	283	0	281	3	1,935	0	4,749

[1] Inter-segment deliveries are eliminated.

Segment assets	**200,140**	**29,432**	**237,230**	**15,227**	**52,024**	**31,988**	**113,115**	**598,864**	**-726,177**	**551,843**
Acquisition of associates	0	0	0	0	0	0	0	0	0	0
Capital expenditure	20,639	1,395	15,413	2,059	8,308	1,540	5,545	7,652	0	62,551

Reconciliation of assets

Deferred tax assets and other financial assets are not allocated to individual segments as these items are managed on Group level.
(€000)

	2013	2012
Segment assets	**530,585**	**551,843**
Deferred tax assets	45,055	50,587
Other financial assets	2,751	11,561
Group assets	**578,391**	**613,991**

Geographic information

The revenues in the table below were generated from external customers attributed to the entity's country of domicile. The non-current assets for this purpose consist of Goodwill, Other intangible assets, Property, Plant and Equipment and Investment in associates and Joint ventures. Allocation has been made to the country to which the non-current assets relate, not depending on the legal entity in which they are accounted for.
(€000)

	2013		2012	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	274	2	43	0
The Netherlands	148,598	117,383	140,863	78,464
Belgium	11,187	2,801	11,135	3,212
Czech Republic	38	0	64	0
Denmark	2,423	492	1,345	500
Estonia	0	6	0	12
Equatorial Guinea	1,106	543	1,311	618
France	14,313	6,429	7,321	892
Germany	16,514	11,710	14,194	12,347
Hungary	3,973	1,920	4,773	3,129
Indonesia	68	10	17	12
Ireland	3,839	4,444	4,086	5,101
Italy	771	419	832	511
Malaysia	1,880	11	1,024	12
Norway	45,455	7,981	43,195	43,204
Poland	15,242	39,953	17,704	51,051
Portugal	639	25	596	116
Singapore	6,814	3,957	6,400	5,278
South Africa	171	5	127	0
Spain	24,081	33,040	25,771	35,466
Sweden	69,221	12,157	69,471	11,611
United Kingdom	84,218	147,571	83,453	157,834
Canada	7,995	4,947	6,491	524
United States	31,667	11,308	29,554	8,810
	490,487	**407,114**	**469,770**	**418,704**

Reliance on major customers

The Group did not have external customers with revenues from transactions exceeding 10 per cent or more of the Group's revenues in 2013 (2012: n/a).

6.8 EMPLOYEE COSTS

(€000)

	2013	2012
Wages and salaries	209,837	200,594
Social security costs	37,737	37,803
Pension costs	12,988	12,735
Benefit from conversion of pension plan to defined contribution plan	-5,140	0
Expense arising from equity-settled share-based payment transactions	418	655
Expense arising from cash-settled share-based payment transactions	5,286	118
Other employee costs	46,104	42,521
	307,230	**294,426**

Number of employees at 31 December

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

	2013			2012		
	The Netherlands	Other countries	Total	The Netherlands	Other countries	Total
Sales & Marketing	145	455	600	151	435	586
Consultants	273	1,067	1,340	274	1,046	1,320
Developers	291	929	1,220	316	1,009	1,325
Support	191	424	615	191	438	629
Other	168	321	489	186	336	522
31 December	**1,068**	**3,196**	**4,264**	**1,118**	**3,264**	**4,382**
Average number of employees during the reporting year	**1,082**	**3,221**	**4,303**	**1,094**	**3,218**	**4,312**

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).

	2013			2012		
	The Netherlands	Other countries	Total	The Netherlands	Other countries	Total
Sales & Marketing	136	448	584	142	426	568
Consultants	264	1,045	1,309	263	1,025	1,288
Developers	277	909	1,186	301	988	1,289
Support	184	408	592	179	417	596
Other	144	305	449	163	318	481
31 December	**1,005**	**3,115**	**4,120**	**1,048**	**3,174**	**4,222**
Average number of employees during the reporting year	**1,015**	**3,141**	**4,156**	**1,026**	**3,134**	**4,160**

6.9 SHARE-BASED PAYMENTS

Equity settled share-based payments in UNIT4 N.V.

Share options of the parent are granted to certain members of the Board of Directors and other key officials of the parent. The exercise price of the share options is the average of the market price up to 5 days in advance but not lower than the market price on the date of grant. The share options vest for one-third of the options 2 years after the grant date, for one-third 3 years after grant date and for one-third 4 years after grant date, under the condition that the employee is still on service. In addition, the current performance share plan contains a change of control clause. In case the ownership of the Group changes in accordance with this clause the options vest at the date of closing of the ownership transfer.

In 2013 there were no share options granted. An overview of the current equity settled share option plan for UNIT4 N.V. shares is depicted below:

Year granted	Exercise period up to and including	Granted	Outstanding at 1 January 2013	Expired in 2013	Exercised in 2013	Outstanding at 31 December 2013	Exercise price (€)	Exercisable
2008	Mar. 2013	290,000	170,852	0	170,852	0	16.70	-
2009	Sep. 2014	250,000	198,336	0	11,666	186,670	13.42	131,668
2011	Apr. 2016	205,000	205,000	0	0	205,000	24.19	68,265
		745,000	**574,188**	**0**	**182,518**	**391,670**		**199,933**

The expense related to the equity settled share-based payments can be specified as follows:
(€000)

	2013	2012
Granted during the financial year 2011	418	418
Granted during the financial year 2009	0	237
	418	**655**

The weighted average remaining term for the share options at 31 December 2013 is 1.5 years (2012: 1.8 years)

Cash settled share-based payments in UNIT4 N.V.

As from 1 January 2012, a new Performance Share Plan came into place for the UNIT4 Executive management which replaced the equity settled share option plans.

Each year the applicable participants have the voluntary option to convert, at market value, part or the total of their annual cash bonus (short term incentive), together with their own resources ("own contribution") into shares ("basic shares") of UNIT4. The Board of Directors has determined a minimum (currently an amount equal to the net equivalent of 50% of the earned bonus) and a maximum (currently an amount equal to the net equivalent of the maximum bonus to be earned) for the applicable participant. The basic shares, paid for by own contribution, may not be disposed of for a period of 3 years after the acquisition ("lock-up period"). After the lock-up period, the Supervisory Board may grant additional shares ("performance shares") to a participant on the basis of the achievement of pre-agreed long-term targets of the Company (currently growth EBITDA, growth EPS and relative TSR (Total Shareholder Return measured in comparison with the performance peer group)).
Performance shares shall be awarded based on the, together with the long-term targets, agreed ratio between Basic Share and Performance share (increasing from 0 performance share per basic share up to maximum of 2 performance shares per basic share).

In addition, the current performance share plan contains a change of control clause. In case the ownership of the Group changes in accordance with this clause this will result in:
- All basic shares being unlocked
- All performance shares being granted

On 20 December 2013 Advent International and UNIT4 published a recommended public offer by Advent International of €38.75 (cum dividend) in cash for all issued and outstanding ordinary share of UNIT4.
Although as at 31 December the outcome of the offer was still uncertain, management expected that the offer will succeed. Therefore the change of control clause is included in the calculation.

In total 51,024 basic shares were acquired by the participants in 2013. As at 31 December 2013, a total of 87,270 of basic shares are owned and locked up. Based upon the expected outcome of the Advent offer this would lead to 174,540 performance shares to be awarded.

The expense related to the cash settled share-based payments can be specified as follows:
(€000)

	2013	2012
Expense calculated based upon the expected outcome of pre-agreed long-term targets:		
Granted during the financial year 2013	374	0
Granted during the financial year 2012	331	118
	705	**118**

Additional expense based on the change of control clause:

	2013	2012
Granted during the financial year 2013	2,758	0
Granted during the financial year 2012	1,823	0
	4,581	**0**
Total cash settled share based payment expense	**5,286**	**118**

The carrying amount of the liability relating to the Performance Share Plan at 31 December 2013 was €5.4 million (31 December 2012: €117,766).

Equity settled share-based payments in FinancialForce.com

Share options in FinancialForce.com are granted to certain members of the Board of Directors and other (key) employees of this Group company. The excercise price of the share options is the price per common share on the date of grant. The share options vest for one-fourth of the options in each of the 4 following years under the condition that the employee is still on service.

The fair value of the share options is estimated at the grant date using a binomial (Black & Scholes) option pricing model, taking into account the terms and conditions upon which the share options were granted. The fair value is proportionally allocated over the vesting period.

The relevant details on the share options granted during 2013 are included in the following table:

Exercise price	USD	0.28
Weighted average share price on grant date	USD	0.28
Dividend yield (%)		n/a
Expected volatility (%)		n/a
Average risk-free interest rate (%)		n/a
Model used		Binomial
Fair value (per option value)	USD	0.28

An overview of the current option plan for FinancialForce.com shares is depicted below:

Year granted	Exercise period up to and including	Granted	Outstanding at 1 January 2013	Expired in 2013	Exercised in 2013	Outstanding at 31 December 2013	Exercise price (USD)	Exercisable
2010	Sep.2020	1,902,625	1,544,114	21,771	80,541	1,441,802	0.08	1,441,802
2011	Nov.2021	2,057,375	1,879,250	0	0	1,879,250	0.08	1,406,317
2012	Mar.2022	590,625	590,625	261,875	1,875	326,875	0.08	158,284
2013	May.2023	150,000	0	0	0	150,000	0.28	37,500
		4,700,625	**4,013,989**	**283,646**	**82,416**	**3,797,927**		**3,043,903**

The weighted average remaining term for the share options at 31 December 2013 is 7.4 years (2012: 8.3 years).

Expense of share-based payments

The expense of all current share-based payments is specified below:
(€000)

	2013	2012
Granted during the financial year 2013	3,132	0
Granted during the financial year 2012	2,154	118
Granted during the financial year 2011	418	418
Granted during the financial year 2009	0	236
	5,704	**772**

6.10 COST OF SALES

(€000)

	2013	2012
SaaS and Subscriptions	7,600	4,285
Products	5,248	8,105
Contracts	8,774	10,277
Services and other	14,243	12,942
	35,865	**35,609**

6.11 DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT AND AMORTIZATION OF INTANGIBLE ASSETS

(€000)

	2013	2012
Amortization of software products	31,389	29,360
Amortization of customer contracts	14,134	13,695
Amortization of other intangible assets	484	670
Depreciation of property, plant and equipment	7,933	7,392
Impairment of intangible assets and property, plant and equipment	2,944	12,221
	56,884	**63,338**

For goodwill impairment, see Note 6.19.

6.12 OTHER OPERATING EXPENSES

(€000)

	2013	2012
Selling costs	13,038	13,050
Accommodation costs	18,624	17,420
Financial and advisory costs	7,992	6,917
Other expenses	16,337	16,180
	55,991	**53,567**

6.13 FINANCE COSTS

(€000)

	2013	2012
Interest charges	9,465	11,229
Financial liabilities settlement[1]	0	1,746
Impairment of financial assets	6,948	0
Exchange rate loss	1,400	770
Result on valuation interest swap	0	2,202
Interest concerning capitalized development costs	-276	-270
Finance costs (based on historical value)	17,537	15,677
Interest concerning capitalized finance costs (based on amortized costs)	395	452
	17,932	**16,129**

[1] These amounts relate to the settlement with regard to the irregularities in Poland in 2012.

6.14 FINANCE INCOME

(€000)

	2013	2012
Interest revenue	2,875	5,631
Result on valuation interest swap	1,888	0
Dividend received from securities	30	0
Exchange rate gains	609	691
	5,402	**6,322**

6.15 INCOME TAX

(€000)

	2013	2012
Current income tax charge		
Current financial year	18,252	17,986
Amendments for preceding years	-962	-466
	17,290	**17,520**
Deferred taxes		
Temporary differences between fiscal and commercial valuation	-1,879	-19,518
Change in tax rates	-1,228	-2,153
Utilization/benefit of tax losses recognized	-6,524	-6,141
	-9,631	**-27,812**
Taxes	**7,659**	**-10,292**

Specification of effective tax rate

(€000)

	2013	%	2012	%
Profit before tax	**22,432**		**13,235**	
Income tax using the domestic corporation tax rate	5,608	25.0%	3,309	25.0%
Effect of tax rates in foreign jurisdictions	-566	-2.5%	-1,272	-9.6%
Income not subject to tax	-675	-3.1%	-613	-4.7%
Expenses not deductible for tax purposes	4,242	18.9%	4,768	36.0%
Fiscal facilities related to intellectual property	0	0.0%	-13,936	-105.3%
Utilization of previously unrecognized tax losses	-295	-1.3%	-100	-0.8%
Tax losses for which no deferred income tax asset was recognized	1,535	6.8%	171	1.3%
Change in tax rates	-1,228	-5.5%	-2,153	-16.3%
Adjustment in respect of prior years	-962	-4.3%	-466	-3.5%
	7,659	**34.1%**	**-10,292**	**-77.8%**

6.16 ISSUED CAPITAL AND RESERVES

6.16.1 ISSUED CAPITAL

The authorized share capital at 31 December 2013 encompasses 40,000,000 (2012: 40,000,000) ordinary shares and 40,000,000 (2012: 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 29,691,331 ordinary shares (2012: 29,457,789) were issued and paid up in full. The changes (in numbers) in the share capital can be presented as follows:

	2013	2012
Balance at 1 January	29,457,789	29,292,396
Share issue	51,024	36,246
Exercise of options	182,518	129,147
Balance at 31 December	**29,691,331**	**29,457,789**

6.16.2 SHARE PREMIUM RESERVE

The share premium can be considered as paid up capital and is not restricted for dividend purposes.

6.16.3 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 (including goodwill) 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.

6.16.4 DIVIDENDS PAID AND PROPOSED

(€000)

	2013	2012
Declared and paid during the year		
Final dividend for 2012 (€0.45 per share)	13,353	0
Final dividend for 2011 (€0.40 per share)	0	11,731

For further information about the 2013 dividend see 10.3 "Appropriation of the net profit 2013".

6.17 EARNINGS PER SHARE

The earnings per share can be specified as follows:

(€000)

	2013	2012
Basic earnings per share (A/X)	€0.56	€0.83
Diluted earnings per share (B/Y)	€0.56	€0.83
Basic earnings per share before goodwill related items and impairment (D/X)	€1.29	€1.88
Diluted earnings per share before goodwill related items and impairment (C/Y)	€1.28	€1.88

The 2013 basic earnings per share before goodwill related items and costs project Unique (Advent) was €1.49.

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of shares outstanding.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders (after adjusting for outstanding option rights (after tax)) by the weighted average number of shares outstanding plus the weighted average number of shares that would be issued on conversion of all the potential dilutive ordinary shares.

The basic and diluted earnings per share before goodwill related items and impairments are calculated by using the net profit attributable to ordinary shareholders without goodwill impairment, amortization of customer contracts, acquired software development costs and trademarks instead of the net profit attributable to ordinary shareholders.

The calculation can be specified as follows:

(€000)

	2013	2012
Net profit attributable to ordinary shareholders (A)	**16,577**	**24,292**
Effect of outstanding option rights (after tax)	0	0
Net profit attributable to ordinary shareholders (after dilution) (B)	**16,577**	**24,292**
Goodwill related items and impairments	21,578	31,024
Net profit attributable to ordinary shareholders before goodwill related items and impairments (after dilution) (C)	**38,155**	**55,316**
Net profit attributable to ordinary shareholders (A)	**16,577**	**24,292**
Goodwill related items and impairments	21,578	31,024
Net profit attributable to ordinary shareholders before goodwill related items and impairments (D)	**38,155**	**55,316**

(in numbers x 1,000)

	2013	2012
Weighted average number of shares during the period (X)	**29,643**	**29,340**
Effect of outstanding option rights	128	98
Weighted average number of shares during the period adjusted for the effect of dilution (Y)	**29,771**	**29,438**

6.18 INTANGIBLE ASSETS

At 31 December 2013

(€000)

	Goodwill	Internally developed software	Acquired software	Customer contracts	Other intangible assets	Total
Carrying amount at 1 January	174,095	74,749	35,345	83,515	8,467	376,171
Adjustments preceding financial years	409	0	0	0	-68	341
Acquisition of subsidiaries	7,383	0	2,750	2,448	0	12,581
Deconsolidation of subsidiaries	-4,463	-2,819	-1,385	0	-2,688	-11,355
Internally developed intangible assets	0	30,957	0	0	0	30,957
Investments	0	0	180	0	0	180
Divestments (cost price)	-4,536	-39,748	-2,541	-252	-1,808	-48,885
Divestments (accumulated depreciation and impairment)	4,536	39,748	2,541	252	1,808	48,885
Depreciation & amortisation	0	-21,536	-9,853	-14,134	-484	-46,007
Impairment	-2,944	0	0	0	0	-2,944
Currency translation differences	-3,136	-477	-1,395	-1,540	-264	-6,812
Carrying amount at 31 December	**171,344**	**80,874**	**25,642**	**70,289**	**4,963**	**353,112**
1 January 2013						
Cost price	197,047	174,787	81,036	152,068	12,461	617,399
Accumulated depreciation & amortization	-3,426	-100,038	-45,457	-68,553	-3,994	-221,468
Accumulated impairment	-19,526	0	-234	0	0	-19,760
Carrying amount	**174,095**	**74,749**	**35,345**	**83,515**	**8,467**	**376,171**
31 December 2013						
Cost price	198,025	157,283	75,439	151,738	6,783	589,268
Accumulated depreciation & amortization	-3,426	-76,409	-49,797	-81,449	-1,820	-212,901
Accumulated impairment	-23,255	0	0	0	0	-23,255
Carrying amount	**171,344**	**80,874**	**25,642**	**70,289**	**4,963**	**353,112**

At 31 December 2012

(€000)

	Goodwill	Internally developed software	Acquired software	Customer contracts	Other intangible assets	Total
Carrying amount at 1 January	177,827	62,170	39,389	78,718	8,429	366,533
Adjustments preceding financial years	114	83	-14	-12	-71	100
Acquisition of subsidiaries	3,063	0	4,810	16,610	54	24,537
Internally developed intangible assets	0	29,208	0	0	0	29,208
Investments	0	0	250	0	1	251
Divestments (cost price)	0	-30	-3,235	-568	-10	-3,843
Divestments (accumulated depreciation and impairment)	0	30	3,235	568	10	3,843
Depreciation & amortisation	0	-18,800	-10,560	-13,695	-670	-43,725
Impairment	-12,221	0	0	0	0	-12,221
Currency translation differences	5,312	2,088	1,470	1,894	724	11,488
Carrying amount at 31 December	**174,095**	**74,749**	**35,345**	**83,515**	**8,467**	**376,171**

	Goodwill	Internally developed software	Acquired software	Customer contracts	Other intangible assets	Total
1 January 2012						
Cost price	188,280	140,795	75,413	133,070	11,564	549,122
Accumulated depreciation & amortization	-3,426	-78,625	-35,810	-54,352	-3,135	-175,348
Accumulated impairment	-7,027	0	-214	0	0	-7,241
Carrying amount	**177,827**	**62,170**	**39,389**	**78,718**	**8,429**	**366,533**
31 December 2012						
Cost price	197,047	174,787	81,036	152,068	12,461	617,399
Accumulated depreciation & amortization	-3,426	-100,038	-45,457	-68,553	-3,994	-221,468
Accumulated impairment	-19,526	0	-234	0	0	-19,760
Carrying amount	**174,095**	**74,749**	**35,345**	**83,515**	**8,467**	**376,171**

The amount of borrowing costs capitalized as part of internally developed software during the year ended 31 December 2013 was €276,000 (2012: €270,000). The rate used to determine the amount of capitalized borrowing costs was 1.38% (2012: 1.32%), being 6 months Euribor plus a surcharge.

6.19 IMPAIRMENT TEST OF GOODWILL

Goodwill acquired through business combinations has been allocated to the relevant cash-generating unit (CGU).
The following is an overview of the CGUs with either a significant carrying amount of goodwill in comparison to the Group's total carrying amount of goodwill or a recognized impairment loss:

(€000)

	Carrying amount goodwill at 31 December 2013	Impairment 2013	Carrying amount goodwill at 31 December 2012	Impairment 2012
Van der Kley automatisering (2000)	255	163	418	194
Fininfor (2003)	255	161	416	430
Spain (2004/2006/2008)	5,853	2,620	8,473	3,120
CODA (2008)	97,322	0	99,376	0
Teta (2010)	19,362	0	24,437	8,477
Other CGUs	48,297	0	40,975	0
	171,344	**2,944**	**174,095**	**12,221**

The recoverable amount of the CGUs has been determined based on value-in-use calculations using pre-tax cash flow projections from financial budgets approved by senior management. The pre-tax discount rates applied to the cash flow projections have been included in the table below.

In general the period over which management has projected cash flows based on financial budgets/forecasts is 5 years. In the event that there are substantial intangible assets amortized over a longer period than 5 years, longer projections than 5 years are used to achieve a more accurate calculation. 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 of the projection.

The key assumptions used for value-in-use calculations in 2013 are as follows:

	Van der Kley	Fininfor	Spain	CODA	TETA	Other CGUs
Gross profit growth	-20%	-38%	3%	4%	4%	-/-1% - 17%
Employee and other expenses growth	-20%	-42%	2%	3%	3%	-/-1% - 18%
Discount rate	13.07%	14.69%	11.45%	11.63%	11.81%	11.42% - 13.73%
Recoverable amount of the CGU	255	255	29,656			

The key assumptions used for value-in-use calculations in 2012 are as follows:

	Van der Kley	Fininfor	Spain	CODA	TETA	Other CGUs
Gross profit growth	-20%	-40%	4%	4%	4%	1% - 10%
Employee and other expenses growth	-20%	-34%	1%	2%	3%	1% - 10%
Discount rate	12.99%	14.60%	11.36%	11.75%	12.80%	11.47% - 13.33%

The individual growth percentages relate to growth of the undiscounted free pre-tax cash flows and are based on financial budgets/forecasts for the next 5 years and a growth percentage derived from long-term forecasts for the industry and expectations of the management involved for the period afterwards. The long-term forecasts are based upon growth rates for the different revenue categories, being Products, Services and other, Contracts and SaaS and Subscriptions, as well as the retention rate and various costs indexations.

The discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available marked data.

Impairment charge

The impairment charge relating to Van der Kley arose as a result of the decreasing business of Van der Kley. Management expects that the activities of Van der Kley will generate revenue up to and including 2015.

The impairment charge relating to Fininfor arose as a result of a decrease in the level of product and contract revenues of Fininfor. This decrease was caused by the management decision to sell parts of the activities of Fininfor in 2010 as part of the management buy out of Agresso France SA. Management expects that the activities of Fininfor will generate revenue up to and including 2016.

The impairment charge related to the CGU Spain arose as a result of an updated forecast. The view that economic circumstances in Spain have deteriorated more than previously expected has resulted in a downward adjustment of the mid-to-long term financial forecast. Because an impairment charge was recognized for this CGU during 2012, the estimated recoverable amount was already equal to its carrying value and therefore the adverse change in circumstances resulted in an additional impairment in 2013.

Sensitivity to changes in assumptions

CGUs with an impairment charge during 2013

For the CGUs with an impairment charge during 2013, the estimated recoverable amount is equal to its carrying value and, consequently any adverse change in a key assumption would result in a further impairment loss. The implications of the key assumptions for the recoverable amount are discussed below:

Van der Kley

Management has considered the possibility of a faster decrease in activities for Van der Kley. In case the value in use is calculated with an average negative growth of 30% for both gross profit and employee and other expenses an additional impairment of €59,000 will arise.

Fininfor

Management has considered the possibility of less product revenue and a lower retention rate for existing contracts which results in a faster decrease of revenues for Fininfor. In case the value in use is calculated with an average negative gross profit growth of 50% an additional impairment of €53,000 will arise.

Spain

Management has considered the possibility of a further decrease in gross profit growth to 2% with a corresponding 1% growth in employee and other operating expenses. This would result in an additional impairment charge of €1.7 million.

CGUs without an impairment charge during 2013

In the cash-generating unit Germany, which is included in the "Other CGUs" for €3.3 million of goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by €11 million.
The value in use is calculated using a gross profit growth of 9% and an employee and other operating expenses growth of 6%.
In case the cash-generating unit experiences an unexpected fall in gross profit growth to 4% with a corresponding 2% growth in employee and other operating expenses, this would remove the remaining headroom.

With regard to the assessment of the value in use of the other cash-generating units, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

6.20 PROPERTY, PLANT AND EQUIPMENT

At 31 December 2013

(€000)

	Land and buildings	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	23,330	7,270	6,509	37,109
Acquisition of subsidiaries	0	29	44	73
Deconsolidation of subsidiaries	-2,725	-142	-190	-3,057
Investments	1,054	6,710	8,215	15,979
Divestments	-1,942	-8,375	-2,441	-12,758
Depreciation of divestments	1,942	8,319	2,418	12,679
Depreciation	-677	-5,103	-2,153	-7,933
Currency translation differences	-219	-156	-215	-590
Other movements	162	143	-253	52
Carrying amount at 31 December	**20,925**	**8,695**	**11,934**	**41,554**
1 January 2013				
Cost price	30,146	32,666	20,915	83,727
Accumulated depreciation	-6,816	-25,396	-14,406	-46,618
Carrying amount	**23,330**	**7,270**	**6,509**	**37,109**
31 December 2013				
Cost price	26,286	30,431	25,811	82,528
Accumulated depreciation	-5,361	-21,736	-13,877	-40,974
Carrying amount	**20,925**	**8,695**	**11,934**	**41,554**

As at 31 December 2013, Land and Buildings were not pledged (2012 €2.4 million). There were no borrowing costs capitalized during the year ended 31 December 2013 (2012: none).

At 31 December 2012

(€000)

	Land and buildings	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	23,189	6,311	5,857	35,357
Acquisition of subsidiaries	0	70	73	143
Investments	438	5,213	2,761	8,412
Divestments	0	-1,182	-1,038	-2,220
Depreciation of divestments	0	1,159	1,021	2,180
Depreciation	-688	-4,408	-2,296	-7,392
Currency translation differences	407	104	95	606
Other movements	-16	3	36	23
Carrying amount at 31 December	**23,330**	**7,270**	**6,509**	**37,109**
1 January 2012				
Cost price	29,345	28,005	18,428	75,778
Accumulated depreciation	-6,156	-21,694	-12,571	-40,421
Carrying amount	**23,189**	**6,311**	**5,857**	**35,357**
31 December 2012				
Cost price	30,146	32,666	20,915	83,727
Accumulated depreciation	-6,816	-25,396	-14,406	-46,618
Carrying amount	**23,330**	**7,270**	**6,509**	**37,109**

6.21 OTHER FINANCIAL ASSETS

The other financial assets can be specified as follows:

At 31 December 2013
(€000)

	Derivatives	Loans and receivables	Securities	Total
Balance at 1 January	0	12,151	7	12,158
Acquisition of subsidiaries	0	328	0	328
Impairment	0	-6,948	0	-6,948
Investments	3,607	1,000	0	4,607
Reclassifications	0	208	0	208
Repayments/Waivers	0	-2,490	0	-2,490
Currency translation differences	0	-277	0	-277
Balance at 31 December	**3,607**	**3,972**	**7**	**7,586**
Current	3,607	1,228	0	4,835
Non-current	0	2,744	7	2,751
	3,607	**3,972**	**7**	**7,586**

At 31 December 2012
(€000)

	Loans and receivables	Securities	Total
Balance at 1 January	4,583	7	4,590
Acquisition of subsidiaries	11	0	11
Investments	8,583	0	8,583
Reclassifications	-241	0	-241
Repayments/Waivers	-795	0	-795
Currency translation differences	10	0	10
Balance at 31 December	**12,151**	**7**	**12,158**
Current	597	0	597
Non-current	11,554	7	11,561
	12,151	**7**	**12,158**

Derivatives

The item Derivatives relates to the call option for the remaining 51% of the shares of NCCW B.V. which is qualified as a financial asset at fair value through profit or loss. The Group determined the fair value of the option using a Black and Scholes model based on the firm value. The firm value was estimated using the net present value of the expected future cash flow based on financial budgets/forecasts from NCCW management for the next 5 years.

The option value is based on the following non observable input:

Expected volatility (%)	22.0%
Average risk-free interest rate (%)	1.07%
Gross profit growth	1.0%
Employee and other expenses growth	0.0%
Tax rate	25.0%
Discount rate	9.9%

As NCCW B.V. is an unlisted company, the fair value measurements are based on significant inputs that are not observable in the market and therefore qualifies as a Level 3 Fair value determination. As the fair value of the financial asset materially differs from the transaction price and the determination of the fair value qualifies as Level 3, the group has defered the difference between the fair value at initial recognition and the transaction price. The deferral is included in the line item Other liabilities, accruals and deferred income in the Statement of financial position (see Note 6.33).

Loans and receivables

The item Loans and receivables includes a loan towards the main former external partner of UNIT4 TETA SA amounting to PLN 29.1 million (€6.9 million) which is impaired and fully provisioned. The loan was scheduled to be repaid in five predetermined installments during the coming years with a final payment on 31 December 2017.

On 31 December 2013 a first installment with an amount of PLN 1.5 million (€0.4 million) became due and is not received. The Group has reassessed the credit risk based on the most recent information and concludes that it is uncertain that the debtor will be able to fullfill its obligations. The Group is investigating its ability to collect the pledged intangible items and the current valuation hereof. The possible enforcement of the pledges is subject to third party approvals and in addition, the assets are subject to technological obsolescence and the Group expects the market to sell those assets to be difficult.
Because of these recent developments and the uncertainty of any future recovery, management has fully provided for this loan as at 31 December 2013.

Securities

he item securities relates to a 15% interest in Argeweb Amsio Holding B.V., based in Maassluis, the Netherlands.

6.22 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)

	2013	2012
Losses available for offset against future taxable income	27,764	20,916
Temporary differences	17,291	29,671
	45,055	**50,587**

In certain countries the Group has a history of losses. The Group has valued deferred tax assets in relation to the (carry forward) losses and other temporary differences within those countries as the management expects that there will be sufficient taxable income available in the future.

A large part of the on balance losses relate to the initial investments in FinancialForce.com. Considering the expected growth and profitability in the future, management expects that these losses can be offset with future profits. The Group has an amount of €19.9 million in non-recognized losses available for offset (2012: 6.2 million). 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.
The expiration of these non-recognized losses can be specified as follows:

(€000)

	2013	2012
Within 1 year	0	24
Between 1 and 5 years	3,286	0
after 5 years	16,637	6,144
	19,923	**6,168**

6.23 INVENTORIES

The inventories consist entirely of trading stock.
(€000)

	2013	2012
Trading stock	520	642
	520	**642**

6.24 TRADE AND OTHER RECEIVABLES

(€000)

	2013	2012
Trade receivables	63,824	72,125
Other receivables	33,905	25,717
	97,729	**97,842**

6.24.1 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30-90 day payment terms.
As at 31 December 2013, trade receivables of an initial value of €11.9 million (2012: €7.4 million) were impaired and fully provided for.

The movements in the provision for impairment of receivables is as follows:
(€000)

	2013	2012
Balance at 1 January	7,423	7,815
Addition	7,891	4,353
Recognized expenses	-1,429	-4,253
Reversal	-1,908	-773
Currency translation differences	-91	281
Balance at 31 December	**11,886**	**7,423**

An analysis of the aging of trade debtors is presented as part of the credit risk analysis in Note 6.36.3.

6.24.2 OTHER RECEIVABLES

(€000)

	2013	2012
To be invoiced	17,035	12,854
Prepayments and accrued income	11,130	11,380
Receivables employees	172	422
Short-term part of other financial assets	4,835	597
Other receivables	733	464
	33,905	**25,717**

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)

	2013	2012
Prepaid rent	1,938	1,681
Prepaid maintenance contracts	3,789	3,669
Prepaid insurance	469	719
Prepaid pensions	250	374
Interest to be received	48	320
Other	4,636	4,617
	11,130	**11,380**

6.24.3 OTHER TAXES

The other taxes consist of:
(€000)

	2013	2012
Sales tax	705	323
Other taxes and social security premiums	50	180
	755	**503**

6.25 CASH AND CASH EQUIVALENTS

(€000)

	2013	2012
ING Bank	3,990	3,638
ABN Amro Bank	4,531	240
Handelsbanken	3,867	5,158
Den Norske Bank	3,650	14,576
Citizens Bank	0	2,228
Other	7,088	8,066
	23,126	**33,906**

6.26 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:
(€000)

	2013	2012
Interest-bearing loans and borrowings	95,762	86,456
Derivatives	1,437	3,296
Other interest-bearing loans and borrowings	709	664
	97,908	**90,416**

Interest-bearing loans and borrowings

On 1 February 2012 the Group obtained a €150 million Senior Facilities agreement together with a €30 million accordion option. The facility can be divided in a term loan of €50 million , which will be repaid in installments of €2.5 million per quarter, and a revolving facility of €100 million. The term of the loan is 3 years with 2 extension options to extend to a period of 5 years in total.

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.

- 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: 2.0:1.0 but may on one occasion increase to a maximum limit of 2.50 for 2 successive quarters and a maximum limit of 2.25 for the quarter immediately thereafter.

At the reporting date the Group complies with both covenants.

In addition, the most significant group companies, based on 80% of the total operating result (EBITDA) and 70% of the total statement of financial position, are severally responsible.

The interest period is 3 months and floating (Euribor), but is, for at least 2/3 of the outstanding balance, hedged to a fixed 5 years rate. This 5 year rate has been fixed on 2.2475% (excluding margin) and includes the close out of the formerly existing interest swaps.

The development of the interest bearing loans and borrowings can be presented as follows:
(€000)

	2013	2012
Balance at 1 January	113,456	107,174
Deconsolidation of subsidiaries	-994	0
Additions	28,086	122,090
Repayment	-27,090	-115,031
Capitalized financing costs	0	-1,316
Amortized capitalized financing costs (effective interest method)	395	452
Exchange rate differences recognized as other comprehensive income	0	25
Currency translation differences	-91	62
Balance at 31 December	**113,762**	**113,456**
Current	18,000	27,000
Non-current	95,762	86,456
	113,762	**113,456**

The current part of the interest-bearing loans and borrowings as per 31 December 2013 include an extra repayment on the facility of €8 million, which has been paid on 14 February 2014.

6.27 PENSION OBLIGATIONS

The development of the pensions can be presented as follows:
(€000)

	2013	2012
Balance at 1 January	6,961	4,278
Acquisition subsidiaries	75	144
Pension costs attributable to the year	-5,982	2,539
Balance at 31 December	**1,054**	**6,961**

The breakdown of the plans by country is as follows:
(€000)

	2013	2012
Defined benefit plans in the Netherlands	768	6,729
Defined benefit plan in France	205	159
Defined benefit plan in Germany	81	73
	1,054	**6,961**

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 pensionplan in Germany. 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.

The plan in France concerns an unfunded obligation. 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. Because of the limited importance of these obligations, no further explanation has been included.

In the Netherlands there are currently 5 fully reinsured pension plans. As per 31 December 2012 these pension plans all qualified as defined contribution plans.
As per 1 January 2013 the Group has made amendments to the policies around the existing pension plans in the Netherlands. As a result of these amendments, the ASR Plan I, ASR Plan II and the ASR Plan III do no longer qualify as a defined benefit plan. These plans are from 1 January 2013 onwards accounted for as defined contribution plans. The obligation recognized until 1 January 2013 for these pension plans has been reversed through employee costs in profit or loss.

The defined benefit plans have been calculated by external actuaries and can be specified as follows:
(€000)

	2013			2012		
	Present value of the obligation	Fair value of plan assets	Total	Present value of the obligation	Fair value of plan assets	Total
Balance at 1 January	29,687	-23,103	6,584	16,647	-12,581	4,066
Adjustment for the adoption of new standards[1]	-612	0	-612	0	0	0
Balance at 1 January (restated)	**29,075**	**-23,103**	**5,972**	**16,647**	**-12,581**	**4,066**
Transfer of participants from merged company	791	-647	144	0	0	0
Current service cost (incl. administration costs)	393	107	500	2,570	528	3,098
Interest Expense/(income)	266	-231	35	934	-751	183
Past service costs	41	0	41	-19	0	-19
Conversion of pension plan to defined contribution plan	-22,563	17,423	-5,140	0	0	0
	-21,863	**17,299**	**-4,564**	**3,485**	**-223**	**3,262**
Remeasurements:						
Actuarial changes arising from changes in financial assumptions	-962	801	-161	7,258	-5,658	1,600
Actuarial changes arising from changes in demographic assumptions	0	0	0	345	-185	160
Experience adjustments	-36	-127	-163	344	333	677
	-998	**674**	**-324**	**7,947**	**-5,510**	**2,437**
Contributions:						
- Employers	0	-466	-466	0	-3,181	-3,181
- Plan participants	171	-171	0	1,672	-1,672	0
Payments from plans:						
- Benefit payments	-12	12	0	-64	64	0
Balance at 31 December	**7,164**	**-6,402**	**762**	**29,687**	**-23,103**	**6,584**

[1] The adjustment of the opening balance for accumulated deficit relates to the adoption of new accounting standards as discussed in Note 6.2.3.

The defined benefit plans remaining as at 31 December 2013 are the Nationale Nederlanden Plan and the Aegon Plan. Both plans are reinsured career average defined benefit retirement plans and are closed for new participants.

The plans are exposed to interest rate risks and changes in the life expectancy for pensioners. Additional funding or benefits could occur in the event of transfer of liabilities upon withdrawal of an employee. The level of extra funding is dependant on the market interest rate in relation to the rate used for funding.

The plan assets comprise of reserves with the insurer for which the value is calculated using the same discount rate and mortality assumptions as used for the determination of the defined benefit obligation.

The key assumptions used in the calculation are shown below:

Discount rate:	2013	2012
Nationale Nederlanden Plan	3.86%	3.36%
Aegon Plan	3.85%	3.41%

Future salary increase:	2013	2012
Nationale Nederlanden Plan	2.28%	2.70%
Aegon Plan	2.31%	2.70%

Mortality table (age set back of 1 year was applied):	2013	2012
Nationale Nederlanden Plan	AG 2012-2062	AG 2012-2062
Aegon Plan	AG 2012-2062	AG 2012-2062

The following sensitivity analysis shows the impact of any reasonable change in the key assumptions that could result in a significant impact on the defined benefit obligation:

Impact in case the discount rate was increased or decreased with 1%:
(€000)

	1% increase	1% decrease
Impact on the net defined benefit obligation	-164	220

Impact in case the discount rate was increased / decreased to the highest / lowest rate in the last five years for liabilities with the same duration:
(€000)

	2.72% increase	0.64% decrease
Impact on the net defined benefit obligation	-304	135

The Group expects to contribute €0.4 million to the above defined benefit pension plans in 2014 (Employer contribution).

6.28 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)

	2013	2012
Facility deferred tax payment	2,670	425
Difference between commercial and fiscal result	32,162	45,255
	34,832	**45,680**

6.29 PROVISIONS

The provisions consist of:

At 31 December 2013

(€000)

	Contingent Liability	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	500	1,067	1,638	1,634	4,839
Acquisition subsidiaries	0	0	0	1,291	1,291
Arising during the year	0	409	264	1,297	1,970
Expenditure	0	-661	-11	-232	-904
Reversed unused amounts	0	-169	-107	-939	-1,215
Discount rate adjustment	0	0	-10	0	-10
Foreign currency translation differences	0	-23	-1	-11	-35
Balance at 31 December	**500**	**623**	**1,773**	**3,040**	**5,936**
Current	250	623	167	1,740	2,780
Non-current	250	0	1,606	1,300	3,156
	500	**623**	**1,773**	**3,040**	**5,936**

At 31 December 2012

(€000)

	Contingent Liability	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	0	1,473	1,199	1,276	3,948
Acquisition subsidiaries	500	0	0	0	500
Arising during the year	0	114	314	867	1,295
Expenditure	0	-599	-19	-259	-877
Reversed unused amounts	0	0	-25	-255	-280
Discount rate adjustment	0	34	168	0	202
Foreign currency translation differences	0	45	1	5	51
Balance at 31 December	**500**	**1,067**	**1,638**	**1,634**	**4,839**
Current	0	871	107	1,630	2,608
Non-current	500	196	1,531	4	2,231
	500	**1,067**	**1,638**	**1,634**	**4,839**

Contingent liability

See Note 6.5.4 for the disclosures related to the measurement of the contingent consideration.

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 before 2010. No interest is owed over the earn out obligations.

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.

6.30 TRADE AND OTHER PAYABLES

The trade payables and other payables consist of:
(€000)

	2013	2012
Trade payables	14,725	15,057
Supplier invoices to be received	2,571	2,761
	17,296	**17,818**

6.31 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:
(€000)

	2013	2012
Bank credit ING[1]	5,610	16,331
Bank credit ABN AMRO[1]	20,800	20,575
Repayment term long term loan	18,000	27,000
Other bank credit facilities	0	192
	44,410	**64,098**

[1] Accounts are included in cash management procedures and are therefore been included in the cash flow analysis in the Consolidated Statements of Cash Flows.

ING Bank Nederland extended a credit facility of €16.0 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 100 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 100 basis points.

ABN AMRO 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 rate and term on the current account is EURIBOR (1 month) plus a variable margin (between 125 and 205 basis points depending on the leverage) and liquidity premium.

ING Bank N.V. Hungary branch with its office in Budapest, Hungary, has provided a facility for the amount of HUF 170 million (€0.6 million). This credit facility can be used as current account (maximized at HUF 150 million (€0.5 million)) and in the form of guarantees (maximized at HUF 20 million (€64,000). The interest on the current account is BUBOR (daily) interest plus a surcharge of 110 basis points.

6.32 OTHER TAXES

The other taxes consist of:
(€000)

	2013	2012
Sales tax	11,203	11,314
Tax on wages	6,084	6,324
Other taxes and social security premiums	5,679	5,307
	22,966	**22,945**

6.33 OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

Other liabilities, accruals and deferred income consist of:
(€000)

	2013	2012
Deferred income	52,733	55,443
Deferred gain on other financial assets[1]	3,607	0
Holiday pay, holidays, salaries and employee bonuses to be paid	32,198	24,846
Pensions to be paid	621	590
Deferred and prepaid interest	405	328
Derivatives	2,012	2,041
Other	10,187	10,709
	101,763	**93,957**

[1] This amount relates to the deferred difference between the fair value at initial recognition and the transaction price of a financial asset as described in Note 6.21.

6.34 HEDGING ACTIVITIES AND DERIVATIVES

At reporting date UNIT4 N.V. had the following derivatives outstanding at the ING, Rabobank and ABN AMRO bank.
All changes in both the fair value of the underlying positions and in the financial instruments are recognized directly in the profit and loss. 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 2013	*Expiration date*	*Forward exchange rate*
No forward currency contracts	N/A	N/A

Positions at 31 December 2012	*Expiration date*	*Forward exchange rate*
Sell USD 0.3 million in exchange for GBP	30 January 2013	1.63580
Sell USD 0.3 million in exchange for GBP	30 April 2013	1.63535

Interest rate swaps

Positions at 31 December 2013	*Expiration date*	*Fixed interest*
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 26.7 million	31 January 2017	2.248%
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 26.7 million	31 January 2017	2.248%
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 26.7 million	31 January 2017	2.248%

Positions at 31 December 2012	*Expiration date*	*Fixed interest*
The Group pays 3-month floating interest in exchange for 1-month floating interest		
Underlying value GBP 34.0 million	25 February 2013	N/A
The Group pays 3-month floating interest in exchange for 1-month floating interest		
Underlying value EUR 15.8 million	25 February 2013	N/A
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 30.0 million	31 January 2017	2.248%
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 30.0 million	31 January 2017	2.248%
The Group pays 5-year fixed interest in exchange for 3-month floating interest		
Underlying value EUR 30.0 million	31 January 2017	2.248%

6.35 FAIR VALUE

6.35.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts are reasonable approximations of fair values:
(€000)

	Carrying amount		Fair value	
	2013	2012	2013	2012
Financial assets				
Other financial assets				
Derivatives (call option on remaining shares NCCW)	0	0	3,607	0
	0	**0**	**3,607**	**0**
Financial liabilities				
Interest-bearing loans and borrowings	113,762	113,456	113,356	112,185
Contingent consideration	500	500	500	500
Derivatives	3,449	5,337	3,449	5,337
	117,711	**119,293**	**117,305**	**118,022**

The Group assessed that loans and receivables, cash and cash equivalents, trade receivables, other receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate loans and receivables are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, if appropriate, allowances are taken into account for the expected losses of these receivables. As at 31 December 2013, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps and foreign exchange forward contracts The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at 31 December 2013, the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.
- Fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2013 was assessed to be insignificant.

6.35.2 FAIR VALUE MEASUREMENT

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 December 2013:

At 31 December 2013:
(€000)

	Total	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit and loss				
Derivatives (call option remaining interest NCCW)	3,607	0	0	3, 607
Liabilities				
Financial liabilities at fair value through profit and loss				
Contingent consideration	500	0	0	500
Derivatives (Interest rate swap)	3,449	0	3,449	0
Assets for which fair values are disclosed (Note 6.35.1)				
Interest bearing loans and borrowings	113,356	0	113,356	0

There have been no transfers between Level 1 and Level 2 during the period.

At 31 December 2012:
(€000)

	Total	Level 1	Level 2	Level 3
Assets				
Financial assets at fair value through profit and loss				
Derivatives (call option remaining interest NCCW)	0	0	0	0
Liabilities				
Financial liabilities at fair value through profit and loss				
Contingent consideration	500	0	0	500
Derivatives (Interest rate swap)	5,337	0	5,337	0
Assets for which fair values are disclosed (Note 6.35.1)				
Interest bearing loans and borrowings	112,185	0	112,185	0

There has been no transfers between Level 1 and Level 2 during the period.

The following table presents the changes in Level 3 Instruments for the year ended 31 December 2013:
(€000)

	Contingent Consideration in a Business Combination	Derivatives (NCCW Call option)	Total
Balance at 1 January	500	0	500
Initial valuation	0	3,607	3,607
Defferral of difference between acquisition price and fair value	0	-3,607	-3,607
Balance at 31 December	**500**	**0**	**500**
Total gains or losses for the period included in the income statement	**0**	**0**	**0**

The following table presents the changes in Level 3 Instruments for the year ended 31 December 2012:
(€000)

	Contingent Consideration in a Business Combination	Derivatives (NCCW Call option)	Total
Balance at 1 January	0	0	0
Acquisition subsidiaries	500	0	500
Balance at 31 December	**500**	**0**	**500**

See Note 6.5.4 for the disclosures related to the measurement of the contingent consideration.
See Note 6.21 for the disclosures related to the call option remaining shares NCCW.

6.36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

6.36.1 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 month and compared with the monthly estimated cash balances. This monthly cash flow forecast has a forecasting period of 6 months.

The table below represents an aging analysis of the liabilities recognized by UNIT4 as at 31 December, based on contractual expiry date:

At 31 December 2013
(€000)

	On demand	< 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Non-derivative financial liabilities						
Interest-bearing loans and borrowings	0	11,490	10,305	103,307	0	125,102
Other borrowings	0	0	0	0	709	709
Trade and other payables	10,660	5,921	715	0	0	17,296
Bank overdrafts	26,410	0	0	0	0	26,410
	37,070	**17,411**	**11,020**	**103,307**	**709**	**169,517**

At 31 December 2012
(€000)

	On demand	< 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Non-derivative financial liabilities						
Interest-bearing loans and borrowings	0	20,425	10,296	96,797	0	127,518
Other borrowings	0	0	0	23	641	664
Trade and other payables	8,739	7,538	1,541	0	0	17,818
Bank overdrafts	37,098	0	0	0	0	37,098
	45,837	**27,963**	**11,837**	**96,820**	**641**	**183,098**

6.36.2 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.
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 and existing working capital facilities.

For more information regarding the split of the total interest-bearing loans see Note 6.26. In relation to the long term loan UNIT4 has contracted three interest swaps. These interest swaps have an original notional amount of €100.0 million (€33.3 million each) and total current notional amount of €80.0 million and exchanges the floating into a fixed interest of 2.2475%. The notional amount of these interest swaps follow the repayment schedule of the loan and will end on 1 February 2017.

Sensitivity analysis

On the reporting date UNIT4 had interest-bearing loans of €117.7 million (2012: €117.3 million) from which in total €38.6 million (2012: €28.6) was exposed to interest fluctuations. 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 €386,000 (2012: €286,000). 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 €1.2 million (2012: €1.2 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.

At 31 December 2013
(€000)

	Less than 1 year	1-5 years	More than 5 years	Total
Fixed interest rates				
Other financial assets	1,228	2,744	0	3,972
	1,228	**2,744**	**0**	**3,972**
Variable interest rates				
Cash and cash equivalents	23,126	0	0	23,126
Long-term bank credit facilities	-18,000	-97,380	0	-115,380
Short-term bank credit facilities	-26,410	0	0	-26,410
	-21,284	**-97,380**	**0**	**-118,664**

At 31 December 2012
(€000)

	Less than 1 year	1-5 years	More than 5 years	Total
Fixed interest rates				
Other financial assets	597	11,554	0	12,151
	597	**11,554**	**0**	**12,151**
Variable interest rates				
Cash and cash equivalents	33,906	0	0	33,906
Long-term bank credit facilities	-27,000	-88,425	0	-115,425
Short-term bank credit facilities	-37,098	0	0	-37,098
	-30,192	**-88,425**	**0**	**-118,617**

6.36.3 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 installments are subject to a credit assessment procedure. Moreover, the outstanding balances are continually monitored, so that the Group does not run any unforeseen significant risks in respect to doubtful debtors.

A credit risk is run on the financial assets of the Group, which consist of cash and cash equivalents, securities, loans and receivables and certain derivatives, arising from default of the other party, with a maximum risk equal to the carrying amount of these instruments.

The other financial assets as at 31 December 2013 include a short term cash loan of €1.0 million which became due but was not repaid as at 31 December 2013. This cash loan was secured by pledges with a value of approximately €3.5 million. The Group expects that the full amount of the loan will be recovered. See Note 6.21 for more information with regards to the loan towards the main former external partner of UNIT4 Teta Sp.zo.o.

Aging analysis trade receivables

The table below represents an aging analysis of the trade receivables as of the reporting date.

At 31 December
(€000)

	Neither past due nor impaired	Past due					
		< 30 days	30 - 60 days	60 - 90 days	90 - 180 days	> 180 days	Total
2013	30,650	16,427	5,855	2,970	2,939	4,983	63,824
2012 (restated)	24,011	26,676	5,734	3,932	3,738	8,034	72,125

6.36.4 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, Indonesia, South Africa, Poland, Hungary, the Czech Republic, Singapore, Malaysia and Australia, the Group income statement and statement of financial position are exposed to changes in the respective exchange rates against the euro.

Up to 1 February 2012, the Group hedged part of its exposure to GBP fluctuations on the translation into euro of its United Kingdom operations by holding a GBP denominated loan. As this loan qualified as a net investment hedged on an investment in an entity with the GBP as functional currency, the currency exchange differences on this loan up to 1 February 2012 went through the equity (currency translation differences reserve).

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 SWAP's to optimize the interest charges and interest income (see Note 6.34). 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 euro's) in exchange rates within the non-euro countries in which the Group operates, assuming that other variables remain unchanged. (€000)

		NOK		SEK		GBP		CAD		USD		PLN		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	Effect on profit before tax	Effect on equity
2013	10%*	3,607	3,491	1,664	2,656	2,051	45,221	460	346	-363	-2,209	-557	-5,724	195	1,317
	-10%**	-2,951	-2,856	-1,361	-2,173	-1,678	-36,999	-376	-283	297	1,808	456	4,683	-160	-1,077
2012	10%*	-941	5,438	1,444	2,316	939	32,446	326	-53	43	-1,443	519	-1,850	170	1,368
	-10%**	770	-4,449	-1,182	-1,895	-769	-26,546	-267	44	-35	1,181	-424	1,513	-139	-1,119

* Appreciation foreign currency
** Devaluation foreign currency

6.37 COMMITMENTS AND CONTINGENCIES NOT DISCLOSED IN THE STATEMENT OF FINANCIAL POSITION

6.37.1 RENTAL OBLIGATIONS

The Group has entered into rental obligations for an annual amount of €12.4 million (2012: €12.6 million).
The average term of the rental obligations is 5 years (2012: 4 years).
The rental obligation for a period of less than 1 year is €12.1 million (2012: €11.7 million).
The rental obligation for the period longer than 1 year and less than 5 years is €27.7 million (2012: €28.0 million).
The rental obligation for the period longer than 5 years is €17.4 million (2012: €15.6 million).
In 2013, €12.8 million worth of rental costs was recognized in the income statement (2012: €11.8 million).

6.37.2 LEASE OBLIGATIONS

The Group has taken on operational lease obligations for which the remaining installments amount to €11.7 million (2012: €15.3 million). The average term of the lease obligations is 2 years (2012: 2 years).
The lease obligation for a period of less than 1 year is €5.7 million (2012: €6.9 million).
The lease obligation for the period longer than 1 year and less than 5 years is €6.1 million (2012: €8.4 million).
There is no lease obligation for the period longer than 5 years. (2012: no lease obligation).
In 2013, €6.6 million worth of lease costs was recognized in the income statement (2012: €6.9 million).

6.37.3 OTHER OBLIGATIONS

As at 31 december 2013, the Group did not have any other obligations. (2012: no other obligations).

6.37.4 SECURITIES

The securities issued by the Group on behalf of third parties amount to €0 (2012: €0).

6.37.5 BANK AND OTHER GUARANTEES

On the reporting date the amount of the current guarantees is €4.9 million (2012: €4.9 million).

6.37.6 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 with regard to a number of the Dutch companies mentioned under '6.2.2 Consolidation'.
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.

6.37.7 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.

6.37.8 ABRIDGED PRESENTATION OF COMPANY INCOME STATEMENT

As permitted pursuant to Article 402, Title 9, Book 2 of the Dutch Civil Code UNIT4 N.V.'s company income statement is presented in an abridged form.

6.38 CAPITAL MANAGEMENT

The Group's principal goal is to maintain healthy balance ratios for the support and continuity of the operational activities and maximizing shareholder 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by EBITDA. The Group's policy is to keep the leverage ratio well within bank covenants. The Group includes within net debt, interest-bearing loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

(€000)

	Notes	2013	2012
Interest-bearing loans and borrowings	6.26	95,762	86,456
Short term Interest-bearing loans and borrowings	6.31	44,410	64,098
Less: cash and cash equivalents	6.25	-23,126	-33,906
Net Debt		**117,046**	**116,648**
EBITDA		91,401	86,168
Leverage ratio[1]		**1.28**	**1.35**

[1] Due to different definitions and interpretation of those definitions the leverage ratio may slightly differ from the leverage ratio that is calculated and reported to the banks.

For the years ending 31 December 2013 and 31 December 2012 the Group complies with all financial covenants. For more information see Note 6.26.
For more information about dividend, see Note 10.3.

6.39 RELATED PARTIES

6.39.1 IDENTITY OF RELATED PARTIES

The following related parties of the Group can be distinguished: the subsidiaries, the associates and the Board of Directors (both Executive and Non-Executive Directors). Note 6.2 provides an overview of the subsidiaries that are included in the consolidated figures.

6.39.2 TRANSACTIONS WITH AND REMUNERATION OF THE EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER KEY OFFCIALS

In addition to the Executive Members of the Board of Directors, three employees are designated key officials.
The remuneration of the members of the Board of Directors and other key officials over 2013 and 2012 can be presented as follows:
(€000)

	2013					2012				
	Short-term benefits	Post employment benefits	Other long-term benefits	Share-based payments	Total	Short-term benefits	Post employment benefits	Other long-term benefits	Share-based payments	Total
C. Ouwinga	916	138	260	980	2,294	1,059	144	191	172	1,566
J. Duarte	522	62	0	910	1,494	0	0	0	0	0
E.T.S. van Leeuwen	712	73	199	1,264	2,248	818	68	146	183	1,215
Other key officials	1,694	133	463	2,522	4,812	1,871	145	360	375	2,751
Total	**3,844**	**406**	**922**	**5,676**	**10,848**	**3,748**	**357**	**697**	**730**	**5,532**

The short-term benefits can be specified as follows:
(€000)

	2013				2012			
	Salary	Short term incentive-plan	Other short-term benefits (incl. Cars)	Total	Salary	Short term incentive-plan	Other short-term benefits (incl. Cars)	Total
C. Ouwinga	534	326	56	916	522	482	55	1,059
J. Duarte	312	190	20	522	0	0	0	0
E.T.S. van Leeuwen	409	249	54	712	399	369	50	818
Other key officials	930	700	64	1,694	924	882	65	1,871
Total	**2,185**	**1,465**	**194**	**3,844**	**1,845**	**1,733**	**170**	**3,748**

The remuneration to members of the Executive Members of the Board of Directors and other key offcials is defined annually by the Board of Directors after being advised by the Remuneration Committee. The basis for the bonus is maximized at 100% of the fixed annual salary in case a member does not participate in the Long term Incentive Plan and at 150% of the fixed annual salary in case a member does participate in the Long term Incentive Plan. For more information about the Long term Incentive Plan we refer to the Remuneration Policy on our website http://www.unit4.com/investors/corporategovernance.
The criterion for the allocation of the Short Term Incentive Plan in 2013, as in previous years, 50% on achievement of a target EBITDA growth and 50% on achievement of target earnings per share growth.

No transactions were entered into nor were guarantees given on behalf of the members of the Board of Directors and other key officials.

The amounts related to article 32bd of the Wages and Salaries Tax Act (known as 'Crisis Levy') can be specified as followed:
(€000)

	2013	2012
C. Ouwinga	265	146
J. Duarte	18	0
E.T.S. van Leeuwen	176	132
Other key officials	213	200
Total	**672**	**478**

The table below contains the information on options granted to the members of the Board of Directors (statutory board):

Director / Share options	Year	Outstanding at 1 January 2013	Awarded in 2013	Exercised in 2013	Expired in 2013	Outstanding at 31 December 2013	Exercise price	Price on exercise date	Expiration date
Share options in UNIT4 N.V.									
C. Ouwinga	2008	75,000	0	75,000	0	0	16.70 EUR	25.00 EUR	March 2013
	2009	50,000	0	0	0	50,000	13.42 EUR	n/a EUR	Sept 2014
	2011	50,000	0	0	0	50,000	24.19 EUR	n/a EUR	Sept 2016
	Total	**175,000**	**0**	**75,000**	**0**	**100,000**			
E.T.S. van Leeuwen	2008	40,000	0	40,000	0	0	16.70 EUR	25.00 EUR	March 2013
	2009	50,000	0	0	0	50,000	13.42 EUR	n/a EUR	Sept 2014
	2011	50,000	0	0	0	50,000	24.19 EUR	n/a EUR	Sept 2016
	Total	**140,000**	**0**	**40,000**	**0**	**100,000**			
Total share option UNIT4 N.V.		**315,000**	**0**	**115,000**	**0**	**200,000**			
Share options in FinancialForce.com									
C. Ouwinga	2011	251,875	0	0	0	251,875	0.08 USD	n/a USD	Nov 2021
E.T.S. van Leeuwen	2011	251,875	0	0	0	251,875	0.08 USD	n/a USD	Nov 2021
	Total	**503,750**	**0**	**0**	**0**	**503,750**			

C. Ouwinga and E.T.S. van Leeuwen have exercised their vested options as per 31 December 2013, being 188,907 options for each person. The payments for the exercise prices were received in January 2014.

For more information about these options, see Note 6.9.

6.39.3 TRANSACTIONS WITH THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The remuneration of the Non-Executive Members of the Board of Directors over 2013 and 2012 can be presented as follows: (€000)

	2013	2012
Ph.P.F.C. Houben	59	59
R.A. Ruijter	41	41
J.A. Vunderink	38	38
F.H. Rövenkamp	41	38
N. Beckett	38	0
Total	**217**	**176**

Non-Executive Members of the Board of Directors also receive a small payment to cover expenses.
No options are granted and no assets are made available to the Non-Executive Members of the Board of Directors.
No loans have been granted to the Non-Executive Members of the Board of Directors. No guarantee obligations have been entered into on behalf of the Non-Executive Members of the Board of Directors.

Since none of the Non-Executive Members of the Board of Directors received a renumeration above €150,000 during 2013 and 2012, no amounts related to article 32bd of the Wages and Salaries Tax Act (known as 'Crisis Levy') have been recognized.

6.39.4 TRANSACTIONS WITH OTHER PARTIES

In 2012 a long term loan was granted to associate NCCW B.V. for €700,000. As at 31 December 2013 the loan was included under the Other financial assets for €700,000.

6.40 EVENTS AFTER REPORTING DATE

On 5 March 2014 the public offer by Advent International was declared unconditional. The settlement is expected on 17 march 2014 followed by a termination of the listing of the shares on Euronext Amsterdam Stock Exchange.

The settlement and the resulting "change of control" will have the following impact on the financial position of the Group:

1. The current long term performance share plan contains a change of control clause. On settlement date, this will result in:
   a. All basic shares being unlocked
   b. All performance share being granted

The expected impact is an additional expense on share based payments of approximately €6 million in the income statement. A part of this expense has already been recognized in 2013. See Note 6.9 for more info.

2. The outstanding share options will be unlocked which will result in an expense on share based payments of €0.1 million in the income statement.

3. The Group has used several external advisors in the above process, which are in most cases compensated based on a successful completion of the transaction. On settlement date, the related success fees of approximately €6 million become payable.

7 COMPANY INCOME STATEMENT

For the year ended 31 December 2013
(€000)

	Notes	2013	2012
Company profit for the year		-10,195	-9,510
Group companies profit for the year		26,772	33,802
Profit for the year	9.3.1	**16,577**	**24,292**

8 COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2013
(€000)

	Notes	2013	2012
Assets			
Non-current assets			
Intangible assets	9.3.3	6,564	6,564
Property, plant and equipment	9.3.4	56	90
Financial assets			
Interests in subsidiaries	9.3.5	211,606	193,212
Other financial assets	9.3.6	57	92
Deferred tax asset		871	1,931
		219,154	**201,889**
Current assets			
Trade and other receivables	9.3.7.1	156,383	176,514
Other taxes	9.3.7.2	120	10
Cash and cash equivalents		4,576	0
		161,079	**176,524**
Total assets		**380,233**	**378,413**
Equity and liabilities			
Equity	9.3.8		
Issued capital		1,485	1,473
Share premium		318,478	314,189
Legal reserves		62,667	65,842
Accumulated deficit		-150,145	-156,298
Profit for the year		16,577	24,292
		249,062	**249,498**
Non-current liabilities			
Interest-bearing loans and borrowings	9.3.9.1	95,528	86,991
Deferred tax liability	9.3.9.2	3,229	3,118
Provisions	9.3.9.3	86	250
		98,843	**90,359**
Current liabilities			
Provisions	9.3.9.3	0	121
Trade and other payables	9.3.10.1	1,655	951
Interest-bearing loans and borrowings	9.3.10.2	18,000	27,727
Income tax payable		1,677	3,905
Other taxes	9.3.10.3	961	859
Other liabilities and accruals	9.3.10.4	10,035	4,993
		32,328	**38,556**
Total equity and liabilities		**380,233**	**378,413**

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 Dutch 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 6.2 and 6.3).

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 THE BOARD OF DIRECTORS

See Note 6.39.2.

9.3.3 INTANGIBLE ASSETS

The intangible assets consist entirely of goodwill. The development can be presented as follows:
(€000)

	2013	2012
Carrying amount at 1 January	6,564	13,280
Legal restructuring	0	-6,716
Carrying amount at 31 December	**6,564**	**6,564**
1 January		
Cost price	7,408	15,994
Accumulated depreciation	-844	-2,714
Accumulated impairment	0	0
Carrying amount	**6,564**	**13,280**
31 December		
Cost price	7,408	7,408
Accumulated depreciation	-844	-844
Accumulated impairment	0	0
Carrying amount	**6,564**	**6,564**

9.3.3.1 IMPAIRMENT TEST OF GOODWILL

(€000)

	Carrying amount goodwill at 31 December 2013	Impairment 2013
UNIT4 Business Software Inc.	6.564	0
	6,564	**0**

For more information on the impairment test of goodwill see Note 6.19.

The key assumptions used for value-in-use calculations for the above CGU are as follows:

	2013	2012
Gross profit growth	9%	10%
Employee and other expenses growth	8%	10%
Discount rate	13.7%	13.33%

9.3.4 PROPERTY, PLANT AND EQUIPMENT

At 31 December 2013

(€000)

	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	26	64	90
Investments	17	7	24
Divestments (cost price)	-15	0	-15
Depreciation of divestments	15	0	15
Depreciation	-24	-34	-58
Carrying amount at 31 December	**19**	**37**	**56**
1 January 2013			
Cost price	114	334	448
Accumulated depreciation	-88	-270	-358
Carrying amount	**26**	**64**	**90**
31 December 2013			
Cost price	116	341	457
Accumulated depreciation	-97	-304	-401
Carrying amount	**19**	**37**	**56**

At 31 December 2012
(€000)

	Technological inventories	Other tangible assets	Total
Carrying amount at 1 January	35	47	82
Investments	15	58	73
Divestments (cost price)	-11	0	-11
Depreciation of divestments	11	0	11
Depreciation	-24	-41	-65
Carrying amount at 31 December	**26**	**64**	**90**
1 January 2012			
Cost price	110	276	386
Accumulated depreciation	-75	-229	-304
Carrying amount	**35**	**47**	**82**
31 December 2012			
Cost price	114	334	448
Accumulated depreciation	-88	-270	-358
Carrying amount	**26**	**64**	**90**

9.3.5 INTERESTS IN SUBSIDIARIES

The interests in subsidiaries relate to the interests at 31 December 2013 as set out in Note 6.2. With regard to the interests in subsidiaries account must be taken of the acquisitions and divestments during the financial year. The movements can be presented as follows:
(€000)

	2013	2012
Balance at 1 January	193,212	185,627
Dividend	0	-41,525
Change in non-controlling interest	224	101
Profit from group companies	26,772	33,802
Actuarial gains and losses on defined benefit plans in group companies (after tax)	702	-1,828
Relocation of assets within the group	0	6,716
Foreign currency translation differences	-9,304	10,319
Balance at 31 December	**211,606**	**193,212**

9.3.6 OTHER FINANCIAL ASSETS

This item relates to a 15% interest in Argeweb Amsio Holding B.V., based in Maassluis, the Netherlands.

9.3.7 CURRENT ASSETS

9.3.7.1 TRADE AND OTHER RECEIVABLES

(€000)

	2013	2012
Trade receivables	17	17
Intercompany accounts	156,180	175,636
Other receivables	186	861
	156,383	**176,514**

9.3.7.2 OTHER TAXES

The other taxes consist of:

(€000)

	2013	2012
VAT	120	10
	120	**10**

9.3.8 EQUITY

The division of the company equity in accordance with Title 9, Book 2 of the Dutch Civil Code can be presented as follows:

For the year ended 31 December 2013

(€000)

	Issued capital	Share premium	Legal reserves		Accumulated deficit	Profit for the year	Total
			Currency translation differences	Software development costs			
1 January 2013	**1,473**	**314,189**	**-8,907**	**74,749**	**-156,298**	**24,292**	**249,498**
Adjustment for the adoption of new standards[1]	0	0	0	0	459	0	459
1 January 2013 (adjusted)	**1,473**	**314,189**	**-8,907**	**74,749**	**-155,839**	**24,292**	**249,957**
Capitalized development costs in Group companies	0	0	0	6,125	-6,125	0	0
Foreign currency translation differences	0	0	-9,300	0	0	0	-9,300
Actuarial gains and losses on defined benefit plans (after tax) in Group companies	0	0	0	0	243	0	243
Profit for the year	0	0	0	0	0	16,577	16,577
Total income and expenses for the financial year	**0**	**0**	**-9,300**	**6,125**	**-5,882**	**16,577**	**7,520**
Change in ownership non-controlling interest	0	0	0	0	219	0	219
Issue of share capital	3	1,288	0	0	0	0	1,291
Exercise of options	9	3,001	0	0	0	0	3,010
Appropriation of result	0	0	0	0	24,292	-24,292	0
Dividend 2012	0	0	0	0	-13,353	0	-13,353
Share-based payments	0	0	0	0	418	0	418
31 December 2013	**1,485**	**318,478**	**-18,207**	**80,874**	**-150,145**	**16,577**	**249,062**

For the year ended 31 December 2012
(€000)

	Issued capital	Share premium	Legal reserves		Accumulated deficit	Profit for the year	Total
			Currency translation differences	Software development costs			
1 January 2012	**1,465**	**311,406**	**-19,245**	**62,170**	**-154,531**	**23,739**	**225,004**
Capitalized development costs in Group companies	0	0	0	12,579	-12,579	0	0
Foreign currency translation differences	0	0	10,338	0	0	0	10,338
Actuarial gains and losses on defined benefit plans (after tax) in Group companies	0	0	0	0	-1,828	0	-1,828
Profit for the year	0	0	0	0	0	24,292	24,292
Total income and expenses for the financial year	**0**	**0**	**10,338**	**12,579**	**-14,407**	**24,292**	**32,802**
Change in ownership non-controlling interest	0	0	0	0	82	0	82
Issue of share capital	2	754	0	0	0	0	756
Exercise of options	6	2,029	0	0	0	0	2,035
Appropriation of result	0	0	0	0	23,739	-23,739	0
Dividend 2011	0	0	0	0	-11,836	0	-11,836
Share-based payments	0	0	0	0	655	0	655
31 December 2012	**1,473**	**314,189**	**-8,907**	**74,749**	**-156,298**	**24,292**	**249,498**

[1] The adjustment of the opening balance for accumulated deficit relates to the adoption of new accounting standards as discussed in Note 6.2.3.

9.3.9 NON-CURRENT LIABILITY

9.3.9.1 NON-CURRENT LIABILITY

The non-current liabilities consist of:
(€000)

	2013	2012
Interest-bearing loans and borrowings	94,091	83,695
Derivatives	1,437	3,296
	95,528	**86,991**

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 2013
(€000)

	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	169	82	120	371
Expenditure	0	-1	0	-1
Reversed unused amounts	-169	0	-120	-289
Arising during the year	0	5	0	5
Balance at 31 December	**0**	**86**	**0**	**86**
Current	0	0	0	0
Non-current	0	86	0	86
	0	**86**	**0**	**86**

At 31 December 2012
(€000)

	Earn out obligations	Deferred benefits	Other provisions	Total
Balance at 1 January	169	64	0	233
Expenditure	0	-3	0	-3
Arising during the year	0	21	120	141
Balance at 31 December	**169**	**82**	**120**	**371**
Current	0	1	120	121
Non-current	169	81	0	250
	169	**82**	**120**	**371**

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 before 2010. No interest is owed over the earn out payments. The earn out obligations are not discounted.

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)

	2013	2012
Trade payables	1,145	793
Other payables	137	91
Intercompany accounts	373	67
	1,655	**951**

9.3.10.2 INTEREST-BEARING LOANS AND BORROWINGS

The interest-bearing loans and borrowings consist of:
(€000)

	2013	2012
Bank credit ING	0	3
Cash loan ABN Amro	0	724
Repayment term long term loan	18,000	27,000
	18,000	**27,727**

For notes regarding the Group's credit facilities, see Note 6.31.

9.3.10.3 OTHER TAXES

The other taxes consist of:
(€000)

	2013	2012
Tax on wages	137	224
Other tax	824	635
	961	**859**

9.3.10.4 OTHER LIABILITIES AND ACCRUALS

The accruals and deferred income consist of:
(€000)

	2013	2012
Accountants and advisory costs	300	273
Commissions	6,204	1,782
Holiday pay/holidays	202	233
Annual report costs	100	94
Derivatives	2,012	2,041
Other	1,217	570
	10,035	**4,993**

9.3.11 AUDITORS FEES

In accordance with the provisions of Article 382a, Book 2 of the Dutch Civil Code, the Group's auditors charged €543,000 to UNIT4 and its subsidiaries regarding the total audit fees for the audit of UNIT4 NV (2012: €537,000).
€263,600 (2012: 258,000) was charged by Ernst & Young Accountants LLP to UNIT4 NV and its Dutch subsidiaries. Regarding other audit fees Ernst & Young Accountants LLP charged €200,000 in 2013 (2012: €45,000) and regarding other services €0 (2012: €0).

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, 14 March 2014

Executive Directors

J. Duarte, CEO
E.T.S van Leeuwen, CFO

Non-Executive Directors

C. Ouwinga, Chairman
Ph.P.F.C. Houben
R.A. Ruijter
F.H. Rövekamp
N. Beckett

10 OTHER INFORMATION

10.1 INDEPENDENT AUDITOR'S REPORT

To: the Annual General Meeting of Shareholders and the Board of Directors of UNIT4 N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of UNIT4 N.V., Sliedrecht. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, 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 2013, 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 these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of UNIT4 N.V. as at 31 December 2013 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 Dutch 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 UNIT4 N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Rotterdam, the Netherlands, 14 March 2014

Ernst & Young Accountants LLP
Signed by M. Huizer

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 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 2013

On 20 December 2013 Advent International and UNIT4 published a recommended public offer by Advent International of €38.75 in cash for all issued and outstanding ordinary shares of UNIT4. The cash offer is cum dividend, and therefore, it will be proposed to the General Meeting of Shareholders to not pay out any of the 2013 result (attributable to UNIT4 shareholders).

The amount that will be added to the accumulated deficit is as follows:
(€000)

Net profit 2013	16,577
Added to accumulated deficit	**16,577**

During the financial year no interim dividend was paid out.

10.4 EVENTS AFTER REPORTING DATE

See Note 6.40

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. Thierry, Ph.P.F.C. Houben, N.J. van der Wal, M. Veninga and G.J.G. Bolderman

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, 14 March 2014

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