Annual Report | **2011**

Exact Holding N.V.

Transformation for growth

The Results

= exact

And it all comes together.

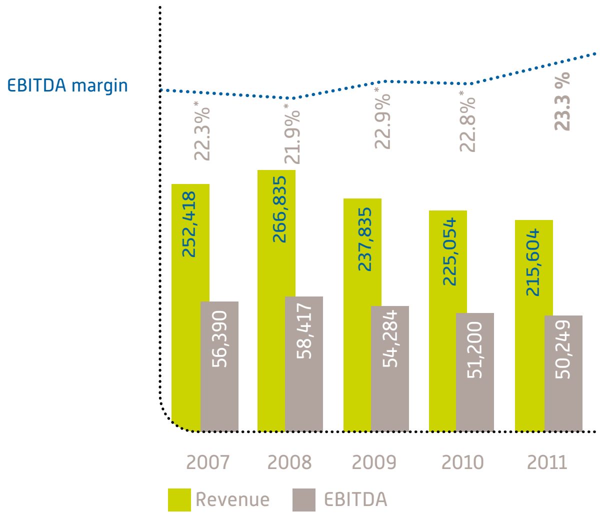
Annual Report | **2011**

Exact Holding N.V.

Highlights

Revenue and profitability

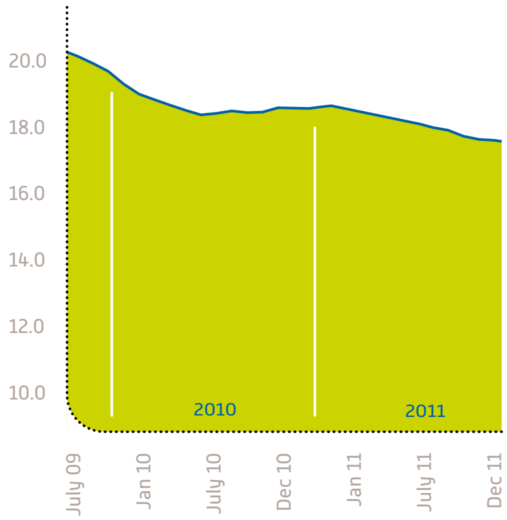
(in € thousands)



*Against 2011 rate (constant currencies)

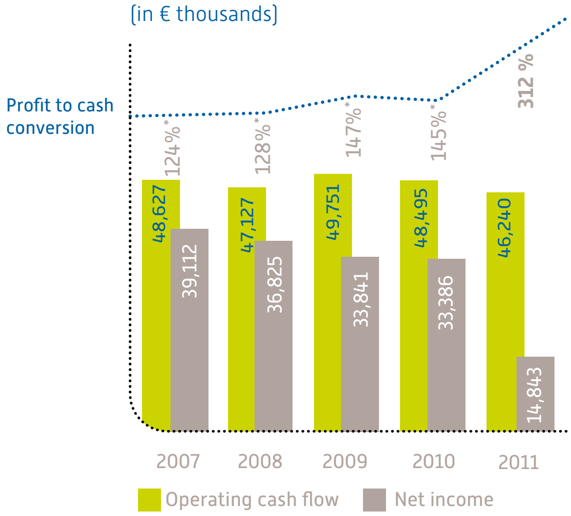
Moving annual average revenue per period

(in € millions)



Profit to cash conversion

(in € thousands)



*Against 2011 rate (constant currencies)

Diluted earnings per share

(in €)

Key figures

(in € thousands)	**2011**	**Change**	**2010**	**2009**	**2008**	**2007**
Revenue						
Licenses	**42,693**	(11.5%)	48,251	48,334	68,099	73,162
Maintenance and support	**136,491**	(3.0%)	140,694	140,805	135,788	129,450
Services	**36,420**	(7.2%)	39,255	43,377	57,086	49,497
Total revenue	**215,604**	(5.5%)	228,200	232,516	260,973	252,109
EBITDA	**50,249**	(4.1%)	52,398	54,350	58,203	57,036
Operating result before interest and tax (EBIT)	**23,812**	(43.0%)	41,754	45,729	49,373	49,792
Profit for the year	**14,843**	(55.5%)	33,386	33,841	36,825	39,112
Net cash from operating activities	**46,240**	(4.6%)	48,495	49,751	47,127	48,627
Employees (FTE)						
Average number of employees	1,797	(15.4%)	2,124	2,362	2,569	2,609
Number of employees at year end	1,786	(4.3%)	1,867	2,208	2,417	2,682
Balance sheet facts						
Total assets	**212,771**	(11.0%)	239,031	230,251	238,561	275,024
Cash and cash equivalents	**53,786**	(7.4%)	58,098	48,915	44,744	69,031
Total equity	**113,930**	(22.1%)	146,221	138,562	139,383	165,643
Net working capital (including cash)	**9,135**	(55.9%)	20,736	15,351	18,150	42,212
Ratios (%)						
EBITDA margin	**23.3%**	0.3 pts	23.0%	23.4%	22.3%	22.6%
EBIT margin	**11.0%**	(7.3 pts)	18.3%	19.7%	18.9%	19.8%
Net income margin	**6.9%**	(7.7 pts)	14.6%	14.6%	14.1%	15.5%
Current ratio (including cash)	**1.1**	(10.3%)	1.2	1.2	1.2	1.5
Return on equity	**11.5%**	(12.0 pts)	23.5%	24.5%	24.2%	22.1%
Figures per share						
Average number of shares outstanding						
(in thousands)						
Basic	**22,817**	0.0%	22,817	22,815	23,618	24,032
Diluted	**22,830**	0.0%	22,822	22,815	23,618	24,032
Earnings per share						
Basic	**€ 0.65**	(55.2%)	€ 1.45	€ 1.47	€ 1.54	€ 1.59
Diluted	**€ 0.65**	(55.2%)	€ 1.45	€ 1.47	€ 1.54	€ 1.59
Share price at year end	**€ 16.00**	(22.1%)	€ 20.55	€ 18.60	€ 13.18	€ 24.77
Dividend per share	**€ 1.46**	(27.7%)	€ 2.02	€ 1.47	€ 1.56	€ 1.59
Dividend return	**9.1%**	(0.7 pts)	9.8%	7.9%	11.8%	6.4%
(based on year-end share price)						

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HILUX
TOYOTA

1 Report of the Board of Managing Directors

1.1 Letter from the CEO

Dear customers, shareholders, colleagues, partners and other stakeholders,

"Transformation for growth" was a common theme throughout Exact in 2011. The strategic choices made at the end of 2010, all aimed at restoring organic revenue growth, clearly dictated a need for internal transformative change. At the same time business dynamics remained fluid, driving change as well. Globalization, verticalization and cloud computing (software as a service or SaaS) continued to be the key business factors in this.

Max Timmer
CEO

Our Benelux operations welcomed more than 20,000 new companies in 2011, companies that are now doing their bookkeeping with Exact Online. In addition, we successfully launched two Exact Online propositions – dedicated solutions for the wholesale and professional services market segments, targeted at companies with up to 20 employees. This new generation is of strategic importance to us because we expect that most of our target customers will gradually shift to cloud computing in the coming decade. In the future, therefore, we will also increasingly focus on offering parallel cloud-based and on-premise solutions for companies with more than 20 employees. Similar to previous years we continued to invest significantly in Exact's flagship Globe and Synergy products, among others resulting in bringing new Exact Globe and Exact Synergy-based propositions to market for all of the three chosen strategic market segments.

The International region began 2011 as a largely horizontally focused and geographically scattered operation with offices in 33 countries. During 2011, as a first step, we focused on simplifying the geographical spread by reducing the number of countries in which we have an office to 13. The result is that, thanks to this new regional cluster approach, we can serve our customers better than before. As a second step, in 2012 we will increasingly focus on serving internationally active customers in a selected number of market segments, with the aim to further improve the strategic focus of the International region.

After experiencing soft revenue development in recent years, the Americas showed the highest revenue growth of all our regions in 2011. With its propositions in a series of truly niche manufacturing markets, the Americas did well in both creating more added value for its existing customers and attracting new customers, especially to its job shop offering.

The year 2011 also marked a turning point for LohnXL, our payroll software business in Germany. After seeing revenue decline for several years, the business returned to revenue growth during 2011. The key drivers behind this turnaround were a winning entry into the business process outsourcing market and an increase in commercial investments. We also increased R&D investments, enabling us to bring a significantly improved product to market in 2012.

Another notable step was made by our Longview business. The growing public interest in taxation issues has moved tax higher up the strategic agenda of large and medium-sized international companies. Longview capitalized on this by further developing its business in the tax provisioning arena, next to its traditional corporate performance management stronghold. We also made an evaluation of historic financials (including an evaluation of the anticipated synergies at the time of the Longview acquisition), as well as an evaluation of the projected financials following a strategic review performed in the second half of 2011. As a consequence we consider it necessary to take an impairment of € 18.4 million in relation to Longview. The impairment obviously impacted the net result for 2011. We will, however, taking the strong cash position of Exact into account, compensate for the impact of the impairment when establishing the 2011 dividend.

Max Timmer joined Exact in 2010 as CFO and is member of the Board of Managing Directors. In July 2011, he became Exact's CEO on an interim basis after Martijn Janmaat decided not to extend his term.

Before joining Exact, Max Timmer was CFO of Leaf International B.V., a spinoff of CSM founded in 2005 by CVC Capital and Nordic Capital. Prior to this position, he held various finance positions with CSM N.V., the most recent being vice president of finance & information of the sugar confectionary division. Max Timmer started his professional career in 1990 with Gilde Investment Management.

Max Timmer holds a master's degree in econometrics from the Erasmus University in Rotterdam, the Netherlands.

In the midst of the transformation for growth, Exact's financial results and balance sheet continued to be strong. Despite the turbulent economic times that we experienced, especially during the second half of 2011, Exact was able to report, in line with our guidance, low single digit like-for-like[1] revenue and EBITDA growth versus 2010. Our ongoing solid financial base means Exact can continue to make all the commercial and R&D investments we desire to drive future growth, while safeguarding our strong financial profile in the investor community.

The strategic choices made at the end of 2010, all aimed at restoring organic revenue growth, clearly dictated a need for internal transformative change.

The constantly changing business dynamics we saw in 2011 yet again demonstrate that innovation will be crucial for the success of Exact and our customers. In today's world, customers in our selected market segments are increasingly searching for easy to implement and efficiency-improving solutions. The common differentiators in the propositions we develop are connectivity, faster decision making and improved business insights. Exact invested significantly in all of these in 2011 and enters 2012 with a well-filled pipeline of value-adding propositions.

I am grateful for the effort that everyone at Exact has put into making the transformation for growth work in 2011. This challenging process has, in close cooperation with the Dutch Works Council and the Supervisory Board, been completed in a quick, respectful and structured fashion.

I am also grateful for the ongoing support of our customers, shareholders, partners and other stakeholders. Without this, Exact would not have been able to transform for growth in 2011. Meeting and exceeding expectations has been and always will be at the forefront of our ambitions.

I am convinced that Exact changed for the better during 2011, thereby moving more strongly into 2012. Exact is fortunate to operate in a continuously changing business environment that provides ongoing growth opportunities. And we are blessed to have a team of motivated people who are looking forward to capitalizing on growth opportunities.

Max Timmer
CEO

1 Figures on a like-for-like basis are figures corrected for the impact of the divestment of Siigo and hardware business in the Netherlands in 2010, the deconsolidation of Exact's joint venture in the Middle East on January 1, 2011 and foreign exchange rates.

1.2 Strategy

We aim to become the number one vendor of SaaS business software (also known as ERP software) in the selected geographical markets and segments within three to five years' time. To realize this goal, we will focus on delivering superior innovation and superior customer experience in defined market segments. Besides mobility and collaboration, SaaS is clearly the main area of innovation for today's business software vendors.

Max Timmer
CEO

SaaS has been around for a number of years (we launched our first SaaS proposition in 2005). However, it is only recently that leading industry analysts from Gartner (Gartner Research, September 2011), IDC (IDC Research, May 2011) and Forrester (Forrester Research, May 2011) have started to state that the growth in the SaaS ERP market will significantly outstrip that of traditional ERP software in the foreseeable future.

SaaS market

Research has shown that North America and Europe represent the largest markets for SaaS. The adoption and penetration of SaaS in Western Europe is occurring most in the Netherlands, the United Kingdom, the Nordics and Switzerland. This is the result of an open attitude toward technology, as well as the well-established and generally good Internet infrastructure. In countries like France and Germany, SaaS penetration is somewhat less, although these markets remain interesting and worthy of exploration thanks to the large amounts spent annually, in percentage terms, on ERP software.

ERP SaaS solutions for the top end of the market are largely the domain of a few large global players. However, that end of the market is outside the scope of our business. At the low end of the market there are no global players yet, just a limited number of companies that operate in multiple countries and a large number of local ones that operate in one single country. Most of the ERP SaaS players in the low end of the market have a limited accounting/financial offering and rely for growth on expanding into other countries. With Exact Online we have a growth strategy based on adding functionalities to serve companies with more employees, more processes or more complex processes.

SaaS offerings

In Exact Online we have a SaaS business software offering for small (up to 20 employees) and medium-sized (over 20 employees) businesses in the Benelux that exceeded the € 10 million committed annual revenue mark in mid-2011. Exact Online comprises three sub-offerings: Exact Online Bookkeeping, a financial accounting solution predominantly for small companies; Exact Online for small businesses, with solutions for the wholesale and distribution market segments (Exact Online Trade), professional services (Exact Online Time & Billing) and manufacturing (currently being developed); and Exact Online Accountancy, a solution for bookkeeping offices and accountants.

Following the successful launch of Exact Online Bookkeeping, our strategy for growing our SaaS business has been to introduce Exact Online market segment solutions for small businesses and an Exact Online solution for accountants. Accountants are the main influencers of small businesses that are considering an ERP solution. With this in mind, we have invested in developing a separate accountancy solution in Exact Online. This enables accountants to support their service offering better and improves efficiency. The solutions within Exact Online for small businesses target companies with up to 20 employees.

We believe that the market for business software for companies employing up to 100 people will gradually change from on-premise to SaaS solutions. Because of this, we will, in the near future, develop Exact Online-based market segment solutions for medium-sized businesses as well. These SaaS propositions will not only target new customers but also provide a next generation alternative for the greater part of Exact's current installed base. This makes mastering the "on-premise" to "online" migration game a critical success factor for Exact in the years to come.

At present, the Exact Online propositions are only available in the Benelux. A second growth path for our SaaS business, therefore, is to expand to other countries. This expansion could involve starting a complete new Exact Online business in another country or acquiring a local SaaS vendor.

Non-SaaS offerings

Although Exact Online exceeded € 10 million committed annual revenue in 2011 and is growing rapidly, it currently only represents 10-15% of our total business in the Benelux. The non-SaaS or on-premise business therefore is and will remain very important for us for the foreseeable future.

We believe that the market for business software for companies employing up to 100 people will gradually change from on-premise to SaaS solutions.

Our on-premise propositions for professional services and wholesale and distribution are predominantly based on our corporate product lines Exact Globe and Exact Synergy Enterprise. The on-premise propositions for manufacturing are based on JobBOSS, Macola and Max for the Americas region and on Exact Globe and Exact Synergy Enterprise for the Benelux and International regions.

Because we expect the shift to SaaS solutions to be gradual, we have maintained and will continue investing in research and development of our on-premise propositions, which are further explained in chapter 1.3, Exact's propositions, solutions and our view on innovation (page 14).

Acquisitions

With the lower end of the business software market clearly moving to SaaS, we do not believe that acquiring traditional on-premise ERP customer bases provides a viable growth opportunity for ERP companies. The only instance in which such an acquisition could be justified is if it opened up an opportunity to migrate those customer bases to SaaS more quickly than would otherwise be the case. In line with our SaaS growth strategy, we believe that the acquisition of local SaaS business software vendors, primarily in Europe, does make strategic sense.

Regional differences

Although in general our sweet spot customers are small (up to 20 employees) and medium-sized (over 20 employees) companies, there are regional differences. These differences require us to take differing approaches regarding our selected market segments of manufacturing, professional services, wholesale and distribution and, in the Benelux specifically, small businesses and accountants.

Benelux

In the Benelux, we sell Exact Online to small businesses via our direct sales and web channels. Customers with more than 20 employees are offered on-premise propositions and served via direct and indirect sales channels. Given the continued growth of our SaaS offering and the strategic position of SaaS for Exact, we have decided to change our collaboration model with the indirect reseller channel and align it to ensure profitable future growth for both Exact and the channel.

International

2011 was a year of transition for the International region. To reduce the complexity of the organization, we reduced the number of subsidiaries from 33 to 13. In the process, 94 employees were made redundant and left Exact, while an additional 18 employees were relocated to other Exact subsidiaries. The service and support we provide to customers in the countries in which we closed offices has been concentrated primarily in three regional support clusters. These are in Delft (the Netherlands), Prague (the Czech Republic) and Kuala Lumpur (Malaysia). The restructuring was completed in 2011.

> The SaaS ERP segment remains relatively small and made up 4.7% of the total market value in 2010. However, IDC forecasts a compound annual growth rate (CAGR) of over 30% in 2010 – 2015.
>
> IDC, May 2011

In addition to the restructuring operation, we started to shift the focus within the International region to small and medium-sized international companies in our selected market segments with, typically, their headquarters in a so-called headquarter-rich country – the Netherlands, France, the United Kingdom or Germany. The actions we took in 2011 are the first steps in the transition process of the International region towards restoring profitable revenue growth. The process is ongoing and will require our continued focus during 2012 to ensure that our propositions gain momentum with existing as well as new customers.

We expect the next generation Exact Online products to, over time, become the successor products for the greater part of our International propositions as well.

Americas

The Americas region concentrates solely on the manufacturing segment. Although the propositions are based on proven technology and local products, the sale of licenses grew compared to the previous year. We introduced new pricing and payment methods, which have shown promise in the market.

We will continue investing in our current local products to keep up with new legislation and other regulatory changes. While we believe that a successor proposition for our manufacturing customers in the Americas should be SaaS-based as well, the manufacturing segment is known to be slow in adopting new technologies such as SaaS.

Specialty Brands

Within our portfolio, Longview, Lohn XL and Orisoft have been run as stand-alone businesses since January 1, 2011.

Longview offers corporate performance management (CPM) solutions (80% of revenue) as well as tax and tax provisioning solutions. The market for CPM is expected to show single digit growth in the coming years. The market for tax in general and tax provisioning in particular is expected to show double digit growth and will expand to non-Fortune 1,000 customers as well.

We conducted a strategic review of the Longview business in the second half of 2011. This confirmed the opportunities for Longview in CPM and tax. As CPM and tax have different business characteristics, we made an operational split between the businesses. Both businesses are supported out of a shared back office responsible for R&D (one source code), sales, marketing, and services.

We continued to invest in CPM and tax. The investments in tax focused on an “out-of-the-box” tax provisioning proposition aimed at companies with revenues of between € 250 million and € 2 billion. The proposition was developed in conjunction with PwC and is scheduled to be brought to market in the second quarter of 2012.

Lohn XL, headquartered in Munich, Germany, is a leading provider of payroll software and related services in Germany. Underpinned by the clear focus of its management team, Lohn XL performed well and introduced new business models such as BPO (business process outsourcing) and ASP (application service provider). New licensing models also gained increasing marketplace acceptance during 2011 and we invested in a new interface for the payroll solution of Lohn XL.

Orisoft, headquartered in Kuala Lumpur, Malaysia, provides human capital management solutions through cutting-edge products and services such as Human Resource Management System, Time Management System, Payroll System and Employee Self Service solutions for both the local and international markets. Orisoft's customers range from hotels to construction companies, engineering firms to telecommunication organizations, trading businesses to manufacturing plants and also government agencies.

The SaaS ERP market will gradually shift from a license to a subscription model over the next five years, growing by about 21% annually through 2015.

Forrester, May 2011

1.3 Propositions, solutions and our view on innovation

As part of our strategy, we increased our R&D investments in 2011. The investments focused primarily on innovation with regard to our Exact Globe, Exact Synergy Enterprise and Exact Online products, and adding specific features and functionalities to tailor them more closely to specific market segments. Through a combination of executing our 2010 development roadmap and increasing activity in 2011, we successfully introduced a whole range of new and improved propositions during 2011.

Paul Ramakers
Global Business Lines Director

Strategic market segments

Wholesale and distribution | "Buy keenly and sell competitively" always has been and always will be the motto of wholesale businesses. Merchandise is increasingly supplied directly to consumers via the Internet. Boundaries are fading away. Margins are under pressure.

One newly launched Exact proposition is the Exact B2B E-Commerce portal. This improved proposition helps wholesale companies optimize the order intake process of business-to-business sales orders and sales-related activities. As more and more companies are finding, it is essential to optimize electronic business-to-business ordering processes when trying to serve customers online. Exact's B2B E-Commerce Portal is an efficient and secure online commerce platform that puts our customers in close contact with their customers. The portal enables them to be flexible in meeting the needs of their clients, while lowering costs and increasing the efficiency of their supply chain.

Our Warehouse Management Solution (WMS) was enhanced in 2011 with the addition of a stock keeping units (SKU) functionality. SKU management enables a customer to tag any stock unit in a warehouse with a unique number that they thereafter only have to scan. This makes it possible to register and trace complete sets of goods from reception, rapidly increasing warehousing efficiency. Implementing the stock keeping unit approach enhances warehouse efficiency and accuracy, significantly increasing the speed and quality of order processing.

Manufacturing | In an increasingly competitive, globalized market, manufacturing customers require a system that provides precise control, instant vision, and the ability to change in line with the circumstances. In 2011, Exact introduced new and powerful propositions that help to control costs, reduce time-to-market, and deliver greater customer satisfaction.

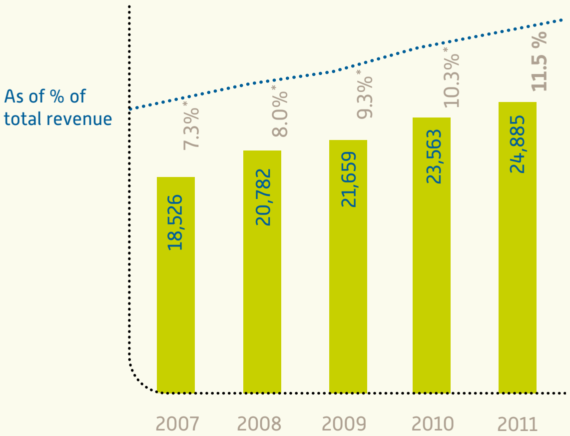
The new Exact Visual Scheduler functionality, for example, gives a visual insight and reduces the time spent on rescheduling operations, thereby facilitating the work of the production planner in a manufacturing company. Production orders can be scheduled automatically using finite or infinite capacity. It is easy to spot capacity overload or see if there is still room to manoeuvre. And because Exact Visual Scheduler is fully integrated into Exact Globe, dates in underlying operations change immediately. This significantly reduces the time spent in handling production order changes, especially when working with sub-orders. Control of the schedule also improves control over material flows.

Research and development expenses

	2011	Change	2010	2009	2008	2007
R&D expenses in € thousands	24,885	5.6%	23,563	21,659	20,782	18,526
R&D expenses as of % of total revenue	11.5%	1.2 pts	10.3%	9.3%	8.0%	7.3%

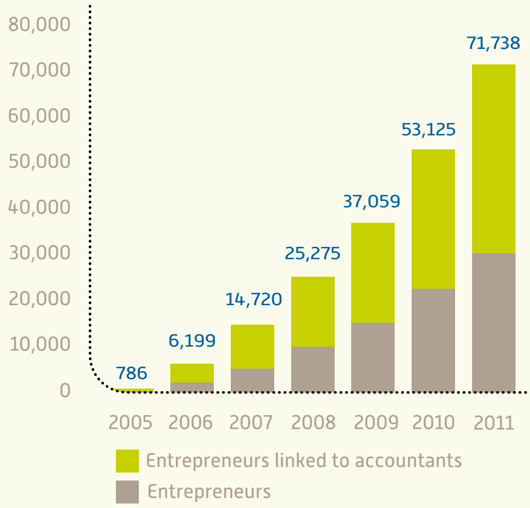
Research and development expenses

(in € thousands)



*Against 2011 rate (constant currencies)

Number of Exact Online commercial administrations



Professional services | Our proposition for professional services firms makes administrative processes transparent, simple, and efficient: "from quote to cash". It provides clarity on where our customers stand. It provides an early warning of looming problems. It enables our customers to deliver the quality their customers expect, on time, and within budget.

We already launched our Professional Services Automation solution in the Netherlands in 2010 and during the year, added functionality improvements to the hour and expense entry screen for consultants, a full-fledged project manager role, and rates and items enhancements for project controllers.

Exact Online

The total number of commercial bookkeeping and accountancy administrations being managed in Exact Online grew to more than 71,700. The committed annual revenue of Exact Online in the Benelux was € 11.6 million by the end of 2011. Exact Online was also named as editor's choice for small business bookkeeping solutions by the Dutch and Belgian editions of PC Magazine – clear proof that Exact Online is fulfilling a need in the market.

In addition, we also offer a strong accountancy proposition in Exact Online. This is aimed at intermediate situations in which accountant and entrepreneur collaborate on bookkeeping tasks, ranging from the accountant doing everything to the entrepreneur assuming full responsibility.

Finally in 2011, we continued to differentiate our Exact Online offering for small businesses and introduced more solutions within it for our chosen market segments.

Exact Synergy Enterprise

For Exact Synergy Enterprise we launched numerous enhancements for professional services companies, like easy to use and integrated support from quote to cash, giving these companies the foundation and insights to run their primary and secondary business processes. For wholesale, trade and manufacturing companies with service activities we launched the Exact Service Management solution, offering complete tooling for service management. We also launched apps for iPhone and iPad, as well as Android mobile devices. Moreover, we introduced changes to Exact Synergy Office Integration based on direct customer feedback and added new features to Reporting Services.

Exact Globe

The Exact Globe roadmap for the year 2011 strongly reflected our focus on the vertical propositions, targeted mainly at wholesale, trade and manufacturing companies. With the B2B e-Commerce Portal we support both target groups in their need to increase efficiency in their B2B ordering processes. We enhanced our warehouse management solution with a stock keeping units functionality. Specifically for manufacturing companies, we launched Exact Visual Scheduler, enabling production planners to make efficient use of available capacity and improve order performance. For international companies we included enhancements in legislations and adopted international trends like SEPA and XBRL.

Exact Online Bookkeeping | A company is only as strong as its financial position. It needs insight into revenues, earnings and cash flow now and in the future. Exact Online Bookkeeping provides easy, fast and secure online accounting that enables companies and their accountants to work from reliable financial statements. With this in mind, we added a lot of new features to Exact Online Bookkeeping in 2011. These included simple visual process steps, guidance functions, improvements in the sales invoice and order processes, new checks on VAT reports, and much more.

Exact Online Trade | June 2011 saw the launch of the first market-segment-specific proposition to feature in Exact Online – Exact Online Trade. Exact Online Trade is targeted at small – up to 20 employees – traders and wholesalers and offers online logistic and financial administration. Exact Online Trade enables traders and wholesalers to automate their primary business processes, from purchasing and stock control to sales and invoicing. These processes dovetail seamlessly with the solid accounting support provided by Exact Online.

Exact Online Time & Billing | Exact Online Time & Billing is targeted at small professional services companies. The core administrative process we facilitate is project hour entry and the creation of the related invoices. The proposition also contains the Exact Online accounting software. One of the major challenges for these companies is to get everyone to enter their hours correctly and on time. To this end we have put a lot of effort into making hour entry as easy, fast and fun as possible via apps for iPhone and Android mobile devices.

Exact Online Accountancy | Exact Online Accountancy reduces the administrative burden to enable accountants to concentrate on creating additional value for their customers. Exact Online Accountancy provides accountants with full auditing control, while their clients can log in and check a status in real time. Exact Online Accountancy also enables accountants to extend their services with tasks like asset administration and payroll processing for clients who do their bookkeeping themselves. And it enables accountants to be more flexible in the way they collaborate with their customers, and automate primary processes in areas like financial administration and the preparation of financial statements.

We made major improvements to the proposition in 2011. These included making it easier to handle scanned documents and invoices so that invoices and bank statements can be easily uploaded into a customer's digital file. We also optimized the processing of these with efficient and fast entry screens, and added multi-administration processing tools for payroll.

Exact Online

Exact Online is our SaaS business software solution for small to medium-sized companies. Exact Online Bookkeeping provides easy, fast and secure online accounting and is currently targeted at companies with up to 20 employees. In 2011 we launched market-segment-specific Exact Online solutions: Exact Online Trade, offering wholesale and trade companies online logistics and financial accounting and Exact Online Time & Billing, offering professional services companies project hour, cost entry and creation and billing, invoices and financial accounting.

Specifically for accountants and bookkeeping offices, we launched Exact Online Accountancy, providing accountants and bookkeepers with full auditing control, asset administration and payroll services. It also provides more possibilities for better collaboration and advice between the accountants and their customers.

We plan to launch Exact Online Manufacturing, also targeted at small and medium-sized companies, in 2012.

During 2011 we added a lot of functionality and services to Exact Online. These include apps for iPhone and Android mobile devices, a new service for automatic recognition (OCR) of scanned documents that also creates an entry proposal, easy entry screens and multi-administration processing tools for payroll.

Exact Online is the clear market leader for SaaS accounting solutions in the Benelux, with over 71,700 commercial administrations and a committed annual revenue of € 11.6 million at year end 2011.

Cross-market segment propositions

In addition to market-segment-specific propositions, Exact software supports all business processes and activities in a wide variety of other industries. These processes range from software for payroll and financial bookkeeping to specialized ERP solutions.

In addition to market-segment-specific propositions, Exact software supports all business processes and activities in a wide variety of other industries.

Exact Globe Next

At the end of 2011 we introduced Exact Globe Next, a major update of Exact Globe that adds some basic functionality from Exact Synergy Enterprise, plus some dashboards, reports, and alerts onto one platform. Exact Globe Next provides our customers more insight, overview, convenience and cooperation.

Exact Globe Next enables our customers to review their organization's key performance indicators at any given moment, using six new real-time dashboard reports. These dashboard reports cover management, sales, expenditure, results, liquidity and risk management. Exact Globe Next makes it possible for employees to collaborate online, for example by creating tasks for one another. News about the organization can be shared on the intranet home page. A new feature in Exact Globe Next is the automatic alert function. If an invoice is overdue, the customer will receive an e-mail or alert bringing this to his attention. An overview of the amount outstanding to the creditor will be delivered along with the alert. Furthermore, the customer will be made aware of customers who have not placed an order for a while. This enables them to manage proactively, focusing solely on exceptions.

Exact Globe Next's user interface has been renewed and its navigational structure has been significantly strengthened. Distinctive colors clearly define which administration the customer is working in and one has the option to open several administrations at once. Favorites, which allows for opening frequently used menu paths quickly, can be set up easily. Exact Globe Next is available free of charge to existing Exact Globe customers with a valid maintenance contract.

Exact Synergy Enterprise

Exact Synergy Enterprise was extended in 2011 with a toolset that makes it possible to easily configure processes within the software. The toolset can be used to create and implement preconfigured templates and to configure customer-specific solutions to support primary and secondary business processes. The toolset allows multiple configurations within one Exact Synergy Enterprise implementation and each configuration can have its own menu, business entities, business logic, reports, etc. Configurations can be packaged and deployed from a staging environment to the customer's product environment. A standard batch-to-batch mechanism supports updating a solution.

To help customers manage data across multiple divisions, we have created a structured process for entering and maintaining master data information on a single platform, so reducing redundancy and eliminating information silos. This master data structure enables our customers to effectively collaborate between divisions, ensures company-wide compliance, and improves decision making.

We have also introduced new deployment and payment models for our traditional on-premise products. Via Hosted @ Exact, we can offer Exact Synergy Enterprise in a hosted environment with subscription-based pricing. With Hosted @ Exact, customers do not have to make an upfront investment and instead pay an amount per user per month. As an alternative, we can also offer a rental model under which a customer has an on-premise solution with subscription-based pricing.

Exact Event Manager

Last year saw the launch of Exact Event Manager, a business activity monitoring, alerting and automation tool. Exact Event Manager works by monitoring business data and automatically taking action according to a predefined schedule. Alerts can initiate the distribution of reports, e-mails and invoices, trigger workflows and updates, and insert or delete information in other systems.

Innovation

Mobile | Mobile technology can increase the utilization of our solutions in several ways: the speed and convenience of mobility itself, as an extension of business processes, and as a way to enhance the user experience. Because of this we have started to build iPhone/iPad and Android apps for Exact Synergy Enterprise and Exact Online.

Mobile app for Exact Online | In 2011, we launched an app for iPhone and Android mobile devices that gives our Exact Online users the freedom to do their work any time and in any place. Customers can benefit from being able to easily access and contact their accounts, register the time they spend on something, scan expenses and see their financial status in an instant. The combination of easy access to key data, usability and an attractive interface has generated a lot of positive feedback. In its first week, the app stormed to the top of the Dutch business download charts.

Mobile app for Exact Synergy Enterprise | The Exact Synergy Enterprise app for iPhone and Android mobile devices, also introduced in 2011, makes it possible to call customers and interact with colleagues with a single finger tap while on the go. Moreover, customers can manage their schedules, view their colleagues' calendars, check customer account data while en route to a meeting, and afterwards immediately enter the billable hours and take a photo of a receipt and file it as an expense claim. The mobile app also allows users to check and request days off and create, view, edit and assign other requests such as tasks.

Collaboration

Working with stakeholders internally and externally can significantly improve decision making and create competitive advantages. Today's technologies support collaboration in different fields and are an important part of our innovation roadmaps.

Examples of propositions we launched last year

1. The Exact Online Accountancy proposition supports multiple ways for entrepreneurs and accountants to collaborate. These range from the accountant doing everything to the entrepreneur having full control. We have new innovations coming that will drive the further growth of Exact in the accountancy world.
2. For the Dutch customers of Exact Globe, we introduced Rabobank Online. This solution offers online integration and automatic exchange of local bank payment files, bank collection files and bank statements. Exact Online already offered these possibilities for other leading banks in the Netherlands.

Customer experience

We put a lot of effort into providing our customers with new features that benefit their operations, facilitate their business and improve the customer experience.

In our product updates we have extended Exact Globe, Exact Synergy Enterprise and Exact Online with, among others, the following functionalities, most of them the result of direct customer feedback:

- We have extended Exact Globe with features that make it easier for customers to fulfill legal requirements and business standards. These include, among others, taxation changes for Germany, Switzerland and Thailand and some localized and reporting features and features for handling bounced and refunded collections. We have introduced calendar management for customers who use Exact Synergy Enterprise Office Integration. This allows them to link a project, account and contact to an appointment created in MS Outlook.
- We have added new features in Reporting Services such as the possibility to share reports via the customer and reseller portal, retrieve information from multiple administrations separately, link multiple people to a report irrespective of their assigned roles, and flag and categorize reports. All these functionalities provide our customers with greater insight into the data held in both Exact Synergy Enterprise and Exact Globe.
- We have improved the user experience to make Exact Online even easier for our customers to use. For instance, we have added new "getting started" pages that support users by guiding them through Exact Online. We have improved the look and feel by enhancing the navigation and cockpits and significantly extended the account card to provide a clear overview of data like contact people, activities, documents and financials so our users can work even more efficiently.

1.4 Human resources

Exact is a people company. The transformation process we went through in 2011 towards restoring organic profitable growth has led to redundancies worldwide. To ensure that the redundancy process was executed diligently, with due and personal care for the affected employees, and at the same time limiting the impact of the restructuring on the rest of our people, the Human Resources department had an instrumental role in the restructuring of the International region.

Evamaria de Boer
Global Human Resources Director

At the same time we needed to further professionalize the Human Resources function within Exact, strengthen our recruitment as well as our retention capabilities and increase our focus on employee training and development, to remain an attractive employer to work for.

International restructuring

The outcome of our strategic review, at the end of 2010, led us to rationalize our international subsidiary network during the first half of 2011. As a consequence, we closed 20 subsidiaries, made 94 employees redundant and relocated another 18 to other Exact subsidiaries.

Relocations | The restructuring of our International region was executed in two phases, the first in Asia, starting in January 2011, and the other in Europe and Africa, beginning in April 2011. We looked carefully into the options available to us regarding relocating employees in countries where operations were closed. We were glad that we were able to relocate 18 employees, mostly to our regional service and support hubs in Kuala Lumpur (Malaysia) and Prague (the Czech Republic). An additional 20 employees in some of the countries in which we discontinued operations found employment with resellers or became independent consultants.

Employee recruitment

Making sure we have the right people at the right place, starts with recruitment. To ensure a smooth and global process, we enlarged our central recruitment team in Delft, who focused on getting the right people in. During the year, the team assisted in building up of the newly introduced global business lines and with the recruitment for International. During 2011, a total of 331 new employees were recruited.

International | In line with International's focus on medium-sized companies whose HQs are in headquarter-rich countries, and our commitment to increase sales and marketing resources, we began recruiting sales people in the Netherlands, Germany, France, and the United Kingdom. By the end of 2011, nearly all key positions were successfully filled.

Asia Development Center | Recruitment was high on the agenda for our Asia Development Center in Kuala Lumpur (Malaysia), whose approximately 160 employees focus on the development of our global on-premise product lines. Due to local labor market developments, we saw the number of people leaving increase at the end of 2010 and beginning of 2011. Thanks to a number of targeted recruitment steps, we were able to decrease the outflow and increase the recruitment of qualified employees. By the end of 2011, nearly all positions within our Asia Development Center were filled and the outflow normalized.

We will further increase the number of employees in our Asia Development Center during 2012. This will enable our Asia Development Center to take on some of the development activities for our Exact Online SaaS offering as well.

Employees per discipline in FTE*

	2011 Average	2010 Average	Change	2011 At year end	2010 At year end	Change
Sales and Marketing	371	414	(10.4%)	370	363	1.9%
Customer Services	669	849	(21.2%)	656	718	(8.7%)
Research and Development	472	487	(3.1%)	483	456	6.0%
Operations Support	258	330	(21.8%)	252	290	(13.1%)
General Management	27	44	(38.6%)	25	40	(37.5%)
Total	**1,797**	**2,124**	**(15.4%)**	**1,786**	**1,867**	**(4.3%)**

* Full time equivalents

Global business lines | In January 2011, we introduced business lines into our global organizational structure. The business lines own our market segment propositions and are responsible for ensuring we meet customer demand in the countries in which we operate and drive our go-to-market. This requires in-depth knowledge of the respective market segments, customers and products. The global business lines are organized in line with our defined market segments of manufacturing, wholesale and distribution, professional services, small business, and accountancy, and work closely with the regions to bring our individual propositions to market.

The five business lines were started from scratch and we had 18 vacancies as of January 1, 2011. As the business lines are an important element in our new strategic focus and require knowledge of our propositions and markets, we primarily looked internally to fill these positions. We firmly believe in internal employee mobility and stimulate employees to broaden their knowledge and skills in other positions. This spells career opportunities for our people and secures experience and knowledge for Exact. By the end of 2011, we had filled nearly all positions in the business lines.

Employee retention

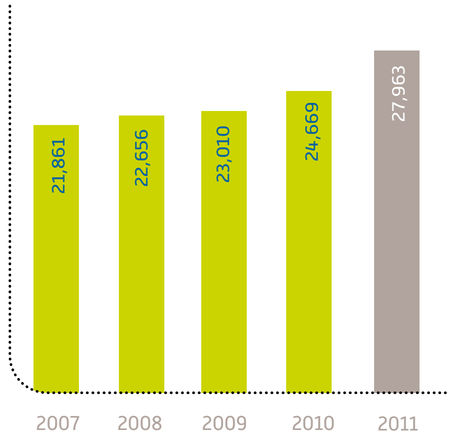
We believe employee retention is crucial as it safeguards knowledge and experience for Exact.

Job House 2.0 | In 2011, we implemented our new Job House 2.0. The original Job House was introduced in 2007. In 2010, we began a review with the goal of optimizing the alignment with the needs of the business. In Job House 2.0, we introduced level-defining elements per role, partially based on the Hay Group methodology. We also updated our job titles and expanded the number of job levels from six to nine, providing more opportunities for promotion.

Working with the Hay Group, we evaluated all roles and job levels, creating an objective platform for comparison. This enabled us to use Job House 2.0 as the basis for creating a global compensation strategy and framework.

We firmly believe in internal employee mobility and stimulate employees to broaden their knowledge and skills in other positions.

EBITDA per employee
(in €)

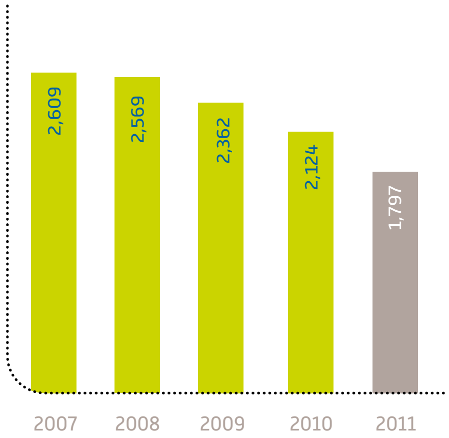


Employees per region in FTE*

	2011 Average	2010 Average	Change	2011 At year end	2010 At year end	Change
Benelux	375	416	(9.9%)	375	413	(9.2%)
International	434	511	(15.1%)	384	503	(23.7%)
Americas	258	254	1.6%	258	249	3.6%
Specialty Brands	322	317	1.6%	329	316	4.1%
Corporate	108	92	17.4%	125	94	33.0%
Development	300	298	0.7%	315	292	7.9%
Siigo		236	–	–	–	–
Total	**1,797**	**2,124**	**(15.4%)**	**1,786**	**1,867**	**(4.3%)**

*Full time equivalents

Average number of employees
(FTE*)



*Full time equivalents

Global compensation strategy and framework | Among the first projects to be led by our new human resources director has been a project aimed at better defining our compensation strategy. In this, Human Resources has worked with representatives from management, the Dutch Works Council and the regions, and was assisted by the Hay Group.

Under the project, the reward processes have been more closely aligned with our strategy and specific needs of the business. The new reward structure increases clarity and transparency and aims to ensure that Exact's total reward package remains competitive. Base salary is now determined by an employee's role and performance in his job role, and benchmarked against the external job market. Variable salary is clearly and directly linked to performance and the achievement of objectives.

We aim to formalize the compensation strategy during 2012.

Training and development | Our markets change in the face of new technologies, increased mobility and growing customer demand for convenience and flexibility. In response, we continually develop new propositions and new functionalities, so it is important that we provide sufficient training to keep our employees up to date on all developments.

Our Corporate Center of Learning – Exademy – provides a variety of employee training courses, ranging from an introductory training program for all new employees worldwide, to product and skills training. During 2011, we developed a structure that sets out the product and other knowledge and skills required per role and job level in Job House 2.0, and defined the appropriate training for each element. The structure gives employees and management a clear overview of the knowledge and skills that an employee should have in a certain role.

In 2012, we will set up a talent management project. This will help us to identify and coach talented people in the organization. We will also develop a new training program for our leaders.

Employee developments

	2011	2010	2009	2008	2007
Average number of employees (FTE)	1,797	2,124	2,362	2,569	2,609
Total revenue per employee (in €)	119,980	107,439	98,440	101,585	96,630
EBITDA per employee (in €)	27,963	24,669	23,010	22,656	21,861

Employee satisfaction survey | An employee satisfaction survey will play an important role in our employee retention activities in 2012. We aim to complete the survey in the first half of 2012 and will, where possible, use the outcome and recommendations to adjust our HR strategy.

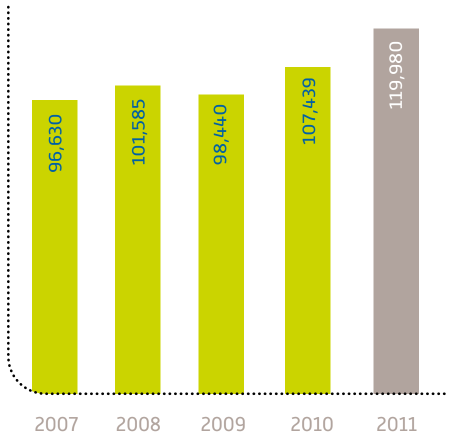
Employee diversity | Notwithstanding the restructuring of our International region, our multicultural workforce still consists of 39 nationalities (2010: 48), employed in 16 countries worldwide (2010: 40). We consider our cultural diversity as one of our greatest strengths, as it helps us to better understand our customers' needs in the countries we operate in.

The gender ratio remains, as in 2010, 62% male and 38% female. One of our corporate cocial responsibility goals (see chapter 1.5) is to improve our gender balance to 50% women and 50% men within the next five years. Women currently hold 22% of our management positions, slightly less than in 2010 (23%). With 40% of our employees aged under 35 (2010: 43%), Exact is a relatively young organization. We offer all applicants equal opportunities regardless of their age, gender, race or religion.

Absenteeism due to illness continued to be quite low at 2-3%, the same as in 2010, and as in the past several years, no employees left the organization due to occupational disabilities.

Total revenue per employee

(in €)



1.5 Corporate social responsibility

We take a pragmatic approach to corporate social responsibility (CSR). We take responsibility for the impact of the decisions we make and the actions we take as a company, not only in terms of the impact on our stakeholders, but also on the environment and global society. At the same time, we believe that our corporate social responsibility strategy should be aligned with our business objectives, otherwise any program or initiative will fail because of lack of support.

Jeroen Bruins Slot
Global Legal Affairs Director

Our corporate social responsibility strategy is based on three pillars: People, Planet, and Community Engagement. With People, we mean our social responsibility towards our employees regarding appropriate staffing, rewards, and training and development. With Planet, we mean our social responsibility for the impact we have on the environment today and the footprint we leave in the future. With Community Engagement, we mean our social responsibility to and support for entrepreneurship throughout global society.

During 2011, we formulated three key initiatives for each of the pillars and defined qualitative goals for the coming three years. We have also worked on developing monitoring and reporting systems to measure these goals and these will be in place as of 2012. This means we will take 2012 as our starting point for reporting our progress on realizing our goals.

To create further awareness of corporate social responsibility within Exact, we will include one CSR target in the short-term incentive plan of the Board of Managing Directors. We believe that our executive leaders are our internal "CSR Ambassadors", and they should actively contribute to increasing the awareness and support for CSR within Exact.

Goals

People | We know that our employees are our most valuable resource in achieving our company objectives. We have a centralized, global human resources function to support the business in attracting and retaining the right people. To underline Human Resources' position as a strategic discipline, we appointed a new and experienced human resources director and included the position in the Executive Committee.

We defined three objectives for the People pillar. The first objective is to increase the number of women versus men by 2% per year and strive for a ratio of 50% men and 50% women within the next five years. The second objective is to increase internal mobility. We aim to increase the number of internal promotions with 10% within the next three years. The third objective is to increase the average number of training days per employee to 10 days per year within five years.

Planet | We develop innovative and flexible software solutions that enable our customers to both change the way they collaborate and pursue environmentally friendly practices at the same time. As a software company, our business has a limited negative impact on the environment. At the same time, we realize that we need to control our consumption of natural resources and reduce waste and emissions in our daily operations.

We have defined three goals for the Planet pillar. The first goal is to reduce the carbon emissions arising from car, train and air travel by our employees.

We cannot avoid travel; we can however avoid unnecessary travel and reduce the carbon emissions arising from necessary travel to the greatest extent possible. To avoid unnecessary travel, we encourage employees to work remotely – if and to the extent possible – and to use video conferencing to participate in internal meetings involving people from different locations. Customer service and support is handled predominantly by phone and remote access, and working on site at customers is reduced as much as possible. We have updated our global travel policy and have a reporting mechanism in place to guide the (predominantly plane and train) travel behavior of our people and report on the carbon emissions that result. We aim to reduce discretionary (i.e. non-business-critical) air and train travel further in the coming years.

A lot of travel involves daily commuting by car. To reduce the carbon emissions that stem from this, we encourage employees to work remotely and provide company cars that have a low carbon emission rating (the so-called A and B category cars). We aim for a 100% A- and B-rate company car fleet within five years. A- and B-rated cars are fuel efficient and have a lower carbon emission.

The second goal is to reduce the energy consumption of our operations. When renewing office leases, we strive to distinguish energy costs from the total cost of leasing an office. Usually, landlords are able and willing to separate rent from other costs, but charge energy costs as a lump sum along with other costs and charges. This makes it difficult to determine the actual energy used for office spaces and therefore hard to influence office energy consumption. In our CSR reporting, we will indicate the number of office locations for which we have the figures. Reducing the energy consumption of our operations not only involves reducing the amount of energy used in our offices worldwide, but also the energy we consume through having operational contracts with third parties. Take the energy consumed by the third-party datacenter that hosts Exact Online. In this case, we have agreed that they will compensate our energy consumption by planting trees.

In 2011, we chose to support the project 'Adopt a Class' with Child at Venture. Through this project the Exact Foundation supports entrepreneurs who are starting a business in the Philippines.

Our third goal is to reduce paper use both internally and among our customers. As of January 1, 2012, we aim to invoice 50% of our Dutch customer base electronically. Customers who would like to receive a physical invoice will be charged a fee, which will be donated to charity. During the years thereafter we will increase the number of e-invoices further. This, of course, will not apply in countries in which it is mandatory to send paper invoices. This will reduce paper use and stationery requirements in 2012. In addition, we will further reduce paper use internally by implementing smart printing measures globally.

Community engagement | We believe that addressing the development needs of the many people who need a helping hand is one of the paths to a sustainable future. We also believe that the first step toward achieving this is to facilitate and improve education and so help people achieve economic empowerment. By exchanging knowledge and mobilizing our ecosystem of employees, resellers, customers and shareholders to this cause, we can guide entrepreneurs in less-developed countries towards becoming more successful. With this in mind, we have established the Exact Foundation as our main means to support and stimulate entrepreneurship, which we believe is the way to contribute to raising the standard of living of those who have limited resources and chances.

In 2011, we chose to support the project "Adopt a Class" with Child at Venture. Through this project the Exact Foundation supports entrepreneurs who are starting a business in the Philippines. We provide both funds and know-how in the form of knowledge contributed by our employees.

We aim to engage our stakeholders through the Exact Foundation. By actively involving them in our community engagement projects, we believe we can have an even bigger impact than we otherwise would.

1.6 Outlook

In December 2010 Exact expressed the ambition to, over a three-year period, restore organic revenue growth to a level of 4.5-6.0% per year (i.e. a performance in line with the expected market growth). In 2011, among others driven by the economic climate, a modest organic revenue growth of 0.6% was realized.

Along the lines of the strategic choices made at the end of 2010, Exact will continue in 2012 to make step-up investments in both R&D and commercial route to market in order to stimulate organic revenue growth. Key initiatives will be focused on further strengthening the propositions for the chosen strategic market segments as well as initiatives in relation to Exact Online in general.

Similar to the second half of 2011, the macroeconomic climate in 2012 will most likely remain somewhat turbulent and unpredictable. The related uncertainty will make entrepreneurs more cautious towards making ERP-related investments. At the same time, however, the demand for alternative pricing, payment and delivery models (including SaaS) is known to increase during times of economic uncertainty. Through a combination of its Exact Online propositions and its strong balance sheet, Exact is well positioned to capitalize on any related business opportunities this may bring.

For 2012 Exact expects, contingent on the economic situation not deteriorating further compared to H2 2011, low single digit like-for-like growth for both revenue and EBITDA.

2 Financial results

2 Financial results

Exact's financial results and balance sheet continued to be strong. Despite the turbulent economic times that we experienced, especially during the second half of 2011, Exact was able to report, in line with our guidance, low single digit like-for-like revenue and EBITDA growth versus 2010. Our ongoing solid financial base means Exact can continue to make all the commercial and R&D investments we envision to drive future growth, while safeguarding our strong financial profile in the investor community.

Max Timmer
CEO

Revenue

Total revenue on a reported basis declined by 5.5% to € 215.6 million (FY 2010: 228.2 million). The decline was driven by the divestment of Siigo in 2010 (impact € 8.0 million), the divestment of hardware business in the Netherlands (impact € 1.2 million), the deconsolidation of the Middle East joint venture (impact € 1.7 million) and exchange rate fluctuations (impact € 3.1 million). On a like-for-like basis, however, a revenue increase of 0.6% to € 215.6 million was realized (FY 2010: € 214.2 million) with all regions but International contributing to the growth. In general, market conditions in the second half of 2011 were somewhat more challenging than in the first half of 2011.

Recurring revenue increased on a like-for-like basis from € 134.4 million in 2010 to € 137.7 million in 2011, equaling 63.8% of total revenue (FY 2010: 62.7%). The increase in recurring revenue was primarily driven by the growth of Exact Online in the Benelux, improved maintenance attrition rates in especially the Benelux and the Specialty Brands, and a step up of recurring outsourced payroll services ("BPO") at both Lohn XL and Orisoft. The committed annual revenue of Exact Online as at December 31, 2011 amounted to € 11.6 million (December 31, 2010: € 7.9 million).

License revenue on a like-for-like basis decreased by 2.0% to € 42.7 million (like-for-like FY 2010: € 43.6 million). The decline in license revenue was mainly caused by a disappointing performance in the reseller channel in the Netherlands. Despite a solid performance of the direct sales force in the Netherlands, overall license revenue in the Benelux declined by 13.1%. In the International region license revenue was impacted by the restructuring and slightly declined by 3.4% as a result. In the Americas license revenue increased by 16.9%, primarily driven by new logo sales of JobBOSS and cross- and deep sell across all propositions. License revenue of the Specialty Brands increased by 3.7%.

Maintenance revenue on a like-for-like basis increased by 1.7% to € 136.5 million (FY 2010: € 134.2 million). The growth was mainly driven by lower maintenance attrition rates in the Benelux and the Specialty Brands combined with the strong growth of Exact Online in the Benelux. Maintenance revenue declined slightly in the International region (-2.5%) and remained stable in the Americas region (-0.2%). In this respect the situation in the second half of 2011 improved significantly in the Americas compared to the first half. Maintenance revenue of the Specialty Brands increased by 2.8%.

Key financial figures

(in € thousands)	reported			like-for-like		adjustments from reported to like-for-like	
	FY 2011	FY 2010	Change	FY 2010	Change	Divestments	FX Rates
License revenue	42,693	48,251	(11.5%)	43,576	(2.0%)	3,816	859
Maintenance revenue	136,491	140,694	(3.0%)	134,245	1.7%	4,921	1,528
Service revenue	36,420	39,255	(7.2%)	36,414	0.0%	2,082	759
Total revenue	**215,604**	**228,200**	**(5.5%)**	**214,236**	**0.6%**	**10,819**	**3,146**
EBITDA	50,249	52,398	(4.1%)	49,007	2.5%	2,194	1,197
EBIT	23,812	41,754	(43.0%)	38,700	(38.5%)	1,905	1,149
Profit for the year	14,843	33,386					
EPS (in €)	0.65	1.45					
One-time additional dividend (in €)	0.81	0.57					
Final dividend (in €)	1.46	2.02					

Service revenue on a like-for-like basis was flat and amounted to € 36.4 million (FY 2010: € 36.4 million). In the Benelux service revenue increased by 4.5%. Service revenue declined by 14.8% in the International region as a result of the restructuring and increased by 10.1% in the Americas region as a result of the increased license revenue. Service revenue of the Specialty Brands increased slightly by 2.2%, primarily driven by a step-up in BPO revenue at Lohn XL and Orisoft.

EBITDA and EBIT

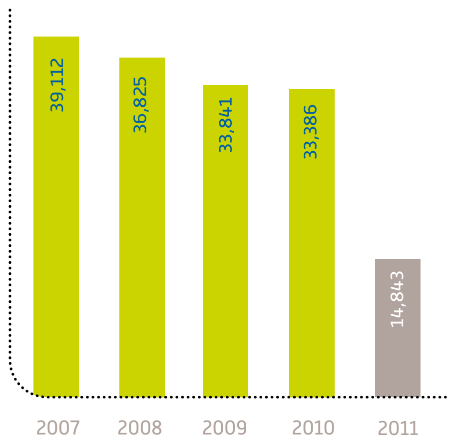
Reported operating expenses (excluding depreciation and amortization) decreased by € 10.4 million or 5.9% to € 165.4 million (FY 2010: € 175.8 million). Similar to revenue, the decline was primarily driven by the effects of the divestment of Siigo in 2010, the divestment of the hardware business in the Netherlands, the deconsolidation of the Middle East joint venture and exchange rate fluctuations (total combined impact € 10.6 million). Furthermore, bad debt related expenses declined by € 2.0 million compared to 2010. On a like-for-like basis operating expenses increased by 0.1% to € 165.4 million (FY 2010: € 165.2 million).

The decrease in reported operating expenses could, however, not fully offset the decrease in revenue and as a result EBITDA declined by 4.1% to € 50.2 million (FY 2010: € 52.4 million). On a like-for-like basis the EBITDA, however, increased by 2.5% (FY 2010: € 49.0 million).

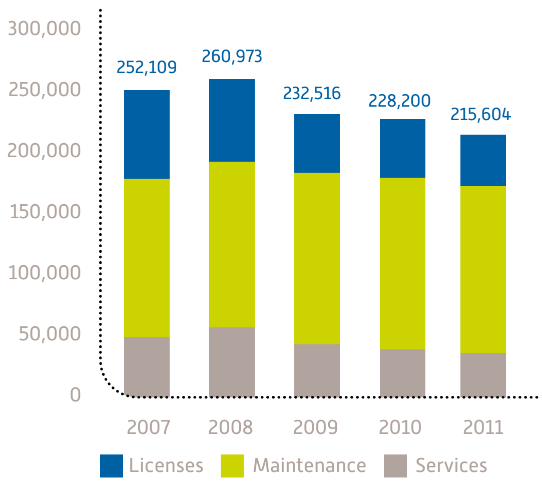
Revenue development per category

Year	Licenses	Maintenance	Services	Total revenue
2007	73,162	129,450	49,497	252,109
2008	68,099	135,788	57,086	260,973
2009	48,334	140,805	43,377	232,516
2010	48,251	140,694	39,255	228,200
2011	**42,693**	**136,491**	**36,420**	**215,604**

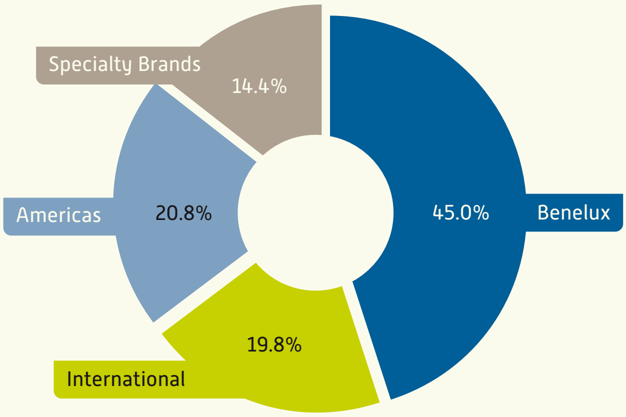
Net income
(in € thousands)



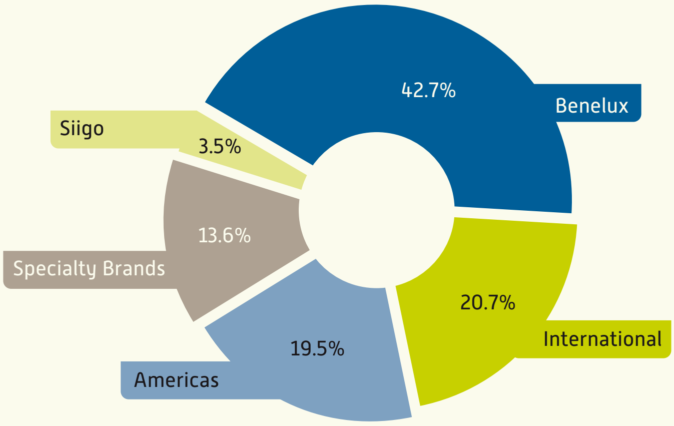
Revenue development
(in € thousands)



Revenue split 2011

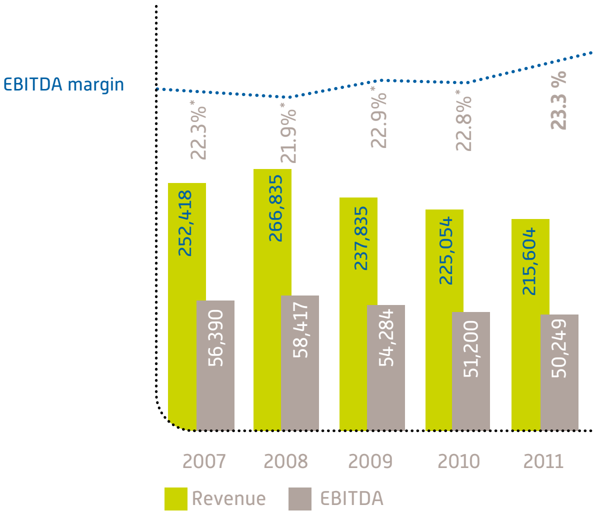


Revenue split 2010



Revenue and profitability

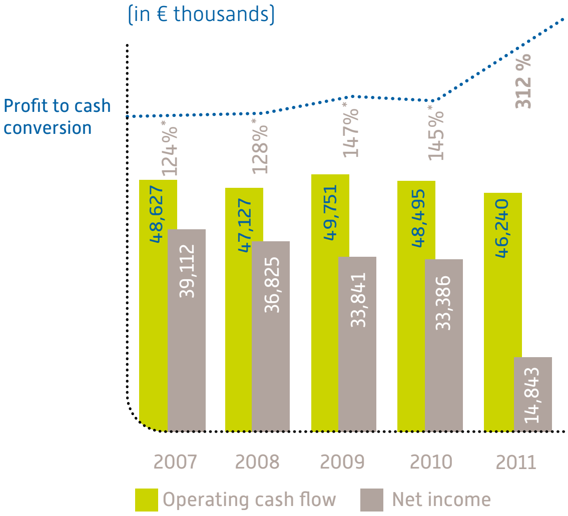
(in € thousands)



*Against 2011 rate (constant currencies)

Profit to cash conversion

(in € thousands)



*Against 2011 rate (constant currencies)

Contrary to previous years, the majority of the corporate costs, including research and development costs and the costs for corporate product lines, have been allocated to the regions. In total an amount of € 27.7 million was allocated to the regions. The only costs remaining as corporate costs are holding costs, which amounted to € 8.1 million in 2011 (FY 2010: € 7.9 million). The 2011 corporate costs included the one-time € 3.1 million restructuring costs related to International (FY 2010 one-time costs: € 2.7 million).

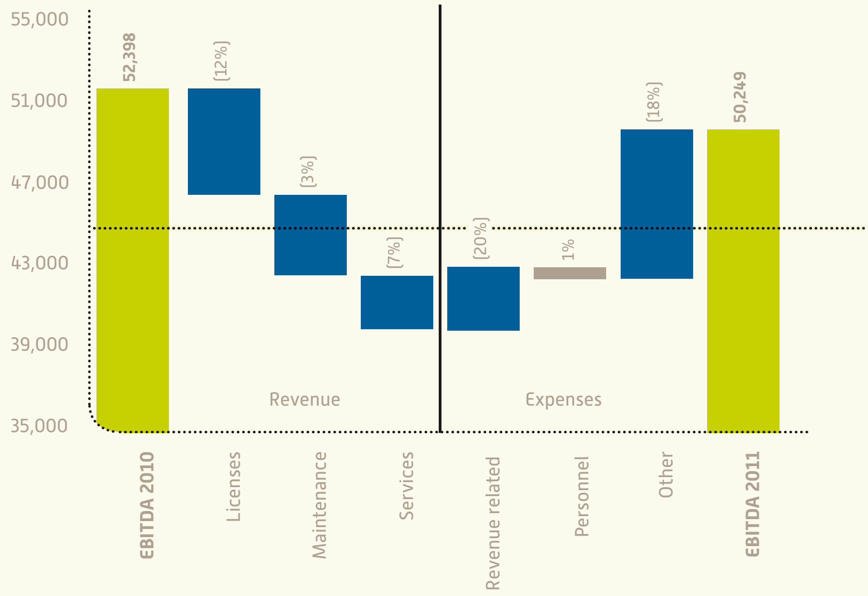
The costs of research and development increased to € 24.9 million (FY 2010: € 23.6 million), which represents 11.5% of revenue (FY 2010: 10.3%). The step-up was primarily driven by Exact Online, which demonstrated an increase to € 4.3 million (FY 2010: € 3.5 million).

Due to the impairment charge in relation to Longview of € 18.4 million, depreciation and amortization increased to € 26.4 million (FY 2010: € 10.6 million). During 2011 Longview showed a satisfactory performance, among others demonstrated by a 10.2% like-for-like license revenue growth. Furthermore, significant progress was made in relation to Longview's future tax offering. An impairment was nevertheless considered to be necessary after careful evaluation of historic financials (including an evaluation of the anticipated synergies at the time of the Longview acquisition back in 2007) and a valuation analysis of the projected financials following the 2011 Longview strategic review.

As a result of the Longview impairment charge, the EBIT amounted to € 23.8 million (FY 2010: € 41.8 million).

2010–2011 EBITDA bridge

(in € thousands)



Interest and tax

Total finance expenses amounted to € 0.7 million (FY 2010: € -1.5 million). The difference was fully driven by the inclusion of a € 2.1 million book profit in relation to the divestment of Siigo in 2010.

The average tax rate further decreased from 22.9% in 2010 to 19.8% (as adjusted for impairment of Longview) in 2011, mainly as a result of the gradual application of the Dutch innovation box program (three-year vesting period) as well as further improvements in the intercompany finance structure.

Cash flow

The net cash position decreased to € 53.8 million as at December 31, 2011 (December 31, 2010: € 58.1 million). The net cash position was positively impacted by repayments under the Siigo 2010 vendor loan, a sale and leaseback of the Dutch car fleet, the sale of the corporate airplane, and the sale of three apartments in Delft (total combined amount € 6.5 million). On the other hand, a one-time excess cash-driven dividend payment of € 13.0 million was made.

The continued focus on cash collection resulted in a further improvement of the average days sales outstanding to 46 (FY 2010: 48).

Net income and EPS

Net income attributable to shareholders amounted to € 14.8 million (FY 2010: € 33.1 million), the difference primarily being caused by the Longview impairment charge. Earnings per share (EPS) as a result amounted to € 0.65 (FY 2010: € 1.45). The impact of the Longview impairment on the 2011 EPS is € 0.81.

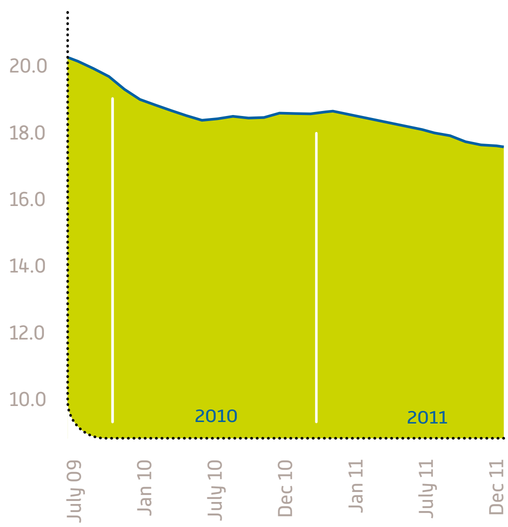
Based on the dividend policy a final dividend of € 0.06 would be paid in relation to 2011. In view of the Longview impairment and taking the company's strong cash position in consideration, the Board of Managing Directors will, however, propose a final dividend of € 0.87 per share at the General Meeting of Shareholders on April 26, 2012.

Diluted earnings per share

(in €)

Moving annual average revenue per period

(in € millions)



3 Operational developments

3.1 Benelux

Building on our strategic focus, our Benelux operation focused in 2011 on launching propositions for our selected market segments. We also increased sales and marketing activities for the Exact Online propositions for small business and accountants. This resulted in yet another year of strong growth for Exact Online, making Exact Online the undisputed market leader in the SaaS financial accounting market in the Benelux.

Hein Brockhoff
Managing Director, Benelux

Financial highlights

Total revenue on a like-for-like basis increased by 0.6% from € 96.4 million to € 97.0 million. License revenue on a like-for-like basis declined by 13.1% to € 15.0 million (FY 2010: € 17.3 million), as a result of a disappointing performance in the Dutch reseller channel. A special program has been initiated aimed at restoring the license revenue coming from the reseller channel in the Netherlands. Maintenance revenue on a like-for-like basis increased by 3.5% to € 74.5 million (FY 2010: € 72.0 million). The growth in maintenance revenue was primarily driven by the growth of Exact Online as well as by lower attrition rates.

The service revenue on a like-for-like basis increased by 4.5% to € 7.5 million (FY 2010: € 7.2 million), primarily driven by the increased license revenue generated by Exact's direct sales force. The operating expenses on a like-for-like basis decreased further from € 59.0 million to € 57.3 million. As a consequence the like-for-like EBITDA increased by 6.1%, from € 37.4 million to € 39.7 million.

Operational highlights

Our core target market in the Benelux is small and medium-sized companies. Among these companies, accountants and bookkeepers are the main influencers in selecting financial accounting software applications. We therefore invested in and made significant progress in improving the relationship with accountants in the Benelux. We introduced Exact Online for Accountants, of which the specific accountancy-related functionalities enable accountants to easily collaborate with their clients. This strategy drove up the number of commercial administrations kept in Exact Online to more than 71,700 at the end of 2011.

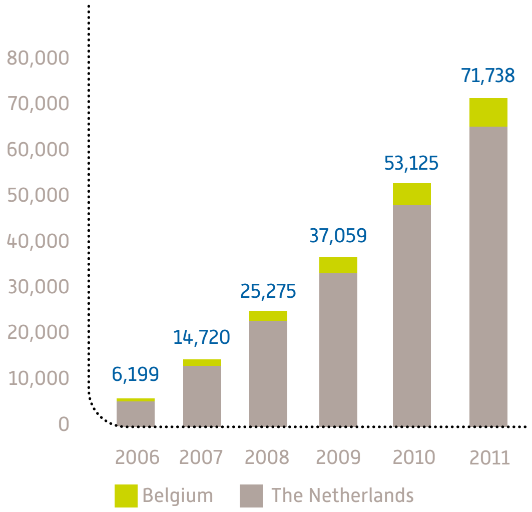
We continued our customer engagement initiatives. We organized 25 workshops attended by over 650 customers, in which customers could get information on the use of our products and modules, tips and tricks, and user feedback. The workshops were free and the response of those who attended was very positive. In addition, we were the main sponsor of the regional entrepreneurs congresses, a series of 9 events, with 13 congresses in different cities, attended by nearly 20,000 entrepreneurs. During the congresses, a number of lectures were given on a variety of topics.

Specifically for accountants, we organized the Exact Accountancy Day, which over 300 accountants attended. The day's theme was the changing business model for accountants servicing their clients. Leading up to the event, research was conducted among entrepreneurs and accountants to gain a clear understanding of the entrepreneurial view on the role of an accountant. At the same time the research focused on what accountants believe entrepreneurs expect them to do. This was discussed in many sessions during the event. The corresponding message from all sessions, as well as the final conclusion of the Exact Accountancy Day: close collaboration between accountants, entrepreneurs, software vendors and government bodies creates value for everyone.

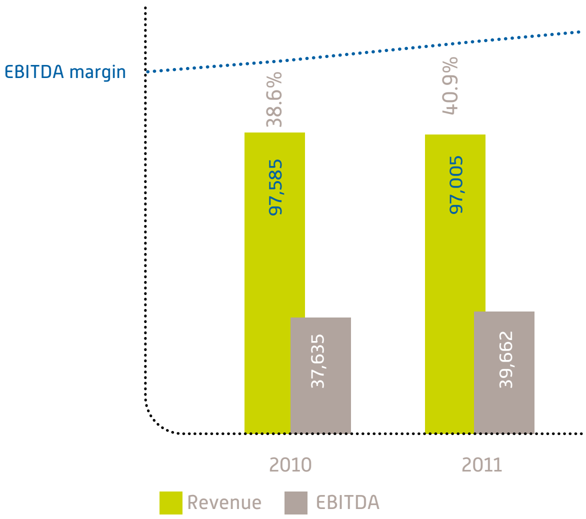
Contract wins

Stichting MEE Plus	www.meeplus.nl	Exact Globe/Exact Synergy
Stichting MEE Gelderse Poort	www.meegeldersepoort.nl	Exact Globe/Exact Synergy
NCOI	www.ncoi.nl	Exact Synergy
PinkRoccade Healthcare	www.pinkroccade-healthcare.nl	Exact Synergy
Bruil Groep	www.bruil.nl	Exact Financials
Vapro	www.vapro.nl	Exact Globe/Exact Synergy
Faber Vlaggen	www.fabervlaggen.nl	Exact Globe

Number of Exact Online commercial administrations in the Benelux



Revenue & EBITDA
(in € thousands)



In May 2011, in line with our strategic focus on SaaS, we extended Exact Online's basic financial accounting offering with the addition of Exact Online Trade. This is targeted at smaller companies in the wholesale and distribution segment. In November 2011, we added Exact Online Time & Billing, targeted at smaller companies in the professional services segment. Exact Online Manufacturing is scheduled to launch in 2012 and will complete the Exact Online propositions for our chosen market segments.

The final conclusion of the Exact Accountancy Day: close collaboration between accountants, entrepreneurs, software vendors and government bodies creates value for everyone.

To prepare our organization for the new propositions, in 2011 we invested in training and in recruiting new people with knowledge of our selected market segments. We aligned our marketing communications accordingly and in October finalized our Benelux management team by hiring Hein Brockhoff as managing director for the region. We also filled the sales, marketing and human resources director positions.

We signed new contracts with our main resellers in January 2011. The contracts provide the basis for aligning the reseller channel with our selected market segments and for resellers to specialize in one of these market segments. The contracts also formalize the position of the reseller channel with respect to Exact Online. Despite the new contractual basis, the contribution of the reseller channel to the license revenue of the Benelux region was significantly lower than the previous year. In late 2011, therefore, we resumed discussions with the reseller channel with the aim of reversing the downward trend in license revenue in 2012. These discussions, which may have an impact on some of the fundamentals of our Benelux distribution model, will continue during 2012.

3.2 International

During 2011 we launched a number of initiatives in line with our overall company priority of returning to sustainable organic revenue growth. Although we made good progress during 2011, we expect that it will take the greater part of 2012 before we realize our ambitions and see the effects of the restructuring in the results of our International region.

Vincent Harmsen

Managing Director, International

Financial highlights

Total revenue on a like-for-like basis decreased by 5.4% from € 45.2 million to € 42.8 million. The decline in revenue was expected as a result of the 2010 strategic review and the related decision to restructure Exact's International subsidiary network (the total number of countries in which International operates was reduced from 33 to 13 during the year under review). The headquarter-rich countries (the Netherlands, Germany, UK and France) showed a 2.4% license revenue increase, whereas the non-headquarter-rich countries showed a 14.4% license revenue decline.

On a like-for-like basis, license revenue declined by 3.4% to € 10.8 million (FY 2010: € 11.1 million). Maintenance revenue on a like-for-like basis decreased by 2.5% to € 23.6 million (FY 2010: € 24.2 million), whereas service revenue on a like-for-like basis decreased by 14.8% to € 8.4 million (FY 2010: € 9.9 million).

Operating expenses decreased by € 3.4 million on a like-for-like basis, primarily as a result of the restructuring and lower bad debt expenses. On a net basis the like-for-like EBITDA increased from € 0.7 million to € 1.7 million (excluding € 3.1 million restructuring charges that have been taken into account at corporate level).

Strategic choices

The strategic review at the end of 2010 revealed that our International proposition was too generic (horizontal) and resources were too thinly spread over many smaller entities around the globe. As a consequence, our International activities lacked competitiveness and scale. We therefore made the clear choice to reduce the number of operating entities and built up regional centers of excellence to maintain our customer support and service and guide our sales to new customers in specific markets. With the increased focus as well as a significantly reduced network of entities around the world, we now have, in addition to the four headquarter-rich countries - the Netherlands, Germany, the United Kingdom and France - operations in Malaysia (for South East Asia), China, Australia, Mexico, the Antilles/Caribbean, Belgium, Poland, the Czech Republic (for Central and Eastern Europe) and Spain (for Iberia).

Market segment focus

Within the countries we operate, we will mainly concentrate on the professional services, wholesale and manufacturing market segments. We strengthened our sales and marketing teams in the headquarter-rich countries. Sales to new customers were weak in 2011 and cross-selling (customers who are deploying our software in additional countries or extending the functional scope of the software) within our installed base played a central role in generating license revenue in 2011.

Contract wins

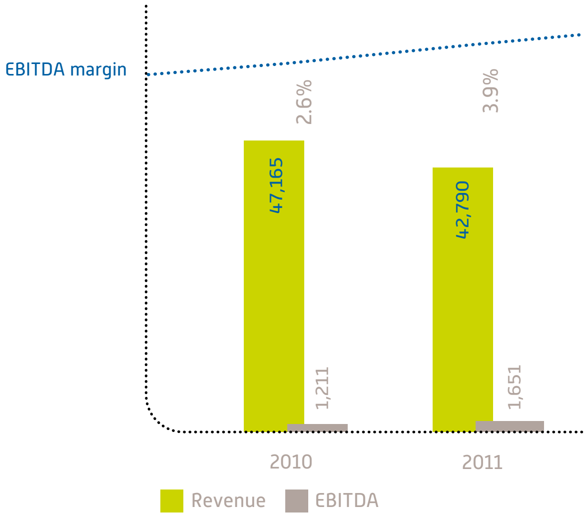
Polipak	www.polipak.com.pl	Exact Globe/Exact Synergy/Exact Event Manager
Medsorg	www.medsorg.de	Exact Globe/Exact Synergy
XSPlatforms	www.xsplatforms.com	Exact Globe/Exact Synergy/Exact Event Manager
Coates Signco	www.coatessignco.com.au	Exact Globe/Exact Synergy/Exact Event Manager
Guangzhou Hoshino Gakki Group	www.hoshinogakki.co.jp	Exact Globe

Initiatives

We launched several initiatives last year aimed at creating a more efficient and productive operation. The first involved the implementation of a single, consistent sales process and sales methodology. This has enabled us to strengthen our qualification methodologies for assessing opportunities and KPIs, and create a bottom-up dashboard that enables our sales teams to check the health and performance of our pipeline themselves.

Revenue & EBITDA

(in € thousands)



The second initiative saw the introduction of a more functional approach within our presales teams. The aim here is to spread required competences around markets and solutions. One example is the establishment of a virtual team of International presales staff. The idea behind this is to enhance our ability to understand our customers' needs and map them to the right solution or solutions. Similar initiatives have begun to move our support and consulting teams towards a more functionalized structure. Customers expect thorough knowledge regarding the implementation and support of our solutions, so we must excel in our ability to implement a software solution quickly, in ways that facilitate the needs of our customers.

Within the countries we operate, we will mainly concentrate on the professional services, wholesale and manufacturing market segments.

Finally, we stepped up our regional approach to marketing. The aim is to drive programs that involve our market segments and cross-border approach more centrally, thereby enhancing consistency. This should enable us to capture more attention and interest from our target markets, resulting in a higher inflow of leads for our sales teams.

3.3 Americas

The Americas region focuses on being a leading solutions provider to small and medium-sized manufacturing businesses. Our efforts to deliver industry-rich functionality, our ability to implement low-cost industry-best-practice solutions and our commitment to being a trusted advisor are among the many reasons new and existing customers choose us to help them grow their business to compete in a global economy.

Mitchell Alcon
President, Americas

Financial highlights

Total revenue on a like-for-like basis increased by 5.6% from € 42.4 million to € 44.8 million. License revenue on a like-for-like basis increased by 16.9% to € 10.5 million (FY 2010: € 9.0 million). Strong cross- and deep sell across the portfolio as well as new logo sales of JobBOSS in particular contributed to the license revenue increase.

Maintenance revenue on a like-for-like basis decreased by 0.2% to € 24.4 million (FY 2010: € 24.5 million). The declining trend in maintenance revenue experienced in the first half of 2011 was reversed in the second half of 2011. Service revenue on a like-for-like basis increased by 10.1% to € 9.9 million (FY 2010: € 9.0 million), driven by the increase in license revenues.

Operating expenses on a like-for-like basis increased by 7.5% to € 32.6 million (FY 2010: € 30.3 million) in line with the increase in revenue as a result of a step-up in commercial activities across all categories. As a result the EBITDA on a like-for-like basis increased only slightly by 0.8% to € 12.2 million (FY 2010: € 12.1 million).

Operational highlights

Many complex, heavily process-driven manufacturers have outgrown their homegrown systems or low-end applications and see our product portfolio as the next logical step. The fact that this manufacturing segment is growing in the Americas may help to maintain our growth into 2012 as well as our ability to continue delivering value to our existing customers.

North America's economy slowly recovered in the first half of 2011. Many companies took this as an opportunity to evaluate their infrastructure following a period of limited spending during the recession and invest in upgrading their systems. This resulted in the Americas seeing strong sales to existing customers. In addition, we also experienced strong growth in sales to new customers from companies looking for an industry-specific solution. In the second half of 2011, concerns over the political climate and the threat of a double-dip recession and global insolvency somewhat hampered demand. This caused sales cycles to extend and led to a growing trend of customers requesting to take a phased approach that would lower their initial investment. Once these concerns are alleviated, we expect that the SME discrete manufacturing segments will continue to be a real growth engine in North America.

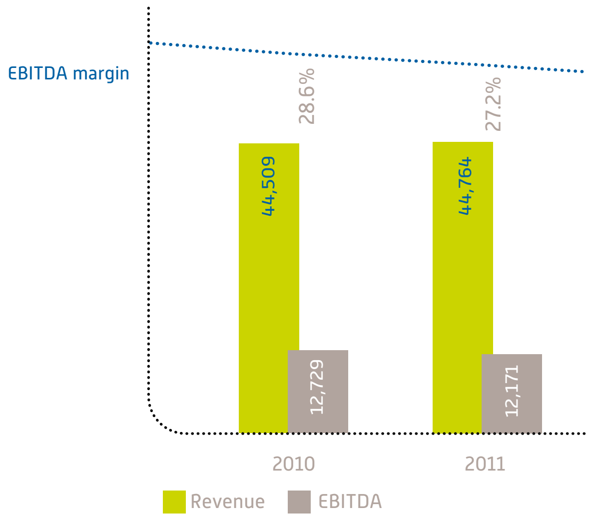
Exact Globe and Exact Macola Pro are two manufacturing solutions that address the needs of cost-sensitive SMEs looking for easy ways to implement solutions. Exact Globe is gaining acceptance among manufacturers that require light manufacturing, distribution, CRM and service management functionalities. As few vendors offer this breadth of functionality to this segment of the market, this represents a solid growth opportunity.

Contract wins

Omni Aerospace	www.omniks.com	JobBOSS/Exact Synergy
General Plastics & Composites LP	www.genplastics.com	MAX
Multi Parts Supply USA Inc.	www.multiparts.net	Exact Globe
SMTC Corporation	www.smtc.com	MAX
Neucel Specialty Cellulose Ltd.	www.neucel.com	Exact Globe
DeBrand Fine Chocolates	www.debrand.com	MAX

Revenue & EBITDA

(in € thousands)



In the second half of 2011, we introduced the Exact Macola Pro solution. This offers extensive functionalities that are specifically geared to the needs of heavy manufacturers. For those companies seeking a SaaS solution, Macola Pro On-Demand, launched at the end of 2011, provides a superior cloud solution that offers extensive manufacturing-related and custom capabilities not available in SaaS products from our competitors.

Exact JobBOSS built on the momentum created in 2010 to turn in a very successful performance in 2011. JobBOSS showed a 22% increase in revenue and 4% increase in the number of new customers. JobBOSS became an Intuit Gold Certified partner (the only job shop vendor with that distinction) with the introduction of a tighter QuickBooks integration. This allows JobBOSS to provide industry solutions to job shops looking to extend their manufacturing capabilities by retaining QuickBooks or looking for a new, integrated ERP suite. Regarding larger job shops, JobBOSS continues to win over 80% of those deals against direct competitors, and we are seeing more migrations from our competitors to JobBOSS. An ongoing commitment to developing new functionality and providing superior customer service has resulted in industry-high retention rates. Our customers agree that JobBOSS is “software they will never outgrow”.

For Exact MAX, we introduced a new user interface to help customers better navigate the system. In addition, the release of new alternate bill-of-material and routing functionalities as well as enhancements to MAX’s superior lot and serial tracking functionalities solidifies MAX as the leading material requirement planning solution. Ongoing efforts have also delivered tighter integration with QuickBooks, making it even easier to implement the MAX solution. As with JobBOSS, MAX is in position to be the preferred vendor for QuickBooks and Great Plain customers looking to extend their manufacturing capabilities. The new product features, enhancements and investment in the MAX organization demonstrate Exact’s commitment, which has led to improved retention rates.

As a trusted advisor, we will continue to provide our customers with the relevant solutions to help them grow their business and continue to drive operational efficiencies.

We expect 2012 market conditions in North America to continue to move at the pace seen in the second half of 2011. And, competition will remain fierce with all competitors targeting the SME sector. However, the breadth of our manufacturing solutions positions us as the leading SME manufacturing provider for deep product functionality, industry knowledge and cost-effective implementations, thereby differentiating us from our competitors. That message will resonate with the SME market and help drive new site growth. Likewise, as a trusted advisor, we will continue to provide our customers with the relevant solutions to help them grow their business and continue to drive operational efficiencies.

3.4 Specialty Brands

Because of the different nature of their businesses, the operating companies Longview (Canada), Lohn XL (Germany) and Orisoft (Malaysia) have been separated from the other operating regions as of January 1, 2011. They now form Specialty Brands.

Financial highlights

Total revenue on a like-for-like basis increased by 2.8% to € 31.0 million (FY 2010: € 30.2 million). Operating expenses, excluding depreciation and amortization, increased by 11.5% from € 23.5 million to € 26.2 million, among others as a result of a step-up in commercial investments as well as R&D investments at both Longview and Lohn XL. As a result the like-for-like EBITDA decreased by 27.4% from € 6.7 million to € 4.9 million.

Max Timmer
CEO

Longview

Longview focuses on delivering enterprise corporate performance management (CPM) and tax solutions and helps the largest companies in the world plan, forecast and budget revenue and expenses; consolidate, close and report on financial operations; provision for global tax and analyze detailed operating results. Longview's focus is on Tier 1 large enterprises and the upper mid-market (€ 250 million in revenue and above), to whom it provides customized CPM and tax offerings.

Longview Corporate Performance Management | The CPM market remains a single-digit growth opportunity and, despite the strong positions held by three mega-vendor competitors (IBM, Oracle, SAP), Longview continues to grow in its niche. We anticipate continued success around our FXR – Disclosure Management and XBRL product, and our partnership with MicroStrategy to continue to generate significant growth in new opportunities in the pipeline, remaining a key strategy going into 2012. We also invested in a significantly enhanced offering around integration with our newly released Longview Integration Suite – Enterprise Edition. This is expected to drive substantial opportunities among the existing customer base in 2012 as well as make us more competitive in new license deals.

Longview continues to drive a healthy pace of upgrades to version 7 from our customer base, and we look to continued progress in that area with the release of our SmartClient technology on the core CPM platform early in 2012.

Longview Tax | Our Tax business continued to enjoy explosive growth in 2011, with overall Tax revenue increased by more than 40% and new license sales more than doubled. Longview is particularly well positioned in Tax with a unique offering that addresses tax from a centralized data repository and leverages our strength in analysis and reporting to build an "out-of-the-box" tax application.

We grew our Tax sales team significantly in 2011 while at the same time growing our relationships with the "Big 4" Tax service providers. Funnel growth in Tax continued to increase significantly from 2010 and the average size of our software license deals grew to over US$ 200,000.

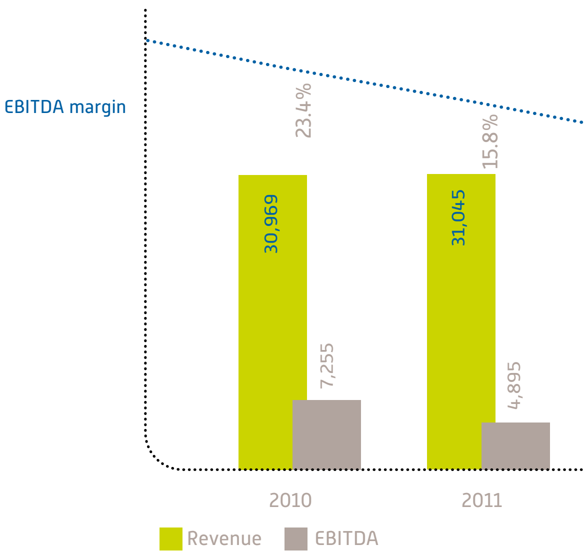
Contract wins

The Empire Hotel and Country Club, Brunei	www.theempirehotel.com	Orisoft HRMS
Berli Jucker Public Company Limited, Thailand	www.berlijucker.co.th	Orisoft HRMS
Four Seasons Resort Chiang Mai, Thailand	www.fourseasons.com/chiangmai	Orisoft HRMS
Uponor GmbH,	www.uponor.de	Exact LohnXL/XXL
die fernsehwerft GmbH	www.diefernsehwerft.de	Exact Payroll Service
Dienes Werke für Maschinenteile GmbH & Co. KG	www.dienes.de	Exact LohnXL/XXL
Northbridge Financial Corporation	www.nbfc.com	Longview Planning
Manulife	www.manulife.com	Longview Tax
First Financial Holdings, Inc.	www.firstfederal.com	Longview Planning/Longview Consolidation
Translink	www.translink.ca	Longview Planning

We had two significant Tax releases on the version 7 platform in 2011 and continue to release new Tax functionality about twice a year. The year 2012 will see a significant release that leverages the SmartClient technology to create an enhanced user experience and a quicker installation process for new customers. We will also be focusing on the 'Tax Data Warehouse' as a significant differentiator that we believe positions us well to take a leadership position in tax as the market transforms.

Revenue & EBITDA

(in € thousands)



Lohn XL

Lohn XL develops, sells and markets payroll software solutions for the German market. Lohn XL went through a transformation in 2011. Following several years of declining revenues, the business returned to revenue growth during 2011. A successful entry into the business process outsourcing (BPO) market combined with an increase in commercial investments were the related key drivers behind this success. Furthermore, R&D investments were increased, resulting in a significantly improved product being brought to market in 2012.

At the same time, an increased focus on customer retention programs has stopped the decline in maintenance revenue experienced over the last couple of years. An increase in sales and marketing efforts has resulted in some attractive and competitive customer wins.

Following several years of declining revenues, Lohn XL returned to revenue growth during 2011.

Orisoft

Orisoft provides human capital management solutions through cutting-edge products and services such as Human Resource Management System, Time Management System, Payroll System and Employee Self Service solutions, targeted at companies in Asia. Orisoft is scalable to all market sizes and is a leading HCM solution provider in the hospitality, oil and gas and manufacturing segments in Asia.

The Orisoft solution is modular and integrates with Exact Globe and Exact Synergy Entereprise as well as with other ERP packages. The Orisoft solution is localized for 10 countries in Asia. In 2011, Orisoft focused on increasing its own sales and marketing activities as it could no longer use the Asia infrastructure of the Exact International network. In the main countries for Orisoft – Malaysia and Thailand – marketing communication increased, with localized materials and the business's participation in exhibitions and seminars. At the same time, Orisoft responded to market demand for online HRM and payroll applications with its BPO services by launching alternative payment models for its solutions. This is expected to drive the business in 2012.

4 Risk management

4 Risk management

We make decisions in our day-to-day operations on the basis of a risk assessment. To make a proper risk assessment, we need to have a clear view of the risks and what the impact of such risks may be on our business. Risk management is an essential part of our decision-making process and can only function properly with the right risk management and control systems.

We believe that our internal financial risk management and control systems provide reasonable assurance that our financial reporting does not contain material incorrectness. We have no indications that the risk management and internal control systems we have in place did not function properly in 2011, and no indications that these will not work properly in 2012.

Risk management is subject to increasing attention from stakeholders, especially in times of economic uncertainty and turbulence. We aim to provide clear insight into the strategic and operational risks related to our business, business model and the changes in the relevant markets we operate in, and explain to our stakeholders how we manage and control these risks.

It is important to note that the proper design and implementation of risk management and internal control systems significantly reduces but cannot fully eliminate the possibility of human error, poor judgment when making decisions, deliberate circumvention of control processes by employees and others, the overriding of controls by management, or the occurrence of unforeseeable circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses.

A properly designed and implemented risk management and internal control system will therefore provide reasonable but not absolute assurance that a company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business. In this context, reasonable assurance refers to a degree of certainty that would be satisfactory for a prudent manager in the management of his or her affairs under the given circumstances.

Projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with our standing policies, procedures and instructions may deteriorate.

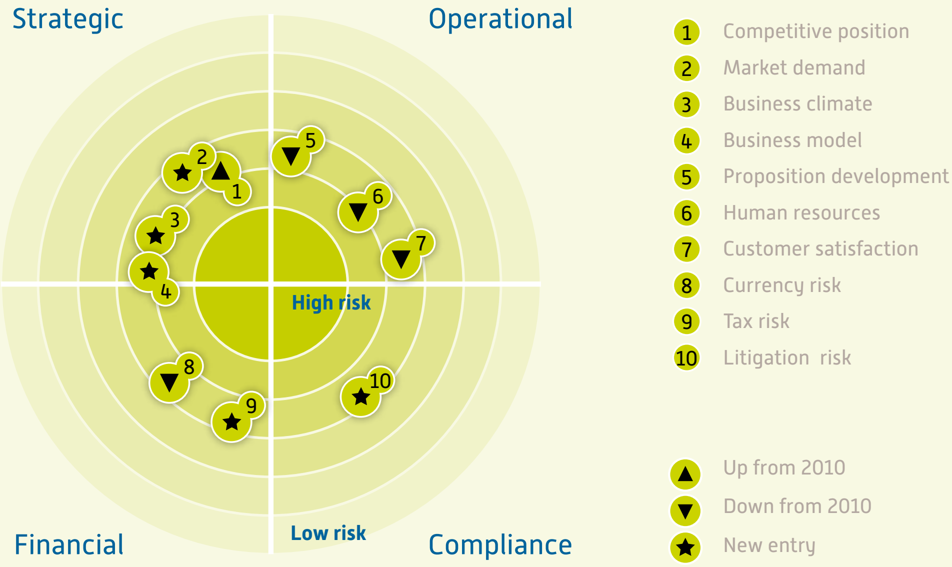
Risk analysis surveys

We regularly discuss internal risk management and control systems with the Audit Committee of the Supervisory Board. In evaluating our risk management and control systems, we use the COSO Enterprise Risk Management Framework as a reference. In addition, we have an independent Internal Audit Department. This reports every quarter, or whenever deemed necessary, directly to the CEO and the chairman of the Audit Committee of the Supervisory Board. The Internal Audit Department has unrestricted access to the Board of Managing Directors and the Audit Committee as well as to all documents and records, properties and staff.

Since 2008, we have employed a comprehensive and systematic approach to periodically reviewing the internal risk management and control systems and, where necessary, make recommendations for improvement. This is done by means of a risk management survey that is conducted among all management layers globally. This bottom-up approach creates a picture of the risks as perceived by our operations. The risk management survey is conducted annually and the 2011 data was analyzed and compared with previous surveys. This enables us to map risks consistently throughout the forecast period, as established by the Audit Committee of the Supervisory Board.

Principal risks

The following risk overview highlights the principal strategic, operational, financial and compliance risks we face. These risks could hinder us in achieving our strategic and financial business objectives. The risk overview is not intended to be an extensive analysis of all risks affecting our operations.



The radar graph shows the key strategic, operational, financial and compliance risks Exact is faced with as identified in the risk management survey. Other key risk areas are out of reach of the radar graph and thus less significant.

Strategic risks

Competitive position | We target small and medium-sized companies with business software solutions tailored to specific market segments and for designated geographies. The market segments we concentrate on are manufacturing, wholesale and distribution, professional services, small business, and accountancy. Our largest customer base is in the Benelux and we offer propositions for all our selected market segments. In the International region we offer propositions for manufacturing, wholesale and distribution and professional services with a focus on small and medium-sized multinationals, mostly headquartered in the Netherlands, Germany, the United Kingdom and France. In the Americas we focus on manufacturing.

In each of the geographical regions, our on-premise propositions compete with large, global competitors like Microsoft, SAP and Sage as well as local ERP vendors like AccountView and AFAS in the Netherlands, and Epicor in the USA. We run the risk that offerings from any or all of these competitors or new entrants to the market may impair our competitive position.

Risk management is subject to increasing attention from stakeholders, especially in times of economic uncertainty and turbulence.

The large global vendors typically target larger customers than we do, with products that offer more functionality and require longer and costly implementation cycles. Although many large vendors have previously made unsuccessful attempts to enter our small and medium-sized market segment, we see that a number of them have come to market with designated propositions for the mid-market and are starting to sell these. However, we have a competitive advantage over these large vendors as we know the small to medium-sized market inside out, speak the same language as these entrepreneurs, and understand their business needs.

With our agile development organization and processes we can respond quickly to changing market demand, which is demonstrated by the high number of new releases and modules that we launched in 2011. Furthermore, we have a highly motivated and trained direct sales force that understands the market in which our customers operate. Our propositions are easy to install and implementation is facilitated by employing standard templates and methodologies, thus reducing implementation cycles and costs.

Market demand | A distinct change in the market in recent years has been the increasing demand for alternative licensing and payment models as well as for SaaS solutions. Should we not be able to meet this demand, our propositions could become outdated, which could impact our future revenues.

Traditionally, ERP software has been sold as a perpetual license, with an upfront license fee payment and a yearly recurring maintenance fee of approximately 20% of the license value. This means that a customer has to make an upfront investment when investing in new software. Today, driven by the uncertain economic climate that has ruled since the end of 2008, customers are increasingly requesting alternatives. We therefore now offer our traditional on-premise product in a so-called rental model. Under this model, the customer licenses the software for a limited period and pays in monthly or annual installments. Our traditional on-premise product will also become available in a so-called hosted or subscription model. In this model, the software is not installed at the customer's site but with a designated hosting partner, in the cloud. The customer accesses the software via the Internet, the license agreement covers a specific period, and the customer pays per user and per month.

Through these alternative licensing and payment models, we can meet customer demand and close deals for our on-premise propositions that we would otherwise lose. The pricing of our rental and hosted propositions is such that, over a period of three to five years, we earn as much as we would have earned under the traditional licensing method. As, on average, customers only change their ERP or financial accounting software package every seven years, the risk for us is limited.

Besides the hosted propositions mentioned above, we also see an increasing market demand for SaaS business software solutions. At present we only sell and market our SaaS product in the Benelux. Although local competitors like Twinfield and Reeleezee started earlier than we did, from launching almost seven years ago we are now the market leader in the Benelux for ERP SaaS financial accounting software. The number of company accounts managed in Exact Online is growing by some 50% a year and the annual committed revenue at year end amounted to € 11.6 million.

In addition to continuing our basic SaaS financial accounting offering, we have made a strategic choice to grow our SaaS business by first developing SaaS offerings for our selected market segments before extending our basic SaaS financial accounting offering to international markets. In 2011, for example, we launched the Exact Online propositions for wholesale and trade and professional services and we have completed the Exact Online proposition for accountants. We further aim to launch the Exact Online proposition for manufacturing in the second half of 2012, which will give us a complete ERP SaaS suite in our selected markets segments. This gives us a unique position in the market.

Business climate | The macroeconomic climate remains turbulent and unpredictable. Following the banking crisis of 2008 and 2009, our business saw some early signs of recovery in 2010. During 2011, the macroeconomic climate was affected by the euro crisis, which influenced EUR/USD exchange rates and, towards the end of the year, the business sentiment of our customers as well.

Uncertainty about the impact this economic turbulence will have on small and medium-sized businesses is making entrepreneurs – our customers – cautious, leading to the postponement of investments. At the same time, the demand for alternative licensing and payment models and SaaS offerings is growing. As these offerings are sold on a term or subscription basis, we do not receive license revenues at the moment we sign a contract. Instead, the revenues are spread over the term or subscription period. This development may cause some temporary pressure on our revenues, but for the most part this will be compensated for and stabilized by the high rate of recurring maintenance revenue over the longer term.

Business model | Our strategy is geared to achieving organic revenue growth, and, as such, acquisitions do not form a major part of our growth strategy. In general, acquisitions involve a greater risk than organic growth. In considering acquisitions, we aim to minimize the risks by selecting candidates carefully, performing detailed due diligence during the acquisition process, and ensuring swift and efficient integration once the deal is completed.

We only make acquisitions if they complement our strategic direction. As such, acquisitions could involve adding technologies that complete or enhance our propositions for our selected market segments or reinforce our go-to-market strategy for our Exact Online offering in our selected market segments and geographies. We did not make any acquisitions in 2011.

In line with our strategic plan, we divested non-core assets in 2010. This was followed, in the first half of 2011, by the restructuring of our international subsidiary network, in which we closed 20 of our 33 subsidiaries. With this restructuring, we optimized our international route to market and can now leverage operational synergies by clustering resources. We concentrated customer support primarily in three support excellence centers, one in Delft (the Netherlands), one in Prague (the Czech Republic), and one in Kuala Lumpur (Malaysia). These centers, which offer local-language support for most of the countries in which our products are available, now service the customers that we used to care for via our local subsidiaries.

Operational risks

Proposition development | We need to continue to develop world-class software propositions if we are to retain our existing customers and attract new ones. At the same time, we only develop propositions based on clear market demand. Changes in customer needs and/or expectations may make our offerings appear less attractive within our target markets and reduce our competitive position. The business lines, which we introduced in 2011 as a new, cross-regional discipline in our organization, are responsible for identifying market trends and collecting customer feedback regarding our global propositions for our selected market segments. These findings go to a Solution Board consisting of executive leaders.

Once approved, our development department builds the propositions. We have highly skilled development people in Kuala Lumpur (Malaysia), Delft (the Netherlands) and in a few locations in the United States. In addition to these development centers, we also have local development teams for our local propositions. And to increase our flexibility regarding product development, we also work with a limited number of external development parties. These third parties are thoroughly acquainted with our propositions. The combination of having our own development department and working with a limited number of skilled third-party developers ensures we have the flexibility to respond with new software propositions in time to meet market demand, thereby limiting the risk that we will lose customers.

Product issues can negatively impact our reputation and could have a material impact on our overall revenue. We therefore employ strict quality control mechanisms as part of our development process and only make new releases generally available after internal testing and conducting a thorough controlled or beta release program. In this program, a limited number of customers test our new releases in their live environment and our development teams address defects, if any, before a general release.

Once a release is generally available, we have skilled support departments in all regions to help customers with any product or user issues they may encounter. Through a strict process of first, second and third line support, product issues can be identified quickly, escalated to the proper level and, depending on the urgency and impact, resolved through either a hot fix or in a next release.

Human resources | We are a knowledge and people company. Losing key employees can result in a knowledge gap and significantly impact our performance. Attracting, developing and retaining the right employees is key in our human resources strategy.

We have a dedicated recruitment department to attract the right people for our vacancies, and during 2012 we will begin a project to further improve our employer branding. This will raise our visibility as an employer in a number of the markets in which we operate. To develop and retain our employees, we provide a varied training program and career opportunities. Our updated Job House, introduced in April 2011, gives our employees a clearer understanding of their career possibilities and the requirements for promotion. We have also initiated a project to develop a formal compensation and benefits framework and a formal salary structure. In addition, we plan to introduce a talent management program during 2012 so we can identify high potentials and offer them a tailored career path within Exact.

These initiatives will help us to better attract, develop and retain employees and reduce the risk of not having the right people.

Customer satisfaction | The key to customer satisfaction is to deliver what customers expect. Increasingly this is not just software, but a true business solution. Failing to provide the anticipated results can lead to the loss of future orders and payment issues. To mitigate this risk, we use a standard implementation methodology for installing and configuring the software at our customers' premises. Furthermore, we measure customer satisfaction by conducting a customer survey twice a year and act accordingly, based on the outcome.

Financial risks

Currency risk | Being a company with subsidiaries and activities throughout the world, we are subject to fluctuations between our reporting currency and various different non-euro currencies. For 2011, 40.0% (2010: 42.1%) of our revenue and 42.1% (2010: 42.7%) of our operating expenses were denominated in currencies other than the euro.

An important part of our income is derived in US dollars. We generated approximately 26.7% (2010: 25.7%) of our revenue in US dollars in 2011.The exposure of the exchange rate impact is reduced by certain hedging instruments. Please refer to note 8.5.29 in the financial statements for a further breakdown.

Tax risk | As an internationally active company, we have significant cross-border intercompany transactions. Because of increasingly complex transfer pricing legislation, there is a chance that we run into discussions about compliance with local legislation. In 2009, we introduced an updated transfer pricing policy that has enabled us to mitigate this risk.

In order to further reduce any potential tax risks we have engaged a global financial services provider as global tax compliance provider. This means that this provider is involved in determining our global tax position and in preparation of corporate income tax returns. Moreover, specifically for the Netherlands we are in the process of implementing a tax control framework and starting discussions with the Dutch tax authorities regarding entering into a horizontal supervision agreement. This process is planned for finalization in 2012.

Compliance risks

Litigation risk | We are involved in a number of legal proceedings, none of which would have a material impact on our operations or finances. Although we believe that we have sound legal grounds to defeat these claims, we have established sufficient provisions to cover possible future exposure.

Other risks

Financing and liquidity risk | We had a strong balance sheet and freely available cash resources of € 53.8 million at the end of 2011 (year end 2010: € 58.1 million). This was despite the payout of the final dividend for 2010, the one-time additional dividend for 2010, and an interim dividend for 2011. Our strong balance sheet, coupled with the historically strong operational cash flow and the fact that we maintain most of the cash and cash equivalents in the Netherlands, means we believe that we currently face no financing risk.

We frequently evaluate the stability of the banks with which we deposit excess cash, and, if market conditions necessitate, transfer cash balances to other banks that are deemed more stable or secure. We look at credit ratings from external sources but do not rely on these exclusively.

Notwithstanding our strong cash balance position and to create additional flexibility, we have renewed our credit facilities with ING Bank. Our renewed credit facilities consist of a bank guarantee facility (uncommitted), an overdraft facility (uncommitted) and a revolving credit facility (committed), totaling up to € 20.0 million with the uncommitted possibility to extend this amount to € 50.0 million.

Shareholder risk | We continue to have a concentrated ownership, with 63.2% of the outstanding shares held by shareholders who hold more than 5% of our shares (see chapter 7). This results in a limited free float of shares on the stock market, which could limit the ability of investors to buy and sell shares freely.

Please note that this overview of key risks is not exhaustive and that we may be subject to other significant risks that have not yet been identified, or which have been assessed as not having a potentially significant impact on the business but which could materialize as such at a later stage.

Monitoring and reporting systems

We use our own software solutions (Exact Globe and Exact Synergy Enterprise) in virtually all of our subsidiaries worldwide. This software enables all management layers to monitor and authorize all operational, financial, legal and human resources-related transactions by employees on a real-time basis from anywhere in the world. In addition to quantitative information, Exact Synergy Enterprise also provides qualitative management information related to the development of the prospects portfolio, sales funnel conversion, and planning and capacity usage of consultants, as well as employee development and reviews, customer complaints, and legal claims.

In addition to the above, we use our Longview product to facilitate the monitoring of corporate performance. By using our own software solutions globally, we have structured our risk management and control systems in such a way that:

- every region and business unit has sufficient insight into its market position and is clear regarding strategy and the financial and operational objectives that have to be achieved by that region or business unit;
- management gets reliable and timely information about the state of affairs in the different regions and business units;
- our assets and resources are managed properly;
- sufficient control information (performance indicators) is provided to assess and improve the effectiveness and efficiency of our primary processes;
- monthly reporting is monitored in detail via month-end checklists that are reviewed by regional controllers, financial group management and the Board of Managing Directors;
- we obtain early insight into the quality, availability and development needs of key staff members.

Each regional board reports monthly on a number of defined KPIs. A consolidated report of defined KPIs is submitted monthly to the Supervisory Board.

Guidelines and policies for financial reporting and related procedures

We have developed and implemented guidelines and procedures for financial reporting, budgeting and planning processes, risk management, treasury, customer complaints and claims, and human resources management. These guidelines and procedures are reviewed periodically and revised when necessary. Furthermore, we have developed and implemented an accounting manual to align accounting policies within the Group. Our employees are trained to implement and comply with these guidelines and procedures.

Our financial statements and those of our subsidiaries are audited annually by an external auditor. The external auditor reports regularly and discusses his findings with the Audit Committee and Supervisory Board.

Actions in 2011 and plans for 2012

Together with our new auditor KPMG we reviewed our risk management and control systems in 2011. Although the risk management and control systems we have been using provide us with insight into the main risks we face in doing business, we believe that we can further improve the insight and the efficiency in managing the risks by implementing a structured risk control framework.

We have initiated a project, assisted by the Internal Audit Department as well as outside experts, to draft and implement a comprehensive and integrated risk control framework, which should link and periodically review the identified risks and the related internal controls to mitigate these risks. This enterprise risk framework will be implemented during 2012.

5 Corporate governance

5 Corporate governance

Good corporate governance is in the interests of Exact and all our stakeholders. For this reason, we support the majority of the principles set out in the Dutch Corporate Governance Code ("the Code", www.corpgov.nl), and have been doing so since 2005. There were no material changes to Exact's corporate governance structure in 2011, or in our compliance with this.

Our corporate website (www.exact.com) contains the following information and documentation as prescribed in the Code:

- Articles of Association of Exact Holding N.V.
- Regulations for the Board of Managing Directors
- Regulations for the Supervisory Board and its committees
- Profile and composition of the Supervisory Board
- Composition of the committees
- Remuneration report
- Whistleblower regulations
- Regulations for the ownership and transactions in shares
- Presentations and minutes of the general meetings of shareholders
- Presentations of analyst meetings and recorded webcasts
- Code of Conduct
- Policy for bilateral contacts with shareholders, investors, analysts and press

We have implemented the Code with due observance of our position as a small, stock-exchange-listed company. We add the following remarks:

II.1.3.b: We have drafted a code of conduct that is published on our corporate website.

II.2.8: The severance payment for a member of the Board of Managing Directors is set at a maximum of one year's salary ("fixed part") (see the Report of the Remuneration Committee).

II.2.10: The short-term incentive plan (STIP) and the long-term incentive plan (LTIP) for the members of the Board of Managing Directors contain a clawback clause (see the Report of the Remuneration Committee).

II.3.2-II.3.4: There were no transactions during 2011 by a member of the Board of Managing Directors that involved a potential conflict of interest. The provisions of best practice II.3.2 – II.3.4 have been adhered to.

III.1.5: None of the members of the Supervisory Board have been frequently absent from meetings.

III.1.7: In a meeting not attended by the Board of Managing Directors, the Supervisory Board evaluated its functioning and that of its individual members based on a self-evaluation assessment. The performance of the Board of Managing Directors was also reviewed and subsequently discussed with the Board of Managing Directors.

III.1.8.: The strategy and the main risks related to the company were discussed during consultations with the Board of Managing Directors, the Audit Committee, and the external auditor. Also discussed were the assessment by the Board of Managing Directors regarding the set-up and functioning of the internal risk management and control systems, and the changes made to these. The conclusions can be found in the risk management section of this annual report.

III.2.3: The Supervisory Board confirms that all of its members are independent within the meaning of best practice provision III.2.1 of the Code.

III.3.6: The term of appointment of Mr. E.R. Deves and Mr. R.J. Hoevens as members of the Supervisory Board expires in 2013. The term of appointment of Mr. T.V.C. Schaap as member of the Supervisory Board expires in 2015.

III.6.1-III.6.3: There were no transactions during 2011 by a member of the Supervisory Board that involved a potential conflict of interest. The provisions of best practice III.6.1 - III.6.3 have been adhered to.

III.6.4: There were no transactions during 2011 involving persons owning 10% or more of Exact's shares. The provision of best practice III.6.4 has been adhered to.

IV.3.13: The policy relating to bilateral contacts with shareholders has been formulated.

Continuity analysis

Company structure | Exact Holding N.V. is a public limited liability company organized and traded under the laws of the Netherlands, with registered offices in Delft, the Netherlands. Exact Holding N.V. holds all the shares of Exact Group B.V., a limited liability company, organized under the laws of the Netherlands, with the same registered office address. Exact Group B.V. holds, directly or indirectly, the shares of all of Exact's operating companies. All operating companies are wholly owned subsidiaries.

Financial structure | Other than the credit facilities of € 50 million with ING, which we have only used to a limited extent and the € 3.5 million sale and leaseback liability, we have no financing arrangements or debt covenants with banks, shareholders or other third parties. Our solvability and liquidity ratios are: 1.1 (2010: 1.2) and 0.9 (2010: 0.6).

Dividend policy | Our dividend policy, as adopted by the General Meeting of Shareholders, is to pay out 100% of our net result in any year that we do not perform a material acquisition. Based on the dividend policy a final dividend of € 0.06 would be paid in relation to 2011. In view of the Longview impairment and taking the company's strong cash position into consideration, the Board of Managing Directors will propose a final dividend of € 0.87 per share at the General Meeting of Shareholders on April 26, 2012, which will bring total dividend for 2011 to € 1.46 per share.

Good corporate governance is in the interests of Exact and all our stakeholders.

We have no formal policy on share buybacks. The only share buyback program executed was in 2008, under which we acquired 5% of our outstanding shares in the open market. These shares are held in treasury.

Management statement

Pursuant to the implementation of the Transparency Directive (Directive 2004/109/EC) in Dutch legislation on December 24, 2008, the Board of Managing Directors states that to their knowledge (1) the annual accounts in this annual report give a true and fair view of the assets, liabilities and financial position and profit and loss of Exact and its related companies; (2) the annual management report in this annual report gives a true and fair view of Exact and its related companies as at the balance sheet date and the state of affairs during the financial year to which this report relates; and (3) the annual management report describes the material risks Exact is facing.

Delft, March 8, 2012

Max Timmer
CEO

6 Report of the Supervisory Board

6 Report of the Supervisory Board

Members of the Supervisory Board

E.R. (Rolf) Deves | Chairman

Member of the Audit Committee and member of the Remuneration Committee
Chairman of the Selection and Nomination Committee

Year of birth: 1947
Nationality: Dutch
Current position: Founder and Managing Partner, Holland Venture and Holland Venture III B.V.
Formerly: Director of International Factors B.V.
Date of initial appointment: April 23, 2009
Current term of office: 4 years

Other positions

Chairman of the Supervisory Board of Macaw Technologies B.V.
Chairman of the Supervisory Board of BlueCielo B.V.
Chairman of the Supervisory Board of Login B.V.
Chairman of the Supervisory Board of Decell Technologies
Board member of St. Administratiekantoor Groothandelsgebouwen

R.J. (Rob) Hoevens | Vice Chairman

Chairman of the Audit Committee
Member of the Selection and Nomination Committee

Year of birth: 1959
Nationality: Dutch
Current position: Advisor, entrepreneur and investor
Formerly: CFO of the European Continental Board of Directors of PricewaterhouseCoopers, member and CFO of the Board of Management of PricewaterhouseCoopers (the Netherlands)
Date of initial appointment: April 23, 2009
Current term of office: 4 years

Other positions

Member of the Supervisory Board of Woonbron
Chairman of the Advisory Board of 3Stone Real Estate
Chairman of the Advisory Board of ErasmusvanWees BV
Chairman of the Advisory Board of MASC Company BV
Member of the Advisory Board of the Vanto Group Europe
Board member of Spelersfonds Nederland Cooperatief U.A.

T.C.V. (Thierry) Schaap | Member

Chairman of the Remuneration Committee
Member of the Selection and Nomination Committee

Year of birth: 1971
Nationality: Dutch
Current position: Founder and managing director of Brand New Day N.V.
Formerly: Founder and chairman of the Board of Managing Directors of BinckBank N.V.
Date of initial appointment: May 26, 2011
Current term of office: 4 years

Other positions:

Entrepreneurs Organization - Advisor
Foodure Foundation - Advisor

Report of the Supervisory Board

The year 2011 was a year of transformation that involved implementing the strategy that was set at the end of 2010. As Supervisory Board, we have been closely monitoring the execution of the strategic plans as well as the overall performance of the business.

It was also a year in which we changed CEO. In March 2011, we announced that Martijn Janmaat would not extend his appointment beyond September 1, 2011. Max Timmer, CFO, was appointed CEO on an interim basis as of July 1, 2011. Together with specialist agencies we initiated a search for a new CEO and were pleased to announce with a press release on February 15, 2012 the intention to appoint Erik van der Meijden as the new CEO as of March 19, 2012. Erik van der Meijden will be proposed for appointment as member of the Board of Managing Directors at the General Meeting of Shareholders on April 26, 2012. Max Timmer, who has been CEO on interim basis since July 2011 and CFO and member of the Board of Managing Directors since April 2010, will step down as member of the Board of Managing Directors on April 26, 2012 and leave Exact.

Extension of the Supervisory Board

As Supervisory Board we started 2011 with two members: Rolf Deves (chairman) and Rob Hoevens. In February 2011, we announced that Thierry Schaap had been nominated as a member of the Supervisory Board and chairman of the Remuneration Committee. This was formalized at the General Meeting of Shareholders on May 26, 2011.

As indicated before, we believe that the Supervisory Board should consist of four members to ensure continuity and to improve the workload balance. However, the search for a new member of the Supervisory Board did not have priority until the search for a new CEO was completed. That last search now having been completed, we can start searching for a new Supervisory Board member.

Changes in the Board of Managing Directors

Max Timmer, CFO and a member of the Board of Managing Directors, was appointed CEO on an interim basis as of July 1, 2011. Max Timmer succeeded Martijn Janmaat, who announced in March 2011 that he would not extend his initial one-year appointment.

In the meantime, we asked Rob Hoevens to assist and support Max Timmer with Longview and with other matters that Max Timmer deemed necessary, from August 1, 2011 until the moment that a new CEO would be appointed. To that end we entered into a separate contractor agreement with Rob Hoevens. The Articles of Association of Exact do not provide for the possibility of having a delegated member of the Supervisory Board ("gedelegeerd commissaris"), nor does the remuneration policy of the Supervisory Board provide for the possibility of making additional payments to a member of the Supervisory Board. As the activities of Rob Hoevens take between two and three days a week, his basic remuneration as a member of the Supervisory Board is considered insufficient and we will therefore ask the shareholders to approve an additional payment to Rob Hoevens for his work for Exact at the General Meeting of Shareholders in April 2012. The additional payment amounts to € 83,500 as of December 31, 2011.

There were also changes in the Executive Committee. These involved the appointments of a new marketing director, a new human resources director, a new managing director for the Benelux, and a new managing director for International. We believe that with the current composition of the Executive Committee, the company has the right mix of experience and skills to execute Exact's strategic goals and achieve its targets.

On February 15, 2012 we announced the nomination of Erik van der Meijden as candidate CEO. Erik van der Meijden will start in his position on March 19, 2012 and will be proposed for appointment as CEO and member of the Board of Managing Directors at the General Meeting of Shareholders on April 26, 2012. Max Timmer, who has been CEO on interim basis since July 2011 and CFO and member of the Board of Managing Directors since April 2010, will step down as member of the Board of Managing Directors on April 26, 2012 and leave Exact.

Execution of the new strategic focus

The strategic review conducted at the end of 2010 resulted in clear choices being made and the definition of a new strategic focus aimed at restoring organic revenue growth. This required a transformation of many parts of the company, something that was executed by several project teams. We have been regularly updated on the progress, costs and impact of the measures and actions taken and respect the hard work and efforts that have been put into the process by many people within Exact.

Under the new strategic plan, Exact created business lines as a new corporate function. The business lines correspond with the company's strategic market segments and operate across all regions. The responsibility of the business lines is to determine, based on market demand, the specifications, go-to-market and pricing of the company's propositions and, working with our regional organizations, bring these to market. As such, the business lines are an important element in the strategic direction of the company. We are therefore pleased that at the end of 2011 almost all positions within the business lines had been filled, predominantly with experienced internal candidates.

During 2011 we saw several demonstrations of on-premise and online propositions that have been developed for the company's selected market segments of manufacturing, wholesale and distribution, professional services, small business and accountancy.

The International region targets small to medium-sized international companies in selected market segments. In the first half of 2011, Exact rationalized its international subsidiary network and 20 country operations were closed. Unfortunately, these closures led to 94 employees being made redundant, although 18 people subsequently found other positions within Exact. The redundancies were handled with due care and consideration.

Customers in countries in which operations were ended were predominantly transferred to three geographical clusters, one in Delft (the Netherlands), one in Prague (the Czech Republic) and one in Kuala Lumpur (Malaysia). These clusters are excellence support centers and, for the majority of our customers, provide support and services in their local language.

The international approach focuses on medium-sized internationally oriented companies operating out of the so-called headquarter-rich countries of the Netherlands, France, Germany and the United Kingdom. Exact increased its sales and marketing resources in these countries and aligned activities with the company's strategic focus.

In the Benelux region, Exact signed new contracts with the main resellers. The contracts, signed at the beginning of the year, laid the basis for an alignment of the channel along our selected market segments and for specialization by resellers in one of the market segments. The contracts furthermore formalized the position of the channel with respect to Exact Online. Despite the new contractual basis, the contribution of the channel to the license revenue of the Benelux region was significantly lower than the previous year. This issue is high on the management agenda for 2012.

Exact Online in the Benelux maintained its growth rate and has become the undisputed market leader for SaaS financial accounting solutions. In line with the strategic roadmap for Exact Online, the propositions for trade companies, professional service companies and the solution for accountants have all been launched. These represent an extension of the basic financial accounting solution. The launch of the Exact Online solution for manufacturing companies is planned for 2012.

Together with management, we will continue to monitor the execution, impact and results of the organization's changes and choices and will, if and when necessary, amend the speed of implementation to ensure a smooth process.

Business and financial performance

The business climate worsened during the second half of 2011. This resulted in a total revenue growth of 0.6% on a like-for-like basis. The growth was especially impacted by the license revenue decline on a like-for-like basis of 2.0%. Maintenance revenue increased on a like-for-like basis by 1.7%, driven by lower attrition rates and increased revenues from Exact Online in the Benelux.

The restructuring of the International region was executed diligently and completed, in terms of time and financial impact, in accordance with the plans prepared by management.

The uncertain economic situation will likely continue during 2012, or a great part of it. That means that management will have to closely monitor the company's performance and, if necessary take decisive action.

Supervisory Board meetings

During the year under review, we held 12 formal meetings with the Board of Managing Directors and members of the Executive Committee on a fixed schedule, plus a number of informal meetings. We also met four times with the company's Dutch Works Council and discussed various topics relating to Exact as an employer.

We examined a variety of topics in the Supervisory Board meetings. These included Exact's business and organization in general; the competition; the financial reporting process; the financial results in relation to the budget, forecast and guidance; and the internal management control, risk management and reporting structure. With the Board of Managing Directors and members of the Executive Committee we also discussed in detail the progress made on restructuring the International region and the related impact on employees.

Together with management, we will continue to monitor the execution, impact and results of the organization's changes and choices.

As Supervisory Board we fully underwrite the clear choices made and areas of focus chosen to restore organic profitable growth. In the years to come, we will closely monitor the achievement of the goals that have been set. In the budgeting process for 2012, the strategic growth drivers and key focus areas have been taken into account and reflected in investments, staffing and organizational matters. The internal organization has been aligned with the new focus areas and implementation has started.

Apart from the issues mentioned above, the Supervisory Board addressed and decided on the issues that were reported on by its committees. Those topics are included in the respective committee sections of this chapter.

6.1 Report of the Audit Committee

Members of the Audit Committee

Rob Hoevens – Chairman

Rolf Deves

The primary task of the Audit Committee is to monitor and supervise that Exact maintains adequate procedures and control systems to manage the financial and operational risks to which it is exposed, and to oversee the integrity of its financial reporting.

The Audit Committee met five times during the year under review. Most meetings were attended by Exact's external auditor, either E&Y (until May 2011) or KPMG Accountants N.V., which was appointed at the General Meeting of Shareholders in May 2011 for a period of three years. The transition and handover of the activities between E&Y and KPMG was handled in a smooth and professional manner. For KPMG, 2011 therefore marked its first audit of the company. We are pleased with the approach KPMG has taken in getting to know Exact and its business. KPMG has demonstrated added value in various audit- and business-related discussions and the year-end closing process went smoothly and was well structured.

Similar to previous years, we reviewed and discussed with management, the external auditor(s) and the Internal Audit Department, the functioning of the company's internal risk management and control systems, the use of internal IT systems, the outcome of the internal risk management survey, and the proposed actions relating to these. We were also actively involved in scoping out the work to be performed by the external auditor for the 2011 audit. In addition to the above, we reviewed and discussed compliance with legal obligations in various countries, the periodic financial reports provided by the company, the activities and policies in areas such as tax and impairment tests, the WACC calculation, and the cash management structure. Another point of attention was the global collection of accounts receivable and the associated reduction of the days of sales outstanding.

Finally, we discussed with management the valuation of Longview and the proposal to take an impairment charge of € 18.4 million in the 2011 result. We agree with the conclusion of management in this respect and underwrite the proposal to compensate the impact of the impairment on EPS by means of a one-time additional dividend payment out of the available cash.

The financial reporting is on time and complete and the collaboration between management, the Internal Audit Department and the external auditor(s) is good. The external auditor(s) have confirmed these findings.

As part of the annual audit cycle, key findings and recommendations of the external auditor were discussed with management. As presented at the Annual Meeting of Shareholders on May 26, 2011, key findings brought forward by E&Y in relation to the 2010 audit were the official Internal Audit Department qualification and independent internal positioning, the hard close process and the internal control environment. In relation to the Internal Audit Department a new and properly qualified team took office during the course of 2011. Furthermore, specific attention was paid to ensuring the independent position of the Internal Audit Department, thereby also ensuring maximum reliance for KPMG in relation to work performed by the Internal Audit Department. In relation to the hard close comments brought forward by E&Y, a decision was taken to organize the 2011 year-end close process in such a way that a maximum effort was made to address potential issues as early as possible in the year-end close process. The adjusted process resulted, as also stated above, in a smooth and improved year-end close process compared to previous years. Further improvements were made by taking the internal control environment to a higher level, among others by developing and implementing roles and rights monitoring-related software. Significant progress has been made in this respect in 2011, and for 2012 further improvements in relation to the internal control environment are scheduled in line with the recommendations of both E&Y and KPMG. Similar to E&Y, also KPMG identified the internal control environment as an area for improvement.

Additional key topics identified by KPMG were the composition of the Board of Management as well as the Risk Control Framework. Although the risk management and control systems that are in use provide management today with basic insights into the main business risks, an improvement in assessing the key risks, quantification, risk appetite and related monitoring is nevertheless considered to be necessary and recommended. Management has therefore initiated a project early in 2012, assisted by the Internal Audit Department as well as outside experts, to draft and implement a more comprehensive and integrated risk control framework, which should link and periodically review the identified risks and the related internal controls to mitigate these risks. This enterprise risk framework is planned to be implemented during the course of 2012.

The Audit Committee will closely monitor the progress and the timely implementation of the various projects and activities described above.

6.2 Report of the Remuneration Committee

Members of the Remuneration Committee

Thierry Schaap – Chairman
Rolf Deves

The primary task of the Remuneration Committee is to advise and submit proposals to the Supervisory Board relating to the remuneration policy and the remuneration of individual members of the Board of Managing Directors.

The Remuneration Committee was chaired by Rob Hoevens until May 26, 2011, and thereafter by Thierry Schaap.

The Remuneration Committee met three times during the year under review. In these meetings we assessed the degree to which the 2010 targets were achieved under the short- and long-term incentive plans for the Board of Managing Directors and set the financial and non-financial targets under the short- and long-term incentive plans for 2011. We also discussed and reviewed the 2005 remuneration policy and remuneration structure and decided to initiate a process to update the remuneration policy and present a new remuneration policy to the General Meeting of Shareholders in 2012.

Following our first discussion about a new remuneration policy and remuneration structure, we commissioned Towers Watson to advise us. During the General Meeting of Shareholders in May 2011, we informed the shareholders about our plans and had an initial discussion with them on the structure of a new remuneration policy. We invited shareholders to make suggestions for the new policy. Based on the advice of Towers Watson a first draft of a new remuneration policy was written by the company secretary and Human Resources. This was discussed and finalized in two meetings with the complete Supervisory Board and the Board of Managing Directors.

The final version will be submitted for approval and adoption at the General Meeting of Shareholders in April 2012. In anticipation of its formalization, the remuneration of the Board of Managing Directors for 2012 has been determined based on the new remuneration policy.

The report below explains in more detail the remuneration structure as applied in 2011 and the proposed remuneration structure for 2012.

2011 remuneration structure

During 2011 we applied Exact's remuneration structure and remuneration levels, within the scope of the remuneration policy, as adopted by the General Meeting of Shareholders in June 2005.

In line with best practice II.2.1 of the Code, we asked Towers Watson to perform a scenario analysis of the remuneration packages of the members of the Board of Managing Directors. This was taken into account in determining the packages for 2011.

From January 1, 2011 to August 31, 2011, Martijn Janmaat invoiced, through his management company, an amount of € 286,666 excluding VAT. Martijn Janmaat further received a short-term incentive of € 100,000 excluding VAT in relation to said period, over the same period. As Martijn Janmaat only committed for a period of one year, he did not participate in the long-term incentive plan. Martijn Janmaat did not receive any severance pay or any other payment as a result of the termination of the contractor agreement as of August 31, 2011.

Max Timmer was CFO until his formal appointment as CEO for an interim period as of July 1, 2011. As of July 1, 2011, the remuneration package of Max Timmer was increased to CEO level. During 2011 Max Timmer received a base salary of € 335,362, a short-term incentive of € 147,777 and a conditional share grant of 7,568 shares (on January 1, 2011, 4,682 conditional shares were granted, and an additional 2,886 conditional shares were granted as of July 1, 2011, in relation to his appointment as CEO) under the long-term incentive plan. The vesting period is three years after the date of each grant and there is a holding period of two years after vesting.

Currently Max Timmer is the only employee at Exact who has been granted conditional shares under the long-term incentive plan. The first grant of conditional shares to Max Timmer was made on January 1, 2010. These conditional shares have, similar to the conditional shares granted in 2011, a vesting period of three years and a holding period after the conditional shares have vested of two years. Until now, none of the conditional shares granted to Max Timmer have vested. The value of the conditional shares granted on January 1, 2010 amounted to € 96,250 at the date of grant. The value of conditional shares granted on January 1, 2011 and July 1, 2011 amounted at the respective dates of grant to € 96,250 and € 31,875.

Remuneration 2011

(in € thousands)	Salary	Short-term incentive	Long-term incentive	Severance pay	Total
Martijn Janmaat	287	100	-	-	387
Max Timmer	335	148	82	-	565
Total	**622**	**248**	**82**	**-**	**952**

Special conditions | The employment agreement of Max Timmer provides for a severance payment of a maximum of one year's base salary in the event of the early termination of the employment agreement, and a fixed severance payment equal to one year's base salary in the case of termination due to a change of control. This is line with best practice II.2.8 of the Code.

The short-term and long-term incentive plans provide, as of 2010, the right for the Supervisory Board to claim back part of the variable salary in the event of an outcome that is unreasonable and was not foreseen at the time of grant, or in the event that the variable payment was based on incorrect financial information (the so-called "clawback" clauses).

Proposed 2012 remuneration policy

The new remuneration policy aims to attract, motivate and retain qualified and experienced directors, to achieve the targets of Exact. The policy further ensures that the level of remuneration is linked to the short- and long-term performance of Exact, thereby aligning the interests of the managing directors with the interests of the shareholders. The proposed 2012 remuneration structure will be submitted for approval at the General Meeting of Shareholders on April 26, 2012.

In order to meet the goals of the policy, the remuneration levels have to be set at a competitive level. The remuneration levels are set by the Supervisory Board, within the framework of the Remuneration Policy. In determining the remuneration levels for the individual members of the Board of Managing Directors, the Supervisory Board takes account of remuneration levels inside and and outside of Exact, thereby looking at a reference group.

This reference group consists of Sage (UK), Brunel (the Netherlands), Ordina (the Netherlands), Unit4 (the Netherlands), Beter Bed (the Netherlands), Dockwise (the Netherlands), BinckBank (the Netherlands), Cegid (France), IFS (Norway), Kasbank (the Netherlands), BE Semiconductors (the Netherlands), Qurius (the Netherlands), ICT Automatisering (the Netherlands) and CTAC (the Netherlands). The reference group may be amended by the Supervisory Board from time to time, including deleting a reference group member in the event of a delisting.

The Supervisory Board will have an annual scenario analysis made by an external party and will review the remuneration packages regularly to ensure that the remuneration levels are in line with the Remuneration Policy.

Remuneration package | The remuneration package of the Board of Managing Directors consists of a fixed base salary and a variable salary. The variable salary has a short-term and a long-term component. There currently is no pension scheme for Exact in the Netherlands. Should such a scheme be introduced, the managing directors will be able to participate.

Fixed base salary | The fixed salary for the individual members of the Board of Managing Directors is set as a range and varies per position within the board. The range is amended yearly with a price index for inflation in the Netherlands. The annual base salaries (effective as of January 1, 2012) are:

Position	Base salary range (gross)
CEO	€ 450,000 – € 500,000
CFO	€ 300,000 – € 350,000
Other members	€ 300,000 – € 350,000

Short-term variable salary | The short-term variable salary is 60% of base salary for each member of the board. The amount of the cash incentive depends on realization of the targets that are set by the Supervisory Board on a yearly basis. The performance incentive zone for the short-term variable salary payout is defined as follows: under the threshold performance there is no target payout, at threshold performance the payout is 30% of the target amount, and the payout is maximized at 200% of the target amount. The target payout is linear between 30% and 100% and between 100% and 200%.

The targets for the short-term variable salary are 70% financial and 30% non-financial. The targets are directly linked to the short-term strategic goals of Exact. The financial targets are the same for all members of the board and are revenue (40% of the financial target), EBITDA (40% of financial target) and a minimal growth of the monthly committed revenue of Exact Online at year-end of 30% (20% of financial target). The non-financial targets are set for each member of the board individually and include one target related to corporate social responsibility (20% of the non-financial target).

If the financial targets are not met, the total short-term variable salary payout (financial and non-financial targets together) can never exceed the respective board member's 100% payout.

The targets are measurable and influencable by the members of the board and are set on a yearly basis by the Supervisory Board. Unless competitive reasons would prevent, the targets and the realization will be disclosed and explained in the Remuneration Report in the next reporting year.The Supervisory Board may, in the event of extraordinary circumstances, including but not limited to acquisitions made by the company, which in the sole opinion of the Supervisory Board would lead to an unreasonable variable salary payout, adjust and determine the variable salary payout, in accordance with the principles of reasonableness and fairness.

Long-term variable salary | The long-term variable salary is share-based compensation, with a yearly grant of conditional shares. The number of shares conditionally granted is calculated based on a fixed amount, which is 40% of the fixed base salary of the board member and the average share price in the 10 trading days prior to the date of conditional grant. The conditional shares vest after a three-year period, dependent on realization of targets. The members of the board will hold the unconditional shares after vesting for a period of at least two years, unless their employment with Exact would terminate earlier.

The target related to the long-term variable salary is total shareholder return. The total shareholder return is measured over the three-year vesting period and against the performance of the NYSE Euronext Amsterdam Mid Cap Index ("Mid Cap Index"). The Mid Cap Index is, in the opinion of the Supervisory Board, the best comparison for Exact, as it contains most of the companies in the reference group and the Mid Cap Index is less influenceable by take-overs.

The performance incentive zone for the long-term variable salary payout is defined as follows: under 95% performance against the index there is no payout; at 95% performance against the index there is 30% payout, at 100% performance against the index there is 100% payout and at 115% or more performance against the index there is 150% payout. The target payout is linear between 30% and 100% and between 100% and 150%.

In the event the (management) agreement of a member of the board would be terminated for whatever reason, except in the event of a termination based on a change of control, the unconditional shares that have not vested will lapse automatically, without any right or entitlement to compensation.

General provisions | If the variable salary has been granted based on incorrect (financial) information, the Supervisory Board has the possibility to adjust the variable salary and to reclaim ("claw back") any variable salary unjustifiably paid to the members of the board based on incorrect (financial) data.

The Supervisory Board has the right to adjust the performance criteria, if this would lead, in the opinion of the Supervisory Board, to an unfair or unintended outcome.

The (management) agreement for members of the board contains a maximum severance payment in the event of involuntary termination of the management agreement of six months' base salary as well as a notice period.

In the event of a termination of the (management) agreement due to a change of control, the short-term variable salary for the then current year will be paid in full and the unconditional shares under the long-term variable salary that have not vested, will vest immediately and in full.

The Supervisory Board alone is responsible for assessing performance, and the variable compensation for the member of the board that is based on that performance.

The total compensation awarded to each individual member of the board will be reported in Exact's annual report.

6.3 Report of the Selection and Nomination Committee

Members of the Selection and Nomination Committee

Rolf Deves – Chairman
Rob Hoevens, Thierry Schaap

On March 22, 2011 we issued a press release informing the market that we had initiated a search for a new CEO because Martijn Janmaat had decided not to extend his one-year contract beyond its expiry date of August 31, 2011. As we did not succeed in recruiting a new candidate CEO as of August 1, 2011, we appointed Max Timmer, CFO, as CEO for an interim period as of July 1, 2011, and continued the search.

The search, for which we commissioned specialist agencies, resulted in the announcement by means of a press release on February 15, 2012 of the intention to appoint Erik van der Meijden as the new CEO as of March 19, 2012. Erik van der Meijden will be proposed for appointment as CEO and member of the Board of Managing Directors at the General Meeting of Shareholders on April 26, 2012. Max Timmer will step down as member of the Board of Managing Directors on April 26, 2012 and leave Exact.

With Erik van der Meijden we have attracted a seasoned and very experienced executive in the IT industry, who worked in various sales and management positions with Compaq and HP and as CEO of Getronics, and who brought companies back to growth. We are convinced that Erik van der Meijden is the right person to lead Exact into the next phase of restoring profitable growth.

We firmly believe that the Board of Managing Directors should consist of three members: a CEO, a CFO and a CTO. With Max Timmer stepping down as member of the Board of Managing Directors, we have initiated a search for a new CFO. The search for a CTO, which had already started, will continue. We believe that the appointment of the candidate CEO will facilitate both searches.

Conclusion

The financial statements for the year 2011, as drawn up by the Board of Managing Directors, have been audited and certified by KPMG Accountants N.V. The auditors have discussed their findings regarding the financial statements with the Supervisory Board.

We have approved the 2011 financial statements and recommend that these be adopted by the Annual General Meeting of Shareholders accordingly. Based on the dividend policy a final dividend of € 0.06 would be paid in relation to 2011. In view of the Longview impairment and taking the company's strong cash position in to consideration, the Board of Managing Directors will propose, which we approve, a final dividend of € 0.87 per share at the General Meeting of Shareholders on April 26, 2012. Finally, we would like to express our appreciation to the Board of Managing Directors, the Executive Committee and all Exact employees for their commitment, dedication and continued efforts during the transformation in 2011.

Delft, March 8, 2012

Rolf Deves (Chairman)
Rob Hoevens
Thierry Schaap

7 Share and shareholder information

7 Share and shareholder information

Share and share capital

Our shares have been listed on the NYSE Euronext in Amsterdam since June 1999 (ISIN code NL0000350361). We are included in the Amsterdam Small Cap Index (AScX), with a weighting factor of approximately 1.0 of the index. Based on the closing price of our shares on December 31, 2011 of € 16.00 per share, we have a market capitalization of € 390.4 million.

The authorized share capital of Exact amounts to € 1,500,000 divided into 75,000,000 ordinary shares, each having a nominal value of € 0.02. The total number of issued shares as at December 31, 2011, amounted to 24,400,405 (including 3,981,074 registered shares), which was the same as the number of shares as at December 31, 2010. There is only one type of ordinary share and there are no share certificates issued. We do not currently have any employee share scheme in which the control rights are not exercised directly by the employee. The only employee share scheme is the long-term incentive plan for the Board of Managing Directors (see chapter 6.2).

Special provisions relating to shares

The Articles of Association do not specify any limitation on the transferability of registered ordinary shares. No securities with special controlling rights have been issued. The voting right on the shares is not subject to any limitations. All shares (both ordinary and registered) entitle the holder to one vote per share.

No agreement has been entered into with any shareholder that could give rise to any limitation on the transfer of shares and/or voting rights. There is currently no authorization granted by the General Meeting of Shareholders to the Board of Managing Directors (1) to purchase shares of Exact on the stock market in accordance with the provision set forth in article 9 paragraph 3 of the Articles of Association nor (2) to issue – with the prior approval of the Supervisory Board – shares, which includes the authorization to grant rights to subscribe for shares.

The appointment, suspension and discharge of the members of the Board of Managing Directors and Supervisory Board are set out in articles 11 and 14 respectively of the Articles of Association. The procedure to amend the Articles of Association is set out in article 25. The Articles of Association are available on the corporate website (www.exact.com).

Treasury shares

After a share buyback program in 2008, under which we acquired 1,219,995 shares from the market in our own capital, we currently hold 345,268 registered shares and 1,238,476 bearer shares. In total this amounts to 1,583,744 shares representing 6.51% of the total outstanding shares. The own shares we hold are non-voting, do not have a dividend entitlement, and are held in treasury for general company purposes.

Total shareholder return

During 2011, we paid € 47.7 million as a final dividend for 2010 (€ 34.2 million) and interim dividend for 2011 (€ 13.5 million). The total shareholder return for 2011 amounted to -15.0% (2010: 21.3%).

Dividend policy

In view of our continued positive cash flow and liquidity position, and taking into account the expected growth and acquisition strategy, our dividend policy is based on a 100% net payout of the net income in any year in which we do not make a material acquisition.

We paid an interim dividend for 2011 of € 0.59 per share in August 2011. Based on the dividend policy a final dividend of € 0.06 would be paid in relation to 2011. In view of the Longview impairment and taking the company's strong cash position in to consideration, we will propose a final dividend of € 0.87 per share at the General Meeting of Shareholders on April 26, 2012, bringing the total dividend for 2011 to € 1.46 per share.

Major shareholders

Any person holding or acquiring an interest of 5% or more in a publicly listed Dutch company must, based on the Major Holding Disclosure Act (WMZ, 2006), disclose such holding to the AFM (Dutch Authority for Financial Markets). The disclosure is recorded in the register of the AFM and listed on the AFM website (www.afm.nl).

Major Exact shareholders

A.R. van Nieuwland	15.7%
E. Hagens	14.9%
Janivo Holding B.V.	8.9%
Sylchester International Investors	8.4%
Delta Deelnemingen Fonds N.V.	7.8%
Aviva Plc.	7.5%
Exact Holding N.V.	6.5%

Shareholding of the Board of Managing Directors and Supervisory Board

As at December 31, 2011, Max Timmer, CEO, privately holds 5,000 shares in Exact (0.01% of total listed shares). None of the members of the Supervisory Board hold shares in Exact.

Financial calendar 2012

February 15, 2012	Publication full-year results 2011
April 25, 2012	Interim Management Statements
April 26, 2012	General Meeting of Shareholders
April 30, 2012	Ex-dividend
May 3, 2012	Record date
May 16, 2012	Dividend available for payment
July 25, 2012	Publication half-year results 2012 and Interim Financial Results H1 2012
October 17, 2012	Interim Management Statements

Total shareholder return to period ending December 31, 2011

	1 year	2 years	3 years	4 years	5 years
Cegid	(32%)	5%	120%	(37%)	(43%)
Sage	10%	41%	86%	41%	21%
Unit4	(23%)	13%	137%	(3%)	11%
IFS	(15%)	37%	186%	52%	(9%)
Exact	(12%)	4%	59%	(9%)	1%
Average	(14%)	20%	118%	9%	(4%)

Exact share price performance in 2011 (in €)

8 Financial statements

8 Financial statements

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8.1 Consolidated statement of comprehensive income for the year ended December 31

(in € thousands)	Note	2011	2010
Licenses		42,693	48,251*
Maintenance and support		136,491	140,694*
Services		36,420	39,255
Revenue	8.5.6	215,604	228,200
Revenue-related expenses	8.5.8	(13,280)	(16,529)
Personnel expenses	8.5.9	(116,957)	(116,334)
Marketing and sales		(9,110)	(11,091)
Other operating expenses other than depreciation and amortization	8.5.10	(26,008)	(31,848)
Operating result before interest, tax, depreciation and amortization and impairment of intangible fixed assets (EBITDA)		50,249	52,398
Depreciation and amortization expenses and impairment	8.5.13/8.5.14	(26,437)	(10,644)
Operating result before interest and tax (EBIT)		23,812	41,754
Finance income		651	2,882
Finance expenses		(1,391)	(1,357)
Net finance income/ (expenses)	8.5.11	(740)	1,525
Share in result of joint ventures		(3)	-
Profit before tax		23,069	43,279
Income tax expense	8.5.12	(8,226)	(9,893)
Profit for the year		14,843	33,386
Other comprehensive income			
Foreign currency translation differences of foreign operations		1,662	5,847
Effective portion of changes in the fair value of cash flow hedges		6	22
Income tax relating to cash flow hedge		(2)	(7)
Other comprehensive income for the year, net of tax	8.3	1,666	5,862
Total comprehensive income for the year		16,509	39,248
Profit for the year attributable to:			
Equity holders of Exact	8.3	14,843	33,104
Non-controlling interests	8.3	-	282
Total comprehensive income for the year attributable to:	8.3		
Equity holders of Exact		16,509	38,726
Non-controlling interests		-	522
Average number of shares outstanding basic (in thousands)	8.5.25	22,817	22,817
Average number of shares outstanding diluted (in thousands)	8.5.25	22,830	22,822
Basic earnings per share (in €)	8.5.25	0.65	1.45
Diluted earnings per share (in €)	8.5.25	0.65	1.45

* These numbers have been restated for comparison purposes (refer to note 8.5.3)

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

8.2 Consolidated statement of financial position as at December 31

(in € thousands)	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment	8.5.13	10,379	8,457
Intangible assets and goodwill	8.5.14	97,961	116,914
Deferred tax assets	8.5.15	3,114	4,160
Long-term receivables and prepaid expenses	8.5.16	2,160	3,914
Total non-current assets		**113,614**	**133,445**
Current assets			
Inventory		9	415
Trade receivables	8.5.18	33,469	33,822
Other receivables and prepaid expenses	8.5.19	6,997	7,024
Current tax assets		4,896	1,771
Cash and cash equivalents	8.5.20	53,786	58,098*
Non-current assets held for sale	8.5.17	-	4,456
Total current assets		**99,157**	**105,586**
Total assets		**212,771**	**239,031**

* These numbers have been restated for comparison purposes (refer to note 8.5.3)

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

(in € thousands)	Note	2011	2010
EQUITY AND LIABILITIES			
Share capital	8.5.21	488	488
Share premium	8.5.21	64,758	64,758
Reserves	8.5.22/23/24	15,748	9,803
Retained earnings		32,936	70,070
Shareholders' equity		**113,930**	**145,119**
Non-controlling interest	8.3	-	1,102
Total equity		**113,930**	**146,221**
Non-current liabilities			
Loans and borrowings	8.5.26	2,353	-
Provisions	8.5.27	1,227	1,671
Deferred tax liabilities	8.5.15	5,239	5,556
Derivative liability	8.5.29.6	-	733
Total non-current liabilities		**8,819**	**7,960**
Current liabilities			
Deferred revenue	8.5.28.1	62,081	61,731
Provisions	8.5.27	263	617
Derivative liability	8.5.29.6	470	-
Loans and borrowings	8.5.26	1,233	-
Accounts payable and other liabilities		4,930	5,133
Other taxes and social securities		9,529	6,720
Accrued liabilities	8.5.28.2	11,516	10,649
Total current liabilities		**90,022**	**84,850**
Total liabilities		**98,841**	**92,810**
Total equity and liabilities		**212,771**	**239,031**

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

8.3 Consolidated statement of changes in equity

(in € thousands)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
Balance at January 1, 2010	**488**	**64,758**	**(4,791)**	**(1,629)**	**6,184**	**71,733**	**136,743**	**1,819**	**138,562**
Profit for the year	-	-	-	-	-	33,104	33,104	282	33,386
Other comprehensive income	-	-	5,695	15	(88)	-	5,622	240	5,862
Total comprehensive income	**-**	**-**	**5,695**	**15**	**(88)**	**33,104**	**38,726**	**522**	**39,248**
Reserve for capitalized R&D	-	-	-	-	4,421	(4,421)	-	-	-
Dividend related to 2009	-	-	-	-	-	(18,481)	(18,481)	-	(18,481)
Interim dividend 2010	-	-	-	-	-	(11,865)	(11,865)	-	(11,865)
Movement non-controlling interest related to investments in group companies	-	-	-	-	-	-	-	10	10
Movement non-controlling interest related to divestments	-	-	-	-	-	-	-	(1,249)	(1,249)
Long-term incentive plan	-	-	-	-	(4)	-	(4)	-	(4)
Balance at December 31, 2010	**488**	**64,758**	**904**	**(1,614)**	**10,513**	**70,070**	**145,119**	**1,102**	**146,221**

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

(in € thousands)	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
Balance at January 1, 2011	**488**	**64,758**	**904**	**(1,614)**	**10,513**	**70,070**	**145,119**	**1,102**	**146,221**
Profit for the year	-	-	-	-	-	14,843	14,843	-	14,843
Other comprehensive income	-	-	1,662	4	-		1,666	-	1,666
Total comprehensive income	**-**	**-**	**1,662**	**4**	**-**	**14,843**	**16,509**	**-**	**16,509**
Reserve for capitalized R&D	-	-	-	-	4,197	(4,197)	-	-	-
Dividend related to 2010	-	-	-	-	-	(34,225)	(34,225)	-	(34,225)
Interim dividend 2011	-	-	-	-	-	(13,462)	(13,462)	-	(13,462)
Acquisitions of non-controlling interests without a change in control	-	-	-	-	-	(93)	(93)	(33)	(126)
Movement non-controlling interest related to divestments	-	-	-	-	-	-	-	(1,069)	(1,069)
Long-term incentive plan	-	-	-	-	82	-	82	-	82
Balance at December 31, 2011	**488**	**64,758**	**2,566**	**(1,610)**	**14,792**	**32,936**	**113,930**	**-**	**113,930**

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

8.4 Consolidated statement of cash flows for the year ended December 31

(in € thousands)	Note	2011	2010
Cash flows from operating activities			
Profit for the year		14,843	33,386
Adjustments for:			
- Depreciation of property, plant and equipment	8.5.13	2,867	4,090
- Amortization of intangible assets	8.5.14	5,050	4,913
- Impairment losses on property, plant and equipment	8.5.13	368	1,100
- Impairment losses on intangible assets	8.5.14	18,547	717
- Gain on sale of property, plant and equipment		(395)	(176)
- Net finance costs		(152)	(405)
- Result of divestments	8.5.6	249	(2,087)
- Tax expense	8.5.12	8,226	9,893
- Impairment loss on trade receivables	8.5.18	1,567	3,592
- Share of profit of equity-accounted investees		3	-
- Other non-cash items		82	949
Changes in:			
- Non-current liabilities, excluding earnouts and long-term loans		(804)	(1,097)
- Deferred income tax	8.5.15	652	566
- Deferred revenue	8.5.28.1	434	(228)
- Current assets and current liabilities, excluding income tax and deferred revenue		2,535	6,064
Cash generated from operating activities		**54,072**	**61,277**
Interest received		597	1,217
Interest paid		(333)	(812)
Taxes paid		(8,096)	(13,187)
Net cash from operating activities		**46,240**	**48,495**
Cash flows from investment activities			
Acquisition of group companies, net of cash acquired	8.5.7	(126)	-
Proceeds of group companies disposed, net of cash	8.5.7	(1,523)	1,997
Capital expenditures on intangible assets	8.5.14	(6,089)	(6,329)
Capital expenditures on property, plant and equipment	8.5.13	(1,490)	(5,395)
Proceeds from disposal of property, plant and equipment		2,744	562
Net cash used in investment activities		**(6,484)**	**(9,165)**
Cash flows from financing activities			
Dividend paid	8.5.25	(47,687)	(30,346)
Proceeds from sale and leaseback	8.5.13	2,553	-
Payment of finance lease liabilities		(707)	-
Repayment of long-term receivables and prepaid expenses		1,824	-
Cash flow from (used in) financing activities		(44,017)	(30,346)
Net increase/(decrease) in cash and cash equivalents		(4,261)	8,984
Cash and cash equivalents at January 1		58,098	48,915
Effect of exchange rate fluctuations on cash held		(51)	199
Closing balance cash and cash equivalents		**53,786**	**58,098**

The notes on pages 85 - 127 are an integral part of these consolidated financial statements.

8.5 Notes to the consolidated IFRS financial statements

8.5.1 Corporate information

Exact Holding N.V. (hereafter referred to as Exact), is domiciled in Delft, the Netherlands. Exact, as head of a group of subsidiaries (hereafter also referred to as Exact), is engaged in holding, financing and managing its subsidiaries and other participations. The activities relate primarily to the development, distribution and marketing of business software, end-user support, training and consultancy.

Exact has been listed on the NYSE Euronext Stock Exchange in Amsterdam since 1999.

8.5.2 Basis of preparation

8.5.2.1 Statement of compliance

The consolidated financial statements included on pages 76 - 127 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS').

The 2011 financial statements were approved by the Board of Managing Directors on March 8, 2012 and will be submitted for adoption at the General Meeting of Shareholders on April 26, 2012.

8.5.2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are recorded at fair value.

8.5.2.3 Functional and presentation currency

The consolidated financial statements are presented in euro, which is the functional currency of Exact Holding N.V., the predominant functional currency of its subsidiaries and the presentation currency of Exact. All financial information presented in euro has been rounded to the nearest thousand, except when otherwise indicated. Items included in the consolidated financial statements of each of Exact's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

8.5.2.4 Use of estimates and judgments

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 8.5.3.13.2 Determining whether an arrangement contains a lease
- Note 8.5.3.5 Determining the estimated useful lives of intangible assets
- Note 8.5.18 Determining collectability of trade receivables
- Note 8.5.27 Estimating provisions
- Note 8.5.29.7 Determining fair values for derivatives
- Note 8.5.13 Lease classification

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

- Note 8.5.14 Key assumptions used in discounted cash flow projections and recoverability of development costs
- Note 8.5.15 Utilization of tax losses

8.5.3 Significant accounting policies

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

Effective 2011, revenue for certain product types is no longer split into license revenue and maintenance and support revenue. The revenue for these product types are fully classified as maintenance and support revenue. The comparative figures have been restated for comparison purposes. The restatement resulted in a decrease of license revenue and an increase of maintenance and support revenue of € 6,720.

Effective 2011 short-term deposits are no longer presented as short-term investments and are included in cash and cash equivalents. The comparative figures have been restated for comparison purposes, which resulted in a decrease of € 20,342 in short-term investments in 2010.

8.5.3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Exact Holding N.V. and its subsidiaries as at December 31, 2011. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Business combinations

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

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that Exact incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

When share-based payments awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by Exact. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Loss of control

Upon the loss of control, Exact derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If Exact retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in jointly controlled entities (equity-accounted investees)

Associates are those entities in which Exact has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when Exact holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities Exact has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include Exact's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of Exact, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When Exact's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that Exact has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Exact's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

8.5.3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising from the retranslation of:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

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

Foreign currency differences are recognized in other comprehensive income, and presented in the translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When Exact disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When Exact disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

8.5.3.3 Financial instruments

8.5.3.3.1 Non-derivative financial assets

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

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

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

Exact classifies non-derivative financial assets into the following categories: loans and receivables and cash and cash equivalents.

Loans and receivables

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

Cash and cash equivalents

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

8.5.3.3.2 Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that Exact becomes a party to the contractual provisions of the instrument.

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

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

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

Bank overdrafts that are repayable on demand and form an integral part of Exact's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

8.5.3.3.3 Share capital

Ordinary shares

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

Repurchase and reissue of share capital (treasury shares)

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

8.5.3.3.4 Derivative financial instruments, including hedge accounting

Exact holds derivative financial instruments to hedge its foreign currency risk exposures.

On initial designation of the derivative as the hedging instrument, Exact formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. Exact assesses, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognized immediately in profit and loss.

8.5.3.4 Property, plant and equipment

8.5.3.4.1 Recognition and measurement

All property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Costs include expenditures that are directly attributable to the acquisition of the assets. Repairs and maintenance and support are charged to the income statement during the financial period in which they are incurred. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

8.5.3.4.2 Subsequent expenditures

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to Exact. Ongoing repairs and maintenance and support is expensed as incurred.

8.5.3.4.3 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Exact will obtain ownership by the end of the lease term.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in the case of internally constructed assets, from the date that the asset is completed and ready for use.
Depreciation of assets is calculated to allocate the cost of each asset at its residual value over its estimated useful life, as follows:

- Buildings and leasehold improvements: 5 – 30 years
- Transportation: 4 – 20 years
- Hardware: 3 – 5 years
- Other fixed assets: 3 – 5 years

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

8.5.3.5 Intangible assets and goodwill

8.5.3.5.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 8.5.3.1.

Subsequent measurement

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 Exact's cash generating units (CGUs) 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 CGU 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 these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

8.5.3.5.2 Research and development

Research and development costs consist of costs attributable to Exact's research and development activities as well as costs of maintenance and support activities for existing product lines. These include personnel expenses and other personnel-related costs associated with product development. Costs for research activities are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when Exact can demonstrate that:

- the development costs can be measured reliably;
- the intangible asset is technically and commercially feasible;
- future economic benefits are probable;
- Exact intends to and has sufficient resources to complete development and to use or sell the asset

Following initial recognition of development costs as intangible assets, the assets are recognized at cost and amortized by using the straight line method based on the estimated useful lives, which ranges from five to ten years. Where no intangible asset can be recognized, the development costs are expensed as incurred.

8.5.3.5.3 Other intangible fixed assets

Acquired intangible fixed assets other than goodwill are recognized at cost and amortized by using the straight line method based on the estimated useful life of such assets, as follows:

- Contract base: 3-20 years
- Purchased software: 3 years
- Intellectual property: 5-10 years
- Trademarks: 10 years

The other intangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

8.5.3.5.4 Subsequent expenditure

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

8.5.3.6 Leased assets

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

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

8.5.3.7 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work in progress cost includes an appropriate share of production overheads based on normal operating capacity. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

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

8.5.3.8 Impairment

8.5.3.8.1 Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

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

Financial assets measured at amortized costs

Exact considers evidence of impairment for financial assets at amortized costs (loans and receivables and held-to-maturity investment securities) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognized. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

8.5.3.8.2 Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

8.5.3.9 Assets held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with Exact's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, or employee benefit assets, which continue to be measured in accordance with Exact's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are not amortized or depreciated, and any equity-accounted investees are no longer equity accounted.

8.5.3.10 Employee benefits

8.5.3.10.1 Defined contribution plans

Exact and most of its subsidiaries have a pension plan based on defined contributions. A defined contribution plan is a pension plan under which Exact pays fixed contributions to external pension providers. Each individual employee determines his/her own defined contribution, which is deducted from his/her gross salary. Exact has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Various acquired subsidiaries have a defined contribution plan with a limited employer contribution.

8.5.3.10.2 Profit sharing and bonus plans

Exact recognizes a liability and an expense for bonuses and profit sharing if contractually obliged or if there is a past practice that has created a constructive obligation.

8.5.3.10.3 Share-based payment transactions

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

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

8.5.3.11 Provisions

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

8.5.3.11.1 Earnout provisions

Earnout provisions are measured at fair value at the acquisition date. Subsequent changes to the fair value will be recognized in accordance with IFRS 3 (revised 2008) in profit or loss.

Subsequent changes to the fair value of earnout provisions in respect of a business combination with an acquisition date prior to the adoption of IFRS 3, which has not been settled or otherwise resolved under the adoption of IFRS, continue to be recognized in accordance with IFRS 3 (2004), which generally will result in an adjustment to goodwill.

8.5.3.11.2 Dilapidations provision

A provision for dilapidations is recognized when Exact is required to return leased properties to their original state in accordance with the third party lease agreements. The provision is based on the estimated present value of the obligation utilizing an appropriate discount rate.

8.5.3.11.3 Other provisions

Onerous contracts

A provision for onerous contracts is recognized when the expected economic benefits to be derived by Exact from a contract are lower than the unavoidable costs of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, Exact recognizes any impairment loss on the assets associated with that contract.

Provision for legal claims

A provision for legal claims is recognized if, as a result of a past event, Exact has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

8.5.3.12 Revenue

Revenue recognition

Exact derives its revenue from software license fees and forms, providing maintenance and support, implementation and training services related to the use of Exact's products, and providing services related to the configuration and customization of Exact's products. Exact recognizes revenue from recurring and non-recurring licensing of business software when:

- a non-cancellable license agreement has been signed;
- the software and related documentation have been delivered;
- the fee is fixed and determinable;
- collection of the resulting receivable is deemed probable.

Revenue from perpetual licenses is recognized when products are delivered. Revenue from time-based licenses (generally a one-year period) is deferred and recognized as revenue ratably over the contract period.

Maintenance and support revenue consists of customer support revenue generated from maintenance and support contracts that provide the customer with telephone support and revenue from product updates and upgrades. The proceeds from maintenance and support revenues are recognized ratably over the term of the contract, usually twelve months.

Service revenue generated from professional consulting and training services and software customization services is recognized when the services are provided. Revenue associated with fixed price contracts is recognized in proportion to the stage of completion of the transaction at the balance sheet date when the outcome of the transaction can be estimated reliably. When the outcome of the transaction cannot be estimated reliably, revenue is recognized only to the extent of the recoverable expenses recognized. 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.

Deferred revenue

Deferred revenue represents the unrecognized portion of time-based license, maintenance and support, and service contracts in accordance with the aforementioned policy. Time-based license fees are deferred and recognized ratably over the related contract period. The maintenance and support agreements entitle the user to support and to upgrades and updates of the software. These maintenance and support contracts are deferred (100%) and recognized ratably over the related term of the contract, usually twelve months. Revenues from fixed price service contracts are recognized in accordance with the percentage of completion method. If the resulting revenue to be recognized is less than the amount invoiced to the customer, the difference is recognized as deferred revenue. Pre-invoiced maintenance and support revenue with a start date after balance sheet date has been netted with the accounts receivable balance.

8.5.3.13 Leases

8.5.3.13.1 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.
Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

8.5.3.13.2 Determining whether an arrangement contains a lease

At inception of an arrangement, Exact determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

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

8.5.3.14 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the remeasurement to fair value of any pre-existing interest in an acquiree, gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that Exact's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets (other than trade receivables), losses on hedging instruments that are recognized in profit or loss, and reclassifications of amounts previously recognized in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

8.5.3.15 Tax

Tax expenses comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax Exact takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. Exact believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes Exact to change its judgment regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expenses in the period that such a determination is made.

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

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

8.5.3.16 Segment reporting

Segment information is presented with respect to Exact's operating segments. The business regions are identified as Exact's operating segments as they represent management and internal reporting structure. Intersegment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one period.

8.5.4 New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2011, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of Exact, except for IFRS 9 Financial Instruments, which becomes mandatory for Exact's 2015 consolidated financial statements and could change the classification and measurement of financial assets. Exact does not plan to adopt this standard early and the extent of the impact has not been determined. IFRS 9 Financial Instruments has not yet been endorsed by the EU.

8.5.5 Determination of fair values

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

8.5.5.1 Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of items of property, plant and equipment is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

8.5.5.2 Intangible assets

The fair value of intellectual property acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the intellectual property being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

8.5.5.3 Forward exchange contracts

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

8.5.5.4 Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

8.5.5.5 Contingent consideration

The fair value of contingent consideration arising in a business combination is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

8.5.6 Operating segments

8.5.6.1 Operating segment information

Effective January 1, 2011 the segment structure of Exact changed due to a change in the strategic focus. The new segment structure is based on Exact's management structure and internal reporting structure. Exact has organized its business into five reportable operating segments: Benelux; International; the Americas; Corporate; and Specialty Brands, which consists of Longview, Orisoft and Lohn XL. Consequently, Exact has restated the corresponding information for previous periods. Segment performance is evaluated by Exact's Board of Managing Directors (the chief operating decision maker) based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties. Intersegment revenues are not material and therefore not separately disclosed.

Segment information for the year ended December 31, 2011

	Benelux	International	Americas	Specialty Brands	Corporate	Total
Revenue	97,005	42,790	44,764	31,045	-	**215,604**
EBITDA	39,662	1,651	12,171	4,895	(8,130)	**50,249**
Operating income	39,438	949	11,354	4,349	(32,278)	**23,812**
Depreciation	(146)	288	304	224	1,802	**2,472**
Amortization	372	247	512	322	3,597	**5,050**
Impairment of property, plant and equipment, intangibles and assets held for sale	-	168	-	-	18,747	**18,915**
Impairment of trade receivables	571	584	342	60	10	**1,567**
Assets	31,796	19,379	64,008	19,853	69,725	**204,761**
Liabilities	40,338	14,076	17,289	11,298	8.641	**91,642**
Investments	641	272	281	136	7,990	**9,320**

Segment information for the year ended December 31, 2010

	Benelux	International	Americas	Specialty Brands	Corporate	Siigo	Total
Revenue	97,585	47,165	44,509	30,969	(18)	7,990	**228,200**
EBITDA	37,635	1,211	12,729	7,255	(7,902)	1,470	**52,398**
Operating income	36,652	-39	11,753	6,650	(14,455)	1,193	**41,754**
Depreciation	774	636	438	265	1,566	235	**3,914**
Amortization	209	270	538	339	3,515	42	**4,913**
Impairment of property, plant and equipment and intangibles	-	344	-	-	1,473	-	**1,817**
Impairment of trade receivables	565	2,636	249	103	-	39	**3,592**
Assets	31,392	31,944	61,032	40,335	68,397	-	**233,100**
Liabilities	40,666	15,479	16,302	8,728	3,058	-	**84,233**
Investments	481	446	493	180	10,134	-	**11,734**

Reconciliation of assets with balance sheet

Segment assets consist primarily of property, plant, equipment, intangible assets, inventories, receivables and cash and cash equivalents. They exclude (deferred) taxation.

	2011	2010
Total assets on balance sheet as at December 31	**212,771**	**239,031**
Less:		
Corporate income tax (deferred and current)	(8,010)	(5,931)
Total assets in segmentation	**204,761**	**233,100**

Reconciliation of liabilities with balance sheet

Segment liabilities comprise operating liabilities. They exclude items such as (deferred) taxation, provisions and derivative financial instruments.

	2011	2010
Total liabilities on balance sheet as at December 31	**98,841**	**92,810**
Less:		
Provisions	(1,490)	(2,288)
Corporate income tax (deferred)	(5,239)	(5,556)
Derivative liability	(470)	(733)
Total liabilities in segmentation	**91,642**	**84,233**

8.5.6.2 Geographical information

Exact's five segments are managed on a worldwide basis, but operate primarily in ten geographical areas. Exact is a company domiciled in the Netherlands, which is also the location of its main operating company. The business activities principally comprise development and sale of integrated IT solutions such as ERP software, as well as different front and back office applications.

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets. The non-current assets exclude deferred taxation.

Exact does not rely on one or more major customers for its revenue.

Revenue

	2011	2010
The Netherlands	94,905	95,875
North America	62,850	61,728
Germany	14,266	13,250
Spain	6,514	7,401
United Kingdom	4,026	4,681
Other Western European countries	12,893	14,890
Eastern Europe	7,390	6,989
Latin America	2,995	10,957
Asia/Pacific, including Middle East	9,317	11,841
Africa	448	588
Total revenue	**215,604**	**228,200**

Non-current assets
Non-current assets exclude deferred tax assets.

	2011	2010
The Netherlands	44,317	41,140
North America	49,565	70,401
Germany	160	166
Spain	448	735
United Kingdom	6,306	6,323
Other Western European countries	6,057	6,195
Eastern Europe	273	302
Latin America	43	(35)
Asia/Pacific, including Middle East	3,331	3,962
Africa	-	96
Total assets	**110,500**	**129,285**

8.5.7 Business combinations

8.5.7.1 Acquisitions 2011
In January 2011, Exact acquired the remaining 20% of the shares of Exact Portugal Informatica, Lda for € 126 in cash. Exact recognized a decrease in non-controlling interests of € 33 and a decrease in retained earnings of € 93.

8.5.7.2 Acquisitions 2010
There were no acquisitions in 2010.

8.5.7.3 Divestments 2011
Exact Software Middle East FZ LLC

Effective January 1, 2011 Exact no longer exercises control over Exact Software Middle East FZ LLC, resulting in recognition of the entity as a joint venture as of this date. Consequently, the joint venture was deconsolidated. On June 1, 2011 Exact sold its shares in the joint venture. The consolidated financial statements include Exact's share of the total recognized gains and losses of the joint venture on an equity accounting basis from the date joint control commences until the date joint control ceases.

Exact Online Turkey AS

In December 2010 Exact sold its 100% participation in Exact Online Turkey AS. The shares were transferred in 2011. Consequently, effective January 1, 2011, Exact no longer exercises control over this company.

8.5.7.4 Divestments 2010
Informatica y Gestión ("Informatica")

On October 19, 2010, Exact sold its 70% participation in Informatica y Gestión ("Informatica"), based in Colombia, to its co-shareholder. With its ERP product Siigo, Informatica is the SME market leader in Colombia. Informatica will continue as reseller of Exact products in Colombia, Peru and Ecuador.

As result of this sale a gain of € 2,087 was recognized in "other financial income". During 2010 Informatica contributed revenues amounting to € 7,989 and a net income of € 747 to Exact. Informatica is presented under the CGU (cash-generating unit) Americas.

8.5.8 Revenue-related expenses

Revenue-related expenses are summarized below.

	2011	2010
Commissions and cost of resellers	7,664	8,506
Cost of hardware and third party software	4,918	7,310
Shipping and packaging	546	713
Other revenue-related expenses	152	-
Total	**13,280**	**16,529**

8.5.9 Personnel expenses

Personnel expenses are summarized below.

	2011	2010
Salaries and wages	88,569	90,119
Social security	7,976	8,246
Pension expenses – defined contribution plans	648	822
Healthcare contribution	4,580	4,456
Contractors and outwork	8,805	7,966
Other personnel expenses	6,379	4,725
Total	**116,957**	**116,334**

In 2011 Exact's average number of employees was 1,797 FTE (full-time equivalent) (2010: 2,124 FTE). As at December 31, 2011 Exact employed 1,786 FTE (2010: 1,867 FTE).

Employees per functional category as at December 31

	2011	2010
Support	19%	20%
Services	18%	18%
Research and development	27%	24%
Sales and marketing	20%	20%
Operations support	15%	16%
General management	1%	2%
Total	**100%**	**100%**

During the years 2011 and 2010 the personnel expenses for research and development were respectively € 24,885 and € 23,563. These amounts represent respectively 20.3% and 19.4% of the total personnel expenses in each of those years. Of these personnel expenses for research and development an amount of € 19,444 (2010: € 18,440) relating to R&D was recorded in the profit and loss account and an amount of € 5,441 (2010: € 5,123) was capitalized as an intangible asset.

Remuneration of members of the Board of Managing Directors

The remuneration of the members of the Board of Managing Directors for the years ending 2011 and 2010 is shown below.

	2011	2010
Salaries and other short-term employee benefits	870	1,228
Long-term incentive	82	(4)
Severance pay	-	200
Total	**952**	**1,424**

2011	Salary	Short-term incentive	Long-term incentive	Severance pay	Total
Martijn Janmaat	287	100	-	-	**387**
Max Timmer	335	148	82	-	**565**
Total	622	248	82	-	**952**

2010	Salary	Short-term incentive	Long-term incentive	Severance pay	Total
Raj Patel	436	74	(29)	200	**681**
Martijn Janmaat	211	108	-	-	**319**
Max Timmer	275	124	25	-	**424**
Total	922	306	(4)	200	**1,424**

Short-term incentive

The annual variable remuneration (i.e. the short-term incentive) is linked to predefined and measurable performance criteria that reflect Exact's short-term strategy. Of the annual variable remuneration, 80% is dependent upon financial criteria and 20% on non-financial criteria. The financial criteria relate for 70% to revenue and for 30% to the EBITDA margin of Exact. Based on the actual results, the payout ratio for the financial criteria was 94 % (2010: 95%), while the payout ratio for the non-financial criteria was based on achievement of personal goals. This resulted in an overall payout ratio of 91% (2010: 100%) for Max Timmer.

Long-term incentive (share-based payments)

The long-term remuneration agreements for 2010 and 2011 directly reflect the performance targets formulated in the strategic plans. These performance targets relate to revenue growth, profit margin and shareholder return. The long-term remuneration agreement for the Board of Managing Directors contains a yearly conditional award of shares. For 2010, 40% of the award in shares is based on Exact's revenue in 2012, 20% of the award in shares is based on Exact's profit margin in 2012, and 40% of the award in shares is based on total shareholder return over the period 2010-2012. For 2011, 40% of the award in shares is based on Exact's revenue in 2013 and 2014, 20% of the award in shares is based on Exact's profit margin in 2013 and 2014, and 40% of the award in shares is based on total shareholder return over the period 2011 until June 30, 2014. The Supervisory Board prefers to use shares as a long-term remuneration instrument as these are directly linked to shareholders' interests. The conditional shares have a maximum value at the date of award of € 384 for the CFO. Three years after the conditional award, the shares shall be considered as unconditional award depending on the realized performance. Given the fact that the targets are considered as competition-sensitive information, no further details about these will be provided in this annual report. The Supervisory Board will ensure that the targets are ambitious but also realistic.

As at December 31, 2011 the long-term remuneration is accounted for the amount of € 107 (2010: € 25) and recorded under "other reserves".

The long-term remuneration plan will be settled in shares (equity-settled). The fair value is based on the share price as at the granting date.

Shares conditionally granted to the Board of Managing Directors at year-end

	2011	2010
Max Timmer	12,748	5,180
Martijn Janmaat	–	–
Total	**12,748**	**5,180**

At the end of 2011 the Board of Managing Directors held no option rights on shares (2010: 0).

Remuneration of other key personnel

In addition to the Board of Managing Directors, seven employees are designated as key personnel. The remuneration in totals of this key personnel is shown below:

	2011	2010
Salary (including profit sharing and bonus)	1,593	1,158
Company cars and other expenses (including pension expenses)	63	38
Total	**1,656**	**1,196**

Remuneration of the members of the Supervisory Board

	2011	2010
Rolf Deves (Chairman)	45	45
Rob Hoevens	124	40
Thierry Schaap	18	–
Martijn Janmaat	–	15
Total	**187**	**100**

Payments to members of the Supervisory Board in 2011 totaled € 187 (2010: € 100). Members of the Supervisory Board also receive a small payment to cover expenses. The remuneration of the members of the Supervisory Board is not dependent upon Exact's results.

Exact entered into a separate contractor agreement with Rob Hoevens to assist and support Max Timmer for the interim period starting August 1, 2011. The additional payment under this agreement amounts to € 84 as at December 31, 2011.

The remuneration of Thierry Schaap in 2011 and of Martijn Janmaat in 2010 was determined on a pro rata basis.

8.5.10 Other operating expenses other than depreciation and amortization

Other operating expenses other than depreciation and amortization are summarized below.

	2011	2010
Travel and accommodation	7,253	7,696
Voice and infrastructure	3,688	4,768
Housing and office	8,839	10,092
Provisions for impairment of trade receivables	1,567	3,592
Professional services and other general expenses	4,661	5,700
Total	**26,008**	**31,848**

8.5.11 Finance income and finance expenses

Finance income and finance expenses include the following:

	2011	2010
Interest income	597	1,217
Interest expenses	(335)	(812)
Exchange rate differences	(1,057)	(544)
Other financial income and expenses	55	1,664
Total	**(740)**	**1,525**

Other financial income and expenses in 2010 includes the result of the sale of Informatica, amounting to € 2,087. More information on this divestment is provided in note 8.5.7. The remaining amount mainly relates to the write-off of other receivables.

8.5.12 Income tax expense

The activities of Exact are subject to corporate income taxes in all countries where Exact has an active subsidiary. The applicable statutory tax rates vary between 8.5% and 38.0%. Recognition of deferred income tax assets, tax losses carried forward and non-deductible expenses cause the effective tax rate to differ from the weighted average tax rate.

The effective tax rate, based on income before taxes, was 35.7% (2010: 22.9%). The higher effective tax rate is the result of the impairment on goodwill, included in the profit for the year. The 2011 effective tax rate (profit excluding tax would then amount to € 41,448) would be 19.8% if the impairment is excluded from the calculation.

Reconciliation between the tax charge on the basis of the weighted average tax rate and the effective tax rate

	2011	2011	2010	2010
Profit for the year		14,843		33,386
Total tax expense		8,226		9,893
Profit excluding tax		23,069		43,279
Expected tax using Exact's domestic tax rate	25.0%	5,767	25.5%	11.036
Effect of tax rates in foreign jurisdictions	4.0%	910	5.1%	2.215
Impairment on goodwill	19.9%	4,595	-	-
Effect of application of Dutch innovation box incentive	(6.8)%	(1,573)	(1.3)%	(542)
Non-deductible expenses	1.4%	314	1.0%	429
Changes in tax rate	(3.1)%	(704)	(4.4)%	(1,946)
Changes in recognized deductible temporary differences	0.7%	158	-	-
Movement in previously (un)recognized tax losses	0.1%	28	1.4%	600
Adjustments previous years	0.0%	(3)	(0.3)%	(109)
Exempt income	(5.6)%	(1.281)	(3.8)%	(1.671)
Other	0.1%	15	(0.3)%	(119)
Effective tax rate	35.7%	8,226	22.9%	9,893
Effective tax rate excluding impairment	19.8%	8,226	-	-

Current tax expense

	2011	2010
Current tax expense:		
Current year	7,500	11,614
Adjustments previous years	(3)	(109)
	7,497	11,505
Deferred tax expense:		
Origination and reversal of temporary differences	1,247	(266)
Changes in tax rate	(704)	(1,946)
Change in recognized deductible temporary differences	158	-
Movement in previously (un)recognized tax losses	28	600
	729	**(1,612)**
Total tax expense	**8,226**	**9,893**

Tax expense recognized in other comprehensive income

The tax expense recognized in other comprehensive income relates to the movement of the cash flow hedge recognized in equity.

8.5.13 Property, plant and equipment

The movements in property, plant and equipment are summarized below.

	Buildings and leasehold improvements	Transportation	Hardware	Other fixed	Assets under construction	Total
At January 1, 2010						
Purchase value	3,501	13,452	16,770	6,393	2,339	42,455
Cumulative depreciation	(2,006)	(6,997)	(14,425)	(5,138)	-	(28,566)
Book value	**1,495**	**6,455**	**2,345**	**1,255**	**2,339**	**13,889**
Additions	1,301	1,466	1,686	346	596	5,395
Reclassification to assets held for sale	326	(5,733)	-	-	-	(5,407)
Assets established for use	1,719	-	-	1,225	(2,944)	-
Divestments	(706)	(69)	(358)	(235)	-	(1,368)
Disposals	-	(344)	(39)	(3)	-	(386)
Depreciation	(437)	(1,456)	(1,553)	(644)	-	(4,090)
Net currency translation adjustments	132	3	147	133	9	424
Changes in book value	**2,335**	**(6,133)**	**(117)**	**822**	**(2,339)**	**(5,432)**
At December 31, 2010						
Purchase value	5,346	2,502	13,355	6,263	-	27,466
Cumulative depreciation	(1,516)	(2,180)	(11,127)	(4,186)	-	(19,009)
Book value	**3,830**	**322**	**2,228**	**2,077**	**-**	**8,457**
Additions	61	1,830	1,062	278	-	3.231
Reclassification from assets held for sale	-	2,532	-	-	-	2.532
Divestments	-	(16)	(10)	-	-	(26)
Disposals	(465)	(281)	(163)	(206)	-	(1,115)
Depreciation	(428)	(766)	(1,076)	(597)	-	(2,867)
Net currency translation adjustments	(173)	17	72	251	-	167
Changes in book value	**(1,005)**	**3,316**	**(115)**	**(274)**	**-**	**1,922**
At December 31, 2011						
Purchase value	4,352	5,100	13,309	6,144	-	28,905
Cumulative depreciation	(1,527)	(1,462)	(11,196)	(4,341)	-	(18,526)
Book value	2,825	3,638	2,113	1,803	-	10,379

Effective January 26, 2011 Exact entered into a sale and leaseback transaction with a lease company for its entire car fleet in the Netherlands. The car fleet was sold at the book value of € 2.5 million. The lease qualifies as a financial lease. The assets have been recognized at cost and the liabilities have been recognized at amortized cost. As at December 31, 2010, the book value of the car fleet (€ 2.5 million) was classified as asset held for sale.

In May 2011 Exact sold three apartments, in Delft, The Netherlands, for an amount of € 0.7 million (carrying amount € 0.4 million) resulting in a net gain on disposal of € 0.3 million.

8.5.14 Intangible assets and goodwill

The movements in intangible assets are summarized below.

	Goodwill	Contract base	Purchased software	Internally generated software	Intellectual property	Trademark	Order backlog	Distribution rights	Total
At January 1, 2010									
Purchase value	80,153	21,369	1,793	6,892	13,509	383	552	-	**124,651**
Cumulative amortization	-	(7,676)	(1,524)	(825)	(2,748)	(83)	(552)	-	**(13,408)**
Book value	**80,153**	**13,693**	**269**	**6,067**	**10,761**	**300**	**-**	**-**	**111,243**
Additions	-	355	17	5,782	175	-	-	-	**6,329**
Adjustment earnout provisions	(594)	-	-	-	-	-	-	-	**(594)**
Divestments	(174)	(23)	(18)	(60)	-	-	-	-	**(275)**
Amortization	-	(2,116)	(89)	(940)	(1,730)	(38)	-	-	**(4,913)**
Impairments	-	(344)	-	(373)	-	-	-	-	**(717)**
Net currency translation adjustment	5,043	625	9	12	152	-	-	-	**5,841**
Changes in book value	**4,275**	**(1,503)**	**(81)**	**4,421**	**(1,403)**	**(38)**	**-**	**-**	**5,671**
At December 31, 2010									
Purchase value	84,428	22,579	1,775	12,084	13,873	383	-	-	**135,122**
Cumulative amortization	-	(10,389)	(1,587)	(1,596)	(4,515)	(121)	-	-	**(18,208)**
Book value	**84,428**	**12,190**	**188**	**10,488**	**9,358**	**262**	**-**	**-**	**116,914**
Additions	-	-	23	5,441	150	-	-	475	**6,089**
Adjustment earnout provisions	181	-	-	-	-	-	-	-	**181**
Adjustment purchase price	(3,323)								**(3,323)**
Divestments	-	-	-	-	-	-	-	-	**-**
Amortization	-	(2,290)	(133)	(1,244)	(1,245)	(39)	-	(99)	**(5,050)**
Impairments	(18,379)	(168)	-	-	-	-	-	-	**(18,547)**
Net currency translation adjustment	1,598	236	7	-	(144)	-	-	-	**1,697**
Changes in book value	**(19,923)**	**(2,222)**	**(103)**	**4,197**	**(1,239)**	**(39)**	**-**	**376**	**(18,953)**
At December 31, 2011									
Purchase value	82,884	22,269	1,808	16,993	14,062	383	-	475	**138,874**
Cumulative amortization	(18,379)	(12,301)	(1,723)	(2,308)	(5,943)	(160)	-	(99)	**(40,913)**
Book value	**64,505**	**9,968**	**85**	**14,685**	**8,119**	**223**	**-**	**376**	**97,961**

During 2010 and 2011 Exact worked on the development of new versions and functionalities of several of its product lines, mainly Exact Online, Exact Synergy Enterprise, Exact Globe and Longview Khalix™. Development costs of these product lines were recognized as intangible assets. In determining the amounts to be capitalized, management makes assumptions regarding the expected future benefits of the product lines and the expected period of the benefits.

In 2011 development costs amounting to € 5,441 (2010: € 5,782) were capitalized. Internally generated software related to Khalix™ with an investment value of € 731 (2010: € 1,563) and internally generated software related to Exact Online with an investment value of € 1,086 (2010: € 1,150) were established for use in 2011. As at December 31, 2011, internally generated software amounting to € 7,882 (2010: € 3,921) had not yet been established for use.

The carrying amount of the intellectual property includes, among others, an amount of € 6,281 (2010: € 7,357) related to the software suite Khalix™, which Exact acquired via the business combination of Longview Solutions. This intellectual property was valued at an amount of € 10,767 upon acquisition, with linear amortization over a period of 10 years.

Impairment testing for Cash Generating Units (CGUs) containing goodwill

For the purpose of impairment testing, goodwill is allocated to Exact's operating segments with exception of the Specialty Brands segment. As the brands involved do not act as an actual combined unit in day-to-day business they are divided into subunits. The goodwill is allocated to these subunits for the purpose of impairment testing. The CGUs identified have changed according to the new segment structure of Exact (refer to paragraph 8.5.6.1). As the Specialty Brands are divided into subunits for the purpose of impairment testing this change does not have a material impact on the actual CGUs identified.

In accordance with IAS 36, goodwill is tested for impairment annually irrespective of whether there is any indication of impairment and when circumstances indicate that the carrying value may be impaired. This requires an estimate of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires Exact to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The annual goodwill impairment test was performed as at November 30, 2011.

See note 8.5.6 for detailed information about the regions of Exact.

The carrying amounts of goodwill allocated to each CGU are as follows:

	2011	2010
Benelux	13,393	13,393
Americas	45,908	44,954
International	2,036	1,942
Specialty Brands:		
- Longview	1,675	22,637
- Orisoft	1.492	1,502
Total	**64,504**	**84,428**

For 2011 and 2010 the recoverable amount of a CGU was based on its value-in-use and was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use was determined in a similar manner as in 2010. The value in use calculations use cash flow projections based on financial budgets covering a five-year period and have been approved by management.

The carrying amount of the CGU Longview was determined to be higher than its recoverable amount and an impairment loss of € 18,379 (2010: € 0) was recognized. The impairment loss was fully allocated to goodwill and is included in depreciation and amortization expenses and impairment.

Key assumptions used in discounted cash flow projection calculations

Key assumptions used in the calculation of recoverable amounts are:
- EBITDA margins
- discount rates
- terminal value growth rates

These assumptions have been used for the impairment testing of each CGU within the operating segment.

Gross margin (EBITDA)

The gross margin assumed for a CGUs operations is primarily based on past performance. Gross margins are increased over the forecast period for anticipated efficiency improvements. The long-term operating margin applied to CGUs was:
- Benelux 41%
- Americas 29%
- International 9%
- Longview 10% – 17%
- Orisoft 1% – 24%

Discount rate

Discount rates reflect the current market assessment of the risks specific to each CGU. The discount rate was estimated based on the average percentage of a weighted average cost of capital. The post-tax discount rate from a market perspective applied to all CGUs was 9.5% (2010: 8.6%). The 2011 post-tax discount rate of 9.5% equals a pre-tax discount rate of 12.0%.

Terminal value growth rates

Terminal value growth rates are based on published industry research and management's assessment of how the unit's position, relative to its competitors, will change in the forecast period. An increase of 2.0% (2010: 1.5%) per year was applied for all CGUs.

Sensitivity to changes in assumptions

Following an impairment in Exact's CGU Longview the recoverable amount now equals the carrying amount. Any movement in key assumptions would have an impact on the recoverable amount. The recoverable amount of Exact's CGUs Benelux, Americas and International exceeds its carrying amount significantly. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying amount of these units to exceed its recoverable amount.

Management has identified that for the CGUs Longview and Orisoft, changes in discount rate and/ or terminal value growth rate could result in the carrying values to exceed the recoverable amounts.

Longview

An individual change in the post-tax discount rate of 0.5% would have an impact of € 2.2 million on the impairment loss. An individual change in the terminal-value growth rate of 0.5% would have an impact of € 1.3 million on the impairment loss.

Orisoft

For the recoverable amount of Orisoft to equal the carrying amount an individual increase in the post-tax discount rate of 1.1% is required. An individual decrease in the terminal value-growth rate of 2.2% is required for the recoverable amount to equal the carrying value.

8.5.15 Deferred tax assets and liabilities

Deferred income tax assets are shown below.

	2011	2010
Tax losses carry forward	1,229	1,609
Temporary differences	1,885	2,551
Total	**3,114**	**4,160**

The maturity of deferred tax assets is shown below.

	2011	2010
Deferred tax assets to be recovered after more than 12 months	2,007	3,217
Deferred tax assets to be recovered within 12 months	1,107	943
Total	**3,114**	**4,160**

As at December 31, 2011, Exact had estimated tax losses carried forward of € 5 million (2010: € 9 million) among several subsidiaries outside the Netherlands for which a deferred tax asset is recognized. Management made a fair assessment as to which part of these losses will likely be offset by taxable profits in the foreseeable future. For this assessment Exact took the forecasted operating income for the next years into account at the respective tax rates (varying between statutory tax rates of 16% and 33%).

Exact did not recognize deferred tax assets for tax losses amounting to € 18 million, including € 6 million related to divisions that will be liquidated. The deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which Exact can utilize the benefits therefrom. The tax losses will expire in the range of fifteen years to indefinitely and the losses of the divisions to be liquidated will expire as of the effectuated liquidation date in 2012.

The deferred income tax liabilities at the balance sheet date relate to the items below.

	2011	2010
Temporary differences	3,955	4,612
Difference in amortization period of capitalized R&D	1,284	944
Total	**5,239**	**5,556**

The maturity of deferred tax liabilities is shown below.

	2011	2010
Deferred tax liability to be recovered after more than 12 months	5,160	4,301
Deferred tax liability to be recovered within 12 months	79	1,255
Total	**5,239**	**5,556**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2011	2010	2011	2010
Property, plant and equipment	(269)	(282)	210	4
Intangible assets	(810)	(1,076)	4,690	5,179
Derivatives	(6)	(9)	-	-
Provisions for bad debt	(228)	(317)	-	-
Other items	(572)	(867)	339	373
Tax loss carry-forwards	(1,229)	(1,609)	-	-
Tax (assets) / liabilities	(3,114)	(4,160)	5,239	5,556
Net (assets) / liabilities	(3,114)	(4,160)	5,239	5,556

8.5.16 Long-term receivables and prepaid expenses

At balance sheet date, the long-term receivables amounted to € 2,160 (2010: € 3,914) and the long-term prepaid expenses amounted to € 460 (2010: € 495). The long-term receivables amounting to € 2,160 consist of two vendor loans. One of the loans was granted as part of the sale of AllLicense Holding B.V. and is subordinated. This loan is secured by a lien on the shares. The other loan was granted as part of the sale of Informatica. This loan is secured by a mortgage on two office buildings and a lien on the shares. Market risk is expected to be in line with the interest percentages on the loans: 5% and 3% respectively. Consequently, the nominal value of the loans equals their fair value.

Exposure of the long-term receivables to the contractual repayment dates

Maturity	2011	2010
≤ 1 year	300	960
> 1 year and ≤ 2 years	1,260	1,260
> 2 year and ≤ 5 years	900	1,859
> 5 years	-	300
Total	**2,460***	**4,379***

* The amount of € 2,460 includes the current part of the long-term receivables amounting to € 300 (2010: € 960), which is classified as other receivables and prepaid expenses. More information is provided in note 8.5.19.

In 2011 an amount of € 1.9 million was repaid on the loan to Informatica. A discount of € 95 for early repayment was granted by Exact.

The long-term prepayment, amounting to € 460 (2010: € 495), relates to the lease of Exact's headquarters in the Netherlands and is amortized on a straight-line basis over the lease term.

8.5.17 Non-current assets held for sale

Exact held the following non-current assets for sale.

	2011	2010
Airplane	–	1,924
Car fleet in the Netherlands	–	2,532
Total	**–**	**4,456**

Exact sold its aircraft held for sale in July 2011, resulting in a net loss on disposal of € 0.5 million (including an impairment loss of € 0.4 million).

Effective January 26, 2011 Exact entered into a sale and leaseback transaction with a lease company for its entire car fleet in the Netherlands. The car fleet was sold at the book value of € 2.5 million. The lease qualifies as a financial lease. The assets have been recognized at cost and the liabilities have been recognized at amortized cost. As at December 31, 2010, the book value of the car fleet (€ 2.5 million) was classified as asset held for sale.

8.5.18 Trade receivables

The net trade receivables at balance sheet date are specified below.

	2011	2010
Trade receivables	38,589	40,954
Provisions for trade receivables	(5,120)	(7,132)
Net trade receivables	33,469	33,822

Trade receivables are non-interest bearing and are generally on 30-day terms. Exact recognized an expense of € 1,567 (2010: € 3,592) for the impairment of its trade receivables during the year ending December 31, 2011. The expense has been included in “other operating expenses” in the income statement.

There is no concentration of credit risk with respect to trade receivables as Exact has a large number of internationally dispersed customers. Total credit risk is equal to the book value of trade receivables as at December 31, 2011. All trade receivables fall due within one year.

Movements in the provisions for impairment of trade receivables

	Individually impaired	Collectively impaired	Total
At January 1, 2010	815	7,136	7,951
Reclassification of provisions from collectively to individually impaired	5,885	(5,885)	-
Charge for the year	6,582	557	7,139
Utilized	(3,842)	(611)	(4,453)
Unused amounts reversed	(3,507)	(40)	(3,547)
Divestments	(168)	-	(168)
CTA	210	-	210
At December 31, 2010	5,975	1,157	7,132
Charge for the year	2,521	920	3,441
Utilized	(2,082)	(842)	(2,924)
Unused amounts reversed	(1,555)	(319)	(1,874)
Divestments	(15)	-	(15)
CTA	(1,028)	388	(640)
At December 31, 2011	3,816	1,304	5,120

The provisions for impairment of trade receivables exclude VAT where VAT on uncollectable receivables can be reimbursed.

Ageing analysis of trade receivables as at December 31

			Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30 – 90 days	90 – 360 days	> 360 days
2011	33,469	16,439	8,451	3,895	4,285	399
2010	33,822	12,657	10,212	4,518	5,761	674

8.5.19 Other receivables and prepaid expenses

Other receivables and prepaid expenses at balance sheet date are specified below.

	2011	2010
Prepaid expenses	4,563	4,440
Other receivables	1,062	2,187
Accrued revenue	1,372	397
Total	**6,997**	**7,024**

Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease installments. Other receivables include receivables other than trade receivables. Accrued revenue is related to services performed by Exact that have not yet been invoiced to the customer. The other receivables mature within one year.

8.5.20 Cash and cash equivalents

Cash at banks earn interest at floating rates based on daily bank deposit rates. Exact's credit risk on cash and cash equivalents is limited because the counterparties are well established banks with high credit ratings.

Cash and cash equivalents also comprises short-term deposits at banks and financial institutions in various countries. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of Exact. The average interest rate on short-term deposits as at December 31, 2011 was 1.8% (2010: 1.9%). The short-term deposits at year end amounted to € 10,110 (2010: € 20,342).

8.5.21 Share capital and share premium

The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently there are 24,400,405 (2010: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2010: 1,583,744) ordinary shares in treasury, which remain available for general purposes of Exact, including but not limited to M&A activities.

The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price. No treasury shares were transferred to exercise options nor were treasury shares sold in 2011 (2010: 0).

8.5.22 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge Exact's net investment in a foreign operation.

8.5.23 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet affected profit or loss.

8.5.24 Other reserves

The other reserves relate to the share-based payment for the Board of Managing Directors for the long-term incentive plan of € 107 (2010: € 25) and a reserve for the capitalized internally generated software of € 14,685 (2010: € 10,488). More information on the long-term incentive plan is provided in note 8.5.9.

8.5.25 Earnings per share

Basic

Basic earnings per share are calculated by dividing the profit attributable to equity holders of Exact by the weighted average number of ordinary shares outstanding during the year.

Basic earnings per share

	2011	2010
Profit attributable to equity holders of Exact	14,843	33,104
Weighted average number of ordinary shares outstanding (thousands)	22,817	22,817
Basic earnings per share (€ per share)	0.65	1.45
Profit attributable to equity holders of Exact	14,843	33,104
Adjustment related to goodwill impairment loss	18,379	-
Adjusted profit attributable to equity holders of Exact	33,222	33,104
Weighted average number of ordinary shares outstanding (thousands)	22,817	22,817
Adjusted basic earnings per share (€ per share)	1.46	1.45

In 2011 Exact paid out a one-time dividend related to 2010 of € 0.57 in addition to the initial dividend of € 1.45. This brings the total dividend paid out to an amount of € 2.02 per share.

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, assuming conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares consist of shares granted as part of the long-term incentive plan. The number of potential dilutive ordinary shares is calculated based on the fair value of the shares at the date of grant and the expectations of management of the future performance with regards to the targets set in the long-term incentive plan.

Diluted earnings per share

	2011	2010
Profit attributable to equity holders of Exact	14,843	33,104
Weighted average number of ordinary shares outstanding (thousands)	22,817	22,817
Adjustment for share-based payments (thousands)	13	5
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,830**	**22,822**
Diluted earnings per share (€ per share)	0.65	1.45
Profit attributable to equity holders of Exact	14,843	33,104
Adjustment related to goodwill impairment loss	18,379	-
Adjusted profit attributable to equity holders of Exact	33,222	33,104
Weighted average number of ordinary shares outstanding (thousands)	22,817	22,817
Adjustment for share-based payments (thousands)	13	5
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**22,830**	**22,822**
Adjusted basic earnings per share (€ per share)	1.46	1.45

The dividends paid for 2010 amounted to € 46.1 million (€ 2.02 per share including an additional dividend payment of € 0.57 per share) of which an amount of € 32.0 million was paid in 2011. For 2011 an interim dividend of € 0.59 per share was paid in August. Based on the dividend policy of Exact - a 100% net pay out in any year in which Exact does not execute a material acquisition - the final dividend amounts to € 0.65 per share. Management of Exact proposes to pay out an additional dividend of € 0.81 per share due to the goodwill impairment, therefore the total dividend for 2011 will amount to € 1.46.

8.5.26 Loans and borrowings

Finance lease liabilities are payable as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
	2011	2011	2011	2010	2010	**2010**
Less than one year	1,274	41	1,233	-	-	-
Between one and five years	2,690	337	2,353	-	-	-
More than five years	-	-	-	-	-	-
Total	3,964	378	3,586	-	-	-

Effective January 26, 2011 Exact entered into a sale and leaseback transaction with a lease company for its entire car fleet in the Netherlands. The car fleet was sold at the book value of € 2.5 million. The lease qualifies as a financial lease. The assets have been recognized at cost and the liabilities have been recognized at amortized cost. As at December 31, 2010, the book value of the car fleet (€ 2.5 million) was classified as asset held for sale.

Exact is currently in the process of renewing its existing bank facilities and has signed a term sheet in December 2011 confirming the terms and conditions. In the course of 2011, the revolving credit facilities with two banks of respectively € 10 million and $ 7 million expired. Exact decided not to extend the old credit facilities, but to renew its revolving credit facility with one single bank. This revolving credit facility will be committed and unsecured for an amount of € 10 million and uncommitted and unsecured for an amount of € 30 million. The revolving credit facility can be used for general corporate purposes, including acquisitions, investments, transaction costs and dividend payments. The agreement will have a term of three years and will expire on December 31, 2014.

In addition to the revolving credit facility, Exact is also in the process of renewing its uncommitted credit facilities (i.e. overdraft facility and bank guarantee facility) for an amount of € 10 million in total. These facilities will be available up until December 31, 2014. The purpose of the bank guarantee facility is to issue bank guarantees and (standby) letters of credit. The overdraft facility can be used for general corporate purposes, including acquisitions, investments, transaction costs and dividend payments.

8.5.27 Provisions

The movements in provisions are summarized below.

	Earnouts and related liabilities	Dilapidations provision	Other provisions	Total
At January 1, 2011	736	245	1,307	**2,288**
Additional provisions	114	1	174	**289**
Payments in cash		-	(194)	**(194)**
Release	-	(47)	(728)	**(775)**
Interest	-	1	11	**12**
Assigned to specific assets			(180)	**(180)**
Net currency translation adjustment	67	10	(27)	**50**
At December 31, 2011	917	210	363	**1,490**
Non-current provisions	671	210	346	**1,227**
Current provisions	246		17	**263**
Total	917	210	363	**1,490**

As at December 31, 2010 the non-current provisions amounted to € 1,671 and the current provisions amounted to € 617.

8.5.27.1 Provisions for earnouts and related liabilities

The earnout provision of € 917 (2010: € 736) relates to a contingent consideration predicated on the attainment of certain software sales objectives and on the achievement of certain development and integration milestones over a period of four years commencing October 2009.

8.5.27.2 Dilapidations provision

Exact leases buildings for which, in some cases, the obligation exists to restore the building to its original state. Of this provision an amount of € 0 (2010: € 0) is of a short-term nature and an amount of € 210 (2010: € 245) of a long-term nature.

8.5.27.3 Other provisions

Other provisions include mainly provisions for legal claims. These provisions as at December 31, 2011 and 2010 have been made for the expected costs related to various claims made against Exact known at the respective balance sheet dates. These claims are being contested vigorously. Of these provisions an amount of € 17 (2010: € 462) is considered to be of short-term nature and an amount of € 347 (2010: € 845) of long-term nature.

8.5.28 Current liabilities

Liabilities that mature within one year are presented as "current liabilities".

8.5.28.1 Deferred revenue

Deferred revenue represents the unrecognized portion of time-based license fees, maintenance and support and service contracts (see also note 8.5.3.12). Maintenance and support agreements, which typically have a contract period of 12 months, are automatically renewed at the end of the contract period.

Income resulting from maintenance and support agreements pre-invoiced at the end of 2011 and that renew in the next financial year will be recognized in 2012. Insofar as the customer paid in advance for agreements that are due for renewal in 2012, the value of the agreement was treated in its entirety as a liability under "deferred revenue".

Deferred revenue position at the balance sheet date

	2011	2010
Maintenance and support and time-based license fees	59,203	59,178
Services	1,807	1,696
Pre-invoiced license fees	1,071	857
Total	**62,081**	**61,731**

8.5.28.2 Accrued liabilities

Accrued liabilities consist of the following:

	2011	2010
Holiday allowance, holidays, salaries and employee bonuses	6,470	5,449
Other	5,046	5,200
Total	**11,516**	**10,649**

8.5.29 Financial instruments

8.5.29.1 Financial risk management

Overview

Exact is exposed to the following risks arising from financial instruments:

- market risk
- credit risk
- liquidity risk

This note provides information about Exact's exposure to each of the above risks, Exact's objectives, policies and processes for measuring and managing risk, and Exact's management of capital. The liquidity risk and interest rate risk are limited which is further explained in the following paragraphs.

Risk management framework

Exact's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on its financial performance.

Financial risk management is currently performed by the Board of Managing Directors. Financial risks are addressed at corporate level, evaluated and hedged as Exact deems necessary. Exact may use derivative financial instruments to hedge certain risk exposures. Hedge accounting is applied where possible. If hedge accounting may not be applied, the derivative is recorded at fair value with changes recorded in the profit and loss statement.

8.5.29.2 Credit risk

The credit risk comprises the loss that should be recognized at the balance sheet date if customers or counterparties to financial instruments were to be in default regarding the fulfillment of their contractual obligations. In order to limit the credit risk, Exact periodically reviews the credit ratings of the customers and other counterparties and demands securities where necessary. Furthermore, Exact has procedures and policies to limit the size of the credit risk with each customer or counterparty. These procedures and the geographical spread of the activities of the group companies limit the exposure of Exact to market risks and the risk connected with the concentration of credit.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		Carrying amount	
	Note	2011	2010
Long-term receivables and prepaid expenses	8.5.16	2,160	3,914
Trade receivables	8.5.18	33,469	33,822
Other receivables and prepaid expenses	8.5.19	6,997	7,024
Cash and cash equivalents	8.5.20	53,786	58,098
Total		**96,412**	**102,858**

Long-term receivables and prepaid expenses

The long-term receivables and prepaid expenses consist of two vendor loans. Collateral is made available to Exact as security.

Trade receivables

Exact only trades with reputable, creditworthy third parties. It is Exact's policy that all customers who wish to pay in installments are subject to a credit verification procedure. Moreover, the outstanding balances are continually monitored, so that Exact does not run any significant risks with respect to doubtful debtors. Due to the geographical spread of Exact's customers there is no concentration of credit risk related to trade receivables.

The table below shows an ageing analysis of the trade receivables as of the reporting date.

			Past due but not impaired			
	Total	Neither past due nor impaired	< 30 days	30 – 90 days	90 – 360 days	> 360 days
2011	33,469	16,439	8,451	3,895	4,285	399
2010	33,822	12,657	10,212	4,518	5,761	674

Other receivables and prepaid expenses

Other receivables consists of trade receivables and accrued revenue related to services performed by Exact that have not yet been invoiced to the customer. Prepaid expenses include prepaid rent, prepaid insurance premiums and prepaid lease installments. All other receivables and prepaid expenses are outstanding with creditworthy third parties.

Cash and cash equivalents

Exact holds cash and cash equivalents of € 53,786 (2010: € 58,098) as at December 31, 2011, which represents its maximum credit exposure on these assets. The cash and cash equivalents are all held with renowned banks.

8.5.29.3 Liquidity risk

Liquidity risk is the risk that Exact will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, Exact aims to maintain flexibility in funding by keeping sufficient cash and cash equivalents. Due to the strong cash position and historically strong operational cash flows, Exact currently has minimal liquidity risk.

The table below shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

December 31, 2011	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities							
Finance lease liability	3,586	3,964	425	849	764	1,926	-
Earn-out provision	917	931	-	-	-	931	-
Accounts payable and other liabilities	4,930	4,930	4,930	-	-	-	-
Total	9,433	9,825	5,355	849	764	**2,857**	-

December 31, 2011	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Derivative financial liabilities							
Cross-currency swap:							
- Outflow	(470)	(4,247)	-	(4,247)	-	-	-
- Inflow	-	3,796	-	3,796	-	-	-
Total	(470)	(451)	-	(451)	-	-	-

December 31, 2010	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Non-derivative financial liabilities							
Finance lease liability	-	-	-	-	-	-	-
Earn out provision	736	780	-	-	-	780	-
Accounts payable and other liabilities	5,133	5,133	5,133	-	-	-	-
Total	5,869	5,913	5,133	-	-	**780**	-

December 31, 2010	Carrying amount	Contractual cash flows	2 months or less	2-12 months	1-2 years	2-5 years	> 5 years
Derivative financial liabilities							
Cross-currency swap:							
- Outflow	733	(8,133)		(3,886)	(4,247)	-	-
- Inflow		7,592		3,796	3,796	-	-
Total	733	(541)		(90)	(451)	-	-

The gross inflows/(outflows) disclosed in the previous table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

8.5.29.4 Market risk

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

8.5.29.4.1 Currency risk

Exact conducts business in euros and in foreign currencies. Since the functional currency of Exact is the euro, Exact is subject to exchange rate risk due to the effects of fluctuating exchange rates on the revenue, result and balance sheet positions ultimately reported in euros. For 2011, 40.0% (2010: 42.1%) of revenue and 42.1% (2010: 42.7%) of operating expenses are denominated in currencies other than euros. An important part of Exact's revenue is derived in US dollars.

Exact is mainly exposed to foreign exchange risks in the following areas:

- Transactions in foreign currency (revenue and costs) - these contain not only the existing and expected purchase and sales transactions, but also debts and receivables arising from these transactions;
- Investments in foreign Exact companies - these also contain results and other financial intercompany relationships.

An important part of Exact's revenue is realized in US dollars. Although in 2011 Exact generated approximately 26.7% (2010: 25.7%) of its revenue in US dollars, the impact of the US dollar exchange rate fluctuations on EBITDA and net income was limited. The exchange rate impact was partly compensated by a natural hedge through expenses in US dollars and/or expenses in currencies fluctuating in line with the US dollar. For the remainder, the general rule is to hedge certain foreign currency cash flows with forwards, and uncertain foreign cash flows with options. As Exact's total amount of the USD exposure is uncertain, but part of the base is given, a combined hedging product is considered to be most suitable. Exact has therefore hedged an amount of USD 1 million per month for the period April 2011 up to and including December 2011 using a participating forward contract. Moreover, Exact has a cross-currency swap in place, hedging the foreign currency risk for an intercompany debt with a term ending in 2012.

	December 31, 2011	Average 2011	December 31, 2010	Average 2010
EUR / USD	1.30	1.39	1.33	1.33
EUR / GBP	0.84	0.87	0.86	0.86
EUR / MYR	4.12	4.27	4.09	4.29
EUR / PLN	4.42	4.13	3.96	4.02

All Exact companies must identify and measure the risks of important transactions executed in a currency other than their functional currency. Decisions to hedge transaction exposures are taken at corporate level in consultation with local management.

Sensitivity analysis

Because most transactions at Exact companies take place in their functional currency and because the cross-currency swap is assessed to be highly effective, the sensitivity to changes in US dollar exchange rates in relation to the monetary assets and liabilities as required by IFRS 7, "Financial Instruments: Disclosures", with all other variables held constant, is minimal.

The following table shows the sensitivity of Exact's total revenue, income before tax, and Exact's debtors and deferred revenue balance position to changes in the US dollar exchange rate as result of investments in foreign Exact companies.

	Changes in € to US$ rate	Effect on total revenue	Effect on trade receivables	Effect on deferred revenue	Effect on profit or loss	Effect on equity
2011	+€0.10	(7,590)	(1,570)	2,540	(630)	2,080
	-€0.10	7,590	1,570	(2,540)	630	(2,080)
2010	+€ 0.10	(7,550)	(1,580)	2,370	(1,580)	2,450
	- € 0.10	7,550	1,580	(2,370)	1,580	(2,450)

Denomination profile based on a percentage of Exact's financial assets and liabilities as at December 31

Year ended December 31, 2011	Note	€	US$	Other currencies	Carrying amount €
Long-term receivables	8.5.16	100%	0%	0%	2,159
Trade and other receivables	8.5.18/8.5.19	37%	35%	28%	34,534
Cash and cash equivalents	8.5.20	76%	13%	11%	53,786
Derivative financial instruments	8.5.29	100%	0%	0%	(470)
Accounts payable and other liabilities		79%	7%	14%	(4,930)

Year ended December 31, 2010	Note	€	US$	Other currencies	Carrying amount €
Long-term receivables	8.5.16	100%	0%	0%	3,419
Trade and other receivables	8.5.18/8.5.19	40%	33%	27%	36,009
Cash and cash equivalents	8.5.20	69%	8%	23%	58,098
Derivative financial instruments	8.5.29	100%	0%	0%	(733)
Accounts payable and other liabilities		73%	11%	16%	(5,133)

8.5.29.4.2 Interest rate risk

As a result of limited debt and active cash management activities, Exact is not subject to material interest rate risks. Exact aims to maintain most of its cash and cash equivalents in the Netherlands in order to closely monitor the best available interest rates taking into account its funding flexibility.

8.5.29.5 Capital management

The primary objective of Exact's capital management is to maintain healthy capital ratios in order to support its business to execute its strategy and maximize shareholder value.

In view of the continually positive cash flow and liquidity position and taking into account the expected growth and acquisition strategy, the dividend policy is based on a 100% net payout in any year in which Exact does not execute a material acquisition.

8.5.29.6 Derivative assets and liabilities designated as cash flow hedges

Cash flow hedge

As at December 31, 2011 Exact holds a cross-currency swap contract with a fair value of € (470) (2010: € (733)). This contract is being used to hedge the foreign currency risk for an inter-company debt with a term ending in November 2012.

The cash flow hedge liability was assessed to be highly effective and a net unrealized loss of € 13 (2010: € 17) with a deferred tax liability of € 6 (2010: € 9) relating to the hedging instruments has been included in "other comprehensive income". The cash flows related to this contract are expected annually at the beginning of November, at which time the related part of the unrealized gain or loss is recognized in the profit and loss account.

Cash flow hedge for acquisition of foreign operations

On September 17, 2007 Exact announced the acquisition of Longview Solutions Inc. in Canada. The transaction was expected to be closed on or before November 15, 2007. Exact hedged the currency risk of the purchase price for the period between signing the share purchase agreement and the actual payment date of the acquisition. The negative fair value change of this hedge instrument (closed in November 2007) amounted to € 1,597 and is recognized directly in other comprehensive income until the acquired entity is disposed.

8.5.29.7 Accounting classifications and fair values

Fair values and carrying amounts

Set out below is a comparison by category and fair values of all of Exact's financial instruments that are carried in the financial statements.

December 31, 2011	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Cash and cash equivalents	–	53,786	–	53,786	53,786
Trade and other receivables	–	34,531	–	34,531	34,531
Total	–	88,317	–	88,317	88,317
Liabilities					
Forward exchange contract used for hedging	470	–	–	470	470
Finance lease liability	–	–	3,586	3,586	3,586
Accounts payable and other liabilities	–	–	4,930	4,930	4,930
Earn-out provision	–	–	917	917	917
Total	470	–	9,433	9,903	9,903

December 31, 2010	Fair value – hedging instruments	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
Assets					
Cash and cash equivalents	–	58,098	–	58,098	58,098
Trade and other receivables	–	36,009	–	36,009	36,009
Total	–	94,197	–	94,197	94,197
Liabilities					
Forward exchange contract used for hedging	–	–	733	733	733
Finance lease liability	–	–	–	–	–
Accounts payable and other liabilities	–	–	5,133	5,133	5,133
Earn-out provision	–	–	736	736	736
Total	–	–	6,602	6,602	6,602

The following methods and assumptions were used to estimate fair values:

- Cash and cash equivalents, trade and other receivables, accounts payable and other liabilities approximate their carrying amount largely due to the short-term nature of these instruments.
- Long-term receivables are evaluated based on parameters such as interest rates and individual creditworthiness of the vendor. As at December 31, 2011 the carrying amount of the long-term receivables was not different from their fair value.
- The fair value of derivative financial instrument is based on valuation reports from financial institutes using valuation techniques with market observable inputs.

Fair value hierarchy

As at December 31 Exact held the following financial instruments carried at fair value.

	2011	2010
Liabilities measured at fair value	-	-
Cross-currency swap (Level 2)	470	733

Exact uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value

During the reporting period ending December 31, 2011 and 2010 , there were no transfers between the levels of fair value measurements.

8.5.30 Commitments

Exact leases offices and vehicles under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Future aggregate minimum lease payments under non-cancellable operating leases

	2011	2010
Not longer than one year	7,888	7,956
Longer than one year and not longer than five years	18,515	21,247
Longer than five years	16,018	17,897
Total	42,421	47,100

Lease building

During 2008 Exact entered into a new rental contract for its main office in the Netherlands. The related lease commitments have been included in the reported lease payments as of 2009. The new rental contract commenced on the date the new building was completed and put at Exact's disposal by the developer, being January 19, 2010. The rental contract will last for 15 years and the annual rental costs started at € 1.8 million.

8.5.31 Contingencies

Exact has contingent liabilities with respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As at December 31, 2011 Exact had issued a total amount of € 2,028 (2010: € 2,032) for guarantees. The guarantee of € 113 Exact had issued in 2010 to guarantee payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. is expected to be successfully discharged in early 2012. The remaining amount relates to several rental contracts.

Exact is involved in several legal cases. Management is of the opinion that the provisions for legal claims as at December 31, 2011 are adequate and that the final outcome of such litigation will not have a materially adverse effect on Exact's financial position or results of operations. New information could influence the outcome of these cases.

8.5.32 Related parties

All transactions with related parties were conducted at arm's length. Exact identified the following related parties for 2011: the shareholders, the subsidiaries, the Board of Managing Directors and the Supervisory Board. The remuneration of the Board of Managing Directors, the Supervisory Board and other key personnel is disclosed under note 8.5.9.

8.5.33 Group entities

The consolidated financial statements for 2011 include the financial statements of Exact Holding N.V. (Delft, the Netherlands) and the following subsidiaries:

The Netherlands

Exact Group B.V., Delft[1]

- Exact Corporate Services B.V., Delft
- Exact EMEA B.V., Delft
- Exact International Development B.V., Delft
- Exact Management B.V., Delft
- Exact Nederland B.V., Delft
- Exact Software Nederland B.V., Delft

Europe

- Exact Software Austria GmbH, Vienna, Austria[2]
- Exact Software Belgium N.V., Brussels, Belgium[3]
- Exact Software CEE, s.r.o., Prague, Czech Republic
- Exact Software France Sarl., Paris, France
- Exact Software Deutschland GmbH, Munich, Germany
- Exact Software GmbH, Cologne, Germany
- Exact Software Hungary Kft., Budapest, Hungary[2]
- Exact Software Ireland Ltd., Dublin, Ireland[2]
- Exact Software Italia Srl, Cernusco sul Naviglio, Italy[4]
- Exact Software Nordic A/S, Copenhagen, Denmark[5]
- Exact Software Poland Sp. Z.o.o., Warsaw, Poland
- Exact Portugal Informatica, Lda, Braga, Portugal[6]
- Exact Software Romania Srl., Bucharest, Romania[2/8]
- Exact Software Slovakia s.r.o., Bratislava, Slovakia[7]
- Exact Software Iberia, S.L., Madrid, Spain[9]
- Exact Business Software (Switzerland) AG, Zürich, Switzerland[2]
- Exact Software (UK) Ltd., Staines, Middlesex, United Kingdom[10]
  - Longview Solutions Ltd., London, United Kingdom[11]
  - Runservicenet Ltd., London, United Kingdom[11]

Asia

- Exact Software (Shanghai) Co., Ltd., Shanghai, China
- Exact Software Hong Kong, Ltd., Hong Kong[12]
- PT Exact Software Indonesia, Jakarta, Indonesia[12/13]
- Exact Software Japan Co. Ltd., Tokyo, Japan[14]
- Exact Southeast Asia, Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Asia Development Centre Sdn. Bhd., Kuala Lumpur, Malaysia
- Exact Software Asia Sdn. Bhd., Kuala Lumpur, Malaysia
- Macola (M) Sdn. Bhd., Petaling Jaya, Malaysia[15]
- Exact Software Philippines, Inc., Manila, Philippines[12]
- Exact Software Singapore PTE Ltd., Singapore
- Exact Software (Thailand) Ltd., Bangkok, Thailand[2]
- Exact Software Vietnam Ltd., Ho Chi Minh City, Vietnam[12]
- Orisoft Technology Bhd., Petaling Jaya, Malaysia
  - Select Wizsoft Sdn. Bhd., Petaling Jaya, Malaysia[16]
  - Orisoft Services Sdn. Bhd., Petaling Jaya, Malaysia[16]
  - Orisoft Systems (M) Sdn. Bhd., Petaling Jaya, Malaysia[16]
  - Orisoft (Thailand) Co. Ltd., Bangkok, Thailand[16]

North America, Latin America and the Caribbean

- Exact Holding North America, Inc., Dover, Delaware, United States of America
  - Exact Software North America, LLC., Dover, Delaware, United States of America[17]
  - Exact Software ERP-NA, LLC., Dover, Delaware,United States of America[17]
  - Longview of America, LLC., Dover, Delaware, United States of America[17]
  - Vanguard Solutions Group, LLC., Dover, Delaware, United States of America[17]
- Longview Solutions Inc., Markham, Ontario, Canada
- Exact Software Canada Ltd., Cambridge, Ontario, Canada
- Exact Software de Mexico S.A. de C.V., Guadalajara, Mexico
- Exact Software (International) N.V., Curaçao, Netherlands Antilles[18]
- Exact Software (Antilles) N.V., Curaçao, Netherlands Antilles

Africa and the Middle East

- Exact Software Maroc S.A., Casablanca, Morocco[2]
- Exact Software South-Africa PTE Ltd., Centurion, South Africa[2]
- Exact Software Middle East FZ-LLC, Dubai, United Arab Emirates (30%)[19]
  - Exact Software Kuwait LLC, Kuwait, Kuwait (49%)[19/20]

Australia

- Exact Software Australia Pty Ltd., North Sydney, Australia

Branches/Trade names

- Exact Group B.V. has a branch office in Moscow, Russia and uses the trade name "Exact Russia Representative Office"[2].
- Exact Software Australia (Pty) has a sales office in New Zealand.
- Subsidiaries not important providing an insight into the Exact group of companies as required under Dutch law are omitted from this list.

Notes

1 Unless stated otherwise, Exact Group B.V., Delft, the Netherlands, holds an interest of 100% (or almost 100%). Exact Group B.V. itself is a wholly owned subsidiary of Exact Holding N.V. Subsidiaries in which Exact Group B.V. does not hold an interest of 100% are indented under the corporation that holds the interest in that subsidiary or a note states which corporation holds the interest in that subsidiary
2 The business was ceased and the office was closed as per June 30, 2011. The Company is in the process of being liquidated
3 Of the 4,158,785 shares in the capital of Exact Software Belgium N.V., Wemmel, Belgium, 4,862 shares are held by Exact International Development B.V., Delft, the Netherlands
4 The Company is liquidated as per December 1, 2011
5 The Company is liquidated as per June 6, 2011
6 The Company is liquidated as per January 17, 2012
7 The business was ceased and the office was closed as per July 31, 2011. The Company is in the process of being liquidated
8 Wholly owned subsidiary of Exact EMEA B.V., Delft, the Netherlands
9 Former name of the Company: Exact Software Spain, S.R.L. The change of name has become effective January 2012
10 Wholly owned subsidiary of Exact International Development B.V.
11 Wholly owned subsidiary of Exact Software (UK) Ltd.
12 The business was ceased and the office was closed as per March 31, 2011. The Company is in the process of being liquidated
13 25% of the shares are held by Exact EMEA B.V.
14 The business was ceased and the office was closed as per December 1, 2011. The Company is in the process of being liquidated
15 The Company is in the process of being liquidated
16 Wholly owned subsidiary of Orisoft Technology Bhd.
17 Wholly owned subsidiary of Exact Holding North America, Inc.
18 Wholly owned subsidiary of Exact Asia Development Centre Sdn. Bhd., Kuala Lumpur, Malaysia
19 Participation has been sold effectively June 1, 2011
20 Wholly owned subsidiary of Exact Software Middle East FZ-LLC

8.6 Company-only balance sheet as at December 31

Before profit appropriation

(in € thousands)	Note	2011	2010
ASSETS			
Non-current assets			
Intangible fixed assets	8.8.3	-	120
Financial fixed assets	8.8.4	338,820	322,560
Property, plant and equipment	8.8.5	-	4
Total non-current assets		**338,820**	**322,684**
Current assets			
Current tax asset		3,972	4,559
Other receivables and prepayments		31	569
Other taxes and social securities		115	-
Cash and cash equivalents	8.8.6	608	585
Total current assets		**4,726**	**5,713**
Total assets		343,546	328,397
EQUITY AND LIABILITIES			
Share capital	8.8.7.1	488	488
Share premium	8.8.7.2	64,758	64,758
Legal reserves	8.8.7.3	15,641	9,778
Other reserves	8.8.7.4	107	25
Retained earnings		31,555	48,831
Unappropriated result		1,381	21,239
Shareholders' equity	8.8.7	113,930	145,119
Current liabilities			
Accounts payable and other liabilities		660	576
Payables to group companies	8.8.8	228,212	181,714
Other taxes and social securities		193	94
Accrued liabilities		551	894
Total current liabilities		229,616	183,278
Total equity and liabilities		**343,546**	**328,397**

8.7 Company-only income statement for the year ended December 31

(in € thousands)	**2011**	**2010**
Income from participations in group companies after taxes	14,686	33,027
Other income after taxes	157	77
Net income	14,843	33,104

8.8 Notes to the company-only financial statements

8.8.1 General

The company-only financial statements are part of the 2011 financial statements of Exact Holding N.V. (hereafter referred to as Exact).

With reference to the income statement of Exact, use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

Unless stated otherwise, all amounts are in thousands of euros.

8.8.2 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company-only financial statements, Exact makes use of the option provided in section 2:362 (8) of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company-only financial statements of Exact are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Refer to pages 85 to 98 for a description of these principles.

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

A list of Exact's participations is disclosed in the consolidated financial statements on pages 126 and 127.

8.8.3 Intangible fixed assets

The changes in intangible fixed assets are shown below:

(in € thousands)	Purchased software	Intellectual property	Total
Balance as at January 1, 2010			
Purchase value	300	365	665
Cumulative amortization	(120)	(30)	(150)
Book value	180	335	515
Investments	-	-	-
Amortization	(60)	(335)	(395)
Changes in book value	(60)	(335)	(395)
Balance as at December 31, 2010			
Purchase value	300	365	665
Cumulative amortization	(180)	(365)	(545)
Balance as at January 1, 2011	120	-	120
Investments	-	-	-
Amortization	(120)	-	(120)
Changes in book value	(120)	-	(120)
Purchase value	300	365	665
Cumulative amortization	(300)	(365)	(665)
Balance as at December 31, 2011	-	-	-

8.8.4 Financial fixed assets

The changes in financial fixed assets are shown below.

(in € thousands)	2011	2010
Balance as at January 1	322,560	283,823
Result from participations in group companies	14,686	33,027
Translation result	1,662	5,695
Other movements	(88)	15
Balance as at December 31	338,820	322,560

In 2011 the other movements mainly relates to the acquisition of a non-controlling interest without a change in control.

8.8.5 Property, plant and equipment

The movements in property, plant and equipment are summarized below.

(in € thousands)	2011	2010
Balance as at January 1		
Purchase value	20	20
Cumulative amortization	(16)	(11)
Book value	**4**	**9**
Investments	-	-
Depreciation	(4)	(5)
Disposals	-	-
Changes in book value	(4)	(5)
Balance as at December 31		
Purchase value	20	20
Cumulative amortization	(20)	(16)
Book value	-	4

Property, plant and equipment relates to furniture that was fully written off in 2011.

8.8.6 Cash and cash equivalents

As at December 31, 2011 Exact had a cash balance of € 608 (2010: € 585). No restrictions exist on cash.

8.8.7 Shareholders' equity

(in € thousands)	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Unappropriated result	Share-holders' equity
Balance at January 1, 2010	**488**	**64,758**	**(4,791)**	**6,067**	**(1,629)**	**117**	**53,170**	**18,563**	**136,743**
Net income	-	-	-		-	-	-	33,104	33,104
Other comprehensive income	-	-	5,695		15	(88)	-	-	5,622
Total comprehensive income	**-**	**-**	**5,695**		**15**	**(88)**	**-**	**33,104**	**38,726**
Reserve for capitalized R&D	-	-	-	4,421	-	-	(4,421)	-	-
Dividend related to 2009	-	-	-		-	-	82	(18,563)	(18,481)
Interim dividend 2010	-	-	-		-	-	-	(11,865)	(11,865)
Long-term incentive plan	-	-	-		-	(4)	-	-	(4)
Balance at December 31, 2010	**488**	**64,758**	**904**	**10,488**	**(1,614)**	**25**	**48,831***	**21,239**	**145,119**

* Payout of the retained earnings will be restricted for the negative amount of the cash flow hedge reserve of € 1,614 and the positive amount of unappropriated result of € 21,239.

(in € thousands)	Share capital	Share premium	Translation reserve	R&D reserve	Cash flow hedge reserve	Other reserves	Retained earnings	Unappropriated result	Share-holders' equity
Balance at January 1, 2011	**488**	**64,758**	**904**	**10,488**	**(1,614)**	**25**	**48,831***	**21,239**	**145,119**
Net income	-	-	-	-	-	-	-	14,843	14,843
Other comprehensive income	-	-	1,662	-	4	-	-	-	1,666
Total comprehensive income	**-**	**-**	**1,662**	**-**	**4**	**-**	**-**	**14,843**	**16,509**
Reserve for capitalized R&D	-	-	-	4,197	-	-	(4,197)	-	-
Dividend related to 2010	-	-	-	-	-	-	(12,986)	(21,239)	(34,225)
Interim dividend 2011	-	-	-	-	-	-	-	(13,462)	(13,462)
Acquisitions of non-controlling interests without a change in control	-	-	-	-	-	-	(93)	-	(93)
Long-term incentive plan	-	-	-	-	-	82	-	-	82
Balance at December 31, 2011	**488**	**64,758**	**2,566**	**14,685**	**(1,610)**	**107**	**31,555**	**1,381**	**113,930**

* Payout of the retained earnings will be restricted for the negative amount of the cash flow hedge reserve of € 1,610 and the positive amount of unappropriated result of € 1,381.

8.8.7.1 Share capital

The authorized share capital of Exact amounts to € 1.5 million, consisting of 75 million ordinary shares, each with a nominal value of € 0.02 per share. Currently there are 24,400,405 (2010: 24,400,405) ordinary shares outstanding, which are fully paid. Exact holds 1,583,744 (2010: 1,583,744) ordinary shares in treasury, which remain available for general purposes of Exact, including but not limited to M&A activities.

The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price, which equals the nominal value.

8.8.7.2 Share premium

The ordinary shares held in treasury by Exact have been deducted from the share premium at their purchase price.

8.8.7.3 Legal reserves

The legal reserve comprises the translation reserve, the R&D reserve and the cash flow hedge reserve. The R&D reserve relates to capitalized internally generated software of € 14,685 (2010: € 10,488).

8.8.7.4 Other reserves

The other reserves relate to the share-based payment for the Board of Managing Directors for the long-term incentive plan of € 107 (2010: € 25). More information on the long-term incentive plan is provided in note 8.5.9.

8.8.7.5 Share-based payments

See note 8.5.9 of the consolidated financial statements for the disclosure of the share-based payments.

8.8.8 Group companies

Payables mature within one year.

8.8.9 Personnel expenses

Personnel expenses are specified below:

(in € thousands)	**2011**	**2010**
Salaries and wages	2,539	4,145
Social security	104	125
Pension expenses – defined contribution plans	5	-
Healthcare contribution	60	62
Outwork	26	-
Other personnel expenses	1,520	1,478
Total	4,254	5,810

All personnel expenses have been charged to group companies.

See note 8.5.9 of the consolidated financial statements for the disclosure of the remuneration of the Board of Managing Directors.

8.8.10 Other operating expenses

The 2011 expenses shown below were charged by KPMG Accountants N.V. and the 2010 expenses were charged by Ernst & Young Accountants LLP.

(in € thousands)	2011	2010
Audit	335	381*
Audit related	–	–
Other	–	17
Total	335	398

The 2010 expenses charged by Ernst & Young Accountants LLP have been restated for comparison purposes. Due to this restatement the expense amount increased with € 116 to € 381 and now reflects costs charged to the comprehensive statement of income in fiscal year 2010. The 2010 reported expense amount reflects the total amount invoiced by Ernst & Young Accountants LLP in fiscal year 2010.

(in € thousands)	2011	2010
KPMG Meijburg N.V.	–	–
Ernst & Young Belastingadviseurs LLP	–	–
Tax-related advice	–	–
Total	–	–

8.8.11 Earnings per share

See note 8.5.25 of the consolidated financial statements for the disclosure of the earnings per share.

8.8.12 Employees

In 2011 Exact's average number of employees was 20 FTEs (2010: 23). Costs related to the employees have been charged to group companies.

8.8.13 Contingencies

Exact has contingent liabilities with respect to bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities.

As at December 31, 2011 Exact had issued a total amount of € 1,187 (2010: € 1,187) for guarantees. The guarantee of € 113 Exact had issued in 2010 to guarantee payment of a potential settlement of a dispute on behalf of its subsidiary Exact Software Nederland B.V. is expected to be successfully discharged in early 2012. The remaining amount relates to several rental contracts.

Exact Holding N.V. issued a liability statement for almost all of its subsidiaries in the Netherlands in conformity with article 2:403 paragraph f of the Dutch Civil Code.

8.8.14 Commitments

The future aggregate minimum contract payments amount to € 0 (2010: € 0).

Delft, March 8, 2012

Board of Managing Directors
Max Timmer, CEO

Supervisory Board
Rolf Deves (Chairman)
Rob Hoevens
Thierry Schaap

9 Other information

9.1 Independent auditor's report

To: The General Meeting of Shareholders of Exact Holding N.V.

Report on the financial statements

We have audited the financial statements 2011 of Exact Holding N.V., Delft as set out on pages 76 to 135. 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 December 31, 2011, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company-only balance sheet as at December 31, 2011, the company-only income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Managing Directors in accordance with Part 9 of Book 2 of the Netherlands 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 Exact Holding N.V. as at December 31, 2011 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Exact Holding N.V. as at December 31, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Board of Managing Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and if the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report of the Board of Managing Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Eindhoven, March 8, 2012

KPMG ACCOUNTANTS N.V.

M.J.A. Verhoeven RA

9.2 Provisions governing profit appropriation

The provisions governing the profit appropriation are set out in articles 23 and 24 of the Articles of Association.

Article 23

1. The Board of Managing Directors shall determine, subject to the approval of the Supervisory Board, which amount of the profit will be added to the reserves. The balance of the profit shall be at the free disposal of the General Meeting. In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
2. Exact may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the sum of the paid and any called-up part of the share capital and the reserves that must be maintained by law. In calculating the appropriation of profits, the shares held by Exact in its own share capital shall not be taken into account.
3. Distribution of profits shall take place after the adoption of the annual accounts that show that the distribution is permitted.
4. The Board of Managing Directors may resolve to distribute one or more interim dividends and/or other interim distributions, provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.
5. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve that a dividend on shares shall be distributed in the form of shares instead of cash, or to resolve that shareholders be given a choice as to whether to receive a dividend in the form of cash or shares, all the above to the extent that Board of Managing Directors has been designated pursuant to Article 8 as the body empowered to resolve to issue shares. Subject to the approval of the Supervisory Board, the Board of Managing Directors shall determine the conditions subject to which such a choice can be made.
6. Subject to the approval of the Supervisory Board, the Board of Managing Directors may resolve to make distributions to the shareholders out of one or more reserves in the form of either cash, shares or a combination of the two, in proportion to the aggregate nominal amount of each shareholder's shares, all the above provided that the requirement laid down in paragraph 2 has been met as shown in an interim statement of assets and liabilities as referred to in Article 2:105(4) of the Dutch Civil Code.

Article 24

1. Distributions pursuant to Article 23 shall be due and payable as from a date to be determined by the Board of Managing Directors.
2. Distributions pursuant to Article 23 shall be payable at an address or addresses, in the Netherlands and abroad, to be determined by the Board of Managing Directors.
3. A shareholder's claim for payment of dividends shall lapse on the expiry of a period of five years following the date on which the claim became due and payable.

9.3 Proposed dividend to shareholders

Profit appropriation 2010

The General Meeting of Shareholders agreed with the proposed dividend distribution of € 2.02 per share for the year 2010.

(In € thousands)	
Interim dividend 2010 (€ 0.52 per share, paid August 13, 2010)	11,865
Final dividend in cash (€ 1.50 per share)	34,225
Total	**46,090**

Proposed profit appropriation 2011

It will be proposed at the General Meeting of Shareholders to payout the profit for the year 2011 of € 14,843 and in addition € 18,470 from the retained earnings as dividend, totalling € 33,313 as follows:

(In € thousands)	
Interim dividend 2011 (€ 0.59 per share, paid August 17, 2011)	13,462
Final dividend in cash (€ 0.87 per share)	19,851
Total	33,313

* The net profit is adjusted for the impairment loss on goodwill of € 18,379.

10 Forward-looking statements notice

10 Forward-looking statements notice

This annual report contains forward-looking statements with respect to Exact's future (financial) performance and position. Such statements are based on our beliefs, expectations, projections and the estimates that are currently available to us. The forward-looking statements that we make represent our judgment as at the dates on which the statements were made.

Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "shall", "will", "expect", "believe", and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial position and results, our management's plans and objectives for future operations, and discussion of future developments with respect to the business of Exact. Forward-looking statements are by nature subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee for future performance and are based on management's beliefs and assumptions based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including, but not limited to, the general economic conditions, the performance of the financial markets, currency exchange rates, our ability to continue our expansion in new and existing markets, our ability to keep pace with technological changes and to develop and commercialize new products, our ability to integrate acquisitions and manage the continuous growth of Exact, behavior of our customers, resellers, suppliers and competitors, our ability to recruit and retain key personnel, changes in government policies, laws or regulations or international conventions and standards, in particular those in the Netherlands, the USA and the European Union, and other risk factors discussed in this annual report.

With the exception of the matters required by law we have no obligation to update any information contained in this annual report nor to publicly release the results of any revisions to any forward-looking statements to reflect events or circumstances that occur, or that we become aware of, after the date of this annual report.

Annual Report | **2011**

Exact Holding N.V.

Transformation for growth

Our People

= exact

And it all comes together.

2011 has been a busy year at Exact. As a result of last year's strategic review, the company started 2011 with a renewed focus –and so did Exact employees.

The new focus meant a different kind of transformation for everyone: some developed new products or a new website, others changed positions, made promotions and some even migrated in order to contribute to Exact's growth. The results speak for themselves: Exact Globe Next was launched as well as many new modules and Exact Online launched its first propositions for the selected market segments, which have rapidly gotten immensely popular. Exact International launched a new sales method called Iron Man and we also increased our recruitment force. They hired 331 new colleagues and introduced a whole new matrix organizational model with a new discipline: the Business Lines.

In this part of the annual report, you can read about the people behind the company. Who are they, what role have they played in 2011 and perhaps most importantly: how have their transformations affected their personal growth? Just turn the page to find out.

NAME	Wiegert de Vos
JOB TITLE	Marketing Director International
SINCE	August 2008
REGION	International
LINKEDIN	www.linkedin.com/in/wiegertdevos

2011 has been a wild ride for Wiegert de Vos. He started it working on proposition management, then transitioned his team towards the business lines, and in October became the marketing director for International.

"Another thing I've learned this year is to balance private life and business."

He and his new team spent the final months of 2011 working hard on multiple propositions for international SMEs covering wholesale, manufacturing and professional services. Sounds great, but how do you communicate a proposition successfully?

First, you have to believe. From the moment I joined International, I have been making sure that our propositions are communicated better internally, so that people know what we're really doing. Second: we need to execute, take action. This company has a lot of competence in marketing and loads of market knowledge in the business lines. We need to make campaigns happen: send a teaser to the customer; call him and send a colleague from sales there. Third, I think we need a framework for our communication, so we know when and what we are communicating to clients and how to communicate with a specific target group within verticals.

Wiegert is a highly energetic type of guy and has been bouncing around the Exact buildings since 2008. How has he experienced his development here?

At the end of last year, my team consisted of three people. A few months later, it was a team of 20. That taught me a lot as a manager. And: how do you make things happen once you've put processes on paper? I've learned that growth cannot happen without some pain or without change.

Another thing I've learned this year is to balance private life and business. I have a beautiful little girl [Iefke, 17 months] at home. So at the end of the day, I go home because I want to see my daughter.

It doesn't really influence the work I do; it's more like a mindset change. I always had an excellent reason to go home, but now I need to spend time at home. When you become a manager, you have to learn how to delegate. And for me, becoming a manager coincided wonderfully with the moment when I needed to start delegating for other reasons as well.

NAME	Ebo Eppenga	Gijs Rosengarten	Frank Geldof
JOB TITLE	Sr Marketing Communications Specialist	Marketing Communications Specialist	Sr Marketing Communications Specialist
SINCE	July 2005	January 2003	September 2001
REGION	Corporate	Corporate	Corporate
LINKEDIN	www.linkedin.com/in/eppenga	www.linkedin.com/in/gijsrosengarten	www.linkedin.com/in/frankgeldof

Ebo Eppenga, Frank Geldof and Gijs Rosengarten worked their fingers to the bone in 2011.

The three ‘Web Men’ created the new Exact website in an open-source content management system.

And their hard work is already paying off. The new site went live in March 2011 and is performing very well. User experience has improved; the site gets better Google results; it has a greater customer focus, and it has been turned into a better marketing instrument. Anything else, Ebo?

Ebo I don’t know the numbers by heart, but I can tell you that lead conversion has just about doubled. We also made the website measurable. We implemented Google Analytics to make the website more transparent: what are the best pages, where do visitors stay longest, where do people click most?

Gijs We built a solid basis this year, and we are already gaining interesting data from the website. Now we can get going with the really cool stuff, such as onsite behavioral targeting and even better landing pages, mobile accessibility…

The Web Men may be looking forward to building ‘really cool stuff’, but, it transpires, they have already done some very cool stuff this year… Ebo has been invited to speak at the Joomla convention, for instance, and there have been invites from other big companies to speak about what they have done and how they have done it. But why? Frank?

That has something to do with the fact that a listed company like ours now works with an open-source CMS. That is rather unusual because many business cultures normally choose to work with a highly complex CMS. But Joomla fits Exact really well because we operate like a small business, so it matches us wonderfully. And these days, more and bigger companies are wanting to take that same step.

Impressive. Now that we know what the Web Men accomplished this year: what has this year brought to the Web Men?

Ebo It was great to show the world outside Exact what we can do and the positive feedback has been amazing. Plus, the interest from other companies has led to better contacts with other people who are working on large websites.

Frank I have experienced that it is better to keep an open mind. Opening up to other points of view has led to considerable growth in my knowledge about the online community. What I have learned is that it’s more fun to try out new ideas.

Gijs It was great to work in a team of specialists. It enables you to focus on what you’re good at so you can take bigger steps forward. On another level, it was great to go to Kuala Lumpur and work with the colleagues there. Of course, I knew them via e-mail and the like, but it is only through being there and working on a project together that you really get to know each other.

Mignonne Dekker has been with Exact since 2004. She has always been an organizer and has used that skill in several departments.

"Before joining Exact, I was a nurse, so I had no experience working in a commercial environment."

In August 2010, she joined the Exact Online team as a sales support specialist. In that role, Mignonne makes sure that other people within sales can do what they're good at: sell.

I make sure that the people who make the calls to prospective customers have enough leads in their workflow. The external call center first calls the customer and if they are genuinely interested, they let us know so sales can contact them. I currently focus on sales, but I do organizational work as well. I make sure that my colleagues can go ahead and sell, too.

Exact Online has gone through extensive growth in the past year: nearly 50% growth. Mignonne has grown as well in her current job and her former positions at Exact.

Before joining Exact, I was a nurse, so I had no experience working in a commercial environment. I quickly learned to be more businesslike and to do seemingly simple things well, like writing good business letters or making an important phone call.

There is enough space to develop here, which I think is a great plus at Exact. A while ago, I didn't know what direction I wanted to go in. Exact helped me find out and offered something that fits both our needs. That really helps your confidence to develop and try new things. And it doesn't matter if you fail sometimes.

There is always something new to learn. Whenever I feel that I really understand something thoroughly and my colleagues can take it from there, I like to move on to a new challenge. And there are always new challenges, such as now, with Time & Billing, for instance, and the pilot for EOL Salary. As long as I have challenges, I am having fun.

NAME	Mignonne Dekker
JOB TITLE	Sales Support Specialist
SINCE	April 2004
REGION	Benelux
LINKEDIN	www.linkedin.com/in/mignonnedekker

NAME	Keith Taber
JOB TITLE	Sales Executive
SINCE	March 2011
REGION	International
LINKEDIN	http://uk.linkedin.com/pub/keith-taber/b/454/530

Based in the UK, Keith Taber spent part of 2011 working on the Iron Man project, a sales methodology.

"It's been really good to share ideas and views."

The idea behind it is to make sure that the sales team goes through the right processes and ticks all the boxes as they work the sales cycles.

Keith, a father of two, joined Exact in March 2011 as a sales executive. He started working on Iron Man in September and from November onwards was involved in structured training sessions. So how does Iron Man help our sales colleagues in practice?

The Iron Man project is really about giving the sales people tools and structure to enable us to do our jobs better; we're able to qualify opportunities better, ensuring that we put all our efforts into what we can win. Iron Man has given me a lot more structure in my sales approach. The way that I look at a deal, the way that I structure a deal, the way I structure my communication within that deal.

Iron Man offers tools that enable new ways of interacting with customers, like the Collaboration Map. Keith explains what it is.

The Collaboration Map helps me to review pain points within a business in a structured way. For example, if an organization doesn't have good reporting, what is the impact on their business? It may be that they can't take decisions quickly. And if they can't take strategic decisions quickly, the impact on the business as a whole is that they may not be able to grow certain business lines. With the Collaboration Map, you can see the true value of improved reporting, and so can the customer. The Collaboration Map enables us to structure the needs of an organization in a manner that enables us to answer their needs in the right way. It really is an added value because it makes you more involved with what the customers are doing; you understand what they are doing and because it's a shared process you are giving them something real back.

As he worked on Iron Man, Keith also got to know lots of new colleagues in a short amount of time, through taking part in on-premise as well as remote training sessions.

That is a great thing about this process: it has really brought the sales teams together from around the world. I've met colleagues from Malaysia, America, France. It has been really good to share ideas and views. Culturally, we all work slightly differently, and it's been really good to understand that as well, especially since we're all working on international deals.

NAME	Victoria Lynn Mc Cartney
JOB TITLE	Customer Services Manager
SINCE	July 2007
REGION	Americas
LINKEDIN	N/A

Victoria Lynn McCartney has been with Exact since 2007 and in 2010 became a customer services manager, working from Minneapolis.

"I'm the kind of person that has to have a challenge and that's why I joined Exact to begin with."

She is responsible for JobBOSS consultancy. JobBOSS , which is an important Exact product in the Americas, thrived in 2011: consulting alone grew 27%. As a result, Victoria has had to recruit new people. Her office experienced extensive growth in 2011, and not just in numbers.

We were trying to really transition our team into a solution-driven part of the organization, and trying to make our customers aware of that transition. We want them to understand that we're here to recommend best practices in the industry and bring our expertise and our domain knowledge to them.

We have a lot of customers that have been with us for a long time. Some of them 10, 12 or 15 years. It's a great way to stay engaged with these customers and talk to them about what's changed in their business. They've probably had personnel changes, customer changes, the demands are different, and the type of orders too. The reasons you bought JobBOSS or Exact Synergy when you purchased it are different from your needs today. And just trying to understand what their pain points are, what their challenges are, has been very successful for us.

When Victoria got the management role, she moved to Minneapolis to take it. Besides moving, the job itself gave her many new experiences in 2011.

When I accepted this managerial role, I had not been in a role similar to this before. My manager has been a huge mentor for me. And he basically took me under his wing, starting in 2010. He was a great teacher and I was a great student. This year, I was able to present my own forecast: I contributed to establishing the budget by analyzing all the variables. I also took into consideration the strengths, weaknesses, opportunities and threats.

That is how I have grown this year. I'm the kind of person that has to have a challenge and that's why I joined Exact to begin with. I need something that gives me a challenge, and that allows me to learn constantly. And Exact gives me the opportunity to do so.

Noortje ten Hoope and Arthur Fransen joined Exact's busy recruitment team in the second half of 2011.

"We want to make sure that people feel connected to our headquarters in Delft."

The implementation of the 2010 strategic review had already started when they arrived, making a big impact throughout the company: vacancies changed and people relocated or moved to different jobs within Exact. There was more than enough work for the recruitment team, including Angelic Vloemans, who has been with Exact since January 2010 and lived through everything that happened in 2011.

What we see a lot, is that people move onward and upward within the company. We promote for people to start in customer support or sales support and then move on to consultancy, engineering, sales or another department. So, when we're recruiting, we are recruiting people with the goal of growth within Exact.

Angelic, Noortje and Arthur recruit mostly for the Benelux and Corporate. But they also try to help our colleagues in other parts of the world. The actual recruitment happens locally, but they share expertise and tools.

Angelic explains We want to make sure that people feel connected to our headquarters in Delft. And we want to have that facilitating role and help our colleagues. Of course, we know that the labor market is different everywhere, but we really want to stress that Exact is an international corporation and that we are all part of that same family.

Angelic has been working on Exact's visibility on the international labor market ever since she joined. She tries to make good use of LinkedIn, other media and job boards such as Monster and Stepstone.

We've noticed that people will keep an eye on you. We've really seen it work well with LinkedIn. People from lots of different countries watch us there. And that makes your visibility as a possible employer much bigger. We've already recruited a large number of people via LinkedIn.

Noortje and Arthur are relatively new themselves. How have they developed since they joined Exact?

Arthur Unlike my previous job at a recruitment agency, my current position isn't sales driven; it's about achieving success for my company through hiring the best people and investigating internal processes. I know the company I work for now, and that is so much better than having to fill in a vacancy long-distance.

Noortje It's energizing to be fully involved in the vacancies I'm trying to fill. When I offer someone a job now, the satisfaction is much greater because it's for the company I work for myself, that I belong to. And that matches my personality much better.

NAME	Noortje ten Hoope	Arthur Fransen	Angelic Vloemans
JOB TITLE	Recruiter	Senior Recruiter	Recruiter
SINCE	October 2011	September 2011	January 2010
REGION	Corporate	Corporate	Corporate
LINKEDIN	www.linkedin.com/in/noortjetenhoope	www.linkedin.com/in/arthurfransen	www.linkedin.com/in/angelicvloemans

Even before Pieter Hamans joined Exact, in 1998, he lived and worked in Asia. Working for Exact, he lived in Thailand and travelled around the world.

"I stay with the project until it's ready to go to market."

This continued until, as an experienced colleague, he was asked to join a work group about the future of manufacturing. That led to him being asked to return to the Netherlands to work in the field of manufacturing. He has been back since July 2011.

As a subject matter expert in manufacturing, I listen to customers and help interpret their wishes to make new products. I talk to customers, visit them and see what they do and how they do it. I visit their factory, try to understand their manufacturing processes and more than anything else, I try to understand what they think their business will look like in about five years. Because when we make a new product, we keep the future in mind as well. I also check what the competition is doing, I read a lot, and I talk to internal research. Eventually, we make a proposal to the Solution Board. After approval, I stay with the project until it's ready to go to market. My job is quite a creative challenge, really: what does the market want and where is it going? There are a lot of questions there that don't have immediate answers.

But not always having immediate answers is exactly what's fun about his work, according to Pieter.

I've been here for 13 years, since December 1, 1998, and sometimes, I feel like Alice in Wonderland. Every day, I see things in my work at Exact that teach me something completely new.

After almost two decades in Asia, moving back to the Netherlands is quite a wondrous adventure as well—especially when you have a family. Pieter's children are aged 11 and 13 and attend a Dutch school that teaches all its courses in English—all except Dutch language class, of course.

That was also an important reason to come back to the Netherlands. If the kids hadn't joined the Dutch education system while in secondary school, they would probably never really have felt connected to Dutch culture: they would never have lived in the Netherlands and never have spoken the language.

Pieter's family is doing well. How does he feel about living in the Netherlands now?

People ask me all the time about the difference with Thailand. It may sound almost boring but the differences aren't that spectacular. We don't have great weather here but life isn't really that different; essentially, you still have to go to work every morning at eight. But that doesn't mean that I can't tell you lots of great stories about Thailand, of course.

NAME	Pieter Hamans
JOB TITLE	Subject Matter Expert
SINCE	December 1998
REGION	Corporate
LINKEDIN	http://www.linkedin.com/pub/pieterhamans/2/428/691

NAME	Marjon van de Burgt
JOB TITLE	Principal, Proposition Management
SINCE	March 2002
REGION	Corporate
LINKEDIN	www.linkedin.com/in/mjvandeburgt

Marjon van de Burgt has been with Exact since 2002. She held a variety of different roles, including that of Exademy manager, before accepting her new position as proposition manager for Exact Globe Next (EGN).

“It’s great to make something new.”

Exact Globe Next, the successor to Exact Globe, offers many new functionalities and was launched in a controlled release in December 2011.

In her new role, Marjon worked toward that launch. But where do you start when the product is as new as your job?

I started in January 2011 after the EGN project had already taken off, so I needed to find my feet first.

During the development, I talked to customers about what they needed and I talked to the developers about the possibilities. A lot of choices needed to be made in that phase. Later on, I needed to involve marketing, consultancy and lots of other groups. You involve those groups when you’re closer to the launch, for the campaign, but also for the rest of the organization. People need to be trained, consultants need to know what the deal is and what it’s going to cost, and sales support needs to have their answers ready in case a customer calls.

How did Marjon experience this new role? And how did it influence her professional development?

Suddenly, you’re working with so many different people within the organization. The launch of EGN had an impact on all functions, so I’ve learned a lot about what other people within Exact do; what their struggles are and how to compromise.

Before this role, I had become the manager of a team. That role gave me the opportunity to grow because it entailed doing things I had never done before. When I transitioned to proposition manager, my development took a different turn. It’s a different kind of job for which you need different skills. It’s also about content, but for about 80% it’s project management. I had done that before but never on this huge scale, so I think I’ve learned a lot in that respect.

Everyone has a favorite part in a project. What was it for Marjon?

I really like that, with anything new, things can move in any direction and you can think about where it should go. I loved that part, at the beginning, and it’s also great when there’s an end result that makes everyone enthusiastic. But the phase I like most is the start-up phase, the phase when you think: we are going to be doing all this. It’s great to make something new.

NAME	Andrey Uglovsky
JOB TITLE	Customer Support Specialist
SINCE	August 2010
REGION	International
LINKEDIN	http://cz.linkedin.com/pub/andrey-uglovsky/2b/307/a13

Andrey has been with Exact since August 2010, when he started as a finance controller in the Russian F&A department.

"The bigger the support team is, the better service you can expect."

After the strategic review, he was offered a brand new job in a brand new city, and now works at the Center of Excellence in Prague, offering support to Russian customers.

It's not only a big change because of moving, but also it's a new job, in a new structure – pretty much everything is new. I really like the job but it does require some effort on my side because it's pretty new to me. I'm interested and I'm trying to do what I can, but of course I can't know everything from the start. Luckily, there is a big support team here. So, basically, if I can't answer a question myself, I can always ask my colleagues who are very experienced. And they're nice guys, too.

That's also great from the support side: the bigger the support team is, the better service you can expect; the more expertise you can expect. If you have 10 people sharing their knowledge, advising and helping each other out, that is going to help Exact provide timely, good-quality service.

A new job is already quite a big change, but moving some 1,700 kilometers makes it even bigger. Andrey has just received his visa and is hoping to welcome his wife and daughter to Prague soon.

Prague is a nice city, definitely. It's one of the most beautiful cities I've been to. It's very attractive, very new, very interesting. With any new culture, I'm always interested in how people live, how they get around, what makes them tick, what moves them. And they're very nice people, they're great to be around. It's very interesting just to be living here.

And has he learned to speak some Czech yet?

I know some basic phrases but that's it so far – and everybody in the office speaks English, too. But I'm looking forward to learning the Czech language. Perhaps my daughter will also help us out because kids are really good at picking up new languages.

In 2011, senior customer support specialist Pravena Kailasam and her husband Kumara became parents to a baby daughter, Kyra Adele.

"It was a great opportunity for me as a career starter to move to the operations side and learn about the business processes."

Little Kyra will probably have great techie genes: Kumara is a senior analyst and Pravena is now a senior customer support specialist in the Kuala Lumpur office.

When Pravena started with Exact, in 2005, she worked as a junior software programmer, but after two-and-a-half years, she joined the support team.

What I'm doing is second line support. My colleagues in the first line pick up the calls, and if they can't solve the issue they ask me to help. I also get calls directly, though, and I handle premium customers as well.

It was a great opportunity for me as a career starter to move to the operations side and learn about the business processes. There are always opportunities to move to other functions here, so you can build your career depending on your interests and tastes.

From my first day up to now, I have learned a lot in terms of product knowledge and business processes through all the experience in my daily work. But I've also grown with regard to customer relations. How do you deal with customers, will they be comfortable talking to you, will they trust you with their issues, and so on. So, personally, I have improved in my communication skills as well, building relationships.

In the past year, the main focus has been on customer satisfaction. Besides all the regular support we had some additional tasks, in order to offer some extra value to our customers. For instance, we provide newsletters on a monthly basis. And then we also do customer visits and we call customers proactively. These are a few things that we do besides our regular jobs to build a better relationship with the customer.

Pravena's office has provided support for customers in a number of Asian countries since 2008. Last year, the implementation of the strategic review led to her office being made responsible for Thailand, Vietnam and Japan, too.

Of course, with additional countries coming in, we saw the office workload increase—but our team is growing as well. And we have the opportunity to work with people of different nationalities, like our new Vietnamese and Thai colleagues, for instance. You are exposed to different cultures and you learn how to handle different customers. It's an opportunity to learn how others work as well, so it's kind of an eye opener.

NAME	Pravena Malathi Kailasam
JOB TITLE	Senior Customer Support Specialist
SINCE	June 2005
REGION	Asia Development Center
LINKEDIN	N/A

Jelle Zuidema joined Exact in February 2011. He and his girlfriend recently purchased a waterfront apartment in Rotterdam, and, at the time of this interview, they are very busy decorating it.

"A great benefit about being in PR is that you work with lots of different people."

We can't say that Jelle 'joined' the PR department—he is the PR department, all by himself, but within the corporate communications team. Of course, he works with many other people within Exact to reach his PR goals. Looking back at 2011, Jelle is especially happy about the results of the Accountancy campaign in the Benelux region.

I think we've already done great things for the Accountancy business line for the coming year. It has really become an integrated campaign with various kinds of activities, rather than only putting out press releases and the like.

As a result, we got some nice articles in the magazines we wanted to get into before we started the campaign. And the joint branch organization contacted us about the outcome of the survey we carried out; they wanted to use it to create policies for accountants working for small businesses. In the end, we not only got great publicity but we also helped their business in another way. In cases like these, you can really see what a full campaign can do.

The results of the campaign speak for themselves: a total of 64 articles have been published, both in accountancy-related magazines and on websites.

Jelle has been with Exact for almost a year now. What is his experience of the changing work landscape?

When I first got here, the PR we did consisted mainly of doing financial reports – all the normal things that are required when you're a stock-market listed organization. It was basically up to me to make sure that our communication would be executed on a broader level: we want to leave a clear Exact footprint on the market, including at the product level. That's not necessarily an easy thing to do when you are by yourself and you still need to come up with an idea of what the company really is, how everything works, how the products work.

But a great benefit about being in PR is that you forge contacts throughout the company and you work with lots of different people. And that makes 'being the PR department' a whole lot better.

NAME	Jelle Zuidema
JOB TITLE	Senior Public Relations Specialist
SINCE	February 2011
REGION	Corporate
LINKEDIN	www.linkedin.com/in/jellezuidema

NAME	Sheau Ling Tee
JOB TITLE	Quality Engineer
SINCE	October 2008
REGION	Asia Development Center
LINKEDIN	N/A

Sheau Ling Tee (or Celine to many) is a quality engineer in the Asia Development Center in Kuala Lumpur. This is where product development turns ideas into products.

"I can improve my interpersonal skills here because it's an international company."

Sheau Ling, who has been with Exact since October 2008, has worked on several projects. In 2011, she worked mainly on the WMS module in Exact Globe. But what is WMS?

WMS stands for Warehouse Management System, a system that lets customers pick orders easily. It also tells them which goods can be found in which warehouse and which stock needs to be replenished. The ADC (Asia Development Center), where I work, mainly does bug reports and small issue changes for the global WMS team. I started working on WMS in January this year, focusing on maintenance and on bugs reported by customers or support. When a bug report comes in, I do some testing and after that a software engineer fixes it.

If you speak with Sheau Ling, you cannot imagine that she was once a newbie to ERP software. But she was.

Although having worked for Exact for three years, I still cannot say that I have a lot of knowledge about ERP in general, but at least I know what it is and what it relates to. I also came to understand how testing is done here. Different companies have different ways of testing, and you need different skills for each method.

Sheau Ling has definitely developed the skills needed to do that. But how about a different kind of experience within Exact? As someone who loves to travel, what is it like to work in an internationally oriented development center?

I can improve my interpersonal skills here because it's an international company. We all have a chance to communicate with people from different countries. And that's interesting, because people have different cultures and different ways of communication. So I sometimes feel it's handy to know a bit about someone's culture before speaking to them.