UNIT4 announces significant increase in revenues from Cloud and SaaS solutions for H1 2013

SaaS & subscriptions revenues exceed license sales for the first time

Sliedrecht, The Netherlands, 21st August 2013

First Half Year results

- **Total revenue increased by 4.1% to €240.3 million (H1 2012: €230.8 million)**
- **SaaS & subscriptions revenues grew 43.2% from €22.7 million to €32.5 million**
- **Cloud applications specialist FinancialForce.com grew strongly with monthly revenue run rate up by 80% (compared with June 2012)**
- **EBITDA rose by 9.7% to €40.6 million (H1 2012: €37.0 million)**
- **Excluding FinancialForce.com, EBITDA increased 13.2% to €46.3 million (H1 2012: €40.9 million)**
- **Net profit before goodwill increased 21.6% to €18.6 million (H1 2012: €15.3 million)**

Revenue

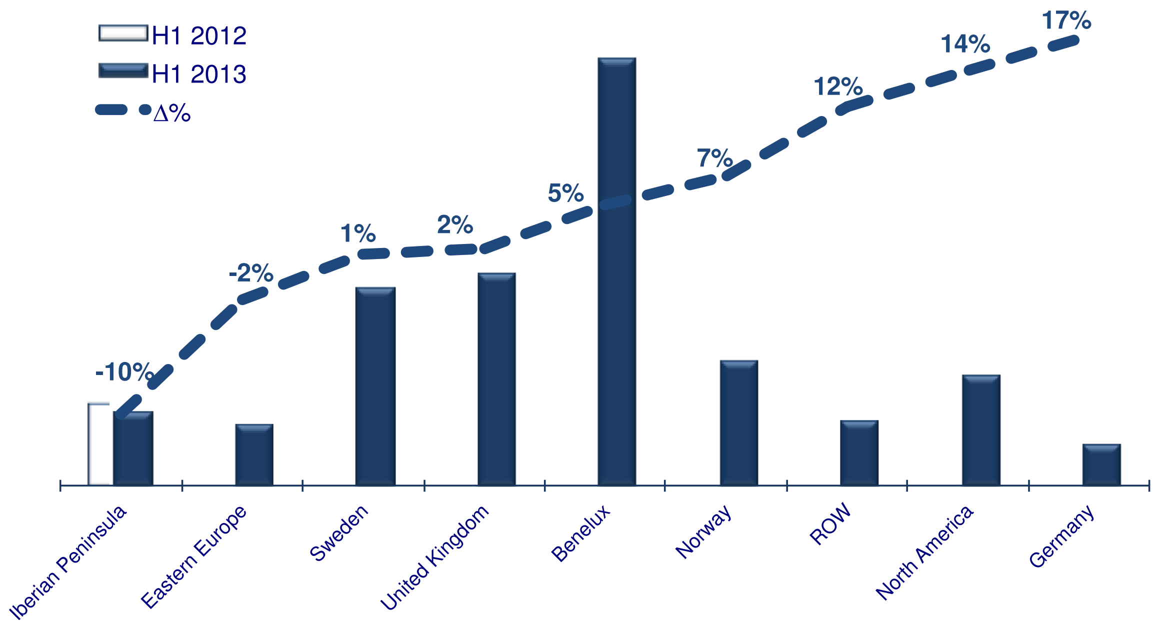
UNIT4, the global leader in software that supports business change, today released interim results for 2013. The company saw a strong increase in demand for its Cloud based solutions with growth of more than 40% in SaaS and subscriptions revenues, and a particularly strong performance by FinancialForce.com. In response to the robust upward trend of SaaS and subscriptions licensing, UNIT4 is focusing heavily on further enhancement and sales of its cloud solutions. This resulted in a decline of 10% in traditional license (product) revenues but significant growth in SaaS and subscriptions revenues, which are up 43.2% to €32.5 million in H1 2013 (H1 2012: €22.7 million). The annual run rate of SaaS and subscriptions grew from €46.8 million in June 2012 to €67.2 million in June 2013, an increase of €20.4 million or 43.5%.

amounts in € 1 million	**H1 2013**	**H1 2012**	**∆%**
SaaS and subscriptions	32.5	22.7	43.2%
Products	32.4	36.0	-10.0%
Contracts	97.5	95.5	2.1%
Services & others	77.9	76.6	1.7%
Net revenues	**240.3**	**230.8**	**4.1%**

Despite a decline in product (traditional license) revenue, contract revenue (maintenance) increased by 2.1% to €97.5 million. Total recurring revenue (Contracts and SaaS and subscriptions) was significant at €130.0 million, representing 54% of total revenues (H1 2012: 51%).

"It is very positive news that SaaS and subscriptions revenue in the first half year has exceeded license revenue, even without us being able to recognize SaaS revenue from the recent large government deals in the UK yet," said Edwin van Leeuwen, CFO, UNIT4*. "This change of focus towards cloud solutions makes the profitability of UNIT4 more predictable and less dependent on license sales, which are less predictable. Our EBITDA has increased by 10%, even with lower traditional license sales, driven by the substantial growth in cloud based solutions."*

Revenue from ‘Services and others’ increased by 1.7% to €77.9 million (H1 2012: €76.6 million). Total revenue increased by 4.1% with most countries showing organic growth. Only Spain and Poland reported a decrease due to reorganizations. In Germany, revenue increased by 17% due to revenue from a large recurring contract in the governmental market in H2 2012.



Operating margin

amounts in € 1 million, unless otherwise stated	H1 2013	H1 2012	Δ%
Revenue	**240.3**	**230.8**	**4.1%**
Gross margin	223.9	213.4	4.9%
Gross margin%	93.2%	92.5%	+0.7 pts
Personnel costs	154.5	149.6	3.3%
Other operating expenses	28.8	26.8	7.5%
EBITDA	**40.6**	**37.0**	**9.7%**
FinancialForce.com	5.7	3.9	46.2%
EBITDA before FinancialForce.com	**46.3**	**40.9**	**13.2%**
EBITDA margin	16.9%	16.0%	+0.9 pts
EBITDA margin before FinancialForce.com	19.9%	18.0%	+1.9 pts

EBITDA excluding FinancialForce.com increased by 13.2% to €46.3 million (H1 2012: €40.9 million) representing a margin increase of 1.9 pts to 19.9% (H1 2012: 18.0%).

Including the extra investment in FinancialForce.com, EBITDA rose 9.7% to €40.6million (H1 2012: €37.0 million).

Reorganization costs are included in the EBITDA figure, amounting to €6.1 million (H1 2012: €2.8 million).

H1 2013 also saw UNIT4 convert the majority of its Benelux pension plans from a defined benefit into a to defined contribution classification (IAS 19). This resulted in the release of an existing provision which together with some non-recurring costs resulted in a combined positive effect of €3.3 million.

Excluding the reorganization costs and excluding the non-recurring items the EBITDA would have grown from €39.8 million in H1 2012 to €43.4 million in H1 2013, which is an increase of 9%. Excluding FinancialForce.com this EBITDA growth would have been 12% compared with the first half year 2012.

Net profit

amounts in € 1 million, unless otherwise stated	H1 2013	H1 2012	Δ%
EBITDA before FinancialForce.com	**46.3**	**40.9**	**13.2%**
FinancialForce.com	5.7	3.9	46.2%
Depreciation on goodwill related items	13.8	13.3	3.8%
Depreciation on intangible fixed assets, property, plant and equipment	13.9	13.2	5.3%
Net Finance charges	3.7	4.2	-11.9%
Profit before tax	**9.2**	**6.3**	**46.0%**
Income tax	1.9	1.4	35.7%
Income tax %	20.7%	22.2%	-1.5 pts
Net profit	**7.3**	**4.9**	**49.0%**
Net profit (before goodwill related items)	18.6	15.3	21.6%
Earnings per share (in €)			
EPS (basic)	0.27	0.17	58.8%
EPS (before goodwill related items)	0.63	0.52	21.2%

Net profit before goodwill related items increased by 21.6% to €18.6 million. Earnings per share (before goodwill related items) increased by 21.2% to €0.63.

Liquidity position and cash flow

Operating cash flow increased by 12.8% to €49.5 million (H1 2012: €43.9 million) due to an improvement in working capital in H1 2013 compared with H1 2012.

The cash position at the end of June 2013 was negative €12.5 million compared with negative €7.2 at the end of June 2012, primarily due to repayments on the loan and dividend payments. The net debt position by the end of June 2013 was €106.7 million (31 December 2012: €120.6 million).

Business highlights

During H1 a number of significant announcements were made including in June the appointment as co-CEO of José Duarte, former Global President Services and Corporate Officer for software company SAP A.G. The Group's current CEO Chris Ouwinga announced that he will step down as CEO on January 1, 2014 and become Chairman.

Commenting on the H1 results, José Duarte said: *"The accelerating growth of SaaS and subscription based revenues along with a healthy improvement in margin shows clearly that UNIT4 is successfully meeting the rapidly changing demands of the market worldwide. I'm delighted that my early observations - that UNIT4 is extremely well positioned to exploit the growing demand for cloud solutions – are being confirmed. Our depth of experience in delivering Cloud-based solutions that help customers thrive in rapidly changing market conditions is being recognized by customers and wider industry. I'm delighted that we are in such a strong position."*

Chris Ouwinga said: *"We have seen a very positive development in the first half of the year. Our products are being recognized as having unique qualities and we have been able to make further inroads into very important markets. We are excellently positioned to gain further market share in*

Europe and beyond. With José coming on board we are also strengthening our management team to support further growth and I am convinced UNIT4 has a bright future."

Important announcements in H1 included:

- The launch of a full Financial Performance Management suite with the unveiling of UNIT4 Consolidation & Cash version 5. The suite covers Financial Performance Reporting; Consolidation and Cash Management, and two-way integration to UNIT4 Agresso and UNIT4 Coda Financials.
- A new global business division focused on the Higher Education and Research sector, building on UNIT4's considerable user base and skills worldwide.
- The launch of a full economic costing tool for research institutions developed in partnership with Oxford & Cambridge universities.
- New mobile apps for UNIT4 Agresso and Coda Financials.
- New partnerships with major IT services companies like Fujitsu, BT and IBM.

Country highlights

The UK operation achieved some extremely high profile contract wins in the public sector. The largest was the signing of a Framework agreement with arvato UK & Ireland. arvato was selected to operate ISSC1, the first of two Independent Shared Service Centres (SSCs) to be established under Central Government's Next Generation Shared Services (NGSS) Strategic Plan (2012). ISSC1 is based on the Department for Transport's (DFT) SSC in Swansea. The Agresso Central Government Enterprise Resource Planning (ERP) Platform will replace the centre's existing SAP system, as part of a phased migration process, to underpin the services offered by arvato."

Another major UK deal saw the UNIT4 Agresso Local Government ERP Platform procured by BT Global Services to support the London Tri-borough shared services project for 15,000 users across Finance and Human Resources (HR), replacing systems from Oracle and JD Edwards. Both deals generate strong downstream revenues and have the potential to grow as other organisations join the shared services operation.

The Benelux performed well reporting 5% growth and large deals (> €1 million) with AEGON, Infinitas Learning, Algemene Handelsmaatschappij Bomij, and Stichting zorggroep Cicero. The UNIT4 Accountancy division introduced a new product, UNIT4 Online Collaboration, which drives closer collaboration between the accountant and his client for all prevalent services.

In Scandinavia UNIT4 signed a 10-year SaaS-deal with Sweden's second largest city, Gothenburg and a five-year contract with property management chain HSB Common IT. Norway signed a four-year SaaS shared services deal with a group of 13 smaller municipalities and won a significant deal at Gard Group, a shipping insurance corporation. The cloud-based e-invoicing portal 'Sendregning', which allows SMEs to electronically invoice organizations they work for, reached a record level with almost 10,700 customers invoiced in June. A significant and highly prestigious contract was won in Denmark with a global company, to replace its corporate financial system. UNIT4 also started activities in Finland and achieved its first sales there.

UNIT4 was awarded a European CSR (corporate social responsibility) award for its work with Blindeforbundet, the Norwegian Association for the Blind and Partially Sighted (NABP) to make its UNIT4 Agresso ERP software accessible to blind and partially sighted people. In partnership with the NABP, UNIT4 has enhanced Agresso to support plug-ins that convert text and numbers to braille or to speech. This work benefits blind or partially sighted users around the world, helping them have greater access to the workplace.

In North America the newly combined Agresso and Coda-focused operation performed well in their first 6 months. The first combined user conference was sold out and the new, larger organization is gaining momentum in the marketplace. Success continued in the NGO/Not for profit sector and there is a renewed focus on Higher Education as part of the new global initiative.

FinancialForce.com

FinancialForce.com continues its rapid growth and reported record first half sales results for 2013. With a strong sales pipeline and increasingly larger deal sizes, the company saw monthly revenue run rate in June 2013 up more than 80% compared to June 2012. The annualized revenue run rate (including services) was over $21.5 million by the end of June 2013 (H1 2012: $12.0 million).

To both fuel and support its growth, FinancialForce.com's global headcount has grown by over 66% year-on-year from 125 employees at the end of H1 2012 to more than 208 at the end of H1 2013. To accommodate the rapidly growing workforce, FinancialForce.com has significantly expanded office space in its San Francisco (United States) headquarters and Harrogate (United Kingdom) offices.

FinancialForce.com continued to add industry accolades during the first half of 2013. The company was named by San Francisco Business Times as one of the Best Places to Work in the San Francisco Bay Area and also won a Great Place to Work honor in the UK. Additionally, FinancialForce.com's Accounting product was named the British Finance Award's Software Product of the Year while the company was also recognized by AlwaysOn Networks as a 2013 OnDemand Top 100 Private Company and Global 250 winner.

The results presentation and webcast for press and analysts will take place on Thursday 22nd August 2013 at 10.00 CET. Register for the live webcast via:
http://www.unit4.com/investors/financialinformation

Outlook

Based on current estimates, pipeline and strong financial performance in July, UNIT4 management continues to be confident about meeting its full year target of achieving single digit growth in revenue with an EBITDA (without FinancialForce.com and excluding reorganization costs) in the range of €105 - €115 million. Total EBITDA including investments in FinancialForce.com but excluding reorganizations is expected to be in the range of €95 - €105 million.

Risks and uncertainties

Risks and UNIT4's risk management strategy are detailed in the 2012 annual report (pages 10-17) and have not changed during the first half of 2013.

This document contains certain future expectations about the financial state of affairs and results of the activities of UNIT4 as well as certain related plans and objectives. Such expectations for the future are naturally associated with risks and uncertainties because they relate to future events, and as such depend on certain circumstances that may not arise in future. Various factors can cause real results and developments to deviate considerably from explicitly or implicitly made statements about future expectations. Such factors may for instance be changes in expenditure by companies in important economies, statutory changes and changes in financial markets, in pension costs, in the salary levels of employees, in future exchange and interest rates, in future takeovers or divestitures and the pace of technological developments.

UNIT4 therefore cannot guarantee that the expectations will be realized. UNIT4 also refuses to accept any obligation to update statements made in this document.

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About UNIT4

UNIT4 is a global cloud-focused business software company aimed at helping dynamic public sector and commercial services organizations to embrace change simply, quickly and cost effectively. The Group incorporates a number of the world's leading change embracing software brands including Agresso, our flagship ERP suite for mid-sized and large services intensive organizations; Coda, our best-of-class financial management software; and FinancialForce.com, the cloud applications company formed with investment from salesforce.com.

With operations in 26 countries worldwide, revenue of €469.8 million was realised in 2012. UNIT4 is headquartered in Sliedrecht, the Netherlands and has over 4,000 employees. It is listed on Euronext Amsterdam by NYSE Euronext and is included in the Amsterdam Midcap Index (AMX). For more information on UNIT4 or any of its operating companies, please visit the website at http://www.unit.com, follow us on Twitter @UNIT4_Group or visit our Facebook page http://www.facebook.com/UNIT4BusinessSoftwareNV.

Unaudited interim condensed consolidated financial statements

30 June 2013

1. INTERIM CONSOLIDATED INCOME STATEMENT
For the 6-month period ending 30 June

(€ 000)	Notes	2013	2012
Continuing operations			
SaaS and Subscriptions		32,456	22,698
Products		32,488	36,004
Contracts		97,467	95,522
Services and other		77,890	76,628
Revenue		**240,301**	**230,852**
Cost of sales		16,362	17,485
Gross profit		**223,939**	**213,367**
Employee costs		154,493	149,576
Other operating expenses		28,835	26,797
Operating result before depreciation and impairment (EBITDA)		**40,611**	**36,994**
Depreciation of property, plant and equipment and amortization of intangible assets		27,743	26,520
Operating result (EBIT)		**12,868**	**10,474**
Finance costs		7,571	9,558
Finance income		3,642	5,120
Share of profit of an associate		183	213
Profit before tax		**9,122**	**6,249**
Income tax	6.8	1,851	1,355
Profit for the period		**7,271**	**4,894**
Attributable to:			
Shareholders of UNIT4		7,858	5,079
Non-controlling interests		-587	-185
		7,271	4,894
Earning per share in € (attributable to shareholders of UNIT4)			
Basic earnings per share		0.27	0.17
Diluted earnings per share		0.26	0.17

2. INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6-month period ending 30 June

(€ 000)	2013	2012
Profit after tax	**7,271**	**4,894**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Currency translation differences on translation of foreign operations[1]	-12,800	10,175
Currency translation differences on hedge of net investment[1]	0	-25
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**-12,800**	**10,150**
Total comprehensive income after taxes	**-5,529**	**15,044**
Attributable to:		
Shareholders of UNIT4	-4,341	14,812
Non-controlling interests	-1,188	232
	-5,529	**15,044**

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

3. INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

(€ 000)	Notes	30 June 2013	31 December 2012
Assets			
Non-current assets			
Goodwill	6.13	167,357	174,095
Intangible assets (excluding goodwill)	6.13	188,881	202,076
Property, plant and equipment	6.14	38,819	37,109
Investment in associates and joint ventures		7,239	5,424
Other financial assets		11,077	11,561
Deferred tax asset		54,011	50,587
		467,384	**480,852**
Current assets			
Inventories		642	642
Trade and other receivables	6.16	98,808	97,842
Income tax asset		792	246
Other taxes		638	503
Cash and cash equivalents		23,729	33,906
		124,609	**133,139**
Total assets		**591,993**	**613,991**
Equity and liabilities			
Equity			
Issued capital	6.9	1,485	1,473
Share premium		318,454	314,189
Currency translation differences reserve		-21,106	-8,907
Accumulated deficit		-62,081	-57,257
Equity attributable to UNIT4		**236,752**	**249,498**
Non-controlling interests		6,812	8,152
Total equity		**243,564**	**257,650**
Non-current liabilities			
Interest-bearing loans and borrowings		84,186	90,416
Pension obligations	6.15	1,359	6,961
Deferred tax liability		44,509	45,680
Provisions		2,112	2,231
		132,166	**145,288**
Current liabilities			
Provisions		2,774	2,608
Trade and other payables		14,193	17,818
Interest-bearing loans and borrowings		46,208	64,098
Income tax payable		7,593	9,627
Other taxes		19,098	22,945
Other liabilities, accruals and deferred income		126,397	93,957
		216,263	**211,053**
Total equity and liabilities		**591,993**	**613,991**

4. INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6-month period ending 30 June 2013

	Attributable to shareholders of UNIT4						
(€ 000)	Issued capital	Share premium	Currency translation differences reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
1 January 2013	1,473	314,189	-8,907	-57,257	249,498	8,152	257,650
Adjustment for the adoption of new standards[1]	0	0	0	459	459	0	459
1 January 2013 (adjusted)	**1,473**	**314,189**	**-8,907**	**-56,798**	**249,957**	**8,152**	**258,109**
Profit reporting period (after tax)	0	0	0	7,858	7,858	-587	7,271
Other comprehensive income (after tax)	0	0	-12,199	0	-12,199	-601	-12,800
Total comprehensive income after tax	**0**	**0**	**-12,199**	**7,858**	**-4,341**	**-1,188**	**-5,529**
Dividend	0	0	0	-13,353	-13,353	-149	-13,502
Change in ownership non-controlling interest	0	0	0	3	3	-3	0
Issue of share capital	12	4,265	0	0	4,277	0	4,277
Share-based payment[2]	0	0	0	209	209	0	209
30 June 2013	**1,485**	**318,454**	**-21,106**	**-62,081**	**236,752**	**6,812**	**243,564**

For the 6-month period ending 30 June 2012

	Attributable to shareholders of UNIT4						
(€ 000)	Issued capital	Share premium	Currency translation differences reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
1 January 2012	1,465	311,406	-19,245	-68,622	225,004	8,240	233,244
Profit reporting period (after tax)	0	0	0	5,079	5,079	-185	4,894
Other comprehensive income (after tax)	0	0	9,733	0	9,733	417	10,150
Total comprehensive income after tax	**0**	**0**	**9,733**	**5,079**	**14,812**	**232**	**15,044**
Dividend	0	0	0	-11,731	-11,731	-123	-11,854
Change in ownership non-controlling interest	0	0	0	50	50	-33	17
Issue of share capital	2	754	0	0	756	0	756
Share-based payment[2]	0	0	0	386	386	0	386
30 June 2012	**1,467**	**312,160**	**-9,512**	**-74,838**	**229,277**	**8,316**	**237,593**

[1] The adjustment of the opening balance for accumulated deficit relates to the adoption of new accounting standards as discussed in Note 6.2.

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

5. INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6-month period ending 30 June

(€ 000)	2013	2012
Cash flows from operating activities		
Operating result (EBIT)	**12,868**	**10,474**
Adjustments for:		
Depreciation and impairment	27,743	26,520
Share-based payment transaction expense	447	445
Changes in provisions	-200	-246
Changes in operating capital	20,098	15,243
Cash flows from operations	**60,956**	**52,436**
Interest paid	-5,818	-4,561
Interest received	2,104	4,949
Income tax paid	-7,732	-8,964
Cash flows from operating activities	**49,510**	**43,860**
Cash flows from investing activities		
Investments in intangible assets	-14,840	-13,942
Acquisition and divestments of subsidiaries, net of cash and cash equivalents acquired	0	-4,467
Investments in associates	-1,663	0
Investments in other financial assets	-143	-997
Dividend from securities	30	0
Investments in property, plant and equipment	-6,321	-5,012
Cash flows from investing activities	**-22,937**	**-24,418**
Cash flows from financing activities		
Proceeds from issue of shares	4,277	755
Proceeds from non-controlling interest	3	17
Payments of borrowings	-23,660	-110,204
Proceeds from borrowings	0	103,899
Dividends paid	-13,498	-11,731
Interest paid	0	-1,865
Cash flows from financing activities	**-32,878**	**-19,129**
Net cash flows	-6,305	313
Currency translation differences	-2,982	2,626
Cash and cash equivalents at 1 January	-3,192	-10,114
Cash and cash equivalents at 30 June	-12,479	-7,175
Reconciliation with items on the statement of financial position:		
Cash and cash equivalents	23,729	20,754
Included in Interest bearing loans and borrowings	-36,208	-27,929
Cash and cash equivalents at 30 June	-12,479	-7,175

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Corporate information

The interim condensed consolidated financial statements of UNIT4 N.V. for the 6 months ended 30 June 2013 were authorized for issue in accordance with the resolution of the Board of Directors and the Supervisory Board of 21 August 2013. UNIT4 N.V. is a listed company established and domiciled in the Netherlands whose shares are publicly traded at the NYSE Euronext Amsterdam. UNIT4 N.V. and its subsidiaries (jointly 'UNIT4' or 'Group') operate as international producer of business software. The head office is based in Sliedrecht, the Netherlands.

6.2 General accounting principles

Basis of preparation

The interim condensed consolidated financial statements for the 6 months ended 30 June 2013 have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted within the European Union. The interim condensed consolidated financial statements are presented in euro (x 1,000) and are prepared based on historical costs taking into account that the derivatives are measured at fair value. The interim condensed consolidated financial statements for the 6 months ended 30 June 2013 do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

Significant accounting policies

The accounting principles adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new standards and interpretations as of 1 January 2013 as described below:

<u>IAS 1 Presentation of Items of Other Comprehensive Income (Amendment)</u>

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (e.g., net gain on hedge of net investment, exchange differences on translation of foreign operations) now have to be presented separately from items that will never be reclassified (e.g., actuarial gains and losses on defined benefit plans). The amendment affected presentation only and had no impact on the Group's financial position or performance.

<u>IAS 19 Employee Benefits (Revised 2011) (IAS 19R)</u>

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

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

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

- The standard requires past service cost to be recognized immediately in profit or loss. Based on an assessment of the impact of this amendment the Group concluded the impact of the recognition of past service cost to be immaterial on prior periods. Therefore the Group has decided to adjust the opening balance for 2013.

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

As of 1 January 2013 (in € 000)	
Decrease in pension obligation	612
Decrease in deferred tax asset	153
Decrease in opening accumulated deficit	**459**

The effect of the adoption on the statement of cash flows and on earnings per share was immaterial. See Note 6.15 for more information on pension obligations.

IAS 32 Tax effects of distributions to holders of equity instruments (Amendment)
The amendment to IAS 32 Financial Instruments: Presentation clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders. The amendment did not have an impact on the interim condensed consolidated financial statements for the Group, as there is no tax consequences attached to cash or non-cash distribution.

IAS 34 Interim financial reporting and segment information for total assets and liabilities (Amendment)
The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. Total assets and liabilities for a reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual consolidated financial statements for that reportable segment. The amendment affected presentation only and had no impact on the Group's financial position or performance

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34.16A(j), thereby affecting the interim condensed consolidated financial statements period. The Group provides these disclosures in Note 6.16.

In addition to the above-mentioned amendments and new standards, IFRS 1 First-time Adoption of International Financial Reporting Standards was amended with effect for reporting periods starting on or after 1 January 2013. The Group is not a first-time adopter of IFRS, therefore, this amendment is not relevant to the Group.

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

6.3 Seasonal pattern

As a consequence of the various market conditions which effect the decisions of (potential) clients to buy our products or services in a broad sense, the results are depending on a seasonal pattern. The precise consequences are however not predictable. Historical information is showing higher revenues in the months June and December compared to the other months. It also shows that in the second half of a year the results are often higher than in the first half of a year.

6.4 Estimates

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012, with the exception of changes in some of the estimates used in the value-in-use calculation regarding impairment of goodwill. (See Note 6.13)

6.5 Exchange rates

The closing exchange rates used are (foreign currency compared to €1):

	30 June 2013	31 December 2012
Australian dollar (AUD)	1.4140	1.2705
Canadian dollar (CAD)	1.3680	1.3115
Czech krone (CZK)	25.8500	25.0800
Danish krone (DKK)	7.4580	7.4595
Hungarian forint (HUF)	295.0000	291.5000
Indonesion rupiah (IDR)	12509.1907	12720.4146
Malaysian ringgit (MYR)	4.1285	4.0360
Norwegian krone (NOK)	7.8580	7.3500
Polish zloty (PLN)	4.3310	4.0800
Pound Sterling (GBP)	0.8560	0.8150
Singapore dollar (SGD)	1.6515	1.6075
South African rand (ZAR)	13.0600	11.1750
Swedish krone (SEK)	8.7700	8.5750
US dollar (USD)	1.3055	1.3175

The average exchange rates used are (foreign currency compared to €1):

	for the 6-month period ending 30 June	
	2013	2012
Australian dollar (AUD)	1.2932	1.2545
Canadian dollar (CAD)	1.3320	1.3028
Czech krone (CZK)	25.6428	25.1622
Danish krone (DKK)	7.4567	7.4349
Hungarian forint (HUF)	295.8722	294.5694
Indonesion Rupiah (IDR)	12,744.7198	N/A
Malaysian ringgit (MYR)	4.0509	3.9973
Norwegian krone (NOK)	7.5309	7.5783
Polish zloty (PLN)	4.1810	4.2418
Pound Sterling (GBP)	0.8494	0.8226
Singapore dollar (SGD)	1.6288	1.6392
South African rand (ZAR)	12.0859	N/A
Swedish krone (SEK)	8.5260	8.8796
US dollar (USD)	1.3114	1.2995

6.6 Business combinations

6.6.1 Business combinations for the 6 months ended 30 June 2013

During the first half year of 2013 there were no business combinations.

6.6.2 Business combinations effected after the end of the reporting period.

The following business combination effected after 30 June 2013 but before the interim financial statements were authorized for issue. A final valuation is not available at the date the interim financial statements were authorized for issue. All figures below are therefore based on a provisional assessment. Since the business combination effected after 30 June 2013, the acquired company is not included in the interim consolidated figures as per 30 June 2013.

Agresso France

On 11 July 2013 the Group acquired 100% of the (voting) shares in Agresso France SA, an unlisted company based in Bourg la Reine (France). Agresso France was a former subsidiary of the Group until it was split off and sold as part of a management buyout transaction in 2010.

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

Because of the short period between the acquisition date and the date the interim financial statements were authorized for issue, the Group is not able to report the (provisional) fair value of the identifiable assets and liabilities and the goodwill arising.

The purchase consideration transferred amounts to €1.05 million.

At the date of the acquisition the company employed 26 staff.

6.6.3 Additional information on business combinations in the previous period

On 13 November 2012, the Group acquired 100% of the (voting) shares in the legal entities Montana Software B.V. and Montana Automatisering B.V.. The consideration paid included an element of contingent consideration. During the six months ending 30 June 2013 the contingent consideration did not change.

6.7 Segment information

Operating segments

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

The Management Board evaluates the results of the various business operations within the Group on a periodic basis. The following reporting segments are distinguished by the Management Board:

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

No operational segments have been consolidated to come to the reporting segments mentioned above. The Management Board evaluates the results for the whole Group on a periodic basis including in particular the operating results (EBITDA) of those reporting segments. Transfer prices between operating segments are on an arm's length basis.

The following tables present the revenues and results of the operational segments of the Group.

For the 6-months ending 30 June 2013

(€ 000)	Benelux	Financial Force.com	United Kingdom	Germany	Norway	Sweden	Central R&D	All other operating segments	Elimination and adjustments	Total
Revenues third parties	77,801	7,155	38,626	7,774	22,985	36,037	0	49,923	0	240,301
Revenues inter-segment	6,321	0	513	32	474	743	21,217	2,200	-31,500 [1]	0
Total revenues	**84,122**	**7,155**	**39,139**	**7,806**	**23,459**	**36,780**	**21,217**	**52,123**	**-31,500**	**240,301**
EBITDA	**15,915**	**-5,693**	**7,848**	**-2,534**	**3,635**	**6,009**	**11,020**	**4,411**	**0**	**40,611**
Depreciation of (in)tangible assets	5,987	693	5,402	878	830	1,017	5,438	7,174	0	27,419
Impairment charges	163	0	0	0	0	0	0	161	0	324
Restructuring costs	3,139	0	539	1,885	0	0	0	489	0	6,052

[1] Inter-segment deliveries are eliminated

For the 6-months ending 30 June 2012 [2]

(€ 000)	Benelux	Financial Force.com	United Kingdom	Germany	Norway	Sweden	Central R&D	All other operating segments	Elimination and adjustments	Total
Revenues third parties	74,206	3,991	36,074	6,658	21,487	35,563	0	52,873	0	230,852
Revenues inter-segment	5,837	0	658	70	533	752	21,311	1,729	-30,890 [1]	0
Total revenues	**80,043**	**3,991**	**36,732**	**6,728**	**22,020**	**36,315**	**21,311**	**54,602**	**-30,890**	**230,852**
EBITDA	**15,681**	**-3,901**	**6,737**	**-2,995**	**3,699**	**4,349**	**11,275**	**2,149**	**0**	**36,994**
Depreciation of (in)tangible assets	5,138	549	5,841	887	757	825	5,256	6,640	0	25,893
Impairment charges	196	0	0	0	0	0	0	431	0	627
Restructuring costs	442	0	406	130	0	27	3	1,841	0	2,849

[1] Inter-segment deliveries are eliminated.
[2] Restated for comparison purposes.

6.8 Income tax expense

(€ 000)	for the 6-month period ending 30 June 2013	2012
Current income tax charge		
Current financial year	7,922	8,163
Amendments for preceding years	41	535
	7,963	8,698
Deferred taxes		
Temporary differences between fiscal and commercial valuation	-1,419	-3,065
Change in tax rates	-924	-545
Recognized losses	-3,769	-3,733
	-6,112	-7,343
Income tax expense	**1,851**	**1,355**

6.9 Issued capital

The authorized share capital at 30 June 2013 encompasses 40,000,000 (30 June 2012: 40,000,000) ordinary shares and 40,000,000 (30 June 2012: 40,000,000) preference shares, both with a nominal value of €0.05. No preference shares have been issued. The holders of ordinary shares have one vote per share at UNIT4's shareholders' meeting.

At the reporting date 29,690,389 ordinary shares (30 June 2012: 29,328,642) were issued and paid up. The changes (in numbers) in the share capital can be presented as follows:

	30 June	
	2013	2012
Balance at 1 January	29,457,789	29,292,396
Issue of share capital	64,766	36,246
Exercise of options	167,834	0
	29,690,389	**29,328,642**

6.10 Dividends paid

At 20 February 2013 UNIT4 management proposed a cash dividend of €0.45 (45 cents) per share. The General Meeting of Shareholders as at 22 May 2013 approved this proposal.

(€ 000)	30 June	
	2013	2012
Dividends declared and paid during the six-month period:		
Final dividend for 2012 (€0.45 per share)	13,353	0
Final dividend for 2011 (€0.40 per share)	0	11,731

6.11 Earnings per share

The earnings per share can be specified as follows:

For the 6-month period ending 30 June (€ 000)		2013		2012
Basic earnings per share (A/X)	€	0.27	€	0.17
Diluted earnings per share (B/Y)	€	0.26	€	0.17
Basic earnings per share before goodwill related items and impairment (D/X)	€	0.63	€	0.52
Diluted earnings per share before goodwill related items and impairment (C/Y)	€	0.63	€	0.52

Basic earnings per share is calculated by dividing the net profit for the 6-month period attributable to ordinary shareholders by the weighted average number of shares outstanding during the 6-month period.

Diluted earnings per share is calculated by dividing the net profit for the 6-month period attributable to ordinary shareholders (after adjusting for outstanding option rights (after tax)) by the weighted average number of shares outstanding during the 6-month period plus the weighted average number of shares that would be issued on conversion of all the potential dilutive ordinary shares.

The basic and diluted earnings per share before goodwill related items and impairments are calculated by using the net profit for the 6-month period attributable to ordinary shareholders without goodwill impairment, amortization of customer contracts, acquired software development costs and trademarks instead of the net profit for the 6-month period attributable to ordinary shareholders.

The calculation can be specified as follows:

For the 6-month period ending 30 June (€ 000)	2013	2012
Net profit attributable to ordinary shareholders (A)	**7,858**	**5,079**
Effect of outstanding option rights (after tax)	0	0
Net profit attributable to ordinary shareholders (after dilution) (B)	**7,858**	**5,079**
Goodwill related items and impairments	10,741	10,212
Net profit attributable to ordinary shareholders before goodwill related items and impairments (after dilution) (C)	**18,599**	**15,291**
Net profit attributable to ordinary shareholders (A)	**7,858**	**5,079**
Goodwill related items and impairments	10,741	10,212
Net profit attributable to ordinary shareholders before goodwill related items and impairments (D)	**18,599**	**15,291**

(in numbers x 1,000)	2013	2012
Weighted average number of shares during the period (X)	**29,592**	**29,310**
Effect from outstanding option rights	78	124
Weighted average number of shares during the period adjusted for the effect of dilution (Y)	**29,670**	**29,434**

6.12 Intangible assets

During the first half year the Group has invested in intangible assets a total amount of €15.0 million (2012: €19.8 million), of which €15.0 million (2012: €14.1 million) is capitalized as a consequence of internally developed software.

6.13 Impairment

Goodwill is tested for impairment annually (as at 1 December) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill is based on value-in-use calculations that use a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash-generating units were discussed in the annual financial statements for the year ended 31 December 2012.

For the following cash-generating units the Group observed indications for a potential impairment of goodwill. As a result, management performed an impairment calculation as at 30 June 2013.

<u>Cash-generating unit Van der Kley automatisering</u>
Management expects that the activities of Van der Kley automatisering will generate revenue up to and including 2015. Therefore the calculation of the recoverable amount of Van der Kley automatisering is updated to reflect the shorter remaining period. As a result of this analysis, management has recognized an impairment charge of €163,000 against goodwill previously carried at €418,000.

<u>Cash-generating unit Agresso France Maintenance & Services SA (Fininfor business)</u>
Management expects that the activities of Fininfor will generate revenue up to and including 2016. Therefor the projected cash flows were updated to reflect an expected decreased level of product and contract revenues for the products of Fininfor. All other assumptions remained consistent with those disclosed in the annual statements for the year ended 31 December 2012. As a result of this analysis, management has recognized an impairment charge of €161,000 against goodwill previously carried at €416,000.

Other Cash-generating units
For the other cash generating units the Group has not observed indications from which an early impairment test is required.

6.14 Tangible assets

During the first half year the Group has invested in tangible assets a total amount of €6.3 million (2012: €5.0 million).

6.15 Pension Obligations

As per 1 January 2013 the Group has made amendments to the policies around the existing pension plans in the Netherlands. As a result of these amendments, the ASR Plan I, ASR Plan II and the ASR Plan III do no longer qualify as a defined benefit plan. These plans are from 1 January 2013 onwards accounted for as defined contribution plans. The obligation recognized until 1 January 2013 for these pension plans has been reversed through employee costs in profit or loss. The movement for these plans can be specified as follows:

(€ 000)	ASR plan I	ASR plan II	ASR plan III
Balance at 31 December 2012	452	4,575	461
Opening balance adjustment adoption of IAS19R[1]	38-	420-	34-
Balance at 1 January 2013	**414**	**4,155**	**427**
Transfer of participants from pension plan acquired company[2]	0	144	0
Conversion of pension plan to defined contribution plan	414-	4,299-	427-
Balance at 30 June 2013	**0**	**0**	**0**

[1] The adjustment of the opening balance relates to the adoption of new accounting standards as discussed in Note 6.2.

[2] The transfer relates to participants which were transferred from a defined benefit pension plan in the business combination Montana Software B.V. (acquired in 2012) to ASR Plan II as per 01-01-2013.

6.16 Fair Value

The following overview presents a comparison of the carrying amount and fair value of all financial instruments of the Group:

€000	30 June 2013 Carrying amount	30 June 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
Financial assets				
Other financial assets	11,306	11,306	12,158	12,158
Trade debtors	60,963	60,963	72,125	72,125
Other receivables	197	197	422	422
Cash and cash equivalents	23,729	23,729	33,906	33,906
	96,195	96,195	118,611	118,611
Financial liabilities				
Non-current liabilities	82,210	82,210	87,120	87,120
Earn out liabilities	1,178	1,178	1,567	1,567
Derivatives	3,823	3,823	5,337	5,337
Interest-bearing loans and borrowings (current)	46,208	46,208	64,098	64,098
Trade payables	11,198	11,198	15,057	15,057
	144,617	144,617	173,179	173,179

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For financial instruments that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at 30 June 2013, the Group held the following class of financial instruments measured at fair value:

30 June 2013

(€ 000)	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value				
Derivatives (interest SWAP´s)	3,823	0	3,823	0
	3,823	**0**	**3,823**	**0**

As at 31 December 2012, the Group held the following class of financial instruments measured at fair value:

(€ 000)	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value				
Derivatives (currency and interest SWAP´s)	5,337	0	5,337	0
	5,337	**0**	**5,337**	**0**

During the six-month period ended 30 June 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise of interest rate swaps. These interest rate swaps are fair valued using forward interest rates extracted from observable yield curves.

6.17 Share-based payments

In the first half of 2013, 50.082 Basic shares were acquired by the participants as part of the Performance Share Plan. Based upon the expected outcome of the pre-agreed long-term targets this would lead to 29.908 performance shares to be awarded.

The carrying amount of the liability related to the Performance share plan at 30 June 2013 is €354,000 (31 December 2012: €118,000).

The expense of all current share-based payments is specified below:

(€ 000)	for the 6-month period ending 30 June	
	2013	2012
Cash settled share-based payments		
Granted during the financial year 2013	125	0
Granted during the financial year 2012	114	59
	238	59
Equity settled share-based payments		
Granted during the financial year 2011	209	209
Granted during the financial year 2009	0	177
	209	386
Share-based payment expense	**447**	**445**

6.18 Events after the reporting period

No significant events, other than explained in Note 6.6.2, occurred in the period between balance sheet date and the authorization of the financial statements which could be of influence on the economic decisions made by users of these interim financial statements.

Management declaration

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

– The semi-annual Management Board report gives a true and fair view of the important events of the past six-month period and their impact on the interim consolidated financial statements, as well as the principal risks and uncertainties for the six-month period to come and the most important related party transactions.
– The interim consolidated financial statements, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, the liabilities, the financial position and the profit of UNIT4 and the companies included in the consolidation.

Sliedrecht, 21 August 2013

C. Ouwinga, chairman
E.T.S. van Leeuwen