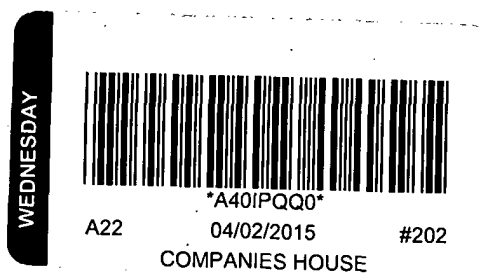


HYBRIS UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

**REGISTRAR
OF COMPANIES**



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HYBRIS UK LIMITED

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HYBRIS UK LIMITED

COMPANY INFORMATION

DIRECTORS

Mr A F Luedi
Mr C O Thoma
Mr M Zips

COMPANY SECRETARY

CR Secretaries Limited

REGISTERED NUMBER

05679556

REGISTERED OFFICE

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

HYBRIS UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

INTRODUCTION

It is the Company's goal to deliver enterprise software and on-demand solutions for multi-channel commerce, master data management and order management that helps retailers, manufacturers, distributors, telcos and publishers of software, games and digital media to innovate, sell more and create perpetual digital relationships with their customers.

On 1 August 2013 hybris AG Switzerland, including all subsidiaries, was acquired by SAP AG (now SAP SE).

BUSINESS REVIEW

2013 was a positive year for hybris UK Limited despite the challenging economy worldwide and in the UK. As the hybris software platform became more widely accepted in the industry, revenue within the UK continued to advance. External turnover increased to £10.4m (2012: £9.1m) in the year mainly as a result of the Company continuing to expand its maintenance and professional services revenue stream. Furthermore, the Company continued to invest in business development and had several successful high profile wins in the year including MoneySupermarket, Travis and TUI.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's objectives. The principal risks faced by the company are as follows:

Research and development: in any software business, a primary risk is whether the software continues to develop to support the market needs. Accordingly, the Company is dependent on the research and development activities of its parent Company and its ability to develop leading software.

Financial risks: The company's exposures to financial risks are explained in the director's report.

FINANCIAL KEY PERFORMANCE INDICATORS

The company's key financial and other performance indicators during the year were as follows:

	2013	2012	Change
Turnover	£17,188,000	£13,387,000	28%
Operating profit	£205,000	£432,000	(52%)
Profit before tax	£205,000	£434,000	(53%)
Current assets as % of current liabilities	132%	118%	12%
Shareholder's funds	£1,774,000	£1,270,000	40%
Number of employees	43	30	43%

FUTURE DEVELOPMENTS

The UK economy showed signs of recovery in 2014. We expect this trend to continue in 2015 and therefore allow the further expansion of the Hybris UK business.

The acquisition by SAP has raised the profile of the company in the market place and provides more opportunities as well as enhanced bargaining power. The synergies derived from this transaction will also give a definite boost to the ability of Hybris UK to impose its presence and increase its footprint even more in the UK market. The SAP customer base alone will provide a large increase in qualified leads to the Hybris UK sales force to work on and develop. The opportunity to tap into the large pool of SAP developers, R&D and other technical personnel is also another area where Hybris UK will definitely benefit in the coming months.

HYBRIS UK LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2013**

2015 will see Hybris UK's growth continue in an improving economic environment and where the Hybris workforce will be able to leverage the support and expertise of the combined Hybris AG and SAP organisation.

This report was approved by the board on *Jan 21, 2015* and signed on its behalf.

**Mr M Zips
Director**

A handwritten signature in black ink, consisting of a stylized 'M' followed by a series of loops and a long horizontal stroke.

HYBRIS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's objectives. The principal risks faced by the Company are as follows:

Research and development: in any software business, a primary risk is whether the software continues to develop to support the market needs. Accordingly, the company is dependent on the research and development activities of its parent company and its ability to develop market leading software.

Foreign Exchange: because the majority of the company's sales are in the UK, the company has very minimal foreign exchange risk.

Interest Rates: the company carries no significant external debt and is not subject to interest rate risk.

Credit Risk: the company carries significant accounts receivable and the ability to collect these receivables is an important risk. Deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

HYBRIS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

DIVIDENDS

The directors have not recommended a dividend (2012: nil).

DIRECTORS

The directors who served during the year were:

Mr A F Luedi
Mr C O Thoma
Mr M Zips

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on *Jan 21, 2015* and signed on its behalf.


Mr M Zips
Director

HYBRIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRIS UK LIMITED

We have audited the financial statements of hybris UK Limited for the year ended 31 December 2013, set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HYBRIS UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRIS UK LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Neil Hughes (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Arlington Business Park
Theale
Reading
RG7 4SD

Date:

29 January 2015

HYBRIS UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £000	2012 £000
TURNOVER	1,2	17,188	13,387
Cost of sales		<u>(6,279)</u>	<u>(7,652)</u>
GROSS PROFIT		10,909	5,735
Administrative expenses		<u>(10,703)</u>	<u>(5,303)</u>
OPERATING PROFIT	3	206	432
Interest receivable and similar income		-	3
Interest payable and similar charges		-	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		206	434
Tax on profit on ordinary activities	6	<u>(151)</u>	<u>356</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>55</u>	<u>790</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

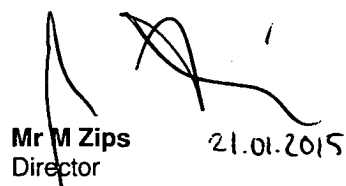
The notes on pages 9 to 17 form part of these financial statements.

HYBRIS UK LIMITED
REGISTERED NUMBER: 05679556

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£000	2013 £000	£000	2012 £000
FIXED ASSETS					
Tangible assets	7		239		221
CURRENT ASSETS					
Debtors	8	3,949		6,280	
Cash at bank		2,396		657	
		<u>6,345</u>		<u>6,937</u>	
CREDITORS: amounts falling due within one year	10	<u>(4,810)</u>		<u>(5,888)</u>	
NET CURRENT ASSETS			<u>1,535</u>		<u>1,049</u>
NET ASSETS			<u><u>1,774</u></u>		<u><u>1,270</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		-		-
Share premium account	15		2,447		2,447
Profit and loss account	15		<u>(673)</u>		<u>(1,177)</u>
SHAREHOLDERS' FUNDS	16		<u><u>1,774</u></u>		<u><u>1,270</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


Mr M Zips
 Director

21.01.2015

The notes on pages 9 to 17 form part of these financial statements.

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The Company has sufficient financial resources together with long standing relationships with key clients and suppliers. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement (see note 17).

1.4 Turnover

Revenue from the sale of indefinite software licences is recognised in full on the date the licence is granted. Revenue earned from customers who subscribe to use the Company's software for a limited period is recognised evenly over the subscription period.

Revenue earned from the provision of software support and maintenance contracts is recognised evenly over the term of the contract for the provision of those services. Revenue arising from software support and maintenance provided other than in accordance with a fixed-term contract is recognised in the accounting period in which those services are provided.

Revenue from project work and work undertaken on behalf of other group companies is recognised when the work is undertaken. Revenue which has not been invoiced by the balance sheet date is recognised based on a fair assessment of the fair value of the services provided by the balance sheet date as a proportion of the total value of the project.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold Property	-	10 years straight line basis
Fixtures and fittings	-	5 and 8 years straight line basis
Equipment	-	4 years straight line basis

1.6 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gain on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely that not that the taxable gain will be rolled over into replacement assets charged to tax only where the replacement assets sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.10 Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.11 Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuation firm of Hybris Group using the Monte Carlo method as an option pricing model.

No expense is recognised for awards that do not ultimately vest.

At each balance sheet date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and Group management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or in the case of an instruments subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. TURNOVER

	2013 £000	2012 £000
United Kingdom	10,397	9,085
Overseas	6,791	4,302
	<u>17,188</u>	<u>13,387</u>

	2013 £000	2012 £000
Software licenses, maintenance and support sold to third parties	10,397	9,085
Services undertaken on behalf of hybris AG	6,791	4,302
	<u>17,188</u>	<u>13,387</u>

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2013 £000	2012 £000
Depreciation of tangible fixed assets:		
- owned by the company	35	28
Auditor's remuneration: Audit of these financial statements	21	14
Operating lease rentals:		
- other operating leases	201	163
Difference on foreign exchange	219	(3)
	<u>219</u>	<u>(3)</u>

4. STAFF COSTS

Staff costs were as follows:

	2013 £000	2012 £000
Wages and salaries	5,918	3,097
Social security costs	1,191	393
Other pension costs	211	130
Share-based payments	449	79
	<u>7,769</u>	<u>3,699</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013 No.	2012 No.
G&A staff	1	1
Product staff	4	6
Sales and Marketing staff	14	15
Services staff	24	8
	<u>43</u>	<u>30</u>

5. DIRECTORS' REMUNERATION

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments. No management charge has been levied for the directors' services in either the current or prior year.

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TAXATION

	2013 £000	2012 £000
Analysis of tax charge in the year		
Deferred tax (see note 9)		
Origination and reversal of timing differences	151	(356)
Tax on profit on ordinary activities	151	(356)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - *lower than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £000	2012 £000
Profit on ordinary activities before tax	206	434
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	48	106
Effects of:		
Expenses not deductible for tax purposes	7	4
Capital allowances for year in excess of depreciation	7	(2)
Unrelieved tax losses carried forward	(166)	(127)
Share based payments	104	19
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

The UK corporation tax rate has decreased from 23% to 21% from 1 April 2014. The deferred tax balance has been adjusted in the current year to reflect a change to 21% as this was substantively enacted at the year end.

The UK Government have also announced future corporate tax reductions, which were still to be enacted by Parliament at the balance sheet date. The corporation tax rate will be 20% from 1 April 2015. This rate change will affect the amount of future cash payments made by the Company.

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TANGIBLE FIXED ASSETS

	Leasehold Property £000	Fixtures and fittings £000	Equipment £000	Total £000
Cost				
At 1 January 2013	247	10	10	267
Additions	1	9	43	53
At 31 December 2013	248	19	53	320
Depreciation				
At 1 January 2013	33	5	8	46
Charge for the year	25	2	8	35
At 31 December 2013	58	7	16	81
Net book value				
At 31 December 2013	190	12	37	239
At 31 December 2012	214	5	2	221

8. DEBTORS

	2013 £000	2012 £000
Trade debtors	3,563	5,727
Amounts owed by group undertakings	-	18
Other debtors	99	91
Prepayments and accrued income	82	88
Deferred tax asset (see note 9)	205	356
	<u>3,949</u>	<u>6,280</u>

HYBRIS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. DEFERRED TAX ASSET

	2013	2012
	£000	£000
At beginning of year	356	-
(Charge for)/released during year (P&L)	(151)	356
	<hr/>	<hr/>
At end of year	205	356
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2013	2012
	£000	£000
Accelerated capital allowances	(30)	(30)
Tax losses carried forward	235	368
Other timing differences	-	18
	<hr/>	<hr/>
	205	356
	<hr/>	<hr/>

10. CREDITORS:
Amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	28	107
Amounts owed to group undertakings	698	2,246
Other taxation and social security	1,040	1,065
Other creditors	1	22
Accruals and deferred income	3,043	2,448
	<hr/>	<hr/>
	4,810	5,888
	<hr/>	<hr/>

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

11. SHARE BASED PAYMENTS

In 2012 hybris AG granted options to a number of hybris UK Limited employees; both returns-based options (which had a number of vesting conditions) and time-based options. Following the acquisition of hybris AG by SAP SE, all of the stock options previously granted by hybris AG vested. The vested options were cancelled and employees received cash compensation from SAP SE.

	2013	2012
Outstanding at 1 January	78,030	-
Granted during the year	-	78,390
Forfeited	(450)	(360)
Cancelled	(77,580)	-
Outstanding at 31 December	-	78,030

The total expense recognised for share based compensation in respect of employee services received during the year to 31 December 2013 is £449,000 (2012: £79,000).

12. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013	2012	2013	2012
	£000	£000	£000	£000
Expiry date:				
Between 2 and 5 years	-	-	5	5
After more than 5 years	146	103	-	-
Total	146	103	5	5

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions with members of its group.

14. SHARE CAPITAL

	2013	2012
	£	£
Allotted, called up and fully paid		
101 Ordinary shares of £1 each	101	101

HYBRIS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

15. RESERVES

	Share premium account £000	Profit and loss account £000
At 1 January 2013	2,447	(1,177)
Profit for the financial year		55
Share based payment		449
At 31 December 2013	<u>2,447</u>	<u>(673)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £000	2012 £000
Opening shareholders' funds	1,270	401
Profit for the financial year	55	790
Share based payment	449	79
Closing shareholders' funds	<u>1,774</u>	<u>1,270</u>

17. CONTROLLING PARTY

The ultimate parent company at the start of the period was hybris AG, a company registered in Switzerland. On 1 August 2013 hybris AG, including all of its subsidiaries, was acquired by SAP AG (which subsequently changed to SAP SE).

SAP SE prepares group financial statements and copies can be obtained from - Dietmar-Hopp-Allee 16, 69190 Walldorf, Germany.