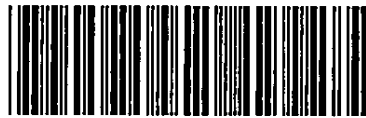


COMPANY REGISTRATION NUMBER 05679556

**HYBRIS UK LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

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# **HYBRIS UK LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

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# **HYBRIS UK LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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**The board of directors**

Mr A F Luedi  
Mr C O Thoma  
Mr M Zips

**Company secretary**

CR Secretaries Limited

**Registered office**

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

# HYBRIS UK LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 DECEMBER 2012

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The directors present their report and the financial statements of the Company for the year ended 31 December 2012

#### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £790,555 (2011 £439,107) The directors have not recommended a dividend (2011 nil)

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

hybris UK Limited is responsible for software sales, distribution, and professional services related to e-commerce software developed by hybris AG and distributed throughout the UK

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

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

	2012	2011	Change
Turnover	£13,386,539	£11,594,973	15%
Operating profit	£431,795	£452,488	(5%)
Profit before tax	£434,189	£439,107	(1%)
Current assets as % of current liabilities	118%	103%	15%
Shareholders' funds	£1,271,815	£401,931	216%
Number of employees	30	26	15%

2012 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. Turnover increased to £13.4m (2011 £11.6m) 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.

#### FUTURE DEVELOPMENT AND POST BALANCE SHEET EVENTS

While the general economic outlook for 2013 is not expected to improve compared to 2012, expectations are that hybris UK Limited will continue to do well. As the hybris software platform continues to expand market share and improve with successive releases, expansion within the UK is expected to continue. It is important, however, to closely monitor the economic results within the UK as reduced capital spending by UK retailers and B2B software users could affect hybris UK Limited.

2012 was a successful year and set the stage for continued aggressive expansion within the UK market. We feel that the Company has strong staff in place and has reached a level of maturity which should propel the Company forward. The continuing recession, however, is not over and challenges will continue to be seen for the foreseeable future. Management will continue in its efforts to actively promote the hybris AG software platform within the UK and the resources of the parent company are expected to continue to be available to support both marketing and research and development activity.

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# **HYBRIS UK LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

### **YEAR ENDED 31 DECEMBER 2012**

---

On 5 June 2013, the Company announced that SAP AG, a German based group, plans to acquire hybris Group. The completion of the transaction occurred on 1 August 2013.

#### **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.

#### **DISABLED EMPLOYEES**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **EMPLOYEE INVOLVEMENT**

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and in various factors affecting the performance of the Company. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

#### **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.

# **HYBRIS UK LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2012**

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### **DIRECTORS**

The directors who served the Company during the year and thereafter were as follows

Mr A F Luedi  
Mr C O Thoma  
Mr M Zips

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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 year.

In preparing those financial statements, the directors are required to

- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements,
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- 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.

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

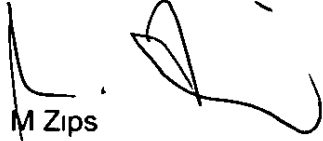
**HYBRIS UK LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2012**

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Signed on behalf of the directors



M Zips  
Director

Approved by the directors on 09 08 2013

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

**YEAR ENDED 31 DECEMBER 2012**

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We have audited the financial statements of hybris UK Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 22. 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 set out on page 4, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **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 2012 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 MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYBRIS UK LIMITED** *(continued)*

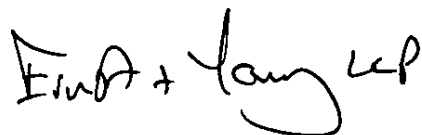
**YEAR ENDED 31 DECEMBER 2012**

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**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



Paul Gordon (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
London

12 Aug 2013

**HYBRIS UK LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2012**

		<b>2012</b>	2011
	Note	£	£
<b>TURNOVER</b>	<b>2</b>	<b>13,386,539</b>	11,594,973
Cost of sales		<u>(7,651,746)</u>	<u>(6,153,736)</u>
<b>GROSS PROFIT</b>		<b>5,734,793</b>	5,441,237
Administrative expenses		<u>(5,302,998)</u>	<u>(4,988,749)</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>431,795</b>	452,488
Interest receivable	6	3,194	-
Interest payable and similar charges	7	(800)	(13,381)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>434,189</b></u>	<u>439,107</u>
Tax on profit on ordinary activities	8	356,366	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>790,555</b></u>	<u>439,107</u>

The Company's turnover and operating profit all relate to continuing operations

There are no differences between profit on ordinary activities after taxation and the retained profit for the year and the preceding year and their historic equivalents

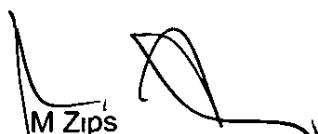
# HYBRIS UK LIMITED

## BALANCE SHEET

31 DECEMBER 2012

		2012		2011	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	9		-		175
Tangible assets	10		<u>219,980</u>		<u>233,108</u>
			<u>219,980</u>		<u>233,283</u>
<b>CURRENT ASSETS</b>					
Debtors	11	6,282,394		2,824,241	
Cash at bank		<u>656,615</u>		<u>3,483,622</u>	
		<u>6,939,009</u>		<u>6,307,863</u>	
<b>CREDITORS: Amounts falling due within one year</b>					
	13	<u>5,887,174</u>		<u>6,139,215</u>	
<b>NET CURRENT ASSETS</b>					
			<u>1,051,835</u>		<u>168,648</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<u>1,271,815</u>		<u>401,931</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	17		101		101
Share premium account	18		2,447,392		2,447,392
Profit and loss account	19		(1,175,678)		(2,045,562)
<b>SHAREHOLDERS' FUNDS</b>					
	20		<u>1,271,815</u>		<u>401,931</u>

These financial statements were approved by the directors and authorised for issue on 05 08 2013, and are signed on their behalf by

  
M Zips  
Director

Company Registration Number 05679556

# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

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

#### **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 22)

#### **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.

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer software is amortised on a 25% straight line basis.

#### **Fixed assets**

All fixed assets are initially recorded at cost.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements are depreciated over 10 years on a straight line basis.

Fixtures & Fittings are depreciated over 5 and 8 years on a straight line basis.

Computer Equipment is depreciated over 4 years on a straight line basis.

# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 1. ACCOUNTING POLICIES *(continued)*

#### **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

#### **Pension costs**

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

#### **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 that 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 gains 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 than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are 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.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **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

YEAR ENDED 31 DECEMBER 2012

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### 1. ACCOUNTING POLICIES *(continued)*

#### Interest income and expense

Interest income and expense is recognised by the Company on an accruals basis in the period to which it relates

#### Share-based compensation

The Company recognises the cost of share-based compensation based on the fair value of the awards at the date of grant over the requisite service period. The Company uses the Monte-Carlo method to determine the fair value of common share option awards. Share-based compensation plans, related expenses and assumptions used in the Monte-Carlo method are more fully described in Note 14. The value of the portion of the award that is ultimately expected to vest is recognized as an expense under the straight-line recognition method over the requisite service periods.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company. An analysis of turnover is given below.

	2012	2011
	£	£
United Kingdom	9,085,226	7,857,204
Overseas	4,301,313	3,737,769
	<u>13,386,539</u>	<u>11,594,973</u>

# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2012	2011
	£	£
Directors' remuneration	–	–
Amortisation of intangible assets	175	346
Depreciation of owned fixed assets	27,864	15,936
Auditor's remuneration		
- as auditor	14,462	5,865
Operating lease costs		
- Other	163,366	123,684
Net (profit)/loss on foreign currency translation	<u>(2,756)</u>	<u>54,352</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the financial year amounted to

	2012	2011
	No	No
Number of General & Administrative staff	1	1
Number of Product staff	6	5
Number of Sales & Marketing staff	15	12
Number of Services staff	8	8
	<u>30</u>	<u>26</u>

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	3,097,278	3,133,058
Social security costs	392,563	471,501
Other pension costs	130,222	99,129
Equity-settled share-based compensation	79,329	–
	<u>3,699,392</u>	<u>3,703,688</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.

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# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 6. INTEREST RECEIVABLE

	2012 £	2011 £
Bank interest receivable	<u>3,194</u>	<u>-</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Other similar charges payable	<u>800</u>	<u>13,381</u>

### 8. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2012 £	2011 £
Deferred tax:		
Origination and reversal of timing differences (note 12)	<u>(356,366)</u>	<u>-</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The actual current tax charge for the current and previous years differed from the standard rate for the reasons set out in the following

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>434,189</u>	<u>439,107</u>
Profit on ordinary activities by rate of tax at 24.5% (2011 - 26.5%)	106,376	116,319
Expenses not deductible for tax purposes	3,710	8,344
Capital allowances for period in excess of depreciation	(1,725)	(29,493)
Utilisation of tax losses	(127,794)	(95,170)
Share-based compensation	19,433	-
Total current tax (note 8(a))	<u>-</u>	<u>-</u>

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# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

#### (c) Factors that may affect future tax charges

The UK corporation tax rate has decreased from 24% to 23% from 1 April 2013. The deferred tax balance has been adjusted in the current year to reflect a change to 23% as this was substantively enacted at the year end.

The UK Government 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 21% from 1 April 2014 and 20% from 1 April 2015. These rate changes will affect the amount of future cash payments made by the Company.

### 9. INTANGIBLE FIXED ASSETS

	<b>Computer software</b>
	<b>£</b>
<b>COST</b>	
At 1 January 2012 and 31 December 2012	<u>1,764</u>
<b>AMORTISATION</b>	
At 1 January 2012	1,589
Charge for the year	175
At 31 December 2012	<u>1,764</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012	-
At 31 December 2011	<u>175</u>

# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 10. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>				
At 1 January 2012	238,197	9,905	9,641	257,743
Additions	14,073	90	573	14,736
Disposals	(4,800)	(320)	(359)	(5,479)
<b>At 31 December 2012</b>	<b>247,470</b>	<b>9,675</b>	<b>9,855</b>	<b>267,000</b>
<b>DEPRECIATION</b>				
At 1 January 2012	14,470	2,741	7,424	24,635
Charge for the year	23,676	2,943	1,245	27,864
On disposals	(4,800)	(320)	(359)	(5,479)
<b>At 31 December 2012</b>	<b>33,346</b>	<b>5,364</b>	<b>8,310</b>	<b>47,020</b>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2012</b>	<b>214,124</b>	<b>4,311</b>	<b>1,545</b>	<b>219,980</b>
At 31 December 2011	223,727	7,164	2,217	233,108

### 11. DEBTORS

	2012 £	2011 £
Trade debtors	5,728,430	1,707,166
Amounts owed by group undertakings	18,291	26,542
Other debtors	91,456	92,212
Prepayments and accrued income	87,851	998,321
Deferred taxation (note 12)	356,366	—
	<b>6,282,394</b>	<b>2,824,241</b>

The debtors above include the following amounts falling due after more than one year

	2012 £	2011 £
Other debtors	90,360	90,360
Deferred taxation	356,366	—
	<b>446,726</b>	<b>90,360</b>

# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012 £	2011 £
Included in debtors (note 11)	<u>356,366</u>	<u>-</u>

The movement in the deferred taxation account during the year was

	2012 £	2011 £
Profit and loss account movement arising during the year	<u>356,366</u>	<u>-</u>
Balance carried forward	<u>356,366</u>	<u>-</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2012		2011	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	(30,157)	-	-	(31,019)
Tax losses available	368,277	-	-	530,706
Other timing differences	18,246	-	-	-
	<u>356,366</u>	<u>-</u>	<u>-</u>	<u>499,687</u>

### 13. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	106,646	25,967
Amounts owed to group undertakings	2,245,532	2,664,849
Other taxation and social security	1,064,277	921,662
Other creditors	22,323	36,573
Accruals and deferred income	2,448,396	2,490,164
	<u>5,887,174</u>	<u>6,139,215</u>

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# HYBRIS UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 14. SHARE-BASED COMPENSATION

#### hybris Employee Stock Option Plan 2012 (ESOP 2012)

On 20 July 2012, the ultimate parent company hybris AG, granted 78,390 stock options to employees at an exercise price of USD 17.57 per option. All granted options expire after ten years. The vesting conditions of these stock options are summarised as follows:

- Time-Based Options – 50% of the total options vest in five tranches after the first, second, third, fourth and fifth anniversary of the vesting start date. The vesting start date is the latter of the entry date into the hybris Group or August 18, 2011. In the event of a sale of all, or substantially all of the shares or assets of the hybris Group to a third party, or in the event of a change in control, all granted but not forfeited stock options under this plan vest and are immediately exercisable. In the event of a public offering, all granted but not forfeited stock options under this plan vest and are exercisable 18 months after the date of the public offering.
- Returns-Based Options – 50% of the total options vest upon a “Trigger Event” which is defined as the sale of all, or substantially all of the shares or assets of the hybris Group to a third party, a change in control, or a public offering. In addition, certain market conditions must be met.

#### Assumptions

The Company measures and recognizes compensation expense for all share-based awards on estimated fair values. The determination of fair value of share-based payment awards is affected by the fair value of hybris AG’s common share as of the time of grant, expected term of the option, and other assumptions related to expected volatility of hybris AG’s common stock and the applicable risk-free interest rates in effect at the date of grant. For stock options granted out of ESOP 2012, the Company used the Monte-Carlo method. The table below summarizes the underlying assumptions:

Expected dividend yield	---
Risk-free interest rate	0.58%
Expected volatility	50%
Expected life (in years)	6.3
Estimated forfeiture rate	15%
Estimated fair value of common stock (per share)	USD 22.45

As hybris AG’s common stock is not publicly traded, hybris Group estimates the volatility of common stock on the date of grant based on the historical and implied volatility of the share prices of a peer group of publicly traded companies for the period equal to the expected life of hybris Group’s stock options. Fair value of common stock is determined by using a model combining the Income Approach Method and Market Approach Method. Both approaches computing future discounted cash flows from business activities and expected market valuations using market comparables are combined by incorporating other factors, such as estimated volatilities, time-to-liquidation risk-free rates, and marketability discounts.

hybris AG currently has no history or expectation of paying cash dividends on its common stock. The expected term represents the weighted average period the stock options are expected to remain outstanding. The expected term is determined based on historical

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exercise behaviour, post-vesting termination patterns, options outstanding and future expected exercise behavior. An exercise multiple based on a stock to exercise price ratio was used to reflect the expected employee exercise behavior pattern. The risk-free interest rate is based on the U S Treasury yield for a term consistent with the expected term of the awards in effect at the time of grant.

The following table illustrates the number and movements in the stock option plan during the year:

	2012	2011
Outstanding at 1 January	-	-
Granted during the year	78,390	-
Forfeited during the year	360	-
Outstanding at 31 December	78,030	-
Exercisable at 31 December	7,467	-

There were 78,030 stock options outstanding as at 31 December 2012 (2011: nil). The total expense recognised for share based compensation in respect of employee services received during the year to 31 December 2012 is £79,329 (2011: nil).

#### 15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below:

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 2 to 5 years	-	5,107	-	2,353
After more than 5 years	103,133	-	72,800	-
	<u>103,133</u>	<u>5,107</u>	<u>72,800</u>	<u>2,353</u>

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### 16. RELATED PARTY TRANSACTIONS

The Company was under the control of hybris AG, a company registered in Switzerland, throughout the current and previous year

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

### 17. SHARE CAPITAL

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
101 Ordinary shares of £1 each	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

### 18. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year

### 19. PROFIT AND LOSS ACCOUNT

	2012	2011
	£	£
Balance brought forward	(2,045,562)	(2,484,669)
Profit for the financial year	790,555	439,107
Share-based compensation	79,329	–
Balance carried forward	<u>(1,175,678)</u>	<u>(2,045,562)</u>

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012	2011
	£	£
Profit for the financial year	790,555	439,107
Share-based compensation	79,329	–
Net addition to shareholders' funds/(deficit)	<u>869,884</u>	<u>439,107</u>
Opening shareholders' funds/(deficit)	401,931	(37,176)
Closing shareholders' funds	<u>1,271,815</u>	<u>401,931</u>

### 21. POST BALANCE SHEET EVENTS

On 5 June 2013, the Company announced that SAP AG, a German based group, plans to acquire hybris Group. The completion of the transaction occurred on 1 August 2013

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### **22. ULTIMATE PARENT COMPANY**

As at 31 December 2012, the ultimate parent undertaking was hybris AG, a company registered in Switzerland. hybris AG prepares group financial statements and copies can be obtained from Birkenstrasse 49, CH-6343 Rotkreuz, Switzerland.

As described in note 21 to the financial statements, on 1 August 2013 hybris AG was acquired by SAP AG, at which point SAP AG became the company's ultimate parent undertaking.