QPR Software Plc

Annual Report 2014

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QPR Software focuses on providing organizations with software and professional services for operational development. Our software and services are used in more than 50 countries. The Company offers its customers insight to their business operations through modeling, analysis and performance monitoring. This insight enables customers to streamline and improve business operations and to execute their strategies swiftly and effectively. The Company's product portfolio has been strongly renewed in recent years. The new software products offer customers innovative and efficient tools to model enterprise architecture, to automatically discover any processes based on actual event data and to analyze causes for potential performance problems.

Year 2014 – key events

January – March

- **January**: QPR releases new version of QPR Suite 2014.
- **January**: QPR releases new version of QPR ProcessAnalyzer software.
- **February**: Gartner Inc., the world's leading IT research and consulting company, ranks QPR Software in the best tier used in its report "MarketScope for Enterprise Business Process Analysis", with the rating "Positive".
- **February:** QPR resellers from almost 20 countries assemble to the annual Partner Summit.
- **March**: QPR Software and Tieto, the largest Nordic IT services company, sing a cooperation agreement with the aim to offer customers business driven enterprise architecture services for gaining substantial business benefits.

April – June

- **April:** QPR Software's corporate performance management tool QPR Metrics was rated as "Facilitators" in Nucleus Research Corporate Performance Management Technology Value Matrix.
- **June**: QPR Software announces at the IRMUK Business Process Management Conference in London the release of its new enhanced 2014.1 template supporting QPR Software's enterprise architecture based operational development methodology.

July – September

- **July**: QPR Software is included in the Hype Cycle for Business Process Management report published by Gartner Inc., the world's leading IT research and consulting company.
- **August:** QPR Software announced that it will deliver a process intelligence solution to a leading European manufacturing group with operations in approximately 30 countries and production in almost ten countries.
- **August:** Turkish Erdemir Group, one of the largest steel producers in the world and one of the largest industrial enterprises in Turkey, selects QPR Software and Ironman Consulting, QPR's reseller in Turkey, as solution providers for its strategic and individual performance management.
- **September:** QPR Software releases its enhanced template 2014.2 for enterprise architecture based operational development methodology.

October – December

- **October:** The world's leading IT research and consulting company, publishes its report "Magic Quadrant for Enterprise Architecture Tools", featuring QPR Software as a new vendor.
- **October:** Two QPR customers, Laguna Verde Nuclear Power Plant (Mexico) and Dubai Airport Freezone Authority (United Arab Emirates), are selected among the 2014 winners of the Palladium Balanced Scorecard Hall of Fame for Executing Strategy Award.
- **November**: QPR Software wins the tender for the enterprise architecture training service for the Finnish public sector.
- **December**: Erdemir Group decides to expand the use of its strategic and individual performance management solution to all its office employees.

Our strategy and its execution

WE PROVIDE INSIGHT TO OUR CUSTOMERS´ BUSINESS OPERATIONS

QPR Software's mission is to make customers agile and efficient in their operations. Our value proposition is as follows: We provide insight to our customers' business operations – through modeling, analyzing, measuring and performance monitoring. This insight enables customer organizations to streamline and improve business operations and to execute their strategies swiftly and effectively.

We innovate, develop, sell and deliver to international markets software and services aimed at operational development in organizations. We offer customers innovative and efficient tools to model and measure all layers and dimensions of operations in organizations, to discover and monitor any processes based on actual event data and to analyze causes for potential performance problems.

Our business

We innovate new software and services aimed at operational development in organizations, and develop further our products and services already entered into commercial markets. We have strongly renewed our software product portfolio in recent years. Out of our four software products in the markets, we have launched two in recent few years. Furthermore, we have launched several new service products to the markets.

Our target is an approximately 15% annual organic and profitable growth, on the average, in 2015 – 2017.

In our home market Finland, we sell and deliver software and services mainly directly to our customers.

In process and enterprise architecture modeling software we are a local market leader with approximately 50% market share. Process analysis and monitoring (in some research referred as "automated business process discovery") is a new software product category – in this category we target significant growth for our innovative software. We are a clear local market leader also in this category, and among the most advanced companies in the world developing software for this domain. Our current solution sales focus is on SAP order-to-cash process analysis.

Operational development consulting is significantly larger and more fragmented market than the respective software market. We have grown significantly in recent years in this market as a management consultancy provider. We still see growth potential in this market and will strengthen our consultancy resources during this year. We are also a local SAP partner in Finland, and offer services that improve implementation of SAP enterprise resource planning processes.

In international markets, the majority of our software sales is executed by our reseller network, extending into more than 50 countries. Our reseller partners offer in their respective markets, in addition to our software, related technical and management consultancy services. Our own earnings logic in international markets is based almost exclusively on software sales.

We aim to grow international software net sales by expanding our reseller network, especially for our new software products.

For our modeling and monitoring software products, we are looking for reseller partners to build scalable solution business with us in their home markets. Solution areas based on our off-the-shelf software include quality management, Lean, risk management, process and enterprise architecture, people performance management, strategy execution planning and monitoring, as well as Balanced Scorecard.

In process analysis business, we make significant outlays to grow international sales. An important target group in reseller recruitment are companies who have an extensive customer base of SAP running companies. The solution developed by QPR offers significant customer benefits in discovering, analyzing, problem root cause detection and continuous monitoring of SAP order-to-cash processes.

For our resellers we offer, in addition to software sales commissions, an attractive opportunity to significantly grow consulting business in their own markets. Through our innovative offering, they gain an opportunity to differentiate from competition that is using traditional methodologies and tools.

Our values are Long-term success together, Reliability and Respect. They define our operating culture and thus create a foundation for our future success and growth.

In our own operational development, we focus on ensuring that our personnel competences and organizational capabilities enable us to execute our strategy and reach our targets. To enable this, we design and deploy our internal operational development model, invest in trainings, further develop supervisor and leadership skills and build attractive employer image.

Review by the CEO

In 2014, the Company's software net sales growth accelerated towards the end of the year and reached 13% for the full year, despite the continued challenging market situation.

In the fourth quarter, net sales from both software licenses (+54%) and software rentals (+15%) grew significantly from the previous year, while net sales from maintenance services grew slightly (+4%). The strong growth in software license net sales was attributable to excellent new sales in international business. The development in software sales shows that QPR's software for operational development is in great demand even at economically challenging times. In the tightening competitive environment, there is an increasing demand for tools to drive profitability and operational improvement initiatives.

Also the Company's consulting business developed positively in the latter part of the year, and net sales grew by 12% in the last quarter. Our order backlog continued to increase and our market position strengthened during late 2014, especially in the public sector.

Our target is organic and profitable growth. Thanks to our new software products and strengthening service offering, we are in an excellent position to reach this target. The biggest opportunities for software sales growth lie outside the borders of our home market Finland, and thus we are strengthening our outlays for growth in the international sales channel.

In 2014, our operating profit nearly doubled compared to the previous year. In 2015, we estimate our net sales and operating profit to increase further. Also in the longer term, we aim for profitable growth. Our target is an approximately 15% annual organic and profitable growth, on the average, in 2015 – 2017.

The development of our software and service offering continued as planned in 2014. During the year, we released new versions of all our software products. Furthermore, we continued to invest in developing and productizing our operational development services based on enterprise architecture. The results were visible in the strong net sales growth of these services.

I would like to thank all our customers and personnel for their excellent collaboration and for the successful year 2014

Jari Jaakkola
CEO

Board of Directors

QPR Board of Directors had 12 meetings in 2014 (13). The average attendance percentage in meetings was 94 (96). The Board of Directors made a self-assessment of its operation. The Board has not established any committees. Chairman of the Board received an annual emolument of EUR 25,230 and a member an emolument of EUR 16,820. No separate meeting fees were paid.

Vesa-Pekka Leskinen

b. 1950
Member of the Board since July 2003.
Chairman of the Board since January 2006.

Mr. Vesa-Pekka Leskinen is the Chairman of the Board of Kauppamainos Oy and was the CEO of Kauppamainos from 1979 to September 2010. He is the majority owner of Kauppamainos Oy. The main area of business of Kauppamainos has been investor relations and communications, in relation to which Kauppamainos has designed and delivered nearly a hundred annual reports of various companies, participated in the preparation of tens of equity issues, and have been supporting the IPO process of more than ten companies. Mr. Leskinen has personally been involved in carrying out the investor relations and communication of public listed companies.

Vesa-Pekka Leskinen is also the founder of Quartal Oy and was the majority owner of the company until 1999. Quartal Oy is focusing on developing and delivering computerized delivery solutions and communication services, especially for the stock market and the companies having business therein. In addition, Vesa-Pekka Leskinen is the Chairman of the Board of Directors of Vianaturale Oy (as of May 2014, earlier member as of October 2006). By education Mr. Leskinen is an undergraduate and has an MAT degree.

Mr. Leskinen held 851,400 shares of QPR Software Plc at December 31, 2014. Kauppamainos Oy, whose majority owner Mr. Leskinen is, held 475,170 shares of QPR Software Plc at December 31, 2014.

Kirsi Eräkangas

b. 1965
Member of the Board since March 2012.
Independent member.

Mrs. Kirsi Eräkangas is the Chairman of the Board in TLD Registery Limited and member of Board of Directors in Benemen Finance Oy, Nuuka Solutions Oy, Oy Free Drop Innovations Ltd and Vahanen International Oy. She is owner of Nomadi Oy, an investment and development company co-operating with several IT start-ups. Kirsi Eräkangas is a one of the co-founders of the publicly listed software company Basware Corporation. Basware is the global leader in providing purchase to pay and e-invoicing solutions. Eräkangas had a central role in developing Basware's business, and she held several executive positions 1988 – 2005. Her latest operative responsibility covered Basware's professional services globally. She was Basware's board member 1993 – 2008, latest as the Vice Chairman.

Earlier she has been a member of Board of Directors of Finpro ry (2007 – 2013), Biocomputing Platforms Ltd (2014 and 2007 – 2010) and Softability Oy (2006 –2008) as well as a member of the Board of Directors (2007 – 2012) and Chairman of the Board (2008 – 2010) of Nervogrid Oy. She was a member of the Board of Directors of Nobultec Ltd in 2008, a company acquired by QPR Software in 1 August, 2011, and the Chairman of the Nobultec Board during 2009 – 2011. Mrs. Eräkangas is also a member of the Finnish Association of Professional Board Members. Kirsi Eräkangas holds a M.Sc. degree in Economics and EMBA degree.

Mrs. Eräkangas held 7,000 shares of QPR Software Plc at December 31, 2014.

Jyrki Kontio

b. 1961
Member of the Board since March 2008.
Independent member.

Mr. Jyrki Kontio is an entrepreneur in his own consulting company R & D-Ware Oy. He is a member of Board of Directors in Klevu Oy and R & D-Ware Oy

Previously, he was Professor of Software Product Business at the Helsinki University of Technology in 2002 – 2007. Prior to this assignment, Kontio worked for 15 years at Nokia Corporation, serving in various software and process management leadership and research positions. He is an active investor in several start-up companies. Mr. Kontio has a M.Sc. degree in Business Administration and a Doctor's degree in Technology.

QPR Software Plc's Board of Directors (from left)): Kirsi Eräkangas, Jyrki Kontio, chairman of the board Vesa-Pekka Leskinen and Topi Piela.

Jyrki Kontio did not hold any shares of QPR Software Plc at December 31, 2014.

Topi Piela

b. 1962
Member of the Board since March 2012.
Independent of the Company.

Mr. Topi Piela is the CEO of Balance Capital Oy, deputy to CEO of Ulkomarkkinat Oy and a member of the Finnish Association of Professional Board Members. Mr. Piela is the Chairman of the Board of Coptersafety Oyj and member of the Board of Directors of Etera Mutual Pension Insurance Company, JJPPPT Holding Oy and Asuntosalkku Suomi Oy. He is also a member of the State Pension Fund and YLE (the Finnish Broadcasting Company) Pension Fund investment committees.

Earlier, Topi Piela served as the Managing Director of Finvest Oyj and Amanda Capital Plc, after which he assumed a position in the Board of Directors of Amanda and worked also as a chairman. Piela's previous positions include Investment Director at Ilmarinen Mutual Pension Insurance Company, Managing Director and co-founder of Arctos Rahasto Oy, and Securities and Investment Director of Ålandsbanken Ab. He has also served on the investment committees of several Finnish and European private equity funds. Topi Piela has earlier been member of QPR Software Board of Directors during 2006 – 2009.

Mr. Piela has a M.Sc. degree in Economics and has CEFA and Advanced Insurance Examination diplomas.

Mr. Piela held 1,052 shares of QPR Software Plc at December 31, 2014. Ulkomarkkinat Oy, whose Deputy to CEO Mr. Piela is, held 1,657,986 shares of QPR Software Plc at December 31, 2014.

Executive Management Team

Jari Jaakkola

b. 1961
Chief Executive Officer since January 2008.
Member of the Executive Management Team since August 2006.

Mr. Jari Jaakkola worked from August 2006 to January 2008 as Senior Vice President, Business Operations at QPR Software Plc. Jari Jaakkola's previous experience covers leadership positions in Sonera Corporation and Metsä Board Corporation. His past roles include lead responsibilities in large international equity and finance operations, investor relations, strategic marketing and brand management as well as in corporate communications and corporate affairs. Mr. Jaakkola holds a B.A. degree in journalism from Tampere University and an MBA from Henley Business School (United Kingdom).

Mr. Jaakkola held 237,000 shares of QPR Software Plc at December 31, 2014. His 100% owned company Value FM Ltd held 9,550 shares of QPR Software Plc at December 31, 2014.

Maija Erkheikki

b. 1978
Vice President, Reseller business since January 2008.
Member of the Executive Management Team since January 2008.

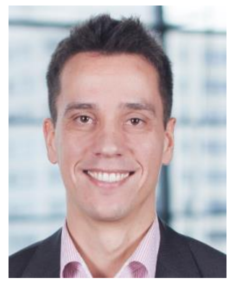
Mrs. Maija Erkheikki is responsible for the international reseller business and globally for the software consulting business as well as customer care & support. Before joining QPR she worked as a consultant and was employed by a QPR reseller partner. At QPR she started as a senior consultant training reseller partners and implementing solutions for Finnish customers.

Since August 2006 she was based in California and supported US reseller partners and implemented solutions for the US customers. Starting July 2007 she was in charge of channel sales and developing the distribution channel in the US. Year 2008 she worked as Vice President, Channel Sales Europe and Americas. From January 2009 to June 2010 Maija Erkheikki worked as Vice President, Services and Solutions. Maija Erkheikki holds a Master's degree in Industrial Engineering and Management.

Maija Erkheikki held 2,000 shares and her spouse 22,500 shares of QPR Software Plc at December 31, 2014.

Matti Erkheikki

b. 1978
Senior Vice President, Process intelligence business since January 2015.
Member of the Executive Management Team since July 2007.



Mr. Matti Erkheikki is responsible for the global delivery of QPR process intelligence solutions, selling them in the Finnish market, developing an international process intelligence solution sales channel as well as for selling and delivering SAP solutions in the Finnish market.

Matti Erkheikki has been employed by QPR Software since February 2002. Initially he worked as a consultant implementing QPR solutions globally. Since August 2005 he worked as a Business Development Manager and since July 2006 as the Regional Vice President of USA and Canada for QPR's California-based subsidiary QPR Software, Inc. From July 2007 to December 2014 he has was responsible for QPR's business operations in Finland and 2012 – 2014 also for the global OEM business. Matti Erkheikki holds a Master's degree in Industrial Engineering and Management.

Matti Erkheikki held 22,500 shares and his spouse 2,000 shares of QPR Software Plc at December 31, 2014.

Pauli Leppänen

b. 1965
Chief Financial Officer January 2013 – April 2014.
Member of the Executive Management Team January 2013 – April 2014.

Mr. Pauli Leppänen was responsible for the Group's finance until the end of April 2014. Additionally he was responsible for holding QPR's insider register and monitoring the compliance with Insider Guidelines, as well as coordinating and reporting on the Group's internal controls and risk management.

Before QPR Pauli Leppänen has worked as a Partner in Sagacitas Finance Partners Oy and as an independent consultant (2011 – 2012), as SVP, Head of Corporate Control and acting CFO at TeliaSonera AB (2003 – 2010); in Sonera Corporation as VP, Head of Corporate Control (2000 – 2002) and Senior Controller – International Accounts (1998 – 1999); as Head of Corporate Accounts at Outokumpu Oyj (1994 – 1997); and as Business Segment Controller at Outokumpu Technology Oy (1990 – 1993). He has undergraduate studies in Aalto University, School of Business.

Pauli Leppänen did not hold any shares of QPR Software Plc at December 31, 2014.

Päivi Martti

b. 1959
Chief Financial Officer since May 2014.
Member of the Executive Management Team since January 2014.

Ms. Päivi Martti is responsible for the Group's, finance, human resources and administration. Additionally she is responsible for holding QPR's insider register and monitoring the compliance with Insider Guidelines, as well as coordinating and reporting on the Group's internal controls and risk management.

Päivi Martti has worked as the Chief Financial Officer in QPR from November 2009 to January 2013, and as Acting Chief Financial Officer in QPR from May 2008 to August 2009. Before joining QPR, she has worked as the CFO in Holiday Club Resorts Oy. In addition, she has held several financial management leadership positions in Sonera Corporation, Sanitec Oyj and Oy Gustav Paulig Ab. Martti is a graduate from Commercial Institute and has a degree from the Institute of Marketing.

Päivi Martti did not hold any shares of QPR Software Plc at December 31, 2014.

Jaakko Riihinen

b. 1958
Senior Vice President, Products & Technology since August 2012.
Member of the Executive Management Team since June 2012.

Mr. Jaakko Riihinen is responsible for the Company's software product portfolio, product strategy, product management and product development. He has a more than 30 years' experience in ICT business.

Before QPR he worked in Nokia Siemens Networks as the Head of Research & Development at OSS Business Line as well as in the company's restructuring program. Prior to this, in 2001 – 2008, he worked as Director, Enterprise Architecture in Nokia and Nokia Siemens Networks. Jaakko Riihinen held several managerial positions in Nokia 1992 – 2001, and was the CEO of AmbraSoft Finland Ltd 1987 – 1992.

Jaakko Riihinen has undergraduate studies in Engineering, at Aalto University School of Science and Technology.

Jaakko Riihinen held 30,000 shares of QPR Software Plc at December 31, 2014.

Report of the Board of Directors 2014

Highlights in 2014:

- Net sales EUR 9,541 thousand (2013: 8,688).
- Net sales increased 10% mainly due to an increase in software net sales. Software net sales grew 13%.
- Recurring revenues (software rentals and maintenance services) increased 7% and were 52% of total net sales (54). Software rental net sales increased 15%.
- Operating profit EUR 1,095 thousand (578), operating margin 11.5% of net sales (6.7).
- Cash flow from operating activities EUR 1,617 thousand (1,661).
- Profit before taxes EUR 1,065 thousand (554).
- Profit for the year EUR 890 thousand (521).
- Earnings per share EUR 0.074 (0.043).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.05 per share be paid to shareholders for the financial year 2014 (2013: 0.04)

BUSINESS OPERATIONS

QPR Software's business operations consist of software and consulting services sales. The Company reports income for products and services as follows: software license sales, software maintenance services, software rentals, and consulting services.

QPR reports the following operating segments: Direct and OEM business (software license and rental sales, maintenance and consulting services sales to direct customers and OEM customers) and Resellers (software license and rental sales, maintenance and consulting services sales through resellers and the Russian subsidiary).

NET SALES

Net sales in 2014 were EUR 9,541 thousand (8,688) and increased 10% from the previous year. The main driver for this increase was the software business, which showed strong growth especially in license sales. Growth in consulting net sales also accelerated towards the end of the year.

The economic growth was weak in most markets. On the other hand, the downturn in economy initiated operational development projects in several organizations, increasing demand for modeling, analysis and measurement software as well as related services.

QPR's market position was strengthened thanks to its broadened offering in the international software market and also in the domestic market for operational development services. Software license sales developed positively throughout the year (+42%). The development was positive especially in Sweden, Turkey, and Indonesia and in the United Arab Emirates.

The software maintenance services relate to contract-based customer support and software updates. The international customers represent approximately 60%

Net sales by segment

EUR thousand	2014	2013	*Change, %*
Direct and OEM business	6,193	5,574	*11*
Resellers	3,348	3,114	*8*
Total	9,541	8,688	*10*

Net sales by product group

EUR thousand	2014	2013	*Change, %*
Software licenses	1,470	1,034	*42*
Software maintenance services	3,093	3,021	*2*
Software rentals	1,901	1,656	*15*
Consulting	3,077	2,977	*3*
Total	9,541	8,688	*10*

and the Finnish customers approximately 40% of software maintenance service net sales. The software maintenance service net sales increased slightly in 2014. The software maintenance service net sales were negatively impacted by the termination of a long-term agreement by the Company's largest maintenance customer at the end of June 2014.

Rental net sales of the Company's software have grown strongly already for several years. The growth (+15 %) continued also in 2014, although the company has moved the focus in new sales from software rentals to software licenses. The share of software rentals in new sales continues to be large in the new sales in the Company's home market Finland. The vast majority of software rentals is based on continuing agreements signed with the customers.

Total recurring revenues (net sales from software maintenance services and software rentals) grew 8 % in the fourth quarter and 7% in 2014. The share of recurring revenues was 52% (54) of total net sales in 2014.

Consulting net sales developed positively in the latter part of the year after stagnant net sales in the first half.

Net sales of the Direct and OEM segment grew 11% in 2014, compared to the previous year. The growth was driven by the positive development of enterprise architecture modeling and process analysis software, as well as related consulting services.

Net sales of the Resellers segment grew 8% in 2014. This was mainly due to an increase in software license sales. The growth was slowed down by the unfavorable business development in Russia.

FINANCIAL PERFORMANCE

Operating profit

The Group's operating profit increased 89% and was EUR 1,095 thousand (578), or 11.5% of net sales (6.7). The Group's operating expenses increased at a slower pace than net sales.

Operating profit by segment

EUR thousand	2014	2013	*Change, %*
Direct and OEM business	842	536	*57*
Resellers	621	385	*61*
Unallocated	-368	-343	*7*
Total	1,095	578	*89*

Operating profit in the Direct and OEM segment increased from the previous year, due to growth in net sales. Operating profit in the Resellers segment increased from the previous year, mainly due to higher net sales of software licenses. Operating profit for the Resellers segment includes credit losses of EUR 96 thousand (53).

Other items in the comprehensive income statement

Net financial expenses were EUR 30 thousand (25) in 2014. The net financial expenses included foreign exchange losses of EUR 29 thousand (15) in 2014.

Profit before taxes was EUR 1,065 thousand (554) in 2014. Income taxes were EUR 175 thousand (33) in 2014. They were partly reduced by an additional tax deduction on research and development activities, valid for years 2013 – 2014 in Finland, which the Company estimates to be able to utilize in the 2014 taxation, in line with the previous year. The growth of EUR 142 thousand in income taxes was mainly due to higher taxable income than in the previous year and due to withholding taxes from previous years charged to expense in the Swedish subsidiary.

Profit for 2014 increased 71% and was EUR 890 thousand (521). Earnings per share for 2014 were EUR 0.074 (0.043).

FINANCE AND INVESTMENTS

In 2014, cash flow from operating activities decreased slightly to EUR 1,617 thousand (1,661). This was mainly due to an exceptional timing of invoicing in 2013.

Investments totaled EUR 915 thousand (849) in 2014. More than half of the investments were made in the development of software and consulting service products.

Net change in cash and cash equivalents was EUR 65 thousand (-35) in 2014 and EUR 129 thousand in the fourth quarter (118). Cash and cash equivalents at the end of the year were EUR 1,426 thousand (1,365).

At the end of 2014, the Company had no interest-bearing liabilities. At the end of 2013, interest-bearing liabilities were EUR 113 thousand.

The gearing ratio was -45% (-44). Current liabilities include received advance payments in total of EUR 1,261 thousand (1,406). Return on investment was 35% (18) in 2014.

At the end of 2014, equity ratio was 44% (43) and the consolidated shareholders' equity was EUR 3,196 thousand (2,871). Return on equity was 29% (18) in 2014.

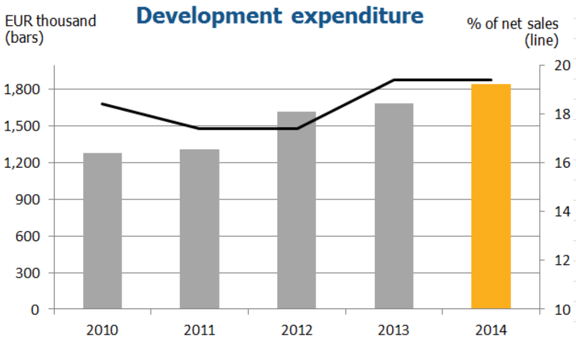
PRODUCT DEVELOPMENT

Product development expenses in 2014 were EUR 1,847 thousand (1,683), equal to 19% of net sales (19). Product development expenses do not include amortization of capitalized product development expenses.

Product development expenses were capitalized for a total amount of EUR 683 thousand (507) in 2014. The amortization period for capitalized product development expenses is four years. The amortization of capitalized product development expenses was EUR 396 thousand (277).

Product development employed 27 persons (27) at the end of the year, equal to 34% of the total personnel (34).

The Company develops QPR Suite product family that consists of the following software products: QPR EnterpriseArchitect, QPR Metrics, and QPR ProcessDesigner. Furthermore, the Company develops QPR ProcessAnalyzer software product that is focused on process analysis and monitoring.



In January 2014, QPR Software released QPR Suite 2014, which includes the software tools for architecture based operational development, as well as the related supporting methodology. QPR Suite 2014 is available in over 20 languages.

In January 2014, QPR Software also released a new version of the QPR ProcessAnalyzer software. Release 2014.1 brings added efficiency to the process analysis with an integrated data extraction. In addition to the most common IT systems, data can now also be extracted directly from databases used by the companies. Automated notifications and process flow animation raise the control and visualization of the process performance to a totally new level.

By developing its consulting service products, the Company aims to grow its local business in Finland and to accelerate its international software sales by offering complementary service concepts and solutions to its reseller partners.

PERSONNEL

At the end of 2014, the Group employed a total of 78 persons (79). Average number of personnel in 2014 was 81 (82) and personnel expenses totaled EUR 6,092 thousand (5,703), equal to 64% of net sales (66).

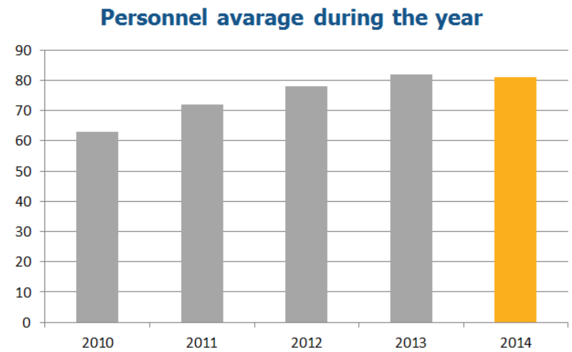
For incentive purposes, the Company has a bonus program that covers all employees. Remuneration of the top management consists of salary, fringe benefits and a possible annual bonus based on net sales and operating profit performance.

In 2014, the maximum annual bonus of executive management team, including the CEO, was 60% of the annual base salary.

SHARE CAPITAL, SHAREHOLDERS AND SHARES

The Company's share capital at the end of the year was EUR 1,359,089.93 divided into 12,444,863 shares.

The Company has one share class. Each share has one vote and an equal right to dividend. The book



counter value of the share is EUR 0.11. The Company's shares are included in the Finnish book-entry securities system managed by Euroclear Finland Oy.

At the end of the year, the Company had a total of 820 shareholders (627). During the year, trading in the Company's shares amounted to EUR 2,752 thousand (587), i.e. an average of EUR 11,278 per trading day (2,302).

Trading in shares totaled 2,828,001 shares (624,427), giving an average of 11,590 shares per trading day (2,449). Turnover in shares corresponds to 22.7% of the total shares outstanding (5.0) and the average price was EUR 0.97 per share (0.94). The highest closing price during the year was EUR 1.04 (1.00) and the lowest EUR 0.90 (0.93).

At the end of the year, the total market value of the Company shares outstanding was EUR 12,108 thousand (11,183) at the closing price of EUR 1.01.

Own shares

The number of repurchased own shares in the public trading of NASDAQ OMX Helsinki Ltd during the year was 37,400. At the end of the year, the Company held 457,009 of its own shares with a total nominal value of EUR 50,271 and a total purchase price of EUR 439,007. Own shares held by the Company (treasury shares) represent 3.7 % of the Company's share capital and votes.

The Annual General Meeting on March 13, 2014 authorized the Board of Directors to decide on issuing a maximum of 4,000,000 new shares, to decide on conveyance of a maximum of 700,000 own shares held by the Company, and to decide on acquiring a maximum of 250,000 own shares. The authorizations are in force until the next Annual General Meeting. For the time being, the Company has not used these authorizations.

GOVERNANCE

QPR Software Plc complies with the NASDAQ OMX Helsinki Ltd Guidelines for Insiders issued on October 9, 2009 and the Corporate Governance Code, effective as of October 1, 2010.

The Company's Corporate Governance Statement is available on the Investor section of the Company's website, www.qpr.com. Further information such as administration of the insider register, the public insider register, list of major shareholders, articles of association, charter of the Board, description of how internal control and internal audit are organized, introductions of the members of the Board and Executive Management Team, summary of the QPR Software Disclosure Policy, and the information published by the Company during the financial year is also available in the investor section.

DECISIONS MADE BY THE ANNUAL GENERAL MEETING

Following decisions were made by the Annual General Meeting (AGM) on March 13, 2014:

The AGM confirmed the Company's financial statements and the Group's financial statements for the financial year 2013, and discharged the Board of Directors and the Managing Director from liability.

The Annual General Meeting held on March 13, 2014 approved the Board's proposal that a per-share dividend of EUR 0.04, a total of EUR 480 thousand, be paid for the financial year 2013. The dividend was paid to shareholders entered in the Company's shareholder register, maintained by Euroclear Finland Oy, on the record date of March 18, 2014. The dividend payment date was April 3, 2014.

The AGM resolved that the Board of Directors consists of four (4) ordinary members. The AGM elected the following members to the Board of Directors: Kirsi Eräkangas, Jyrki Kontio, Vesa-Pekka Leskinen and Topi Piela.

In its first meeting immediately following the AGM, the Board of Directors elected Vesa-Pekka Leskinen as Chairman of the Board.

The AGM elected Authorized Public Accountants KPMG Oy Ab as QPR Software's auditor with Kirsi Jantunen, Authorized Public Accountant, acting as principal auditor.

The AGM decided to keep the Board members' emoluments unchanged. The Chairman of the Board receives an annual emolument in total of EUR 25,230 and other members of the Board receive an annual emolument in total of EUR 16,820 each.

The decisions made by the AGM are available in the stock exchange release published by the Company on March 13, 2014, which is available on the investors section of the Company's web site, www.qpr.com.

Major shareholders, December 31, 2014

Registered shareholders	Number of shares	% of shares and votes
Ulkomarkkinat Oy	1,657,986	13.3
Pelkonen Jouko Antero	1,556,400	12.5
Pohjolan Rahoitus Oy	1,525,000	12.3
Pelkonen Jouko Antero	30,000	0.2
Future 2012 Oy	1,400	0.1
Leskinen Vesa-Pekka	1,326,570	10.7
Leskinen Vesa-Pekka	851,400	6.8
Kauppamainos Oy	475,170	3.8
AC Invest OY	1,245,817	10.0
Junkkonen Kari Juhani	512,016	4.1
QPR Software Oyj	457,009	3.7
Piekkola Asko	316,438	2.5
Marttila Päivi Katariina	271,526	2.2
Marttila Päivi Katariina	266,161	2.1
Edina Oy	5,365	0.0
Jaakkola Jari Vesa	246,550	2.0
Jaakkola Jari Vesa	237,000	1.9
Value Fm Oy	9,550	0.1
Leskinen Veli-Mikko	232,530	1.9
Erikoissijoitusrahasto Eq Pikkujättiläiset	207,667	1.7
Sijoitusrahasto Nordea Suomi Small Cap	200,000	1.6
Kanninen Matti Juhani	195,826	1.6
Laakso Janne Juhani	176,522	1.4
Lehto Teemu Samuli	136,468	1.1
Becker Kai-Erik Wilhelm	130,000	1.0
Sonkkila Investment Oy	123,524	1.0
Mäki-Rahkola Mikko Tuomas	106,103	0.9
Sungatullina Azaliya	93,017	0.8
Kähkönen Jouko Juhani	73,009	0.6
20 largest, total	**9,264,978**	**74.5**
Other shareholders	3,179,885	25.5
Total	**12,444,863**	**100.0**

Distribution of shareholding by size, December 31, 2014

	Shareholders,		Shares and votes, total	
Number of shares	Number	%	Number	%
1 - 500	375	45.7	71,876	0.6
501 - 1 000	160	19.5	137,824	1.1
1 001 - 5 000	192	23.4	499,189	4.0
5 001 - 10 000	35	4.3	271,390	2.2
10 001 - 50 000	32	3.9	709,696	5.7
50 001 - 100 000	6	0.7	402,251	3.2
100 001 - 999 999 999 999	20	2.4	10,352,637	83.2
Total	**820**	**100**	**12,444,863**	**100.0**

Distribution of shareholding by sector, December 31, 2014

	Shareholders,		Shares and votes, total	
	Number	%	Number	%
Private companies	41	5.0	5,878,927	47.2
Financial and insurance institutions	4	0.5	1,536,201	12.3
Households	756	92.2	4,974,665	40.0
Non-profit organizations	1	0.1	1	0.0
Foreign	1	0.1	4,017	0.1
European Union	16	2.0	47,052	0.4
Other countries	1	0.1	4,000	0.0
Total	**820**	**100.0**	**12,444,863**	**100.0**
, of which nominee-registered	5		1,343,234	10.8

MANAGEMENT AND AUDITORS

In 2014, the Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (chairman); Vice President, Resellers business Maija Erkheikki; Senior Vice President, Direct & OEM business Matti Erkheikki; Chief Financial Officer Pauli Leppänen (until end of April 2014); Director, HR and Administration Päivi Martti (also CFO as of May 2014); and Senior Vice President, Products and Technology Jaakko Riihinen.

KPMG Oy Ab, Authorized Public Accountants, acted as QPR Software Plc's auditors, with Authorized Public Accountant Kirsi Jantunen as the principal auditor.

SHARES HELD BY THE BOARD AND CEO

The members of QPR Software Plc's Board of Directors, the Chief Executive Officer, and persons or entities closely related to them, held a total of 1,581,172 Company shares on December 31, 2014, representing 12.7% of the total number of shares and votes (December 31, 2013: 12.7). The amounts include own holdings, and holdings of spouses, persons under guardianship, and controlled entities.

Shareholding by insiders, December 31, 2014

Name and position	Shares held by the insider	by conrolled entities	by closely realetd persons*)	Stock options
Vesa-Pekka Leskinen, Chariman of the Board	851,400	475,170	0	0
Kirsi Eräkangas, Member of the Board	7,000	0	0	0
Jyrki Kontio, Member of the Board	0	0	0	0
Topi Piela, Member of the Board	1,052	0	0	0
Jari Jaakkola, Chief Executive Officer	237,000	9,550	0	0
Insiders by definition:				
Maija Erkheikki, VP, Executive Management Team	2,000	0	22,500	0
Matti Erkheikki, SVP, Executive Management Team	22,500	0	2,000	0
Päivi Martti VP, Executive Management Team	0	0	0	0
Jaakko Riihinen SVP, Executive Management Team	30,000	0	0	0

*) Shares held by spouses and persons under guardianship.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting on March 13, 2014 decided to authorize the Board of Directors to decide on an issue of new shares and conveyance of treasury shares held by the Company (share issue), either on one or several occasions. The share issue can be carried out as a share issue against payment or without consideration on terms to be determined by the Board of Directors.

The authorization also includes the right to issue special rights, in the meaning of Chapter 10 Section 1 of the Companies Act, which entitle to the Company's new shares or treasury shares against consideration.

In the share issue and/or based on the special rights a maximum of 4,000,000 new shares can be issued and a maximum of 700,000 treasury shares can be conveyed. The authorization is in force until the next Annual General Meeting.

The Annual General Meeting decided to authorize the Board of Directors to decide on a repurchase of own shares. Based on the authorization, an aggregate maximum amount of 250,000 shares of the Company's own shares may be repurchased, either on one or several occasions. The authorization is in force until the next Annual General Meeting.

The conditions of all authorizations of the Board of Directors decided by the Annual General Meeting are available in their entirety on the stock exchange release published by the Company on March 13, 2014, which is available on the investors section of the company's web site, www.qpr.com.

INTERNAL CONTROL

Internal control and risk management in QPR Software Plc aims to ensure that the Company operates efficiently and effectively, distributes reliable information, complies with regulations and operational principles, reaches its strategic goals, reacts to changes in the market and operational environment, and ensures continuity of its business.

It is the duty of the Board of Directors to monitor the appropriateness, effectiveness and efficiency of risk management and internal control in QPR Software Group. Risk management report covering the risks presented in the Risk Management section is presented to the Board in connection with quarterly financial reporting.

The threat caused by the risks to shareholders is used as a criterion when the Board of Directors evaluates these risks. The Board of Directors also monitors that the Company has defined operational principles for internal control and that the Company monitors the effectiveness of internal control.

RISK MANAGEMENT

Coordination of risk management and internal control and the related reporting is the responsibility of the Chief Financial Officer. Risk management in QPR Software is guided by the requirements of legislation, shareholders' expectations regarding business objectives, and expectations among important stakeholders, such as customers and personnel.

Risk management in QPR Software aims systematically and comprehensively to identify risks related to the Company's operations and ensures that risks are managed and taken into account in decision-making. The Company does not have a separate risk management organization, and risk management is part of routine responsibilities throughout the organization. Risk management is developed by constantly improving operative processes in the Company.

QPR Software identifies the risks by their materiality: if realized, the risks selected for monitoring would have a material impact on the Company's business operations. QPR has identified the following three groups of risks related to its operations: risks related to business operations, risks related to information and products, and risks related to financing.

Property, operational and liability risks are covered by insurance. QPR Software Plc's Management System has received ISO 9001:2008 quality certification covering the Company's all activities, which is audited annually by an external party.

Risks related to business operations

The following risks are related to QPR Software's business operations:

Country risk. The instrument used for measuring country risk is the potential loss of country-specific revenue. Risk is managed by constantly gathering market information and by having a geographically spread business.

Customer risk. The instrument used for measuring customer risk is the potential loss of annual customer revenue. Risk is managed by taking good care of every customer and reseller.

Service delivery risk. The instrument used for measuring the risk is reclamations regarding the durance and quality of the delivery. Risk is managed by professional and right-timed recruitment and by internal development of project management.

Personnel risk. The instrument used for measuring personnel risk is the adequacy of competencies needed for achieving strategic targets. Risk is managed by professional recruitment, professional supervisory work and by securing possibilities for job rotation as well as for learning and growth.

Legal risk. The instrument used for measuring legal risk is the estimated combined financial value of all open legal disputes on the Company in Euros. The risk is managed by in-depth knowhow of contractual law, standard terms used in agreements and by performing both ethically and according to the Company values.

Number of Strategic and Advanced Partners. The instrument used for measuring the risk is number of partners in both categories. Risk is managed by active new recruitment and by QPR Partner Program.

Financial risk. The instrument used for measuring financial risk is forecasted operative cash flow before investments. Risk is managed by following constantly the Company's financial position (cash flow calculation and forecasts).

QPR's market and customer risks are mitigated as follows: the Company conducts business in more than 50 countries, both in public and private sectors as well as in several different business verticals.

Reasonable credit risk concerning individual business partners is characteristic to any international business. QPR seeks to limit this credit risk by continuous monitoring of standard payment terms, receivables and credit limits.

No significant changes have taken place in risks related to business operations during 2014.

<u>Risks related to business operations in Russia</u>

In 2014, QPR monitored the following risks in the Russian subsidiary OOO QPR Software:

Country risk. The metric used for measuring country risk was the potential loss of country-specific revenue. Risk was managed by constantly gathering information from political and economic development and by having a customer base that is spread geographically and among different industries.

Customer risk. The metric used for measuring customer risk was losing a customer. Risk was managed by good customer care and reseller support.

Personnel risk. The metric used for measuring personnel risk was adequacy of competencies needed for achieving strategic goals. Risk was managed by professional recruitment, good supervisory work and by securing possibilities for job rotation as well as for learning and growth.

Financial risk. The metric used for measuring financial risk was forecasted operative cash flow. Risk was managed by following constantly the subsidiary's financial position (cash flow calculation and forecasts) and contracts.

In 2014, the Company's business in Russia was negatively impacted by the unfavorable development of the Russian economy and the extremely strong exchange rate volatility. The impact of the Ruble's volatility was limited by the small share of the Group's Russian business, less than 2% of the 2014 consolidated net sales.

Risks related to information and products

QPR Software has identified the following three risks related to information and products:

Risk related to own products. The risk is managed by securing the competitiveness of the Company's offering at all times. The company seeks to ensure the security of products by automated virus prevention.

Intellectual Property Rights. The Company's Intellectual Property Rights (IPR) are secured by the confidentiality of the source code.

In its new process analysis business, the Company has adopted a more active IPR strategy than previously. As a result of this, QPR filed patent applications in respect of five separate inventions in Finland and the USA in 2012. The inventions relate to automated business process discovery based on processing event data.

In addition, the Company aims to secure by up-to-date contract management and internal training that third-party IPRs are not used unauthorized in QPR products. The Company has a legal expenses insurance.

Data security. Data security risks are related to the confidentiality of corporate, insider and customer information. Risk is managed by ongoing internal training, keeping instructions up-to-date at all times, and by good technical protection of the Company's data network.

No significant changes have taken place in QPR's information and product related risks during 2014.

Risks related to financing

QPR Software has identified the following two financing risks:

Foreign currency risk. The instrument used for measuring foreign currency risk is the realized exchange rate fluctuation and the future outlook for it. The risk is managed by using the Euro as the primary invoicing currency and by currency hedging according to the Company's hedging policy. At the end of the year, the Company had not hedged its foreign currency (non-euro) trade receivables.

The company constantly monitors how the open positions of the three biggest invoicing currencies develop.

Operative credit risk. The instrument used for measuring operative credit risk is the turnover rate of accounts receivable. Risk is managed by monitoring accounts receivable and by effective collection of overdue receivables. Management of financial risks in 2014 is described in more detail in Note 27.

No significant changes have taken place in QPR's financial risks in 2014.

LEGAL DISPUTES

During 2014 and 2013, QPR had no legal disputes.

SIGNIFICANT EVENTS DURING THE YEAR

In February 2014, QPR Software announced that Gartner Inc., an international ICT research and consulting company, has ranked QPR Software in the best tier used in its report "MarketScope for Enterprise Business Process Analysis", with the rating "Positive". According to Gartner, the potential customers should consider vendors in this category as a viable choice for their strategic or tactical investments. Gartner evaluated the vendors on the following criteria: product/service, overall viability, market understanding, offering (product) strategy, business model, innovation, and customer experience, with the latter two having a highest weighting.

In March, QPR Software and Tieto, the largest Nordic IT services company, signed a cooperation agreement with the aim to offer customers business driven enterprise architecture services for gaining substantial business benefits. QPR Software provides Tieto with QPR EnterpriseArchitect software together with the methodology for business driven enterprise architecture. The agreement enables QPR Software, together with Tieto, to offer customers more comprehensive services, increasing the business benefits that can be gained from enterprise architecture work.

In April, QPR Software's corporate performance management tool QPR Metrics was rated as "Facilitators" in Nucleus Research Corporate Performance Management Technology Value Matrix. Nucleus Research defines Facilitators as companies offering an application that is intuitive and easy to use, driving rapid adoption with limited training requirements.

In June, QPR Software announced at the IRMUK Business Process Management Conference in London the release of its new enhanced 2014.1 template supporting QPR Software's enterprise architecture based operational development methodology. The template contains a very pragmatic and business oriented framework linking strategy to business capabilities and their practical realization by organization, processes, and ICT.

In August, QPR Software announced that it will deliver a process intelligence solution to a leading European manufacturing group with operations in approximately 30 countries and production in almost ten countries. The solution, to be delivered as a cloud service, will enable the customer to analyze, improve and monitor their global order-to-cash process by using the data that exist in their enterprise resource planning system (SAP). The solution helps this customer to obtain economies of scale in production units - while facing a market that requires ever-increasing flexibility in deliveries. QPR Software estimates the total value of the software and service deliveries to exceed EUR 0.2 million over the next three years.

In August, QPR Software announced that Erdemir Group, one of the largest steel producers in the world and one of the largest industrial enterprises in Turkey, has selected QPR Software and Ironman Consulting, QPR's reseller in Turkey, as solution providers for its strategic and individual performance management. Ironman is one of the leading strategic management consulting firms in Turkey. The solution will be powered by QPR Metrics performance management software that enables fast implementation and offers a flexible web based environment for performance management. In December, QPR announced that Erdemir Group expands the use of the solution to all its office employees.

In September, QPR Software announced plans to transfer its Russian customer and reseller support functions from Moscow to Helsinki, from where the reseller support to all other countries is already centrally delivered. Russia represents approximately 2% of QPR Software's net sales. The transfer became effective as of January 2015 and is expected to reduce costs slightly, but its impact on financial results is not significant.

In September, QPR Software announced the release of its enhanced template 2014.2 for enterprise architecture based operational development methodology. The new version has been enhanced with support for enterprise risk management, application portfolio management and human resource management functions, as well as reports helping the users to distill the relevant knowledge to business or function specific needs and situations. QPR Software's operational development methodology (QPR ODM) already serves a broad range of customers with different needs and situations, such as mergers and acquisitions, business continuity, risk analysis, or technology renewal.

In October, Gartner Inc., the world's leading IT research and consulting company, published its report "Magic Quadrant for Enterprise Architecture Tools", featuring QPR Software as a new vendor. The decision to add QPR Software to the Magic Quadrant was based on Gartner's evaluation of the QPR EnterpriseArchitect flagship product. In total the report evaluates 13 different providers.

In November, the Company announced that it has won the tender for the enterprise architecture training service for the Finnish public sector. The tender was organized by the Government ICT Center Valtori. QPR Software will train the public sector operational development specialists and enterprise architects until 2018.

In December, QPR Software announced that it has won the tender for the enterprise architecture consulting provider of the Finnish Transport Agency. The agreement period started on December 4, 2014 and runs until December 3, 2016. The estimated total value of this consultancy is approximately EUR 0.3 million.

In December, Finnish Senate Properties selected QPR as the provider for enterprise architecture consulting. The agreement period is six months, starting as of December 2014. After the first agreement period, the agreement can be renewed in six-month periods during 2015 – 2017. The estimated total value of this consultancy in 2014 – 2017 (initial agreement period+ possible renewals) is slightly over EUR 0.3 million.

As part of its annual planning process, QPR Software has updated its strategy and the financial targets for years 2015 – 2017. The Company continues to aim for an approximately 15% annual profitable growth by investing in the international distribution of its new software products (QPR EnterpriseArchitect and QPR ProcessAnalyzer) and in the expansion of its consulting business focused on operational development of the customer organizations in its home market in Finland.

A summary of the Company's disclosure policy has been published on the Company's web site, at www.qpr.com/investors/key-figures-and-reports.htm

OUTLOOK

Operating environment and market outlook

The leading market research companies estimate that global IT services market demand grows in 2015 by 2 – 3 %, compared to 2014. The Company estimates that in its relevant markets demand for enterprise architecture modeling, measurement and process analysis software as well as related services will develop faster than the global IT services market.

Outlook for 2015

The Company estimates its net sales and operating profit in euros to increase in 2015, compared to 2014.

The further strengthened position of the Company in its home market provides a good starting point to continue organic and profitable growth. In international markets, the Company's goal is to significantly increase sales of its innovative software products.

In 2015, investments will be mainly made in international distribution of innovative enterprise architecture modeling and process analysis software products developed by the Company. In international markets, the Company operates mainly through its resellers and puts effort in recruiting new resellers.

THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND

The Board of Directors proposes to the Annual General Meeting on March 12, 2015 that a dividend of EUR 0.05 per share be paid to shareholders for the financial year 2014, totaling EUR 599 thousand. The dividend shall be paid to a shareholder that has been entered into the Company's shareholder register on the record date of the dividend payment on March 16, 2015. The Board of Directors proposes to the AGM that the dividend be paid on April 8, 2015.

The dividend proposed by the Board for the financial year 2014 represents 37% of the Group's cash flow from operations in 2014. The Board of Directors has in 2011 decided on a dividend policy whereby the Board intends to propose to the AGM dividends of approximately 30 – 50% of annual cash flow from operations. When preparing the dividend proposals, the Board takes into account the Company's financial position, profitability and business prospects.

The distributable funds of the parent company were EUR 1,282 thousand at December 31, 2014. No material changes have taken place in the Company's financial position after the end of the financial year.

The Board of Directors' proposals to the Annual General Meeting are available in their entirety in the Notice for AGM, published on February 6, 2015. The Notice is also available on the Company's web site, www.qpr.com.

Financial Statements

Consolidated Comprehensive Income Statement, IFRS

(EUR 1,000)	Note	**2014**	2013
Net sales	3	9,541	8,688
Other operating income	4	26	32
Materials and services	6	337	292
Employee benefit expenses	7	6,092	5,703
Depreciation and amortization	8	761	707
Other operating expenses	9	1,281	1,439
Total expenses		8,471	8,141
Operating profit		**1,095**	**578**
Financial income	10	23	11
Financial expenses	10	-53	-36
Financial items, net		-30	-25
Profit before tax		**1,065**	**554**
Income taxes	12	-175	-33
Profit for the year		**890**	**521**
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-40	-12
Income tax relating to components of other comprehensive income		-	-
Other items in comprehensive income, net of tax		**-40**	**-12**
Total comprehensive income		**850**	**509**
Earnings per share, EUR	13	0.074	0.043

Consolidated Balance Sheet, IFRS

(EUR 1,000)	Note	**2014**	2013
ASSETS			
Non-current assets			
Capitalized product development expenses	14	1,374	1,087
Other intangible assets	14	440	541
Goodwill	15	513	513
Tangible assets	16	175	207
Other investments		5	5
Long-term receivables	18	0	49
Deferred tax assets	19	22	29
Total non-current assets		2,529	2,431
Current assets			
Trade and other receivables	20	4,572	4,365
Cash and cash equivalents	21	1,426	1,365
Total current assets		5,998	5,730
Total assets		**8,527**	**8,161**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1,359	1,359
Other funds		21	21
Treasury shares		-439	-395
Translation difference		-221	-181
Invested non-restricted equity fund		5	5
Retained earnings		2,471	2,061
Equity attributable to shareholders of the parent company		**3,196**	**2,871**
Non-current liabilities			
Deferred tax liabilities	19	25	42
Total non-current liabilities		**25**	**42**
Current liabilities			
Trade and other payables	24	5,306	5,136
Interest-bearing liabilities	23	0	113
Total current liabilities		**5,306**	**5,248**
Total liabilities		**5,331**	**5,290**
Total equity and liabilities		**8,527**	**8,161**

Consolidated Cash Flow Statement, IFRS

(EUR 1,000)	Note	**2014**	2013
Cash flow from operating activities			
Profit for the period		890	521
Adjustments for the profit			
Depreciation		761	707
Other adjustments	25	-37	-7
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing receivables		-137	-1,113
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		160	1,686
Interest expense and other financial expenses paid		-13	-30
Interest income and other financial income received		3	8
Income taxes paid		-10	-111
Net cash from operating activities		**1,617**	**1,661**
Cash flows from investing activities			
Acquired subsidiaries, less acquired cash		-	-3
Purchases of tangible assets		-74	-159
Capitalized development expenses		-812	-507
Other investments in intangible assets		-29	-179
Net cash used in investing activities		**-915**	**-849**
Cash flows from financial activities			
Repayments of long-term borrowings	25	-113	-226
Purchase of treasury shares	22	-44	-134
Dividends paid	22	-480	-486
Net cash used in financing activities		**-637**	**-847**
Net change in cash and cash equivalents		**65**	**-35**
Cash and cash equivalents at the beginning of year		**1,365**	**1,404**
Effect of exchange rate differences		**-4**	**-4**
Cash and cash equivalents at the end of year	21	**1,426**	**1,365**

Parent Company Income Statement, FAS

(EUR)	Note	**2014**	2013
Net sales	3	**8,537,403**	**7,598,950**
Other operating income	4	26,051	31,711
Material and services	6	271,114	247,614
Employee benefits expenses	7	5,650,497	5,007,267
Depreciation and amortization	8	680,960	623,354
Other operating expenses	9	1,176,467	1,331,549
Total expenses		7,779,038	7,209,784
Operating profit		**784,416**	**420,877**
Financial income and expense	10	-71,892	3,832
Profit before appropriations and taxes		**712,524**	**424,709**
Extraordinary items	11	-88,100	69,000
Profit before taxes		**624,424**	**493,709**
Income taxes	12	-67,404	-35,041
Profit for the period		**557,020**	**458,668**

Parent Company Balance Sheet, FAS

(EUR)	Note	**2014**	2013
ASSETS			
Non-current assets			
Intangible assets	14	1,687,729	1,420,617
Tangible assets	16	174,668	207,363
Investments in group companies	17	1,186,813	1,186,813
Other investments	17	4,562	4,562
		3,053,772	2,819,355
Current assets			
Short-term receivables	20	4,788,956	4,448,411
Cash and cash equivalents	21	1,391,317	1,331,164
		6,180,273	5,779,575
Total assets		**9,234,045**	**8,598,930**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	22	1,359,090	1,359,090
Invested non-restricted equity fund		5,347	5,347
Retained earnings		1,158,536	1,179,382
Treasury shares		-439,307	-395,134
Profit for the period		557,020	458,668
Total shareholders' equity		**2,640,686**	**2,607,353**
Liabilities			
Current liabilities	24	6,593,359	5,991,577
Total liabilities		**6,593,359**	**5,991,577**
Total shareholders' equity and liabilities		**9,234,045**	**8,598,930**

Parent Company Cash Flow Statement, FAS

(EUR)	**2014**	2013
Cash flow from operating activities		
Operating profit	784,416	420,877
Adjustment for the period:		
Depreciation and amortization	680,960	623,354
Non-cash transactions	-73,024	-7,460
Financial items, net	-8,942	-20,782
Income taxes paid	-	-73,559
Net cash before changes in working capital	1,383,410	942,430
Changes in working capital		
Change in short-term receivables, non-interest bearing	-451,945	-1,491,479
Change in short-term liabilities, non-interest bearing	480,730	1,883,072
Change in long-term receivables, non-interest bearing	0	56,165
Change in working capital	28,785	447,758
Net cash from operating activities	**1,412,195**	**1,390,188**
Cash flows from investing activities		
Purchases of intangible assets	-841,226	-654,882
Purchases of tangible assets	-74,151	-159,486
Investments in subsidiary shares	-	-3,356
Investments in subsidiary loans receivable, net	87,022	285,275
Net cash used in investing activities	**-828,355**	**-532,449**
Cash flows from financing activities		
Repayments of long term borrowings	-	-226,438
Purchase of own shares	-44,173	-134,228
Dividends paid	-479,514	-485,543
Net cash used in financing activities	**-523,687**	**-846,209**
Net change in cash and cash equivalents	**60,153**	**11,530**
Cash and cash equivalents at the beginning of the year	**1,331,164**	**1,319,634**
Cash and cash equivalents at the end of the year	**1,391,317**	**1,331,164**

Statements of Changes in Equity

Consolidated statement of changes in equity, IFRS

(EUR 1,000)	Share capital	Other funds	Translation differences	Treasury shares	Invested non-restr. equity fund	Retained earnings	Equity attributable to share-holders of the parent company
Equity Jan 1, 2013	1,359	21	-169	-261	5	2,026	2,981
Dividends paid						-486	-486
Repurchase of shares				-134			-134
Comprehensive income			-12			521	509
Equity Dec 31, 2013	1,359	21	-181	-395	5	2,061	2,871
Dividends paid						-480	-480
Repurchase of shares				-44			-44
Comprehensive income			-40			890	850
Equity Dec 31, 2014	1,359	21	-221	-439	5	2,471	3,196

Parent company statement of changes in shareholders' equity, FAS

	Restricted equity		Non-restricted equity				
(EUR)	Number of shares	Share capital	Treasury shares	Invested non-restr. equity fund	Retained earnings	Total	Share-holders' equity, total
Equity Jan 1, 2013	12,444,863	1,359,090	-260,906	5,347	1,665,224	1,409,665	2,768,755
Dividends paid					-485,842	-485,842	-485,842
Repurchase of shares			-134,228			-134,228	-134,228
Profit for the year					458,668	458,668	458,668
Equity Dec 31, 2013	12,444,863	1,359,090	-395,134	5,347	1,638,050	1,248,263	2,607,353
Dividends paid					-479,514	-479,514	-479,514
Repurchase of shares			-44,173			-44,173	-44,173
Profit for the year					557,020	557,020	557,020
Equity Dec 31, 2014	12,444,863	1,359,090	-439,307	5,347	1,715,556	1,281,596	2,640,686

Additional information on shareholders’ equity is presented on Note 22 Shareholders’ equity.

Notes to Financial Statements

Company information

QPR offers services and software tools for developing business processes and enterprise architecture. The parent company QPR Software Plc (company ID 0832693-7) is a public limited liability company incorporated in Finland. The Company domicile is in Helsinki and its registered address is Huopalahdentie 24, 00350 Helsinki, Finland. The shares of the parent company QPR Software Plc have been listed on the NASDAQOMX Helsinki Oy since 2002.

A copy of the Financial Statements is available on the Internet at www.qpr.com or at the Company's headquarters, address Huopalahdentie 24, Helsinki, Finland.

The Board of Directors of QPR Software Plc has approved on February 5, 2015 the Financial Statements for publication. Shareholders have the right to approve or reject the Financial Statements in the Annual General Meeting. The Financial Statements may also be revised by the Annual General Meeting.

ACCOUNTING PRINCIPLES

Basis of preparation

QPR Software Plc's Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), taking into account IAS and IFRS standards, as well as SIC and IFRIC interpretations, valid as of December 31, 2014. In the Finnish accounting legislation, International Financial Reporting Standards refer to standards and interpretations accepted to be followed in the European Union in accordance with the EU Regulation number 1606/2002.

Starting from January 1, 2014, the Group has applied the following new and revised standards and interpretations. These changes have not materially influenced the consolidated financial statements.

- **IFRS 10 Consolidated Financial Statements** and subsequent amendments (in the EU effective for financial years beginning on or after January 1, 2014). IFRS 10 builds on existing principles by identifying the concept of control as the determining factor when deciding whether an entity should be incorporated within the consolidated financial statements. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess.
- **Amendments to IAS 32 Financial Instruments: Presentation** (effective for financial years beginning on or after January 1, 2014). The amendments provide clarifications on the application of presentation requirements for offsetting financial assets and financial liabilities on the statement of financial position and give more related application guidance.
- **Amendments to IAS 36 Impairment of Assets** (effective for financial years beginning on or after January 1, 2014). The objective of the amendments is to clarify that the scope of the disclosures of information about the recoverable amount of assets, where that amount is based on fair value less costs of disposal, is limited to impaired assets.
- **IFRIC 21 Levies** (effective for financial years beginning on or after January 1, 2014; in the EU to be applied at the latest, as from the beginning of financial years starting on or after June 17, 2014). The interpretation clarifies the accounting treatment of levies (public fees). A liability for a levy is recognized when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation is applicable to all levies other than income taxes, fines, penalties and outflows that are in scope of other standards.

Other new or revised standards or interpretations did not have any impact on the consolidated financial statements.

Financial statements for the parent company QPR Software Plc have been prepared in accordance with Finnish Accounting Standards (FAS) that differ in certain respects from the IFRS standards used in the consolidated financial statements.

The financial statements have been prepared using the historical cost convention, unless otherwise described in the accounting principles below. Financial statements have been presented in thousand Euro for the Group and in Euro for the parent company. All presented amounts have been rounded, which means that the sum of individual amounts may differ from the total amount presented. Key figures have been calculated using the exact amounts.

Principles of consolidation

The Consolidated Financial Statements include the parent company QPR Software Plc and the subsidiaries controlled by it. With regard to subsidiaries, the parent company's control is based on full ownership of the shares capital or a majority holding. The Company did not own shares in joint ventures or associated companies in 2014 and 2013.

Subsidiaries acquired during the financial period are consolidated from the date which the Group has acquired control and are no longer consolidated from the date that control ceases. Intra-Group shareholdings are eliminated using the acquisition cost method. Intra-Group business transactions, internal receivables and liabilities, unrealized profits, and the Group's internal profit distribution are eliminated in the Consolidated Financial Statements. The profit for the financial year applicable to non-controlling interests is presented separately in the consolidated comprehensive income statement, and the share of the non-controlling interest in shareholders' equity is presented separately in the consolidated balance sheet. The Group didn't have any non-controlling interests in subsidiaries in 2014 and 2013.

Continuity of operations

The Consolidated Financial Statements have been prepared in accordance with the principle of continuity.

Foreign currency translation

The Consolidated Financial Statements have been presented in Euro, which is the operating and presentation currency of the parent company. The operating currency of subsidiaries is the local bookkeeping currency.

Transactions denominated in foreign currency have been translated into the operating currency using the exchange rate valid on the transaction date. Monetary items have been converted into the operating currency using the exchange rate at the closing date and non-monetary items using the exchange rate on the transaction date. The exchange gains and losses from business operations are included in the corresponding items above operating profit. The exchange gains and losses from financial assets or liabilities denominated in foreign currency are included in financial income and expenses.

The income statements of foreign subsidiaries are translated into Euro using the average exchange rates for the year and the balance sheets are translated using the exchange rates on the balance sheet date. Translation differences arising from the elimination of foreign subsidiaries and translation of equity items accumulated after the acquisition are entered in other comprehensive income. Foreign currency gains and losses from monetary items that are part of the net investment in a foreign unit are recognized in other comprehensive income.

Revenue recognition

Net sales include normal sales income from business operations deducted by taxes related to sales and discounts granted. When net sales are calculated, they are adjusted for exchange rate differences of foreign currency.

Revenue recognition of product sales requires that there is a binding agreement of the sale, the product has been delivered, proceeds from the transaction can be reliably specified, economic benefit will arise to the Group with sufficient probability, and significant risks and rewards related to ownership or rights of the use of the product have been transferred to the buyer.

The consolidated net sales consist of software license sales, software maintenance fees, software rentals, and consulting services sales.

Software license net sales are recognized in connection with the delivery, when significant risks and rewards related to the ownership or rights of the use of the product have been transferred to the buyer.

Maintenance fee covering software updates and customer support is recognized on an accrual basis during the agreement period.

Software rentals, right to use software for the time being, are recognized on an accrual basis during the agreement period.

Net sales of fixed-term licenses are recognized partly in license net sales and partly in maintenance fees.

Net sales of consulting services are recognized during the period when the service has been performed.

Net sales of consulting services is recognized when it is probable that economic benefit will arise to the Group and when the income and costs associated with the transaction can be reliably determined.

Other operating income

Other operating income include income outside the Group's ordinary business operations. Public subsidies are recorded in other operating income, except when they are related to investments, in which case they are deducted from the acquisition cost of the asset.

Pension plans

The Group's pension scheme is a defined contribution plan managed by a pension insurance company. The expenses are recognized in the comprehensive income statement in the financial period that the contribution relates to. The Group does not have a legal or constructive liability to pay additional contributions in case of non-performance by the pension insurance company.

Share-based payments

In 2011–2013, the Group had a share-based incentive plan for management, whereby incentives were to be paid partly in the form of Company shares and partly in cash. The benefits granted in such plan are measured at fair value at the grant date and recognized as an expense evenly during the earnings period. The result impact of such plan is presented under employee benefit expenses. The incentive plan did not result in any payments or expenses.

Operating profit

IAS 1 "Presentation of Financial Statements" does not define the concept of operating profit. The Group uses the following definition of operating profit: operating profit is the sum of net sales and other operating income, less the cost of materials and services, expenses for employee benefits, other operating expenses, as well as depreciation, amortization and impairment losses of tangible and intangible assets. Exchange rate differences arising from working capital items are included in operating profit, whereas exchange rate differences arising from financial assets and liabilities are included in financial income and expenses.

Impairment

At each annual closing, the Group reviews asset items for any indication of impairment losses. If there are such indications, the amount recoverable from the said asset item is assessed. The recoverable amount of tangible and intangible assets is the higher of the asset item's fair value less the cost arising from disposal and its value in use. The recoverable amount of financial assets is either the fair value or the present value of expected future cash flows discounted at the original effective interest rate. An impairment loss is recognized in the comprehensive income statement when the carrying amount is greater than the recoverable amount.

Goodwill is not amortized but its recoverable amount is estimated annually or more frequently if circumstances indicate that the value may be impaired. Such estimate is prepared at least at each annual closing. For such purposes, goodwill is allocated to cash-generating units. An impairment loss is recognized in the consolidated comprehensive income statement, if the impairment test shows that the carrying amount of goodwill exceeds its recoverable amount. In this case the goodwill is recorded at its recoverable amount. After the initial recognition, goodwill is valued at original acquisition cost, less impairment losses recognized. Impairment losses on goodwill cannot be reversed.

Income taxes

The tax expense in the comprehensive income statement consists of tax based on taxable income for the financial year and deferred tax. Tax based on taxable income for the financial year is calculated on the basis of taxable income and the tax rate valid in each country. Income taxes are charged to income, except when they are related to items recorded in equity or other items in comprehensive income, in which case the tax expense is adjusted to such items.

Deferred taxes are calculated based on temporary differences between the book value and tax value of an asset or liability item. Deferred taxes are calculated at tax rates enacted by the balance sheet date.

A deferred tax asset is recognized in the amount that it is likely that taxable income will be generated in the future against which the temporary difference can be utilized. Deferred tax liabilities are recognized in the balance sheet in full.

In the parent company financial statements, income taxes are recorded in accordance with FAS. The parent company does not recognize deferred tax liabilities in the balance sheet.

Intangible assets

Goodwill arising in business combinations represents the excess of the cost of an acquisition, amount of non-controlling interests, and previously owned equity interests, over the fair value of the net assets of the acquired company. Goodwill is valued at the original acquisition cost less impairment losses.

Expenditures for research are recognized as expenses. Product development expenditures leading to new products or new features are capitalized and amortized during their useful life. Amortization starts when the product version has been released. Maintenance, reparations and minor revisions are directly recorded as expenses. The useful life of capitalized product development expenditures is 4 years, during which time the capitalized expenditures are amortized using the straight-line method.

Other intangible assets consist of patents, IT systems and other long-term expenses. They are amortized straight-line over their useful life, which is 2 – 5 years.

Tangible assets

The balance sheet values of tangible assets are based on original acquisition cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method and is based on the estimated useful life of the asset.

Borrowing costs for assets taking a long time to complete are capitalized. Other borrowing costs are recognized as an expense for the period during which they arise. The Group didn't capitalize any borrowing costs in 2014 and 2013.

Useful lifetimes of tangible assets:

Machinery and equipment; 3 – 7 years

IT machinery and equipment; 2 – 5 years

Lease agreements

Lease agreements of tangible assets where the Group has a substantial part of the risks and rewards of ownership are classified as finance leases. Finance lease agreements are recorded in the balance sheet as tangible fixed assets at the start of the lease term at the lower of the fair value of the leased property and the present value of the minimum lease payments. The asset acquired under a finance lease is depreciated over the shorter of the asset's useful life and the lease term. The corresponding rental obligations are included in interest-bearing financial liabilities. The Group did not have finance lease agreements during 2014 and 2013.

Lease agreements where the lessor retains a significant portion of the risks and rewards of ownership are treated as other leases. Payments made under other leases are charged to the comprehensive income statement on a straight-line basis over the period of the lease.

In the parent company financial statements, lease payments are recognized as annual expense in accordance with FAS.

Financial assets and liabilities

Financial assets and liabilities are initially recognized at the value of the purchased or sold asset on the transaction date.

After initial valuation, financial assets are classified into four groups: financial assets at fair value through comprehensive income, held-to-maturity investments, financial assets available for sale, and loans and other receivables. At the end of 2014 and 2013, the Group did not have financial assets at fair value through comprehensive income, held-to-maturity investments, or financial assets available for sale. Transaction costs are included in the original carrying amount of the financial assets other than those measured at fair value through comprehensive income.

Financial liabilities are classified into financial liabilities at fair value through comprehensive income, and other financial liabilities (measured at amortized cost). At the end of 2014 and 2013, the Group did not have financial liabilities at fair value through comprehensive income. Transactions costs directly related to acquisition of other financial liabilities are included in the original carrying amount of the liability and are charged to interest expense using the effective interest method.

At each closing, management assesses whether the value of a financial instrument has been impaired and recognizes any impairment loss in financial items in the comprehensive income statement. De-recognition of financial assets from the balance sheet takes place when the Group has lost a contractual right to receive the cash flows or when it has transferred substantially all of the risks and rewards outside the Group. Financial liability (or part of it) is de-recognized only when the liability ceases to exist, meaning that the contractual obligation has been fulfilled or removed, or when the contract is no longer valid.

Financial assets and liabilities measured at fair value are presented in accordance with the hierarchy levels based on fair value measurement. Levels 1, 2 and 3 are based on the source of information used in the measurement. On level 1, fair values are based on public quotes. On level 2, fair values are based on quoted market rates and prices, discounted cash flows, and valuation models (options). For assets and liabilities classified on level 3, there is no reliable market information source, and therefore, the fair values of these instruments are not based on market information.

Derivative contracts

Derivative contracts are classified as financial assets or liabilities available for sale. The Group does not apply hedge accounting under IAS 39. Changes in the fair value of derivative contracts are recognized in financial income and expenses in the comprehensive income statement.

Cash and cash equivalents

Cash and cash equivalents include cash and cash equivalents which are highly liquid and have a maturity of no more than three months from the date of acquisition.

Treasury shares

Repurchase of own shares as well as the related direct costs are recorded as deductions in equity.

Provisions and contingent liabilities

A provision is recognized when the Group has a present legal or constructive obligation as the result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

A restructuring provision is recognized when a detailed and appropriate plan has been prepared and the Company has begun to implement the plan, or has announced that it will do so. Restructuring provisions are based on management's best estimate of actual expenses to be incurred e.g. from employee termination payments.

A provision for a loss-making agreement is recognized when unavoidable expenditure required to fulfill the obligations exceeds the benefits obtainable from the agreement.

The Group did not have any provisions at the end of 2014 and 2013.

A contingent liability is a potential liability based on previous events. It depends on the realization of an uncertain future event beyond the Group's control. Contingent liabilities also include obligation that will most likely not require the fulfillment of a payment obligation or the amount of which cannot be reliably determined. Contingent liabilities are disclosed in the Notes to the Consolidated Financial Statements

Accounting principles that require management consideration, and essential factors of uncertainty related to management estimates

When preparing the financial statements, management is required to make estimates and assumptions regarding the future and to consider the appropriate application of accounting principles, which means that actual results may differ from those estimated. The most significant situations requiring management to use consideration and estimates are related to the following decisions:

- estimated useful lives of intangible and tangible assets,
- impairment testing of goodwill,
- the point in time when development projects qualify for the capitalization of development expenses,
- probability of future taxable profit against which the tax-deductible temporary differences can be utilized,
- tax-deductibility of expenses,
- fair value of trade receivables, and
- amount of provisions.

Adoption of new or revised IFRS standards

The Group has not yet adopted following published new or amended standards and interpretations. The Group will adopt them immediately after the standard or interpretation is effective or, when applicable, at the beginning of the next financial year. (* = The standard or interpretation has not yet been approved for adoption by the European Union by December 31, 2014.)

Management estimates that these new or revised standards and interpretations will not have a material impact on the Consolidated Financial Statements.

- **Annual Improvements to IFRSs,** 2011 – 2013 cycle and 2010 – 2012 cycle*, December 2013 (effective for financial years beginning on or after July 1, 2014). The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments cover in total four (2011 – 2013 cycle) and seven (2010 – 2012 cycle) standards.
- **Annual Improvements to IFRSs,** 2012 – 2014 cycle* (effective for financial years beginning on or after January 1, 2016). The amendments cover four standards.
- **Amendment to IAS 1 Presentation of Financial Statements**: Disclosure Initiative* (effective for financial years beginning on or after January 1, 2016). The amendments are designed to encourage companies to apply judgment in determining what information to disclose in the financial statements. For example, the amendments clarify the application of the materiality concept and judgment when determining where and in what order information is presented in the financial disclosures.
- **Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets** - Clarification of Acceptable Methods of Depreciation and Amortization* (effective for financial years beginning on or after January 1, 2016). The amendments clarify IAS 16 and IAS 38 that revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in limited circumstances to amortize intangible assets.
- **New IFRS 15 Revenue from Contracts with Customers*** (effective for financial years beginning on or after January 1, 2017). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmed. Under IFRS 15 an entity shall recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognized as control is passed, either over time or at a point in time.
- **New IFRS 9 Financial Instruments*** (effective for financial years beginning on or after January 1, 2018). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and DE recognition of financial instruments from IAS 39.

Other new and revised standards and interpretations are not expected to have an effect on the Consolidated Financial Statements when they become effective.

2. Segment information

Operating segments

QPR reports the following operating segments: Direct and OEM business (software license and rental sales, maintenance and consulting services sales to direct customers and OEM customers) and Resellers (software license and rental sales, maintenance and consulting services sales through resellers and the Russian subsidiary). Starting from the beginning of 2014, the Company also reports fixed-price extended software maintenance services as part of software maintenance. Earlier, these services were reported as part of consulting revenues. Comparative figures for 2013 have not been restated.

Management monitors the segments through performance reporting, including net sales to external customers, operating profit and investments. Management does not allocate any financial items, taxes or administrative expenses related e.g. to the public listing of the Company to the segments. Segment assets are not monitored by management, and accordingly assets are not allocated to the segments.

Expenses are generated either directly in the business or through cost allocation. Expenses for product development, marketing, IT and accounting are allocated in relation to net sales, and reviewing the validity of allocation. All unallocated costs are administrative expenses.

The accounting and valuation principles for the segments are the same as in the Consolidated Financial Statements.

Group (EUR 1,000), IFRS	**2014**	2013
Net sales		
Direct and OEM business	6,193	5,574
Resellers	3,348	3,114
Total net sales	**9,541**	**8,688**
Operating profit		
Direct and OEM business	842	536
Resellers	621	385
Unallocated	-368	-343
Total operating profit	**1,095**	**578**
Financial income and expenses	-30	-25
Income taxes	-175	-33
Profit for the period	**890**	**521**
Other information:		
Depreciation and amortization		
Direct and OEM business	407	384
Resellers	354	323
Total depreciation and amortization	**761**	**707**

3. Net sales

Group net sales are accrued from software and consulting business, with the following breakdown in the financial year:

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2014	2013	**2014**	2013
Software licenses	1,470	1,034	1,383,949	915,442
Software maintenance services	3,093	3,021	2,756,095	2,813,227
Software rentals	1,901	1,656	1,864,082	1,615,092
Consulting services	3,077	2,977	2,533,277	2,255,188
Total net sales	9,541	8,688	8,537,403	7,598,950

The geographical breakdown of the net sales was as follows:

Domestic	6,193	5,574	5,431,352	4,851,622
International	3,348	3,114	3,051,956	2,706,970
Sales to Group companies	-	-	54,095	40,358
Total net sales	9,541	8,688	8,537,403	7,598,950

4. Other operating income

Governments grants	26	32	25,854	31,711
Other items	-	-	197	-
Total	26	32	26,051	31,711

5. Acquired business operations

No acquisitions were made in 2014 and 2013.

6. Materials and services

Materials and services	337	292	271,114	247,614

Materials and services include mainly commissions and localization fees charged by the reseller network.

7. Employees and related parties

Salaries	4,952	4,679	4,585,081	4,099,774
Pension expenses - defined contribution plans	891	840	825,510	735,477
Other personnel expenses	249	184	239,906	172,016
Total	6,092	5,703	5,650,497	5,007,267
Average number of personnel during the year	81	82	73	69

Related parties

The Group's and the parent company's related parties include members of the parent company's Board of Directors and the Executive Management Team, including the Chief Executive Officer, their spouses, domestic partners, children and dependents, spouses' or domestic partners' children and dependents, as well as entities controlled by any such related party.

The Group does not have any loans, commitments or guarantees granted to or received from related parties.

In 2013, the Company purchased certain intangible rights used in the Company's business operations from a member of the Executive Management Team, for a purchase price of EUR 39 thousand. Management estimates that the purchase price corresponds to fair value of the acquired assets to the Company. The Group did not have any other related party transactions in 2014 and 2013.

Related parties to the parent company also include subsidiaries in the Group. The list of Group companies is presented in Note 17. Shares in subsidiaries and other entities. Transactions between the parent company and other Group companies, as well as intra-Group receivables, liabilities, commitments and guarantees are included as total amounts in the notes for the parent company financial statements.

Salaries, bonuses, fringe benefits, vacation pay and change in bonus accruals for Management

The Group has determined Management to include members of the Board of Directors and the Executive Management Team, including the Chief Executive Officer.

	Group, IFRS (EUR 1,000)		**Parent Company, FAS** (EUR)	
	2014	2013	**2014**	2013
Salaries and other short-term benefits:				
Members of the Board of Directors	76	76	75,704	75,704
Chief Executive Officer Jari Jaakkola	174	163	174,429	162,660
Executive Management Team	444	437	443,446	436,619
Total	694	676	693,579	674,983

Board fees by member:		
Leskinen Vesa-Pekka, Chairman of the Board	25,232	25,232
Eräkangas Kirsi	16,824	16,824
Kontio Jyrki	16,824	16,824
Piela Topi	16,824	16,824
Total	75,704	75,704

QPR Software Plc's Annual General meeting held on March 13, 2014 decided that the Chairman of the Board receives an annual emolument of EUR 25,230 and that other members of the Board receive an annual emolument of EUR 16,820 each. No separate meeting fees are paid.

The Company does not have any exceptional pension arrangements for the CEO. Pension expenses accrued, based on the CEO's salary and bonuses and the Finnish pension legislation, amounted to EUR 33 thousand in 2014 (2013: EUR 29 thousand).

The period of notice for the CEO is three months. Compensation on termination is equivalent to six month's salary. Other members of the Group's Executive Management Team do not enjoy special benefits related to termination of their contract.

In 2014, the Executive Management Team's bonuses were based on Group net sales and Group operating profit. In 2014, the maximum annual bonus of executive management team, including the CEO, was 60% of the annual base salary. For the financial year 2014, bonuses of approximately EUR 20 thousand will be paid to the executive management team, including the CEO.

The Group's Management Team, including the CEO, also had a share incentive scheme in 2011 – 2013. The plan included three one-year earning periods which were the calendar years 2011, 2012 and 2013. The Company's Board of Directors decided on the earnings criteria and the targets for them at the beginning of each earning period. The criteria were based on the Group's net sales growth and operating profit. In 2011 – 2013, the performance criteria were not met.

The Company does not have any stock option schemes.

8. Depreciation and amortization

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2014	2013	**2014**	2013
Intangible assets	654	615	574,114	532,232
Tangible assets				
Machinery and equipment	107	92	106,846	91,122
Total	761	707	680,960	623,354

No write-downs of the assets have been made during 2013 and 2014.

9. Other operating expenses

Non-statutory indirect employee costs	227	296	219,857	266,255
Expenses of office premises	421	385	403,047	354,140
Travel expenses	235	250	221,044	236,325
Marketing and other sales promotion	158	167	158,248	156,139
Computers and software	198	166	190,367	154,437
External services	361	421	343,481	473,618
Doubtful receivables and bad debts	96	53	70,487	33,551
Capitalized product development expenses	-607	-464	-607,487	-463,513
Other expenses	192	166	177,423	120,597
Total	1,281	1,439	1,176,467	1,331,549

Other expenses include fees paid to the Company's auditor, as follows:

Auditing	26	46	24,690	42,690
Tax consulting	-	-	-	-
Other services	4	1	3,555	989
Total	30	47	28,245	43,679

Product development expenses incurred during the year

Expenses charged to income	1,164	1,219	1,164,232	1,219,957
Capitalized expenses	683	464	683,093	463,513
Total	1,847	1,683	1,847,325	1,683,470

Product development expenses mainly consist of personnel expenses. Expenses charged to income do not include amortization of earlier capitalized expenses. Amortization is presented in Note 14.

10. Financial income and expenses

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2014	2013	**2014**	2013
Interest income from loans and other receivables	3	3	10,187	7,788
Interest expenses from loans	-3	-9	-7,452	-12,404
Other financial income and expenses	-1	-5	-1,433	-4,515
Exchange rate differences	-29	-15	-73,194	12,963
Total	-30	-25	-71,892	3,832

Exchange rate differences in the income statement

Exchange rate differences included in net sales	18	-73	8,217	-66,633
Exchange rate differences included in expenses	1	2	1,318	2,143
Exchange rate gains in financial income	19	8	994	21,581
Exchange rate losses in financial expenses	-48	-23	-74,188	-8,618
Total	-10	-86	-63,659	-51,527

11. Extraordinary income and expenses

Group contributions received				
Nobultec Ltd			-	129,200
Group contributions granted				
QPR Services Oy			-2,000	-1,600
QPR CIS Oy			-86,100	-58,600
Total			-88,100	69,000

12. Income tax expense

Taxes for the financial year	112	60	59,840	35,146
Taxes from previous years	-11	2	893	0
Withholding tax	85		6,671	
Deferred tax	-11	-29	-	-
Total	175	33	67,404	35,146

Reconciliation between the tax expense recorded in the comprehensive income statement and the tax expense calculated at the Finnish tax rate (20% in 2014 and 24.5% in 2013):

	Group, IFRS	
(EUR 1,000)	**2014**	2013
Profit before tax	1,065	554
Tax expense calculated at the Finnish tax rate	213	136
Additional tax deduction on R&D activities	-61	-84
Effect of different tax rates in foreign subsidiaries	-21	0
Other items	-47	0
Effect of change in Finnish tax rate	0	-9
New deferred tax benefit from earlier losses	6	-10
Withholding taxes	85	0
Tax expense in the comprehensive income statement	175	33

13. Earnings per share

Earnings per share are calculated by dividing the profit for the period attributable to shareholders of the parent company by the weighted average number of shares outstanding.

Profit for the period attributable to shareholders of the parent company (EUR thousand)	890	521
Number of shares outstanding, average (1,000 pcs)	11,991	12,107
Earnings per share (EUR/share)	0.074	0.043

The Group did not have any dilutive instruments in 2014 and 2013.

14. Intangible assets

Group (EUR 1,000), IFRS	**Computer software**	**Other in-tangible assets**	**Capitalized product de-velopment**	**Total**
Acquisition cost Jan 1, 2013	757	2,361	1,797	4,915
Accum. amortization and write-downs Jan 1, 2013	-646	-1,728	-985	-3,359
Book value Jan 1, 2013	**111**	**633**	**812**	**1,556**
Increases	93	43	552	688
Amortization for the period	-64	-273	-277	-615
Acquisition cost Dec 31, 2013	850	2,404	2,349	5,603
Accum. amortization and write-downs Dec 31, 2013	-710	-2,001	-1,262	-3,974
Book value Dec 31, 2013	**139**	**402**	**1,087**	**1,628**
Increases	173	29	638	840
Transfers	0	-45	45	0
Amortization for the period	-84	-175	-396	-656
Acquisition cost Dec 31, 2014	1,023	2,388	3,032	6,443
Accum. amortization and write-downs Dec 31, 2014	-794	-2,176	-1,658	-4,628
Book value Dec 31, 2014	**228**	**212**	**1,374**	**1,814**

Parent company (EUR)				
Acquisition cost Jan 1, 2013	731,691	981,347	1,797,611	3,510,649
Accum. amortization and write-downs Jan 1, 2013	-621,465	-637,872	-985,119	-2,244,456
Book value Jan 1, 2013	**110,226**	**343,475**	**812,492**	**1,266,193**
Increases	93,398	41,469	551,790	686,656
Amortization for the period	-64,205	-190,801	-277,225	-532,232
Acquisition cost Dec 31, 2013	825,089	1,022,816	2,349,401	4,197,305
Accum. amortization and write-downs Dec 31, 2013	-685,670	-828,673	-1,262,344	-2,776,688
Book value Dec 31, 2013	**139,418**	**194,143**	**1,087,056**	**1,420,617**
Increases	173,860	29,383	637,983	841,226
Transfers	0	-45,110	45,110	0
Amortization for the period	-84,787	-92,973	-396,355	-574,115
Acquisition cost Dec 31, 2014	998,949	1,007,089	3,032,494	5,038,531
Accum. amortization and write-downs Dec 31, 2014	-770,457	-921,646	-1,658,699	-3,350,802
Book value Dec 31, 2014	**228,491**	**85,443**	**1,373,794**	**1,687,729**

15. Goodwill

Group (EUR 1,000), IFRS	**2014**	2013
Acquisition cost Jan 1	513	513
Acquisition cost Dec 31	513	513
Book value Dec 31	513	513

Goodwill has arisen from the acquisition of Nobultec Ltd in 2011, and has been allocated entirely to the cash-generating unit Nobultec Ltd.

Goodwill has been tested for impairment in the last quarter of 2014 and the discount rate used in impairment testing was 8.5% (9.7).

The recoverable amount evaluated in the impairment test is based on the 2015 budget and on subsequent development assessed on the basis of the budget. Key variables used in the calculations are the growth rates of net sales, expenses and EBITDA. The growth of net sales has been determined by taking into account the company's actual performance, market position and growth potential in its market.

Based on sensitivity analyses, management believes that it is unlikely that a somewhat likely change in key variables used in the test would lead to a situation where the book value of goodwill in the balance sheet would exceed the unit's recoverable amount.

Nobultec Ltd's sales growth is broadly planned to be in line with the Company's strategy for the planning period. The recoverable amount based on cash flows for the next five years is about EUR 874 thousand. If the unit's annual growth in the planning period were +2%, the sensitivity analyses show that the unit's recoverable amount would be about EUR 640 thousand, based on cash flows for the next five years, which would not lead to an impairment loss.

If Nobultec Ltd's annual net sales growth in the planning period were approximately -2%, it would constitute a situation in which there are indications of goodwill impairment. If the recoverable amount proved to be lower than the unit's book value in an impairment test, an impairment loss would be recorded as an expense in the income statement and would be allocated primarily to goodwill in the balance sheet.

16. Tangible assets

Group (EUR 1,000), IFRS	**Machinery and equipment**
Book value Jan 1, 2013	**140**
Increases	159
Depreciation for the period	-92
Acquisition cost Dec 31, 2013	1,390
Accum. depreciation and write-downs Dec 31, 2013	-1,183
Book value Dec 31, 2013	**207**
Increases	75
Depreciation for the period	-107
Acquisition cost Dec 31, 2014	1,465
Accum. depreciation and write-downs Dec 31, 2014	-1,290
Book value Dec 31, 2014	**175**

Parent company (EUR), FAS	
Book value Jan 1, 2013	**138,999**
Increases	159,487
Depreciation for the period	-91,122
Acquisition cost Dec 31, 2013	1,351,051
Accum. depreciation and write-downs Dec 31, 2013	-1,143,688
Book value Dec 31, 2013	**207,363**
Increases	74,150
Depreciation for the period	-106,845
Acquisition cost Dec 31, 2014	1,425,201
Accum. depreciation and write-downs Dec 31, 2014	-1,250,533
Book value Dec 31, 2014	**174,668**

17. Shares in subsidiaries and other entities

The parent company of the Group is QPR Software Plc.

Subsidiaries	Domicile	Parent company **2014**	2013
Owned directly by the parent company:			
QPR CIS Oy, sales company	Helsinki, Finland	100%	100%
Nobultec Ltd, sales company	Helsinki, Finland	100%	100%
QPR Services Oy, dormant company	Helsinki, Finland	100%	100%
QPR Software Inc., sales company	San Jose, CA, USA	100%	100%
Owned indirectly by the parent company:			
QPR Software AB, sales company	Stockholm, Sweden	100%	100%
OOO QPR Software, sales company	Moscow, Russia	100%	100%

	Parent company, FAS (EUR)	
Shares in subsidiaries	**2014**	2013
Acquisition cost Jan 1	1,186,813	1,186,813
Acquisition cost Dec 31	1,186,813	1,186,813
Book value Dec 31	1,186,813	1,186,813
Other shares		
Acquisition cost Jan 1	4,562	4,562
Acquisition cost Dec 31	4,562	4,562
Book value Dec 31	4,562	4,562
Total book value of shares Dec 31	1,191,375	1,191,375

18. Long-term receivables

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2014	2013	**2014**	2013
Withholding tax receivables	-	49	-	-

19. Deferred tax assets and liabilities

Deferred tax assets, based on tax-loss carryforwards, have changed as follows:

Jan 1	29	19	-	-
Recorded in comprehensive income	-6	10	-	-
Dec 31	23	29	-	-

The subsidiary in the United States, QPR Software Inc., has tax loss carryforwards after the official tax filings 2014 totaling approximately EUR 333 thousand, based on which EUR 23 thousand (29) has been recognized as a deferred tax asset.

Deferred tax liabilities arise from the allocation of Nobultec Ltd purchase price to customer relationships, and have changed as follows:

	Group, IFRS (EUR 1,000)	
	2014	2013
Jan 1	42	71
Recorded in comprehensive income	-17	-29
Dec 31	25	42

In 2013, the amount recorded in comprehensive income also includes EUR 9 thousand from the change in Finnish tax rate as of January 1, 2014.

20. Trade and other receivables

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2014	2013	**2014**	2013
Trade receivables	3,915	3,684	3,696,842	3,416,909
Accrued income and prepaid expenses	473	436	402,543	285,261
Income tax receivables	-	73	-	38,532
Other receivables	184	172	183,150	162,909
Receivables from Group companies			506,421	544,799
Total	4,572	4,365	4,788,956	4,448,411

Geographical breakdown of trade receivables:

Finland	2,545	2,344	2,407,860	2,232,330
Other European countries	437	636	436,813	636,354
Countries outside Europe	933	703	852,169	548,226
Total	3,915	3,684	3,696,842	3,416,909

Currency breakdown of trade receivables:

		Group, IFRS		
(EUR 1,000)	**2014**	**%**	2013	%
EUR (Euro)	3,170	81.0	2,985	81.0
USD (U.S. Dollar)	369	9.4	391	10.6
ZAR (South African Rand)	208	5.3	142	3.9
SEK (Swedish Krona)	98	2.5	72	2.0
JPY (Japanese Yen)	35	0.9	49	1.3
GBP (Pound Sterling)	27	0.7	41	1.1
RUB (Russian Ruble)	8	0.2	5	0.1
Total	3,915	100.0	3,684	100.0

Age analysis of trade receivables:

Not due	3,537	90.3	2,840	77.1
0 – 90 days overdue	179	4.6	678	18.4
90 – 180 days overdue	90	2.3	96	2.6
More than 180 days overdue	109	2.8	70	1.9
Total	3,915	100.0	3,684	100.0

Fair value of trade receivables:

The initial book value of trade receivables approximates fair value because the effect of discounting is not material due to the short maturity.

Credit losses:

Credit losses of EUR 96 thousand (53) on trade receivables have been recorded in comprehensive income.

Breakdown of the Parent company's accrued income and prepaid expenses:

	Parent company, FAS (EUR)	
	2014	2013
Accrued income	269,747	142,919
Prepaid expenses	132,797	142,343
Total	402,544	285,261

Breakdown of the Parent company's receivables from Group companies:

QPR CIS Oy	254,043	291,491
QPR Services Oy	252,378	253,308
Total	506,421	544,799

21. Cash and cash equivalents

	Group, IFRS (EUR 1,000)		**Parent company, FAS** (EUR)	
	2014	2013	**2014**	2013
Bank accounts	1,426	1,365	1,391,317	1,331,164
Total	1,426	1,365	1,391,317	1,331,164

22. Shareholders' equity

The Company has one series of shares and the maximum value of share capital is EUR 1,359 thousand. All the issued shares have been fully paid. Total amount of issued shares was 12,444,863 in 2014 and 2013.

Other funds

Includes the reserve fund in subsidiary QPR Software AB.

Treasury shares

Treasury shares include the purchase price of own shares held by the Group.

Calculation of the distributable funds

	Parent company, FAS	
(EUR)	**2013**	2013
Retained earnings	1,158,536	1,179,382
Profit for the period	557,020	458,668
Treasury shares	-439,307	-395,134
Invested non-restricted equity fund	5,347	5,347
Distributable funds	1,281,596	1,248,263

23. Other non-current liabilities and interest-bearing loans

Non-current	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
(EUR 1,000)	**2014**	2013	**2014**	2013
Deferred tax liabilities	25	42	-	-
Total	25	42	-	-
Current				
Pension loans, next year's amortization	-	113	-	113,219

Interest-bearing loans consisted of a 2.8% fixed-rate pension loan, whereby an interest rate sensitivity analysis was not meaningful.

The initial book value of liabilities approximated fair value because the effect of discounting was not material due to the short maturity.

24. Trade payables and other liabilities

Trade payables	141	103	129,412	87,670
Accrued expenses and prepaid income	3,223	2,976	3,058,275	2,742,985
Advances received	1,261	1,406	1,216,937	1,384,959
Other liabilities	681	650	640,760	601,364
Liabilities to Group companies			1,547,975	1,061,380
Total	5,306	5,135	6,593,359	5,878,358

The amount of trade payables in foreign currency was low in 2014 and 2013.

The initial book value of trade payables and other liabilities approximates fair value because the effect of discounting is not material due to the short maturity.

Breakdown of the Parent company's accrued expenses and prepaid income:

	Parent company, FAS (EUR)	
	2014	2013
Holiday pay, including social costs	663,262	588,231
Bonuses, including social costs	190,209	52,364
Prepaid income	2,067,244	2,003,566
Accrued interest expenses	-	793
Other accrued expenses	137,560	98,033
Total	3,058,275	2,742,985

Breakdown of the Parent company's liabilities to Group companies:

QPR Software Inc.	569,562	468,875
Nobultec Ltd	403,973	182,886
QPR Software AB	574,441	409,619
Total	1,547,976	1,061,380

25. Adjustments to the cash flow from operating activities

	Group, IFRS (EUR 1,000)	
	2014	2013
Deferred taxes	-66	-29
Other items	29	22
Total	-37	-7

26. Commitments and contingent liabilities

	Group, IFRS (EUR 1,000)		Parent company, FAS (EUR)	
	2014	2013	**2014**	2013
Business mortgages (held by the company)	1,391	1,337	1,337,300	1,337,300
Lease and rental commitments				
Maturing in less than one year	304	163	303,683	163,204
Maturing during 1 – 5 years	436	38	436,341	37,819
Total	2,131	1,539	2,077,324	1,538,323

Rental commitments include office rental agreements:

- Rental agreement (October 25, 2011), valid for the time being. The notice period is 6 months.
- Rental agreement (October 16, 2014), valid for the time being. The notice period is 6 months. First possible notice date is September 30, 2016.

Rental guarantees totaling EUR 10 thousand are included in other current receivables in the balance sheet.

The Parent Company has a EUR 500 thousand credit line in Nordea for short-term financing needs. No amounts were withdrawn under the credit line at the end of 2014 and 2013.

On December 31, 2014 and 2013 the Group and the Parent company had no derivative contracts.

27. Financial Risk Management

The International business operations of QPR Group are exposed to risks typical in normal international transactions. Financial risk management aims to secure sufficient financing cost-effectively and to monitor, and when necessary, to mitigate the materializing risks. Risk management is a centralized responsibility of the Group's financing function and the CEO. The general risk management policies are approved by the QPR Software Plc Board of Directors. The Board is also responsible for supervising the adequacy, appropriateness and effectiveness of the Group's risk management.

Foreign exchange risk

The main sales currency for the Group is Euro and the majority of purchases are made in Euros.

The main part of trade receivables is in Euros (EUR). The most significant invoicing currencies after EUR were the U.S. Dollar (USD) and the South African Rand (ZAR) during the financial year. If the value of USD and ZAR against EUR were to decrease by 10%, and the share of currencies were to remain in the same level, the value of trade receivables would decrease by EUR 52 thousand (2013: EUR 53 thousand), equaling 1.3% (2013: 1.4%) of the total value of all trade receivables. Correspondingly, if the value of all non-EUR invoicing currencies were to decrease by 10%, the value of trade receivables would decrease by EUR 71 thousand (2013: EUR 70 thousand). A breakdown of trade receivables by currency is presented in Note 20.

In accordance with the foreign exchange risk policy approved by the Board of Directors on 19 May, 2010, the Company may engage in foreign currency hedging. The purpose of the currency hedging is to reduce the added uncertainty of exchange rates and to minimize the adverse impact of the exchange rate changes to the Group's cash flow, financial results and equity. Management regularly reviews the Group's foreign exchange risks, taking into account the hedging costs.

At the end of 2014 and 2013, the Group did not have any hedging instruments.

Interest rate risk

At the end of 2014, the Group did not have any interest-bearing liabilities.

Liquidity risk

Liquidity risk is defined as financial distress or extraordinary high financing costs due to a shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and require financing.

The objective of liquidity risk management is to maintain sufficient liquidity and to ensure that it is available for business purposes fast enough.

The Group maintains sufficient liquidity through efficient cash management and deposits.

The Group did not have any interest bearing liabilities at the end of 2014.

Maturity schedule of liabilities (amounts are undiscounted):

Group (EUR 1,000), IFRS	Book value	0–6 months
Trade and other payables	822	822
Total	822	822

Operative credit risk

The Group's international business operations are by their nature exposed to credit risk related to individual partners. However, the Group has a wide customer base and reseller network spread over several market areas. The Group's trade receivables thereby arise from a large number of resellers and customers in several market areas, and according to management's estimate there are no concentrations of reseller, customer, or geographical risks. In addition, continuous and active monitoring of receivables and credit limits aims at mitigating the Group's credit risks. The Group's maximum credit risk corresponds to the book value of trade receivables. Additional information on the Group's trade receivables is presented in Note 20.

28. Key figures of the group 2012-2014

Group (EUR 1,000), IFRS	**2014**	2013	2012
Net sales	9,541	8,688	9,321
Growth of net sales, %	9.8	-6.8	23.6
Operating profit	1,095	578	874
% of net sales	11.5	6.7	9.4
Profit or loss before tax	1,065	554	833
% of net sales	11.2	6.4	8.9
Profit for the period	890	521	662
% of net sales	9.3	6.0	7.1
Return on equity, %	29.3	17.8	22.2
Return of investments, %	35.4	18.3	25.5
Interest-bearing liabilities	-	113	339
Cash and cash equivalents	1,426	1,365	1,404
Net liabilities	-1,426	-1,252	-1,065
Equity	3,196	2,871	2,981
Gearing, %	-44.6	-43.6	-35.7
Equity ratio, %	44.0	42.5	51.3
Total balance sheet	8,527	8,161	6,845
Investment in intangible and tangible assets	915	846	518
% of net sales	9.6	9.7	5.6
Research and development expenses	1,847	1,683	1,619
% of net sales	19.4	19.4	17.4
Personnel average for period	81	82	78
Personnel at the beginning of period	79	81	73
Personnel at the end of period	78	79	81

29. Key figures per share 2012–2014

Group, IFRS	**2014**	2013	2012
Earnings per share, EUR	0.074	0.043	0.054
Equity per share, EUR	0.257	0.231	0.240
Dividend per share , EUR	0.050*	0.040	0.040
Dividend per profit, %	67.6	93.0	74.1
Effective dividend yield, %	4.95	4.30	4.21
Price/earnings ratio (P/E)	13.65	21.63	17.59
Development of share price			
Average price, EUR	0.97	0.94	0.95
Lowest closing price, EUR	0.89	0.90	0.80
Highest closing price, EUR	1.10	1.00	0.97
Closing price on Dec 31, EUR	1.01	0.93	0.95
Market capitalization on Dec 31, EUR 1,000	12,108	11,183	11,551
Development of trading volume			
Number of shares traded, 1,000 pcs	2,828	624	501
% of all shares	23.6	5.2	4.1
Number of shares on Dec 31, 1,000 pcs	12,445	12,445	12,445
Average number of shares outstanding	11,991	12,107	12,234

*Year 2014: The Board of Directors’ proposal to the Annual General Meeting to be held on March 12, 2015.

30. Capital management

Group (EUR 1,000), IFRS	**2014**	2013
Interest-bearing loans	-	113
Cash and cash equivalents	1,426	1,365
Net liabilities	-1,426	-1,252
Shareholders' equity	3,196	2,871
Gearing, %	-44.6	-43.6
Equity ratio, %	44.0	42.5
Total balance sheet	8,527	8,161

The development of Group's capital structure is monitored, in particular, through gearing and equity ratio.

Definition of Key Indicators

Return on equity (ROE), %:
Profit for the period x 100
Shareholders' equity (average)

Return on investment (ROI), %
(Profit before taxes + interest and other financial expenses) x 100
Balance sheet total - non-interest bearing liabilities (average)

Equity ratio, %:
Total equity x 100
Balance sheet total - advances received

Gearing, %:
(Interest-bearing liabilities - cash and cash equivalents) x 100
Total equity

Earnings per share, euro:
Profit for the period attributable to the shareholders of the parent company
Weighted average number of shares outstanding during the year

Equity per share, euro:
Equity attributable to shareholders of the parent company
Number of shares outstanding at the end of the year

Dividend per share, euro:
Total dividend paid
Number of shares outstanding at the end of the year

Dividend per profit, %:
Dividend per share x 100
Earnings per share

Effective dividend yield, %:
Dividend per share x 100
Share price at the end of the year

Price/earnings ratio (P/E):
Share price at the end of the year
Earnings per share

Market capitalization:
Total number of shares outstanding x share price at the end of the year

Turnover of shares, % of all shares:
Number of shares traded x 100
Average number of shares outstanding during the year

Signatures of Board of Directors’ Report and Financial Statements

Helsinki, Finland, February 5, 2015

QPR Software Plc
Board of Directors

Vesa-Pekka Leskinen
Chairman of the Board

Kirsi Eräkangas
Board member

Jyrki Kontio
Board member

Topi Piela
Board member

Jari Jaakkola
Chief Executive Officer

Auditor’s note

An auditor’s report concerning the performed audit has been given today.

Helsinki, Finland, 18 February, 2015

KPMG Oy Ab
Authorized Public Accountants

Kirsi Jantunen
Authorized Public Accountant

Auditor's Report

To the Annual General Meeting of QPR Software Plc

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of QPR Software Plc for the year ended December 31, 2014. The financial statements comprise the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinion on discharge from liability and distribution of profit

We support the adoption of the financial statements. The proposal by the Board of Directors regarding the treatment of distributable funds is in compliance with the Limited Liability Companies Act. We support that the Board of Directors of the parent company and the Managing Director be discharged from liability for the financial period audited by us.

Helsinki, 17 February, 2015

KPMG OY AB

KIRSI JANTUNEN
Authorized Public Accountant

Information for Shareholders

The share of QPR Software Plc

The share of QPR Software Plc is quoted on the main list of the NASDAQ OMX Helsinki Ltd, in the Information technology sector, Small Cap segment. The trading started on March 8, 2002.

- Trading code: QPR1V
- ISIN code: FI0009008668

Annual General Meeting

The Annual General Meeting will be held on Thursday 12 March, 2015 starting at 1:00 p.m. at the Company's headquarters Huopalahdentie 24, 00350 Helsinki, Finland.

A shareholder of the Company that has been entered into the Company's shareholders' register maintained by Euroclear Finland Ltd on 2 March, 2015 has the right to participate in the General Meeting.

The shareholder willing to participate in the Annual General Meeting shall inform the Company of the participation on 5 March, 2015, at 4.00 p.m. at the latest, in writing to the address QPR Software Plc, Huopalahdentie 24, 00350 Helsinki, by phone to the number +358 50 4361 658, or by email to the address ilmoittautumiset@qpr.com.

The letter or message of participation shall be at the destination prior to the expiry of the registration period. The possible proxies are asked to be delivered in connection with the registration to the address set forth above.

A holder of nominee registered shares has the right to participate in the Annual General Meeting by virtue of such shares, based on which he/she on the record date of the Annual General Meeting, i.e. on 2 March, 2015, and would be entitled to be registered in the shareholders' register of the Company held by Euroclear Finland Ltd. The right to participate in the Annual General Meeting requires, in addition, that the shareholder on the basis of such shares has been registered into the temporary shareholders' register held by Euroclear Finland Ltd at the latest by 9 March, 2015 by 10:00 a.m. (Finnish time). As regards nominee registered shares this constitutes due registration for the Annual General Meeting.

A holder of nominee registered shares is advised to request without delay all necessary instructions regarding the temporary registration in the shareholders' register of the Company, the issuing of proxy documents and registration for the Annual General Meeting from his/her custodian bank.

Dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.05 per share be paid to shareholders for financial year 2014. The Board of Directors proposes to the Annual General Meeting that dividend will be paid on 8 April, 2015.

Financial information in 2015

In 2015, QPR Software Plc will publish its financial information as follows:

- Interim Report 1 – 3/2015:
  Thursday, 23 April, 2015
- Interim Report 1 – 6/2015:
  Thursday, 30 July, 2015
- Interim Report 1 – 9/2015:
  Thursday, 22 October, 2015

The interim reports and all stock exchange bulletins of QPR Software Plc are available on the Investor pages of the Company's Internet pages, www.qpr.com.

Changes of addresses

If the address of a shareholder changes, we request to contact the custodian bank holding the shareholder's book-entry account.

Our customers and partners on QPR

Our customers and partners have given the following testimonials, among others, in 2014:

"With QPR ProcessAnalyzer, we gained vital access to facts telling the true performance of our processes and a tool that delivers everything in one package for process analysis. For us this means significant reduction in manual work with consistent and comparable analysis."

Francois Ackerman
Business Analyst
Bridge Loans, South Africa

"With the help of our QPR powered Strategy Management System, the entire Laguna Verde Plants staff is now focused on strategy and operational deployment of the strategic objectives. Already in the first year key performance indicator targets were reached. Our plant rose from Level 3 to Level 2 of excellence, as assessed by the World Association of Nuclear Operators."

Agustín Lozano Láez
Manager
Laguna Verde Nuclear Power Plants, Mexico

The Laguna Verde Strategy Management system was selected as one of the 2014 winners of the Palladium Balanced Scorecard Hall of Fame for Executing Strategy Award.

"In QPR we have finances, targets, measures and processes. A manager can easily access information and make an analys and give comments. After that it is possible to communicate the information further in the organization or to politicians. In this way everyone takes part of the same information which creates participation and minimizes misunderstandings."

Ellinore Johansson
Economist
Vårgårda Municipality, Sweden

"Thanks to QPR ProcessDesigner that we used in development of University of Latvia process management system and communication and information processing opportunities provided by QPR Portal, we have created increasing added value to many processes and discovered ways to achieve a more effective performance within the organization."

Inta Krastina
Head of Quality Management and Audit Department, University of Latvia, Latvia

Recognitions in industry analyst reports

QPR Software has been recognized or included in the following recent analyst reports or research reports:

2014

- *Gartner:* Magic Quadrant for Enterprise Architecture tools (October 2014).
- *Gartner:* Hype Cycle for Business Process Management (July 2014).
- *Nucleus Research:* CPM Technology Value Matrix 2014 (April 2014).
- *Gartner:* MarketScope for Enterprise Business Process Analysis (February 2014).

2013

- *Gartner:* MarketScope for Enterprise Business Process Analysis (November 2013).
- *Gartner:* Hype Cycle for Business Process Management, 2013 (July 2013).
- *Nucleus Research:* Corporate performance management value matrix (June 2013).
- *Gartner:* Identify ABPD's Business Benefits and Understand Vendor Strength (May 2013).
- *Gartner:* Business Intelligence, Analytics and Performance Management Market and Vendor Guide Cross-Reference Tool, 2012 (May 2013).

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QPR - Quality. Processes. Results.