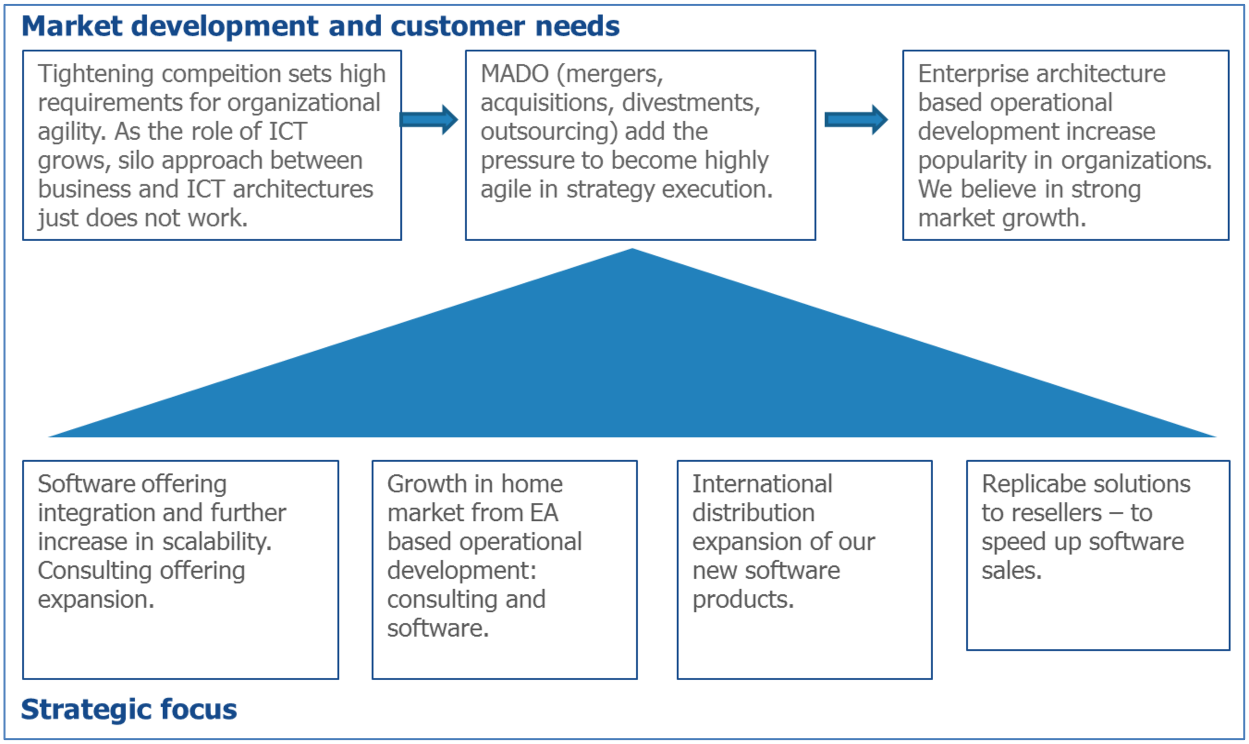
QPR Software Plc

Annual Report 2013

Index

New offering of an international software vendor 3
Review by the CEO 4
Board of Directors 5
Executive Management Team, as of 23 January, 2014 7
Report of the Board of Directors 2013 9
Financial Statements 17
Signatures of Board of Directors' Report and Financial Statements 47
Auditor's Report 48
Information to Shareholders 49
Our customers and partners on QPR 50
Recognitions and mentions in industry analyst reports 50
Contact information 51

New offering of an international software vendor



Our operational environment

We estimate that demand for enterprise architecture based business development services and software will increase in our home market Finland, as well as elsewhere in Europe. Development of operations in an enterprise architecture context, and not just in business process or in system development context, is a necessity in current competitive environment for more and more organizations.

Our value proposition

We provide to our customers, through our software and services, an insight and control to various dimensions of their organizations, such as business processes, information, applications and technology. With these means we help them to success in strategy implementation and business development.

Our software and services offer tools for managing and simplifying complex issues through modeling, measuring and analysis.

Our strategic focus 2014–2016

In our software offering, we will concentrate on the operational development needs of our customers. We will further integrate our software offering and increase its scalability. We will deepen and widen our service offering especially in enterprise architecture and process analysis consulting. We aim to differentiate ourselves from our competitors especially through our know-how in metrics, process analysis and SAP.

In Finland, we will continue to grow our enterprise architecture business, especially by focusing on consulting our customer organizations in their operational development. Our expanding customer base in consulting also creates a solid foundation for increasing the sales of our QPR EnterpriseArchitect software.

We will expand the international reseller channel for our new software products (QPR EnterpriseArchitect and QPR ProcessAnalyzer). The customer benefits from these software and related services correspond well to the essential needs of the European organizations, which is our main market. In the current tight economic situation, these needs include especially the capability to streamline business operations, the flexibility to change structures and to manage operations in accordance with developing strategies.

In the traditional performance management business, we will focus our efforts on developing replicable solutions based on the strengths of our software products. These solutions are offered to our reseller partners to boost the sales of our software.

Review by the CEO

After fast and profitable growth in 2012, the development of QPR Software's business operations has been twofold during 2013. Our new businesses, launched after 2010, have continued their fast growth – and grew organically over 20% in 2013. The new businesses are software and consulting businesses based on enterprise architecture, and the process analysis business. These businesses grew to represent approximately half of our net sales in 2013. This proves that our outlays to growth in recent years have been successful. As a result of the outlays, two new software businesses and related service businesses have been created.

The competitive environment tightened significantly in our traditional businesses, performance management and process modeling, as supply by the local and international software companies increased. In addition, the business was impacted by tight economic situation, which led customers in many markets to favor software rentals as an alternative to purchasing software licenses. Tight economic situation in Finland also had a negative impact on demand for technical SAP consulting and related net sales.

The twofold development led to a 6.8% decline in the Group's net sales. However, the transition from license net sales to software rentals resulted in strong rental net sales growth and led to an increase in our recurring revenue last year. Customer churn remained in a low level and, according to customer surveys, over 90% of our customers recommend QPR's products and services.

The outlook for current year is brighter than the last year's results. Based on the rapid growth of our new businesses, we estimate that net sales will return to a growth path already this year. At the same time, we estimate operating profit to improve from last year. We target profitable net sales growth also in the longer term. Our target is to reach a 15% annual organic and profitable growth in 2014 – 2016, on the average.

Our software and service offering development continued as planned in 2013. The development in 2013 led to new releases of all our software products in January 2014. In addition, we increased our investments significantly from previous years to operational development services based on enterprise architecture. The investments resulted already last year in strong net sales growth of these services.

In international business, our focus last year was in new sales channel development for enterprise architecture and process modeling software. This channel development and packaging of our offering according to channel business needs will continue this year.

Jari Jaakkola
CEO

Board of Directors

QPR Board of Directors had 13 meetings in 2013 (13). The average attendance percentage in meetings was 96 (92). 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 a board member in Vianaturale Oy. 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, 2013. Kauppamainos Oy, whose majority owner Mr. Leskinen is, held 475,170 shares of QPR Software Plc at December 31, 2013.

Kirsi Eräkangas

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

Kirsi Eräkangas is a member of Board of Directors of Biocomputing Platforms Ltd 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. The company, specialized in automating financial and procurement processes, is a one of the most successful Finnish software companies. 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 member of Board of Directors of Finpro ry (2007–2013), Biocomputing Platforms Ltd (2007–2010) and Softability Oy (2006–2008) as well as the 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.

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

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, 2013.

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. 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 degree in Technology.

Jyrki Kontio held no shares of QPR Software Plc at December 31, 2013.

Topi Piela

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

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

Earlier, Topi Piela served as the Managing Director of Amanda Capital Plc (2000–2004), after which he assumed a position in the Board of Directors of Amanda and worked also as a chairman (2004–2011). 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, 2013. Ulkomarkkinat Oy, whose Deputy to CEO Mr. Piela is, held 1,657,986 shares of QPR Software Plc at December 31, 2013.

Executive Management Team, as of 23 January, 2014

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. He also has extensive experience from positions in international advertising and PR agencies and the Finnish media. Mr. Jaakkola holds a B.A. degree in journalism from Tampere University and an MBA from Henley Management College.

Mr. Jaakkola held 236,000 shares of QPR Software Plc at December 31, 2013. His 100%-owned company Value FM Ltd held 10,550 shares of QPR Software Plc at December 31, 2013.

Maija Erkheikki

- b. 1978
- Vice President, Channel sales and Russian business since August 2011.
- Member of the Executive Management Team since January 2008.

Mrs. Maija Erkheikki is responsible for the sales and delivery of QPR's software and services outside of Finland. 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. As of January 2009 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 his husband 22,500 shares of QPR Software Plc at December 31, 2013.

Matti Erkheikki

- b. 1978
- Senior Vice President, Direct & OEM business since September 2012.
- Member of the Executive Management Team since July 2007.

Mr. Matti Erkheikki is responsible for business operations in Finland and the global OEM channel business. 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. As of July 2007 he has been responsible for QPR's business operations in Finland. Matti Erkheikki holds a Master's degree in Industrial Engineering and Management.

Matti Erkheikki held 22,500 shares and his wife 2,000 shares of QPR Software Plc at December 31, 2013.

Pauli Leppänen

- b. 1965
- Chief Financial Officer since January 2013.
- Member of the Executive Management Team since January 2013.

Mr. Pauli Leppänen is responsible for the Group's finance. Additionally he 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.

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 held 10,000 shares of QPR Software Plc at December 31, 2013.

Päivi Martti

- b. 1959
- Director, HR and administration since January 2014
- Member of the Executive Management since January 2014
- Employed by the Company since January 2014

Ms. Päivi Martti is responsible for the Group's human resources and administration.

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 held no shares of QPR Software Plc at December 31, 2013.

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, product development and internal ICT. 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 2008–2012. 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, 2013.

Report of the Board of Directors 2013

Highlights in 2013:

- Net sales EUR 8,688 thousand (2012: 9,321).
- Net sales decreased 7% mainly due to a decrease in software license net sales. Transition from software license sales to software rental sales continued.
- Recurring revenues (software rentals and maintenance services) increased 5% and were 54% of total net sales (48). Net sales from software rentals increased 36%. The growth in recurring revenues was slowed down by exchange rate changes in maintenance service revenues.
- Operating profit EUR 578 thousand (874).
- Cash flow from operating activities EUR 1,661 thousand (1,777).
- Profit before taxes EUR 554 thousand (833).
- Profit for the year EUR 521 thousand (662).
- Earnings per share EUR 0.043 (0.054).
- The Board of Directors proposes to the Annual General Meeting that the Company pay a dividend of EUR 0.04 per share for the financial year 2013 (2012: 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 2013 were EUR 8,688 thousand (9,321) and decreased 6.8% from the previous year. Net sales decreased mainly due to a decline in software license sales, which was not fully compensated by the continued strong growth in software rental net sales.

Net sales by product

EUR thousand	2013	*Share, %*	2012	*Share, %*	*Change, %*
Software licenses	1,034	*12*	1,797	*19*	*-42.5*
Software maintenance services	3,021	*35*	3,223	*35*	*-6.3*
Software rentals	1,656	*19*	1,221	*13*	*35.6*
Consulting	2,977	*34*	3,080	*33*	*-3.3*
Total	8,688	*100*	9,321	*100*	*-6.8*

In 2013, software license net sales decreased significantly when competition has increased and new product alternatives have entered the market. Competition increased especially in the market for performance management software. In the developed markets, more and more customers favor software rentals instead of purchasing software licenses. This had a negative impact on software license net sales and, on the other hand, a positive impact on software rental net sales.

Software maintenance services relate to contract based customer support and software updates for earlier sold software licenses. The majority of decline in the maintenance service net sales in 2013 was due to strengthening of the euro against main export currencies (U.S. dollar, South African rand, Russian ruble, and Japanese yen). In 2013, 65% of maintenance service net sales came from international customers and 35% from Finnish customers.

Rental net sales of QPR's software have grown strongly already for several years, and this development continued also in 2013. Of all new software sales, the share of rental sales is especially large in the Company's home market Finland. The vast majority of software rentals is based on continuing agreements signed with the customers. Strong growth in net sales from software rentals continued in 2013 (+36%).

Consulting net sales declined 3% in 2013, mainly due to a difficult market situation for technical consulting. The consulting for enterprise architecture based operational development, on the other hand, grew strongly in 2013.

Total recurring revenue (net sales from software maintenance services and software rentals) grew 5% in 2013. The growth in recurring revenues was slowed down by exchange rate changes in maintenance service revenues. The share of recurring revenue of total net sales was 54% (48) in 2013.

Net sales by segment

EUR thousand	2013	Share, %	2012	Share, %	Change, %
Direct and OEM business	5,574	*64*	5,491	*59*	*1.5*
Resellers	3,114	*36*	3,830	*41*	*-18.7*
Total	8,688	*100*	9,321	*100*	*-6.8*

In 2013, net sales in the Direct and OEM business grew 2%. The growth was especially strong in net sales from software and services for enterprise architecture based operational development. Net sales from software licenses and technical consulting decreased.

Net sales in the Resellers business decreased 19% in 2013, due to a decline in software license net sales, exchange rate changes in maintenance service revenues, and an exceptionally large technical consulting project in Russia in the previous year.

FINANCIAL PERFORMANCE

Operating profit

In 2013, the Group's operating profit was EUR 578 thousand (874), or 6.7% of net sales (9.4). Operating profit decreased from the previous year mainly due to lower net sales.

The Group's expenses in 2013 declined 5%, mainly due to lower credit losses of EUR 53 thousand (319) and due to lower expenses for external services. The Group's personnel expenses increased 4% from the previous year.

Operating profit by segment

EUR thousand	2013	2012	Change, %
Direct and OEM business	536	848	*-36.8*
Resellers	385	402	*-4.2*
Unallocated	-343	-376	*8.8*
Total	578	874	*-33.9*

Operating profit in the Direct and OEM business declined in 2013 from the previous year, due to increased outlays in the growth businesses.

Operating profit in the Resellers business declined in 2013 from the previous year, due to lower net sales. Operating profit for the Resellers business includes credit losses of EUR 53 thousand (319).

Other items in the comprehensive income statement

Net financial expenses in 2013 were EUR 25 thousand (41). Net financial expenses included foreign exchange losses of EUR 15 thousand (29).

Profit before taxes in 2013 was EUR 554 thousand (833).

Income taxes of EUR 33 thousand (171) were significantly lower than in the previous year, since the Company expects to be able to utilize an additional tax deduction on research and development activities, valid for years 2013 – 2014 in Finland.

Profit for the financial year was EUR 521 thousand (662). Earnings per share in 2013 were EUR 0.043 (0.054).

FINANCE AND INVESTMENTS

Cash flow from operating activities was EUR 1,661 thousand (1,777) in 2013 and EUR 410 thousand (-85) in the fourth quarter. Cash and cash equivalents at the end of the year were EUR 1,365 thousand (1,404).

Investments in 2013 totaled EUR 849 thousand (693). Slightly more than half of the investments were made in product development.

Interest-bearing liabilities decreased and were EUR 113 thousand (339) at the end of the year. The gearing ratio was -44% (-36). Current liabilities include deferred revenue in total of EUR 1,406 thousand (1,044). Return on investment was 18% (25).

At the end of the year, equity ratio was 42% (51) and the consolidated shareholders' equity was EUR 2,871 thousand (2,981). Return on equity was 18% (22).

The Annual General Meeting on March 14, 2013 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 550,000 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. On March 20, 2013, the Company issued a stock exchange release on a decision to start acquiring own shares through public trading in NASDAQ OMX Helsinki Ltd.

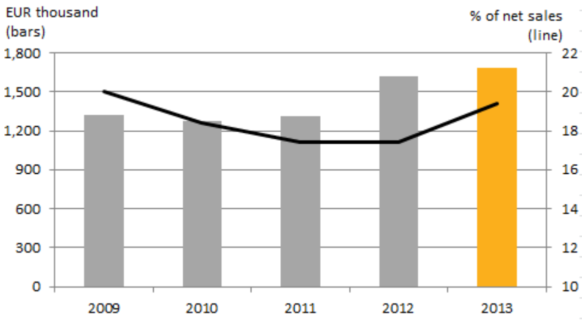
PRODUCT DEVELOPMENT

Product development expenses in 2013 were EUR 1,683 thousand (1,619), equal to 19% (17) of net sales. Product development expenses do not include amortization of capitalized product development expenses.

In 2013, product development expenses were capitalized for a total amount of EUR 464 thousand (380). The amortization period for capitalized product development expenses is four years. The amortization of capitalized product development expenses in 2013 was EUR 277 thousand (278).

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

Development expenditure



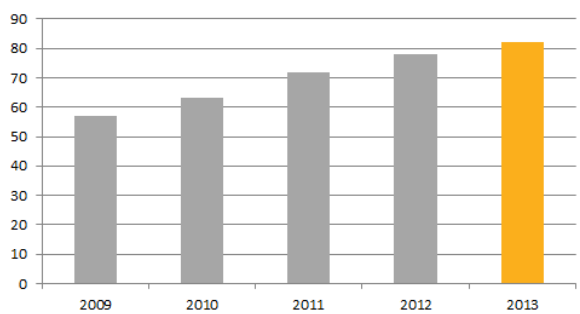
The Company develops the following software products: QPR EnterpriseArchitect, QPR Metrics, QPR ProcessDesigner, and QPR ProcessAnalyzer.

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 the year, the Group employed a total of 79 persons (81). Average number of personnel in 2013 was 82 (78) and personnel expenses totaled EUR 5,703 thousand (5,491).

Personnel average during the year



The average age of employees is 38.1 years (36.5). 18% (14) of the employees are women. Of the employees, 83% (72) percent have a Master's or Bachelor's degree.

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

In 2013, the maximum annual bonus of executive management team, including the CEO, was 40% of the annual base salary. No bonuses were paid to the executive management team, including the CEO, for the year 2013. In 2011 – 2013, long-term remuneration of the executive management team consisted of a share-based incentive plan, which did not result in any payments during the three years.

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 review period, the Company had a total of 627 shareholders (597). During the year, trading in the Company's shares amounted to EUR 587 thousand (438), i.e. an average of EUR 2,302 per trading day (1,718).

Trading in shares totaled 624,427 shares (501,186), giving an average of 2,449 shares per trading day (1,965). Turnover in shares corresponds to 5.2% of the total shares outstanding (4.1) and the average price was EUR 0.94 per share (0.87). The highest closing price during the year was EUR 1.00 (0.97) and the lowest EUR 0.90 (0.80).

At the end of the year, the total market value of the Company shares was EUR 11,183 thousand (11,551) at the closing price of EUR 0.93.

OWN SHARES

The number of repurchased own shares in the public trading of NASDAQ OMX Helsinki Ltd during the year was 133,722. At the end of the year, the Company held 419,609 of its own shares with a total nominal value of EUR 46,157 and a total purchase price of EUR 395,134. Own shares held by the Company (treasury shares) represent 3.4 % of the Company's share capital and votes.

The Board of Directors has been granted by the Annual General Meeting of March 14, 2013 a share repurchase authorization, valid until the next Annual General Meeting, to repurchase maximum 250,000 of the Company's shares. According to the authorization, the Company may use the repurchased shares to adjust the Company's capital structure, as payment in corporate acquisitions or assets related to its business, or as part of the Company's incentive programs in a manner and to the extent decided by the Board of Directors, or to be transferred for other purposes or to be cancelled.

At the end of the year, unused authorization was 129,194 shares.

Major shareholders, December 31, 2013

Registered shareholders	Number of shares	% of shares and votes
Ulkomarkkinat Oy	1,657,986	13.3
Pelkonen Jouko, total	1,418,000	11.4
Pohjolan Rahoitus Oy	*1,403,000*	*11.3*
Pelkonen Jouko antero	*15,000*	*0.1*
Leskinen Vesa-Pekka, total	1,326,570	10.7
Leskinen Vesa-Pekka	*851,400*	*6.8*
Kauppamainos Oy	*475,170*	*3.8*
Alesco S.A.	1,300,000	10.4
Oy Autocarrera Ab	1,245,817	10.0
Junkkonen Kari Juhani	512,016	4.1
QPR Software Plc	419,009	3.4
Piekkola Asko	316,438	2.5
Sr Eq Technology	307,667	2.5
Marttila Päivi, total	300,987	2.4
Marttila Päivi	*283,012*	*2.3*
Edina Oy	*17,975*	*0.1*
Fortel Invest Oy	284,399	2.3
Jaakkola Jari, total	246,550	2.0
Jaakkola Jari	*236,000*	*1.9*
Value FM Oy	*10,550*	*0.1*
Pääkkönen Esa	245,754	2.0
Leskinen Veli-Mikko	232,530	1.9
Kanninen Matti	195,826	1.6
Laakso Janne	173,453	1.4
Virtanen Tony	172,112	1.4
Mäki-Rahkola Mikko	156,103	1.3
Lehto Teemu	136,468	1.1
Sonkkila Investment Oy	133,910	1.1
20 largest, total	**10,781,595**	**86.6**
Other shareholders	1,663,268	13.4
Total	**12,444,863**	**100.0**

Distribution of shareholding by size, December 31, 2013

Number of shares	Number of shareholders	%	Shares and votes, total	%
1 - 500	301	48.0	54,166	0.4
501 - 1,000	119	19.0	101,255	0.8
1,001 - 5,000	127	20.3	319,800	2.6
5,001 - 10,000	23	3.7	175,219	1.4
10,001 - 50,000	31	4.9	677,611	5.4
50,001 - 100,000	4	0.6	248,742	2.0
100,001 - 1,700,000	22	3.5	10,868,070	87.3
Total	627	100.0	12,444,863	100.0

Distribution of shareholders by sector, December 31, 2013

	Number of shareholders	%	Shares and votes, total	%
Private companies	33	5.3	6,096,886	49.0
Financial and insurance institutions	3	0.5	7,003	0.1
Households	571	91.1	4,982,591	40.0
Non-profit organizations	1	0.2	1	0.0
Foreign	2	0.3	1,310,470	10.5
European Union	16	2.6	43,912	0.4
Other countries	1	0.2	4,000	0.0
Total,	627	100.0	12,444,863	100.0
of which nominee-registered	5		7,029	

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. Also, available in the investor section is 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, and the information published by the Company during the financial year.

DECISIONS MADE BY THE ANNUAL GENERAL MEETING

Following decisions were made by the Annual General Meeting (AGM) on March 14, 2013:

The AGM confirmed the Company's financial statements and the Group's financial statements for the financial year 2012, and discharged the Board of Directors and the Managing Director from liability.

The AGM approved the Board's proposals that a per-share dividend of EUR 0.04, a total of EUR 485,842, be distributed for financial year 2012. The payments were made to shareholders who were entered in the Company's shareholder register, maintained by Euroclear Finland Ltd, on the record date of March 19, 2013. The date of the payment was April 3, 2013.

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 14, 2013, which is available on the investors section of the Company's web site, www.qpr.com.

MANAGEMENT AND AUDITORS

Starting January 30, 2013, the Executive Management Team (EMT) of QPR Software Plc consisted of Chief Executive Officer Jari Jaakkola (chairman); Senior Vice President, Direct & OEM business Matti Erkheikki;

Vice President, Sales in Finland Eero Knuutila; Chief Financial Officer Pauli Leppänen; Vice President, Delivery in Finland Mikko Mäki-Rahkola; and Senior Vice President, Products and Technology Jaakko Riihinen.

In August 2013, Vice President Maija Erkheikki returned from her maternity leave and started as EMT member, responsible for the Resellers business.

Eero Knuutila left the Company in May 2013 and Mikko Mäki-Rahkola in November 2013.

At the beginning of 2014, Päivi Martti was appointed Director, HR and administration. She started as EMT member on January 23, 2014. She has earlier in 2009–2012 worked as the Company's Chief Financial Officer and EMT member.

Starting January 23, 2014, the Executive Management Team 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; Director, HR and administration Päivi Martti; 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, 2013, representing 12.7% of the total number of shares and votes (December 31, 2012: 12.7). The amounts include own holdings, and holdings of spouses, persons under guardianship, and controlled entities.

Shareholding by insiders, December 31, 2013

Name and position	Shares held by the insider	By controlled entities	By closely related persons *)	Stock options
Vesa-Pekka Leskinen, Chairman 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	236,000	10,550	0	0
Insiders by definition:				
Maija Erkheikki, VP, Executive Management Team	2,000	0	22,500	0
Matti Erkheikki, VP, Executive Management Team	22,500	0	2,000	0
Pauli Leppänen, VP, Executive Management Team	10,000	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 14, 2013 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 550,000 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 14, 2013, 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 four groups of risks related to its operations: risks related to business operations, risks related to information and products, risks related to financing, and risks related to new businesses.

Property, operational and liability risks are covered by insurance.

QPR Software Plc's Management System has received ISO9001:2008 quality certification covering the Company's all activities.

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 length 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 total combined financial value of all legal disputes on the Company in Euros. The risk is managed by in-depth knowhow on contractual jurisprudence and by performing both ethically and ac-cording 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 the 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 2013.

Risks related to business operations in Russia

QPR monitors the following risks in the Russian subsidiary OOO QPR Software:

Country risk. The metric used for measuring country risk is the potential loss of country-specific revenue. Risk is 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 is losing a customer. Risk is managed by good customer care and reseller support.

Personnel risk. The metric used for measuring personnel risk is adequacy of competencies needed for achieving strategic goals. Risk is 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 is forecasted operative cash flow. Risk is managed by following constantly the subsidiary's financial position (cash flow calculation and forecasts) and contracts.

No significant changes have taken place in risks related to Russian business operations in 2013.

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 2013.

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 2013, 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 2013 is described in more detail in Note 27.

No significant changes have taken place in QPR's financial risks in 2013.

Risks related to new businesses

QPR Software has identified the following two risks related to new businesses:

Growth of new business. The instrument used for measuring the risk is share of consolidated net sales. Risk is managed by the correct allocation of resources and investments.

Product development outlays to new business. The instrument used for measuring the risk is the amount of development outlays made to the new businesses in relation to the consolidated net sales.

LEGAL DISPUTES

During 2013 and 2012, QPR had no legal disputes.

SIGNIFICANT EVENTS DURING THE YEAR

In March, QPR Software and the German software company JobRouter AG announced a new process analysis service based on QPR ProcessAnalyzer software. The companies have agreed on cooperation, where JobRouter will use QPR ProcessAnalyzer software in fact-based visualizing and analysis of their customers' processes in the JobRouter workflow solution.

In April, QPR Software published an agreement with CGI, the leading IT and business process services company, for a new process analysis service based on QPR ProcessAnalyzer software product. With the service, CGI will be able to show their customers the real state of their processes and help support them in reaching operational efficiency. For QPR, the partnership gives the opportunity to bring QPR ProcessAnalyzer to a larger clientele.

In April, after a tender competition, Hansel Oy, the central procurement unit of the Finnish Government, elected QPR Software as one of the frame agreement providers of management consulting services for years 2013 – 2017. The frame agreement enables QPR to offer its professional services in simplified tender competitions by government entities in their operational development and enterprise architecture projects.

In October, QPR Software released version 4.5 of its QPR ProcessAnalyzer software. This version enables continuous process analytics by providing automated ETL (Extract, Transform, Load) functionalities. This supports the transition from one-off analyses to real-time monitoring of process performance that can be used, for example, to optimize order-to-delivery process. Through continuous automated process analysis, companies have good visibility over their process efficiency and operations.

In October, QPR Software signed with the Finnish Tax Administration a frame agreement on management consulting services until the end of 2017.

SUBSEQUENT EVENTS

On January 8, 2014, QPR Software released QPR Suite 2014, which includes the software tools for architecture based business development, as well as the related supporting methodology. QPR Suite 2014 is available in over 20 languages.

On January 23, 2014, QPR Software 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 email notifications and process flow animation raise the control and visualization of the process performance to a totally new level.

OUTLOOK

Operating environment and market outlook

The Company estimates that demand for enterprise architecture based business development services and software will increase in its home market Finland, as well as elsewhere in Europe. Development of operations in an enterprise architecture context, and not just in business process or in system development context, is a necessity in current competitive environment for more and more organizations. QPR provides its customers, through its software and services, an insight and control to various dimensions of their organizations, such as business processes, information, applications and technology.

QPR aims to grow in its home market Finland especially in the enterprise architecture based business development services and in the process analysis business. In the international markets, the Company's goal is to significantly increase the sales of its innovative software products. In the international markets, the Company operates mainly through its reseller partners and puts effort in recruiting new resellers.

The Company's target is to reach a 15% annual organic and profitable growth in 2014 – 2016, on the average.

Outlook for 2014

The Company estimates its net sales and operating profit in euros to increase in 2014, compared to 2013.

THE BOARD OF DIRECTORS' PROPOSAL ON DIVIDEND

The Board of Directors proposes to the Annual General Meeting on March 13, 2014 that a dividend of EUR 0.04 per share be paid to shareholders for the financial year 2013, totaling EUR 481 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 18, 2014. The Board of Directors proposes to the AGM that the dividend be paid on April 3, 2014.

The dividend proposed by the Board for the financial year 2013 represents 29% of the Group's cash flow from operations in 2013. 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 1,248 thousand on December 31, 2013. 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 7, 2014. 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	**2013**	2012
Net sales	3	8,688	9,321
Other operating income	4	32	158
Materials and services	6	292	402
Employee benefit expenses	7	5,703	5,491
Depreciation and amortization	8	707	681
Other operating expenses	9	1,439	2,031
Total expenses		8,141	8,605
Operating profit		**578**	**874**
Financial income	10	11	21
Financial expenses	10	-36	-62
Financial items, net		-25	-41
Profit before tax		**554**	**833**
Income taxes	12	-33	-171
Profit for the year		**521**	**662**
Other items in comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-12	-103
Income tax relating to components of other comprehensive income		-	-
Other items in comprehensive income, net of tax		**-12**	**-103**
Total comprehensive income		**509**	**559**
Earnings per share, EUR	13	0.043	0.054

Consolidated Balance Sheet, IFRS

(EUR 1,000)	Note	**2013**	2012
ASSETS			
Non-current assets			
Capitalized product development expenses	14	1,087	812
Other intangible assets	14	541	744
Goodwill	15	513	513
Tangible assets	16	207	140
Other investments		5	5
Long-term receivables	18	49	96
Deferred tax assets	19	29	19
Total non-current assets		2,431	2,329
Current assets			
Trade and other receivables	20	4,365	3,111
Cash and cash equivalents	21	1,365	1,404
Total current assets		5,730	4,515
Total assets		**8,161**	**6,845**
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1,359	1,359
Other funds		21	21
Treasury shares		-395	-261
Translation difference		-181	-169
Invested non-restricted equity fund		5	5
Retained earnings		2,061	2,026
Equity attributable to shareholders of the parent company		**2,871**	**2,981**
Non-current liabilities			
Deferred tax liabilities	19	42	71
Interest-bearing liabilities	23	-	113
Total non-current liabilities		**42**	**184**
Current liabilities			
Trade and other payables	24	5,136	3,453
Interest-bearing liabilities	23	113	226
Total current liabilities		**5,248**	**3,679**
Total liabilities		**5,290**	**3,863**
Total equity and liabilities		**8,161**	**6,845**

Consolidated Cash Flow Statement, IFRS

(EUR 1,000)	Note	**2013**	2012
Cash flow from operating activities			
Profit for the period		521	662
Adjustments for the profit			
Depreciation		707	681
Other adjustments	25	-7	-133
Changes in working capital:			
Increase (-)/decrease (+) in short-term non-interest bearing receivables		-1,113	1,276
Increase (+)/decrease (-) in short-term non-interest bearing liabilities		1,686	-532
Interest expense and other financial expenses paid		-30	-39
Interest income and other financial income received		8	21
Income taxes paid		-111	-159
Net cash from operating activities		**1,661**	**1,777**
Cash flows from investing activities			
Acquired subsidiaries, less acquired cash		-3	-81
Purchases of tangible assets		-159	-91
Capitalized development expenses		-507	-380
Other investments in intangible assets		-179	-141
Net cash used in investing activities		**-849**	**-693**
Cash flows from financial activities			
Repayments of long-term borrowings	25	-226	-226
Purchase of treasury shares	22	-134	-103
Dividends paid	22	-486	-367
Net cash used in financing activities		**-847**	**-696**
Net change in cash and cash equivalents		**-35**	**388**
Cash and cash equivalents at the beginning of year		**1,404**	**1,020**
Effect of exchange rate differences		**-4**	**-4**
Cash and cash equivalents at the end of year	21	**1,365**	**1,404**

Parent Company Income Statement, FAS

(EUR 1,000)	Note	**2013**	2012
Net sales	3	**7,599**	**7,714**
Other operating income	4	32	157
Material and services	6	248	271
Employee benefits expenses	7	5,007	4,523
Depreciation and amortization	8	623	594
Other operating expenses	9	1,332	1,669
Total expenses		7,210	7,057
Operating profit		**421**	**814**
Financial income and expense	10	4	-11
Profit before appropriations and taxes		425	803
Extraordinary items	11	69	-27
Profit before taxes		**494**	**776**
Income taxes	12	-35	-187
Profit for the period		**459**	**589**

Parent Company Balance Sheet, FAS

(EUR 1,000)	Note	**2013**	2012
ASSETS			
Non-current assets			
Intangible assets	14	1,421	1,266
Tangible assets	16	207	139
Investments in group companies	17	1,187	1,187
Other investments	17	5	5
		2,819	2,597
Current assets			
Long-term receivables	18	-	56
Short-term receivables	20	4,448	3,097
Cash and cash equivalents	21	1,331	1,320
		5,780	4,473
Total assets		**8,599**	**7,070**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	22	1,359	1,359
Invested non-restricted equity fund		5	5
Retained earnings		1,179	1,076
Treasury shares		-395	-261
Profit for the period		459	589
Total shareholders' equity		**2,607**	**2,769**
Liabilities			
Non-current liabilities	23	-	113
Current liabilities	24	5,992	4,188
Total liabilities		**5,992**	**4,301**
Total shareholders' equity and liabilities		**8,599**	**7,070**

Parent Company Cash Flow Statement, FAS

(EUR 1,000)	**2013**	2012
Cash flow from operating activities		
Operating profit	421	814
Adjustment for the period:		
Depreciation and amortization	623	594
Non-cash transactions	-7	-29
Financial items, net	-21	-18
Income taxes paid	-74	-157
Net cash before changes in working capital	942	1,203
Changes in working capital		
Change in short-term receivables, non-interest bearing	-1,491	1,308
Change in short-term liabilities, non-interest bearing	1,883	-769
Change in long-term receivables, non-interest bearing	56	-52
Change in working capital	448	488
Net cash from operating activities	**1,390**	**1,692**
Cash flows from investing activities		
Purchases of intangible assets	-655	-531
Purchases of tangible assets	-159	-117
Investments in subsidiary shares	-3	-82
Investments in subsidiary loans receivable, net	285	186
Net cash used in investing activities	**-532**	**-544**
Cash flows from financing activities		
Repayments of long term borrowings	-226	-226
Purchase of own shares	-134	-103
Dividends paid	-486	-367
Net cash used in financing activities	**-846**	**-696**
Net change in cash and cash equivalents	**12**	**451**
Cash and cash equivalents at the beginning of the year	**1,320**	**865**
Cash and cash equivalents received through merger	**-**	**4**
Cash and cash equivalents at the end of the year	**1,331**	**1,320**

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	Non-controlling interest	Total
Equity Jan 1, 2012	1,359	21	-66	-158	5	1,820	2,981	-8	2,973
Dividends paid						-367	-367		-367
Repurchase of shares				-103			-103		-103
Acquisition of the non-controlling interest in QPR CIS Oy						-89	-89	8	-81
Comprehensive income			-103			662	559	-	559
Equity Dec 31, 2012	1,359	21	-169	-261	5	2,026	2,981	-	2,981
Dividends paid						-486	-486		-486
Repurchase of shares				-134			-134		-134
Comprehensive income			-12			521	509	-	509
Equity Dec 31, 2013	1,359	21	-181	-395	5	2,061	2,871	-	2,871

Parent company statement of changes in shareholders' equity, FAS

	Restricted equity		Non-restricted equity				
(EUR 1,000)	Number of shares	Share capital	Treasury shares	Invested non-restr. equity fund	Retained earnings	Total	Share-holders' equity, total
Equity Jan 1, 2012	12,444,863	1,359	-158	5	1,443	1,290	2,649
Dividends paid					-367	-367	-367
Repurchase of shares			-103			-103	-103
Profit for the year					589	589	589
Equity Dec 31, 2012	12,444,863	1,359	-261	5	1,665	1,410	2,769
Dividends paid					-486	-486	-486
Repurchase of shares			-134			-134	-134
Profit for the year					459	459	459
Equity Dec 31, 2013	12,444,863	1,359	-395	5	1,638	1,248	2,607

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 Helsinki Stock Exchange 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 6, 2014 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 Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IRFS), taking into account IAAS and IFRS standards, as well as SIC and IFRIC interpretations, valid as of December 31, 2013. 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, 2013, the Group has applied the following new and revised standards and interpretations. These changes have not materially influenced the consolidated financial statements:

- **IFRS 13 "Fair Value Measurement"**. IFRS 13 combines a frame-work for measuring fair value together with the required disclosures about fair value measurement. The new standard also includes the definition of fair value. The use of fair value is not extended, but the standard provides guidance in determining fair value when the use is permitted or required by another standard. IFRS 13 has expanded the disclosures to be provided for non-financial assets measured at fair value.

- **Amendment IAS 1 "Presentation of Financial Statements"**. The main change is the requirement of grouping the comprehensive income items depending on whether they can subsequently be recycled to income subject to certain conditions. The amended standard has only impacted the presentation of other items in the consolidated comprehensive income.

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. 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

QPR's 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. Company does not own shares in joint ventures or associated companies.

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 of 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 to the shareholders of the parent company and non-controlling interests is presented separately in the income statement, and the share of the non-controlling interest in shareholders' equity is presented as its own component in the consolidated balance sheet.

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 transactions 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 transactions 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. The Group did not have such net investments at the end of 2013 and 2012.

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, it is 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, the financial gain will benefit the company with sufficient probability, and significant benefits and risks related to ownership or rights of the use of the product have been transferred to the buyer. Income from services is recognized when it is probable that economic benefit will arise to the Group and when the income and costs associated with the transactions can be reliably determined.

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 benefits and risks related to ownership or rights of the use of the product have been transferred to the buyer, and the seller has no de-facto control to the product anymore.

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 such fixed-term rental licenses, where the payment for the entire rental period is received in advance, are recognized partly in license net sales and partly in maintenance fees.

Net sales of consulting services are recognized when the delivery has been made.

Other operating income

Other operating income includes 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 in which the contribution is payable. 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

The Group has applied IFRS 2 "Share-based payments" for all such stock option plans for key personnel, where options have been granted after November 7, 2002 and cannot be vested until January 1, 2005.

In 2011 – 2013, the Group had a share-based incentive plan for management, whereby incentives are paid partly in the form of Company shares and partly in cash. The benefits granted in the plan are measured at fair value at the grant date and recognized as an expense evenly during the earnings period. The result impact of the plan is presented under employee benefit expenses. The incentive plan did not result in any payments for 2001 – 2013.

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,

employee benefits, other operating expenses, as well as depreciation, amortization and write-downs. 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

On each closing date, 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 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 arising from business combinations 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 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.

Intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired company. Goodwill is valued at the original acquisition cost less impairments.

Product development expenditures during the financial period are recognized as expenses, except for development expenditure leading to new products and significant revisions, which are capitalized and amortized during their useful life. Amortization starts when the product version has been released. Maintenance and minor revisions are directly recorded as expenses. Product development projects started before 2006 have not been capitalized. 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 period to complete are capitalized. Other borrowing costs are recognized as an expense for the period during which they arise.

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 liabilities. The Group did not have finance lease agreements during 2013 and 2012.

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

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 2013 and 2012, 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, or other financial liabilities (measured at amortized cost). Transactions costs directly related to acquisition of other financial liabilities (the Group's pension loans) are included in the original book value of the loan 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 are initially recognized at the value of the purchased or sold asset on the trade date.

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 the comprehensive income statement in financial income and expenses.

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

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.

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.)

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

- **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. The amended standard is to be applied retrospectively.

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** (effective for financial years beginning on or after January 1, 2014). An exception has been added to IAS 39, whereby hedge accounting need not be discontinued if a renewal to the counterparty to the hedging instrument happens as a consequence of laws or regulations.

- **IFRIC 21 "Levies"** (effective for financial years beginning on or after January 1, 2014). The interpretation clarifies the accounting treatment of public fees (levies). A liability for the public fee is recognized when the event that obligates the entity to pay the levy occurs as prescribed by law. The scope of IFRIC 21 excludes income taxes, fines and other payments that are included in the scope of other IFRS standards.

- **IFRS 12 "Disclosure of Interests in Other Entities"** and related amendments (in the EU effective from January 1, 2014 or in the financial year beginning thereafter). IFRS 12 collects in one place the disclosure requirements related to various interests in other entities, including subsidiaries, associated companies, joint arrangements, and unconsolidated structured entities. IFRS 12 will expand disclosure in the consolidated financial statements.

- **Annual Improvements to IFRSs**, publications 2011-2013* and 2010-2012*, December 2013 (effective for financial years beginning on or after July 1, 2014). Through the annual improvements process, minor and less urgent amendments are collected together and become effective once a year. Amendments included in the process relate to four (2011-2013) and seven (2010-2012) standards. Impacts from the amendments vary by standard.

- **IFRS 9 "Financial Instruments"*** and related amendments (effective date to be determined later). Since IFRS 9 is still under construction, the effects of the standard on the consolidated financial statements can not presently be estimated.

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). Names of the segments have been changed in 2013. Earlier, these segments were called Finland operations and International operations.

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)	**2013**	2012
Net sales		
Direct and OEM business	5,574	5,491
Resellers	3,114	3,830
Total net sales	**8,688**	**9,321**
Operating profit		
Direct and OEM business	536	848
Resellers	385	402
Unallocated	-343	-376
Total operating profit	**578**	**874**
Financial income and expenses	-25	-41
Income taxes	-33	-171
Profit for the period	**521**	**662**
Other information:		
Depreciation and amortization		
Direct and OEM business	384	403
Resellers	323	278
Total depreciation and amortization	**707**	**681**

3. Net sales

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

(EUR 1,000)	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Software licenses	1,034	1,797	915	1,566
Software maintenance services	3,021	3,223	2,813	3,086
Software rentals	1,656	1,221	1,615	1,219
Consulting services	2,977	3,080	2,255	1,843
Total net sales	8,688	9,321	7,599	7,714

The geographical breakdown of the net sales was as follows:

Domestic	5,574	5,491	4,852	4,492
International	3,114	3,830	2,707	3,024
Sales to Group companies			40	198
Total net sales	8,688	9,321	7,599	7,714

4. Other operating income

Adjustment to Nobultec Ltd purchase price	-	53	-	53
Governments grants	32	103	32	103
Other items	-	2	-	1
Total	32	158	32	157

5. Acquired business operations

No acquisitions were made in 2013 and 2012.

6. Materials and services

Materials and services	292	402	248	271

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

7. Employees and related parties

(EUR 1,000)	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Salaries	4,679	4,493	4,100	3,690
Pension expenses - defined contribution plans	840	803	735	663
Other personnel expenses	184	195	172	170
Total	5,703	5,491	5,007	4,523
Average number of personnel during the year	82	78	69	60

Related parties

The Group's related parties include members of the Board of Directors and the Executive Management Team, including the Chief Executive Officer.

List of Group companies is presented in Note 17. Shares in subsidiaries and other entities

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.

(EUR 1,000)	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Salaries and other short-term benefits:				
Members of the Board of Directors	76	76	76	76
Chief Executive Officer Jari Jaakkola	163	176	163	176
Executive Management Team	437	650	437	650
Total	675	902	675	902
External services*	14	28	14	28

*External services in 2012 consist of the fees paid to a consultant who worked as acting Vice President and member of the executive management team.

Board fees by member:	Parent Company 2013	Parent Company 2012
Leskinen Vesa-Pekka, Chairman of the Board	25	25
Eräkangas Kirsi	17	13
Kontio Jyrki	17	17
Piela Topi	17	13
Gerdt Aino-Maija, until March 21, 2012	-	4
Piekkola Asko, until March 21, 2012	-	4
Total	76	76

QPR Software Plc's Annual General meeting held on March 14, 2013 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 29 thousand in 2013 (2012: EUR 29 thousand).

The period of notice for the CEO is three (3) months. Compensation on termination is equivalent to six (6) month's salary. Other members of the Group's Executive Management Team do not enjoy special benefits related to termination of their contract.

In 2013, the Executive Management Team's bonuses were based on Group net sales and Group operating profit. In 2013, the maximum annual bonus of executive management team, including the CEO, was 40% of the annual base salary. No bonuses were paid to the executive management team, including the CEO, for the year 2013, since the targets were not reached.

The Group's Management Team 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.

The Group does not have any related party loans.

In 2013, the Company purchased certain intangible rights used in the Company's business operations from a member of the Group's 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.

8. Depreciation and amortization

	Group		**Parent company**	
(EUR 1,000)	**2013**	2012	**2013**	2012
Intangible assets	615	622	532	534
Tangible assets				
Machinery and equipment	92	59	91	59
Total	707	681	623	594

No write-downs of the assets have been made during 2012 and 2013.

9. Other operating expenses

Non-statutory indirect employee costs	296	212	266	180
Expenses of office premises	385	413	354	329
Travel expenses	250	276	236	242
Marketing and other sales promotion	167	165	156	150
Computers and software	166	193	154	172
External services	421	561	474	574
Doubtful receivables and bad debts	53	319	34	195
Capitalized product development expenses	-464	-380	-464	-380
Other expenses	166	272	121	208
Total	1,439	2,031	1,332	1,669

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

(EUR 1,000)	Group 2013	Group 2012	Parent Company 2013	Parent Company 2012
Auditing	46	51	43	45
Tax consulting	-	1	-	1
Other services	1	4	1	2
Total	47	56	44	48

Product development expenses incurred during the year

Expenses charged to income	1,219	1,239	1,220	1,239
Capitalized expenses	464	380	464	380
Total	1,683	1,619	1,683	1,619

10 . Financial income and expenses

Interest income from loans and other receivables	3	12	8	18
Interest expenses from loans	-9	-16	-12	-21
Other financial income and expenses	-5	-8	-5	-7
Exchange rate differences	-15	-29	13	0
Total	-25	-41	4	-11

Exchange rate differences in the income statement

Exchange rate differences included in net sales	-73	8	-67	-2
Exchange rate differences included in expenses	2	-13	2	-14
Exchange rate gains in financial income	8	9	22	12
Exchange rate losses in financial expenses	-23	-38	-9	-12
Total	-86	-34	-52	-16

11. Extraordinary income and expenses

Group contributions received				
Nobultec Ltd			129	-
Group contributions granted				
QPR Services Oy			-2	-23
QPR CIS Oy			-59	-
Loss from subsidiary merger			-	-5
Total			69	-27

12. Income tax expense

(EUR 1,000)	Group **2013**	Group 2012	Parent Company **2013**	Parent Company 2012
Taxes for the financial year	60	202	35	158
Taxes from previous years	2	-30	0	-
Deferred tax	-29	-1	-	29
Total	33	171	35	187

Reconciliation between the tax expense recorded in the comprehensive income statement and the tax expense calculated at the Finnish tax rate (24.5% in 2013 and 2012):

	2013	2012
Profit before tax	554	833
Tax expense calculated at the Finnish tax rate	136	204
Additional tax deduction on R&D activities	-84	-
Effect of different tax rates in foreign subsidiaries	0	-1
Other items	0	-19
Effect of change in Finnish tax rate	-9	-
New deferred tax benefit from earlier losses	-10	-14
Non-deductible expenses	0	1
Tax expense in the comprehensive income statement	33	171

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.

	2013	2012
Profit for the period attributable to shareholders of the parent company (EUR thousand)	521	662
Number of shares outstanding (1,000 pcs)	12,107	12,234
Earnings per share (EUR/share)	0.043	0.054

The Group did not have any dilutive instruments in 2013 and 2012.

14. Intangible assets

Group (EUR 1,000)	**Computer software**	**Other intangible assets**	**Capitalized product development**	**Total**
Book value Dec 31, 2011	**178**	**872**	**710**	**1,760**
Transfer from tangible assets, acquisition cost	-	16	-	16
Transfer from tangible assets, accumulated amortization	-	-6	-	-6
Increases	3	44	380	427
Decreases	-1	-18	0	-19
Amortization for the period	-69	-275	-278	-622
Acquisition cost Dec 31, 2012	757	2,361	1,797	4,915
Accum. amortization and write-downs Dec 31, 2012	-646	-1,728	-985	-3,359
Book value Dec 31, 2012	**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**

Parent company (EUR 1,000)				
Book value Dec 31, 2011	**168**	**489**	**710**	**1,368**
Increases	10	43	380	433
Amortization for the period	-68	-188	-278	-534
Acquisition cost Dec 31, 2012	732	981	1,798	3,511
Accum. amortization and write-downs Dec 31, 2012	-621	-638	-985	-2,244
Book value Dec 31, 2012	**110**	**343**	**812**	**1,266**
Increases	93	41	552	687
Amortization for the period	-64	-191	-277	-532
Acquisition cost Dec 31, 2013	825	1,023	2,349	4,197
Accum. amortization and write-downs Dec 31, 2013	-686	-829	-1,262	-2,777
Book value Dec 31, 2013	**139**	**194**	**1,087**	**1,421**

15. Goodwill

Group (EUR 1,000)	**2013**	2012
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 2013 and the discount rate used in impairment testing was 9.7% (9.5).

The recoverable amount evaluated in the impairment test is based on the 2014 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 designed 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 1,102 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 680 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 fair value of goodwill 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)	**Machinery and equipment**
Book value Dec 31, 2011	**118**
Transfer to intangible assets, acquisition cost	-16
Transfer to intangible assets, accumulated amortization	6
Increases	117
Decreases	-26
Depreciation for the period	-59
Acquisition cost Dec 31, 2012	1,231
Accum. depreciation and write-downs Dec 31, 2012	-1,091
Book value Dec 31, 2012	**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**

Parent company (EUR 1,000)	
Book value Dec 31, 2011	**81**
Increases	117
Depreciation for the period	-59
Acquisition cost Dec 31, 2012	1,192
Accum. depreciation and write-downs Dec 31, 2012	-1,053
Book value Dec 31, 2012	**139**
Increases	159
Depreciation for the period	-91
Acquisition cost Dec 31, 2013	1,351
Accum. depreciation and write-downs Dec 31, 2013	-1,144
Book value Dec 31, 2013	**207**

17. Shares in subsidiaries and other entities

The parent company of the Group is QPR Software Plc.

Subsidiaries	Domicile	Parent company 2013	2012
Owned directly by the parent company:			
QPR CIS Oy*	Helsinki, Finland	100%	100%
Nobultec Ltd	Helsinki, Finland	100%	100%
QPR Services Oy	Helsinki, Finland	100%	100%
QPR Software Inc.	San Jose, CA, USA	100%	100%
Owned indirectly by the parent company:			
QPR Software AB	Stockholm, Sweden	100%	100%
OOO QRP Software	Moscow, Russia	100%	100%

*The parent company acquired the remaining 20% in November 2012.

Shares in subsidiaries	Parent company (EUR 1,000) 2013	2012
Acquisition cost Jan 1	1,187	1,110
Increases	-	82
Decreases	-	-6
Acquisition cost Dec 31	1,187	1,187
Book value Dec 31	1,187	1,187
Other shares		
Acquisition cost Jan 1	5	5
Acquisition cost Dec 31	5	5
Book value Dec 31	5	5
Total book value of shares Dec 31	1,191	1,191

18. Long-term receivables

(EUR 1,000)	Group 2013	2012	Parent company 2013	2012
Withholding tax receivables	49	96	-	56

19. Deferred tax assets and liabilities

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

(EUR 1,000)	Group **2013**	Group 2012	Parent Company **2013**	Parent Company 2012
Jan 1	19	38	-	29
Recorded in comprehensive income	10	-19	-	-29
Dec 31	29	19	-	-

The subsidiary in the United States, QPR Software Inc., has tax loss carryforwards after the official tax filings 2012 totaling approximately USD 310 thousand, based on which EUR 29 thousand (19) 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:

Jan 1	71	90
Recorded in comprehensive income	-29	-19
Dec 31	42	71

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

Trade receivables	3,684	2,375	3,417	1,921
Accrued income and prepaid expenses	436	477	285	222
Income tax receivables	73	26	39	0
Other receivables	172	233	163	231
Receivables from Group companies			545	724
Total	4,365	3,111	4,448	3,097

Geographical breakdown of trade receiva-
bles:

Finland	2,344	1,012	2,232	874
Other European countries	636	538	636	537
Countries outside Europe	703	825	548	509
Total	3,684	2,375	3,417	1,921

Currency breakdown of trade receivables:

	Group			
(EUR 1,000)	**2013**	**%**	2012	%
EUR (Euro)	2,985	81.0	1,787	75.2
USD (U.S. Dollar)	391	10.6	344	14.5
ZAR (South African Rand)	142	3.9	138	5.8
SEK (Swedish Krona)	72	2.0	68	2.9
JPY (Japanese Yen)	49	1.3	26	1.1
GBP (Pund Sterling)	41	1.1	11	0.5
RUB (Russian Ruble)	5	0.1	1	0.0
Total	3,684	100.0	2,375	100.0

Age analysis of trade receivables:

Not due	2,840	77.1	1,997	84.1
0 – 90 days overdue	678	18.4	344	14.5
90 – 180 days overdue	96	2.6	25	1.1
More than 180 days overdue	70	1.9	9	0.4
Total	3,684	100.0	2,375	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 53 thousand (319) on trade receivables have been recorded in comprehensive income.

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

	Parent company	
(EUR 1,000)	**2013**	2012
Accrued income	143	63
Prepaid expenses	142	159
Total	285	222

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

QPR CIS Oy	291	467
QPR Services Oy	253	257
Total	545	724

21. Cash and cash equivalents

(EUR 1,000)	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Bank accounts	1,365	1,404	1,331	1,320
Total	1,365	1,404	1,331	1,320

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 2013 and 2012.

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

Retained earnings	1,179	1,076
Profit for the period	459	589
Treasury shares	-395	-261
Invested non-restricted equity fund	5	5
Distributable funds	1,248	1,410

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

Non-current

Deferred tax liabilities	42	71	-	-
Pension loans	-	113	-	113
Total	42	184	-	113
Amortization of interest-bearing loans:				
2013	-	226	-	226
2014	113	113	113	113
Total	113	339	113	340

Current

Pension loans, next year's amortization	113	226	113	226

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

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

24. Trade payables and other liabilities

(EUR 1,000)	Group **2013**	Group 2012	Parent Company 2013	Parent Company 2012
Trade payables	103	182	88	137
Accrued expenses and prepaid income	2,976	1,908	2,743	1,565
Advances received	1,406	1,044	1,385	1,009
Other liabilities	650	319	601	226
Liabilities to Group companies			1,061	1,024
Total	5,135	3,453	5,878	3,961

The amount of trade payables in foreign currency was low in 2013 and 2012.

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:

Holiday pay, including social costs	588	541
Bonuses, including social costs	52	234
Prepaid income	2,004	701
Accrued interest expenses	1	2
Other accrued expenses	98	88
Total	2,743	1,565

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

QPR Software Inc.	469	428
OOO QPR Software	-	45
Nobultec Ltd	183	215
QPR Software AB	410	337
Total	1,061	1,024

25. Adjustments to the cash flow from operating activities

Deferred taxes	-29	-1
Adjustment to Nobultec Ltd purchase price	-	-53
Other items	22	-79
Total	-7	-133

26. Commitments and contingent liabilities

(EUR 1,000)	Group 2013	Group 2012	Parent company 2013	Parent company 2012
Business mortgage*	1,337	1,337	1,337	1,337
Lease liabilities and rent commitments				
Maturing in less than one year	163	397	163	397
Maturing during 1-5 years	38	91	38	91
Total	1,538	1,826	1,538	1,826

*Business mortgages EUR 1,337 thousand are in Nordea as a counter security for a guarantee on the pension loan from Ilmarinen.

Rental commitments include office rental agreements:

- Rental agreement (October 25, 2011), valid for the time being. The notice period is 6 months.
- Rental agreement (November 21, 2012), valid for the time being. The notice period is 3 months.

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 2013 and 2012.

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 was to remain in the same level, the value of trade receivables would decrease by EUR 53 thousand, equaling 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 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 Company's foreign exchange risks, taking into account the hedging costs.

At the end of 2013 and 2012, the Company did not have any hedging instruments.

Interest rate risk

At the end of 2013, the Company had interest-bearing liabilities totaling EUR 113 thousand. These liabilities bear a fixed interest rate. The effect of interest rate changes on the Group result is insignificant and the Group did not take any hedging measures during the financial year.

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.

QPR maintains sufficient liquidity through efficient cash management and deposits.

The Group's interest-bearing loans do not include any covenants.

Maturity schedule of liabilities (amounts are undiscounted):

Group (EUR 1,000)	Book value	0–6 months
Pension loans	113	113
Trade and other payables	753	753
Total	866	866

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 2011 – 2013

Group (EUR 1,000)	**2013**	2012	2011
Net sales	8,688	9,321	7,539
Growth of net sales, %	-6.8	23.6	8.7
Operating profit	578	874	755
% of net sales	6.7	9.4	10.0
Profit or loss before tax	554	833	705
% of net sales	6.4	8.9	9.4
Profit for the period	521	662	521
% of net sales	6.0	7.1	6.9
Return on equity, %	17.8	22.2	18.4
Return of investments, %	18.3	25.5	21.5
Interest-bearing liabilities	113	339	566
Cash and cash equivalents	1,365	1,404	1,020
Net liabilities	-1,252	-1,065	-454
Equity	2,871	2,981	2,973
Gearing, %	-43.6	-35.7	-15.3
Equity ratio, %	42.5	51.3	44.2
Total balance sheet	8,161	6,845	7,761
Investment in intangible and tangible assets	846	518	1,478
% of net sales	9.7	5.6	19.6
Research and development expenses	1,683	1,619	1,313
% of net sales	19.4	17.4	17.4
Personnel average for period	82	78	72
Personnel at the beginning of period	81	73	65
Personnel at the end of period	79	81	73

29. Key figures per share 2011 – 2013

Group	**2013**	2012	2011
Earnings per share, EUR	0.043	0.054	0.043
Equity per share, EUR	0.231	0.240	0.239
Dividend per share *, EUR	0.040	0.040	0.030
Dividend per profit, %	93.0	74.1	69.8
Effective dividend yield, %	4.30	4.21	3.41
Price/earnings ratio (P/E)	21.63	17.59	20.47
Development of share price			
Average price, EUR	0.94	0.95	0.87
Lowest closing price, EUR	0.90	0.80	0.74
Highest closing price, EUR	1.00	0.97	0.94
Closing price on Dec 31, EUR	0.93	0.95	0.88
Market capitalization on Dec 31, EUR 1,000	11,183	11,551	10,794
Development of trading volume			
Number of shares traded, 1,000 pcs	624	501	1,123
% of all shares	5.2	4.1	9.2
Number of shares on Dec 31, 1,000 pcs	12,445	12,445	12,445
Average number of shares outstanding	12,107	12,234	12,143

*Year 2013: The Board of Director's proposal to the Annual General Meeting to be held on March 13, 2014.

30. Capital management

Group (EUR 1,000)	**2013**	2012
Interest-bearing loans	113	339
Cash and cash equivalents	1,365	1,404
Net liabilities	-1,252	-1,065
Shareholders' equity	2,871	2,981
Gearing, %	-43.6	-35.7
Equity ratio, %	42.5	51.3
Total balance sheet	8,161	6,845

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 period
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 6, 2014

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, 19 February, 2014

KPMG Oy Ab
Authorized Public Accountants

Kirsi Jantunen
Authorized Public Accountant

Auditor's Report

To the Annual General Meeting of QPR Software Plc

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, 2013. 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, 19 February, 2014

KPMG OY AB
Kirsi Jantunen
Authorized Public Accountant

Information to 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 13 March, 2014 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 3 March, 2014 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, 2014, 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 44 786 8868, 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 3 March, 2014, 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 10 March, 2014 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 0.04 per share be paid to shareholders for financial year 2013. The Board of Directors proposes to the Annual General Meeting that dividend be paid on 3 April, 2014.

Financial information in 2014

In 2014, QPR Software Plc will publish its financial information as follows:

- Interim Report 1–3/2014:
  Tuesday, 29 April, 2014
- Interim Report 4–6/2014:
  Thursday, 31 July, 2014
- Interim Report 7–9/2014:
  Wednesday, 29 October, 2014

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 our various media in 2013:

”QPR EnterpriseArchitect allows us to model not just how things are, but also what has been envisioned, where we are going and where we want to go. This way we can determine how changing one system affects other systems.”

Patrik Maltusch
Head of IT Architecture,
Aalto University, Finland

“We are always looking for ways to develop our offering to provide best possible solutions for our customers. QPR ProcessAnalyzer was a perfect fit as we saw the value of discovering and analyzing inefficiencies and unwanted process variations directly from JobRouter data.”

Fritz-Jochen Weber
CEO
JobRouter AG, Germany

”With the process facts in front of you, there is no denying where you need to put your focus and efforts when developing a process. This is exactly what QPR ProcessAnalyzer delivered.”

Kristian Witting
Director, IT and Business process developmen
Ruukki Construction, Finland

”Thanks to QPR ProcessDesigner 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

Recognitions and mentions in industry analyst reports

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

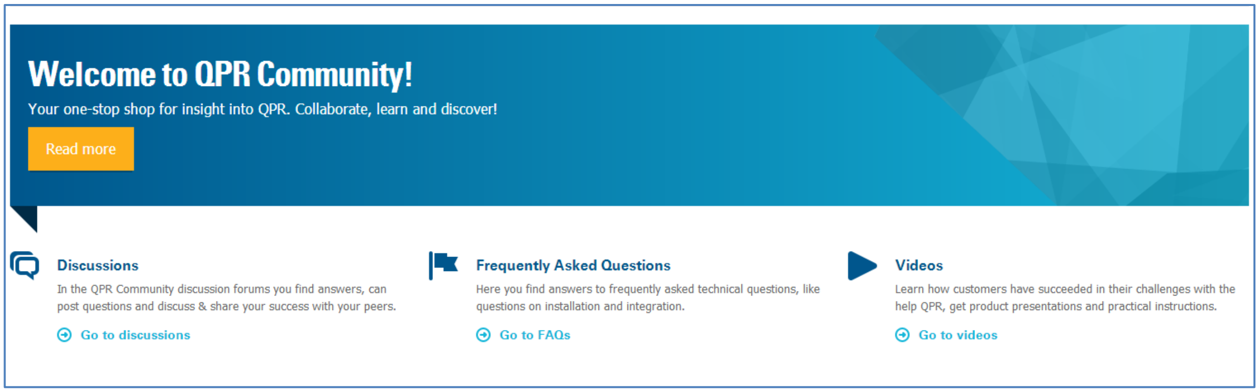
2013

- Gartner: MarketScope for Enterprise Business Process Analysis (November 2013)
- Bloor Research: QPR Software announce new release of QPR suite (a blog-post, 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)
- Bloor Research: Business Process Management radar (May 2013)
- Gartner: Business Intelligence, Analytics and Performance Management Market and Vendor Guide Cross-Reference Tool, 2012 (May 2013)

2012

- Gartner: Hype Cycle for Performance Management, 2012 (August 2012)
- Gartner: Hype Cycle for Analytic Applications, 2012 (August 2012)
- Gartner: Hype Cycle for Business Process Management, 2012 (July 2012)
- Gartner: Market Trends: Analytics, Business Intelligence and Performance Management to Be All-Pervasive by 2020 (June 2012)
- Gartner: Magic Quadrant for Corporate Performance Management Suites (March 2012)
- Gartner: Research note: Understand How Automated Business Process Discovery (ABPD) Can Help Improve Business Processes (March 2012)

Contact information



A joint collaboration platform for QPR Software customers, value-added-resellers, staff and all interested in the company was opened in February 2014 at community.qpr.com.

QPR Software Plc

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Business ID: 0832693-7

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QPR-online community:
community.qpr.com

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