

Unit 4 Agresso achieves strong growth in profits in the first half of 2006 and raises targets for the whole year

Turnover increases by 16% to € 187.6 million. Earnings per share¹⁾ increases by 38% to € 0.44.

Slidrecht, the Netherlands, 17 August 2006

H1 2006 compared to reported H1 2005

- Revenues increases by 14% to € 187.6 million
- EBITDA increases by 37% to € 21.1 million
- Net result increases by 30% to € 9.4 million
- EPS increases by 38% to € 0.44

H1 2006 compared to IFRS H1 2005 (restated)

- Revenues increases by 16% to € 187.6 million
- EBITDA increases by 29% to € 21.1 million
- Net result increases by 30% to € 9.4 million
- EPS increases by 38% to € 0.44

In 2005 the company NOXS Germany GmbH was liquidated. Under IFRS, in accordance with the directives (IFRS 5), the results of this liquidated company are shown under 'discontinued operations'. The comparative figures have been adjusted accordingly. In the explanation below, all comparative figures for the first half of 2005 have been recalculated in compliance with IFRS, unless stated otherwise.

¹⁾ Excluding impairment and depreciation of acquired intangible assets (previously amortisation of goodwill)

General

With the completion of Agresso Business World 5.5 in 2005, the objectives for 2006 are primarily aimed at further internationalisation and the strengthening of the relatively weak country organisations. France and Germany in particular have known a loss-making situation in the past years, due to lack of scale and weak positions in the public sector market. For both countries the situation has been improved (for further information see 'Business Software'). Further internationalisation and verticalisation are on the one hand aimed at optimising the fixed R&D costs (portfolio management, synergy and efficiency) and on the other hand at guaranteeing the continuity of substantial growth. In countries where we have built up a leading position in the market, the growth will eventually become more or less consolidated, and the focus will primarily be on recurring revenues. New countries and markets will have more growth potential for new licence sales. This tendency can be seen in the first half of 2006, where especially our offices in countries such as France, North-America and the United Kingdom showed significant growth.

Over the first half of 2006, turnover increased by 16% to € 187.6 million. The EBITDA reached a level of € 21.1 million. Compared to

the restated figures of the first half of 2005, this means an increase of 29%. Compared to the reported figures for the same period, the EBITDA rose by 37%. For the first half of 2005, an EBITDA of € 15.4 million was reported.

The net earnings per share also increased further. The earnings per share before impairment of acquired intangible assets rose by 38% to € 0.44. The net result (incl. discontinued operations) rose from € 7.2 million in H1 2005 to € 9.4 million in H1 2006.

Business Software

Geographical growth, verticalisation, and the strengthening of the weak country organisations are the key objectives for 2006. A number of important steps were taken for these purposes. In the beginning of the year, a strategic alliance was concluded in **America** with Hansen Information Technology. This cooperation is important in order to achieve growth in the public sector in America.

In **France** a major reorganisation took place in 2005, that included the replacement of the top management. In the first half of 2006, the results of this are already clearly visible. Not only has the cost level been reduced, we have also seen a clear increase in new clients in important core markets. In the first half of 2006, the licence turnover more than doubled.

Germany has been a weak market for many years, particularly due to the lack of an established client base (references) and specific product functionality in the public sector (local government). In all other countries we have a strong position in this important market. Early 2006 it was announced that growth through acquisition in this market had been given a high priority. A very important strategic step was taken with the acquisition of **DOGRO** and **KIRP** in July 2006. Both organisations have a considerable client base in the public sector in Germany. In the future there will be intensive cooperation in order to further optimise the product portfolio.

In **the Netherlands**, a step was taken towards a new vertical (niche) market with the acquisition of a 50% interest in Amedia. Amedia has specific products for insurance agents.

All acquisitions are expected to make an immediate and positive contribution to the profit of Unit 4 Agresso as a whole.

In the first half of 2006, turnover increased by 14% to a level of € 97.9 million.

The impact of the companies taken over was limited. In October 2005, Unit 4 Agresso took over the company MCA in the United Kingdom, which supplies software to universities and secondary education.

In the first half of 2006 a strong growth in the number of Agresso Business World orders was realized. Compared to the first half of 2005, 25% more deals were concluded in the first half of 2006. The average order value of these deals also increased.

Ultimately, the licence turnover rose by 10% to € 22.0 million. Relatively strong growth took place in the public sector, the wholesale and logistics market, and in the sale of products to internationally operating companies.

Both existing and new customers form a growing and solid base for our turnover from maintenance contracts. The turnover from maintenance contracts rose by 21% to € 40.1 million (H1 2005: € 33.1 million). As a percentage of total turnover, the turnover from maintenance contracts grew to a level of 41%. This category is of great importance due to the recurring character of the revenues. Besides that, the growth factor is directly linked to the licence turnover and the satisfaction of existing clients. The trend in the increase of the turnover share from maintenance contracts and services means an improvement of the risk profile because the dependency on the

willingness to invest at any point in time is reduced.

The turnover from services rose by 8%. This service consists for the most part of the implementation of software at our clients. The development in turnover of these services is closely linked to the development of the licence turnover and the availability of consultants. An increase in the number of consultants is expected in most countries in order to meet the capacity demand for current and future projects.

The biggest increases in turnover were realised in the UK (+52%), North America (+44%), France (+21%) and Norway (+19%).

In the first half of 2006, the EBITDA of the Business Software division rose by 37% to € 17.6 million. This is equivalent to a margin of 18.0% (H1 2005: 14.9%).

The average number of employees in the Business Software division rose by 12% to 1,666 (H1 2005: 1,493).

In the first half of 2006, expenditure on R&D amounted to € 11.8 million (H1 2005: € 11.8 million).

Internet & Security

The turnover increased in H1 to € 89.6 million (+ 19%). As mentioned earlier, the number of offices in Germany was cut back in 2005. This included the liquidation of the company NOXS Germany (previously ICON). The new IFRS reporting rules require the results of these discontinued activities to be recognised separately under 'discontinued operations'. The comparative figures have been adjusted accordingly.

The turnover from products rose by 18% to € 77.1 million. The strongest growth was realised in the area of content security through the strongly increased sales of Unified Threat Management solutions. Firewall & Appliances, Administration Authorization Authentication, and E-business also showed important growth. In France, Belgium, and the Netherlands, with a stronger focus on services, growth is continuing and the value added distributor has maintained its leading market position. In new countries, such as Italy and the UK, turnover rose by 147% and 124% respectively. This proves that our leading European position in IT-Security distribution enables us to grow exponentially in geographically new markets as well.

The turnover from services rose by 27% to € 12.6 million, despite the increasing number of job openings. For these vacancies external capacity has been hired for the time being. The services and other component now comprises 14% of the total turnover of this division (H1 2005: 13%). The strongest growth within services took place in the field of support and professional services. The number of clients opting for online security administration has been growing steadily. For small and medium-sized enterprises this service is a good alternative for the purchase of licences.

The gross margin in the first half of 2006 was 23.5% which means a stabilisation compared to the second half of last year (23.0% for H2). At the end of 2005 the margin was still 24.7%. This drop in the gross margin is primarily a result of the bigger deals with lower margins and highly competitive markets.

Outlook

After the completion of Agresso Business Word 5.5 in July last year, large orders, including the biggest order ever from UK Department for International Development, made for a strong second half of 2005. We have seen a significant increase in the number of orders in the first half of 2006 as well, particularly in countries where we previously had a weaker position. In addition, profitable acquisitions have taken place. Taking these factors into consideration, we expect an organic growth in turnover of 7-10% for the whole of 2006, with a total operational growth in profit (EBITDA) ranging between 15-20% (was at least 10%). This growth in profit is compared to the reported figures for 2005 and excluding exceptional expenditure or divestments.

This document contains certain expectations for the future concerning the financial position and results of Unit 4 Agresso's activities and certain plans and objectives related to this. It is in the nature of such expectations that they entail certain risks and uncertainties, since they relate to future events and are thus dependent on whether certain conditions actually will occur in the future. Several factors can cause the actual results and developments to differ considerably from statements made about the future explicitly or implicitly. Examples of such factors are a change in spending of companies operating in important economies, changes in legislation, in financial markets, pension costs, salaries of employees, future exchange rates and interest, future takeovers or divestments and the speed of technological developments. Therefore, Unit 4 Agresso cannot guarantee that expectations will come true. Furthermore, Unit 4 Agresso dismisses every obligation to actualise statements made in this document.

For more information please contact:

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Unit 4 Agresso is a leading international producer of business software for service sector companies and organisations, and a supplier of security software. With branches in 12 European countries, the United States, and Canada, and sales activities in various other countries, a turnover of € 353 million was realised in 2005. The head office is in Slidrecht, the Netherlands. As per 30 June 2006, Unit 4 Agresso had 2,183 employees worldwide.

Compared with the IFRS (restated) figures for the first half of 2005, the EBITDA stabilised at € 3.5 million. Compared with the reported figures for 2005, the EBITDA rose by 36%.

Balance sheet

The group equity (including third party interests) rose by € 13.9 million in H1 2006 to an amount of € 122.8 million, 13% more than the € 108.9 million at the end of 2005.

Compared to the end of 2005, the operating capital (excluding cash) fell by € 13.7 million to a level of € 8.8 million. This is directly related to the increase in cash and cash equivalents. The net cash position increased from the end of December 2005 with € 26.0 million (H1 2005: € 3.0).

UNIT 4 AGRASSO N.V.

HALF-YEARLY FIGURES AS PER 30 JUNE 2006
(Figures in EUR 1,000)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

*The figures below
have not been audited*

	1 Jan. 2006 - 30 June 2006		1 Jan. 2005 - 30 June 2005	
	EUR	As a % of Revenue	EUR	As a % of Revenue
<u>Continuing operations</u>				
Products	99,128	52.8%	85,519	52.9%
Contracts and subscriptions	40,122	21.4%	33,143	20.5%
Services & other	48,327	25.8%	42,953	26.6%
Revenue	187,577	100.0%	161,615	100.0%
Cost of sales	77,519	41.3%	64,266	39.8%
Gross profit	110,058	58.7%	97,349	60.2%
Employee costs	75,326	40.1%	67,508	41.8%
Other operating expenses	13,664	7.3%	13,492	8.3%
Operating costs (excluding depreciation and impairment)	88,990	47.4%	81,000	50.1%
Operating result before depreciation and impairment (EBITDA)	21,068	11.2%	16,349	10.1%
Depreciation and impairment	6,783	3.6%	4,327	2.7%
Operating result (EBIT)	14,285	7.6%	12,022	7.4%
Finance costs and revenues	143-	-0.1%	59-	0.0%
Profit before tax	14,142	7.5%	11,963	7.4%
Income tax expense	4,756	2.5%	3,593	2.2%
Profit after tax from continuing operations	9,386	5.0%	8,370	5.2%
<u>Discontinued operations</u>				
Result for the year from discontinued operations	-	0.0%	1,174-	-0.7%
Net result	9,386	5.0%	7,196	4.5%
Net result				
Net result attributable to minority interests	-	0.0%	-	0.0%
Net result attributable to shareholders	9,386	5.0%	7,196	4.5%
Net result before impairment and depreciation on acquired intangible assets	11,407	6.1%	8,317	5.1%

Earnings per share before impairment

Basic	0.44	0.32
Diluted	0.44	0.32

UNIT 4 AGRASSO N.V.

HALF-YEARLY FIGURES AS PER 30 JUNE 2006
(Figures in EUR 1,000)

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

*The figures below
have not been audited*

	1 Jan. 2006 - 30 June 2006		1 Jan. 2005 - 30 June 2005	
	EUR	As a % of Revenue	EUR	As a % of Revenue
<u>Continuing operations</u>				
Internet & Security				
Products	77,083	86.0%	65,498	86.9%
Services & other	12,550	14.0%	9,876	13.1%
Revenue	89,633	100.0%	75,374	100.0%
Cost of sales	68,570	76.5%	55,119	73.1%
Gross profit	21,063	23.5%	20,255	26.9%
Employee costs	14,663	16.3%	13,733	18.3%
Other operating expenses	2,919	3.3%	3,044	4.0%
Operating costs (excluding depreciation and impairment)	17,582	19.6%	16,777	22.3%
Operating result before depreciation and impairment (EBITDA)	3,481	3.9%	3,478	4.6%
Business Software				
Products	22,045	22.5%	20,021	23.2%
Contracts and subscriptions	40,122	41.0%	33,143	38.4%
Services & other	35,777	36.5%	33,077	38.4%
Revenue	97,944	100.0%	86,241	100.0%
Cost of sales	8,949	9.1%	9,147	10.6%
Gross profit	88,995	90.9%	77,094	89.4%
Employee costs	60,663	61.9%	53,775	62.4%
Other operating expenses	10,745	11.0%	10,448	12.1%
Operating costs (excluding depreciation and impairment)	71,408	72.9%	64,223	74.5%
Operating result before depreciation and impairment (EBITDA)	17,587	18.0%	12,871	14.9%

UNIT 4 AGRASSO N.V.

HALF-YEARLY FIGURES AS PER 30 JUNE 2006
(Figures in EUR 1,000)

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CONSOLIDATED BALANCE SHEET

	30 June 2006		31 December 2005	
	EUR	As a % of balance sheet total	EUR	As a % of balance sheet total
ASSETS				
Non-current assets				
Intangible fixed assets	88,401	30.8%	85,892	34.3%
Tangible fixed assets	9,232	3.2%	9,222	3.7%
Investments in associates and other financial assets	2,052	0.7%	2,278	0.9%
Deferred tax asset	2,931	1.0%	4,765	1.9%
Current assets				
Inventories	9,844	3.4%	8,848	3.5%
Trade and other receivables	102,006	35.7%	116,804	46.6%
Income tax asset and other taxes	6,134	2.1%	6,218	2.5%
Cash and cash equivalents	66,262	23.1%	16,463	6.6%
Total assets	286,862	100.0%	250,490	100.0%
EQUITY AND LIABILITIES				
Equity				
Equity attributable to shareholders of Unit 4 Agresso N.V.	120,788	42.1%	108,925	43.5%
Minority interests	2,000	0.7%	-	0.0%
Total equity	122,788	42.8%	108,925	43.5%
Non-current liabilities				
Interest-bearing loans and borrowings	837	0.3%	831	0.3%
Pension obligations	532	0.2%	517	0.2%
Deferred tax liability	8,685	3.0%	8,676	3.5%
Provisions	3,019	1.1%	5,447	2.2%
Current liabilities				
Provisions	7,258	2.5%	9,959	4.0%
Trade and other payables	31,097	10.8%	36,005	14.4%
Interest-bearing loans and borrowings	40,422	14.1%	16,617	6.6%
Income tax payable and other taxes	22,306	7.8%	21,441	8.6%
Other liabilities, accruals and deferred income	49,918	17.4%	42,072	16.7%
Total equity and liabilities	286,862	100.0%	250,490	100.0%

UNIT 4 AGRASSO N.V.

HALF-YEARLY FIGURES AS PER 30 JUNE 2006
(Figures in EUR 1,000)

*The figures below
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CONSOLIDATED CASH FLOW STATEMENT

	1 Jan. 2006 - 30 June 2006	1 Jan. 2005 - 30 June 2005
	EUR	EUR
Operating result (before impairment of goodwill and depreciation)	21,068	15,428
Changes in working capital and provisions	11,058	452-
Interest paid and received	566	235-
Income tax paid	1,067	3,593-
Cash flows from operating activities	33,759	11,148
Cash flows from investing activities	6,302-	5,561-
Cash flows from financing activities	1,398-	2,615-
Net increase in cash and cash equivalents	26,059	2,972
Cash and cash equivalents (net cash) as at 1 January	154-	15,173
Currency translation differences	65-	1,164
Cash and cash equivalents (net cash) as at 30 June	25,840	19,309