ORDINA ANNUAL REPORT 2014

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*Chapters marked with * are part of the annual report in accordance with article 2:391 BW.

** Chapters marked with ** are part of the additional information in accordance with article 2:392 BW.

ABOUT ORDINA

MESSAGE FROM THE CEO

Last year was a special year for Ordina, but it also was a year with two distinct sides.

We are extremely pleased that Ordina is fast becoming a company that makes IT work for people. We have worked with our clients to make our mission ‘Partnerships for sustainable innovation’ a reality. Organisations are often aware that new technological developments and innovations have an enormous impact on their business operations, but they do not always know exactly how to deal with these new developments. We make innovations relevant and applicable in the context of our clients’ business.

Over the past year, we have helped numerous clients to come to grips with developments such as Google Glass, virtual reality, 3D-printing and drones. We help our clients to make the potential of these developments relevant and applicable in the context of their own business. This gives our clients a competitive edge. And our clients appreciate the fact that as a local player we are ‘nearby’ and know the market, the regulations and our client’s specific situation. Our strategy is gaining more and more recognition and the Ordina Open Innovation Days, which were attended by hundreds of clients, were a great success.

The success of Ordina’s approach is demonstrated by the fact that the company won the Computable Award for best IT services provider for the year 2014. Ordina was nominated because the new communal alarm centre for police, fire brigade and ambulance service in the Haaglanden was taken into use in The Hague. Clockwork also won the Dutch Interactive award and Ordina gained one of the highest scores in the annual Giarte survey of customer satisfaction in IT outsourcing services (Sourcing and Application Management).

Ordina is in a much stronger financial position now. Thanks to the consistent execution of our management agenda, we have once again increased our REBITDA and we closed the year in the black. We have managed to successfully transform our net debt position into a net cash position, making the company much more financially robust for the future. However, revenues fell again in 2014, despite the fact that growth has our full attention. Although Ordina operates in a cyclical and shrinking market, our ambition is to put Ordina on the path to growth in the medium term through innovation.

Sadly, in 2014 we were also unpleasantly surprised by potential irregularities from the past and the associated publicity. We took these matters very seriously. In this context, we commissioned Dutch law firm De Brauw Blackstone Westbroek to carry out a full-scale investigation. Clients need to be able to count on our integrity and trust that we do everything in our power to guarantee that they can. And we took concrete steps to that end by intensifying our integrity programme and devoting attention to the personal interpretation of what we consider appropriate and inappropriate conduct. This is not just about rules and regulations; it is especially about dialogue and the creation of an open culture so that we can discuss dilemmas with each other. We want Ordina to be a company known for its integrity and condemn any form of inappropriate behaviour.

We realise that regaining the trust in our company will require a great deal of attention in the period ahead. However, it is important that we maintain our focus on the work we do for our clients. Which is why we will continue with our mission: “Partnerships in sustainable innovation”. We want Ordina to make a real difference with innovative solutions that make people’s lives better and happier. And this year we will continue to invest in the development of employees and the recruitment of new professionals and talents in the market. Because we can only continue to make a difference for our clients together with our employees.

WHAT DO WE DO?

Ordina is the largest independent IT services provider in the Benelux region, with more than 2,900 employees. We devise, build and manage IT applications for the public sector, financial services, industry and healthcare. Our goal is to create IT solutions that really do help people move forward, IT solutions that are created without wasting scarce resources. We do this by working with our clients in partnerships for sustainable innovation.

As the designers, builders and managers of a better digital world, Ordina has the expertise to improve corporate processes and IT in a sustainable fashion. Our strength lies in our ability to translate strategy and policy into our clients' operating processes, thanks to our knowledge of their organisations, their markets and local rules and regulations. We want to realise sustainable innovation in partnership with our clients.

Technology is a major driver of change in our lives. Innovations follow innovations in rapid succession and have a significant impact on our work and our living environment. This is why Ordina constantly monitors the latest technological developments. We then make these developments relevant in the context of our clients' business by creating innovative business and IT applications that add value and generate visible results.

Ordina's head office is located in Nieuwegein and we have various regional offices across the Benelux region. The company was founded in 1973. Ordina has been listed on the NYSE Euronext Amsterdam since 1987 and are part of the Small Cap Index (AScX). In 2014, Ordina recorded revenues of EUR 367 million.

ORGANISATIONAL STRUCTURE

MANAGEMENT BOARD

Stépan Breedveld (CEO) and Jolanda Poots-Bijl (CFO) together form the Management Board and Statutory Board of Directors of Ordina N.V.

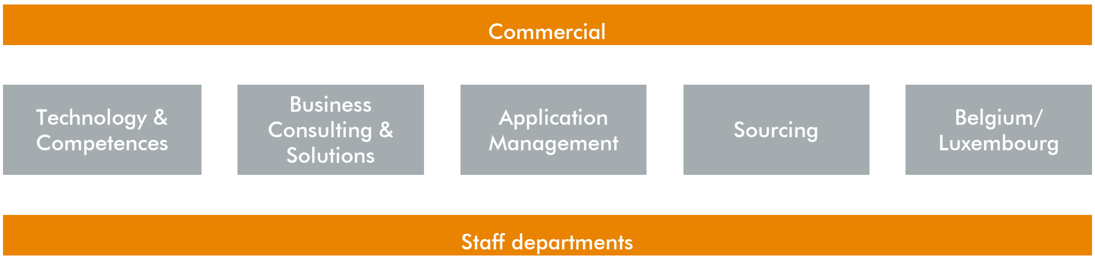
Stépan Breedveld (1967) joined Ordina in 2010. He was appointed as chairman of Ordina N.V.'s Management Board on 1 September 2011. Before joining Ordina, Stépan spent 17 years with The Boston Consulting Group (BCG). He is responsible for the divisions Business Consulting & Solutions, Sourcing and Belgium/Luxembourg, legal and commercial matters, portfolio management and Human Resources Management (HRM). Stépan is currently deputy chairman of Nederland ICT, the umbrella organisation for IT companies in the Netherlands. He is also a member of the Supervisory Board of the Netherlands Dance Theatre.

Jolanda Poots-Bijl (1969) joined Ordina in 2013, when she was appointed as a member of the Management Board. Before joining Ordina, Jolanda was CFO at Royal VolkerWessels, Connexxion and ProRail. Jolanda is responsible for the divisions Application Management and Technology & Competences, plus finance & control, facility management and IT policy, tax and stock exchange matters and sustainability. She is currently a member of the Supervisory Boards of Gasunie, Blokker and a director at the Stichting ING Aandelen (ING share foundation).

ORGANISATIONAL STRUCTURE

Since 1 January 2014, Ordina has operated with an organisational structure consisting of five divisions: Technology & Competences, Business Consulting & Solutions, Application Management, Sourcing, and Belgium/Luxembourg. Each division is managed by a director. These divisions give Ordina an even more clearly defined profile for its clients and enable us to manage the various business models even more effectively. In addition to its divisions, the organisation includes a Commercial department and staff departments that support the divisions.

Organisational structure



We work for clients in the public sector, financial services, industry and healthcare. Within the divisions, we have bundled our know-how and expertise in specialist teams to enable us to operate effectively and offer our clients the highest possible levels of service. As a Benelux company, we are close to our clients. And thanks to our specific expertise and know-how of local rules and regulations, we make innovations in IT relevant and applicable in the context of our clients' business .

EXECUTIVE COMMITTEE

The Executive Committee (ExCo) is responsible for the operational management of Ordina. The ExCo comprises the Management Board, the Dutch divisional directors, two directors from Belgium/Luxembourg and the directors of Finance, HR and Commerce.

TECHNOLOGY & COMPETENCES

In the past, IT activities were largely about process support, but given new technological developments, IT now has a direct impact on primary corporate processes and thus touches the very heart of an organisation. So, business issues increasingly have IT-related implications. And because IT projects are more and more frequently taking the form of change processes, solutions to IT issues require know-how of the business, of technology and of people.

The Technology & Competences (T&C) division has the know-how, systems and the people to take on and solve these IT issues. The division has all the required competences for the entire process available in-house, from the initial request through to implementation. We can provide our clients with support in the field of requirements, architecture, project management, PMO, testing, integration, deployment and implementation. We provide the client with strategic, tactical and operational support, with the emphasis on co-creation and know-how transfer. Project managers and architects provide complementary skills and know-how in successful projects and we provide both competences in the services to our clients. More than this: we look at the entire spectrum, from effectiveness and coherence of IT to planning and the risk management of projects.

PROVEN TECHNOLOGIES

We offer a broad range of services, encompassing the design and construction of applications and IT environments for our clients, and we have a wide range of technologies available to help us achieve this. We are seeing a clear trend in which clients opt for standard ERP and other software packages whenever this is possible. In addition to SAP and Oracle, we also have extensive know-how of Microsoft, Azure, NET, EBS, Java, Cobol, Siebel and JD Edwards. And we offer services in the field of application integration, making the connections between people, processes and technical design. We use proven technologies, such as Service Oriented Architecture and Salesforce solutions, varying from a sales/marketing cloud to mobile business solutions. For example our 'CRM on demand' package offers customer relations management as a fully outsourced service.

TAILOR-MADE

If standard packages are simply not enough to create a solution for specific IT issues, we offer tailor-made solutions via specific software development. T&C develops business-critical applications using Java, Microsoft, open source and Proven Technologies (Cobol). Our Java Technologies unit is the expertise centre par excellence for Java, expertise we also share in our Java Roadshow. We are a partner in the Microsoft Partner Network, qualified for Application Development, Application Life Cycle Management and Application Integration. We specialise in integrating, connecting and opening up old and new information systems. Our professionals have extensive know-how of Sharepoint, WebSphere, Fusion, MW, BizTalk, line-based business systems, GEO-ICT and TIBCO.

SMART TECHNOLOGIES

You need a sharp eye for new technological developments to provide real added value in the context of your client's business. Ordina expects to see a major shift towards the user in IT. Equipment, applications and apps are becoming smarter, smaller, more personalised, more intuitive and more anticipatory and they are becoming an integral part of our daily lives. This may be in terms of detection, analysis, interaction or decision-making. The innovations that are emerging from this trend change our clients' business. Our SMART Technologies unit helps our clients to create smart ways to apply innovations. Examples of this include sensoring, wearables, robotica, augmented and virtual reality (Google Glass, Oculus Rift) and the internet of things.

COMMITMENT

Our services revolve around know-how, expertise and professionalism. But a good result also requires commitment and enthusiasm. We stimulate this through continuous education and training courses for our employees. We also work to engage top talents via our Top Talent and Young Professionals programmes. The successful completion of a contract depends not only on the quality of the employees, but also on the leadership and the management of the project.

BUSINESS CONSULTING & SOLUTIONS

The growing digitisation of services has drastically changed the relationship between organisations and their clients. The client is most definitely in charge and simply changes provider or moves to a competitor with the click of a button. Companies are struggling with this change and are looking for solutions to respond to these new developments and become a fully-fledged player in the digital world.

The Business Consulting & Solutions division combines business expertise, creation and technology to help our clients adapt their own client services, business processes and IT. Security also plays a significant role, because safe and trusted services (security) are essential in the digital world. We provide our services in the public sector, financial services, industry and healthcare market segments.

RESPONDING TO TECHNOLOGY

In-depth knowledge of our clients' specific business, as well as their business models and processes is crucial to nay effective response to technological developments. We conduct in-depth studies of our clients' products, processes, organisation and business culture, because these factors are crucial to the success of IT projects. The greater the know-how and expertise, the better we can help our clients to take advantage of new technological opportunities.

Business know-how is also essential when we are helping companies that are looking to change their business models and processes. With our VisionWorks label, we help organisations to optimise and operate their internal and external chains effectively, with the aid of technology. We provide in-depth knowledge and experience in the field of business architecture, big data, management information, chain digitisation, change expertise, training solutions and implementation methods.

AXYLIFE

AxyLife is a perfect example of how technological expertise and business know-how can complement and reinforce each other. Financial institutions have to respond increasingly rapid to technological changes and new regulations and legislation. AxyLife provides assistance for pension funds and insurers faced with the typical problems related to legacy systems. It is increasingly difficult to adapt those existing systems to new client demands and changing regulatory and legislative environments, such as raises in retirement age, which also affects pension premiums, which in turn increases execution costs. Ordina and AxyLife can solve these problems quickly and effectively.

DISCOVERING OPPORTUNITIES

To retain their existing clients, organisations need to constantly explore new opportunities. In this search, it is vital to venture off familiar paths together with their clients and look at issues from a different and deeper perspective. Clockwork, Ordina's digital engagement agency, takes a fresh approach to existing problems to arrive at new perspectives and solutions. Clockwork works in areas such as social business, mobile engagement, customer experience, content marketing and e-commerce and conversion.

ONLINE STRATEGY PORT OF ROTTERDAM

The Port of Rotterdam Port (Havenbedrijf Rotterdam) is studying new ways to keep in touch with its target audiences. The arrival of social media, forums, chats and apps has changed traditional communications. The port authority's ambition is to be the best port of its kind and it wants to boost its online presence by serving its target audiences through a single portal. Clockwork is helping the port authority to define and realise this online strategy.

MORE CONTROL

Growing digitisation is changing markets and giving consumers ever greater control over their own decisions. This is leading to shifts in existing, familiar markets, plus opportunities for companies that can respond to these changes using new business models and technologies, such as cloud and mobile apps.

Quli and Werkversterkers are two examples of a shift in the market that is seeing citizens gain greater control over their future.

QULI

The digital healthcare platform Quality of Life (Quli) shows how the combination of technology and creation can help individuals to take control of their health and healthcare. Participation and self-reliance are becoming ever more important in the healthcare sector. Healthcare institutions and patient advocacy groups are looking for solutions to this new need. IT can offer solutions, but only if the healthcare sector thinks from a consumer's perspective. Ordina uses Quli to help healthcare institutions to meet these changing needs. Using the social network in Quli, healthcare consumers can share their experience with family members, friends, fellow patients and healthcare professionals. This enables them to live independently for longer, while carers, family and relatives can monitor the situation.

WERKVERSTERKERS.NL

UWV – the executive body for employee-related insurances - wanted to develop an online community platform to be used for and by jobseekers. Ordina helped the UWV set up a new platform, Werkversterkers.nl. This platform enables jobseekers to take control of their future by entering into a dialogue and asking for help in their search for suitable employment. They can also share their stories, experiences and tips with other jobseekers, to help each other.

SECURITY

Technological capabilities and growing quantities of data are putting ever greater demands on data security and privacy protection. Organisations need a secure approach to respond to threats such as hacking and identity fraud. Ordina's solutions safeguard the security and privacy of organisations, which in turn safeguards the continuity of the organisation's operations.

APPLICATION MANAGEMENT

In a 24/7 world of incredibly rapid technological change and globalisation, the field of outsourcing and the management of application landscapes is also continuously professionalising at a similarly rapid tempo. This is accompanied by a constant need to improve, to optimise and to innovate. Ordina ensures the smooth and seamless operation of applications for over 150 organisations in various sectors. Safeguarding continuity is a crucial part of this service, while constant renewal and innovation are essential.

Cost savings are now a prerequisite. If a supplier cannot come up with cost savings, they may as well not bid for a contract. But the real issue in more and more cases is an ability to generate real business value for your clients. This makes Ordina a part of its clients' complete value chains. And this requires reciprocal trust and transparency, which in turn results in stable services, cost savings, innovation and improved effectiveness and results for our clients' businesses.

Ordina's Application Management division is specialised in the management, maintenance and constant renewal of application landscapes on the basis of long-term contracts. The division's portfolio includes ERP packages (SAP, Oracle EBS, JD Edwards, Siebel), custom-made applications in Java, Microsoft technology, Oracle and open source, business processes and management and development of websites, mobile apps and intranets. We have our own application management centres at several locations and we help numerous clients to discover, navigate and use the world of the cloud.

DEDICATED TEAMS

Knowing our clients' organisation so well means we can respond very quickly to developments that affect those clients. We organise the executive work in a multi-disciplinary client team. Of course, each member of that team has in-depth technological expertise, but they also know the client's organisations, business processes and application portfolio.

As a company active in the Benelux region, we know the sectors, we are aware of the rules and regulations and we are able to respond to new developments on a client by client basis. And thanks to short lines of communication, we can act decisively and effectively.

CONTINUITY ESSENTIAL

To provide our services quickly and effectively, an agile and DevOps way of working is essential; this is how teams deliver multi-disciplinary results in short iterations. The advantages of this approach are that it greatly reduces risks, increases the flexibility for the business and guarantees that new functionalities are delivered on time and that they meet required quality standards. At set times, the most up-to-date realised and tested version of the application at that point goes live. This allows users to benefit from the latest functionalities as quickly as possible. And of course, our agile management approach makes Ordina a trendsetter on this front. We use state-of-the-art technology: from self-service portals via continuous delivery to Google Glass and smart watches, to make application management constantly better, more efficient and more effective for our clients.

INNOVATION

Innovation is no longer a nice-to-have; together with guaranteed continuity, it is now a must-have in outsourcing partnerships. Of course, the level of innovation ambition depends on the maturity of the demand and supply organisation. This is why we apply a growth path that safeguards continuous innovation and improvement of the outsourcing partnership. We use an innovation framework for the implementation of this innovation. This helps our clients to continually outperform the market and to be competitive in terms of both cost levels and response times. And our clients are guaranteed an application environment that is up-to-date. Because we commit to Key Performance Indicators (KPIs) that include these innovation results.

CERTIFICATION

Certification is becoming ever more important to be able to meet the constantly higher demands for professionalism. Ordina was one of the first IT companies in the Netherlands to achieve the revised ISO/IEC 27001:2013 certification. This certification applies to information security management systems for the services provided by the Application Management division. At the same time, Ordina was granted NEN 7510 certification, a data security certificate for the healthcare sector. The revised ISO 27001:2013 certificate shows that we have mapped the risks on the information security front and can provide our clients with tailor-made advice on how to take data security to an even higher level.

OUTSOURCING PERFORMANCE MONITOR 2015

The Outsourcing Performance Monitor 2015, the annual benchmark study conducted by Giarte, revealed that Ordina had risen by no less than 10 points in the field of application management compared with the previous study, when Ordina emerged with a score of 74%. In the latest study, we emerged with a positive recommendation score of 84%, on Giarte's scale of 1-100. What this means in practical terms is that 84% of our clients gave a positive recommendation. This is a high score and we are very proud of that. Not only do we have more satisfied clients compared with the previous year's result, Ordina also came in overall second in the peer group of major application management providers. Another excellent result, and we have no intention of stopping there.

SOURCING

The Sourcing division acts as a strategic partner for our clients, a partner that focuses on together increasing the added value of hired in IT staff. To achieve this, Sourcing develops client-specific improvement programmes in the fields of productivity improvement, talent development, knowledge sharing and innovation.

ACHIEVING RESULTS THE PRIORITY

The long-term partnerships we forge with our clients are aimed first and foremost at achieving results. The continuous development of our services, trust and a good relationship are the keys to success. We make sure the right expertise is available, know-how is actively shared and embedded and professionals are kept up-to-date on the latest developments.

Each and every client has a fixed contact point at Ordina, so we can respond quickly to new issues. We do not work on the basis of the 'one size fits all' model, but choose to be extremely flexible in terms of delivery and contract models. Customised services which are appropriate for the client and for their goals, with Ordina acting as a strategic partner with knowledge of the organisation and the environment in which it operates.

SOURCING ACADEMY

The ongoing adoption of an agile and DevOps working method at our clients – enabling teams to deliver multi-disciplinary results in short iterations – has created a greater need to exchange experiences and adopt best practices, and for more team-based learning. For instance, we have set up a separate academy at a major Dutch bank to create an effective platform to develop and share relevant expertise via know-how sessions, team training courses and individual training courses.

INNOVATION COLLEGE

Ordina has joined forces with a number of colleges and universities to set up the Innovation College . The College is an innovation accelerator that gives students the opportunity to work on current client issues. The students take part in workshops in the fields of trendwatching, which gives them the tools to think outside the box to address current issues. The students then translate this into innovative concepts for the future. This gives clients all kinds of fresh and innovative ideas for their own target group.

YOUNG PROFESSIONALS PROGRAMME

Ordina's Young Professionals programme makes an effective contribution to the rejuvenation of the IT population. Not only does the programme stimulate scarce IT expertise, it also 'refreshes' the organisation. Ordina takes care of the recruitment, selection, development and coaching of young professionals in close cooperation with its clients.

CLIENT SATISFACTION

Our services are successful, as the client satisfaction among our sourcing clients rose again last year. This is apparent from our Service Excellence Programme, which we use to measure changes in client satisfaction and identify where we can improve our services.

BELGIUM/LUXEMBOURG

Ordina provides clients in Belgium and Luxembourg with concrete and efficient IT solutions. We are the active, strategic IT partner for large and medium-sized businesses and organisations. On the basis of our technological expertise, combined with our thorough business and process know-how, we devise innovative solutions for our clients, solutions that create room for growth and renewal. We do this with a flexible organisation, which enables us to respond quickly to the wishes and needs of our clients. We firmly believe that an open client-supplier relationship is the basis for every successfully completed project. We have offices in Mechelen and Hasselt (Belgium) and Windhof (Luxembourg).

END-TO-END-SOLUTIONS

We offer our clients end-to-end-solutions in consultancy, IT and outsourcing. Clients can come to us for an extensive package of specialised services. In addition to consultancy, tactical solutions and operational support, we deliver leading package solutions and customised solutions based on future-proof architecture and tools.

BUSINESS PARTNERS

We have deliberately chosen partnerships with leading technology suppliers, such as Quintiq, IBM, Microsoft, SAP, Dell and MongoDB, all of whom create advanced and stable solutions. After all, they offer the highest levels of certainty in terms of product development, time-to-market, stability and long-term market support.

TECHNOLOGY SPECIALISTS

Technology is of course subordinate to business needs, but it is essential for the smooth operation of solutions at our clients. This is why Ordina invests in technological leadership. Business units and competence centres play an important role in this. We devote attention to subjects such as trendspotting, research, development, knowledge exchange, training and networking.

SOLUTIONS

We continuously study, test and implement new solutions and products. This allows us to advise our clients on the applicability, the price-quality ratio and the use of such solutions and products. We address the wishes and needs of our clients on the basis of our in-depth sector know-how, which in turn enables us to use sector-specific solutions.

Below you will find a number of examples of our services in which the Belgium/Luxembourg division uses its portfolio to add value for our clients.

IMESURE

iMESure is an innovative platform for manufacturing execution & intelligence which can be deployed across a broad target group of production companies. It is a solution that steers and monitors production and optimises the information flows between business systems and the work floor. iMESure is a modular system and has a strong focus on best practices and support of policy decisions.

ADVANCED PLANNING & SCHEDULING

The most efficient use of people and resources without sacrificing quality is a delicate balancing act. Ordina optimises and simplifies the planning process for personnel and logistics and production operations. The Advanced Planning & Scheduling team works product-independent and starts on the basis of a specific business situation. Our planning solutions are therefore geared to specific business targets in the fields of efficiency, client service, margins and employee satisfaction.

WECARE

WeCare is an online consultancy platform for financial institutions, insurance companies, companies in the social sector, notaries and asset planners. The platform lays out financial issues and the consequences of financial choices in concrete and comprehensible terms. This financial planning tool provides clients with tailor-made advice based on scenarios and analyses of the various phases of their lives.

MQS

Managed Quality Services (MQS) is a unique solution Ordina uses to help pharmaceutical and life science companies meet the challenges they face in the fields of quality control and compliance with rules and regulations. It is an efficient tailor-made solution, both on the process and product support and software and process validation fronts and in terms of quality control and management systems. The Q-team has many years of experience with the relevant rules and regulations (cGxP, CFR21 Part 11, ISO 9001 and ISO 13485).

STRATEGY

OUR VISION:

IT. FOR PEOPLE

IT is an increasingly important part of today's world. The impact of the digitisation of our society is becoming more and more visible and affects both our professional and private lives. How we work and how we communicate with each other has changed. This is making IT more and more important. At Ordina, we are convinced that IT will play a decisive role in the solutions to a number of major issues society faces today. For instance, IT can help us realise a more efficient public sector, affordable healthcare, secure transactions and a clean environment.

However, if IT is to play this decisive role people must be able to rely on effective and sustainable solutions. This is how IT helps people to respond successfully to the increasingly rapid changes in our world. Ordina works towards this goal each and every day, because we believe that IT should work for people.

OUR MISSION: PARTNERSHIPS IN SUSTAINABLE INNOVATION

We achieve our mission by generating sustainable innovations in partnership with our clients. We can only achieve this by forging close relationships with our clients. These begin with investments in reciprocal trust and understanding. But that is just the beginning. We want to provide sustainable solutions that truly help people move forward. Projects and programmes developed without wasting man hours and resources, which do what they are supposed to do and are easy to manage, which in turn means they have a long useful life. This is why we strive to forge sustainable and result-driven relationships with clients and employees, so that we can make the know-how and experience of our employees available to our clients for more extended periods of time.

Innovation is often at the heart of solutions to major issues. Ordina believes that getting to the root of a problem is what makes innovation possible. This requires know-how of the client, of the market and the potential of IT, but more importantly it requires the ability to apply that know-how in the context of the client's own business. As a Benelux-based company, we have a major advantage in that we know our clients, we know the markets and we know the laws and regulations. This is what enables us to provide clients with relevant solutions.

DIGITAL BUSINESS MODELS

In order to respond more rapidly to market developments, companies must have a clear and timely idea of the opportunities offered by technological innovations. There are several examples of new players, such as Uber and AirBNB, with digital business models that are having a fundamental impact on market relationships. The far-reaching digitisation of society is making it much easier for these players to enter the market and to provide more appealing services more cheaply and more quickly. Organisations are often fully aware that digital innovations can have a negative or positive impact on their industry, but struggle to determine what they can or must do in the face of these developments. Many organisations are reinventing themselves and are looking for IT solutions that enable them to maintain or increase their competitive edge.

HUMANISATION OF IT

Ordina expects the rise of new technologies to lead to a shift in IT towards the user. While in the past users were frequently forced to adapt to the possibilities of technology, we expect to see a new era in which new technology adapts to the people's wishes. We call this trend the humanisation of IT. This trend will reduce the distance between technology and people at a rapid pace in the coming years. Technology is becoming ever more compact and rapidly becoming embedded in our environments and even in our own bodies, and can therefore have an invisible presence. Equipment, applications and apps are becoming more compact, smarter, more personal, more intuitive and more anticipatory in nature and therefore increasingly embedded in our daily lives. This humanisation means we are at the start of a new revolution, which will have a major impact across the globe.

NEW COOPERATIVE MODELS

A new unpredictable world requires new cooperative models. Based on our first experiences with new technologies, Ordina has identified three developments that will be crucial in making IT work for people.

FROM BETA TO GAMMA

Thanks to the humanisation of IT, the key to success will be to develop applications that fit seamlessly into a user's daily life. Applications that are not only functional, but also beautifully designed, easy to operate and pleasant to work with, both in a business and in a private context. This requires applications that form a seamless link with the social environment and psychology of the user. Design and interaction will be crucial on this front. In addition to hard technological competences, psychological and sociological insights into the use of technology are playing a growing role. We increasingly need to combine technological know-how with insights into the behaviour of users.

FROM LINEAR TO EXPONENTIAL

New products and services are appearing at an increasingly rapid rate. Technological developments no longer follow a linear path, but are exponential, which is also upping the pace of change. This creates room and opportunity to address major issues in society, but is also putting pressure on trusted paradigms. Ordina believes in an iterative, lean approach as used by many start-ups. We believe in starting small and daring to experiment, in learning from those experiments, making adjustments where necessary and scaling up in manageable steps; with self-organising teams from various fields, and a clear focus on partnerships for co-creation and innovation. We believe in mobilising talent inside and outside our own organisation and looking for the right balance between know-how and experience on the one hand and curiosity and passion on the other.

FROM IT PROJECTS TO CHANGE PROCESSES

IT implementations more and more frequently take the form of major change processes. There is no such thing as the IT project any more. Many company directors traditionally farm out the management of major IT implementations to others within their own organisation. However, current developments demand a new form of leadership, from client and supplier alike, in which various professional disciplines cooperate: beta and gamma scientists together in a single project. The complexity of it paths will increase dramatically and to ensure they are successful, the top executives of an organisation will also have to redefine its leadership. This is how, together, we can ensure that IT truly works for people once again.

STRATEGIC OBJECTIVES

Ordina has defined five strategic objectives: improved return, growth, high customer satisfaction, high employee engagement and corporate social responsibility. In 2014, we took several steps in the right direction, but we are not there yet. Revenues declined slightly while returns were up, but not at the level we are targeting. This is why our focus in the years ahead will be firmly on growth and a continued improvement in returns. We want to realise these goals in a sustainable manner, together with our employees, to create innovative solutions that are relevant to our clients and to society.

OUR STRATEGIC OBJECTIVES FOR THE MEDIUM TERM:

IMPROVEMENT IN RETURNS

- Our target is a recurring EBITDA margin of 10%. This margin would put us among the most profitable companies in the sector.
- In 2014, we realised a recurring EBITDA margin of 4.9%. That is an improvement compared to 2013 and was largely driven by a substantial reduction of indirect costs.
- However, we are looking to further improve the margin by growth, despite the shrinking market, by improving the productivity of our employees and through a further optimisation of our project results.

GROWTH

- We want to increase our revenues. We want to realise that growth in revenues through a clear focus on the market segments in which we are active: the public sector, financial services, industry and healthcare. This growth is also important, because it will enable us to keep the scope of our (long-term) contracts in healthy proportion to Ordina's own overall scale.
- In 2014, our revenue fell by 2.7%. This was partly due to the to the downsizing of the generic activities of Ordina Consulting Public, and partly due to the fact that we are now more selective when it comes to taking on large-scale, complex projects.
- We want to realise our growth ambitions through an increased focus on a number of propositions, by putting us on the road to growth through innovation and by providing our clients with a more integrated range of services

HIGH CUSTOMER SATISFACTION

- We want to be at the top of the IT services industry in terms of customer satisfaction. We use the Ordina Promoter Score (OPS) to measure this and aim for a score of at least 70.
- In 2014, this score was 62 - slightly lower than in 2013, when we recorded an OPS of 65. Clients are satisfied with our services, but are also more critical and now expect more from Ordina. And we believe they are correct to do so, since we too are continually raising the bar in terms of our own ambitions, and we are moving full steam ahead with the improvements our clients are demanding. We have initiated tailor-made plans of improvement at the clients in question, with follow-up actions geared to the client's requirements.

HIGH EMPLOYEE ENGAGEMENT

- We want to be among the top IT employers. We measure our success in our annual employee engagement study, in which we aim for a score higher than 7.
- In 2014, our score was down slightly at 6.4, from 6.7. An analysis revealed that the reorganisation we implemented in 2013 has had a negative impact on the engagement of our staff. We conducted in-depth interviews to determine the underlying causes. The measures we introduced to remain competitive and profitable indirectly had a slight negative impact on employee engagement.
- In order to raise employee engagement to previous levels and higher, all managers have begun talks with our employees to address the potential improvements identified. We will continue to invest in education, new career tracks and growth opportunities. Our employees play an active role in our innovation drive, through initiatives such as the Connect Cafés and the Ordina Innovation Challenge.

CORPORATE SOCIAL RESPONSIBILITY

- We want to be a sustainable and innovative partner, because we believe healthy and long-term relationships can only be built in a sustainable manner. Our goals are:
    - to make a contribution to society in a broad sense by making approximately 500 man-hours and 500 manhours per winner available for socially responsible projects and by awarding an annual innovation prize, as we did last year in the Ordina Public Challenge;
    - sustainable business partly through 3 x 2.0% reduction targets for energy use, CO_2 emissions and fuel consumption, and partly by proactively working towards diversity within our organisation;
    - 100% sustainable services.

We realised virtually all our corporate social responsibility targets in 2014 and in some cases even exceeded those targets. Of course this is clearly just the beginning and we can and must do even better. For instance, there is room for improvement in the field of sustainable services. And we are still looking for a way to reduce our fuel consumption even further on a structural level.

RESULTS

IMPROVEMENT IN RETURNS

Ordina's ambition is to achieve a recurring EBITDA margin of 10% in the medium term. In 2014, we booked a recurring EBITDA margin of 4.9%. This was an improvement on the 2013 figure (4.3%) and was largely driven by a substantial reduction in our indirect costs.

However, we want to continue to improve our margin. We plan to achieve this by putting the company on a road to growth through innovation, by improving the productivity of our employees and by optimising our project results.

IMPROVING THE PRODUCTIVITY OF OUR EMPLOYEES

We want to increase the productivity of our employees. We want to do this by helping our available employees to quickly get back to working for our clients. We will do this by investing in our employees and by making sure their skillsets and competences match the wishes of our clients as closely as possible. This is why we are setting up initiatives like a Finance Bootcamp, which we will use to train our employees in the specific skillsets and technologies that are important to financial institutions. In addition, we have programmes like the T-shaped professional, which looks beyond the importance of technological expertise and also devotes attention to soft skills, and which stresses the skills and expertise needed to translate technology to business and vice versa.

OPTIMISATION PROJECT RESULTS

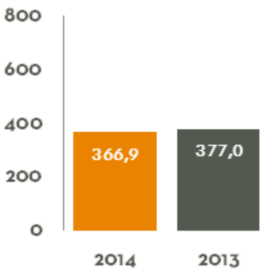
We have enhanced our programme for excellent project execution (xPx), which has further reduced the risk of project losses. All our project managers are given standard training according to the principles of xPx, which involves explicit reporting on the technical expertise present, the requirements and needs of the client and the manageability of the scale of the project.

GROWTH THROUGH INNOVATION

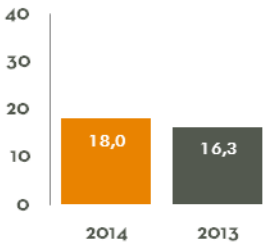
Revenue growth is one of the most important drivers of improvements in returns. We believe we can achieve growth through innovation. We can make innovations relevant for our clients by implementing new business applications and making a link between business process and systems. We know our clients, we know the market and the potential of IT and, what is more, we have the ability and the expertise to apply this know-how and expertise in the context of our clients' own business.

KEY FIGURES

Revenue
In millions of euros

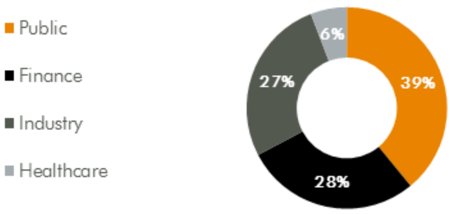


Recurring EBITDA*
In millions of euros

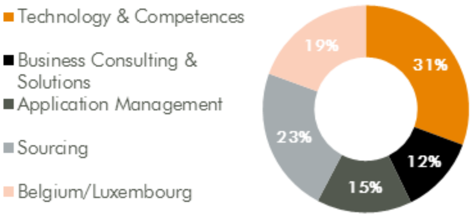


*Adjusted for severance costs and external costs for the internal investigation in 2013 for severance costs and provision for vacancy

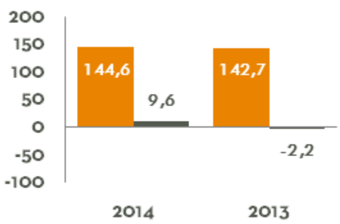
Breakdown of revenue by market segment 2014



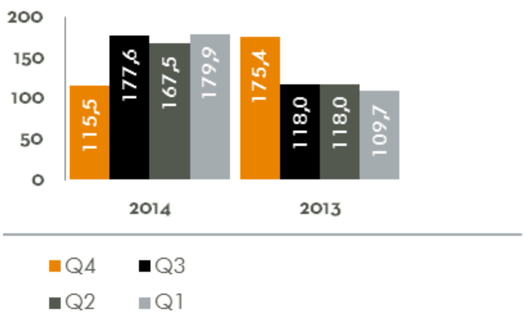
Breakdown of revenue per division
As a %



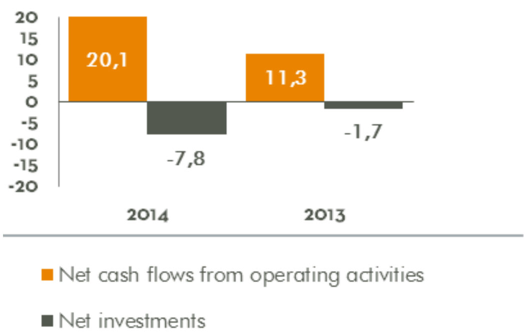
Equity and total net debt
In milions of euros



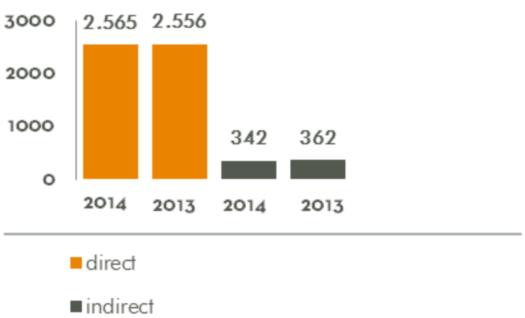
Market capitalisation
In millions of euros



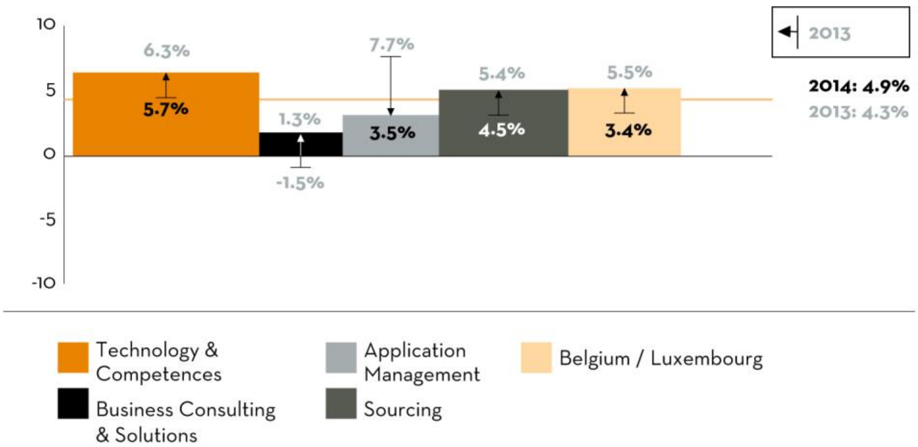
Cash flows from operating activities and net investments
In milions of euros



Number of employees (at year end)
In FTEs



Recurring EBITDA margin 2014 versus 2013
In %



Key figures *(In millions of euros, unless stated otherwise)*	2014	2013	2012	2011
Revenue	366,9	377,0	400,7	426,3
EBITDA	9,8	2,9	13,6	3,2
recurring EBITDA	18,0	16,3	17,6	16,3
recurring EBITDA margin as a %	4,9	4,3	4,4	3,8
Net profit	1,0	-65,0	0,5	-15,8
Net profit margin as a %	0,3	-17,2	0,1	-3,7
Cash generated from operations	20,1	11,3	8,4	5,9
Net debt/adjusted EBITDA	-0,8	0,2	0,6	0,8
Equity	144,6	142,7	207,2	206,7
Capital asset ratio	61,0	60,0	65,0	63,0
Intangible assets	133,5	130,2	193,0	199,4
Tangible assets	7,1	8,4	10,6	11,4
Trade receivables (exclusive of VAT) as a % of turnover	13,0	13,0	14,0	13,0
Average DSO (Days Sales Outstanding)	48,0	47,0	52,0	46,0
Average DPO (Days Payable Outstanding)	59,0	57,0	58,0	62,0
Average number of staff (FTE)	2.884,0	2.961,0	2.938,0	3.147,0
Number of staff at year-end (FTE)	2.907,0	2.918,0	2.920,0	3.035,0
Number of shares outstanding at year-end (in millions)	92,7	92,3	91,9	91,9

MARKET DEVELOPMENT

In 2014, revenues fell by 2.7% to EUR 366.9 million (2013: EUR 377.0 million). There were 255 workable days in 2014 (2013: 254). The revenue impact of one workable day is approximately EUR 0.8 million. The drop in revenue was partly due to the downsizing of OCP (impact on revenues in 2014: EUR 4.4 million). Normalised for the downsizing of these activities the revenue fell by 1.5%.

Revenue per market segment *In thousands of euros*	2014	2013	Development in 2014 compared to 2013
Public	143.257	145.738	-1,7%
Finance	103.588	104.402	-0,8%
Industry	98.610	104.238	-5,4%
Healthcare	21.462	22.601	-5,0%
Total	**366.918**	**376.978**	**-2,7%**

PUBLIC SECTOR

Revenue from the Public sector segment fell by 1.7% to EUR 143.3 million (2013: EUR 145.7 million). This decline was partly due to our downsizing of the generic activities of OCP and a drop in the number of large-scale projects. Normalised for the downsizing of OCP, revenue would have risen by 1.3%. IT will be a driving force in reducing costs and further improving the public sector’s services.

FINANCIAL SERVICES

Revenue from the Financial Services segment was down 0.8% at EUR 103.6 million (2013: EUR 104.4 million). The decline was partly due to the discontinuation of a number of projects for end-of-life applications. Developments in the pension sector also played a role in 2014. We closed a contract with AxyWare to market the AxyLife product. Ordina will focus on implementation, consulting services and application management for this product.

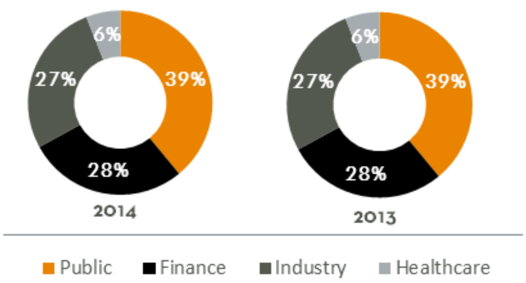
INDUSTRY

Revenue in the Industry market segment declined by 5.4% to EUR 98.6 million (2013: EUR 104.2 million). This decline was largely due to reduced demand for outplacement from a number of large existing clients in the telecom and energy sector. Ordina closed contracts with various new clients in the course of the year. In late 2014, for instance, Rotterdam Port chose Clockwork as its partner to help design and execute its online strategy.

HEALTHCARE

Revenue from the Healthcare segment dropped by 5.0% to EUR 21.5 million (2013: EUR 22.6 million). The drop in revenue was due to the completion of projects at a number of healthcare insurers and at one of our hospital clients. We intend to continue to strengthen and expand our position in the healthcare sector by focusing on our unique healthcare application Quli and the preconfigured ERP package we developed for hospitals, together with the related application management.

Breakdown of revenue by market segment
As a %



*For the purposes of comparison, 2013 figures have been adjusted on the basis of the reclassification of pharmaceutical clients from Industry to Healthcare in 2014.

RESULTS PER DIVISION

REVENUE AND RESULTS DIVISIONS

Total revenue fell by 2.7% to EUR 366.9 million in 2014 (2013: EUR 377.0 million). The number of workable days in 2014 stood at 255 (2013: 254). The decline in revenue was partly due to the downsizing of the generic activities of Ordina Consulting Public.

The cost-saving programme we completed in 2013 has resulted in a structural reduction of indirect costs, which led to an improved return despite the decline in revenues. Recurring EBITDA increased to EUR 18.0 million (2013: EUR 16.3 million), while the recurring EBITDA margin rose to 4.9% (2013: 4.3%).

Omzet per divisie *(in duizenden euro's)*	2014	2013	Ontwikkeling 2014 t.o.v. 2013
Technologie & Competenties	112.338	119.293	-5,8%
Business Consulting & Solutions	44.676	52.620	-15,1%
Beheer	54.746	56.068	-2,4%
Sourcing	83.769	78.965	6,1%
België/Luxemburg	71.389	70.032	1,9%
Totaal	**366.918**	**376.978**	**-2,7%**

Recurring EBITDA per division *In thousands of euros*	2014	2014	2013	2013
Technology & Competences	7.037	6,3%	6.800	5,7%
Business Consulting & Solutions	580	1,3%	-804	-1,5%
Application Management	1.922	3,5%	4.304	7,7%
Sourcing	4.531	5,4%	3.584	4,5%
Belgium/Luxembourg	3.938	5,5%	2.370	3,4%
Total	**18.007**	**4,9%**	**16.255**	**4,3%**

TECHNOLOGY & COMPETENCES

The Technology & Competences division designs and builds applications for our clients in time & material contracts and in project contracts, for both out-of-the-box solutions and tailor-made solutions. In 2014, the division saw revenue decline by 5.8% to EUR 112.3 million (2013: 119.3 million). This was largely due to a drop in the number of large-scale projects. The recurring EBITDA margin increased to 6.3% (2013: 5.7%). This increase in return was largely driven by the cost-saving programme we completed in 2013 and a slight improvement in the productivity of our employees.

BUSINESS CONSULTING & SOLUTIONS

The Business Consulting & Solutions division advises clients on how to improve their processes and IT. The division also combines business know-how with technical expertise to create sustainable solutions in the areas of business intelligence, (digital) client interaction, chain integration and security. Revenue was down 15.1% at EUR 44.7 million (2013: EUR 52.6 million). This was largely due to the downsizing of OCP. The division's recurring EBITDA margin rose to 1.3% (2013: -1.5%). This improvement in the return was largely due to the cost-saving programme we completed in 2013.

APPLICATION MANAGEMENT

The Application Management division provides the management, maintenance and renewal of applications through long-term contracts. The division's revenue dropped by 2.4% to EUR 54.7 million in 2014 (2013: EUR 56.1 million). This decline in revenue was primarily due to the completion of a number of large maintenance contracts for end-of-life applications. In 2014, we extended various contracts and we also closed application management contracts with new clients. In the fourth quarter, we also noted a return to modest growth. The recurring EBITDA margin dropped to 3.5% (2013: 7.7%). There is room for improvement in capacity utilisation and we therefore are focusing on closing new management contracts.

SOURCING

The Sourcing division acts as strategic partner and helps large clients in the joint improvement of the added value of hired-in IT personnel. Client-specific improvement programmes in the field of productivity improvements, talent development, know-how exchange and innovation are an integral part of this approach. The division's revenues rose by 6.1% to EUR 83.8 million in 2014 (2013: EUR 79.0 million). This was largely due to the focus on long-term contracts, which boosted the revenues within the Sourcing portfolio. Last year, the recurring EBITDA margin increased to 5.4% (2013: 4.5%). The improvement in returns was largely the result of successful operational excellence initiatives.

BELGIUM/LUXEMBOURG

The division Belgium/Luxembourg designs, builds and manages applications in Belgium and Luxembourg. It also develops solutions for specific business sectors. Revenue at the division was up 1.9% at EUR 71.4 million in 2014 (2013: EUR 70.0 million). The recurring EBITDA margin increased to 5.5% (2013: 3.4%). The improved return was largely driven by operational excellence initiatives.

COST DEVELOPMENTS

Ordina successfully completed a cost-saving programme in 2013. This programme resulted in a structural reduction of EUR 8.0 million in indirect costs, with EUR 2.0 million of this realised in 2013 and a further EUR 6.0 million realised in 2014.

STAFF COSTS

Staff costs in 2014 came in at a total of EUR 244.5 million (2013: EUR 252.3 million). The average workforce in 2014 fell by 77 FTEs compared with the previous year and stood at 2,884 FTEs (2013: 2,961). This drop was due to the loss of around 100 jobs as a result of the cost-saving programme completed in late 2013.

The average wage costs per FTE dropped by 0.2% in 2014. This decline was due to the rejuvenation of the workforce and lower redundancy costs.

Total redundancy costs in 2014 came in at EUR 6.6 million (2013: EUR 7.4 million).

COSTS OF WORK CONTRACTED OUT

Ordina outsources work to offshore and near-shore partners and freelance IT staff, if we have insufficient internal capacity or lack specific competences. We managed to partly offset the declining demand in the Dutch IT market by reducing the amount of outsourced work. Thanks to this, we reduced the costs of outsourced work by some 6.4% in 2014.

The majority of external outsourcing now runs through our in-house broker SourcePower. SourcePower is Ordina's own independent intermediary for freelancers, which act as a flexible layer around our core activities. SourcePower also allows us to commit freelancers to the company more efficiently.

OTHER COSTS

Other costs were down at EUR 17.6 million, compared with EUR 24.2 million in 2013. The drop was largely due to the fact that the 2013 housing costs included a provision (EUR 5.9 million) for vacant office space. Legal costs increaseddue to the internal investigation.

OPERATING PROFIT

The recurring EBITDA for 2014 amounted to EUR 18.0 million (2013: EUR 16.3 million). EBITDA came in at EUR 9.8 million (2013: EUR 2.9 million). The recurring EBITDA margin came in at 4.9% (2013: 4.3%). The difference between recurring EBITDA (EUR 18.0 million) and EBITDA (EUR 9.8 million) is the redundancy costs (EUR 6.6 million) and the external costs for internal investigations (EUR 1.7 million).

Explanation recurring EBITDA *(rounded figures, in millions of euros)*	2014	2013
Operating profit (EBIT)	4,7	-64,2
Amortisation & impairment	0,9	62,0
Depreciation related to continuing operations	4,2	5,1
EBITDA	**9,8**	**2,9**
-	0,0	0,0
Non recurring restructuring costs	6,6	7,4
-	1,7	0,0
Provision office building	0,0	5,9
Recurring EBITDA	**18,0**	**16,3**

INTEREST EXPENSES, AMORTISATION, TAX RATE AND DISPOSALS

INTEREST EXPENSES

Net interest expenses in 2014 were EUR 1.1 million (2013: EUR 1.5 million). This drop in interest expenses was partly due to a strong decline in the base rate due on borrowings. The improvement to the working capital also resulted in reduced financing costs. And finally, in 2014 Ordina paid off EUR 10.0 million on its long-term loan. At year-end 2014, Ordina repaid the long-term loan with an initial sum of EUR 20.0 million in full.

AMORTISATION

The amortisation costs in 2014 came in at EUR 0.9 million, in line with the amortisation costs in the previous financial year (2013: EUR 0.9 million). These charges were related to the depreciation of intangible fixed assets related to clients.

EFFECTIVE TAX RATE

The effective tax rate was 71.1% in 2014 (2013: 1.0%). This higher tax rate was due in part to the higher tax rate applicable in Belgium and partly due to the impact of the non-deductible sums in relation to the relatively low taxable amount. These non-deductible sums are related to components of the results that cannot be charged to the taxable result and include share-related bonuses and the non-deductible part of the so-called mixed costs.

DISPOSALS

In 2014, Ordina closed a contract with Topicus relating to savings and investment products. Ordina sold the development and exploitation of the Fundation software package as part of this contract. We therefore recognised a sum of around EUR 0.4 million in 2014 related to the net sales proceeds from this transaction.

NET PROFIT

Ordina booked a net profit of EUR 1.0 million in 2014 (2013: a loss of EUR 65.0 million). This net profit was due to improved returns, which were offset by the decline in revenue and redundancy costs of EUR 6.6 million (2013: EUR 7.4 million), as well as by external costs for the internal investigation of EUR 1.7 million.

Consolidated income statement *(rounded figures, in millions of euros)*	2014	2013
Revenue	**366,9**	**377,0**
Cost of hardware, software and other direct costs	9,6	6,5
Work contracted out	85,4	91,1
Personnel expenses	244,5	252,3
Depreciation	4,2	5,1
Amortisation	0,9	1,9
Impairment	0,0	60,1
Other operating expenses	17,7	24,2
Total operating expenses	**362,3**	**441,2**
Operating profit	4,6	-64,2
Finance costs - net	-1,1	-1,5
Share of profit of associates	0,0	0,1
Net profit before tax	3,5	-65,6
Income tax expense	-2,5	0,6
Net profit	1,0	-65,0

FINANCING POSITION

HIGHLIGHTS CURRENT FINANCING FACILITY

In December 2011, Ordina agreed a EUR 55.0 million committed senior financing facility with ING, ABN AMRO Bank and NIBC. This senior financing facility comprises a long-term loan for an initial sum of EUR 20.0 million and a EUR 35.0 million current account credit facility with a term to maturity of five years.

Two final repayments were made to the long-term loan in 2014 (22 June 2014 and 22 December 2014) of EUR 5.0 million each, which means the loan has now been repaid in full.

The two most important elements of the covenants for the financing facility are a maximum Leverage Ratio and an Interest Cover Ratio.

On the basis of the financing agreement, Ordina is subject to the following ratios:

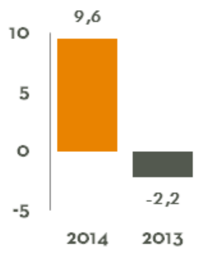
Maximum leverage ratio	Norm	Realisation
01 October 2012 - 30 June 2013	2,00	
01 July 2013 - 31 December 2013	1,75	
01 January 2014 - 31 March 2014	1,50	
01 April 2014 - 31 December 2014	1,50	-0,80
01 Januari 2015 - end date agreement 2017	1,50	

Minimum Interest Cover Ratio	Norm	Realisation
From 1 January 2013	5,0	11,8

The net debt position was transformed into a net cash position of EUR 9.6 million in 2014 (year-end 2013: net debt of EUR 2.2 million). The leverage ratio stood at minus 0.8 at year-end 2014 (year-end 2013: 0.2). The interest cover ratio stood at 11.8 at year-end 2014 (year-end 2013: 9.2). Both these ratios are within the range agreed with the banks.

Equity and total assets
In milions of euros

Total net debt
In milions of euros



CASHFLOW

CASH FLOW MOVEMENTS

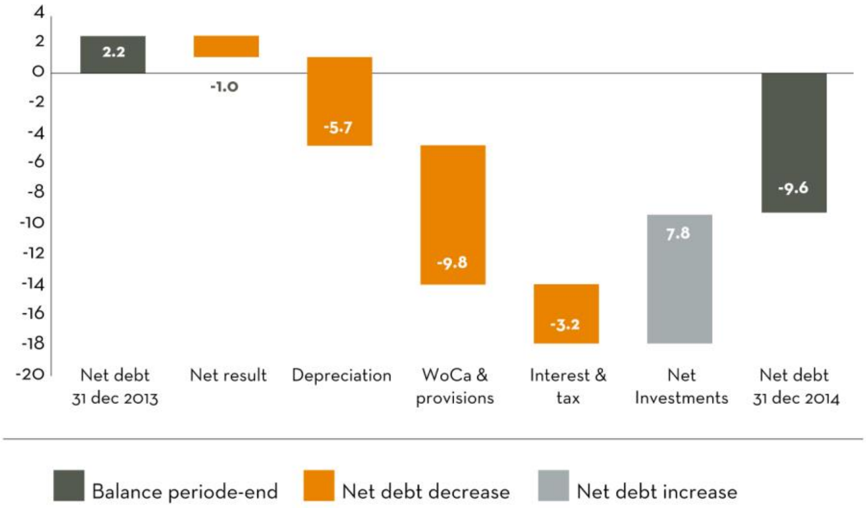
The mutation of the net debt of EUR 11.8 million was primarily driven by the positive operating result and a stricter working capital management.

MOVEMENTS IN TOTAL NET DEBT

Ordina transformed its net debt position into a net cash position of EUR 9.6 million in 2014 (year-end 2013: EUR 2.2 million in net debt). The most significant movements can be specified as follows:

Changes in net debt position 2014

Rounded off, in millions of euros



GROWTH

Ordina wants to achieve revenue growth through a clear focus on the market segments in which we are active. This growth is important as it will enable us to maintain a healthy balance between the size of our (long-term) contracts and Ordina's overall scale. In 2014, we failed to realise this goal, due to the 2.7% dip in our revenue, partly due to the downsizing of the generic activities of Ordina Public Consulting (OCP).

Ordina's results are in line with market developments and we have failed to realise our revenue growth target. The market Ordina operates in is still feeling the effects of the economic recession. Continued uncertainty on the economic outlook, cost savings and cut-backs have resulted in reduced spending. The number of tenders for large-scale IT projects has also continued to fall.

MARKET SEGMENTS

We want to achieve revenue growth through a clear focus on the market segments in which we are active in the Benelux region: the public sector, financial services, industry and healthcare. This focus ensures that we have specific know-how of our clients and the markets in which they are active. The combination of specific market and client know-how and our IT expertise, means that we can offer relevant solutions that help our clients realise their own goals.

If the revenue from the public sector market segment is normalised for the downsizing of OCP, we realised growth in this market segment. We realised lower project revenues, which was offset by our secondment activities. We expect the reluctance in the public sector with regards to large-scale IT tenders to continue for the time being. However, we do expect to see an increase in IT tenders in the longer term, as IT will be indispensable if the public sector is to realise further cost reductions and improve client service levels.

The revenue in the financial services market segment remained stable, if revenue is normalised for the sale of Fundation. This segment presents something of a mixed picture, with growth at a number of larger clients and a decline in revenue from a number of other clients. Ordina has long been strongly represented in this market segment. The company is well positioned thanks to its industry-specific know-how of legislation, security, risk management and outsourcing. We are also seeing a rise in demand for mobile apps and clients interaction solutions.

On the other hand, the industry and healthcare market segments have lagged in relation to 2013. In the industry segment, we saw a drop in revenue from a number of clients in the telecom and energy sectors. We did close contracts with new clients, but the revenue from those contracts in 2014 was insufficient to offset the drop in revenue from telecom and energy sector clients.

The healthcare market is a (future) growth market. An ever-growing number of people rely on healthcare, which is increasing costs in the sector. There is also pressure to increase efficiency due to downward pressure on budgets from health insurers. This is creating opportunities for different kinds of patient care, in which IT can play a very important role. Ordina is targeting this market, but acknowledges that lead times for projects can be fairly extended. We did complete a number of projects at health insurers and a hospital in the past year, while other projects are currently in the start-up phase.

THE ROAD TO GROWTH

Despite the delays in the growth of the IT markets, IT will play an ever greater role in the long term. The development of IT, from the automation of secondary business processes, via local and global networks, to our current digital transaction society will not be coming to an end anytime soon.

In the period ahead, we will be focusing on innovation and even closer partnerships with our clients to create solutions that really do help our clients to move forward.

We will also be devoting attention to the continued development and specialisation of our employees, through initiatives like a 'Finance Bootcamp', which we will use to train employees in the competences specifically relevant to financial institutions.

We believe in our growth ambitions. Utilising the know-how and expertise we have in-house, we help our clients to take advantage of the rapidly developing opportunities that IT is creating and will continue to create. The future developments in IT will always demand integration with existing systems and that is one of Ordina core competences.

CUSTOMER SATISFACTION

In 2014, our Ordina Promoter Score (OPS) in the Netherlands stood at 62. Just below our target of 70 and lower than our 2013 score of 65. Our clients say they are satisfied with our services, but also expect more from Ordina. In 2014 our OPS for Ordina Belgium/Luxembourg stood at 84, in 2013 it stood at 68.

Ordina uses the Service Excellence Programme to monitor the satisfaction with its services. This programme enables Ordina to:

- monitor developments in customer satisfaction;
- identify areas of improvement in its services;
- define external and internal improvement action plans;
- monitor whether improvement action plans have been carried out.

As part of the Service Excellence Programme, Ordina managers who are not directly involved in a client relationship, conduct regular interviews with clients.

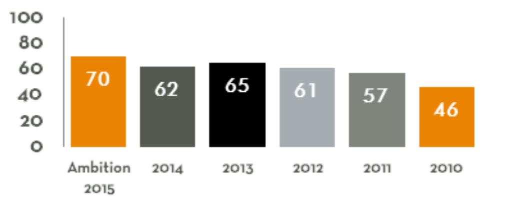
One of the questions we ask our clients is: "How likely is it that you would recommend our company to a friend or colleague?" We use the response to calculate the Ordina Promotor Score and measure customer satisfaction. Every company has clients in three categories: the critical clients (detractors), the 'normal' clients (passive) and the enthusiastic clients (promotors). Research shows that promotors are loyal clients who acquire more products or services and who are more likely than others to recommend a supplier to someone they know.

The OPS itself is not expressed as a percentage but as an absolute number between -100 and +100.

OPS NEDERLAND

The OPS has risen considerably in recent years, which is also shown in the graph below. In 2014, our OPS fell slightly to 62 from 65. Although the number of positive clients (promotors) has increased, the number of critical clients (detractors) also increased, which brought down the overall OPS. This is largely due to the fact that some clients have become more critical of our services. It appears our clients are raising the stakes time and again and expect more from us each year. And we believe they are correct to do so, since we too are continually raising the bar in terms of our own ambitions, and we are moving full steam ahead with the improvements our clients are demanding. We have therefore drawn up action plans geared to the expectation of our clients, in which we examine their needs in terms of extra innovation, sector know-how and a pro-active approach.

Ordina Promotor Score (OPS) - NL

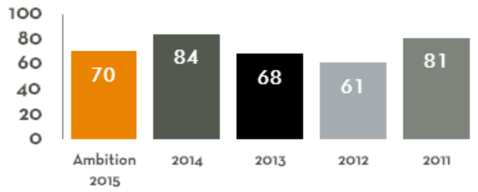


Both promotors and detractors are important to us: they both provide important information we use to improve our services. We actively focus on raising the OPS with client-specific improvement plans.

OPS ORDINA BELGIUM/LUXEMBOURG

The OPS for Ordina Belgium/Luxembourg rose to 84 in 2014, from 68 in 2013 and 61 in 2012. The sharp increase in the Belgium/Luxembourg OPS was largely due the fact that the number of 'passive' clients has declined and the number of 'positive' clients has increased. The OPS is part of a larger client satisfaction survey. This survey revealed that clients are very impressed with aspects such as Ordina's technical expertise, it's proactive approach to client solutions and the fact that company lives up to its promises.

Ordina Promotor Score (OPS) - BeLux



CUSTOMER SATISFACTION INDEX (CSI)

We use the Customer Satisfaction Index (CSI), a customer satisfaction survey we conduct among our clients in the Netherlands, Belgium and Luxembourg, to measure the general satisfaction of our clients, as well as Ordina's image. We also assess what are seen as the strengths and weakness of our services, expertise and products. In 2014, the CSI was 7.0 in the Netherlands and 7.8 in Belgium/Luxembourg.

customer satisfaction index	2014	2013	2012	2011
Netherlands	7,0	7,1	7,0	6,9
Belgium/Luxembourg	7,8	7,6	7,3	7,5

EMPLOYEE ENGAGEMENT

Ordina wants to be one of the top IT employers. We aim for a target score of at least 7.0. However, we failed to realise our goal in 2014, with a score of 6.4 compared to 6.7 in 2013. Analysis revealed that the 2013 reorganisation had an impact on the engagement of our employees.

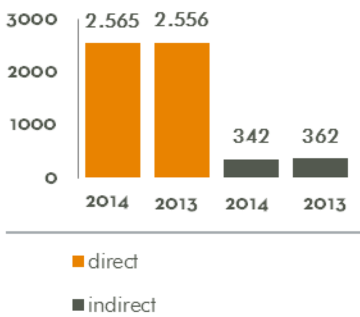
EMPLOYEES

PEOPLE MAKE THE DIFFERENCE

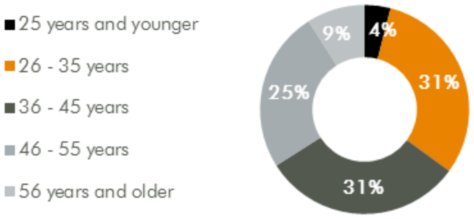
One of our strategic objectives is high employee engagement. At Ordina, our employees literally make the difference, every day, at our clients. Each and every day, with passion and pride they put their talent to work for our clients. This is why the employee engagement score is such an important strategic benchmark.

Our HRM policy has three pillars: being an attractive employer, having a profitable and healthy workforce and committed employees and managers. Working on these three pillars is what makes it possible for us to make it easier, more pleasant and more attractive for our employees to excel when they are at work for a client. In other words: to put their talents to work with passion and pride. To this end, we devote a great deal of attention to issues such as training, knowledge exchange, vitality and remuneration policy.

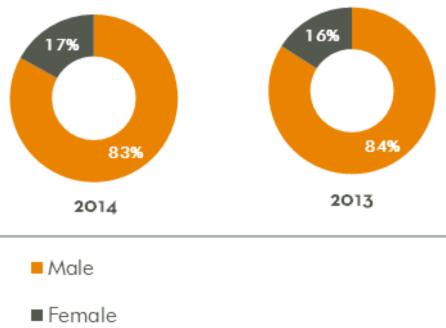
Number of employees (at year end)
In FTEs



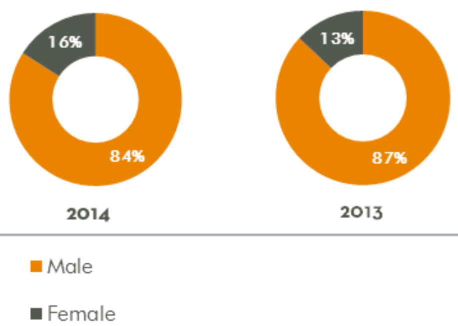
Vital Statistics 2014



Male/female ratio



Male/female ratio in managerial positions



RESULTS IN 2014

Our employees determine Ordina's success. Our ambition is to work together to realise an average employee engagement of 7.0. This is why we devote so much attention to the results of the annual employee engagement survey.

EMPLOYEE ENGAGEMENT

The considerable increase in employee engagement we realised in recent years did not continue in 2014. We can report upwards trends in the fields of development, vitality and engagement of the management, but the overall score, which had risen to a 6.7 in recent years, declined to a score of 6.4 in 2014.

Looking at the results, we see that the score in Belgium increased to a 7.2 from 7.0, while the score in the Netherlands dipped to 6.2 from 6.6. We have conducted in-depth interviews with employees on the underlying causes. The cost-saving measures we introduced to remain competitive and profitable had a slight negative impact on employee satisfaction levels. In addition, we have had only limited room for wage increases in recent years.

All the divisions devote continuous attention to employee engagement. For instance, the Application Management division has initiated a strategy track with a broad group of managers and employees to increase engagement. On another front, our Clockwork unit has drawn up a manifest related to our mission and the "Why" vis-a-vis clients and employees. We maintain our target score of a 7 or higher.

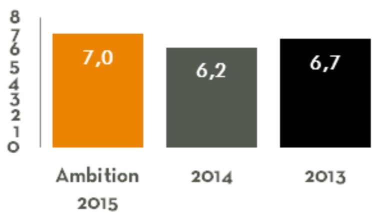
EXTRA INTERIM MEASUREMENT

Because the measurement taken in May showed that engagement had dropped in the Netherlands, we commissioned an interim measurement in December. The interim measurement revealed that the decline in engagement among Dutch employees had not continued, despite the negative media reports about Ordina. According to the most recent measurement, general engagement had remained stable at 6.2. This is a positive signal for Ordina in the Netherlands. What is more, we actually saw a general rise in employee engagement at most of our divisions.

POINTS OF ATTENTION

We will be talking to each other in the period ahead to make sure we have a good understanding of the areas we need to address to return to the upward trend at Ordina NL as a whole. In view of the differences at each division, we will be looking at the main conclusions and points of attention on a division by division basis.

Ordina Employee involvement



DEVELOPMENT

Ordina sees the development of our employees as a high priority. We have defined new training courses and career paths to further increase the opportunities for development and growth. The leadership dialogues we launched in 2013 continued in 2014. These dialogues are a platform for ExCo members and managers to conduct dialogues on current topics and the realisation of our ambitions. Employee engagement, ownership, entrepreneurship and results are among the themes discussed in the leadership dialogues.

We have rejuvenated our Young Professional programme. This programme is appreciated both in the labour market and by participants and is one of our key tools in the recruitment and commitment of new talents to the company. In 2014, Ordina hired 161 young professionals: 105 in the Netherlands and 56 in Belgium/Luxembourg.

The implementation of the HRM system SuccessFactors was another step forward in the ongoing professionalisation of our HRM processes. The first modules went live in 2014 and further implementation is continuing in 2015.

PERFORMANCE

Ordina has also introduced 'integrated performance management'. This is an integrated approach to assessing the performance and the critical success factors of business units. We have identified success factors in the areas of workforce composition, leadership and portfolio that we believe critical to success in the professional services sector. All unit managers take a snapshot of the current state of their unit and put together a plan of action to improve results in dialogue with a number of ExCo members.

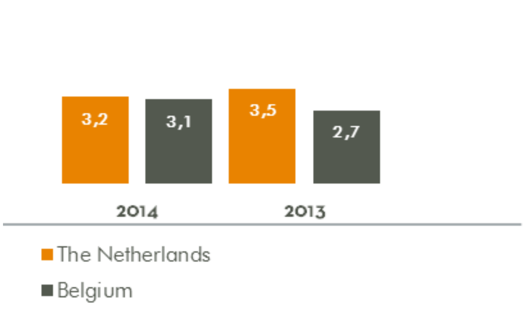
INCLUSIVENESS

Ordina wants to be an inclusive employer with room for differences. Over the past year, we therefore broadened our original focus on diversity to inclusiveness. Because we believe that an inclusive organisation contributes to higher quality services and to a sustainable and pleasant working environment. We have also launched initiatives that focus on specific target groups, such as 'Women in IT' and we are involved in 'De Normaalste Zaak', an initiative aimed at helping people with limited access to the employment market to find a job.

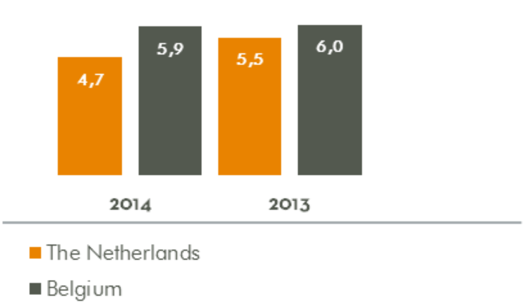
VITALITY

A healthy organisation is essential to a professional services provider. This is why we devote a great deal of attention to vitality, with a strong emphasis on prevention. We do this to make sure our employees remain healthy. We also make the connection between deployability and health, in both individual career paths, as well as in training courses for managers.

Employee absenteeism rate
In %



Mean employee absenteeism rate
In days



WORKS COUNCIL

The Works Council protects the interests of our employees and has a say in the management's business decisions. In this capacity, the Works Council plays an important role within Ordina. In 2014, the Work Council and management scrutinised the execution of the social plan in view of the organisational restructuring. The Works Council and management also held extensive discussions on the issue of mobility, with the main focus on how mobility can contribute to sustainable business operations. No new decisions have yet been made on this front.

Subjects on which the Works Council and management did reach agreement include the adjustment of the pension scheme for a portion of the employees and the introduction of the Human Capital Management package SuccessFactors. In addition, the company made various organisational changes as a result of the major reorganisation in 2013. The management and the Works Council also reached agreement on the substance of the integrity programme and the Works Council gave a positive recommendation on the reappointment of the current CEO Stépan Breedveld as chairman of the Management Board.

One of the most important considerations in 2014 was the transformation of the excellence centre Management & Architecture (M&A) within the Technology & Competences division. In this context, the company made a start on the introduction of smaller, self-organising cells: the so-called partner/principal model. In view of the impact this could have on employees, we are introducing this change in a careful manner. The Works Council and management will evaluate these developments on a continuous basis, so they can make any interim adjustments they deem necessary. Last year, the Works Council also evaluated its own functioning, including an examination of the role and future of the Works Council. A new Works Council will be elected in 2015. It is important to the organisation that sufficient numbers of employees stand in this election, so that a full Works Council can commence its work immediately after the elections. Last year, the Dutch Works Council also intensified contact with the Belgian Works Council so they can both learn from each other's experiences.

The cooperation between the Works Council and management was constructive in 2014. They regularly had intense discussions, while both parties were ultimately able to reach agreement.

Pien Rolff, the chairman of the Works Council, was awarded the title 'the works council member of 2014' in a national vote. The title came with a training budget for the Works Council team. The jury chose Pien Rolff because she gave council members the opportunity to develop and employees the chance to be more closely involved with the Works Council. CEO Stépan Breedveld said Pien Rolff manages to bring together very different people and opinions in a transparent and respectful manner, and doing so helps to create an open culture in which the Works Council and management can work together on the ongoing professionalisation and development of Ordina and its employees.

CORPORATE SOCIAL RESPONSIBILITY

Ordina believes that the only way to build healthy long-term relationships is to do it in a sustainable manner. Our goal was to deliver a contribution to society in a broad sense by making approximately 500 man-hours available for socially responsible projects and by handing out an annual innovation prize. Another goal was to increase the sustainability of our operations through a 3 x 2% reduction in energy use, CO_2 emissions and fuel consumption, to aim for diversity within our organisation and the 100% sustainability of our services. We achieved virtually all our goals in 2014. We do see further room for improvement on the sustainable services front. And we are still looking for a way to reduce our fuel consumption even further on a structural level.

ROLE IN SOCIETY

Ordina wants to differentiate itself by developing and implementing sustainable solutions and innovations in partnerships with our clients and employees. We are convinced that IT can and must play a decisive role in solutions for the major issues faced by society. Ordina works towards this goal on a daily basis, because we believe that IT should work for people. We believe is it important to deploy our know-how and expertise in a sustainable fashion for the benefit of people and society. In 2014, we began drawing up a materiality matrix, which we expect to finalise and share on our corporate website in the first half of 2015. This matrix provides insight into the significance of sustainability themes for the company and its stakeholders.

To translate our commitment to corporate social responsibility into actions, we have committed to a number of concrete sustainable targets in the field of social projects, business operations and services.

ANCHORING CSR POLICY

The corporate social responsibility (CSR) policy is firmly on the agenda at Ordina and is anchored at the top of the organisation in the Management Board. Each of the three themes - social projects, business operations and services – has been assigned to a 'theme-owner' on the Executive Committee.

The Sustainability steering group is responsible for supervising the execution of the CSR strategy. The theme owners are all members of the steering group. The steering group reports to the Management Board on the progress and the success of ongoing initiatives. The steering group also informs the various stakeholder groups within Ordina on the progress and success of these initiatives.

CSR GOALS

We want to be an engaged and sustainable IT player in the Benelux region. We have translated this ambition into a three-year sustainability plan (2014 through 2016). Our CSR strategy and our goals on this front are part of our mission: Partnerships in Sustainable Innovation.

Ordina has identified the following three areas in its sustainability strategy:

- Social projects
  IT is relevant to society as a whole and Ordina accepts its responsibility in that context. We want to use our knowledge and expertise in social projects and by doing so make a positive contribution to society.
- Business operations
  Ordina wants to use resources such as fuel and energy responsibly. We take measures as part of our effort to achieve a structural reduction in our fuel consumption, energy use and CO_2 emissions. We also strive for a balanced employee population: we want to be an organisation in which diversity is seen as an asset rather than as a problem. This means in terms of the male to female ratio, the number of employee from ethnic minorities, and in terms employing people with limited access to the employment market.
- Services
  In terms of its services, Ordina's goal is to develop sustainable solutions that provide continuous added value for its clients. We test our solutions using transparent assessment criteria.

STAKEHOLDER DIALOGUE

As in previous years, Ordina once again organised a stakeholder dialogue in 2014. Ordina uses these dialogues to assess its vision and ambition on the CSR front among a broad group of clients, suppliers, public sector organisations, NGOs, sector organisations and other interest groups. We use the outcome of these dialogues in the implementation of Ordina's CSR policy.

AN OVERVIEW OF CSR INITIATIVES

	2013	2014	2015	2016
Social projects				
Oranje Fonds	n.a.	Approximately 500 hours per year	Approximately 500 hours per year	Approximately 500 hours per year
Ordina Foundation	80 hrs			
Public Challenge		Two winners: Approximately 500 hours per year per winner	Approximately 500 hours per year per winner	Approximately 500 hours per year per winner
Business operations				
Environment targets				
Energy reduction per work space in kWh for electricity end m3 for gas	2,0%	target: 2,0% realisation electricity: 0,5% realisation gas: 28,7%	2,0%	2,0%
CO^2 reduction per FTE	ISO certificate realised	target: 2,0% realisation: 8,8%	2,0%	2,0%
	Level 3 and 5 CO^2 performance ladder realised	target: level 5 realisation: level 5	maintaining level 5	maintaining level 5
Fuel reduction in liters and CO^2 exhaust fumes per car in liters and CO^2	Drivers programme	target: 2,0% realisation: 3,8%	2,0%	2,0%
HRM targets				
Diversity (in a broad sense)	No specific targets	Baseline measurement	To be determined	To be determined
Services				
All innovations must meet the defined sustainability targets	Start various innovations: QULI, AGROSense, Smarter Working, Lync and Green IT	100% sustainable	100% sustainable	100% sustainable

Objective realised

Progress, but objective not realised

No progress

SOCIAL PROJECTS

IT is relevant in today's society and Ordina accepts its responsibility in that context. The Ordina Foundation allows our employees the opportunity to support their own chosen projects. Not by donating money, but by making know-how and expertise available, with both Ordina and the employee donating their time. We support concrete, short-term social projects in the Benelux region that are closely associated with our core business. We carry out around four projects a year for the Oranje Fonds and via the Ordina Foundation. We reserve a total of between 300 and 500 man hours each year in the form of know-how and time for these projects. This is how we use our know-how and skills to translate our commitment to social engagement into concrete action.

Social projects		Objective	Result
Oranje Fonds	• Four projects per year	Total set aside: approximately 300-500 hours per year	448 hours 4 projects
Ordina Foundation	• Four projects per year • Investment of time: Ordina invests around two-thirds and the employees themselves invest around one-third		
Ordina Public Challenge	• Annual contest for innovative ideas	Allocate 500 hours per winner	500 hours allocated per winner

EXPLANATION OF THE RESULTS

ORANJE FONDS

Since 2013, Ordina has cooperated with the Oranje Fonds. For instance, the organisations associated with the Oranje Fonds can call on Ordina for help in the development of their social media policy. Ordina also offers 'Consultant for a Day' services. Ordina did not sponsor any projects under this scheme, as it did not receive any suitable requests to this effect.

ORDINA FOUNDATION

THE RED CROSS

Ordina helped the Accident and Emergency department of the Dutch Red Cross to improve the quality control system for A&E training. Efforts included the drawing up of a quality control manual for A&E training and a training and guidance plan for auditors.

THE NATURE EDUCATION AND SUSTAINABILITY INSTITUTE

The nature education and sustainability institute (Instituut voor Natuureducatie en Duurzaamheid) IVN is a non-profit organisation which works towards a sustainable society by getting people of all ages involved in nature. We helped the IVN with a cloud solution via the Ordina Foundation. Ordina also assisted the IVN with the creation of a new client database.

NIEUWEGEIN PENITENTIARY

Via the Ordina Foundation, we also support the penitentiary in Nieuwegein. We organise workshops in which we offer the detainees the opportunity to work on their job application skills. This increases their chances of finding a job when they return to the job market.

GAMES OF THE HEART

Last year the 'Games of the Heart' took place, the largest sports event of the year in Belgium in 2014. Athletes with a learning disability took each other on in the Special Olympic European Games. Ordina Belgium's Advanced Planning & Scheduling team built a planning solution as part of its sustainability policy.
More than 30 Ordina employees also volunteered to help out at the event.

ORDINA PUBLIC CHALLENGE

In 2013, Ordina launched the challenge as an annual contest for innovative ideas with an impact on society in the Benelux. As part of the contest, Ordina offers innovators a stage to present their ground-breaking ideas and helps them turn their ideas into real solutions. In 2014, FoodFix and 42 Education won the Ordina Public Challenge. FoodFix won the jury award and 42 Education emerged as the winner of the audience award. Both teams were given a development budget to develop their ideas.

FoodFix connects supermarkets with surplus food to students with limited funds. FoodFix collects the surplus that would otherwise be destroyed. Students are given quick and easy access to information on the available products and can order food items at low prices. The concept is currently focused on supermarkets and students, but would lend itself to wider applications.

The other winner, **42 Education**, offers children with learning disorders such as dyslexia, ASD and ADHD adaptive education programmes and tailor-made learning aids to make inclusive education possible. Inclusive education gives children who are currently in special education the chance to go to regular primary schools.

SUSTAINABLE BUSINESS

Ordina sets great store by sustainable business operations. In our own operations, we strive for a healthy balance between economic, ecologic and social interests. We aim to constantly improve our environmental performances and make every effort to keep our own CO_2 emissions as low as possible.

TARGETS

In sustainable operations, we target two areas: environmental initiatives and our HRM policy. The environmental targets are a 2% reduction in energy consumption, a 2% reduction in fuel consumption and a 2% reduction in CO_2 emissions, all compared with 2012. In addition, we wish to remain at level 5 of the CO_2 Performance ladder. The HRM policy is focused on achieving a balanced composition in our workforce.

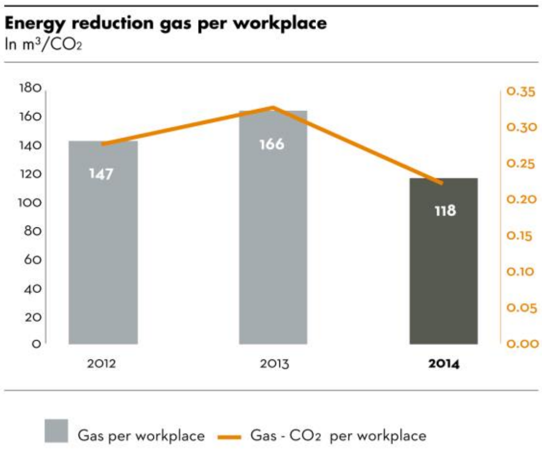
Business Operations	Target	Result
Energy reduction per workspace in kWh for electricity and m3 for gas	2,0% per annum Additional targets: Dutch government's multi-year energy efficiency covenant (MJA3) for 30% energy savings over the period 2005-2020. And a minimum reduction of 2% per annum	Realisation electricity: 0.5% Realisation gas: 28.7% CO^2 electricity: 86,4% CO^2 gas: 33,3%
CO^2-reduction	2,0% per annum Additional targets: On the basis of ISO 14001, reduce CO^2 components of paper use, fuel consumption and the electricity use for lighting and climate control systems by 2,0% per annum. Retain level 5 of CO^2 Performance Ladder and 20% reduction in CO^2 emissions in 2020 compared with 2010.	8.8%
Fuel reduction per car in liters and CO^2	2,0% per annum	liters: 3,8% CO^2: 3,2%
Diversity (in a broad sense)	Baseline measurement diversity	The baseline measurement for diversity proved to be more complicated than expected, partly on account of privacy legislation. We did however devote specific attention to initiatives related to a tolerant culture and a good balance of diversity. For instance, we now have a thriving women's network 'Women in IT', and we participate in the platform '*De Normaalste Zaak*'. At year-end 2014, 17% of all our employees were female (year-end 2013: 16%). At management level, this percentage stood at 16% (2013: 13%).

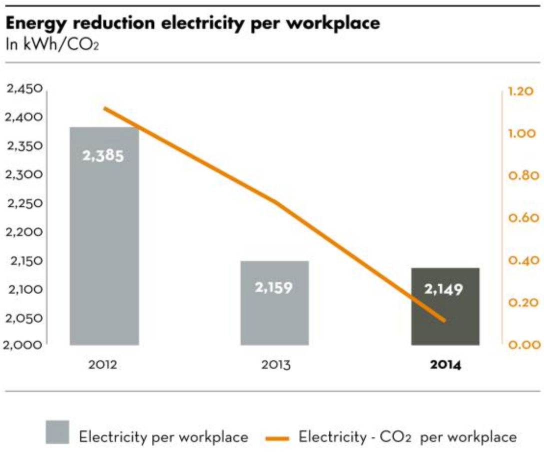
EXPLANATION OF RESULTS

ENERGY CONSUMPTION REDUCTION

Energy consumption comprises the use of electricity and gas. In 2014, Ordina managed to reduce electricity consumption by 0.5% per workstation (in kWh) and reduce gas consumption by 28.7% per workstation (in m3). Expressed in CO_2 emissions per workstation, we achieved a reduction of 86.4% from electricity and a 33.3% reduction from gas. We achieved our targets for the year under review. The reduction of CO_2 emissions from electricity use was largely driven by our decision to switch to 'green' electricity.

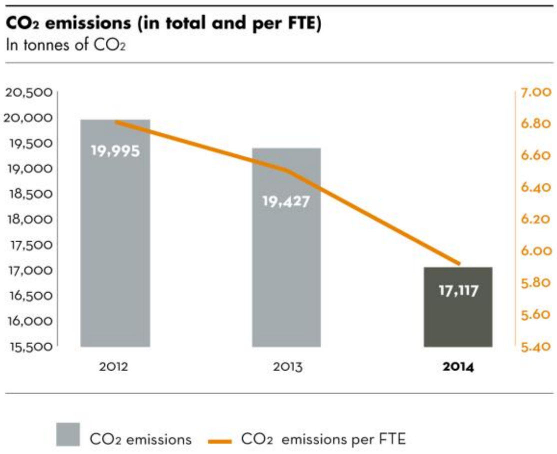
Ordina participates in the Dutch government's Multi-year energy efficiency covenant (MJA3) in the context of energy consumption reduction. The purpose of this covenant between the government and companies is to improve the energy efficiency in the corporate sector. In 2012, we drew up a new energy efficiency plan for the period 2013-2016. The Dutch Enterprise Agency (Rijksdienst voor Ondernemend Nederland - RVO) approved the plan in 2013 and we are on schedule to achieve the targets laid down in the plan.





CO2 EMISSIONS REDUCTION

Ordina reduced CO_2 emissions by 9.8% per FTE in 2014 and therefore realised its target for the year with the energy reduction measures we successfully implemented. In addition to the CO_2 reduction, Ordina is also ISO 14001 certified. ISO 14001 describes the key elements for the drawing up, implementation, maintenance and improvement of an environmental management system. It is a tool used to realise improvement targets and to give the environment the attention it deserves within an organisation, as well as to achieve improvement targets.



CO_2 PERFORMANCE LADDER

In the summer of 2013, Ordina became the first IT company to achieve level 5 of the CO_2 Performance Ladder, the highest level a company can achieve. We retained the certificate following a successful interim audit in 2014. The aim of the ladder is to encourage companies to reduce their own CO_2 emissions and those in the chain – at suppliers and clients – that result from the company's own operations and projects. Ordina's target is to reduce CO_2 emissions by 20% in 2020, compared to 2010.

In order to realise CO_2 emission reduction measures we:

- have optimised the number of workstations per square metre
- use wind energy
- have opted for LED lighting wherever feasible.

We also ask our employees to make their own contributions. We encourage our employees to opt for lease cars with reduced CO_2 emissions and to drive fuel-efficiently. We support these efforts with a driver reward programme and provide employees with a lease car that provides insight into their fuel consumption via a user-friendly dashboard that displays key data. In 2014, 78% of all lease cars had an energy label A and 95% were label A or B.

Ordina conducted a chain analysis for scope 1, 2 and 3 emissions for the CO_2 Performance Ladder level 5 certificate, in line with the Greenhouse Gas Protocol. We conducted the chain analysis for our two main processes - Secondment and Application Management – and then defined specific CO_2 emission reduction measures for these services.

As a result of the chain analysis 'Secondment', we identified the following spearheads:

- We operate under the principles of 'the New World of Work', including working flexibly irrespective of time or location, which results in a reduction of travel time and kilometres driven.
- In 2015, we will introduce a programme to create greater awareness of sustainability among our employees.

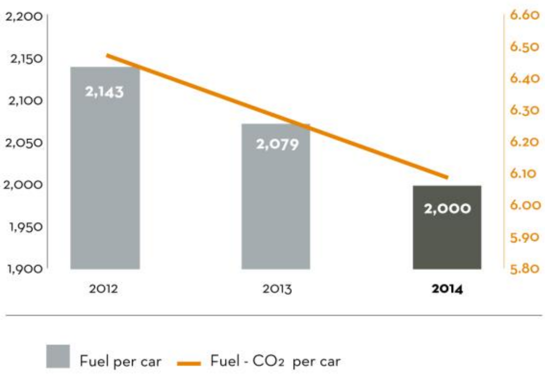
As a result of the chain analysis 'Application Management', we identified the following spearheads:

- Optimisation of the design of our data centres, with cold corridors, virtualisation and implementation of E-Vault.
- Purchasing of green energy 'B' for all of our data centres.

FUEL REDUCTION

In 2014, Ordina realised a reduction in fuel consumption of 2.9% and therefore achieved its target. Expressed in CO_2 emissions per car, we managed to reduce fuel consumption by 3.2%. We achieved our target for the year under review.

Fuel per car
In litres/CO_2



Our mobility programme is geared primarily at CO_2 reduction. The three main elements of the mobility programme are: the driver dashboard, fuel-efficient cars and the pilot programme with hybrid and electric cars.

DRIVER DASHBOARD

Ordina aims to increase its employees' awareness of how they use their lease cars. In concrete terms, we work with the leasing company to give each driver monthly data on the use of their lease car compared to the norm using a driver dashboard. This shows fuel consumption, CO_2 emissions and other aspects of car use.

Z FUEL-EFFICIENT CARS

Ordina is part of the Cleaner Car initiative. This contract is part of our efforts to operate a cleaner fleet of cars. The goal of the Cleaner Car Contract is to make sure that each new lease car we order has average emissions below the 120-grammes of CO_2 per kilometre limit. Our efforts on this front date back to 2010, when we launched an initiative to stimulate the use of lease cars with low absolute CO_2 emissions. In 2013, more than 90% of the newly-leased cars fell into this energy-efficient category. This increased to 95% in 2014. We have a similar leasing policy in Belgium, where we encourage the acquisition of cars with low CO_2 emissions and discourage the use of lease cars with higher CO_2 emissions.

HYBRID DRIVING

In 2013, Ordina began a pilot to assess whether adding semi-electric or hybrid cars to our fleet would make an actual contribution to the reduction of our CO_2 emissions. In 2014, we added three hybrid lease cars to Ordina's car fleet in the Netherlands. We expect the drivers to maximise their use of the charging facility. In 2014, Ordina invested in four new contact points for the fast-charging of hybrid cars, in addition to the four existing points. In Belgium, we have not yet added hybrid cars to our fleet.

DIVERSITY

INCLUSIVENESS

Last year, we broadened our original focus on diversity to inclusiveness. Ordina's ambition is to be an inclusive organisation, in which there is room for differences, for dialogue and for diversity. We believe that the more inclusive an organisation, the higher quality services it can provide and the more attractive it is as an employer. In an inclusive organisation there is room for differences in the broadest sense of the word. This is why we want an open, tolerant business culture and why we devote attention to creating a better balance of various target groups.

The plan to conduct a baseline measurement of the various target groups within Ordina in 2014 proved more complicated than we originally thought, partly in connection with privacy legislation. Our plan is to include some additional questions in our 2015 employee engagement survey to map out our business culture and gain an impression of the various diversity target groups.

As an integral part of our inclusiveness policy, we support specific initiatives in the field of diversity. These initiatives have specific target groups, such as 'Women in IT' and people with limited access to the employment market. Ordina cooperates with various chain partners to ensure that people with limited access to the employment market can find a job. One example of these efforts is 'Utrecht Onbeperkt aan de Slag', a joint initiative of employers, De Normaalste Zaak organisation and Utrecht city council.

In Belgium, Ordina cooperates with Passwerk for the deployment of testers. Passwerk is a people development company and a reintegration company for people with limited access to the employment market. The people who work for Passwerk often do so under the assisted workplaces act (Wet Sociale Werkvoorziening) and the job participation act (Wet Werk en Bijstand).

Ordina also cooperates with a number of suppliers who employ people with limited access to the employment market. Examples are:

- Courier company Valid Express, which employs people with a physical disability or a chronic illness.
- Installation company De Groot Installatiegroep, which recruits and deploys people with disabilities, offers combined training and workplaces and devotes time to the reintegration and education of people such as the long-term unemployed and young people with work-related disabilities and offers them employment opportunities.
- Stichting Lapso, which employs people who live in a regional facility for assisted housing (Regionale Instelling voor Beschermende Woonvormen).
- Catering company Sodexo and cleaning company CSU, which have made the employment of people with limited access to the employment market a key part of their personnel policy.
- The Color Kitchen, which works with people with limited access to the employment market. Ordina worked together with Color Kitchen during the Open Innovatie dag.

SUSTAINABLE SERVICES

Ordina wants to provide sustainable solutions that truly help people and businesses. Solutions produced without wasting man hours or scarce resources and which are easy to manage. Ordina believes that co-creation and innovation are major factors in boosting the sustainability of its services.

OBJECTIVE

All innovations Ordina develops must be 100% sustainable.

Ordina conducted an internal audit in 2014 and tested all innovations against sustainability criteria. This audit showed that Ordina's innovations are all sustainable to varying degrees. Ordina also determined that the sustainability of its innovations is largely qualitative and that this is difficult to quantify. This audit helped us to lay the foundation for future development. It gave us clear insight into the sustainability of our innovations and increased the focus on sustainable services.

In 2015, Ordina will continue to develop the sustainability testing of its innovations. We will also extend the scope of the internal audit, to assess other aspects of the company's services using the same sustainability criteria.

ASSESSMENT CRITERIA SUSTAINABILITY SERVICES

Ordina tests the level of sustainability of its innovations on the basis of critaria, like:

- co-creation with clients
- creativity and innovation
- extent of future-proofing and lifespan
- environmental impact
- recycling of existing products and components.

Finally, Ordina also assessed its innovations on the basis of external awards and certificates received. One of the benchmarks is the national government's WBSO grant. This is an independent benchmark and shows which technical innovations the national government recognises. Another example is the fact that Ordina also won the Dutch Interactive Award in 2014.

STAKEHOLDER DIALOGUES

As it did in recent years, in 2014 Ordina once again conducted a dialogue with various stakeholders on its sustainability policy. We discussed the subject in general terms and also specifically addressed the CO_2 reduction targets and the CSR strategy for our company and our CSR projects.

We used the outcome of the 2013 stakeholder dialogues to further develop the sustainability policy, our ambitions and targets for the period 2014-2016 in more concrete terms. This contributed to a translation of our vision and ambition into transparent targets, together with KPIs to measure the realisation of these targets.

In 2014, Ordina once again organised a stakeholder dialogue attended by the key representatives of the sectors in which Ordina operates: the public sector, the financial services sector, the industrial sector and the healthcare sector. Those present also included representatives from some key suppliers, such as IT services providers, a lease company and a health insurer. Among the other organisations represented were NGOs, and public sector bodies such as Dutch CSR organisation MVO Nederland, Dutch IT sector organisation Nederland ICT and the Dutch Enterprise Agency (RVO).

During the 2014 stakeholder dialogue, the Management Board and the participants discussed two themes:
- Partnerships for Smarter Solutions (Samen Slimmer Werken), a different, more flexible way of working – irrespective of time and location – using technology, which reduces mobility and thus CO_2 emissions. This technology is already available but the question is how do you encourage people to use that technology? How can you increase awareness among clients and employees and boost (sustainable) opportunities by working together in partnerships for smarter solutions?
- Smart Technologies in the context of issues in society. How can we ensure that technology works for people again?

The results of the dialogues relating to Partnerships for Smarter Solutions show that our stakeholders believe that the New World of Work is fundamentally about freedom and flexibility, on the part of both Ordina and its employees. Ordina plays a facilitating role in this. It also became clear that setting clear parameters is important in this New World of Work. One of the participants put it like this:

> *"All this talk about the new world of work way is all very well and good, but this is also about managing expectations. You do have to have firm agreements about what must be delivered."*

When work is organised in a new way, we can help realise sustainability-related targets, including the reduction of CO_2 emissions.

The results relating to Smart Technologies show the importance of the connection between social responsibility and technology. Companies such as Ordina should not only consider the positive sides of technology, but should also consider how technology can be abused and can become a danger to society. It is therefore important that Ordina supports technological developments at its clients wisely and judiciously.

The stakeholders believe that Ordina is on the right track in general terms when it comes to sustainability. By organising people and work in new ways and by taking a critical look at technologies, Ordina can conquer its dilemmas. This makes Partnerships in Sustainable Innovation a combined effort of Ordina, its employees, its clients and other stakeholders.

OUTLOOK

Ordina refrains from giving a forecast for the coming period.

SHAREHOLDERS

INFORMATION ON ORDINA SHARES

Ordina provides its shareholders with transparent information about the company's strategy, developments at clients, personnel developments and our performance. The Management Board, together with the director of Investor Relations, maintains contact with shareholders and analysts. We provide our shareholders with all the relevant information they need through the annual report, interim reports, the General Meeting of Shareholders, press releases and our website. We also publish our presentations for analysts on our website, including audio webcasts and we organise analyst meetings twice a year.

STOCK EXCHANGE LISTING

All outstanding ordinary shares in Ordina N.V. are listed on the NYSE Euronext Amsterdam stock exchange. Ordina N.V. shares are traded on the Small Cap Index (AScX) of NYSE Euronext Amsterdam.

SHARE CAPITAL

In 2014, Ordina issued a total of 404,464 shares. A total of 298,220 shares were related to the share-based component of the variable long-term remuneration of the members of the Management Board. Ordina issued a further 106,224 shares in connection with the earn-out obligation for a participation Ordina acquired in the past.

The total number of outstanding shares at year-end 2014 stood at 92.7 million shares. There were no outstanding preference shares at year-end 2014. At year-end 2014, there was one outstanding priority share. We refer to page 86 of the chapter on Provisions in the Articles of Association and other information for an explanation of the function of the priority share.

VOTING RIGHTS

Each listed ordinary share in Ordina N.V. entitles the holder to one vote.

Results per share *(In euro's)*	2014	2013	2012	2011
Per-share information				
Equity	1,56	1,55	2,25	3,95
Cash generated from operations	0,22	0,12	0,09	0,11
Net earnings per share	0,02	-0,70	0,00	-0,30
Net earnings per share fully diluted	0,01	-0,70	0,00	-0,30

SHARE PRICE DEVELOPMENT

The price of Ordina shares declined by 33.0% in the course of 2014 (2013: rise of 69.6%). The Small Cap Index closed the year 16.0% higher than at the start of 2014. The volume of Ordina shares traded in 2014 came in at an average of 445,295 per day (2013: 389,000). Ordina shares were trading at a price of EUR 1.26 on 31 December 2014 (year-end 2013: 1,90).

Share price development compared to AEX 2014

In euro

ACT ON THE DISCLOSURE OF MAJOR HOLDINGS IN LISTED COMPANIES

Within the framework of the Dutch act on the disclosure of major holdings in listed companies (Wet melding zeggenschap in ter beurze genoteerde vennootschappen), Ordina received the following notifications in 2014:

- Shareholding 10 to 15%: Mont Cervin S.à r.l.
- Shareholding 5 to 10%: Teslin Capital Management (Todlin N.V.)
- Shareholding 5 to 10%: Lazard Freres Gestion SAS
- Shareholding 3 to 5 %: Dimensional Fund Advisors LP

We refer to the Ordina website for an overview of the most recent notifications, or alternatively to the register of ‘substantial holdings’ on the website of the Dutch Financial Markets Authority AFM.

SHAREHOLDINGS MEMBERS OF THE MANAGEMENT BOARD AT YEAR-END 2014

Stépan Breedveld: 883,864 shares.
Jolanda Poots-Bijl: 158,676 shares.

SHAREHOLDINGS MEMBERS OF THE SUPERVISORY BOARD AT YEAR-END 2014

Johan van der Werf: 100,000 shares.

AGM

The General Meeting of Shareholders was held on 14 May 2014. An overview of resolutions adopted is available in the minutes of the meeting on the Ordina website (http://www.ordina.com/en/financieel/algemene-vergadering-van-aandeelhouders/).

DIVIDEND POLICY

Ordina's dividend policy, which was amended in the General Meeting of Shareholders of 14 May 2014, provides for a dividend payment of 35% of the net profit, with the following conditions: i) a solvency ratio of at least 35% in the financial year completed; ii) the net debt/adjusted EBITDA ratio of Q3 and Q4 of the completed financial year is less than 1.25; and iii) the expected net debt/adjusted EBITDA ratio of Q1 and Q2 of the current financial year is less than 1.25 (after payment of the dividend). An additional basic premise is that a healthy balance sheet ratio must be maintained to safeguard the continuity of the company. In the event of surplus cash resources, payment of a variable, extra dividend payment may be considered.

INVESTOR RELATIONS

Ordina believes it is important to be transparent and accessible for its shareholders, to give investors the best possible basis to make an informed assessment of the value of the company's shares and of the company itself. An active and open dialogue with shareholders, analysts and banks helps Ordina to increase the visibility of its share among institutional and private investors. We provide our shareholders with all the relevant information they need through the annual report, interim reports, the General Meeting of Shareholders, press releases and our website. We also publish our presentations for analysts on our website, including audio webcasts and we organise analyst meetings twice a year. Ordina organises quarterly conference calls or meetings and recordings of these are also available as webcasts via www.ordina.com.

Ordina organises roadshows in Amsterdam, London and Frankfurt.

KEY DATES

30 April 2015	Trading update
30 April 2015	General Meeting of Shareholders
20 August 2015	Publication interim results 2015
3 November 2015	Trading update
18 February 2016	Publication full-year results 2015
26 April 2016	Trading update
26 April 2016	General Meeting of Shareholders

RISK

RISK MANAGEMENT

Ordina's risk management recognises strategic, financial, operational and compliance risks.

Risk management is an integral part of our business planning and review cycle. Twice a year, Ordina conducts a bottom-up risk assessment across the five divisions. At the same time, the management also conducts a top-down risk assessment. We assess all relevant risks according to the likelihood that they will occur and the impact they could have if they materialised and we weight the risks on that basis.

We include the findings in our regular reports, which are subsequently discussed with the divisional directors, the Executive Committee, the Management Board and the Supervisory Board.

On the basis of the assessment of chance and impact, we also determine Ordina's risk acceptance level and the point at which we no longer find risk acceptable. The reasons to qualify risks as unacceptable are:

- Any danger to our continuity.
- Any danger to our reputation in the fields of compliance and integrity.
- Any chance of material impact on revenues and, more specifically, on our profitability.

Risk management is an important part of Ordina's corporate governance, its Business Management Framework and our business principles.

Below you will find an overview of the most significant risks that can have an impact on Ordina's achievement of its strategic and financial targets.

		Risks	
Strategic	**Financial**	**Operational**	**Compliance**
Sensitivity to economic cycles	Liquidity risk	Heightened risk profile client projects	Failure to comply with laws and regulations
Ordina's scale	Pressure on secondment rates	Scarcity on the employment market	
	Credit risk	Data security	Reputation damage
	Impairment of goodwill		
	Valuation projects in progress		
	Foreign operations		
	Valuation deferred tax		

The risks included in this annual report are directly related to market developments, our market positioning and our business operations. In addition, we also describe the measures we take to limit the likelihood these risks will materialise and their potential impact if they did.

STRATEGIC RISKS

Strategic risks can have an impact on Ordina's strategic targets. The main strategic risks are as follows:

SENSITIVITY TO ECONOMIC CYCLES

Economic fluctuations, such as an unstable (geo)political situation, in combination with an inflexible cost structure will have a direct impact on our results. The outcome of the parliamentary inquiry into the IT-sector could result in longer and more complex tender procedures in our public sector and healthcare market segments.

Measure: The central positioning of our sales organisation, combined with our focus on innovation themes and sustainable partnerships, enables us to maintain our client relationships. In addition, we take measures to keep our costs on a structural level, to further professionalise our flexible pool of temporary staff and to increase revenues from long-term contract. We also have a low average net debt across the year. All of this combined reduces our sensitivity to economic fluctuations and bolsters our position in the Benelux region.

In addition, revenues are spread across various market segments (public sector, financial services, industry and healthcare) to reduce sensitivity to economic cycles.

ORDINA'S SCALE

Certain (potential) clients are concerned or doubtful due to the Ordina's scale in relation to the scale of the client of the contract.

Measure: We are targeting growth in our market segments. We also focus on clients that fit Ordina's profile, such as clients that are primarily active in the Benelux region.

FINANCIAL RISKS

Financial risks are related to financing, financial results, the financial stability of partners in the chain and fiscal risks. The main financial risks are as follows:

LIQUIDITY RISK

The increasingly critical stance adopted by financiers is limiting financing opportunities in the market.

Measures: Thanks to intensive monitoring of its working capital and the structural reduction of our cost structure, Ordina had a positive cash balance at year-end 2014. We will also continue with these measures in the year ahead to improve our liquidity even further.

PRESSURE ON SECONDMENT RATES

The rates for the secondment of commodity services could come under further pressure from freelancers and brokers.

Measure: To mitigate the pressure on secondment rates, we target above-average performance levels and clear added value for our clients, by providing clients with an integrated package of the various services that Ordina offers. We also target innovation so that we can offer clients clearly identifiable added value vis-a-vis the delivery of capacity.

CREDIT RISK

Due to market circumstances, clients, suppliers or vulnerable groups could experience solvency or continuity issues.

Measure: We report periodically on payment behaviour and the outstanding invoices sent to vulnerable partners in the chain. We enforce strict limits on the basis of credit worthiness. We monitor these centrally in a periodic report.

DEPRECIATION GOODWILL

Market circumstances may sometimes necessitate the depreciation of goodwill.

Measure: At year-end 2013, we completed a cost-savings programme, which in 2014 led to a structural reduction in our indirect costs to just below the best in class level of 15%, which in turn led to improved margins. To continue to improve our margins, we are now targeting growth in all our market segments. In addition, we booked a major goodwill impairment at year-end 2013.

VALUATION PROJECTS IN PROGRESS

Projects can be complex due to the scale, the desired functionality, the applied technology or the involvement of other parties. This can result in financial risk in projects for which Ordina bears financial responsibility.

Measure: Ordina manages projects with a fixed contract price from start to finish on the basis of the Deal Review System and the excellent project execution programme, or xPx for short. Any complex projects are discussed on a weekly basis with the divisional directors and the Management Board. The progress of major projects is also included in the divisional monthly review discussions. In addition, Ordina is now more selective in terms of taking on complex projects, which has led to a slight reduction in the risk profile of the company's portfolio.

FOREIGN OPERATIONS

Our operations in Belgium and Luxembourg are further removed from our head office in geographical terms and operate in their respective markets with their own employees, clients and management. This creates a risk that these offices might operate too autonomously.

Measure: Ordina's foreign offices fall under the Belgium/Luxembourg division. The Belgium/Luxembourg directors have seats on the Executive Committee, which safeguards their ties to the rest of the company.

VALUATION DEFERRED TAXES

At year-end 2014, Ordina had compensable losses totalling EUR 59.1 million. In the context of these compensable losses, Ordina has recognised a deferred tax claim of EUR 14.3 million. An total of EUR 33.7 million of these compensable losses is expected to lapse in 2018.

Measure: A year-end 2013, we completed a cost-savings programme, which led to a structural reduction in our costs and improved margins in 2014. To continue to improve our margins, we are now targeting growth in all our market segments.

OPERATIONAL RISKS

Operational risks refer to unexpected developments that could have a negative impact on internal processes, employees, clients and systems. The main operational risks are as follows:

RISK PROFILE CLIENT PROJECTS RAISED

There is a growing need among clients to transfer the responsibility to their suppliers. This combined with a growing claim culture has raised the risk profile of our projects.

Measure: We adjusted our organisational structure as of 1 January 2014. The resulting management structure is more balanced and simpler and creates room for clearer focus and improved customer relations. We believe that success is founded on long-term cooperation and that preventing conflicts is the best remedy against such risks.

In addition, for the execution of its projects Ordina has developed an approach we have christened excellent Project execution', or xPx for short. The xPx approach is equivalent to Prince2, with a number of additional steps aimed at generating buy-in and commitment from everybody involved in a project. Members of the Executive Committee are directly involved in any complex projects.

Ordina takes a very selective approach to the business opportunities we want to take advantage of, supported by our Deal Review System. We use this system to conduct a critical review of opportunities and risks during the commercial process and we review the mandatory involvement of management at the right level, depending on the size of a potential contract. This system also enables us to make informed decisions at every stage of the bidding process and on whether or not to submit a bid for a project.

The divisional directors and the Management Board discuss the status of all high-risk contracts and key business opportunities on a weekly basis.

SCARCITY ON THE EMPLOYMENT MARKET

It is possible that in the future we will face a shortage of highly-trained IT professionals in the Benelux region. This would be due in part to a limited supply on the job market and partly due to lower retention rates (the ability to keep expert and experienced employees) due to the recovering economy.

Measure: Ordina's ambition is to be one of the top employers in the IT sector. We want to achieve this through initiatives aimed at making the company an attractive employer, with an excellent reputation in the fields of integrity and high levels of employee engagement.

DATA SECURITY

Data security is vital in the current digital era. Confidential information can fall in the wrong hands due to cybercrime or the failure of IT systems.

Measure: Ordina has set up a security organisation to secure the information and information systems of both Ordina and its clients.
The security of Ordina's internal systems and networks were defined and set up using the ISO 27001 norm.

Ordina's security organisation supports the management and employees in all security-related issues. Ordina recently conducted a thorough review of the policy and related guidelines for data security. These have been simplified and tailored to the situation at Ordina.

The design, existence and the operation of the security systems is included in the annual IT audit conducted by the external auditor. In addition, Ordina issues monthly reports on the KPIs, such as those related to the security of Ordina's systems. Ordina immediately follows up and reports on any discrepancies in line with incident management-related procedures.

Ordina has set up an ISO 27001 and NEN 7510 compliant information management system for the services the Application Management division provides to clients. We have tightened procedures in the Ordina Business Management Framework and we have drawn up additional work instructions and guidelines for data security for 'Delivery management'.

COMPLIANCE RISKS

Compliance risks include all issues that could lead to reputation damage, legal damage, sanctions imposed by regulatory bodies and financial damage as a result of the failure to comply with prevailing laws and regulations. The main compliance risks are as follows:

RISK OF FAILURE TO COMPLY WITH LAWS AND REGULATIONS AND RISK OF REPUTATION DAMAGE

Ordina's business operations must comply with all prevailing laws and regulations. In addition, Ordina must comply with all legislation and regulations related to reporting and its stock exchange listing.

Measure: In 2014, we devoted extra attention to compliance risks in connection with the investigations Ordina had carried out in 2014 and in early 2015.

In 2014, Ordina was approached by investigative television programme Zembla with questions about potential irregularities in tender procedures in the period 2005 to 2010. On 2 October 2014, Zembla broadcast an episode exploring the potential irregularities.

As a result of the questions asked by Zembla, the Management Board asked Dutch law firm De Brauw Blackstone Westbroek to investigate the course of events. Ordina published the main findings of the resultant investigations and the main conclusions it has drawn from the results in a shareholder circular on 27 January 2015.

According to the findings of the investigation, there were clear indications for one case of irregularities. In several other cases, it was not determined that there was any question of irregularities, but Ordina concluded that a certain group of people did act inappropriately.

In response to the (provisional) findings of the investigations, Ordina has tightened its compliance significantly. This resulted in an intensive integrity programme, which Ordina wants to use to differentiate itself in the fields of integrity, compliance and transparency. The aim of the programme is to increase the attention paid to integrity issues in the organisation and to kick start the dialogue on business dilemmas. We described the contents of this integrity programme in the shareholders circular of 27 January.

In the context of the integrity programme, we have introduced a tightened code of conduct and related conduct guidelines. We also replaced the current whistleblower scheme with a much more accessible Reporting Code of conduct. This scheme includes the possibility of making anonymous reports to an (external) contact point.

The integrity programme also includes a new and expanded training programme. These include the introduction of a company-wide mandatory e-learning module for all employees, while we are also currently developing customised training courses for specific target groups. In view of the important role played by the management in promoting a dialogue about integrity, Ordina has developed very specific training for this target group.

The training courses will also be a fixed part of the induction process for new employees. This also applies to people who change roles within the organisation.

This integrity plan underlines the importance Ordina attaches to the subject of integrity.

GOVERNANCE

BUSINESS PRINCIPLES

Our business principles provide guidance for the actions and conduct of both management and staff. We operate our company according to sound economic principles, we are a loyal partner, a reliable supplier, a socially-responsible employer and a trustworthy stock exchange-listed company, and we take our corporate social responsibility seriously.

COMPLIANCE

We comply with all relevant international and national laws and regulations, including those of the countries where we cooperate with partners. Ordina has specific regulations and guidelines for its managers, employees, suppliers and shareholders and ensures that the relevant target groups are informed. We also monitor the correct compliance.

INTEGRITY

Our management and employees always act according to strict principles of honesty, openness and integrity. We strongly condemn any direct or indirect payment of bribes. We expect our employees to never allow their personal interests to conflict with Ordina's interests. Our administrative organisation is geared towards ensuring that we can account for all business transactions fully and correctly. Ordina's Management Board has drawn up guidelines with respect to the ownership and trading in shares in the company. These guidelines have been laid down in Ordina's insider trading regulations (Reglement Inzake Voorwetenschap Ordina N.V.). Employees can report any wrongdoings they are aware of without any danger to their position in the company, in line with Ordina's renewed Reporting code of conduct, which is available on our website.

FAIR COMPETITION

We advocate honest and open competition in all markets and countries in which we are active. We refrain from closing agreements with other players in our sector, which might have an adverse effect on a client's freedom of choice.

TRANSPARENCY

Ordina's annual and interim reports are publicly available and published on our website. We report our performance, faithfully, carefully, in a timely fashion and transparently. We draw up our annual and interim reports in accordance with the principles for financial reporting as accepted in the Netherlands and any legal requirements Ordina is subject to as a stock exchange listed company. Except in those cases when the company has just reason to delay the publication of such information, the company will publish any information that qualifies as share price sensitive immediately via a press release.

SOCIAL POLICY

Ordina's employee policy is geared at finding a good balance between the company's interests and those of its employees. We offer employees equal opportunities in terms of career and development and strive to arrive at fair treatment in the event of a conflict. We do our utmost to promote the wellbeing of our employees through an active vitality policy and by providing good working conditions.

CORPORATE SOCIAL RESPONSIBILITY

Ordina is aware of its role in society. Partnerships in sustainable innovation and corporate social responsibility are embodiments of the same principle: using know-how and expertise sustainably to benefit society. We have identified three themes in our sustainability strategy: social projects, sustainable business and sustainable services. Each of these themes is an expression of Ordina's mission: Partnerships in Sustainable Innovation.

INTERNAL GOVERNANCE

SOUND MANAGEMENT

Internal governance is a high priority for Ordina. It is subject to continuous assessment and continued professionalisation. We devote attention to our governance structure, processes, systems and controls. One of our priorities is to raise awareness of corporate governance among management and employees.

BUILDING BLOCKS OF INTERNAL GOVERNANCE AND CONTROL

Our internal governance comprises the following building blocks:

- Strategy development
- Translation of strategic targets into business plans and long-range goals
- Analysis of results and forecasts and the internal reporting cycle
- Transparent administrative organisation
- Project control
- Control self-assessment and audits.

STRATEGY DEVELOPMENT

Ordina scrutinises its strategy and the related targets and ambitions on an annual basis. Where necessary, we make adjustments based on market developments and the opportunities and threats we have identified. We evaluate whether adjustments are necessary by analysing our strengths and weaknesses and by conducting a strategic risk assessment. This is the responsibility of the Management Board. The Board also discusses Ordina's strategic direction extensively with the Supervisory Board at least once a year.

TRANSLATING STRATEGIC TARGETS

Ordina's Management Board draws up the company's strategic targets, including the main opportunities and risks, in cooperation with the Executive Committee. Ordina's overall strategic targets and the different divisions' contributions to achieving those targets serve as the basis for our business plans and long-term plans.

The various scenarios are based on the developments in markets in the Netherlands and Belgium/Luxembourg. The business plan includes a budget for each division. It also includes several concrete business targets that have been translated into a number of Key Performance Indicators (KPIs), which we monitor continuously for progress throughout the year.

In addition, Ordina uses the OGSM method (Objective, Goals, Strategies and Measures) to translate our goals and ambitions into concrete and measurable actions and to monitor the progress.

ANALYSIS OF RESULTS, FORECASTS AND INTERNAL REPORTING CYCLE

We analyse the financial results of the divisions and their forecasts on a monthly basis, both at a local and at a corporate level.

We hold risk management assessments at divisional level twice a year. We translate any risks that have been identified into measures. The management then reports periodically on the results of these measures. In the event of material changes, we conduct interim risk assessments if we deem these necessary.
The management and the business controllers of the various business units submit monthly written progress reports. They report to the members of the Management Board on the status of the targets defined in their business plan, the related KPIs and financial performance. Based on these reports, we then hold monthly progress meetings to discuss at the very least the following subjects:

- actions agreed upon during prior reviews;
- relevant commercial developments;
- any current client issues;
- the financial performance over the past month and updated forecasts;
- progress in terms of the risks identified;
- turnover and recruitment of staff;
- progress in the execution of key contracts.

TRANSPARENT ADMINISTRATIVE ORGANISATION

At Ordina, we have formalised responsibilities, mandates, the division of tasks, guidelines, procedures and processes within the company in a clear and accessible manner. They have been compiled in the Business Management Framework (BMF), a digital manual for our quality control system. The divisional management and business controllers are responsible for the correct application of processes and systems. This also serves as the basis for the continued development and professionalisation of the company's risk management system.

Ordina set up and continues to develop its management system using the ISO 9001 standard as a minimum standard. During the re-certification procedure in 2014, the certifying institution identified the following positive points:

- Integration of the ambitions and governance in the fields of sustainability and the business planning cycle
- Target of GRI-4 level reporting (CSR) in the 2014 annual report
- Environmental measures have reduced electricity consumption
- Integrated KPIs applied to finance, quality and sustainability
- Ordina Academy: the training of employees by employees.

Ordina's financial administration runs on SAP, which is our primary system for the administration and business operations. In 2014, we implemented a new ERP system in 2014 and deployed it successfully in 2015. This new system enables us to increase the efficiency and transparency of our processes and increase the predictability of our business.

The emphasis on ever greater integration of our sustainability targets in our processes and the continued optimisation and practical implementation of the operational steering were in line with the strategy in 2014. On the sustainability front, Ordina extended in 2014 its ISO 14001 certification gained in 2013. In addition, an interim audit by DNV-GL found that Ordina once again met the requirements for certification at level 5 on the CO_2 Performance Ladder in 2014.

PROJECT MANAGEMENT

DEAL REVIEW SYSTEM

Ordina strives for the effective management of projects for which we bear bottom-line responsibility. This begins with a critical review of opportunities and threats during the commercial process. We also review the mandatory involvement of management at the right level, depending on the size of a potential contract.

We launched the Deal Review System (DRS) to make sure we do this consistently. This system enables us to make informed decisions at every stage of the bidding process and on whether or not to submit a bid for a project. Key elements of the DRS include the assessment of risks and the measures we have available to mitigate those risks.

When we accept projects and management contracts, we obviously accept a certain level of risk, but we believe these risks have to be manageable and transparent. Our track record, experience, stringent project management and contractual agreements with our clients, including liability limits, are all key factors in the mitigation of these risks. Our Assurance department monitors the consistent application of the DRS.

EXCELLENT PROJECT EXECUTION

Ordina has developed an approach to project execution it has dubbed excellent Project execution (excellente Project executie) or xPx. The xPx approach is in line with Prince2, with the addition of a number of steps aimed at generating buy-in and commitment from all those involved in a project.

For Ordina, sound project management is a key condition to realising project targets and we therefore apply xPx to all our projects. Our project managers are trained in both Prince2 and xPx and have extensive practical experience. We also devote considerable attention to the composition of our project teams. At Ordina, we refer to 'inspired project teams', by which we mean project teams that have the required experience and know-how, work on the basis of passion for their field of expertise and can work well together, both with other team members and with representatives from the client's organisation. We want to provide our clients with added value by maintaining a clear focus on what helps them to achieve their own business goals and by making sure that the project targets continue to facilitate those goals.

The divisional directors and the Management Board discuss complex projects on a weekly basis. We also discuss key projects at the monthly divisional review meetings, along with the key findings of our Assurance department.

AUDITS

The Assurance department reports directly to the Management Board and conducts independent audits of correct application of and compliance with internal procedures and guidelines. These audits focus on both financial and operational elements. The goal is to use the audit finding to arrive at the continuous professionalisation of our internal control structure. In addition, these formalised procedures also help us to increase risk awareness within Ordina.

We also provide clients with independent assurance on the control front, in terms of the presence and the operation of relevant processes and control measures. In 2014, Ordina was one of the first IT companies in the Netherlands to be awarded the revised ISO/IEC 27001:2013 certificate. This certification applies to the data security management system for the services provided by the Application Management division. At the same time, Ordina was awarded NEN 7510 certification, a data security certificate for the healthcare sector. This means that we currently comply with the most up-to-date standards in the field of data security.

External audits are conducted by organisations such as KPMG, DNV-GL, BSI and our external auditor PwC. The external audits cover both the management system and the administrative organisation, together with financial results.

The external auditor focuses on the correct application and operation of internal control procedures that are important when drawing up the annual financial statements. The external auditor reports the findings of their audits to the Management Board and to the Supervisory Board, both verbally and in writing.

INTERNAL CONTROLS

CONCLUSION

The Management Board is responsible for the strategy, associated risk profile, and the design and effectiveness of our internal risk management and control systems. These systems are designed to help ensure that we have reasonable certainty at all times regarding the extent to which we are achieving our strategic and operational goals. The systems also serve to guarantee the reliability of our financial reporting, to ensure that we act in accordance with the laws and regulations that apply to our company.

Ordina sees the configuration of our internal risk management and control systems for our strategic, operational, compliance and financial (reporting) risks as a high priority. We constantly refine and improve these systems in view of internal and external developments.

In the year under review, we evaluated the set-up and functioning of existing internal risk management and control systems. The findings of this evaluation, including an evaluation of Ordina's risk profile, has been discussed with the Supervisory Board.

These systems cannot provide absolute certainty and it is possible that Ordina's reporting contains material inaccuracies.

MANAGEMENT BOARD IN CONTROL STATEMENT

Based on the evaluation of our internal control structure, it is the Management Board's opinion that the internal risk management and control systems functioned properly in the year under review and that they provide reasonable assurance that the financial information is free from material misstatement.

In view of the above, Ordina complies with best practice provisions II.1.4 and II.1.5 of the Dutch Corporate Governance Code.

In addition to this, the Management Board hereby declares, in accordance with section 5.25c of the Dutch Financial Supervision Act, that to the best of its knowledge:

- The financial statements as per 31 December 2014, presented on pages 91 through 155 of this annual report, and which are in accordance with IFRS, give a true and fair account of the assets and liabilities and the financial position and results of Ordina N.V. and its consolidated entities
- and that the annual report gives a true and fair account of Ordina N.V.'s position as per 31 December 2014 and the course of events during the 2014 financial year and that of its related entities whose financial information has been consolidated in the Company's financial statements and that the annual report describes the principal risks that Ordina N.V. faces.

Nieuwegein, 18 February 2015

Management Board Ordina N.V.
Stépan Breedveld, CEO
Jolanda Poots-Bijl, CFO

SUPERVISORY BOARD

The Supervisory Board's primary duty is to supervise Ordina's management, from both a strategic and an operational perspective. The role, tasks and composition of the Supervisory Board are described in the Supervisory Board regulations.

The members of the Supervisory Board are (from left to right) Johan van der Werf, Pamela Boumeester, Dirk Anbeek and Aloys Kregting.




Johan van der Werf (1952) has been a member of Ordina's Supervisory Board since May 2010 and its Chairman since August 2010. His other positions include Chairman of the Supervisory Committee of the NOS, and Chairman of the Supervisory Committee of the Utrecht University Medical Centre, Chairman of the Supervisory Board of the Zeeuws Investeringsfonds and Chairman of the Board of Stichting Continuïteit Nutreco. He is also a member of the Supervisory Board of the Blauwtrust Group, and of the Advisory Board of the Sociale Verzekeringsbank, where he is also chairman of the Audit Committee. Mr. Van der Werf was appointed on 11 May 2010 and was reappointed as Supervisory Director for a period of four years on 14 May 2014. Mr. Van der Werf will no longer be eligible for reappointment to the Board after May 2018.

Pamela Boumeester (1958) was appointed as a Supervisory Director at Ordina in May 2009 and was appointed Vice-Chairman of the Supervisory Board in May 2012. Ms. Boumeester's other positions include chairman of the board of the Stichting Royal Haskoning DHV and she is a member of the Supervisory Boards of Jaarbeurs, Persgroep Nederland and Heijmans. Ms. Boumeester was appointed on 6 May 2009 and reappointed for a four year period on 15 May 2013. Ms. Boumeester will no longer be eligible for reappointment to the Board after May 2017.

Dirk Anbeek (1963) was appointed as member of the Ordina Supervisory Board in May 2012. Mr. Anbeek has been Chief Executive Officer of Wereldhave since 2012. Mr. Anbeek is due to step down in 2016 under the prevailing rotation schedule. Mr. Anbeek will no longer be eligible for reappointment to the Board after May 2020.

Aloys Kregting (1967) was appointed as a member of the Supervisory Board of Ordina in May 2011. Mr. Kregting has been Chief Information Officer at DSM and Executive Vice President DSM Business Services since 2008. He is due to step down in 2015 under the prevailing rotation schedule. Mr. Kregting will no longer be eligible for reappointment to the Board after May 2019.

REPORT OF THE SUPERVISORY BOARD

INTRODUCTION

We are pleased to present you with the annual report and financial statements for 2014, as drawn up by the Ordina N.V.'s Management Board. In this report of the Supervisory Board, we provide more information on how the Supervisory Board carried out its supervisory tasks with regard to the various issues that arose in the year under review.

AGENDA

Ordina took another step forward in 2014. In a year marred by reports of suspected irregularities in public sector tenders and contracts, which is discussed in more detail below, the general condition of the company continued to improve. This is true both financially and operationally, as well as in terms of integrity and sustainability.

In a challenging market and despite slightly lower revenues, Ordina still generally managed to maintain its market share and recorded growth in some areas. The Supervisory Board had extensive discussions with the Management Board about revenue development in each market segment and opportunities to expand market share. In addition to the continuous attention devoted to margin improvement, a return to structural revenue growth also remains a key target. We consider it our duty to make an active contribution to the realisation of this goal in our capacity as the Supervisory Board.

Looking at Ordina's financial position, we can note with some satisfaction that the company closed 2014 free of debt. Ordina succeeded in transforming a net debt position into a net cash position, and by doing so made the company more financially robust for the future. This is something that inspires confidence among shareholders, clients and banks.

The programme aimed at reducing indirect costs, which was launched in the second half of 2013, yielded results across the board in 2014.

The Management Board's management agenda also helped put Ordina on a steady course. With its mission statement Partnerships in Sustainable Innovation Ordina helps its clients to implement that new technology. Examples are Google Glass, virtual reality, 3D printing and drones. Organisations are very much aware that certain innovations are having an impact on or causing disruptions to their industry and they need help to determine what they can or must do in the face of these developments. As the largest independent IT company in the Benelux, Ordina has the flexibility to take action on a local level and the strength and ability to execute projects at the heart of its clients' organisations. Innovation and sustainability play a crucial role in this strategy.

In the year under review, the Supervisory Board also discussed the auditor's reporting and the internal control activities of the Assurance department with respect to revenue recognition. The discussions in the full Supervisory Board were on each occasion prepared by the Management Board and Mr. Anbeek as the financial specialist on the Supervisory Board. The subjects raised in the context of said preparations included revenue and profit development, risk management, the valuation of intangible fixed assets (goodwill), the valuation of deferred tax receivables and the valuation of receivables on the basis of projects and of the project provisions. In addition, the board devoted attention to the quantification of materiality used in the audit and the process of transition to a subsequent auditor. Mr. Anbeek was involved in the selection of a newly-appointed auditor.

In addition, the board and the auditor discussed the follow-up to the indications of potential irregularities in the tender procedures and projects for public sector clients. The subjects examined in these discussions included the scope of the audit and the adjustment of auditing activities in response to the follow-up to the aforesaid indications.

In the year under review, we also regularly devoted attention to Ordina's human resources policy. Recruiting the right staff and the staff's engagement with the company is a crucial factor in the success of a knowledge intensive company like Ordina. This requires alertness and continuous attention. The Supervisory Board devoted specific attention to the fact that the employee engagement score declined in 2014, after two years of steady increases. Analysis has shown that the reorganisation implemented in 2013 was one of the key reasons for this decline. The Management Board continues to invest in improvements in employee motivation and has maintained its ambition to realise an employee engagement score of at least 7.0. The Supervisory Board wholeheartedly supports this ambition. We also had extensive discussions about succession management at senior management level, the promotion of diversity and the development opportunities for Ordina professionals.

We also discussed Ordina's sustainability strategy, which was redefined in 2013, and looked at the progress booked on the company's chosen objectives. Ordina chooses to develop long-term relationships and solutions that generate sustainable results. The result of all of this is a healthy and solid company that acts responsibly in terms of its corporate social responsibility. The Supervisory Board believes this is the right approach and will closely monitor the future implementation and realisation of the strategy.

POTENTIAL IRREGULARITIES

The reports about potential irregularities in public sector tenders and contracts have also affected the Supervisory Board. As a company, we take any signs of potential irregularities very seriously. This is why, in the year under review, we had frequent and intensive consultations with the Management Board about this issue. These were both plenary sessions during scheduled meetings and additional meetings, as well as discussions via email and telephone. We also sought the support of external and internal specialists when we deemed this necessary, both in and outside the meetings of the board.

Our discussions of this issue revolved around subjects such as the signals themselves, the investigations that were initiated and the (provisional) outcome of those investigations. We also devoted attention to the development and introduction of the integrity programme, in which the Management Board, together with Ordina's management and employees devote explicit attention to the personal interpretation of appropriate and inappropriate behaviour. We also repeatedly discussed the position of the various stakeholders.
We obviously devoted considerable attention to the impact of this issue on our shareholders and we specifically discussed the request for an inquiry that our shareholder Mont Cervin submitted to the Corporate Chamber of the Amsterdam District Court.

We fully support the Management Board's forceful approach and its decision to conduct a detailed investigation and eliminate the possibility of any inappropriate conduct. We also support Ordina's ambition to play a leading role in the IT market when it comes to integrity. The intensified integrity programme makes integrity an even more integral part of our corporate culture. The members of the Supervisory Board will follow these developments closely and play an active role where necessary to realise these goals.

MEETINGS

The Supervisory Board held six meetings with the Management Board in the year under review, all according to a prearranged schedule. The Supervisory Board and the Management Board also held four additional meetings on specific subjects, such as the alleged irregularities and the intensification of the integrity programme within the company. Some of these meetings were conducted by telephone. In addition to the aforementioned subjects, we also discussed a number of fixed subjects, such as the budget, operational and financial developments, cost controls, compliance, strategy and risk management. We also discussed the selection of a new auditor from 1 January 2015.

The meeting held to discuss the interim results and the full-year results was also attended by the independent external auditor.

In our annual meeting with the Works Council, we discussed the assessment of the relationship between the Management Board and the Works Council, and in the course of the year we discussed the proposed reappointment of Stépan Breedveld as chairman of the Management Board. The Supervisory Board determined that the relationship between the Management Board and the Works Council is healthy.

The members of the Supervisory Board had frequent contacts with the Management Board members outside the meetings. All or nearly all of the members of the Supervisory Board attended the scheduled meetings. Mrs. Boumeester and Mr. Kregting were both unable to attend two meetings. In those instances, Mrs. Boumeester and Mr. Kregting were involved in the deliberations and decision-making related to the meetings in question, both prior to the meetings and immediately after those meetings.

In addition to the aforementioned meetings, all members of the Supervisory Board attended one meeting in the absence of the Management Board and the Supervisory Board members frequently consulted with each other outside the meetings. During the above consultations, we also discussed the functioning of the Management Board. We concluded that the Management Board is functioning well. The Supervisory Board also consulted with the company's external auditor, both in the presence and in the absence of the Management Board.

REAPPOINTMENT STÉPAN BREEDVELD

REAPPOINTMENT STÉPAN BREEDVELD AS CEO AND CHAIRMAN OF THE MANAGEMENT BOARD

We announced at the General Meeting of Shareholders of 14 May 2014 that the Supervisory Board would enter talks with Mr. Stépan Breedveld regarding his re-appointment as CEO and Chairman of the Management Board. In August, The Supervisory Board announced the reappointment of Mr. Stépan Breedveld as CEO and chairman of the Management Board. The reappointment will be effective as of 11 May 2015 and will be for a period of four years. The Supervisory Board is pleased with the reappointment of Mr. Breedveld. As CEO and chairman of the Management Board, he has made a tangible contribution to the solid foundations that have been created in recent years and which will serve as a basis for a healthy and profitable future for Ordina.

The announcement of his reappointment will be on the agenda of the General Meeting of Shareholders, scheduled for Thursday, 30 April 2015. The Works Council has submitted its recommendation and supports the reappointment of Stépan Breedveld.

Pursuant to the Act on Management and Supervision, which came into effect on 1 January 2013, Ordina has closed a management contract for a period of four years, starting from the moment of his reappointment as statutory director of Ordina N.V. His remuneration package is in accordance with the remuneration policy approved by the General Meeting of Shareholders.

REMUNERATION POLICY MANAGEMENT BOARD

REMUNERATION DEVELOPMENT

In view of the reappointment of Stépan Breedveld as CEO and chairman of the Management Board, the Supervisory Board has decided to raise Mr. Breedveld's fixed remuneration to a gross total of EUR 440,000 including holiday pay, from a gross sum of EUR 385,000 including holiday pay. This increase is effective as from his reappointment on 11 May 2015.

The Supervisory Board also decided to increase the fixed salary of Jolanda Poots-Bijl as from 11 May 2015 to a gross total of EUR 396,000 including holiday pay, from a gross sum of EUR 346,500 including holiday pay. The aforementioned salary increases for Stépan Breedveld and Jolanda Poots-Bijl are in line with the framework and guidelines laid down in Ordina's remuneration policy.

SHORT-TERM BONUS

In accordance with the Remuneration Policy Management Board Ordina N.V., the short-term bonus is based on financial and non-financial targets, in which the financial targets carry greater weight than the non-financial targets. The members of the Management Board have joint targets.

The members of the Management Board partially realised their targets for 2014. Looking at the financial target, it can be noted that the net debt position of recent years has been turned into a net cash position and that recurring EBITDA improved when compared with the previous financial year. Furthermore, we are happy to report that Ordina booked a profit in the year under review, but we also note that this profit was below the target formulated by us and by the Management Board. Nor did it prove possible to increase revenues in the year under review.

With respect to the non-financial targets, we conclude that the development in client satisfaction remained stable. On the sustainability front, Ordina once again took clear steps forward. Ordina has now defined its mission - Partnerships in Sustainable Innovation – in more concrete terms and the company has set clear sustainability targets for the years ahead. Clients, employees and shareholders have responded positively. Employee engagement did fall slightly in 2014, after rising for two years in a row. One of the main reasons for this was apparently the major reorganisation carried out in 2013. Although this issue requires continuous attention, we noted that the Management Board responded very quickly and continued to devote attention to improving employee engagement.

In view of the above, the Supervisory Board has decided to grant Stépan Breedveld (CEO) and Jolanda Poots-Bijl (CFO) 61% of the on-target amount of the short-term variable bonus.

We note that we assessed the Management Board's realisation of its targets on the basis of the criteria and target levels as these were previously formulated. We did not make use of our discretionary power to adjust the short-term bonus upwards or downwards, for instance as a result of the media reports of alleged irregularities in tender procedures and projects for public sector clients and/or the Management Board's rapid response to same.

LONG-TERM BONUS

Like the short-term bonus, the long-term bonus is based on financial and non-financial targets, in which the financial targets carry more weight than the non-financial targets. These targets too are the same for all members of the Management Board. With respect to the long-term bonus schemes that ended on 31 December 2014, we have determined the following.

Each member of the Management Board has been granted three performance-related bonus schemes, on the basis of which they may be granted performance-related shares. This is a scheme with a term that runs from January 2012 through December 2014, a scheme with a term that runs from January 2013 through December 2015 and a scheme with a term that runs from January 2014 through December 2016. We have determined that the Management Board delivered a solid performance with respect to the financial targets set in the 2012-2014 scheme. Although it did not manage to make the turnaround to revenue growth, recurring EBITDA margin was higher and the net debt position has been turned into a net cash position within the timeframe of this bonus scheme. This has put the company in a more robust position for the future.

In addition to the fact that the company's financial basis has been bolstered sustainably, we see improvements to the company's condition in a number of other areas, while in areas that require continuous attention, such as employee engagement, the Management Board has proven itself alert and responsive.

In view of the above, we have unconditionally granted Stépan Breedveld 159,586 and Jolanda Poots-Bijl 83,782 performance-related shares. This is equivalent to a payment percentage of close to 80% of the on-target remuneration of the Management Board.

In addition to the above 2012-2014 scheme, the Supervisory Board has determined the following with respect to the other two schemes. With respect to the scheme that runs from January 2013 through December 2015, the Supervisory Board has conditionally granted Stépan Breedveld 171,836 Ordina N.V. shares and Jolanda Poots-Bijl 141,764 shares. The definitive granting of the shares under this scheme will take place in the first quarter of 2016. With respect to the scheme that runs from January 2014 through December 2016, the Supervisory Board has conditionally granted Stépan Breedveld 101,293 Ordina N.V. shares and Jolanda Poots-Bijl 91,163 shares. The definitive granting of the shares under this scheme will take place in the first quarter of 2017.

In accordance with the Corporate Governance Code, members of the Management Board are not permitted to sell their shares within two years of those shares being granted unconditionally, unless any sale of such shares is for the sole purpose of paying any levies and premiums due with respect to those shares.

In the context of this bonus scheme, we note once again that we assessed the Management Board's realisation of its targets on the basis of the criteria and target levels as these were previously formulated and we did not make use of our discretionary power to adjust the short-term bonus upwards or downwards.

COMPOSITION AND ROTATION SCHEDULE SUPERVISORY BOARD

The composition of the Supervisory Board meets the criteria outlined in the profile posted on Ordina's website. The profile was reassessed in the spring of 2014 and amended in parts. These amendments were discussed in the General Meeting of Shareholders of 14 May 2014.

The composition of the Supervisory Board is such that its members can operate independently of each other, of the Management Board or any other interest, such within the meaning of the Dutch Corporate Governance Code. All members of the Supervisory Board qualify as independent within the meaning of best practice III.2.3 of the Code. No transactions were conducted during the period under review involving a conflict of interest on the part of the members of the Supervisory Board or of the Management Board.

The Supervisory Board has a diverse composition in terms of expertise, experience, social background, age and gender. In view of the size of the Supervisory Board, it would be unrealistic in our opinion to apply minimum percentages for the representation of various aspects of diversity.

On 14 May 2014, the General Meeting of Shareholders reappointed Johan van der Werf as a member of the Supervisory Board for a four-year period. Said meeting also heard the announcement that, in line with the rotation schedule, Mr. Aloys Kregting will step down from the Supervisory Board as of the end of the 2015 General Meeting of Shareholders. Under the prevailing rotation schedule, Mr. Kregting is eligible for reappointment.

REMUNERATION SUPERVISORY BOARD

The General Meeting of Shareholders of 14 May 2014 decided to raise the remuneration of the members of the Supervisory Board as from 1 July 2014, such to reflect the increase in activities and responsibilities of the members of the Supervisory Board. The meeting also decided to make a greater distinction between the level of remuneration of the chairman and of the other members of the Supervisory Board, to do more justice to the chairman's work and responsibilities.

Including the amended remuneration as from 1 July 2014, the members of the Supervisory Board received a remuneration of EUR 33,252 in the year under review and the chairman of the Supervisory Board received EUR 46,003. The total remuneration for the members of the Supervisory Board in the financial year 2014 was EUR 145,759 (excluding expenses). The remuneration is not related to the company's financial performance. Further details are included in the financial statements.

The annual indexation of the fixed remuneration in line with the consumer price index as published by the Dutch Central Statistics Bureau CBS remains unchanged. The current expenses allowance of EUR 2,270 per annum also remains unchanged.

PERFORMANCE OF THE BOARD

As in previous years, the Supervisory Board evaluated the performance of the Board as a whole and that of its individual members. This year, the Board commissioned an external expert to assist in this evaluation. The process included the completion of a questionnaire, interviews with all the members of the Supervisory Board and the members of the Management Board and research based on written information and codes. The evaluation ended with a written report and a plenary oral final discussion.

The outcome of the evaluation can be considered positive to very positive. The cooperation as a collective, between the individual members and with the Management Board is excellent. The evaluation also found that the expertise and diversity of the Supervisory Board are good and suitable for the years ahead. The Management Board fully agrees with the outcome of the evaluation.

The evaluation also looked at the specific education and training needs of the individual members of the Supervisory Board. It was determined that the regular and informal contacts of the Supervisory Board members in the normal course of business and with the company were sufficient to meet the demand for knowledge of the company's operations and the responsibilities of a supervisory board member.

In addition to consolidating its current working methods, the Supervisory Board also decided to further deepen its knowledge of the company and contacts with senior management and the development of that knowledge and those contacts.

CORPORATE GOVERNANCE

GENERAL

The Supervisory Board and the Management Board bear joint responsibility for Ordina's corporate governance. The Supervisory Board and the Management Board evaluate Ordina Group's corporate governance structure and a number of related documents on an annual basis. We analysed the amended Code point by point to determine the extent of Ordina's compliance. The resultant 'comply or explain' statement is available on the Ordina website.

The conclusion is that Ordina complies with virtually all points of the Code and applies where applicable, with the following exceptions:

- Ordina aims for diversity within its Supervisory Board in terms of age, gender, expertise and social experience and background. However, in view of the size of the Supervisory Board, which has four members, it is unrealistic to use minimum percentages in terms of their representation. The Supervisory Board will do its utmost to realise the legal target percentages with respect to gender diversity when filling any vacancies (best practice III.3.1). The legal target is 30% women, while Ordina's current percentage is 25%.
- In view of the rapid developments within the IT industry, a Supervisory Board member can in principle serve a maximum of two four-year terms on the Supervisory Board of Ordina N.V., rather than three (best practice III.3.5).
- Individual presentations for investors cannot be followed simultaneously via webcasts. Ordina makes any presentations used during such meetings available on its website afterwards, if they are not already on the website (best practice IV.3.1).

In the year under review, the company evaluated the profile outline of the Supervisory Board, the regulations of the Supervisory Board and the Corporate Governance Statement . The profile outline and regulations were amended following this review. The amendments were explained and discussed during the General Meeting of Shareholders of 14 May 2014. The amended profile and the amended regulations and Corporate Governance Statement are available on Ordina's website under the header Corporate Governance.

AMENDMENT ARTICLES OF ASSOCIATION ORDINA N.V.

The articles of association of Ordina N.V. were amended in the year under review. The changes were the result of the revision of the priority share foundation Stichting Prioriteit Ordina Groep, which is discussed in more detail below, and of changes in legislation. In addition, a change was introduced to article 19 of the articles of association based on practical considerations. The updated articles of association are on Ordina's website under the header Corporate Governance.

UPDATE TO STRUCTURE OF STICHTING PRIORITEIT ORDINA GROEP

In the period from mid-2013 up to early 2014, the Management Board and Supervisory Board conducted an extensive evaluation of the position and powers of the Stichting Prioriteit Ordina Groep (the priority share foundation). The foundation can be considered a (potentially deployable) protective measure as intended in best practice provision IV.3.11 of the Corporate Governance Code.

The evaluation took into consideration the interests of all stakeholders: shareholders, employees, clients and the company itself. We concluded that the stakeholders attached importance to the continuity and the stability of the company, as well as to the independence of the foundation and to its transparent governance structure.

In view of the feedback from the stakeholders and the trend vis-à-vis the Stichting Prioriteit , the foundation's executive outlined proposals to update the structure and authorities of the Stichting Prioriteit, as well as the way in which the Stichting Prioriteit exercises its authorities. The proposed amendments were discussed at the General Meeting of Shareholders of 14 May 2014 and approved by those present and put into effect after the General Meeting of Shareholders.

The amendments relate the following items:

- Board: the existing members of the board of the Stichting (two members of the Supervisory Board of Ordina N.V. and the chairman of the Management Board of Ordina N.V.) have voluntarily resigned as members of the board of the Ordina foundation. In their stead, three new independent executive members were appointed to the board of the foundation.
- Powers: The foundation's competencies have been limited to a right of nomination in the appointment of members of the Supervisory Board and the right of approval with respect to a proposal to amend the articles of association of Ordina N.V. All other competencies of the Stichting have been transferred to the Management Board (with a right of approval for the Supervisory Board) or to the Supervisory Board, which is common practice in Dutch listed companies.
- 'Dormant': the foundation's purpose is to ensure, in the event that the continuity of the company is at risk, that sufficient time is taken to safeguard a proper process for all stakeholders. In view of this, the foundation's board has decided to exercise the powers vested in the foundation only in exceptional situations in which the board believes the continuity of the company is in fact at risk. The foundation's board has also decided that the foundation will be active for a maximum of six months in such an exceptional situation, such to ensure that a proper process can be safeguarded. If the foundation's board does not believe there is an exceptional situation, then the powers vested in the foundation will only be used passively. This means that foundation will adopt in full any recommendation from the Supervisory Board with respect to the appointment of a Supervisory Board member or an amendment to the articles of association and will put these to the General Meeting of Shareholders, the body competent to make the ultimate decisions on these subjects.

DIVIDEND POLICY

In the period from mid-2013 to early 2014, the Supervisory Board and the Management Board reassessed Ordina's dividend policy. This evaluation took stock of the interests of all stakeholders. In this process, the boards conducted discussions with parties such as large and smaller shareholders in the Netherlands and abroad, clients, banks and corporate finance consultants.

Based on this evaluation, the Supervisory Board and the Management Board have decided to propose that the General Meeting of Shareholders of 14 May 2014 approve an increase to the pay-out ratio. This pertains to *the proposal to apply a dividend policy under which 35% of net profit over a financial year is paid out in cash, under the following conditions: i) a solvency ratio of at least 35% in the financial year completed; ii) the net debt/adjusted EBITDA ratio of Q3 and Q4 of the completed financial year is less than 1.25; and iii) the expected net debt/adjusted EBITDA ratio of Q1 and Q2 of the current financial year is less than 1.25 (after payment of the dividend). An additional basic premise is that a healthy balance sheet ratio must be maintained to safeguard the continuity of the company. In the event of surplus cash resources, payment of a variable, extra dividend payment may be considered.

The General Meeting of Shareholders has approved the proposed dividend policy.

FINANCIAL STATEMENTS AND DISCHARGE

PricewaterhouseCoopers Accountants N.V. has audited the annual accounts and you can find their independent auditor's report on page 157 of this annual report.

The Supervisory Board and the Management Board discussed both the annual accounts and the external auditor's findings on the basis of their audit of the accounts in a meeting in the presence of the external auditor. The members of the Supervisory Board have approved and signed the financial statements in accordance with the provisions of article 2:101, section 2 of the Dutch Civil Code. We propose that the General Meeting of Shareholders adopt the financial statements for 2014 as presented. We ask the General Meeting of Shareholders to discharge the Management Board for their management and, independently of same, also discharge the Supervisory Board for their supervision of said management.

FINAL REMARKS

This past year has been a tumultuous one for Ordina. On the one hand, the positive result, despite slightly lower revenues, and further improvement to the debt position show that the company's overall condition improved in 2014. However, we were also confronted with inappropriate behaviour from a small number of employees in public sector tender procedures in the past. We will make every effort to recover the loss of trust that has occurred as a result of this issue. The first results of this approach indicate that we are on the right track.

We wish to express our gratitude to our shareholders and clients for the trust they have placed in us. And we wish to express our gratitude to all employees for their efforts and commitment to the company. Finally, we are grateful to the members of the Management Board for their management of the company.

Nieuwegein, 18 February 2015
Supervisory Board Ordina N.V.

Johan van der Werf, chairman
Pamela Boumeester
Dirk Anbeek
Aloys Kregting

PROVISIONS IN THE ARTICLES OF ASSOCIATION AND OTHER INFORMATION

PROTECTIVE MEASURES AND THE STICHTING PRIORITEIT ORDINA GROEP

The priority share foundation Prioriteit Ordina Groep ('Stichting Prioriteit') is the owner of the priority share issued by the company.

Pursuant to the best practice provision IV.3.11 of the Dutch Corporate Governance Code, the company must provide an overview of all outstanding or potentially applicable protective measures that are in place to protect the company from an acquisition of control over the company. The company must also indicate in which circumstances it expects such measures to be used. The priority share held by the Stichting Prioriteit may be considered such a measure.

The Stichting Prioriteit has a right of nomination in the appointment of members of the Supervisory Board and a right of approval on proposals to amend the company's articles of association. The Stichting Prioriteit has announced it intends to use these rights only in exceptional cases. These include instances in which the board of the Stichting Prioriteit believes that the continuity of the company and/or its policies are at risk. This may be the case, for instance, if a public bid is announced or made for the ordinary shares in the company, or if there is a reasonable expectation that such a bid will be made, without sufficient prior consultations with the company about such a bid. Such a situation may also arise if one shareholder or multiple shareholders acting in a mutually agreed manner hold a considerable proportion of the outstanding share capital without making a bid. Another example is a situation in which, in the eyes of the board of the Stichting Prioriteit, one or more shareholders who are acting in a mutually agreed manner exercise their voting rights in a manner that constitutes a material conflict with the interests of the company.

In such circumstances in which the continuity and/or the policy of the company are at risk, the board of the Stichting Prioriteit reserves the right to actively exercise its right of nomination in the appointment of members of the Supervisory Board and the right of approval with respect to proposals to amend the articles of association.

The rights and responsibilities of the Stichting Prioriteit do not affect the (statutory) responsibility of the Supervisory Board and the Management Board to investigate all options in the event of the continuity and/or the policies of the company are at risk, such in order to ensure that the interests of the company, its shareholders and other stakeholders are safeguarded to the greatest possible extent. In the event, for instance, of a hostile takeover bid or other circumstance which the Management Board and the Supervisory Board consider harmful to the interests of the company, the Management Board and the Supervisory Board reserve the right to take all measures possible (including the right to claim a response period in accordance with provisions IV.4.4 and II.1.9 of the Code). The interests of the company, its associated enterprises and other stakeholders will be taken into consideration in such an instance.

STATUTORY APPROPRIATION OF PROFITS ACCORDING TO THE ARTICLES OF ASSOCIATION

If any financial statements submitted by the Supervisory Board and adopted by the Annual General Meeting of Shareholders should disclose that a profit has been made in the year under review, the Annual General Meeting shall determine how that profit shall be appropriated. Dividends on preference shares shall not exceed the statutory interest rate prevailing at the date the dividends are declared. If applicable, dividends on preference shares are calculated on the basis of the paid-up amount of their par value.

APPROPRIATION OF PROFIT

In view of the limited size of the profit as a total and more specifically the earnings per share, it shall be proposed to the General Meeting of Shareholders to not pay out a dividend and to add the 2014 net profit in its entirety to Ordina's reserves.

TREASURY SHARES

The Annual General Meeting of shareholders held on 14 May 2014 authorised the Management Board – subject to the approval of the Supervisory Board – to purchase treasury shares as referred to in article 8 of the articles of association, such for a period of 18 months commencing on 14 May 2014. The treasury shares will be purchased on the stock exchange or otherwise, up to 10% of the issued capital as at 14 May 2014 and at a price ranging between (i) the shares' par value and (ii) the share price plus 10%. The share price referred to above shall be equivalent to the average closing price of Ordina N.V. shares as stated in the Official List of Euronext Amsterdam N.V. for five consecutive trading days immediately prior to the date of purchase.

SIGNIFICANT AGREEMENTS WITHIN THE MEANING OF ARTICLE 1 SUB J OF THE DECREE IMPLEMENTING ARTICLE 10 OF THE TAKEOVER DIRECTIVE

The Company has one contract within the meaning of article 1(j) of the Decree Implementing article 10 of the Dutch Takeover Directive. This involves the credit facility described in Note 17 of the Consolidated Balance Sheet in this annual report. If, at any time, a shareholder or a group of shareholders acting jointly should acquire more than 50% of the total issued share capital, control more than 50% of the total number of voting rights or acquire the right to appoint the majority of the Management Board members, these credit facility will be terminated. If the facility is thus terminated, any unused borrowing capacity will lapse and issued facilities will become payable.

APPOINTMENT OF SUPERVISORY DIRECTORS

The Supervisory Board of Ordina N.V. has been appointed by the Company as the body referred to in article 2, section 3 of the Decree dated 26 July 2008 implementing article 41 of Directive 2006/43/EC (Bulletin of acts, order and Decrees 2008, 323) and fulfils the role of audit committee for the purposes of this Decree.

FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

(in euro thousands)	Notes	2014	2013
Assets			
Non-current assets			
Intangible assets	7	133.460	130.175
Property, plant and equipment	8	7.102	8.438
Investments in associates	9	482	490
Loans	10	0	0
Deferred income tax assets	20	16.939	17.616
Total non-current assets		157.983	156.719
Current assets			
Transition costs	11	1.792	2.504
Trade and other receivables	13	68.250	72.481
Cash and cash equivalents	14	9.597	7.446
Total current assets		79.639	82.431
Total assets		237.622	239.150

(in euro thousands)	Notes	2014	2013
Equity and liabilities			
Equity			
Paid-up and called-up share capital	15	9.272	9.231
Share premium reserve	16	135.657	135.060
Retained earnings	16	-1.296	63.341
Profit for the year	16	1.012	-64.969
Total equity		144.645	142.663
Liabilities			
Non-current liabilities			
Long-term borrowings - other	17	0	0
Employee related provisions	18	4.423	3.880
Other provisions / long term	19	5.568	5.950
Deferred income tax liabilities	20	0	0
Total non-current liabilities		9.991	9.830
Current liabilities			
Borrowings	14/17	0	9.672
Other provisions / short term	21	4.356	2.558
Trade and other payables	22	75.981	73.998
Current tax payable		2.649	429
Total current liabilities		82.986	86.657
Total liabilities		92.977	96.487
Total equity and liabilities		237.622	239.150

The notes 1 through 37 are an integral part of these annual accounts.

CONSOLIDATED INCOME STATEMENT FOR 2014

(in euro thousands)	Notes	2014	2013
Revenue	6	366.918	376.978
Cost of hardware, software and other direct costs		9.614	6.461
Work contracted out		85.374	91.116
Personnel expenses	23	244.519	252.336
Amortisation	7	1.879	3.582
Depreciation	8	3.236	3.465
Impairment	7	0	60.059
Other operating expenses	24	17.641	24.181
Total operating expenses		362.263	441.200
Operating profit		4.655	-64.222
Finance income	25	17	13
Finance costs	25	-1.164	-1.510
Finance costs - net	25	-1.147	-1.497
Share of profit of associates	9	-8	94
Profit before tax		3.500	-65.625
Income tax expense	26	-2.488	656
Net profit for the year		1.012	-64.969

The notes 1 through 37 are an integral part of these annual accounts.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in euro thousands)	Notes	2014	2013
Profit for the year	**16**	1.012	-64.969
Other comprehensive income not be reclassified to profit or loss			
Actuarial gains and losses on defined benefit plans	16/18	-172	-13
Tax on items taken directly to or transferred from equity	16/20	43	3
Other comprehensive income for the year, net of tax		-129	0
Total comprehensive income for the year		883	-64.979

The notes 1 through 37 are an integral part of these annual accounts.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in euro thousands)	Notes	Issued capital	Share premium reserve	Other	Total
At 1 January 2013		9.192	134.692	63.364	207.248
Profit for the year	16	0	0	-64.969	-64.969
Other comprehensive income					
Actuarial gains and losses	16/18/20	0	0	-10	-10
Total comprehensive income for the year		0	0	-64.979	-64.979
Transactions with owners					
Share issue	15/16	0	0	0	0
Issue at acquisitions	15/16/31	13	187	0	200
Issue related to share-based payment	15/16	26	181	-207	0
Other movements regarding to share-based payment	16/23	0	0	194	194
Total transactions with owners		39	368	-13	394
At 31 December 2013		9.231	135.060	-1.628	142.663

(in euro thousands)	Notes	Issued capital	Share premium reserve	Other	Total
At 1 January 2014		9.231	135.060	-1.628	142.663
Profit for the year	16	0	0	1.012	1.012
Other comprehensive income					
Actuarial gains and losses	16/18/20	0	0	-129	-129
Total comprehensive income for the year		0	0	883	883
Transactions with owners					
Share issue	15/16	0	0	0	0
Issue at acquisitions	15/16/31	11	189	0	200
Issue related to share-based payment	15/16	30	408	-139	299
Other movements regarding to share-based payment	16/23	0	0	600	600
Total transactions with owners		41	597	461	1.099
At 31 December 2014		9.272	135.657	-284	144.645

The notes 1 through 37 are an integral part of these annual accounts.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in euro thousands)	Notes	2014	2013
Cash flows from operating activities			
Net profit for the year		1.012	-64.969
Adjustments for			
Finance costs -net	25	1.147	1.497
Share of profit of associates	9	8	-94
Taxes	26	2.488	-656
		3.643	747
Operating profit		4.655	-64.222
Adjustments for			
Amortisation & impairments	7	1.879	63.641
Depreciation	8	3.236	3.465
Share-based payment	16/23	600	194
		5.715	67.300
Operating profit before changes in working capital and provisions		10.370	3.078
Movements in transition costs		712	-1.227
Movements in receivables		4.231	12.180
Movements in current liabilities		4.831	-8.835
Movements in provisions		-11	6.055
		9.763	8.173
Cash generated from operations		20.133	11.251
Interest paid		-682	-875
Income taxes paid		451	-755
Net cash from operating activities		19.902	9.621
Cash flows from investing activities			
Acquisition of subsidiaries	31	-912	-913
Divestment of subsidiaries/activities	6/10	314	1.043
Purchases of intangible assets	7	-5.253	-570
Purchases of property, plant and equipment	8	-1.910	-1.467
Divestment of property, plant and equipment	8	10	204
Net cash used in investing activities		-7.751	-1.703
Cash flows from financing activities			
Repayment of borrowings	17	-10.000	-10.000
Net cash used in financing activities		-10.000	-10.000
Net decrease in cash and cash equivalents		2.151	-2.082

(in euro thousands)	2014	2013
Net decrease/increase in cash and cash equivalents	2.151	-2.082
Cash and cash equivalents at beginning of year	7.446	9.528
Cash and cash equivalents at end of year	9.597	7.446

The notes 1 through 37 are an integral part of these annual accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ordina N.V., a private limited liability company, was incorporated in 1973 and has its registered office in Nieuwegein, the Netherlands. Ordina is the largest independent IT services provider in the Benelux region. We develop, build and manage IT solutions for organisations in the public sector, the financial services industry, the industrial sector and healthcare. We aim to produce IT that truly helps people. IT that matters and that has been created without wasting resources. We achieve our goals by working with our clients to forge partnerships for sustainable innovation.

The consolidated financial statements for 2014 comprise the financial information of the company and all its group companies (referred to jointly as Ordina). The Management Board drew up the financial statements on 18 February 2015 and the statements were discussed in the Supervisory Board meeting of 18 February 2015. They will be submitted for adoption to the Annual General Meeting of Shareholders on 30 April 2015. The Supervisory Board also approved their publication on 18 February 2015.

Pursuant to Section 402, Book 2 of the Dutch Civil Code, the company financial statements of Ordina N.V. only disclose the share of profit of associates net of taxes, in view of the fact that the financial information of these associates has been consolidated.
The ordinary shares in Ordina N.V. have been listed on the NYSE Euronext Amsterdam stock exchange since 1987 and are included in the Small Cap Index (AScX).

2. SAMENVATTING VAN DE BELANGRIJKSTE GRONDSLAGEN VOOR WAARDERING EN RESULTAATBEPALING

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied by Ordina to all periods presented in these financial statements.

2.1. GENERAL

The consolidated financial statements of Ordina N.V. have been prepared in accordance with the International Financial Reporting Standards (IFRS), which have been accepted by the European Union, and their interpretations as adopted by the International Accounting Standards Board (IASB) and the legal provisions of Part 9, Book 2 of the Dutch Civil Code.

The financial statements are published in both Dutch and English. The Dutch version is leading.

The financial statements are denominated in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated. The euro is the functional and presentation currency of Ordina N.V. The accounting policies are based on the historical cost convention. Personnel-related provisions ensuing from defined benefit plans and jubilee benefits are stated at actuarial value. Derivative financial instruments are stated at fair value. An asset or a liability is classified as current if it is expected to be realised or settled within 12 months of the balance sheet date.

The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis for making aforesaid judgments about the carrying amounts of the recognised assets and liabilities. Actual results and circumstances may differ from these estimates.

The estimates and underlying assumptions are continually evaluated and adjusted where appropriate. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Assumptions and estimates made by management in the application of IFRS that have a significant impact on the financial statements and future periods are disclosed in Note 5.

a) New and amended standards adopted by Ordina.

Amendment of IAS 32, ‘Financial instruments’, presentation of set-off financial assets and liabilities. The amendment clarifies that the right to offset may not depend on a future event. All parties must be able to legally enforce the right to offset within normal operating practices, as well as in the event that one of the parties is in a state of default, insolvency or bankruptcy. The amendment also discusses the method of settlement. The amendment has no material impact on Ordina’s consolidated financial statements. Amendments to IAS 36, ‘Impairment of assets’, pertaining to the obligation to disclose the recoverable value of non-financial assets. On the basis of this amendment, several disclosure obligations relating to the recoverable value of cash-generating units are no longer valid.

IFRIC 21, ‘Levies’, provides guidance on the method of recognising obligations to pay levies insofar as these levies are subject to IAS 37 ‘Provisions’. The interpretation determines the moment at which an obligation to pay a levy arises and when such an obligation should be recognised. This amendment has no material impact on Ordina’s consolidated financial statements.

b) New standards, amendments and interpretations of existing standards published that Ordina has not applied before they are mandatory.

A number of new standards, amendments to existing standards and interpretations are mandatory for reporting years that commenced after 1 January 2014, which have not been applied by Ordina when drawing up the financial statements for 2014. Ordina does not expect the new standards, amendments or interpretations to have a significant impact on its consolidated financial statements, with the exception of the amendments outlined below.

IFRS 9, ‘Financial instruments’ provides clarification on the classification, measurement and recognition of financial assets and liabilities. The full version of IFRS 9 was published in July 2014. The standard replaces the Clarification of IAS 39 on the classification and measurement of financial instruments. IFRS 9 maintains but simplifies the mixed measurement model and recognises three basic valuation categories for financial assets: amortised cost, fair value recognised in consolidated comprehensive income statement and fair value recognised in the statement of income. The basis for classification is determined by the organisation’s business model and the characteristics of the contractual cash flows of the financial asset in question. The standard is mandatory as from 1 January 2018 and early adoption is permitted. Ordina is currently assessing the full impact of IFRS 9.

IFRS 15, 'Revenues from contracts with customers', sets out requirements for the recognition of revenues and gives guidelines for the users of annual accounts with respect to the nature, scope, timing and uncertainties relating to the revenues and cash flows from contracts with customers. Revenues should be recognised at the moment the goods or services are transferred to the customer and the customer therefore benefits from said goods or services. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction Contracts' and associated interpretations. The standard is mandatory as from 1 January 2017 and early adoption is permitted. Ordina is currently assessing the full impact of IFRS 15.

There are no other standards, amendments or interpretations of existing standards, which are not yet in effect at this time and are expected to have a material impact on Ordina.

2.2. CONSOLIDATION

The consolidation includes Ordina N.V. and all group companies in which it exercises direct or indirect control. Control exists when Ordina N.V. has the power, either directly or indirectly, to govern the financial and operating policies of an entity, generally accompanying a shareholding of more than one half of the voting rights. The financial information of such group companies is included in the consolidated financial statements of Ordina N.V. from the date it gains such control until the date that control ceases. All group companies included in the consolidated financial statements for 2013 and 2014 are wholly owned by Ordina. Consequently, there is no third party non-controlling interest.

The cost of an acquisition is measured as the fair value of the assets given and, if applicable, equity instruments issued (i.e. shares) to finance the acquisition, such at the date of exchange.
Investments in associates are all minority interests in companies in which Ordina has a shareholding of between 20% and 50%. Investments in associates are accounted for using the equity method of accounting (see Section 2.7).

Intercompany balances, transactions and unrealised gains on transactions between group companies are eliminated in drawing up the consolidated annual accounts. Transactions with associates are eliminated in the consolidation as far as Ordina´s share in the associate in question is concerned.
The accounting policies for the balance sheet and the income statement as included in these financial statements apply to the balance sheet and income statement of all consolidated group companies.

2.3. SEGMENT REPORTING

Information per segment is provided according to how the internal governance, reporting lines and decision-making are organised within Ordina. In 2013, Ordina divided its business into the segments Professional Services and Projects, Business Solutions, Consulting and Belgium/Luxembourg. As from 1 January 2014, Ordina recognises the following segments: Technology & Competences, Business Consulting & Solutions, Application Management, Sourcing and Belgium/Luxembourg. The 2013 figures have been amended to the new organisational structure for comparison purposes.

The segments Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing together form Ordina Netherlands. Management information related to balance sheet positions and the analyses of same is aggregated at the level of Ordina Netherlands or Ordina Belgium/Luxembourg. Segment information related to balance sheet positions is therefore provided at the level of Ordina Netherlands and Ordina Belgium/Luxembourg. Segment revenues, assets and liabilities are items that are directly attributable to the segment in question. See Note 6 for further information.

2.4. FOREIGN CURRENCY

2.4.1. FUNCTIONAL AND PRESENTATION CURRENCY

All group companies use the euro as their functional currency. Consequently, the consolidated financial statements are presented in euros, the currency of Ordina's primary economic environment.

2.4.2. TRANSLATION OTHER CURRENCIES

Where applicable, foreign currency transactions and balances are translated into the functional currency (the euro) using the exchange rates prevailing at the dates of the transactions and at the balance sheet date respectively. Foreign exchange gains and losses are recognised in the income statement.

2.5. INTANGIBLE ASSETS

2.5.1. GOODWILL

Acquisitions are accounted for using the purchase method of accounting. Goodwill results from the acquisition of group companies. Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired identifiable assets and liabilities, including contingent liabilities, at the date of acquisition. Any payments related to the acquisition are stated at fair value upon acquisition. Contingent elements in the purchase price are carried as a liability upon acquisition, with variances due to revaluations being recognised through profit or loss. Goodwill is stated at cost less accumulated impairment losses.

Costs pertaining to an acquisition are stated as a charge to the results at the time they are incurred. Goodwill is allocated to cash-generating units. Impairment of goodwill is recognised as an expense in the income statement where appropriate. Impairment losses recognised for goodwill will not be reversed in a subsequent period. If an entity in which control is exercised is sold, the carrying amount of the goodwill is recognised in profit or loss.

Any negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill on acquisitions of associates is included in ´investments in associates´.

2.5.2. SOFTWARE

Software licences are capitalised on the basis of the cost of acquiring and preparing the software for use. Internally developed software is capitalised insofar as the cost is the result of the development and testing phase of a project and if it can be demonstrated that:

- the project is technically feasible so that it can be put to use;
- there is an intention to complete the project and use the software;
- the software will generate demonstrable future economic benefits;
- technical, financial and other resources are available to complete and use the software;
- it is possible to reliably determine the expenditure that can be attributed to the developed software.

Directly attributable costs that are attributed to internally developed software comprise personnel expenses, as well as directly attributable external costs. Other expenses relating to internally developed software that do not meet the aforementioned criteria are charged to the result at the time they are incurred.

Software has a limited lifespan and is capitalised at cost less amortisation and impairments. Amortisation is charged to the income statement using the straight-line method on the basis of the estimated useful life.

2.5.3. INTANGIBLE ASSETS RELATED TO CUSTOMERS

This item relates to intangible assets of acquisitions identified in accordance with IFRS 3 (Business Combinations) and includes brand names, customer lists and contract portfolios. These assets are measured at their fair values at the acquisition date. The fair value at acquisition qualifies as cost at that time. The cost of the identifiable intangible assets related to customers is amortised on the basis of the useful life of each individual component and charged to the income statement.

2.5.4. INTERNALLY GENERATED INTANGIBLE ASSETS

Development costs related to internally generated intangible assets are capitalised only when it is probable that they will serve to generate economic benefits ensuing from the investment for a period of more than one year. Employee activities directly related to internally generated intangible assets are capitalised at cost. Any third-party services contracted for the purposes of the internally generated intangible assets are capitalised at cost. Internally generated intangible assets are amortised from the date they are available for use.

2.5.5. AMORTISATION OF INTANGIBLE ASSET

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives. Goodwill is tested annually for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- software: 3-7 years
- brand names: 2-3 year
- customer lists: 5 years
- contract portfolios: 1-2 years

The assets´ useful lives are reviewed annually and adjusted where appropriate.

2.6. PROPERTY, PLANT AND EQUIPMENT

2.6.1. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition or manufacture of the items. Subsequent costs are included in the asset´s carrying amount or recognised as a separate asset, as appropriate, if it is probable that future economic benefits associated with the item will flow to Ordina and the cost of the item can be measured reliably. Repair and maintenance costs are recognised in the income statement during the financial period in which they are incurred.

Gains or losses on the sale of property, plant and equipment are included in depreciation.

2.6.2. LEASEHOLD PROPERTY, PLANT AND EQUIPMENT

Leases of property, plant and equipment for which virtually all risks and rewards of ownership are transferred to Ordina are classified as finance leases. Finance lease agreements are stated upon commencement of the lease contract at the lower of fair value of the leased asset and present value of the minimum lease payments. Any initial direct costs are added to the amounts recognised as assets. All other leases are classified as operating leases.

Property, plant and equipment acquired under finance leases are stated at the lower of fair value of the leased asset and present value of the minimum lease payments, less accumulated depreciation and impairment losses. Each finance lease payment is divided between the liability and finance charges to achieve a constant rate on the outstanding finance balance. Finance charges are charged directly to the income statement. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Payments made under operating leases are charged directly to the income statement (see Note 23 for costs recognised for car leasing and Note 24 for costs recognised for the lease of buildings).

2.6.3. DEPRECIATION

Depreciation on property, plant and equipment is calculated in the income statement using the straight-line method on the basis of the estimated useful life of an asset. The estimated economic life of the property, plant and equipment used to calculate the depreciation is as follows:

- equipment: 3-4 year
- fixtures and fittings: 3-5 year
- building alterations: 2-15 year

Building alterations are depreciated on the basis based of the shorter of the remaining terms of the leases for the respective buildings and their useful lives.

The residual value, which is usually set at nil, and remaining useful lives of property, plant and equipment are reviewed annually on the balance sheet date and adjusted when appropriate.

2.7. INVESTMENTS IN ASSOCIATES

Associates are all entities over which Ordina has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are recognised using the equity method and first recognised at cost at the time Ordina enters into the investment commitment. The valuation of investments in associates includes goodwill identified on the acquisition date, net of any accumulated impairment losses.

Ordina´s share of its associates´ post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in Ordina's reserves. When its share of losses in an associate equals or exceeds the carrying amount of the associate, including any other unsecured receivables, Ordina does not recognise further losses, unless it has issued guarantees for the associate, or incurred obligations or made payments on behalf of the associate. In the event of obligations not shown on the balance sheet relating to associates for which Ordina can be held liable, these are included in the commitments and contingencies (see Note 30).

2.8. DERIVATIVES

Ordina may use derivative financial instruments, such as interest rate swaps, to hedge the risks of interest rate fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date.

The fair value of derivative financial instruments is determined on the basis of available market valuations. The gains or losses resulting from re-measurement are recognised in the income statement, unless the derivative is designated as a cash flow hedge. The purpose of a cash flow hedge is to reduce the exposure to variability attributable to currency or interest rate fluctuations of cash flows that are likely to be generated in the future.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. Any change to the fair value that is considered ineffective is recognised directly in the income statement. If a derivative does not qualify as a cash flow hedge, changes in the fair value are recognised in the income statement.

The gains or losses associated with cash flow hedges are transferred from equity and reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. The ineffective portion of any gain or loss is directly recognised in profit or loss. When a cash flow hedge expires or is sold or terminated, or the hedge contract is broken but the forecast transactions is still expected to occur, any cumulative gain or loss existing at that time remains in equity and is recognised when the forecast transaction ultimately occurs, at which time settlement takes place as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.9. INVENTORIES

2.9.1 TRANSITION COSTS

Transition costs arise upon the acquisition or implementation of long-term management contracts and are related to the installation of systems and processes which occur after said contacts have been acquired. Transition costs are valued at cost price. Transition costs pertain primarily to costs related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors.

Transition costs are charged to income during the period in which the management activities are carried out. Transition costs are recognised under the purchase value of hardware and software and other direct costs.

2.9.2. WORK IN PROGRESS

Costs directly attributable to work in progress commissioned by third parties, whose results cannot be reliably estimated, are recognised as work in progress only insofar as these are likely to be covered by the revenue from the project. Receivables related to fixed-price current contracts are presented as `other receivables´ (see Section 2.10). In this regard, reference is made also to the accounting policies for revenue recognition (see Section 2.19).

2.10. TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that Ordina will not be able to collect all amounts due. The amount of the provision is the difference between the asset´s carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement under other operating expenses.

Other receivables include unbilled turnover for services already provided, other receivables and accrued income. Accrued income also includes amounts receivable for projects in progress at the balance sheet date, insofar as these receivables have already exceeded the amounts billed for these projects. If the amounts billed for current projects exceed the sum of costs incurred and gains realised, the balance of these projects is recognised within other payables. In this regard, reference is made also to the accounting policies for revenue recognition (see Section 2.19)

2.11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash balances and balances in current accounts with banks and are stated at fair value. Demand deposits in current accounts are presented in the cash flow statement as part of the cash and cash equivalents. For details of non-current borrowings at year-end 2014, see Note 17.

2.12. ASSETS AND LIABILITIES HELD FOR SALE

Non-current assets are classified as held for sale if their sale is more likely than not and their carrying amounts will be recovered through this sale. For this to be the case, the assets must be available for immediate sale and their sale must be highly probable. Assets held for sale are presented separately in the balance sheet. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The liabilities included within a disposal group classified as held for sale are also presented separately from other liabilities in the balance sheet.

2.13. IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life, as well as assets that are not yet available for use are not subject to amortisation but tested annually for impairment. Assets that have a definite useful life are amortised and tested for impairment whenever there is an indication that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which an asset´s carrying amount exceeds its recoverable amount.

2.13.1. CALCULATION OF RECOVERABLE AMOUNT

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.13.2. REVERSAL OF IMPAIRMENT LOSSES

Impairment losses recognised for goodwill will never be reversed in a subsequent period.

In respect of all other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset´s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. It is assessed at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If there is any such indication, the recoverable amount of that asset is re-determined and the impairment loss adjusted when such is warranted by the assessment.

2.14. SHAREHOLDERS' EQUITY

2.14.1. SHARE CAPITAL

The authorised capital of Ordina N.V. consists of 100,000,000 ordinary shares, 24,999,995 preference shares and one priority share. At year-end 2014, no preference shares had been issued. The issued and paid-up priority share and the issued and paid-up ordinary shares are classified as shareholders' equity.

Costs directly related to the issue of new ordinary shares are charged (after deduction of taxes) immediately upon issue as a correction to the proceeds of the issue and charged to the shareholders' equity.

2.14.2. TREASURY SHARES

When Ordina N.V. purchases equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the moment the shares are cancelled, re-issued or sold. In the event that such shares are subsequently sold or re-issued, any amount received, net of any directly attributable incremental costs and the related income tax effects, is credited to the shareholders' equity.

2.14.3. DIVIDENDS

Dividend payments to Ordina N.V. shareholders are classified as liabilities as soon as the Annual General Meeting of Shareholders passes a motion to make such payments.

2.15. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method. In the event that refinancing involves a new financing agreement, the activated transaction costs relating to the old financing agreement are charged to the result using the effective interest method, at the time of the transaction. In the event that refinancing involves a change to an existing agreement, the activated transaction costs of the old financing agreement are charged to the result using the effective interest method during the life of the changed financing agreement.

Borrowings relating to finance lease obligations are capitalised at the inception of the lease at the lower of the fair value of the leased property and the current value of the minimum lease payments, and subsequently at amortised cost. The corresponding lease obligations with a term of more than one year are included in non-current liabilities. Lease commitments with a term of less than one year are recognised in current liabilities.

2.16. EMPLOYEE BENEFITS

2.16.1. PENSION PLANS

Ordina has both defined contribution and defined benefit plans. A defined contribution plan is a pension plan under which Ordina pays fixed contributions to an insurance company. Ordina has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, salary and years of service.

2.16.1.1. DEFINED CONTRIBUTION PLANS (BASED ON THE AVAILABLE CONTRIBUTION SYSTEM)

Contributions to defined contribution plans on the basis of available contributions are recognised as expenses in the income statement in the period to which they relate. Ordina has no other obligations in relation to defined contribution plans.

2.16.1.2. DEFINED BENEFIT PLANS

The liability recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised directly in other comprehensive income.

Pension costs incurred during the year (including contributions, interest expenses and expected returns on plan assets) are recognised as expenses.

2.16.2. JUBILEE BENEFITS

Ordina´s terms of employment include a jubilee scheme, based on which employees who celebrate a certain term of employment with the company receive a gross bonus. Under IAS 19 (Employee Benefits), a provision is formed for the liability associated with these jubilee benefits.

The provision for jubilee benefits is calculated in the same manner as that for defined benefit plans. Actuarial gains and losses are recognised directly in the income statement.

Jubilee benefits paid to employees during the year are charged to the provision. Any movements in the provision for jubilee benefits are recognised in the income statement.

2.16.3. SHARE-BASED PAYMENT

On the basis of IFRS 2 `Share-based Payment´, the fair value of unconditionally granted options is charged to the income statement. The value of option and share schemes is measured using a Monte Carlo simulation model for the valuation of options. The recognition of costs relating to options granted unconditionally also results in a corresponding adjustment to equity.

Amounts received when exercising options pursuant to personnel option schemes are credited to issued share capital (par value) and the share premium reserve (the difference between exercise price and par value).

The members of the Management Board are entitled to long-term profit-sharing and bonus benefits in the form of Ordina N.V. shares. For the purposes of these long-term benefits, performance criteria are determined annually for each upcoming three-year period. Based on these performance criteria, the number of shares in Ordina N.V. to be awarded is determined annually and for each individual three-year period.

The shares that are expected to be awarded are valued on the basis of the price of Ordina N.V. shares at the grant date. Any awarded shares will be subject to a lock-up period of two consecutive years. This lock-up period does not apply to the sale of part of the shares with a view to paying any taxes due on the grant of the shares. In valuing the shares, allowance has been made for the share lock-up, as well as for expected dividend payments.

The change in long-term profit-sharing and bonus benefits is recognised in the income statement at the reporting date based on current estimates. The total expense is recognised during the `vesting period´, the period during which certain vesting conditions must be met. As the liability by virtue of long-term benefits involving a payment in shares in Ordina N.V. is disclosed as an equity component, the expense recognised in the income statement results in a corresponding adjustment to equity. The recognised value of the share-based payment is disclosed as a payment on the issued shares at the time of payment.

2.17. PROVISIONS

Provisions are recognised in the balance sheet when the following conditions are met:
• there is a question of a legally binding or actual obligation as a result of a past event;
• it is more likely than not that an outflow of resources will be required to settle the obligation; and
• the amount necessary to settle the obligation can be reliably estimated.

Provisions are measured at the current value of the expected expenditures required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

In addition to the provisions for pension and jubilee benefits (see Sections 2.16.1 and 2.16.2 respectively), provisions are recognised for restructuring costs, vacant buildings under lease, warranty and project commitments and onerous contracts.

A provision for restructuring costs will be formed when Ordina has a detailed formal plan for the restructuring and has started to implement the restructuring or announced the restructuring publicly. Costs relating to future operating activities are not included in the restructuring provision.

The provision for vacant buildings has been formed to cover the future rent, including directly attributable costs less expected sub-lease payments, for the period in which Ordina does not expect to use these buildings. If the buy-out of a lease contract is lower, the provision is determined at this lower value.

A provision is recognised for warranty commitments pending at the balance sheet date. This provision is based on the activities that are expected to be associated with these commitments. The warranty provision is determined at the cost of the expected activities.

The provision for project commitments relates to activities expected to be performed with regard to onerous contracts. The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts.

2.18. TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

2.19. REVENUE RECOGNITION

Revenue comprises income net of value-added tax and discounts from services rendered and goods provided to third parties in the context of Ordina’s ordinary operating activities. Income is shown at fair value of the consideration received or to which the Company is entitled.
Ordina recognises revenue when the amount of the revenue can be reliably measured, it is probable that the future economic benefits of the contract will flow to the company and when specific criteria have been met for each of the Company’s activities as outlined below. Revenue is not recognised if there are significant uncertainties about the probability that the costs incurred will be recovered.
Ordina bases its recognition method on the nature of the services rendered and the contractual provision applicable to said services.

2.19.1. CONTRACTS BASED ON CONTRACTUAL RATES AND SUBSEQUENT COSTING

Revenue from services provided under contracts based on contractual rates and subsequent costing is recognised in the period the services are rendered, irrespective of the contracts' terms to maturity.

2.19.2. FIXED-PRICE CONTRACTS

Revenue from fixed-price contracts for delivering design services is recognised by reference to the stage of completion of a transaction as a proportion of the total transaction (percentage of completion (POC) method), where the services performed on the balance sheet date can be reliably measured and the costs incurred for the transaction and the costs required to complete the transaction can be reliably estimated. Under the POC method, revenue is recognised based on the services performed to date as a percentage of the total estimated costs to meet the contractual obligations. This estimate is primarily based on the services/hours already performed/booked in relation to the services/hours still to be performed/booked.

If circumstances arise that may change the original estimates of revenues, costs or work before completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

If the outcome of a transaction with third parties cannot be estimated reliably, revenue is recognised only to the total of the project costs incurred, insofar as it is probable these will be covered by the income from transaction. The receivable associated with this revenue is recognised in work in progress (see Section 2.9.2). Transaction costs are recognised as an expense in the period in which they were incurred. When it is probable that the total costs of a transaction will exceed the total revenue generated by it, the expected loss is charged directly to the income statement.

2.19.3. OUTSOURCING AND MANAGEMENT CONTRACTS

Individual activities performed under outsourcing and management contracts are not separately identifiable. As a result, revenue generated from such contracts is recognised on the basis of fixed periodic amounts, in accordance with the contractual arrangements. If additional activities are performed, the related revenue is recognised in accordance with sections 2.19.1 and 2.19.2, depending on the nature of the additional activities.

2.19.4. LICENCES

Revenue from the sale of licences is fully recognised on the transfer date where Ordina has no further obligations at the time of transfer.

As soon as a licence is integrated into a project and the licence is not separable from the project as a whole, the related revenue is recognised as a proportion of total services to be performed in the accounting period (percentage of completion). Within the project, additional services are provided by Ordina with regard to the licence, including integration, modification and customisation.

Revenue arising from the sale of acquired and retransferred licences where Ordina does not provide any material additional services is recognised up to the amount of the margin realised at the time of the transfer.

2.19.5. IDENTIFICATION OF A TRANSACTION

The valuation principles as described in sections 2.19.1 through 2.19.4 are applied to each separate transaction. If there is any question of a separately identifiable component within a contract (so-called multiple element contracts), the principles are applied as they are applicable to each separately identifiable component.

2.20. COSTS

2.20.1. COSTS OF HARDWARE, SOFTWARE, OTHER DIRECT COSTS AND WORK CONTRACTED OUT

Costs of hardware, software, other direct costs and work contracted out are recognised at historical cost in the period in which they are incurred.

2.20.2. OPERATING LEASE PAYMENTS

Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.20.3. FINANCE LEASE PAYMENTS

Payments made under finance leases are recognised partly as finance charges and partly as the settlement of outstanding obligations. Depreciations on tangible fixed assets obtained under financial lease agreements are shown under the depreciations on tangible fixed assets.

2.20.4. GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that Ordina will comply with all attached conditions and that the grants will be received. Government grants relating to study cost allowances are recognised in the income statement in `personnel expenses´.

2.20.5. FINANCE INCOME AND COSTS

This item includes interest received for loans extended, on bank balances, as well as interest received in relation to the settlement of tax claims.

Finance costs include the interest charged by banks on withdrawals, as well as the interest incurred for the settlement of tax obligations. This item also includes the interest component of finance lease obligations.

2.21. INCOME TAXES

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income) for the period under review. Current and deferred tax is recognised in the income statement, except to the extent that the tax arises from a transaction or event which is recognised directly in other comprehensive income. In that case, the associated tax is recognised directly in other comprehensive income as well.

Tax expense (income) for the accounting period includes income tax on taxable profit, which is calculated based on tax rates expected to be applied, making allowance for tax-exempt profit components and non-deductible amounts, as well as any adjustments for current tax of prior periods.

Deferred taxes are recognised for temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither commercial nor fiscal results. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets for tax losses are recognised only when it is probable that taxable profits will be available against which they can be utilised.

Deferred income tax assets and liabilities that have the same term and relate to the same taxable entity are offset in the balance sheet if Ordina has a legally enforceable right of set-off.

3. PRESENTATION OF THE STATEMENT OF CASH FLOWS

Ordina reports cash flows using the indirect method. Cash flows are classified by operating, investing and financing activities. Net cash flows from operating activities include income and expenses before taxes, as well as interest received and paid. Cash flows arising from the acquisition or disposal of financial interests (participations and investments) are included in cash flows from investing activities; allowance is made for cash and cash equivalents embodied in such instruments. Dividends paid are included in cash flows from financing activities.

4. FINANCIAL MANAGEMENT

Ordina´s activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. Ordina´s risk management programme, which is prescribed by the Management Board, encompasses more than just financial risks. It focuses on identifying key risks and managing these using guidelines, procedures, systems, best practices, specific controls and audits. Our financial risk management focuses specifically on risks that are relevant to Ordina in this regard.

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The Management Board bears the ultimate responsibility for the design and the implementation of the supervision of the risk management programme within Ordina. Risk management policies and systems are evaluated regularly and if necessary adjusted to changes in market conditions and Ordina's activities.

4.1. MARKET RISK

Market risk pertains to the risk that Ordina´s income is influenced by changes in market prices, such as interest rates and exchange rates. The management of market risks is aimed at keeping market risk positions within acceptable boundaries while optimising returns.

4.1.1. INTEREST RATE RISK

Ordina is exposed to interest rate risk, which is limited to the Eurozone. Ordina´s interest rate risk policy seeks to limit the entity´s exposure to interest rate risk on borrowings. Interest rate risk arises on both non-current and current borrowings. Ordina continually analyses developments in cash flows in relation to available financing facilities and interest rate fluctuations.

At year-end 2014, Ordina´s non-current borrowings amounted to nil, (compared with approximately EUR 9.7 million at year-end 2013). In 2014, Ordina repaid the entire long-term loan that remained at year-end 2013. The long-term loan was a floating rate loan. In view of expected interest rate development and the size, life and repayment schedule of the loan, Ordina had decided in the past to refrain from arranging an interest rate swap for the long-term loan.

The floating rate of interest due on the current borrowings is dependent on the term to maturity of the borrowings plus a margin. The term to maturity of the current borrowings fluctuates depending on cash requirements and ranges between one and three months. The margin depends on the ratio of (adjusted) EBITDA to Ordina´s net debt position at the end of each quarter, and ranges between 2.25% and 3.75%.

If the floating rate of interest on non-current and current borrowings had been 0.25% higher/lower with all other variables remaining constant during 2014, then this would have had no significant impact on the post-tax profit for the year. The 0.25% interest rate increase used is based on the volatility of interest rates during 2014.

Ordina has no significant interest-bearing assets. Group income is therefore virtually entirely independent of changes in interest rates.

4.1.2. CURRENCY RISK

All Ordina divisions are based and most of their revenue realised within the Eurozone. Ordina has therefore chosen the euro as its functional and reporting currency. Ordina has no assets or liabilities outside the Eurozone. The Management Board qualifies the currency risks at year-end 2014 as extremely limited.

4.2. CREDIT RISK

Ordina has exposure to credit risk. Credit risk is the risk of financial losses for Ordina if a client or counterparty of a financial instrument defaults on an assumed contractual obligation. Credit risk is mostly incurred on receivables from customers and cash and cash equivalents outstanding at banks.

Credit risk is managed on a group basis. Credit risk arises on cash and cash equivalents, derivative financial instruments and transactions with customers, including credit exposures. For banks and financial institutions, only independent professional parties based in the Netherlands are accepted, with risks being spread over a range of parties.

The credit quality of customers is assessed in advance using project acceptance criteria. If available, external credit ratings are used. If there is no independent rating, Ordina assesses the credit quality of customers based on internal guidelines, taking into account their financial position, past experience and other factors. The exposure to credit risk related to customers is assessed on an ongoing basis using the internal guidelines. Concentration of credit risks associated with trade and other receivables is identified particularly within the public sector. The concentration of credit risk related to other customers is limited in view of the strong and independent position of the various customers. Ordina has done business with a large proportion of its customers for many years and in the past there have only been occasional instances of customers defaulting on their obligations. Customers are assessed continually and individually for compliance with payment terms. The findings are periodically reported to the Management Board.

The Management Board qualified the credit risk related to customers as limited at year-end 2014. Risk did increase in situations that involved the intervention of so-called broker parties. Such parties could experience solvency or continuity issues due to market conditions.

Ordina N.V. does not in principle issue guarantees to its group companies except for urgent commercial reasons. Ordina N.V. has filed a declaration of joint and several liability for the majority of its Dutch group companies with the respective competent Trade Registries..

4.3. LIQUIDITEITSRISICO’S

Liquidity risk is the risk that Ordina may have difficulty in meeting its obligations pursuant to financial obligations to be settled in cash or other financial assets. The premise of liquidity risk management is that insofar as possible there should be sufficient liquidity for the company to meet its current and future financial obligations in both normal and difficult circumstances, without this entailing unacceptable losses or the threat of damage to Ordina´s reputation.

Cash management within Ordina has been centralised, using the centrally managed senior financing facilities Ordina contracted at year-end 2011. At year-end 2014, Ordina was able to draw on a senior committed facility of EUR 35.0 million in total. The committed facility is a revolving facility of EUR 35.0 million with a remaining life through year-end 2016. For information on the available credit facilities, we also refer you to explanatory note 17 in this annual report.

Cash management is aimed at putting Ordina´s available cash resources and overdraft facilities to the best possible use. To this end, cash flow forecasts are prepared periodically for both the short and medium terms. These forecasts are revised periodically based on actual results and revised forecasts, if any.

Within Ordina, the covenant calculation is, in principle, performed four times a year, i.e. on 31 March, 30 June, 30 September and 31 December. If, on any two consecutive calculation dates, the ratio between total net debt and EBITDA is shown to be below 1.50, there will be two forward calculation dates, namely 30 June and 31 December of each calendar year. The total net debt is the sum of borrowings net of cash and cash equivalents plus finance lease commitments.
On the specified dates, EBITDA is calculated for the preceding 12 months. EBITDA can be adjusted for specific non-recurring expense items in 2013 and 2014, such as those agreed in the supplement to the initial financing agreement. Furthermore, the EBITDA will in 2014 and future years be corrected for the change related to the provision for vacant office space in Nieuwegein for the calculation of leverage ratio and the interest cover ratio. At year-end 2014, the total net debt was 0,8 times the (adjusted) EBITDA (year-end 2013: 0.2 times the (adjusted) EBITDA). We refer to explanatory note 17 for an explanation of the applicable covenants.

The table below shows a division of Ordina´s financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity date at the balance sheet date. The amounts shown are the unconditional, contractual, undiscounted cash flows. Future interest payments are included in the disclosed cash flows where applicable.

	Carrying amount	Maturity date		
		< 1 year	1-2 years	> 2 years
At 31 December 2014				
Borrowings/Term Loan	0	0	0	0
Trade and other payables	-29.297	-29.297	0	0
At 31 December 2013				
Borrowings/Term Loan	-9.672	-10.000	0	0
Trade and other payables	-26.099	-26.099	0	0

4.4. CAPITAL RISK MANAGEMENT

Capital is managed centrally to safeguard Ordina´s ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital and provide returns for shareholders.

Instruments for achieving an optimal capital structure are dividend policy, the option to purchase treasury shares and the option to issue new shares, in particular to fund potential acquisitions or to reduce debt.

Ordina´s objective is to maintain a minimum gearing ratio (ratio of shareholders equity to the balance sheet total) of 25%. The gearing ratio at year-end 2014 was around 61% (year-end 2013: 60%).

If, based on a sensitivity analysis, it is assumed that there will be additional impairment of 20%, the gearing ratio at year-end 2014 stood at 56%.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Ordina's management makes estimates and assumptions concerning the future on an ongoing basis. The accounting estimates and assumptions used will, by definition, seldom equal actual results. The estimates and assumptions that carry a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

5.1. IMPAIRMENT OF GOODWILL

Ordina tests at least once a year for impairment of goodwill per cash-generating unit (see Section 2.13). An impairment of goodwill is recognised when the book value exceeds the recoverable value. These calculations involve certain assumptions. The recoverable value is the higher of fair value, less disposal costs, and the value in use.
For a more detailed explanation of the impairments recognised see Note 7.5.

5.2. REVENUE RECOGNITION

Ordina uses the percentage of completion method in accounting for fixed-price contracts. Use of this method requires Ordina to estimate the services performed to date as a proportion of the total services to be performed (see Section 2.19.2). Estimates are based on periodically available information regarding the stage of completion of the projects in question.

5.3. PROVISION VACANT BUILDING

Ordina recognises a provision for the vacancy of premises during the period in which these buildings are expected to be vacant. This provision takes into consideration the expected income from subleases. The actual income from subleases may differ from the estimated income.

5.4. RESTRUCTURING PROVISION

Ordina recognises a restructuring provision when it has prepared a detailed formal plan for the restructuring and has started to implement the restructuring or announced same publicly. Restructuring provisions include estimates and assumptions involving redundancy and severance payments. The actual situation may differ from these estimates.

The sum of a severance payment may depend on the possibility that the employee in question finds alternative employment within a certain period of time. The calculation of the provision does not take into consideration the possibility that the employee finds alternative employment within the maximum period in which the severance payment is due to be paid. The actual situation may differ from this assumption.

5.5. ONEROUS CONTRACTS

The amount of the provision corresponds to the excess of the unavoidable costs Ordina will incur to meet the obligations under such contracts over and above the economic benefits expected to be received from said contracts. The actual situation may differ from these estimates.

5.6. INCOME TAX EXPENSES

Ordina assesses annually the extent to which tax losses are expected to qualify for set-off (see Note 20.1). The actual set-off may differ from these estimates.

6. SEGMENT INFORMATION

The organisation is structured around Ordina's services. Information is reported on a monthly basis to the Management Board in its capacity as chief operating decision maker in line with this structure. Ordina's results are divided to reflect the company's various divisions. The Management Board's decision-making is based on same. Ordina discloses segment information on the basis of how the internal governance, reporting and decision-making is organised within the company.

As from 2014, the structure of some operating segments has changed in line with a tighter positioning of the divisions. This adjustment means an even clearer profile in the market, which allows us to manage the various business models more effectively. In 2013, Ordina divided its business into the segments Professional Services and Projects, Business Solutions, Consulting and Belgium/Luxembourg. As from 1 January 2014, Ordina recognises the following segments: Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing, and Belgium/Luxembourg. The information reported to the Management Board is now in line with this change. The 2013 figures have been amended to the new organisational structure for comparison purposes.

The Management Board's assessment of the segments focusses primarily on revenue and EBITDA. Finance results are not attributed to the individual segments, since cash resources are managed by the central treasury department. Segment revenues do not include interest revenue or interest expense, income tax, or proceeds from the sale of associates.

Segment information is provided for the segments Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing (together Ordina Netherlands) and Belgium/Luxembourg. Segment revenues, assets and liabilities are items that are directly or reasonably attributable to a segment. The prices and terms of inter-segment transactions are determined on an arm´s length, objective basis. Segment capital expenditure is the total amount incurred during the period to acquire segment assets that are expected to be used for more than one reporting period.

The segments Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing together form Ordina Netherlands. Management information for balance sheet positions and the analysis of same is aggregated at the level of Ordina Netherlands or Ordina Belgium/Luxembourg. Segment information for balance sheet positions is therefore provided at the level of Ordina Netherlands and Ordina Belgium/Luxembourg. Segment revenues, assets and liabilities are items that are directly or reasonably attributable to a segment.

6.1. PRIMARY SEGMENT INFORMATION

The segment information for the year ended 31 December 2014 is as follows:

	Notes	Division Technology & Competences	Division Business Consulting & Solutions	Division Application Management	Division Sourcing	Division Belgium/ Luxembourg	Total
Total segment revenue		174.359	65.108	58.079	79.531	70.460	447.537
Inter-segment revenue		-55.066	-12.488	-2.011	-566	-428	-70.559
Revenue		119.293	52.620	56.068	78.965	70.032	376.978
EBITDA		-2.196	-3.962	3.588	3.554	1.900	2.884
Amortisation	7						-63.641
Depreciation	8						-3.465
Operating profit							-64.222
Finance costs – net	25						-1.497
Share of profit of associates	9						94
Profit before tax							-65.625
Income tax expense	26						656
Profit for the year							-64.969

The segment information for the year ended 31 December 2014 is as follows:

	Notes	Division Technology & Competences	Division Business Consulting & Solutions	Division Application Management	Division Sourcing	Division Belgium/ Luxembourg	Total
Total segment revenue		166.673	58.324	58.302	83.808	72.106	439.213
Inter-segment revenue		-54.335	-13.648	-3.556	-39	-717	-72.295
Revenue		112.338	44.676	54.746	83.769	71.389	366.918
EBITDA		4.122	-3.721	1.450	4.514	3.405	9.770
Amortisation	7						-1.879
Depreciation	8						-3.236
Operating profit							4.655
Finance costs – net	25						-1.147
Share of profit of associates	9						-8
Profit before tax							3.500
Income tax expense	26						-2.488
Profit for the year							1.012

In 2014, Ordina recognised no revenues from the sale of licences (2013: nil).

A sum of some EUR 0.4 million was recognised in the Business Consulting & Solutions in 2014 for the net sales proceeds from activities related to the Fundation software package. This sale is the result of the cooperation agreement for savings and investment products Ordina closed with Topicus. Under this agreement, Topicus has acquired the development and exploitation of the Fundation software package from Ordina. Ordina will continue to specialise in providing implementation support for the solution. Fundation is a software application for the administration of savings and investment products at financial institutions.

One Dutch client accounted for more than 10% of total revenue in 2014. The revenue generated from this client was approximately EUR 60.9million (2013: revenue of approximately EUR 56.0 million) six clients together accounted for more than 20% of total revenue.

Other segment items included in the income statement for 2013 are as follows:

	Notes	the Netherlands	Belgium/Luxembourg	Total
Amortisation	7	62.629	1.012	63.641
Depreciation	8	2.925	540	3.465

Overige gesegmenteerde informatie betreffende de winst-en-verliesrekening 2014 luidt als volgt:

	Notes	the Netherlands	Belgium/Luxembourg	Total
Amortisation	7	1.852	27	1.879
Depreciation	8	2.790	446	3.236

The amortisation for 2013 related to intangible fixed assets in the Netherlands includes an impairment of goodwill of around EUR 60.1 million. For details on this impairment see Note 7.5.

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year then ended were as follows:

	Notes	the Netherlands	Belgium/Luxembourg	Total
Assets		201.717	37.433	239.150
Liabilities		83.253	13.234	96.487
Purchases of intangible assets	7	487	308	795
Purchases of property, plant and equipment	8	1.063	404	1.467
Carrying amount of intangible assets	7	112.960	17.215	130.175
Carrying amount of property, plant and equipment	8	7.274	1.164	8.438
Carrying amount of financial fixed assets	9/20	17.616	490	18.106

The segment assets and liabilities at 31 December 2013 and capital expenditure for the year then ended were as follows:

	Notes	the Netherlands	Belgium/Luxembourg	Total
Assets		195.804	41.818	237.622
Liabilities		76.116	16.861	92.977
Purchases of intangible assets	7	5.253	0	5.253
Purchases of property, plant and equipment	8	1.542	368	1.910
Carrying amount of intangible assets	7	116.272	17.188	133.460
Carrying amount of property, plant and equipment	8	6.016	1.086	7.102
Carrying amount of financial fixed assets	9/20	16.793	628	17.421

7. INTANGIBLE ASSETS

This item can be specified as follows:

	Goodwill	Software	Related to customers	Total
At 1 January 2013				
Cost	192.680	12.207	97.742	302.629
Accumulated amortisation	-8.262	-9.129	-92.217	-109.608
Carrying amount at 1 January 2013	184.418	3.078	5.525	193.021
Movements in carrying amount	0	0	0	0
Additions	225	175	0	400
Internally generated	0	395	0	395
Amortisation	0	-1.676	-1.906	-3.582
Impairments	-60.059	0	0	-60.059
Disposals	0	0	0	0
Carrying amount at 31 December 2013	124.584	1.972	3.619	130.175
At 31 December 2013	0	0	0	0
Cost	192.905	9.688	97.742	300.335
Accumulated amortisation and impairments	-68.321	-7.716	-94.123	-170.160
Carrying amount at 31 December 2013	124.584	1.972	3.619	130.175
Of which internally generated	0	1.380	0	1.380

	Goodwill	Software	Related to customers	Total
At 1 January 2014				
Cost	192.905	9.688	97.742	300.335
Accumulated amortisation	-68.321	-7.716	-94.123	-170.160
Carrying amount at 1 January 2014	124.584	1.972	3.619	130.175
Movements in carrying amount				
Additions	0	2.605	0	2.605
Internally generated	0	2.648	0	2.648
Amortisation	0	-974	-905	-1.879
Impairments	0	0	0	0
Disposals	-89	0	0	-89
Carrying amount at 31 December 2014	124.495	6.251	2.714	133.460
At 31 December 2014				
Cost	192.816	13.669	97.742	304.227
Accumulated amortisation and impairments	-68.321	-7.418	-95.028	-170.767
Carrying amount at 31 December 2014	124.495	6.251	2.714	133.460
Of which internally generated	0	3.391	0	3.391

7.1. INVESTMENTS AND DISPOSALS

Investments in software were primarily related to a new ERP application within Ordina Netherlands. This investment is produced partly in-house. The new ERP application was taken into operation as from 1 January 2015. A sub-application had already been taken into use in the course of 2014 and amortisation on that sub-application began in 2014. Amortisation of the new ERP application will be over a period of seven years.

The disposal of goodwill in 2014 relates to the sale of the activities relate3d to the software application Fundation. This application was acquired in the acquisition of Innovity B.V. in 2004. The intangible fixed assets related to customers recognised in the goodwill accounting in 2004 were fully amortised at the time of the sale of the activities related to Fundation. As a result of the restructuring within the group in recent years, Fundation has been part of the Business Solutions division since year-end 2013. Any goodwill attributable to Fundation has been calculated on the basis of the relative in-use value of the Business Solutions division and has been determined at around EUR 0.1 million. The total goodwill attributed to Fundation has been deducted from the sales proceeds.

The investment in goodwill in 2013 pertained to the definitive determination of the earn-out obligation related to ITG Consulting Group, which Ordina acquired in 2007. On the basis of IFRS 3R, deviations from the estimated provisional elements in the purchase price related to acquisitions made after 1 July 2009 are charged or credited to the income statement. In view of the fact that Ordina acquired ITG Consulting Group before 1 July 2009 (i.e. in 2007) the adjustment of the earn-out obligation was credited to goodwill.

7.2. IMPAIRMENT AND REVERSAL OF IMPAIRMENT LOSSES

In 2014, Ordina recognised no impairment on intangible assets. In 2013, Ordina recognised an impairment on intangible assets of EUR 60.1 million. For details of this impairment see Note 7.5.

No prior-year impairment losses on intangible assets were reversed in 2014.

7.3. GOODWILL

Goodwill is allocated to Ordina´s recognised cash-generating units. At year-end 2013, Ordina recognised the cash-generating units Professional Services & Projects, Business Solutions, Consulting and Belgium/Luxembourg. As from 1 January 2014 Ordina recognises the segments Technology & Competences, Business Consulting & Solutions, Application Management, Sourcing and Belgium/Luxembourg. Following this reorganisation, the goodwill that was previously allocated to the cash-generating units Professional Services & Projects, Business Solutions and Consulting is allocated to the cash-generating units Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing as from 1 January 2014. The restructuring has no impact on the cash-generating unit Belgium/Luxembourg.

The table below shows goodwill per cash-generating unit.

	2014	2013
Technology & Competences	42.465	42.465
Business Consulting & Solutions	20.508	20.597
Application Management	14.958	14.958
Sourcing	29.422	29.422
Belgium/Luxembourg	17.142	17.142
At 31 December	**124.495**	**124.584**

7.4. INTANGIBLE ASSETS RELATED TO CUSTOMERS

This item relates to the measurement at acquisition of brand names, customer lists and contract portfolios. The different components are amortised based on the individual components over their estimated useful lives. Intangible assets related to customers are allocated to Ordina´s cash-generating units. The table below shows the intangible assets related to clients, per cash-generating unit. The current carrying amount of intangible assets related to customers of EUR 2.7 million at year-end 2014 and EUR 3.6 million at year-end 2013 were attributable entirely to the cash-generating unit Sourcing.

Over the next few years, intangible assets related to customers will be amortised as follows:

(in euro millions)	2015	2016	2017	2018
Amortisation of intangible assets due to acquisitions	0,9	0,9	0,9	0,0

7.5. IMPAIRMENT TESTING FOR CASH-GENERATING UNITS WITH GOODWILL AND OTHER INTANGIBLE ASSETS

Ordina carries out impairment tests at least once a year on the goodwill and other intangible assets of the relevant cash-generating units (see also Sections 2.5 and 2.13 and Note 5.1). Ordina recognises the cash-generating units Technology & Competences, Business Consulting & Solutions, Application Management, Sourcing, and Belgium/Luxembourg. An impairment is recognised if the recoverable amount of the cash-generating unit falls below the book value.

The recoverable amounts of the various cash-generating units to which goodwill and intangible assets can be allocated are determined by calculating their value in use. These calculations use future cash flows based on projections for the next five years, which are partly based on the available relevant market data pertaining to the forecasts for the short and medium term. The market data include sector reports from research agencies, sector organisations and financial institutions. These five-year projections include estimates related to revenue growth, direct costs and indirect costs, as well as assumptions regarding developments in investments and working capital. In the years prior to 2013, projections were based on market recovery within a planning horizon of five years. For several years, this market recovery has failed to materialise. In the absence of any substantial market recovery, Ordina decided at year-end 2013, to estimate the growth percentages included in the five-year projections for the impairment test more conservatively. The average revenue growth per five-year projection varies per cash-generating unit, from zero to more than 4%. The average annual EBITDA margin for the years 2015 through 2019 in the long-term projections amounts to 6.2%. The EBITDA margin for the years after 2019 in the long-term projections amounts to 7.7%. The useful life upon which cash flows are discounted is indefinite in principle. At year-end 2014, Ordina used an estimated forward growth rate of 0.5% (2013: 1.0%).

Future cash flows are discounted on a post-tax basis at an interest rate specific to each cash-generating unit. At year-end 2014, the discount rate for Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing stood at 10.0% (year-end 2013: 10.0%) and 10.5% for Belgium/Luxembourg (year-end 2013: 10.8%). The discount rate before taxes for Technology & Competences, Business Consulting & Solutions, Application Management and Sourcing stood at 13.9% at year-end 2014 (year-end 2013: 12.9%), and 15.0% for Belgium/Luxembourg (year-end 2013:15.5%).

Based on the chosen assumptions, the impairment test we have conducted will not lead to an impairment at year-end 2014. In 2013, Ordina recognised impairment of EUR 52.6 million for the cash-generating unit Professional Services & Projects (based on a value in use of EUR 99.4 million) and of EUR 7.5 million for the cash-generating unit Consulting (on the basis of a value in use of EUR 11.2 million). Ordina recognised total impairment of EUR 60.1 million for 2013, based on the difference between the recoverable value and the book value of the respective cash-generating units.

Supplemental to these measurements at year-end 2014, Ordina performed sensitivity analyses. These sensitivity analyses were performed, firstly, on the basis of a higher discount rate in combination with lower forward growth and, secondly, on the basis of a reduction of the EBITDA margin.

The table below shows the impact of the sensitivity analyses on all cash-generating units, in which the EBITDA margin is reduced by 0.25% and 0.5% respectively, with the discount rate unchanged. This sensitivity analysis, in which the EBITDA margin is reduced by 0.5%, resulted in a potential impairment for the cash-generating unit Technology & Competences of EUR 0.4 million.
The sensitivity analysis did not result in an impairment for the cash-generating units Business Consulting & Solutions, Application Management, Sourcing and Belgium/Luxembourg. The amounts given (in millions of euros) pertain to the impact on the recoverable value on the basis of the sensitivity analysis.

	Technology & Competences	Business Consulting & Solutions	Application Management	Sourcing	Belgium/ Luxembourg
Decline EBITDA margin					
-0,25%	-3,5	-1,3	-1,3	-1,7	-1,4
-0,50%	-7,0	-2,7	-2,6	-3,4	-2,7

The table below shows the impact of the sensitivity analyses on all cash-generating units, in which, firstly, the discount rate is raised successively by 0.5%, 1.0% and 1.5%, and secondly the forward growth is reduced from 0.5% to zero. This sensitivity analysis resulted in a potential impairment for the cash-generating unit Technology & Competences that varied from zero to EUR approximately 3.2 million. The sensitivity analysis resulted in a potential impairment for the cash-generating unit Business Consulting & Solutions that varied from zero to approximately EUR 1.5 million. The sensitivity analysis did not result in an impairment for the cash-generating units Application Management, Sourcing and Belgium/Luxembourg. The amounts given (in millions of euros) pertain to the impact on the recoverable value on the basis of the sensitivity analysis.

			Discount rate
Technology & Competences	10,5%	11,0%	11,5%
Terminal growth			
0.0%	-5,0	-7,6	-9,9
Business Consulting & Solutions	10,5%	11,0%	11,5%
Terminal growth			
0.0%	-2,4	-3,6	-4,7
Application Management	10,5%	11,0%	11,5%
Terminal growth			
0.0%	-2,3	-3,5	-4,6
Sourcing	10,5%	11,0%	11,5%
Terminal growth			
0.0%	-3,4	-5,2	-6,8
Belgium/Luxembourg	11,0%	11,5%	12,0%
Terminal growth			
0.0%	-2,6	-4,0	-5,2

8. PROPERTY, PLANT AND EQUIPMENT

This item can be specified as follows:

	Equipment	Fixtures and fittings	Renovations	Total
At 1 January 2013				
Cost	17.596	1.894	10.132	29.622
Accumulated depreciation	-13.007	-1.529	-4.446	-18.982
Carrying amount at 1 January 2013	4.589	365	5.686	10.640
Movements in carrying amount				
Additions	1.153	142	172	1.467
Depreciation	-2.289	-204	-1.095	-3.588
Disposals	-81	0	0	-81
Carrying amount at 31 December 2013	3.372	303	4.763	8.438
At 31 December 2013				
Cost	17.613	1.655	10.172	29.440
Accumulated depreciation	-14.241	-1.352	-5.409	-21.002
Carrying amount at 31 December 2012	3.372	303	4.763	8.438

	Equipment	Fixtures and fittings	Renovations	Total
At 1 January 2014				
Cost	17.613	1.655	10.172	29.440
Accumulated depreciation	-14.241	-1.352	-5.409	-21.002
Carrying amount at 1 January 2014	3.372	303	4.763	8.438
Movements in carrying amount				
Additions	1.772	46	92	1.910
Depreciation	-2.151	-132	-963	-3.246
Disposals	0	0	0	0
Carrying amount at 31 December 2014	2.993	217	3.892	7.102
At 31 December 2014				
Cost	14.035	1.670	8.313	24.018
Accumulated depreciation	-11.042	-1.453	-4.421	-16.916
Carrying amount at 31 December 2014	2.993	217	3.892	7.102

8.1. INVESTMENTS AND DISPOSALS

A total of around EUR 0.2 million in expenditures in 2014 was for equipment related to the new ERP application at Ordina. Other investments pertain primarily to replacement expenditures.

There were no material disposals in 2014.

8.2. IMPAIRMENT AND REVERSAL OF IMPAIRMENT LOSSES

Ordina did not recognise any impairment losses on property, plant and equipment in 2014. No prior-year impairments on property, plant and equipment were reversed in 2014.

8.3. LEASEHOLD PROPERTY, PLANT AND EQUIPMENT

At year-end 2014, Ordina has no tangible fixed assets in lease (year-end 2013: nil). Ordina made no investments in leased tangible fixed assets in either 2014 or 2013.

9. INVESTMENTS IN ASSOCIATES

This item can be specified as follows:

	2014	2013
At 1 January	490	396
Additions	0	0
Share of profit	-8	94
Dividend	0	0
Disposals	0	0
At 31 December	**482**	**490**

Ordina had one associate at year-end 2014: Passwerk CVBA (Belgium, 37.31% interest).

The following breakdown applies to the item associates:

	Assets	Liabilities	Revenue	Profit	Share
Passwerk CVBA	1.542	248	1.743	-23	37,3%

10. LOANS RECEIVABLE

The developments in loans receivable can be specified as follows:

	2014	2013
At 1 January	0	1.043
Borrowings provided	0	0
Repayments	0	-1.043
At 31 December	0	0

The loans receivable relate to the deferred purchase price of Finext B.V. which company Ordina sold in 2011. Two loans were issued upon the sale for a total sum of approximately EUR 1.9 million. These were a loan part A of EUR 1.1 million with an interest rate of 5% and a loan part B of around EUR 0.8 million with an interest rate of 6%. Both loans were paid off in full and Ordina received the full deferred purchase price in the first half of 2013.

11. TRANSITION COSTS

Transition costs can be specified as follows:

	2014	2013
At 1 January	2.504	1.277
Cost	0	1.806
Expenses	-712	-579
At 31 December	1.792	2.504

Transition costs are related the installation of systems and processes which occur after the closing of long-term management contracts pertaining to existing IT applications. Transition costs are valued at cost price and related to the conversion of existing systems to Ordina standards. These costs are primarily personnel costs and costs of sub-contractors. Transition costs are recognised and charged to income during the period in which the management activities are carried out, which period varies between two and five years. With respect to transition costs at year-end 2014, an amount of around EUR 1.2 million has a life of more than one year (year-end 2013: EUR 1.8 million).

12. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Receivables	Other financial liabilities	Total
At 31 December 2013			
Trade and other receivables	57.728	0	57.728
Cash and cash equivalents	7.446	0	7.446
Borrowing (excluding finance lease liabilities)	0	-9.672	-9.672
Trade and other payables	0	-73.998	-73.998
Total at 31 December 2013	65.174	-83.670	-18.496

	Receivables	Other financial liabilities	Total
At 31 December 2014			
Trade and other receivables	54.822	0	54.822
Cash and cash equivalents	9.597	0	9.597
Borrowing (excluding finance lease liabilities)	0	0	0
Trade and other payables	0	-75.981	-75.981
Total at 31 December 2014	64.419	-75.981	-11.562

All borrowings (year-end 2014: nil; year-end 2013: EUR 9.7 million) qualify fully as ‘other financial obligations’. The fair value of the loan approximates their net carrying amount. The book value of the loan is close to its fair value.

13. TRADE AND OTHER RECEIVABLES

Trade and other receivables can be specified as follows:

	2014	2013
Trade receivables	40.481	43.674
Provision for impairment of trade receivables	-1.420	-2.602
Trade receivables - net	39.061	41.072
Unbilled receivables	14.341	14.054
Receivables related to fixed price contracts	8.179	10.641
Other receivables	419	421
Prepayments and accrued income	6.250	6.293
At 31 December	68.250	72.481

The fair value of the trade and other receivables approximates their net carrying amount.

As at 31 December 2014, trade receivables of approximately EUR 6.8 million (year-end 2013: around EUR 7.0 million) were past due but not provided for. Despite the fact that they were past due, there were no indications on the balance sheet date that these customers would not meet their payment commitments.

The ageing analysis of these trade receivables is as follows:

	2014	2013
Trade receivables not impaired and not past due	32.279	34.077
Trade receivables not impaired and past due:		
Up to 1 month	4.799	5.127
1 to 2 months	1.394	1.176
2 to 3 months	224	314
Over 3 months	365	378
	6.782	6.995
Trade receivables - net	39.061	41.072

Movements in the allowance for doubtful debts were as follows:

	2014	2013
At 1 January	2.602	1.571
Provision for receivables impairment	117	1.092
Receivables written off during the year as incollectible	-1.272	-14
Unused amounts reversed	-27	-47
At 31 December	1.420	2.602

Trade receivables are denominated exclusively in euros. Ordina does not have any receivables that are denominated in a currency other than the euro.

The creation and release of the provision have been included in `other operating expenses´ in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired assets.

Prepayments and accrued income include prepaid expenses and other amounts receivable. Other receivables fell due in less than one year at both year-end 2014 and 2013.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. Ordina does not hold any collateral as security.

The maximum credit risk exposure to trade receivables (gross) and unbilled receivables pertaining to work already carried out can be specified as follows (by geographical area):

	2014	2013
the Netherlands	39.073	43.798
Belgium/Luxembourg	15.749	13.930
At 31 December	54.822	57.728

The maximum credit risk exposure to trade receivables (gross) can be specified as follows (by client category):

	2014	2013
Public	15.623	16.776
Finance	5.195	4.463
Industry	16.694	19.877
Other	2.969	2.558
At 31 December	40.481	43.674

The credibility of the trade receivables (net) can be judged on the basis of extern credit ratings and payment history. The table below specifies the credibility of trade receivables for which no provision. The following includes a breakdown of the credit-worthiness of the debtors for which Ordina has not set aside a provision.

	2014	2013
Debtors with external credit rating		
A	5.988	6.453
BB	2.516	3.424
	8.504	9.877
Debtors without external credit rating		
low credit risk	27.607	30.350
medium credit risk	2.368	197
high credit risk	582	648
	30.557	31.195
Balance at 31 December	39.061	41.072

For governmental bodies no credit rating is available. Receivables of governmental bodies are qualified low risk.

14. CASH AND CASH EQUIVALENTS

The balances disclosed in this item are at Ordina's free disposal. For details of the committed overdraft facility, see Note 17.

At the balance sheet date, Ordina had no financial derivatives.

The cash and cash equivalents have been deposited with professional market parties with a good credit rating. The following is a breakdown of available cash and cash equivalents based on the external credit rating of these market parties:

	2014	2013
A	8.879	6.823
A-1	718	623
At 31 December	**9.597**	**7.446**

15. SHARE CAPITAL

Movements in paid-up and called-up capital in 2013 and 2014 were as follows:

(In thousands)	Number of outstanding shares	Issued capital in EUR
At 1 January 2013	91.925	9.192
Issue of shares	0	0
Issue at acquisitions	133	13
Issue related to share-based payment	253	26
At 31 December 2013	**92.311**	**9.231**

(In thousands)	Number of outstanding shares	Issued capital in EUR
At 1 January 2014	92.311	9.231
Issue of shares	0	0
Issue at acquisitions	106	11
Issue related to share-based payment	298	30
At 31 December 2014	**92.715**	**9.272**

15.1. PAID-UP AND CALLED-UP SHARE CAPITAL

The total authorised number of shares at year-end 2014 was 124,999,995 shares with a par value of EUR 0.10 per share, and one priority share of EUR 0.50, divided as follows:

- Priority shares: 1
- Preference shares: 24.999.995
- Ordinary shares: 100.000.000

At year-end 2014, 1 priority share and 92,715,299 ordinary shares were fully paid up (year-end 2013: 1 priority share and 92,310,835 ordinary shares).

The share issues in 2014 pertained to share-based remuneration (298,220 shares, 2013: 252,781 shares) and to earn-out payments related to the acquisition of ITG Consulting Group (total of 106,244 shares, 2013: total 133,173 shares).

Ordina did not incur any issue costs related to share issues in 2014 or 2013. At year-end 2014, Ordina N.V. had not purchased any treasury shares. For details of the issued priority share, see the provision relating to the priority share in the company's articles of association.

15.2. SHARE OPTIONS

In 2009, a total of 240,000 conditional options were granted to a select group of employees. The exercise price was EUR 4.55, which was based on the closing price of the Ordina N.V. share on the day preceding the conditional grant date. Vested options were exercisable since 2 April 2010. At the end-date of the scheme, 30,000 options were still outstanding, which lapsed as of 2 September 2014. No options were exercised during either 2013 or 2014.

Movements in the total number of outstanding share options in 2013 and 2014 were as follows:

(In thousands)	Outstanding at beginning of the year	Exercised	Lapsed	Outstanding at end of year	Exercise price in euros	Exercise period in years
Movements in 2013						
Option scheme 2009	45	0	15	30	4,55	5
Outstanding at year-end 2013				30		

(In thousands)	Outstanding at beginning of the year	Exercised	Lapsed	Outstanding at end of year	Exercise price in euros	Exercise period in years
Movements in 2014						
Option scheme 2009	30	0	30	0	4,55	5
Outstanding at year-end 2014				0		

16. RESERVES

Movements in reserves in 2013 and 2014 can be specified as follows:

	Share premium reserve	Retained earnings	Profit for the year	Total
At 1 January 2013	134.692	62.913	451	198.056
Prior-year retained earnings	0	451	-451	0
Issue at acquisitions	187	0	0	187
Issue related to share-based payment	181	-207	0	-26
Other movements regarding to share-based payment	0	194	0	194
Profit for the year	0	0	-64.969	-64.969
Actuarial gains and losses	0	-10	0	-10
At 31 December 2013	135.060	63.341	-64.969	133.432

	Share premium reserve	Retained earnings	Profit for the year	Total
At 1 January 2014	135.060	63.341	-64.969	133.432
Prior-year retained earnings	0	-64.969	64.969	0
Issue at acquisitions	189	0	0	189
Issue related to share-based payment	408	-139	0	269
Other movements regarding to share-based payment	0	600	0	600
Profit for the year	0	0	1.012	1.012
Actuarial gains and losses	0	-129	0	-129
At 31 December 2014	135.657	-1.296	1.012	135.373

The company financial statements at year-end 2014 include a statutory reserve charged to the retained earnings in the sum of around EUR 3.4 million (year-end 2013: EUR 1.4 million).

17. BORROWINGS

In December 2011, Ordina arranged a committed senior financing facility with ING, ABN AMRO Bank and NIBC totalling an initial EUR 55.0 million. The committed senior facility comprises a long-term loan with an original principal of EUR 20.0 million and a revolving facility of EUR 35.0 million, with a five-year term. As a result of repayments on the long-term loan in 2013 and 2014, the remaining total committed senior financing facility was EUR 35.0 million at year-end 2014. EUR 10.0 million of the revolving facility was used for a committed bank overdraft.

Movements in non-current borrowings were as follows:

	2014	2013
At 1 January	9.672	19.284
Bank borrowings	0	0
Change due to effective interest method	328	388
Repaid	-10.000	-10.000
Total	0	9.672
Presented as current liabilities	0	-9.672
At 31 December	0	0

The effective interest rate on the long-term loan is 5.77%. The carrying value of the long-term loan was nil at year-end 2014 (year-end 2013: around EUR 9.7 million).

The repayment schedule of the long-term loan with an original principal of EUR 20 million is as follows:

Repayment due on 22 June 2013	5.000
Repayment due on 22 December 2013	5.000
Repayment due on 22 June 2014	5.000
Repayment due on 22 December 2014	5.000
	20.000

The interest on the long-term loan and the revolving facility is set based on the prevailing base rate (EURIBOR) plus a margin. The base rate is linked to the interest period to be designated by Ordina and may range from one to six months in principle. The margin depends on the ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) and Ordina´s total net debt at the end of each quarter, and may range between 2.00% and 3.75%.

In June 2013, Ordina agreed to a change in the agreement with the banks. Pursuant to this change, Ordina will continue to correct EBITDA for one-off charges and reorganisation costs for the calculation of the leverage ratio. As specified in the financing agreement and the addendum to same, this correction was maximised at EUR 5.0 million for 2013 and for 2014, with the maximum combined total correction for the two years set at EUR 8.0 million. In addition to the above-mentioned correction, Ordina agreed with the banks that income and expenses related to the provision for vacant office space will not be included in the adjusted EBITDA for the calculation of the leverage ratio and the Interest Cover Ratio.

The interest rate (base rate plus margin) on the long-term loan at the time of the last repayment in December 2014 stood at 2.01%, comprising a base rate of 0.01% and a margin of 2.0%. (year-end 2013: 2.736%).

At year-end 2014, Ordina had no obligation under the revolving facility (year-end 2013: zero). A commitment fee of 35% of the margin is due on the unused portion of the revolving facility.

The covenants for the loan and the revolving facility come with a maximum leverage ratio of total net debt to (adjusted) EBITDA and an Interest Cover Ratio (determined on the basis of the (adjusted) EBITDA / total net interest, as defined in the financing agreement). The covenants are based on the IFRS-compliant consolidated financial statements. When the agreement was changed in mid-2013, it was also determined that the maximum leverage ratio would be reduced more gradually. The following ratios apply under the financing facility:

Leverage ratio (maximaal)

	new	previous
1 October 2012 - 30 June 2013	2,00	2,00
1 July 2013 - 31 December 2013	1,75	1,50
1 January 2014 - 31 March 2014	1,75	1,25
1 April 2014 - December 2016 (maturity date agreement)	1,50	1,25

Interest Cover Ratio (minimaal)

1 January 2012 - 31 March 2012	2,50
1 April 2012 - 30 June 2012	3,00
1 July 2012 - 30 September 2012	3,50
1 October 2012 - 31 December 2012	4,00
From 1 January 2013	5,00

At year-end 2014, the ratio of total net debt to (adjusted) EBITDA stood at 0.8 negative year-end 2013: 0.2). At year-end 2014, the Interest Cover Ratio stood at 11.8 (year-end 2013: 9.2).

The credit agreement also stipulates that the total EBITDA of the companies that are party to the credit agreement should account for at least 80% of the consolidated EBITDA provided in the credit agreement (the Guarantor Cover Ratio) and that at least 70% of the trade receivables are pledged to the credit provider as security (the Security Cover Ratio). These requirements were also satisfied at year-end 2014. The majority of group companies have assumed joint responsibility for the long-term loan and the revolving facility.

18. EMPLOYEE BENEFITS

Employee benefits can be specified as follows:

	2014	2013
Defined benefit obligation	858	685
Jubilee benefits	3.565	3.195
Total employee benefits	**4.423**	**3.880**

18.1. DEFINED BENEFIT OBLIGATION

The defined benefit obligation can be specified as follows:

	2014	2013
Defined benefit obligation	7.168	5.025
Less: fair value of plan assets	6.310	4.340
Defined benefit obligation	**858**	**685**

Movements in the defined benefit obligation were as follows:

	2014	2013
At 1 January	5.025	4.968
Current service cost	0	0
Interest cost	185	180
Contributions by plan participants	0	0
Benefits paid	-78	-25
Actuarial gains and losses	2.036	-98
Defined benefit obligation at 31 December	**7.168**	**5.025**

Movements in the fair value of plan assets were as follows:

	2014	2013
At 1 January	4.340	4.217
Expected return on plan assets	160	153
Employer contributions	24	80
Benefits paid	-78	-25
Actuarial gains and losses	1.864	-85
Fair value of plan assets at 31 December	**6.310**	**4.340**

The pension provision pertains to obligations for defined benefit schemes (pension schemes based on average salary or final salary schemes), measured at current value in accordance with the provisions of IAS 19 (Employee Benefits). As a result of the harmonisation of the pension schemes, the defined benefit scheme does not have any active members. At year-end 2014, Ordina´s obligations pursuant to the defined benefit pension plans were limited to guarantee and management costs, insofar as these are not covered by surplus interest gains. Related plan assets are stated at fair value. Actuarial gains and losses are recognised directly in other comprehensive income. All pension plans operated by Ordina are administered by professional insurers. The plan assets are comprised of qualifying insurance policies.

The cumulative net change relating to actuarial gains and losses recognised in other comprehensive income was EUR 4.3 million negative (year-end 2013: EUR 4.1 million negative).

The amounts recognised in the income statement were as follows:

	Notes	2014	2013
Current service cost		0	0
Interest cost		185	180
Expected return on plan assets		-160	-153
Total, included in personnel expenses	23	25	27

The actual return on plan assets was EU 2.0 million (2013: EUR 0.1 million). Plan assets are qualifying insurance policies that correspond exactly with the amount and timing of all payments to be made pursuant to the plan. The plan assets are equal to the value of the corresponding liabilities, based on the same assumptions used in the calculation of the cash value of the pension obligations.

The principal actuarial assumptions were as follows:

	2014	2013
Discount rate at 31 December	2,30%	3,70%
Expected return on plan assets	2,30%	3,70%

In the event that the discount rate were to be raised or lowered by 0.5% in the context of a sensitivity analysis, the obligation ensuing from the defined benefit scheme would amount to EUR 6.3 million (2013: EUR 4.3 million) or EUR 8.2 million (2013: EUR 5.5 million) respectively.

Assumptions with respect to life expectancy are based on published statistics. The life expectancy at year end 2014 is based on the most recent prognosis table, published by the Actuarieel Genootschap in 2014 (Prognosetable AG2014). The life expectancy year end 2013 is based on Prognosetable 2012-2062. Furthermore for both years a correction was applied due to higher life expectancy of the working population.

Assumptions regarding life expectancy are based on published statistics. The average life expectancy in years of a pensioner retiring at age 65, 66 or 67 is as follows:

	2014	2013
Male, age of 65	21,7	22,1
Female, age of 65	24,3	24,3
Male, age of 66	20,8	21,2
Female, age of 66	23,3	23,3
Male, age of 67	19,8	20,2
Female, age of 67	22,3	22,4

The average life expectancy in years of a person currently 45 years of age retiring at age 65, 66 and 67 is as follows:

	2014	2013
Male, age of 65	24,0	23,8
Female, age of 65	26,3	25,2
Male, age of 66	23,0	22,8
Female, age of 66	25,3	24,3
Male, age of 67	22,0	21,9
Female, age of 67	24,3	23,3

The following is a specification of the valuation of the defined benefit obligation and the fair value of plan assets over the years 2010 through 2014:

	2014	2013	2012	2011	2010
Defined benefit obligation	7.168	5.025	4.968	22.020	21.700
Less: fair value of plan assets	6.310	4.340	4.217	21.104	18.293
Defined benefit obligation	**858**	**685**	**751**	**916**	**3.407**
Experience adjustments on plan liabilities	-2.036	98	-2.080	-25	1.412
Experience adjustments on plan assets	1.864	-85	1.893	2.044	-1.605

18.2. JUBILEE BENEFITS

The jubilee benefits obligation can be specified as follows:

	2014	2013
Jubilee benefits	3.565	3.195
Less: fair value of jubilee assets	0	0
Jubilee benefits	**3.565**	**3.195**

The terms of employment of various group companies include a jubilee scheme based on which employees who celebrate a certain term of employment with the company receive a gross, non-salary based bonus. Under IAS 19 (Employee Benefits), a provision was formed for the contingent liabilities associated with this jubilee scheme. Actuarial gains and losses are recognised directly in profit or loss.

The amounts recognised in the income statement were as follows:

	2014	2013
Current jubilee cost	354	346
Interest cost	79	68
Actuarial gains and losses	214	105
Total, included in personnel expenses	**647**	**519**

Movements in the amounts recognised in the balance sheet were as follows:

	2014	2013
At 1 January	3.195	3.011
Charged against profit, standard	433	414
Jubilee benefits	-277	-335
Actuarial gains and losses	214	105
At 31 December	**3.565**	**3.195**

The principal actuarial assumption was as follows:

	2014	2013
Discount rate at 31 December	1,3%	2,6%

The assumptions regarding average term of service for employees at Ordina were applied consistently in 2013 and 2014. The determination of the provision at year-end 2013 and year-end 2014 took into account the phased raising of the retirement age to 67.

The table below shows a sensitivity analysis pertaining to the obligation based on the jubilee benefit scheme. Ordina conducted this sensitivity analysis on the basis of, firstly, a raising/lowering of the discount rate and, secondly, on a raising/lowering of the chances of redundancy (resulting in shorter/longer term of service at Ordina).

	2014		2013	
	obligation	in percentage of current obligation	obligation	in percentage of current obligation
Discount rate + 0,5%	3.444	96,6%	3.094	96,8%
Discount rate - 0,5%	3.693	103,6%	3.301	103,3%
Redundancy likelihood ratio + 25%	3.187	89,4%	2.864	89,6%
Redundancy likelihood ratio - 25%	4.028	113,0%	3.593	112,5%

19. OTHER LONG-TERM PROVISIONS

Het verloop van de overige langlopende voorzieningen is als te specificeren:

	2014	2013
At 1 January	5.950	0
Additions	131	5.950
Unused amounts	0	0
Used during the year	-513	0
At 31 December	**5.568**	**5.950**

Other long-term provisions pertain to the vacant office space at the Ordina head office in Nieuwegein for which there is a contractual lease obligation. The lease for the office building in Nieuwegein runs to 30 September 2020. The provision pertains to future rent, including the additional direct costs related to the lease for the contract period in which Ordina does not expect to make use of the office space in question.

In determining the provision, Ordina took into account the expected income from subletting. The determination of the cash value of the provision took into account an interest rate of 4.1% (year-end 2013: 4.2%). The allocation to the provision is recognised under accommodation costs as part of the other operating expenses (see Note 24). With respect to the provision, an amount of approximately EUR 0,7 million has a term of less than one year (year-end 2013: around EUR 0.5 million).

20. DEFERRED TAXES

Deferred taxes can be specified as follows:

	Notes	2014	2013
Deferred tax assets	20.1	16.939	17.616
Set off deferred tax liabilities		0	0
Defered tax assets net		**16.939**	**17.616**

	Notes	2014	2013
Deferred tax liabilities	20.2	0	0
Set off deferred tax liabilities		0	0
Defered tax liabilities net		**0**	**0**

20.1. DEFERRED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2014	2013
Intangible assets and property, plant and equipment	997	1.344
Employee related provisions	214	171
Other provisions / long term	1.477	1.487
Recognised tax losses	14.251	14.614
At 31 December	**16.939**	**17.616**

The deferred income tax asset by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the changed minimal fiscal write-down period. Measurement is at the set tax rates.

The deferred income tax asset by virtue of employee benefits and other provisions relates to temporary measurement differences with respect to pension benefits and other provisions. Measurement is at the set tax rates.

Tax losses are recognised if they are expected to be utilised (total at year-end 2014: approximately EUR 57.0 million; year-end 2013: approximately EUR 58.5 million). Measurement is at the fair value that will apply to future financial years. At year-end 2014, the losses in the Netherlands were measured at a rate of 25.0%. The total tax loss potential at year-end 2014 was approximately EUR 59.1 million (year-end 2013: approximately EUR 58.5 million). Tax losses are measured based on their assumed utilisation potential on the basis of future profits shown in long-range budgets for the next five years. Of the recognised tax losses, EUR 33.7 million is expected to expire in 2018. The remaining recognised tax losses will expire after 2018. On the basis of the expected compensation, as this appears in the multi-year budget, Ordina decided in 2014 not to recognise a deferred tax asset related to EUR 2.1 million of the losses that are expected to lapse in 2018. The deferred tax asset has been reduced by the amount of EUR 0.5 million in this context.

An amount of approximately EUR 0.5 million in recognised tax losses expires after 2013. No deferred income tax asset was recognised on these tax losses.

Of the deferred income tax assets, an amount of approximately EUR 15.0 million had a term of more than one year at year-end 2014 (year-end 2013: EUR 15.1 million). Of the deferred income tax assets, an amount of approximately nil was netted against deferred income tax liabilities at both year-end 2014 and year-end 2013 (see Section 2.21).

Movements in deferred income tax assets were as follows in 2013:

	Opening balance 2013	Recognised in income statement	Recognised in consolidated statement of comprehencive income	Closing balance 2013
Intangible assets and property, plant and equipment	1.717	-373	0	1.344
Employee related provisions	188	-20	3	171
Other provisions / long term	0	1.487	0	1.487
Recognised tax losses	14.515	99	0	14.614
	16.420	1.193	3	17.616

Movements in deferred income tax assets were as follows in 2014:

	Opening balance 2014	Recognised in income statement	Recognised in consolidated statement of comprehencive income	Closing balance 2014
Intangible assets and property, plant and equipment	1.344	-347	0	997
Employee related provisions	171	0	43	214
Other provisions / long term	1.487	-10	0	1.477
Recognised tax losses	14.614	-363	0	14.251
	17.616	-720	43	16.939

20.2. DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities can be specified as follows at year-end:

	2014	2013
Intangible assets related to customers	0	0
	0	0

The deferred tax liabilities relate to temporary measurement differences that arise in relation to intangible assets related to customers acquired in business combinations. They are measured at the fair value that is expected to apply during the amortisation period of these assets. Deferred tax liabilities amounted to nil at year-end 2014 and year-end 2013. No deferred income tax liabilities were netted against deferred income tax assets at year-end 2014 and year-end 2013 (see Section 2.21).

Movements in deferred income tax liabilities were as follows in 2013:

	Opening balance 2013	Recognised in income statement	Recognised in consolidated statement of comprehencive income	Closing balance 2013
Intangible assets related to customers	331	-331	0	0
	331	-331	0	0

Movements in deferred income tax liabilities were as follows in 2014:

	Opening balance 2014	Recognised in income statement	Recognised in consolidated statement of comprehencive income	Closing balance 2014
Intangible assets related to customers	0	0	0	0
	0	0	0	0

21. OTHER SHORT-TERM PROVISIONS

Other short-term provisions at year-end 2013 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January	6	333	11	350
Additions	409	6.097	0	6.506
Unused amounts	-76	-2	-11	-89
Used during the year	-60	-4.149	0	-4.209
At 31 December	279	2.279	0	2.558

Other short-term provisions at year-end 2014 can be specified as follows:

	Projects	Reorganisation	Other	Total
At 1 January	279	2.279	0	2.558
Additions	171	6.350	250	6.771
Unused amounts	-80	-265	0	-345
Used during the year	0	-4.628	0	-4.628
At 31 December	370	3.736	250	4.356

The provision for project commitments pertains to outstanding project activities related to loss-making contracts. The restructuring provision is for non-recurring costs associated with the restructuring and initiatives for sustainable margin improvement. At both year-end 2013 and year-end 2014, the other provisions had a term of less than one year.

At year-end 2014, an amount of EUR 1.5 million of the reorganisation provision had a term of more than one year. The project provision and the other provisions had a term of less than one year at both year-end 2013 and year-end 2014.

22. TRADE AND OTHER PAYABLES, ACCRUALS AND DEFFERED INCOME

This item can be specified as follows:

	2014	2013
Trade payables	24.349	21.960
Advanced billings	5.717	5.991
Taxes and social security	23.183	24.543
Pension contributions	140	62
Other payables	714	1.971
Accruals and deferred income	21.878	19.471
At 31 December	75.981	73.998

The fair value of trade and other payables, accruals and deferred income approximates their net carrying amount.

The item ‘other payables’ pertains to earn-out payments by virtue of acquisitions, among other debts. Accruals and deferred income include commitments for holiday allowance, leave day entitlements, other personnel expenses, as well as items charged to profit or loss for the year under the prevailing accounting policies. The other payable and accrued liabilities had a life of less than one year at both year-end 2014 and year-end 2013.

23. PERSONNEL EXPENSES

	2014	2013
Salaries	165.066	171.788
Social charges	28.878	29.297
Defined benefit obligation	25	27
Defined contribution obligation	11.104	11.170
Other personnel expenses	39.446	40.054
Total	**244.519**	**252.336**

Other personnel expenses include car expenses, hotel and travel expenses, and study costs. This item also includes an amount of about EUR 17.1 million for operating leases for cars (2013: approximately EUR 16.9 million). Additionally, an amount of approximately EUR 6.6 million was recognised in this item in 2014 for restructuring costs (2013: approximately EUR 7.4 million).

Personnel expenses included an expense of approximately EUR 0.6 million for share-based payments in 2014 (2013: around EUR 0.2 million). Around EUR 0.4 million of these expenses is related to the Management Board's scheme, while around EUR 0.2 million is related to the Executive Committee's scheme.

The average workforce in FTEs numbered 2884 in 2014 (2013: 2,961). At year-end 2014, Ordina employed 2,907 FTEs (year-end 2013: 2,918 FTEs). The number of FTEs working at the Belgium and Luxembourg-based group companies stood at 562 at year-end 2014 (year-end 2013: 523 FTEs).

24. OTHER OPERATING EXPENSES

Other operating expenses can be specified as follows:

	2014	2013
Office accommodation costs	6.930	14.917
Marketing and selling expenses	1.265	1.208
Other expenses	9.446	8.056
Total	17.641	24.181

Other expenses include information management and automation expenses, the cost of insurance, and audit and consulting fees. The consultancy costs for 2014 include an amount of around EUR 1.7 million related to the investigations into potential irregularities in tenders and contracts for public sector clients.

The office accommodation costs include an amount of some EUR 6.0 million recognised for operating leases (2013: approximately EUR 6.0 million). The office accommodation costs in 2013 also included an amount of EUR 5.9 million for the provision related to the vacant office space at the Ordina head office in Nieuwegein.

Audit fees recognised in the income statement for 2013 under `other operating expenses´ in the reporting period were as follows:

	PwC the Netherlands	Other PwC network	Total PwC network
Audit of the financial statements	257	88	345
Other audit activities	20	2	22
Tax advise	2	0	2
Other non-audit activities	0	0	0
	279	90	369

Audit fees recognised in the income statement for 2014 under `other operating expenses´ in the reporting period were as follows:

	PwC the Netherlands	Other PwC network	Total PwC network
Audit of the financial statements	290	83	373
Other audit activities	10	0	10
Tax advise	0	0	0
Other non-audit activities	0	0	0
	300	83	383

25. FINANCIERINGSBATEN EN -LASTEN

Finance income and expenses can be specified as follows:

	2014	2013
Finance income	17	13
Finance costs	-1.164	-1.510
Total	**-1.147**	**-1.497**

Finance income can be specified as follows:

	2014	2013
Loans	0	13
Other finance income	17	0
Total finance income	**17**	**13**

Other finance income includes interest payments on current account balances held by banks and interest payments related to the settlement of tax claims.

Finance expenses can be specified as follows:

	2014	2013
Long Term Debt / Term Loan	-499	-930
Revolving Facility	-197	-278
Other finance costs	-468	-302
Total finance costs	**-1.164**	**-1.510**

The finance expenses related to long-term loans pertain to the long-term loans as specified in Note 17. The interest expenses related to long-term loans also include a sum of more than EUR 0.3 million resulting from the effective interest method (2013: around EUR 0.5 million).

The other financing expenses pertain to among other things interest expenses for current account debts run up with banking institutions, availability provisions, interest expenses for the settlement of fiscal debts, as well as the increase in the provision for vacant office space as a result of the passage of time (2014: around EUR 0.1 million; 2013: nil).

26. INCOME TAX EXPENSE

	2014	2013
Income tax expense for the year	-1.766	-847
Income tax expense prior years	-2	-20
	-1.768	-867
Deferred income tax for the year	-432	1.533
Deferred income tax prior years	-288	-10
	-720	1.523
	-2.488	656

	2014	2013
Net profit for the year	1.012	-64.969
Income tax expense	2.488	-656
Profit before income tax	3.500	-65.625
Effective tax rate	71,1%	1,0%

As a percentage	2014	2013
Applicable tax rate	25,0	25,0
Differences with foreign tax rates	7,0	0,0
Non-deductible expenses	30,5	-23,9
Remeasurement of deferred tax assets	10,6	0,0
Tax exempt income	0,3	-0,1
Incidental items	0,3	0,0
Adjustments for prior years	-2,6	0,0
Effective tax rate	71,1	1,0

The nominal tax burden amounted to 25.0% in 2014, as applicable in the Netherlands. The non-recognised losses in the financial year relate to non-compensable losses for which no deferred tax asset has been recognised. The non-deductible expenses relate to result components that cannot be charged to the pre-tax result and include an impairment of goodwill, share-related payments and the non-deductible part of the so-called mixed costs. The exempt income components relate primarily to the share in the results of associates. In 2013, the non-deductible amounts included an impairment of goodwill. The revaluations of deferred tax assets pertain among other things to the devaluation of deferred tax assets related to loss compensation. In 2014, Ordina decided to no longer recognise a deferred tax asset related to an amount of EUR 2.1 million in compensable losses. The indemnified profit components pertain primarily to the share in the results of participations.

27. EARNINGS PER SHARE

27.1. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year by the average number of outstanding shares during the year.

	2014	2013
Profit for the year	1.012	-64.969
Average number of outstanding shares (in thousands)	92.660	92.179
Earnings per share- basic (in euros)	0,01	-0,70

27.2. EARNINGS PER SHARE - DILUTED

Diluted earnings per share are calculated by dividing the profit for the year by the average number of outstanding shares during the year, including any outstanding option rights whose exercise price is lower than the share price at year-end and the shares expected to be issued in the context of share-related bonuses.

	2014	2013
Profit for the year	1.012	-64.969
Average number of outstanding shares (in thousands)	92.660	92.179
Adjustment for share-based payment obligations	1.230	622
	93.890	92.801
Earnings per share - diluted (in euros)	0,01	-0,70

28. DIVIDENT PER SHARE

In view of the limited size of the profit as a total and more specifically the earnings per share, it shall be proposed to the General Meeting of Shareholders to not pay out a dividend and to add the 2014 net profit in its entirety to Ordina's reserves.

In view of the fact that Ordina recorded a net loss in 2013, there was no dividend proposal to the General Meeting of Shareholders for 2013. The net loss for 2013 was charged to the reserves.

29. PREFERENCE SHARES

Ordina N.V.´s authorised capital includes 24,999,995 preference shares with a par value of EUR 0.10 per share. Dividends on preference shares cannot exceed the statutory interest rate prevailing at the date the dividends are declared. No preference shares had been issued at year-end 2014 and year-end 2013.

30. COMMITMENTS, CONTINGGENCIES AND CONTRACTUAL OBLIGATIONS

INVESTIGATION INTO POTENTIAL IRREGULARITIES IN TENDERS AND CONTRACTS

Following questions from television programme Zembla, Ordina commissioned investigations into the course of events around various contracts and tender procedures. On 27 January of this year, Ordina published the main findings of these investigations, together with the conclusions Ordina reached on the basis of these findings, in a press release and a shareholder circular.

The investigations conducted revealed one case in which there were clear indications that there was some question of irregularities. The investigation of several other instances found no indications of irregularities, but Ordina did conclude that a limited sub-group of people did act inappropriately.

The Rotterdam city council and the Defence Ministry have publicly announced they have filed reports in this matter. As far as Ordina is aware, the report from the Rotterdam city council has resulted in an exploratory investigation by the National Criminal Investigation Department (Rijksrecherche) into possible irregularities in tender procedures initiated by the IT department of the Rotterdam city council. [It is possible that an (exploratory) investigation will be launched into the case Ordina reported on in which there were clear indications of irregularities.] The Security and Justice Ministry has noted it has asked the Dutch independent consumers and markets regulator ACM to investigate two tender procedures initiated by the immigration and nationalisation department IND. As far as Ordina is aware, the ACM is conducting an exploratory investigation. Ordina is obviously lending its full cooperation to the investigations by public sector authorities and regulators.
In addition, on 12 November 2014 Mont Cervin submitted a request with the Corporate Chamber of the Amsterdam district court demanding an inquiry be conducted at Ordina. In summary, Mont Cervin claims that share price sensitive information was not made public immediately and that Ordina's communications policy was wrong. Ordina submitted a statement of defence to this request, in which it concludes that an inquiry into the policy or course of events at the company is not justified. The Corporate Chamber discussed this request from Mont Cervin on 12 February 2015. [The Corporate Chamber has indicated it will announce its decision in the mater on [*]].

Finally, a limited number of private shareholders have asked for compensation for the losses they reportedly incurred because – in brief – of the share price development following the Zembla television broadcast and the associated media reports. Ordina sees no grounds for this kind of compensation and therefore rejects any liability in this matter.

ADDITIONAL COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

Ordina N.V. and its group companies have issued guarantees for a total amount of approximately EUR 2.8 million in 2014 (2013: approximately EUR 4.1 million). Of these guarantees, EUR 1.7 million relates to lease commitments (year-end 2013: approximately EUR 1.7 million) and EUR 1.1 million pertained to client relations (year-end 2013: approximately EUR 1.3 million). At year-end 2013, Ordina recognised around EUR 1.1 million for a guarantee pertaining to an earn-out obligation relating to acquisitions, which was settled in full in 2014.

Ordina had no material expenditure obligations with respect to property, plant and equipment at year-end 2014.

Company cars provided to employees are usually acquired under operating leases spanning 36 to 48 months. In this context, Ordina N.V. and its group companies have a total car lease obligation of approximately EUR 14.8 million that falls due in less than one year (2013: EUR 19.7 million).

All buildings where group companies are located are in leasehold. Ordina does not have any buildings in freehold. In addition, Ordina N.V. and its group companies have total building lease obligations of approximately EUR 6.2 million with a duration of less than one year (2013: EUR 6.0 million). Of the building leases that fall due within one year, an amount of EUR 4.4 million relates to the head office in Nieuwegein (year-end 2013: EUR 4.4 million). The lease for the head office in Nieuwegein runs to 30 September 2020.

The other financial obligations can be specified by duration as follows:

	Cars	Buildings
Not later than one year	14.778	6.237
Later than one year and not later than five years	15.785	21.186
Later than five years	0	3.351
	30.563	30.774

In a number of instances, Ordina N.V. has assumed joint and several liability within the scope of its normal operations for the performance of contractual obligations by a group company. Where such a guarantee was issued to clients of Ordina BPO B.V., which was sold in April 2009, and has not yet expired, Centric Holding B.V. and its group companies have issued a full counter-guarantee.

In the context of the sale of divisions, Ordina has issued the usual limited-time (balance sheet) guarantees to the buyers of these divisions.

Ordina Belgium N.V. has a defined contribution pension scheme. The obligation on the part of Ordina Belgium N.V. is limited to the payment of a contribution and a legally compulsory minimum return of 3.25% on these payments, insofar as the insurer's guaranteed return is lower. With respect to the legal minimum return, the Belgian coalition agreement for 2015 includes a proposal to amend this minimum return. In anticipation of formal legislation in this matter, Ordina Belgium has refrained from recognising a provision in the balance sheet with respect to this obligation.
Ordina Belgium is currently under investigation with regard to previously awarded subsidies and it is possible that the body that granted the subsidies will claim that the subsidies were granted incorrectly.

In accordance with the provisions of Section 403, Part 9 of Book 2 of the Dutch Civil Code, Ordina N.V. has assumed joint and several liability for the obligations arising from the legal transactions of the majority of the Dutch group companies. The declarations to that effect have been filed with the competent trade registries.

Ordina N.V. and the majority of its Dutch group companies form one or more tax units for income tax and value-added tax purposes, as a result of which the companies involved are jointly and severally liable for the liabilities incurred by the tax group.

Ordina N.V. and the majority of its group companies have assumed joint and several liability for the bank overdrafts. At year-end 2014, trade receivables valued at approximately EUR 39.0 million had been pledged as security (year-end 2013: approximately EUR 43.6 million) for the financing facility.

31. ACQUISATIONS AND DISPOSALS

31.1. ACQUISITIONS

Ordina made no acquisitions in 2014 and 2013.

31.2. EFFECTS OF ACQUISITIONS

Acquisitions of group companies had the following effects on Ordina's assets and liabilities:

	2014	2013
Identifiable assets and liabilities - net	0	0
Goodwill acquired in business combinations	0	0
Purchase consideration	0	0
Earn-out commitments	0	0
Earn-out payments related to prior year acquisitions	1.112	1.113
Financing of purchase consideration through share issue	-200	-200
Purchase consideration settled in cash	912	913
Cash and cash equivalents in subsidiaries acquired	0	0
Net cash outflow at acquisitions	912	913

Movements in 2013 and 2014 are entirely related to the settlement of earn-out obligations relating to ITG Consulting (Belgium). At year-end 2014, Ordina had no earn-out obligations relating to previous years (year-end 2013: approximately EUR 1.1 million).

32. RELATED PARTIES

32.1. IDENTITY OF RELATED PARTIES

Ordina´s related parties are its group companies, the members of the Supervisory Board and the members of the Management Board. The members of the Management Board and the Supervisory Board qualify as key management. The total remuneration for the key management in 2014 and 2013 can be specified as follows:

	2014	2013
Key-management		
Salary	882	962
Payment upon termination of employment	0	266
Variable component/short-term, cash based	224	415
Variable component/long-term, share based	376	164
Pension costs	135	176
	1.617	1.983

32.2. TRANSACTIONS WITH THE MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

32.2.1. REMUNERATION POLICY

The Supervisory Board determines the compensation of the members of the Management Board on an annual basis. For details on the remuneration policy for the members of the Management Board, we refer you to the section Remuneration policy Management Board in the Report of the Supervisory Board.

32.2.2. EXECUTIVE COMPENSATION

The following amounts in executive compensation were charged to the results for 2014 and 2013 respectively:

	2014	2013
S. Breedveld		
Salary	388	388
Variable component/short-term, cash based	118	196
Variable component/long-term, share based	203	120
Pension costs	71	88
	780	792

	2014	2013
M.J. Poots-Bijl		
Salary	349	262
Variable component/short-term, cash based	106	132
Variable component/long-term, share based	173	75
Pension costs	64	46
	692	515

Total executive compensation of the members of the Management Board combined was EUR 1.5 million in 2014 (2013: around EUR 1.8 million, of which more than EUR 0.5 million pertained to Mr. B. de Jong, who left Ordina as of 1 September 2013).

The long-term benefits under profit-sharing and bonus schemes pertain to a payment in Ordina N.V. shares; they are determined for a three-year period for each individual scheme. The value of the number of Ordina N.V. shares to be awarded for on-target performance is equivalent to 50% of the fixed salary (including holiday pay) to be paid to the board member in question in the first year of each three-year period. A conditional number of shares are awarded at the beginning of each three-year period on the basis of the closing share price of the Ordina N.V. share at the end of the preceding calendar year. Of the total targets, 70% is linked to financial targets and 30% is linked to non-financial targets. The financial targets are linked to the development of Ordina's results and pertain to revenues, the recurring EBITDA margin and the leverage ratio. The non-financial targets are based on individual, clearly measurable (qualitative and quantitative) targets and pertain to client satisfaction, employee engagement, image and the implementation of the sustainability strategy. At the end of the three-year period, the shares are awarded unconditionally based on the targets realised vis-à-vis the targets set.

The value of the on-target shares that are expected to be awarded is determined on the basis of the share price at the moment the shares are awarded, taking into account a drop in value in connection with the lock-up on a portion of the shares and missed dividends during the conditional period. The effect of this drop in value in connection with the lock-up period and missed dividends is approximately 7.0%.

The number of shares in Ordina N.V. to be allotted is estimated each time on the balance sheet date based on the long-term bonus benefits. Based on this estimation, the costs of the long-term profit-sharing and bonus plans are recognised in the income statement, proportional to the period that has expired from the moment the shares were awarded. The costs of the shares expected to be issued under the existing schemes are recognised in equity as `retained earnings´.

As part of his variable long-term remuneration for the period 2012 through 2014, Mr. Breedveld and Mrs. Poots-Bijl were unconditionally granted a total of 159,586 and 83,782 Ordina N.V. shares respectively. This is equivalent to a payment percentage of approximately 53% of the on-target bonus. Of the total payment percentage, 53% pertains to the financial targets and 27% to the non-financial targets. The cost of the long-term bonus in 2014 was EUR 0.4 million (2013: around EUR 0.2 million).

The current schemes can be summarised as follows:

	Conditionally granted number of shares	Grant date	Share price at grant	Fair value on grant date	Percentage	Recognised in profit & loss 2014	Recognised in profit & loss 2013
S. Breedveld							
Window 2011-2013						0	62
Window 2012-2014	199.482	27-6-2012	0,88	163	80%	78	30
Window 2013-2015	171.836	25-4-2013	1,24	198	83%	76	28
Window 2014-2016	101.293	12-5-2014	2,08	196	100%	49	0
0	472.611					203	120
M.J. Poots-Bijl							
Window 2011-2013						0	25
Window 2012-2014	104.728	27-3-2013	1,18	115	80%	66	26
Window 2013-2015	141.764	25-4-2013	1,24	163	83%	63	24
Window 2014-2016	91.163	12-5-2014	2,08	176	100%	44	0
	337.655					173	75

Personnel costs for 2013 included a charge of more than EUR 0.1 million for the members of the Management Board related to the so-called `crisis levy for high salaries'. Pursuant to this crisis levy, companies must pay an employer´s levy of 16% over the salary that is higher than EUR 150,000..

Of the crisis levy recognized, around EUR 83,000 pertained to Mr. Breedveld, while around EUR 21,000 pertained to Mrs. Poots-Bijl and approximately EUR 40,000 to Mr. De Jong. These amounts are not included in the specification of the remuneration of the members of the Management Board included in this explanatory note. No 'crisis levy' was due in 2014.

The members of the Management Board are provided with a car and a mobile phone. In addition, they are entitled to a monthly expense allowance. The related amounts for the members of the Management Board in 2014 were approximately EUR 0.1 million (2013: EUR 0.1 million) and are not included in the specification of the remuneration of the members of the Management Board included in this explanatory note.

No loans, advances or guarantees have been issued for the benefit of the members of the Management Board.

32.2.3. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT BOARD

At year-end 2014, the members of the Management Board held 1,042,540 shares in Ordina N.V. (year-end 2013: 774,320). The shares are distributed among the members of the Management Board as follows:

	Related to long-term benefits	Privately acquired	2014	2013
S. Breedveld	433.863	450.001	883.864	678.320
M.J. Poots-Bijl	92.676	66.000	158.676	66.000
			1.042.540	744.320

32.2.4. OPTIONS GRANTED TO, AND HELD BY, THE MEMBERS OF THE MANAGEMENT BOARD

At year-end 2014 and year-end 2013, Ordina had not issued any option rights to the members of the Management Board.

32.2.5. SUPERVISORY BOARD COMPENSATION

The remuneration for the members of the Supervisory Board can be specified as follows:

	2014	2013
J.G. van der Werf, chairman	46	41
P.G. Boumeester, vice chairman	33	31
D.J. Anbeek	33	31
A. Kregting	33	31
	145	134

The compensation of the Supervisory Board is not linked to the financial performance of the company. In addition to their remuneration, the members of the Supervisory Board receive an expenses allowance of EUR 2,270 per annum. No loans, advances or guarantees have been issued for the benefit of the members of the Supervisory Board.

32.2.6. SHARES HELD BY THE MEMBERS OF THE SUPERVISORY BOARD

At year-end 2014, the members of the Supervisory Board held 100,000 shares in Ordina N.V. (year-end 2013: 100,000). The shares are distributed among the members of the Supervisory Board as follows:

	2014	2013
J.G. van der Werf, chairman	100.000	100.000
P.G. Boumeester, vice chairman	0	0
D.J. Anbeek	0	0
A. Kregting	0	0
	100.000	100.000

33. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after 31 December 2014 that have a material impact on, or warrant restatement of, the balance sheet positions at year-end 2014 as presented in the financial statements.

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014 ORDINA N.V.

(In euro thousands)	Notes	2014	2013
Assets			
Non-current assets			
Financial assets	35	130.043	127.569
Deferred income tax assets	36	14.600	15.062
Total non-current assets		144.643	142.631
Current assets			
Current income tax receivable		2	2
Total current assets		2	2
Total assets		144.645	142.633
Equity and liabilities			
Equity			
Paid-up and called-up share capital	37	9.272	9.231
Share premium reserve	37	135.657	135.060
Statutory reserve	37	3.391	1.380
Retained earnings	37	-4.687	61.961
Profit for the year	37	1.012	-64.969
Total equity		144.645	142.663
Liabilities			
Current liabilities			
Trade and other payables		0	0
Total current liabilities		0	0
Total liabilities		0	0
Total equity and liabilities		144.645	142.663

COMPANY INCOME STATEMENT FOR 2014 OF ORDINA N.V.

(In euro thousands)	Notes	2014	2013
Share of profit of associates	35	913	-64.748
Other income		99	-221
Profit for the year		1.012	-64.969

34. GENERAL

34.1. BASIS OF PREPARATION OF COMPANY FINANCIAL STATEMENTS

The company financial statements of Ordina N.V. have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. In preparing these financial statements, the company availed itself of the facility offered by Section 362(8), Book 2 of the Dutch Civil Code to use the same accounting policies (including those for the presentation of financial instruments as equity or loan capital) for the company and the consolidated financial statements.

The company financial statements of Ordina N.V. are presented in euros (EUR). Amounts are in thousands of euros, unless otherwise indicated.

34.2. ACCOUNTING POLICIES

The accounting policies for the company financial statements are the same as for the consolidated financial statements. If no further policies are mentioned, reference is made to the accounting policies for the consolidated financial statements.

34.3. FINANCIAL ASSETS / INVESTMENTS IN ASSOCIATES

Associates and group companies in which Ordina N.V. exercises control or where Ordina N.V. is responsible for central management are accounted for using the equity method. The equity method is a method of accounting whereby the net assets, liabilities and provisions of the group company are measured and profit is calculated on the basis of the accounting policies used in the consolidated financial statements.

In applying the equity method, the company makes allowance for the transitional provisions for the measurement of items and the first-time adoption of the accounting policies applied in the consolidated financial statements (the IFRS 1 adjustments).

35. FINANCIAL ASSETS

This item can be specified as follows:

	Investments in group companies	Receivables from group companies	Total
Carrying amount at 1 January 2013	125.168	66.537	191.705
Changes in 2013			
Investments/loans advanced	-43	665	622
Actuarial gains and losses	-10	0	-10
Share of profit of associates	-64.748	0	-64.748
Carrying amount at 31 December 2013	**60.367**	**67.202**	**127.569**

	Investments in group companies	Receivables from group companies	Total
Carrying amount at 1 January 2014	60.367	67.202	127.569
Changes in 2014			
Investments/loans advanced	446	1.244	1.690
Actuarial gains and losses	-129	0	-129
Share of profit of associates	913	0	913
Carrying amount at 31 December 2014	**61.597**	**68.446**	**130.043**

36. DEFFERED INCOME TAX ASSETS

Deferred income tax assets can be specified as follows:

	2014	2013
Intangible assets and property, plant and equipment	349	448
Recognised tax losses	14.251	14.614
At 31 December	14.600	15.062

The deferred income tax assets by virtue of intangible assets and property, plant and equipment relates to temporary measurement differences due to the changed minimal fiscal write-down period. Measurement is at the set tax rates.

Tax losses are recognised if they are expected to be utilised (total at year-end 2014: approximately EUR 57.0 million; year-end 2013: approximately EUR 58.5 million). Measurement is at the fair value that will apply to future financial years. For details on the scale and measurement of Ordina´s tax losses, see Note 20.1.

37. EQUITY

Movements in equity in 2013 and 2014 were as follows:

	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 1 January 2013	9.192	134.692	1.984	60.929	451	207.248
Prior-year retained earnings	0	0	0	451	-451	0
Issue at acquisitions	13	187	0	0	0	200
Actuarial gains and losses	0	0	0	-10	0	-10
Issue related to share-based payment	26	181	0	-207	0	0
Other movements regarding to share-based payment	0	0	0	194	0	194
Profit for the year	0	0	0	0	-64.969	-64.969
Movement regarding statutory reserve	0	0	-604	604	0	0
At 31 December 2013	9.231	135.060	1.380	61.961	-64.969	142.663

	Issued capital	Share premium reserve	Statutory reserve	Retained earnings	Profit for the year	Total
At 1 January 2014	9.231	135.060	1.380	61.961	-64.969	142.663
Prior-year retained earnings	0	0	0	-64.969	64.969	0
Issue at acquisitions	11	189	0	0	0	200
Actuarial gains and losses	0	0	0	-129	0	-129
Issue related to share-based payment	30	408	0	-139	0	299
Other movements regarding to share-based payment	0	0	0	600	0	600
Profit for the year	0	0	0	0	1.012	1.012
Movement regarding statutory reserve	0	0	2.011	-2.011	0	0
At 31 December 2014	9.272	135.657	3.391	-4.687	1.012	144.645

The statutory reserve relates to the carrying amounts of the internally generated intangible assets (see Section 2.5.4 and Note 7).

Ordina N.V. had not purchased any treasury shares at year-end 2013 and year-end 2014.

For details on the movements in outstanding option rights in 2013 and 2014 see Note 15.2.

For details on the remuneration of the members of the Management Board, see Note 32.2.2.

Nieuwegein, 19 February 2015

Management Board
S. Breedveld, CEO
M.J. Poots-Bijl, CFO

Supervisory Board
J.G. van der Werf, Chairman
P.G. Boumeester, Vice-Chairman
D.J. Anbeek
A. Kregting

LIST OF GROUP COMPANIES / PRINCIPAL ASSOCIATES

	Registered office	Participation as a % at year-end 2014
Ordina Holding B.V. *	Nieuwegein	100
Ordina Nederland B.V. *	Nieuwegein	100
Ordina Consulting B.V. *	Nieuwegein	100
Ordina ICT B.V. *	Nieuwegein	100
Ordina Application Outsourcing en Projecten B.V. *	Nieuwegein	100
Clockwork B.V. *	Amsterdam	100
SourcePower B.V. *	Nieuwegein	100
Ordina Belgium N.V.	Mechelen (België)	100
Ordina Luxembourg SA	Windhof (Luxemburg)	100

All group companies listed above are fully consolidated. The company has issued declarations of joint and several liability (pursuant to Section 403, Part 9 of Book 2 of the Dutch Civil Code) for the subsidiaries marked *. These companies were given permission to prepare financial statements based on a format that is in contravention of the provisions of this Part.

INDEPENDENT AUDITOR'S REPORT

To: The General Meeting of Shareholders and the Supervisory Board of Ordina N.V.

REPORT ON THE FINANCIAL STATEMENTS 2014

OUR OPINION

It is our opinion that:

- the consolidated financial statements provide a true and fair view of the scope and composition of the capital of Ordina N.V. as at 31 December 2014 and of its results and cash flows for the year 2014, in accordance with International Financial Reporting Standards as adopted within the European Union and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements provide a true and fair view of the scope and composition of the capital of Ordina N.V. as at 31 December and of its results over the financial year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

THE SCOPE OF OUR AUDIT

We have audited the 2014 financial statements of Ordina N.V. in Nieuwegein ("the company"). The financial statements comprise the consolidated and company financial statements. The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2014;
- the following statements for the year 2014: consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement; and
- the notes to the financial statements with an overview of the accounting principles used and other explanatory notes.

The company financial statements comprise:

- the company balance sheet as at 31 December 2014;
- the company statement of income for 2014; and
- the notes to the accounts with a statement of the accounting principles used for financial reporting and other explanatory notes.

The accounting principles used for the consolidated financial statements are those of EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code prevailing in the Netherlands, and for the company financial statements, Part 9 of Book 2 of the Dutch Civil Code.

THE BASIS OF OUR OPINION

We have conducted our audit in accordance with Dutch law, which includes Dutch auditing standards. Our responsibilities pursuant to this legislation are described in the section 'Our responsibilities in auditing the financial statements'.

We are independent of Ordina N.V. as required in the directive regarding the independence of auditors in assurance contracts (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten - ViO) and other independence-related regulations in the Netherlands that are relevant to the contract. We also acted in accordance with the directive on rules of conduct and professional rules for auditors (Verordening gedrags- en beroepsregels accountants - VGBA).

We believe the audit information we received provided a sufficient and suitable basis for our opinion.

OUR AUDIT APPROACH

SUMMARY

We design our audit approach by determining materiality and identifying and estimating the risk of material deviations in the financial statements. We devote specific attention to those areas where the management has made subjective estimates, for instance in significant estimations in which the assumptions made about future events are inherently uncertain. Another key component in our approach is the auditing of revenue recognition, registration of hours and valuation of work in progress with a fixed contract price. In all of these audits, we devote attention to the risk that management ignores internal control measures, including an evaluation of the risk of material deviations as a result of fraud, based on an analysis of the potential interests of the management.

Materiality

- The materiality used in the execution of our audit activities is € 900,000.

Scope of the audit

- All five divisions where in scope of our audit.
- Our audit of the Dutch companies and divisions is based on the consolidation and focuses on all items that are individually significant or carry significant risks.
- We use PwC Belgium to audit the financial reporting of the Belgium/Luxembourg division. We attended the discussion of the outcome of the audit with the management of the division.

Key items

- Valuation of goodwill
- Valuation of deferred tax assets
- Valuation of work in process with a fixed contract price
- Compliance with regulations and legislation pertaining to tender procedures

MATERIALITY

The scope of our audit is affected by the application of materiality. Our audit opinion aims to provide reasonable certainty that the financial statements do not contain material misstatements. Misstatements may occur as a result of fraud or errors and are material in the event that they can be reasonably expected, individually or jointly, to have an effect on the economic decisions used may make on the basis of these financial statements.

We set quantitative limits for materiality. These limits and the qualitative considerations related to same help us to determine the nature, timing and scope of our audit activities and to evaluate the impact of any deviations recognised on our opinion.

Based on our professional judgement, we have determined the materiality for the financial statements overall as follows:

Materiality for the group	€ 900,000 (2013: € 900,000).
How was the materiality determined	The Materiality was determined on the basis of a combination of two benchmarks, i.e. 0.5% of revenue and 2.5% of EBITDA (Earnings before interest, taxes, depreciations and amortization of intangible and tangible fixed assets).
Considerations in the selection of benchmarks	We have applied these benchmarks on the basis of our analysis of the joint information requirements of the users of the financial statements. The pre-tax profit has been highly volatile in recent years and is therefore an unsuitable benchmark. Revenue and EBITDA are both important performance indicators for the company and have been more stable. We therefore believe these benchmarks are suitable for the determination of the materiality.

We also take into consideration deviations and/or potential deviations which are, in our opinion, material for qualitative reasons.

We have agreed with the Supervisory Board that we will report to the Board any deviations in excess of € 45,000 (2013: € 45,000) we find in our audit, as well as smaller deviations that we consider to be relevant for qualitative reasons.

THE SCOPE OF OUR GROUP AUDIT

Ordina N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Ordina N.V.

In view of our ultimate responsibility for the opinion expressed in this audit report, we are responsible for the management, supervision and execution of the group audit. In that context, we have determined the scope and nature of the activities to be carried out for the group divisions, such to ensure that we conduct sufficient audit activities to be able to express an opinion on the financial statements as a whole.
The determining factors in this are the geographical structure of the group, the scope and/or risk profile of the divisions or activities, the operating processes and internal control measures and the industry in which the company operates. Based on these factors, we have selected the group companies where an audit or assessment of the financial information or specific items was necessary.

The organisation of Ordina N.V. is divided into five divisions, four of which are located in the Netherlands and one of which is located in Belgium/Luxembourg. The head office is in Nieuwegein. This is where group consolidation takes place, together with the financial administration for the 11 Dutch subsidiaries. Our audit approach for the Dutch entities and divisions in based on the consolidation and focuses on all items that are individually significant or carry significant risks.

The operations in Belgium and Luxembourg are geographically separated from the head office and operate in their respective markets with their own employees, clients and management. Together they form the division Belgium/Luxembourg, for which the administrative processes and control measures are conducted centrally in Belgium. We use PwC Belgium to audit the (consolidated) financial reporting of the Belgium/Luxembourg division. They conduct said audit on the basis of our instructions. We have determined the extent to which our involvement was necessary in the audit of the Belgium/Luxembourg division to enable us to draw a conclusion as to whether sufficient and suitable audit information was obtained regarding this division to serve as a basis for our opinion on the group financial statements as a whole. During the audit, we consulted with our colleagues in Belgium on several occasions to attune the audit approach and findings and we attended the discussion of the outcome of the audit with the management of the division.

The consolidation of the group, the notes to the financial statements and the audit of intangible fixed assets were audited by the group team. The above-mentioned activities at the (group) divisions, combined with additional activities at group level have provided us with sufficient and suitable audit information regarding the financial information of the group to be able to express an opinion on the consolidated financial statements.

KEY ELEMENTS OF OUR AUDIT

In the key elements of our audit, we describe matters which we believe were the most significant during the audit of the financial statements. We communicated with the Supervisory Board on the key elements, but they do not constitute a full representation of all risks and items we identified and discussed during our audit. We have described the key elements and added a summary of the activities we carried out with respect to these items.

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We have determined our audit activities with respect to these key aspects in the context of the financial statements audit as a whole. Our findings with respect to the individual key elements should be viewed in that context and not as separate judgements on said key elements.

Key elements	Our audit activities with respect to the key elements
Valuation of goodwill *We refer to the Financial Statements sections 2.5 and 2.13 (Significant accounting policies) and section 7 (Note intangible fixed assets).* *As at 31 December 2014, the goodwill in the financial statements amounts to € 124.5 million (2013: € 124.6 million) and is therefore Ordina N.V.'s largest asset item.* *Due to the significant goodwill impairment in 2013 there is limited excess value for certain cash generating units. The annual goodwill impairment test is based on Management Board estimates and assumptions underlying the forecast of cash flows. These assumptions include the expectations with respect to future revenue, the development of margins and the general development of the market. The valuation of goodwill is therefore a key element of our audit.* *As a result of changes to the operating segments within Ordina from 2014 onwards, the cash generating units have also been adjusted and goodwill has been allocated to cash generating units on the basis of relative value.* *Based on the goodwill impairment test, the Management Board concluded that there was no question of impairment. The main assumptions and the sensitivity analysis are explained in section 7.5 of the financial statements.*	The focal points of our audit activities included assessing the accuracy of the calculations and the reasons for the assumptions that are used as the basis for the expected future cash flows. We used the valuation specialists of PwC in this assessment. As part of our audit activities, we also assessed the reasons for basic assumptions regarding the expected development of revenue, costs and ultimately EBITDA margin. And we assessed these elements for consistency with internal budgets and market developments. We tested the outcome of the impairment analysis against the market value of the company as calculated by multiplying the share price by the number of shares. This results in an intrinsic value of € 116 million as at 31 December 2014, which puts the discrepancy between the bourse value and the in-use value outside the normally accepted bandwidth. We assessed the Management Board's assumption that the share price as at 31 December 2014 was not representative of the underlying value because of uncertainty in the market about the outcome of the Ordina's internal investigations into possible irregularities in tender procedures. We note that the share price rose at the end of January following the publication of the results of the investigation on 27 January 2015 and that this has returned the difference between bourse and the in-use value to within the acceptable bandwidth. We also note that analysts cite share price targets above the intrinsic value. With the help of our valuation experts, we assessed the methodology and assumptions applied by the Management Board in the allocation of goodwill. We assessed the assumptions on the basis of internal budgets and the reasonableness of the allocation keys used. The valuation of goodwill is sensitive to changing assumptions. We have assessed the adequacy of the explanatory notes to the assumptions and the sensitivity analyses in the financial statements.

Kernpunten	Onze controlewerkzaamheden op de kernpunten
Valuation of deferred tax assets *We refer to the Financial Statements section 2.21 (Significant accounting principles) and section 20 (Deferred taxes).* The deferred tax asset from compensable losses amounted to € 14.3 million at year-end 2014 (2013: € 14.6 million). The Management Board estimates the likelihood of tax compensable losses being realised on the basis of the results forecast for the coming years. Based on this estimate, the company has recognised deferred tax assets for compensable losses. These relate entirely to the Netherlands. The valuation of deferred tax assets is a key element of our audit since these are of material significance to the Financial statements, a significant proportion of the compensable losses (€ 33.7 million of the total of € 59.1 million) will expire in 2018, and they are based on prognoses and assumptions related to the future profitability, which may be different in reality. Based on the Management Board's estimates, € 2.1 million of the compensable losses will be insufficiently covered by future fiscal profits in the Netherlands. The deferred tax asset has therefore been reduced by a total of € 0.5 million.	With assistance from our fiscal specialists, we have assessed the fiscal elements of the deferred tax assets, including the allocation to the fiscal profit concept. We have established the consistency of underlying prognoses and assumptions with the annual goodwill impairment test. We have also assessed the explanatory note in the Financial Statements.
Valuation of work in progress with a fixed contract price *We refer to page 65 (Report of the Management Board) and in the Financial Statements page 102 (Accounting policies) section 13 (Trade and other receivables) and section 21 (Other short-term provisions).* The positions relating to work in progress with a fixed contract price relate to receivables of € 2.8 million, amounts invoiced in advance of € 3.4 million and project provisions of € 0.4 million. Work in progress is subject to management estimates with respect to the extent to which the work has been completed and the estimation of expected future costs to complete the project. Since the project results recognised in a given period are largely determined on the basis of these management estimates, the valuation of receivables and payables ensuing from work in progress with a fixed contract price is a key element in our audit.	During our audit, we assessed Ordina's internal control measures with respect to projects. These internal control measures are primarily related to the recognition of these projects in line with (signed) contract terms and conditions and the internal supervision of the progress and expected project results. We have assessed the reliability of previous estimates from the management relating to the progress of the work and expected results against the actually realised results in later periods. We also assessed, on a sample basis, the estimates of project managers, project controllers and the Management Board with respect to the progress and expected results, such on the basis underlying evidence, such as project budgets and progress reports. We assessed the presentation in the financial statements of the positions relating to projects with a fixed contract price.

Kernpunten	Onze controlewerkzaamheden op de kernpunten
Compliance with rules and regulations relating to tender procedures *We refer to page 79 (Report of the Supervisory Board) and page 69 (Report of the Management Board) and the Financial Statements section 30 (Commitments, Contingencies and Contractual Obligations).* In the summer of 2014, Ordina was confronted with allegations of potential irregularities in tender procedures in the past. The possible damage to the company's reputation has a potential negative impact on the financial statements if this should result in a loss of future contracts and therefore reduced future revenue and profitability. The Management Board contracted law firm De Brauw Blackstone Westbroek to conduct an investigation into the course of events. On 27 January 2015, the Management Board reported publicly, in a shareholder circular, on the results of the investigation and the conclusions it has drawn from same. The above has a direct bearing on the financial statements due to potential claims from shareholders, including the shareholder Mont Cervin, which has lodged a request for an inquiry. The Management Board, with the aid of external legal advisors, is assessing the legal position with respect to claims from shareholders. This is explained in section 30 of the Financial statements. The follow-up on non-compliance with rules and regulations with respect to tender procedures was a key aspect of our audit since it could have a potentially significant direct and indirect impact on the financial statements.	In our audit, we and our specialists devoted specific attention to the steps Ordina has taken in the face of these allegations and we carried our more additional audit activities with respect to the set-up and the results of the investigations carried out. We have also assessed whether the outcome of the investigation gave any reason to doubt the integrity of the members of the Management Board. And we also discussed the status of the subsequent follow-up, including the intensification of the integrity programme with the Management Board and the Supervisory Board. We have taken cognisance of the statement of defence to the inquiry request submitted on 15 January 2015 and the shareholder circular published on 27 January 2015. We focused our audit activities on elements such as the internal authorisation process for newly-acquired government contracts, signs of possible pressure on employees in the acquisition of new contracts and expenses filed by commercial staff. We have assessed the judgement of the Management Board with respect to the claims, as described in section 30 of the financial statements, partly on the basis of the minutes of meetings and letters from external lawyers.

RESPONSIBILITIES OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Management Board is responsible for:

- the preparation and fair representation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for
- such internal controls as it deems necessary to enable the drawing up of
- the financial statements without material misstatements whether due to error or fraud.

In the preparation of the Financial Statements, the Management Board must assess whether the company is able to continue its activities. By virtue of the aforementioned reporting standards, the Management Board must prepare the financial statements on the basis of assumed continuity, unless the Management Board intends to liquidate the company or terminate the activities or if termination is the only realistic alternative. The Management Board must explain in the Financial Statements events and circumstances which could give rise to reasonable doubt as to whether the company can continue its operations. .

The Supervisory Board is responsible for the supervision of the company's process of financial reporting.

OUR RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

Our responsibility is the planning and execution of an audit contract in such a way as to ensure that we obtain sufficient and suitable audit information for the opinion we issue. Our audit has been conducted with a high level of certainty but not absolute certainty, which means we may not discover all errors or instances of fraud in our audit.

A more detailed description of our responsibilities in included in the addendum to our report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

STATEMENT REGARDING THE ANNUAL REPORT AND OTHER INFORMATION

We note the following on the basis of the legal requirements pursuant to Part 9 of Book 2 of the Dutch Civil Code (with respect to our responsibility to report on the annual report and the other information):

- we have found no deficiencies as a result of the investigation as to whether the annual report, as far as we can assess, has been drawn up in accordance with Part 9 of Book 2 of the Dutch Civil Code and as to whether the other information required under Part 9 of Book 2 of the Dutch Civil Code has been added.
- The annual report is, as far as we can assess, consistent with the financial statements.

OUR APPOINTMENT

We were appointed as external auditor of Ordina N.V. by the Supervisory Board in 1991, following a resolution to that effect by the General Meeting of Shareholders in 1991, which has been reconfirmed annually by the shareholders. We have been the company's external auditor for an uninterrupted period of 24 years. We have not been reappointed to audit the financial statement for the coming years.

[Utrecht, 18 February 2015
PricewaterhouseCoopers Accountants N.V.

Fernand Izeboud RA]

ADDENDUM TO OUR AUDITOR'S REPORT ON THE 2014 FINANCIAL STATEMENTS OF ORDINA N.V.

In addition to that stated in our auditor's report, in this addendum we explain our responsibilities for the audit of the financial statements and what an audit entails.

THE RESPONSIBILITIES OF THE EXTERNAL AUDITOR IN THE AUDIT OF THE FINANCIAL STATEMENTS

We have conducted our audit in a professional and critical manner and used our professional judgement where relevant in accordance with the Dutch auditing standards, ethics regulations and independence requirements. Our objective is to obtain a reasonable level of certainty that the financial statements do not contain material discrepancies as a result of errors or fraud. Our audit included:

- Identifying and estimating the risk that the financial statements contain material discrepancies as a result of errors or fraud, determining and carrying out audit activities in response to said risks and obtaining audit information that is sufficient and suitable as a basis for our judgement. The risk that a material discrepancy remains undiscovered is greater in the case of fraud than in the case of errors. In the case of fraud, there may be a conspiracy, falsifications, deliberate omission of transactions, deliberately false representations or violations of the boundaries of internal controls;
- obtaining insight into the internal control relevant to the audit to select audit activities that are suitable in the circumstances. These activities are not designed to express an opinion on the effectiveness of the internal controls of the entity;
- evaluating the suitability of the financial reporting principles used and evaluating the reasonableness of estimates made by the Management Board and the notes on same presented in the financial statements;
- determining that the assumption of continuity made by the Management Board is acceptable. In addition, establishing on the basis of the audit information whether there are events or circumstances which could be cause for reasonable doubt as to whether the entity can continue its operations. If we conclude that there is material uncertainty, we are obliged to draw attention to the relevant related notes in the financial statements in our auditor's report. If the notes are inadequate, we must amend our auditor's report. Our conclusions are based on the audit information we obtained up to the date of our auditor's report. Future events or circumstances may, however, result in a company being unable to continue its operations ;
- evaluating the presentation, structure and content of the financial statements and the notes to the financial statements incorporated therein and evaluating whether the financial statements provide a fair view of the underlying transactions and events.

We communicate with the Supervisory Board on subjects including the planned scope and timing of the audit and the significant findings that emerge from our audit, including any deficiencies in the internal controls.

We confirm to the Supervisory Board that we have complied with the relevant ethics regulations relating to independence. We also communicate with the Supervisory Board about all relations and other matters that may reasonably affect our independence and any associated measures to safeguard our independence.

We determined the key elements of our audit of the financial statements on the basis of all the issues discussed with the Supervisory Board. We describe said issues in our auditor's report unless such is prohibited by law or regulations or in those very extremely rare circumstances in which not reporting same is in the public interest.

ADDITIONAL INFORMATION

GRI INDEX

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REPORT PARAMETERS

	Reporting period	1 January 2014 - 31 December 2014	
	Previous report	Calendar year 2013	
	Reporting cycle	Calendar year	
	Contact person/persons	Contact	169
	Process for defining report content	After desk research we established the issues with several stakeholders. Afterwards we collected the content through the stakeholders.	
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	Changes from previous reporting period	Reporting about sustainability has been extended	

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INDICATOREN

Code	Aspect	Definition and scope	Reference section
	Economic		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	Scope: Netherlands, Belgium and Luxembourg	Profit and Loss Account Financial Results Financieel resultaat
IA1	Total workforce by employment type, employment contract and region.	Total workforce by gender (in LA13) and age structure Scope: Ordina Netherlands, Belgium and Luxembourg	Employees
	Environment		
EN1	Materials used by weight or volume	Copy paper used: • total in kg • kg per employee • kg per workstation Scope: Ordina Netherlands, Belgium and Luxembourg • totaal in liters • CO2	Sustainable business
EN3	Materials used by weight or volume	Direct energy consumption of natural gas and electricity • total in kWh en m3 • per workstation (building scope) Scope: Ordina Netherlands and Belgium	Sustainable business
EN6	Initiatives to provide energy-efficient or renewable energybased products and services as well as reductions in energy requirements as a result of these initiatives	Initiatives developed to achieve energy efficiencies and a (brief) description of planned initiatives Scope: Ordina Netherlands and Belgium	Sustainable business and Sustainable services
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce	Average CO2 emissions per car in g/km. The figures are based on the fleet of vehicles in operation at the end of the year and the newly acquired vehicles for 2011/2012. Scope: Ordina Netherlands, Belgium and Luxembourg	Sustainable business
	Employees		
LA7	Rates of injury, occupational diseases, lost days and absenteeism as well as total number of work-related fatalities by region.	Absenteeism rate and average days of absenteeism. The absenteeism rate is exclusive of pre and post-natal leave. Scope: Ordina Netherlands, Belgium and Luxembourg	Employees
LA8	Education, training, counselling, prevention and risk-control programs in place to assist members of the workforce, their families or members of the community regarding serious diseases.	Description of measures taken to prevent absenteeism Scope: Ordina Netherlands, Belgium and Luxembourg	Employees
LA12	Percentage of employees receiving regular performance and career development reviews.	Extent to and manner in which employees receive performance and career development reviews (development and performance assessment). Elaboration on development/performance assessment cycle/system. Scope: Ordina Netherlands, Belgium and Luxembourg	Employees
	Society		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity	Male/female ratio in total workforce and male/female ratio in managerial positions Scope: Ordina Netherlands, Belgium and Luxembourg	Employees
SO1	Nature, scope, and effectiveness of any programs and practices that determine and manage the impacts of operations on communities, including entering, operating, and exiting en beheren, waaronder vestiging, activiteiten en vertrek	Further Elaboration on Ordina's CSR activities and CSR programme Scope: Ordina Netherlands, Belgium and Luxembourg	Sustainability

COLOPHON

This annual report is a publication of Ordina N.V., with contributions from:

CONCEPT, DESIGN, TECHNICAL REALISATION
Clockwork

TEXT
Ordina, Arjen de Jong

TRANSLATION
Piggott & Partners

WEBSITES
www.ordina.nl, www.ordina.com, www.werkenbijordina.nl

CONTACT

Ordina only publishes an online version of its annual report. We offer the information in html format to make it easier for you read and to make the information easier to find on the internet. Very importantly, publishing the annual report online also reduces our paper use, which is one of our sustainability goals. You can also download this report as a PDF document.

THE ROAD TO AN INTEGRATED REPORT

We also report on our sustainability performance in our annual report. We view this performance as an integral part of our business operations and we are consciously incorporating more sustainability elements in our services. Each year we try to improve on our previous performance and to fine tune the data and reporting cycle for our non-financial performances. We report on 10 non-financial performance indicators that we have selected in accordance with the (international) guidelines of the Global Reporting Initiative (GRI) at C-level.

FEEDBACK WELCOME

We welcome any suggestions you might have for improvements to the annual report. Please send an email to communicatie@ordina.nl.

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