Annual Report 2008

InVision Software AG

InVision Software

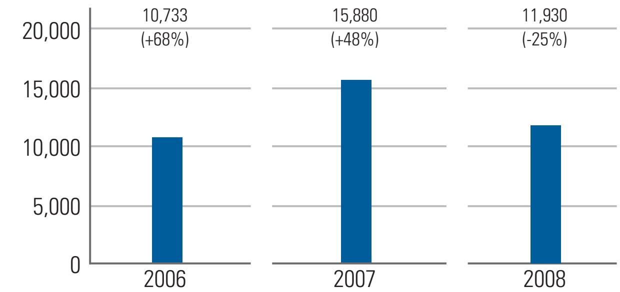
Overview

InVision Software at a glance
In 1995 InVision Software was formed with a mission to provide every company with the best possible solution to its workforce management issues. InVision has never lost sight of this goal and has since become one of the global leaders in workforce management solutions and frequently sets technological trends in this field.

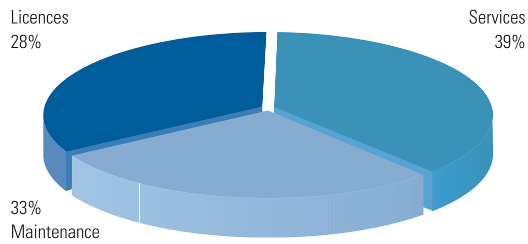
By using the InVision Software Group's products, the Group's international customers are able to optimise their staff deployment and increase productivity. At the same time, they can reduce planning and administrative costs and significantly improve employee motivation. Thus, investments made in workforce management solutions as a rule can be amortised within a few months, thereby yielding an impressive return on investment.

Financial Summary

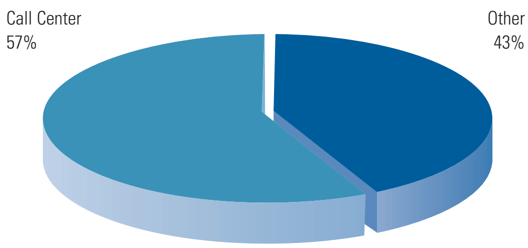
Revenue development 2006-2008 (TEUR)



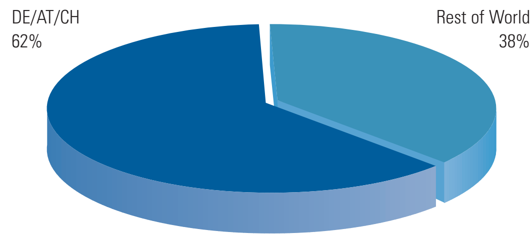
Revenue allocation 2008 (licences, maintenance, services)



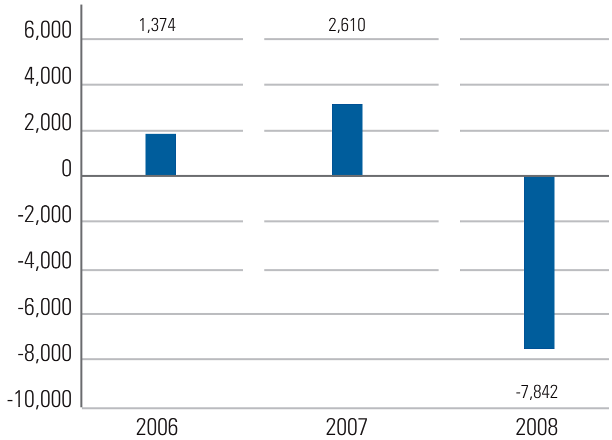
Revenue allocation 2008 (according to customer segment)



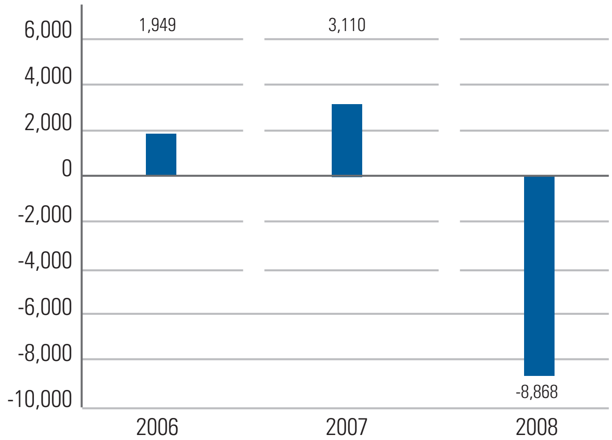
Revenue allocation 2008 (according to region)



Net profit development 2006-2008 (TEUR)



EBIT development 2006-2008 (TEUR)



Share price development 2008 (XETRA)

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Foreword of the Executive Board

Peter Bollenbeck, CEO

"The proven cost-cutting effects of our solutions and short amortisation periods allow us to offer our customers enormous added value, which is particularly important during weak economic times."

Peter Bollenbeck (*1973) is a founding shareholder of the Company and, as Executive Board Chairman, is responsible for strategy, sales, professional services and finances. He has been a member of the Executive Board or the managing directorship since the formation of InVision in 1995 and has been appointed to serve in this office until 19 February 2012.

Matthias Schroer, CTO

"We are a global trendsetter in technology and are constantly expanding our technological position."

Matthias Schroer (*1967) is a founding shareholder of the Company and is responsible for research, development and IT. He has been a member of the Executive Board or the managing directorship since the formation of InVision in 1995 and has been appointed to serve in this office until 19 February 2012.

Dear shareholders, customers and business partners,

The 2008 fiscal year was a difficult year for InVision Software AG. After an optimistic outlook at the start of the year, we began to observe a great uncertainty among current and potential customers particularly during the second half of the year as the financial and economic crisis intensified. By the end of the year, that trend had dramatically limited our opportunities for executing new licences.

As a result of the financial and economic crisis, we were unable to continue the business success we enjoyed in recent years. Group revenues in 2008 declined by 25 percent to EUR 11.9 million. The main reason for this decline was the widescale absence of the traditionally strong licence business at the end of the year; indeed, income generated from licences fell by 65 percent to EUR 3.4 million. Although revenues from maintenance (+24 percent to EUR 3.9 million) and services (+44 percent to EUR 4.7 million) did increase, the final figures failed to meet our expectations because the project volumes were smaller. Since we had just increased staff and therefore our personnel costs as well as other operating expenses during the first half of the year in anticipation of a series of large projects, we closed 2008 with a loss before taxes and interest (EBIT) of EUR -8.9 million and consolidated Group loss of EUR -7.8 million.

Even though we had to revise our growth plans in light of the financial crisis, we were still able to report some progress. In our opinion, the expansion of our distribution capacities during the course of the year will have a favourable impact on our revenues for 2009 and beyond. We were able to strengthen the network previously established in the existing target markets and, in light of our strategic international position, to improve our capabilities as one of the global leaders in providing workforce management solutions. In this respect, we continue to occupy a unique position: with our own subsidiaries in Europe, North America and Africa, no other provider of company-wide workforce management solutions can exhibit comparable international market coverage.

We were also able to further improve our technological competence in 2008 by raising our research and development costs by 26 percent in the fiscal year. This course of action strengthened our competitive position. We are certain that with the proven added-value and cost-cutting effects of our solutions and short amortisation periods, we will be able to secure new customers particularly during these weak economic times.

We are positioned for long-term corporate success. Our liquid funds and equity capital structure give us the ability to consistently implement our growth strategies and realise new growth potential. We also offer our customers a high degree of investment security because we do not rely on debt capital to finance our operating business. Moreover, the crisis in the industry – specifically among thinly capitalised competitors – will accelerate the industry's consolidation process. We are in a position to actively participate in this process.

Another hallmark of InVision Software is its stable shareholder structure, which is designed and positioned for long-term growth in company value. In recent months, the founding shareholders have further increased their shareholdings. They now hold 74 percent of the Company shares and plan to maintain this level of investment for a long period of time. This strategy too will help InVision Software to pursue sustained development in global competition.

In 2009, we hope to prove that our strategy works even during times of crisis. The efforts to expand our distribution base in recent years should show an impact. As in the past, we would like to achieve significant mid-term and long-term growth. In the short-term, a strict cost management regime will be required in order to return to profitability. We have already begun to produce significant cost-savings in those areas which do not affect our growth opportunities. Over the mid-term and long-term, we will further enhance our profitability by exploiting economies of scale. By virtue of our strategic position and our healthy equity capital base, we have the best qualifications for becoming a dominant provider in the worldwide market for workforce management solutions; a market in which we now already play a leading role.

We would like to take this opportunity to thank you, our dear shareholders, for giving us your trust even during these difficult times. We would also like to extend our thanks to our customers and all employees, who have contributed their valuable work to ensure that InVision Software is securely positioned for the future.

Best regards

Peter Bollenbeck
Executive Board chairman

Matthias Schroer
Executive Board member

The Business

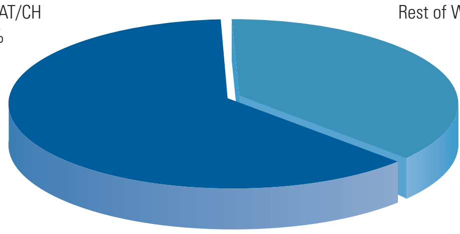
Overview

Since its founding in 1995, InVision Software's mission has been to offer every organisation the best possible workforce management solution. Every day, more than 230 specialists from over 15 countries help our customers gain competitive advantages by optimising their staffing requirements. This commitment – combined with in-depth technical and industry-specific expertise and technological know-how – forms the basis for a long-term success story. InVision now numbers amongst the leading providers of workforce management solutions worldwide and sets technological trends in the industry.

InVision has a clear focus, and concentrates exclusively on business-wide and corporate group-wide workforce management, with the main emphasis on optimising staff deployment. As a result, the company has succeeded in amassing invaluable expertise over the course of the past 14 years. That expertise is reflected in the algorithms used in our products. This ensures that we take a "best practice" approach to a whole range of issues.

InVision is an international software solutions provider with European roots. We have fully-owned subsidiaries for distribution and consulting in Europe, the United States and South Africa, and are able to use our own resources to carry out pan-European and international projects. A host of international references underscore the multi-faceted utility of our products. 38 percent of our sales nowadays come from non-German-speaking countries.

Revenue allocation 2008 (according to region)



The founders of InVision continue to hold a majority of the investments in the business and are pursuing long-term and sustainable development of the Group. Thus, we are able to make use of, and shape, the longer-term trends in workforce management, largely without being affected by short-term factors and fashions.

Shareholder structure 27 March 2009

Europe	
Germany	Ratingen, Leipzig, Hamburg, Munich
Estonia	Tallinn
France	Paris
Italy	Milan
Netherlands	Arnhem
Austria	Vienna
Sweden	Stockholm
Switzerland	Zurich
Spain	Madrid
UK	Londonderry, London, Birmingham
North America	
United States	Lisle
	Atlanta
	Boston
	Dallas
	San Francisco
South Africa	Cape Town

Markets & Strategy

Our objective is to maintain our position as one of the leading international providers in the market for workforce management software and to set the standard in the field of workforce management.

The key elements of our sales strategy include effective penetration of international markets, successive diversification of our target markets and geographic areas of application for our workforce management solutions and continuing advancement and development of our range of products in order to build upon our existing technological strengths. In addition, we feel that targeted acquisitions of companies and holdings in companies can be an appropriate means of implementing our strategy.

Internationalisation

Since 1999, we have continued the international expansion of our business by successively forming additional foreign subsidiaries and forging sales partnerships abroad. In addition to its headquarters in Germany, the Company has since set up sales and service companies in France, Italy, Spain, Sweden, the United Kingdom, Estonia, Austria, Switzerland, the Netherlands as well as in the United States and South Africa. In recent years, we have focused our activities primarily on building up local sales and consulting teams, gaining experience in local markets, and successfully acquiring local prestige customers. To expand our business, we intend to continue aggressively penetrating local markets and expanding our local market presence by selectively hiring personnel, expanding our sales agent network and increasing our sales and marketing activities.

Since 2004, we have directed our sales and marketing activities to soliciting pan-European and large international customers in order to be better able to exploit our position as an internationally active provider. In this respect, we benefit from the fact that our software can be deployed across borders and can take into account complex cultural conditions and legal environments in the context of staff scheduling optimisation. In this way, the software may be deployed internationally without an immediate need to make complex adjustments to the software in order to adapt to the specific local environment.

Sector diversification

A general principle of successfully deploying workforce management solutions and, in particular, software-based solutions for highly complex staff scheduling optimisation is that it is not limited to certain industry sectors or companies, to the extent that a larger number of employees are intended to be scheduled. However, the demand for workforce management solutions is highly dependent on whether the (legal) environment in the specific sector or in the specific area of application favours the use of workforce management solutions. The factors that favour the deployment of workforce management solutions include, among other things, the legal and practical ability to undertake flexible employee scheduling, long business hours and hours of operation, high quality of services sought by the user, the desire to increase efficiency potential, and heightened competition for qualified personnel. Because these factors weigh differently in the various countries and in the various sectors, there are currently substantial differences between the individual countries and sectors with respect to the opportunities for broad-based deployment of workforce management systems. In Germany and continental Europe, workforce management systems are currently used primarily by companies that operate call centres (or call centre departments). Additionally, workforce management systems are also being used by retail companies to optimise staff schedules in the context of operating their individual stores, as well as by airport operators and airlines in connection with staff schedule optimisation of ground personnel. In the United States and the United Kingdom, the use of workforce management systems is more wide-spread than in Germany and continental Europe due to a more favourable legal and cultural environment, so that workforce management systems in the above-referenced applications and, above all, in retail, are used to a much greater degree than in Germany and continental Europe. Moreover, other sectors in the US and UK already use workforce management systems. In an effort to achieve early identification and exploitation of other sales potentials, we are closely monitoring the industries and areas of application, which have not used workforce management to-date or which do so on a very limited basis.

Technology

In the development of our product base, we have carefully focused, and will continue to carefully focus, on ensuring that the developed software solutions for staff scheduling and optimisation can be deployed in various sectors and in various areas of application. We intend in future to offer more special programme versions on this basis that are tailored to the special requirements of individual sectors. These include mapping sector-specific processes in order to thereby strengthen the Company's competitiveness in certain market segments.

InVision also invests in the further development of algorithms to resolve highly complex optimisation problems within workforce management, in an effort to further extend its strong position in this area. In this manner, the Company intends to effectively raise the barriers to market entry for other potential competitors so as to provide effective limits on the competitive field.

Corporate acquisitions and equity investments

To support our strategy, we are considering acquisitions of companies or company divisions with the objective of acquiring promising, complementary technology and expanding our own customer base. Furthermore, acquisitions are also intended to strengthen sales and service capacities.

Products & Solutions

Simple as abc: Getting the right employees in the right place at the right time

Our overriding objective is to ensure that our customers always have the right employees in the right place at the right time – with a minimum of effort.

How do we achieve that? It's as simple as abc: with InVision Enterprise WFM. This software represents the combination of an impressive concept, years of experience and state of the art technology, and presents these features in an easy-to-use user-interface.

InVision Enterprise WFM is suitable for companies of all sizes. From small companies with fewer than 100 employees to international corporations with a workforce of several hundred thousand, the system can be used flexibly and, where necessary, expanded. Thanks to its modular structure, InVision Enterprise WFM can be used for individual aspects of workforce management or to provide an integrated representation of all of the processes involved.

What is workforce management?

Workforce management is all about assigning the right employees with the right skills to the right job at the right time.

Although that might initially sound simple, in practice it represents a complex business challenge. Countless factors come into play when you're trying to make the right decisions. And although many companies use software such as ERP, CRM or HR management etc. for organising different processes, in the staff scheduling context they often resort to pen-and-paper or unsuitable stand-alone solutions such as spreadsheets or timekeeping. The consequences are often disastrous, and can include expensive overtime pay, unproductive idle periods, high rates of staff turnover, poor customer service and untapped revenue potential.

That's where workforce management comes into play. Because it optimises, standardises and automates staff planning, this system is rigorously needs-oriented.

Worforce management provides the adequat components:

- Requirement forecasts – so you know how many employees with which skills you will need in the future
- Work schedule planning – so that you have exactly the right employees to meet your needs
- Time management – so that you can accurately calculate your employees' timekeeping accounts
- Analysis & monitoring – so that you can see whether your results match your targets and take quick and effective action if deviations occur

Workforce management can be put into practice in virtually any department of the enterprise. It leads to tangible benefits and an impressive return on investment.

Why optimisation?

Everyone who has ever set up a staff schedule knows that a planner has to take a whole range of different factors into account. In addition to the mandatory statutory rules and those imposed by collective bargaining or individual employment agreements, there are usually strong preferences and constraints of staff to be taken into account, a certain number of staff skills as well as other requirements such as carpools, the need to consider timekeeping accounts or possible budget restrictions.

It is not enough for schedules to comply with the rules. The plan also has to match your staffing needs as optimal as possible. After all, if the company schedules too many employees, the costs will be too high. But if it schedules too few, it may not be able to serve its customers or operate its equipment.

Setting up staff schedules is a 'combination' problem. In a nutshell, the right combination of employees, work times and tasks has to be found, the rules have to be adhered to, and staffing requirements have to be covered in the best possible way – optimally, in other words.

But how many combinations are there, anyway?

Let's assume that a total of 25 employees have to be planned for a single task on five days of a single week. The employees can start their work day at 8.00 am, 9.00 am, or 10.00 am. Thus, there are 3 to the 25th, or 847,288,609,443 possible combinations. In other words, there are more than 847 billion different ways of combining these employees' working times during the day. One or more of these 847 billion possible plans will optimally meet your needs.

Let's assume that these 25 employees are to have more flexible work schedules, and can therefore start their work day between 8.00 am and 10.00 am at 15-minute intervals and work either 4, 5, 6, 7 or 8 hours a day, in which case the number of permutations increases to 45 to the 25th. Checking to see whether 3 to the 25th plans conform to the rules and optimally cover staffing needs already sounds like a lot of work – but manually processing 45 to the 25th plans is scarcely imaginable within a finite period of time.

Let's look now at a scenario in which the working times of 500 employees doing ten different tasks (including breaks) have to be planned for one month. And let's assume that the working times start at 15-minute intervals between 8.00 am and 4.00 pm and last between 4 and 8 hours in 15-minute increments. Let's also assume that each employee can perform a sequence of up to five different tasks every day. In that scenario, the number of possible combinations increases to 33,126,489 to the 500th (a number with 3,760 digits) – even before we've planned in a single flexible break.

A task with that many potential solutions is, in mathematical terms, relegated to the NP-hard or NP-complete complexity classes. Only professional workforce management systems with the capacity to perform automated optimisation are capable of producing optimal plans under these conditions.

InVision Enterprise WFM finds the best solution, quickly and easily, and in a way that is tailored to the individual needs of our customers.

Services

The introduction of a workforce management solution requires a perfectly co-ordinated mix of consulting, implementation, training and operations, in order for the rollout to be a success.

InVision has been successfully implementing workforce management systems since 1995, working hand in hand with its customers. Over that period, we have continuously refined the process of installation, commissioning and training. InVision's AIM (Application Implementation Methodology), combined with our consultants' many years of extensive practical experience, guarantee the quality, timeliness and cost-effectiveness of our services.

Therefore, what we do is to offer at every phase of the project precisely those services that maximise the utility of our customers' investment. Customers may obtain these services either directly from us as the manufacturer or from our certified consulting and implementation partners.

Services at a glance:

- Consulting
- Project management
- Implementation
- Development
- Training
- Hosting
- Planning services
- Service desk
- Customer portal

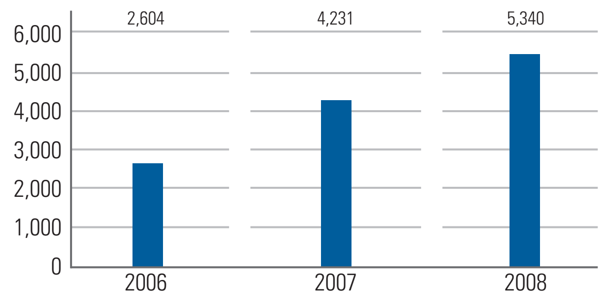
Research & Development

The key features of our products are their special capability of solving highly complex optimisation problems, the accuracy of their projection algorithms, their broad functional coverage and their high processing speed (real time processing) even where there is a high volume of data. Moreover, customer-specific demands can be effectively accommodated by software updates and upgrades.

For us, the continued improvement of our software and our development of new components in order to meet market needs are key competitive factors. We therefore are constantly investing in the development of our product lines for our company-wide workforce management programme, InVision Enterprise WFM. Our expenditures on R&D during 2008 increased by 26 percent to TEUR 5,340 (previous year TEUR 4,231). At 45 percent (previous year 27 percent), our R&D expenditures consume an unusually high share of our revenues, relative to the rest of the software sector. Here again, we have documented our intense focus on customer utility.

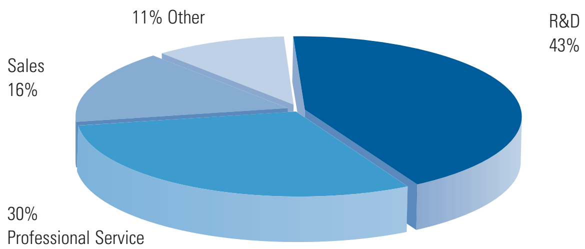
We are an international business. And our software development activities are distributed across four international locations, as well: Ratingen and Leipzig (Germany), Londonderry (Northern Ireland) and Tallinn (Estonia).

R&D expenditures 2006-2008 (TEUR)



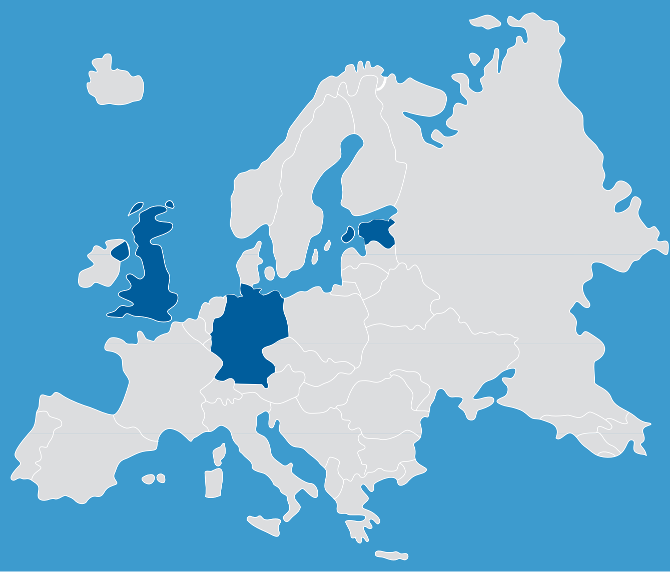
As of 31 December 2008, there was a total of 103 employees working in Research and Development (previous year: 86 employees). This means that 43 percent of our total staff work in R&D.

Employee distribution 2008 (according to division)



European Development Sites

Ratingen (Germany)
Leipzig (Germany)
Londonderry (Northern Ireland)
Tallinn (Estonia)

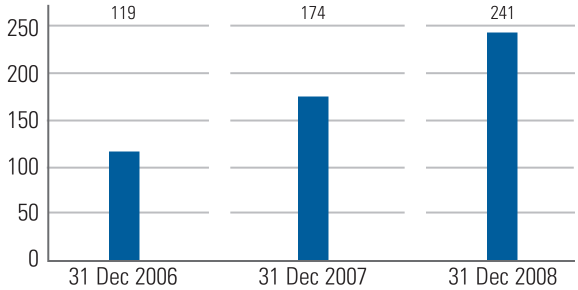


Employees

We are a technological enterprise focusing on growth, and our employees are by far the most important factor in our success. We therefore rely on our ability to recruit the best and brightest at our national and international locations in order to successfully grow our business.

In 2008, we increased staff by 39 percent, to a total of 241 employees (as of 31 December 2008). In doing so we have laid the foundation we require in order to be able to continue to offer, to a growing customer base, the best workforce management solutions possible.

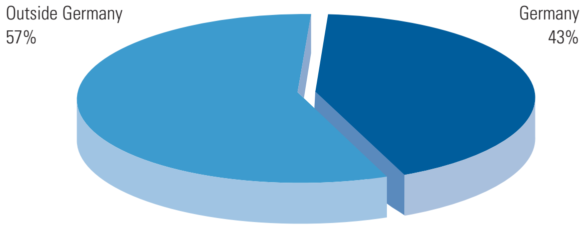
Employee growth 2006-2008



Internationalism

Our employees come from more than 15 countries, and thus they bring to the table a wide range of perspectives for dealing with problems. More than half of the staff on payroll with us is employed at our foreign subsidiaries – this, too, is an expression of just how international we are.

Employee distribution 2008 (according to region)



Responsibility, management & career development

Each employee bears responsibility and has the skills and expertise he or she needs to do so. Our management structure is defined and communicated in a clear way. We expect good job performance from each individual employee, and evaluate them pursuant to a uniform, group-wide structured procedure which minimises arbitrary assessments. Beginning from this starting point, we develop employees' skills individually and thus facilitate each individual employee's personal and professional development.

Job & private life

We ensure that our employees' private lives aren't sacrificed, even when they are subject to a heavy workload at the office. We also consider changing life circumstances and, for example, offer employees the opportunity to work from home or to take part-time employment in order to integrate childcare and career demands.

The Share

Basic data	
ISIN	DE0000585969
WKN	585969
Ticker symbol	IVX
Share class	No-par bearer shares
Listed on	Frankfurt Stock Exchange
Segment	Prime Standard
Designated Sponsor	WestLB
Indexes	Prime All Share Prime Software Technology All Share
Initial listing date	18 June 2007
Offering price	EUR 32.00
Current number of outstanding shares	2,235,000

Key figures	
Year high*	EUR 25.02
Year low*	EUR 3.77
Year closing price*	EUR 4.08
Number of shares (per 31 December)	2,235,000
Market capitalisation (per 31 December)	EUR 9.12 million
Free float (per 31 December)	37.1%
Average daily trading volume (Xetra, in units)	2,023
EPS	EUR -3.51
Cash/Share (per 31 December)	EUR 5.46

* Xetra closing price

Investor Relations

After reaching historical highs in 2007, stock markets in 2008 felt the impact of the advancing financial and banking crisis and the rapidly deteriorating economic conditions. The German small-cap index – SDAX – lost about 54 percent year-on-year, whereby the broader and more dramatic drop in stock prices occurred after the financial crisis intensified in mid-September when the US investment bank Lehman Brothers filed for bankruptcy. By year's end, the index had recovered only modestly from that downturn.

Some smaller companies experienced much greater stock price declines. Indeed, a number of institutional investors had to contend with diminishing funds, which triggered a sale of certain stocks – often in disregard of future prospects – since also the demand for less liquid shares was low. InVision Software was unable to avoid getting caught in this trend. Since business could not be developed in the manner that was anticipated at the beginning of the year, the InVision share price at the end of the fiscal year equalled EUR 4.08, representing an 82 percent decline.

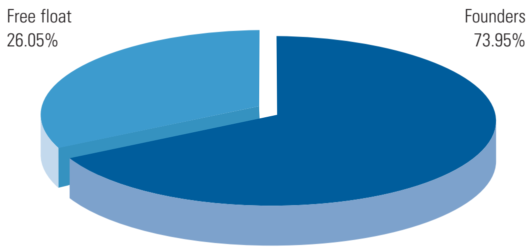
Once again in fiscal year 2008, the Executive Board of InVision Software AG held extensive discussions with capital market participants. Investors, journalists and analysts were able to obtain information about the business development and strategic direction of the Company from individual meetings, roadshows and various conferences in Frankfurt/Main such as the Small- and Mid-Cap Conference in May, the Small-Cap Conference in August, and the analysts' conference held during the German Equity Forum in November. Transparency, openness, and fair and equal treatment were the guiding principles for the Company's investor relations work.

WestLB and Close Brothers Seydler acted as the Company's market maker or "designated sponsor", placing binding buy and sell quotes on Xetra and thereby providing for a high degree of liquidity in the shares.

WestLB and SES Research regularly published analyses about InVision Software. As recently as early December 2008, WestLB rated the stock as a "hold", and in November 2008, SES Research rated it as a "buy".

Share price development 2008 (XETRA)

Shareholder structure 27 March 2009



Corporate Governance

To InVision Software AG, corporate governance means responsible and transparent company management and control, which is structured to enhance the long-term value of the Company. Corporate governance consists of standards for sound and responsible company management. To our Executive Board and Supervisory Board, virtues such as persistence, transparency and focus on value are the core components of good corporate management. In accordance with section 3.10 of the German Corporate Governance Code, the corporate governance report of InVision Software AG is prepared jointly by the Executive Board and Supervisory Board. It describes the principles of management and the control structure as well as the significant rights of the shareholders of InVision Software AG.

Management and control structure

InVision Software AG is governed by German company law and consists of a two-tier system of corporate management and supervision. The Executive Board is responsible for corporate management and is subject to the control and supervision of the Supervisory Board. The Executive Board and Supervisory Board work together closely in the interests of the Company and are in regular contact with one another. The Executive Board submits timely and comprehensive reports to the Supervisory Board about business developments, planning as well as the risk situation and, if applicable, about any existing variances between the planned and actual business development. The work of the governing bodies – the Executive Board and the Supervisory Board – is governed by the internal rules of procedure for each body.

Executive Board
The Executive Board is personally responsible for managing InVision Software AG and currently consists of two members. The members of the Executive Board bear the joint responsibility for company management. The Executive Board chairman co-ordinates the work of the Executive Board members.

Supervisory Board
The Supervisory Board of InVision Software AG appoints, supervises and advises the Executive Board and is directly involved in decisions which are of fundamental importance to the Company. The Supervisory Board chairman co-ordinates the work on the Supervisory Board. The members of the Supervisory Board are elected by the shareholders at the Shareholders' Meeting. The Supervisory Board of InVision Software AG currently consists of three members.

Shareholders' Meeting
Each shareholder is invited to attend the Shareholders' Meeting. The Shareholders' Meeting resolves whether to ratify the actions taken by the Executive Board and Supervisory Board, elects the annual accounts auditor, and approves amendments to the Company's articles and memorandum of association as well as any measures that change the Company's capital structure. Consistent with corporate governance, German legislation requires that any and all measures which change a company's capital structure be subject to the consent of the Company's shareholders.

Any shareholders, who do not wish to personally attend the Shareholders' Meeting in order to cast their vote, may also grant a power of attorney (proxy), with binding voting instructions, to a representative of the Company.

Open and transparent communication
InVision Software AG informs shareholders, analysts and journalists in accordance with uniform and standardised criteria. All information is transparent for all capital market participants. All ad hoc notices and press releases as well as presentations for the press or analysts' conferences are promptly published on the website of InVision Software AG. The Executive Board promptly publishes any insider information, which affects the Company, unless it is exempted from this publication duty in any given case. Insiders are entered on lists pursuant to the statutory requirements and are ordered to preserve confidentiality. InVision Software AG reports on its business development and the Company's financial condition and results of operations according to a set financial calendar four times each year.

Information about the Shareholders' Meeting – such as the notice of the Shareholders' Meeting, the meeting agenda, the annual financial statements, the articles and memorandum of association, and background information to any resolution proposals – are likewise published on the Company's website on the date of the notice of the meeting. In addition, the website will also include information about past Shareholders' Meetings and the quarterly accounts for the most recently completed fiscal year and earlier fiscal years.

If the Executive Board and Supervisory Board members of the Company or any persons related to them should purchase and sell Company shares and any financial instruments underlying these shares (such as derivatives), then such information is also disclosed. Such disclosures are available for inspection on the website immediately after the transactions become known.

According to the Transparency Directive Implementation Act (TUG) the reporting duty threshold is 3 percent of the voting rights held in a publicly listed company. Companies must now also disseminate their mandatory reports throughout Europe. For this purpose, InVision Software AG relies on a qualified service provider. In addition, all information is published in German and in English.

Securities transactions and shares held by governing body members

Under § 15 a of the Securities Trading Act (WpHG), members of the Executive Board and members of senior management and the Supervisory Board of InVision Software AG are obligated to report any transactions they make involving InVision shares. This reporting duty applies to all transactions which are in excess of the aggregate amount of EUR 5,000 per calendar year. In fiscal year 2008, the following transactions were reported to us:

Name	Date	Type of security	Type of transaction	Units	Total value (EUR)
InVision Holding GmbH, Ratingen*	2008-09-01	Shares	Purchase (off exchange)	203,375	2,033,750.00
	2008-09-02	Shares	Purchase (off exchange)	47,504	475,040.00

*The Executive Board member Peter Bollenbeck holds 50 percent of InVision Holding GmbH shares.

Pursuant to section 6.6 of the German Corporate Governance Code, Executive Board and Supervisory Board members must disclose their shares in the Company as well as any financial instruments underlying such shares, if they hold, either directly or indirectly, more than one percent of the issued and outstanding shares of the Company.

As required under section 6.6 of the German Corporate Governance Code, the following shareholdings were reported to us as of the end of the fiscal year:

Name	Governing body	Type of security	Units	Shareholding (percent)
Peter Bollenbeck	Executive Board	Shares	380,000	17.0
Matthias Schroer	Executive Board	Shares	380,000	17.0
Armand Zohari*		Shares	380,000	17.0
InVision Holding GmbH, Ratingen*		Shares	266,583	11.9

*Peter Bollenbeck, Matthias Schroer and Armand Zohari have jointly concluded a voting pool arrangement. The chairman of the Executive Board, Peter Bollenbeck, and Armand Zohari also each hold 50 percent of the shares of InVision Holding GmbH. Thus, Peter Bollenbeck and Matthias Schroer collectively hold, either directly or indirectly, 1,406,583 shares, which represents 62.93 percent of the Company's registered share capital.

Compliance Statement 2009

The Supervisory Board and Executive Board of InVision Software AG have discussed the recommendations of the Government Commission on the German Corporate Governance Code on Company Management and Supervision (6 June 2008) and have identified those matters on which the Company's conduct is different than the recommended conduct.

Thus, the Executive Board and Supervisory Board have, in accordance with § 161 of the German Stock Corporation Act (AktG), adopted a compliance statement, which acknowledges and confirms that the recommendations of the Government Commission on the German Corporate Governance Code are being observed subject to the following exceptions:

- For reasons of cost and in view of the size of the Company and the relatively low number of shares that are widely held, the Company does not allow its shareholders – contrary to section 2.3.4 of the Code – to use modern means of communication to track and follow the Shareholders' Meeting.
- The directors and officers' liability insurance policy (D&O policy) concluded in favour of the Executive Board and Supervisory Board members does not provide for any deductible (section 3.8 of the Code). The reason for excluding any deductible is that there is currently no consensus regarding what is considered a "reasonable" deductible within the meaning of section 3.8 of the Code. Given the large number of shares held by members of the Executive Board in the Company, the Company also assumes that there will be adequate incentive for the Executive Board to duly and responsibly conduct management. The amount of the premium is not otherwise influenced by the agreement on a deductible.
- The compensation arrangements for the Executive Board does not provide for any variable components (section 4.2.3 of the Code). The Company assumes that the large number of shares held by members of the Executive Board in the Company's registered share capital provides an adequate incentive for the dedicated and responsible management of the Company.
- To date, no age limit (mandatory retirement age) for Executive Board members has been set (section 5.1.2 of the Code). Given the age of the Executive Board members, no such action has been required so far. The Executive Board and Supervisory Board do, however, agree with the purpose underlying this Code rule and will set such an age limit at a later time in conformity with the Code.
- The Company's articles and memorandum of association and the Supervisory Board's internal rules of procedure grant the Supervisory Board the authority to form committees (section 5.3 of the Code). Given the current size of the Company, the Supervisory Board currently consists of only three members. Accordingly, forming committees would not simplify or streamline the work of the Supervisory Board.
- In addition to their fixed compensation, members of the Supervisory Board do not receive performance-based compensation (section 5.4.7 of the Code). The Executive Board and Supervisory Board do not feel that performance-based compensation for the Supervisory Board is practicable. On the one hand, Supervisory Board compensation linked to the success of the company would fundamentally contradict the Board's supervisory function; and on the other hand, the Executive Board and Supervisory Board believe that variable compensation can be linked only to Group operating results, over which the Supervisory Board has little influence. In the Company's opinion, linking variable Supervisory Board compensation to the amount of distributed dividends creates problems since the Executive Board and Supervisory Board must recommend these actions to the Shareholders' Meeting and would therefore allow themselves, as the beneficiaries, to dictate at least part of their variable compensation. The Company has therefore decided to compensate members of the Supervisory Board according to the costs incurred, which means that they will be paid a meeting fee.
- The Company generally endeavours to publish the annual financial statements within 90 days, and the interim financial statements within 45 days, after the end of the respective reporting period (subsection 7.1.2 of the Code). Given the Company's organisational needs, it is possible, however, that these reports will be published merely in accordance a timetable that complies with the requirements of the Prime Standard of the German Stock Exchange.

Annual accounts auditor

The Shareholders' Meeting of InVision Software AG has appointed the audit firm of Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf, to serve as the annual accounts auditor of InVision Software AG. At no time have there been any business, financial, personal or other dealings between the audit firm and its governing bodies and auditing directors, on the one hand, and InVision Software AG and its governing body members, on the other hand, which relationship could cause uncertainty about the audit firm's independence. Verhülsdonk & Partner has also advised the Company on tax matters since 1999.

On the basis of the appointment of the annual accounts auditor by the Shareholders' Meeting, the Supervisory Board of InVision Software AG has authorized the annual accounts auditor to engage in the audit and has agreed on a fee arrangement with the auditor. In connection with granting the auditing job, the Supervisory Board has agreed with the auditors on the reporting duties under the German Corporate Governance Code.

The annual accounts auditors will participate in the discussions and deliberations, which the Supervisory Board holds concerning the annual consolidated financial statements, and will report on the significant findings of its audit.

Executive Board compensation report

Members of the Executive Board are:

- Peter Bollenbeck, Executive Board chairman, term of office ending 19 February 2012
- Matthias Schroer, Executive Board member, term of office ending 19 February 2012

The Executive Board compensation is based on customary industry standards and consists of a fixed-base salary, which increases if a contractually defined revenue threshold is met. In addition, the Executive Board members have a right to use a car leased by the Company. In addition, Executive Board members will be paid an allowance to help cover their costs for health insurance and long-term care insurance.

The benefits paid out in the financial year may be summarised as follows:

Name	2008 (EUR)	2007 (EUR)
Peter Bollenbeck	**205,997**	**193,517**
of which fixed salary	188,787	176,467
of which other benefits	17,210	17,050
Matthias Schroer	**200,976**	**190,071**
of which fixed salary	187,959	177,388
of which other benefits	13,016	12,683
Total Compensation Executive Board	**406,973**	**383,588**

The Company has taken out private liability insurance to cover the Executive Board members, if these members do not have their own personal liability insurance protection. In addition, the Company has executed a D&O insurance policy (without any deductible).

Otherwise, the Executive Board members in fiscal year 2008 were not granted any loans or provided any advances for future salary payments, and no contingent liabilities were incurred for the benefit of such persons.

Supervisory Board compensation report

Pursuant to the Company's articles and memorandum of association, the Supervisory Board of InVision Software AG consists of three members. On 13 March 2007, the Company's Annual Shareholders' Meeting elected the three members of the Supervisory Board for terms of office ending with the conclusion of the Annual Shareholders' Meeting, at which a resolution for ratifying the board's actions for fiscal year 2011 is adopted.

Members of the Supervisory Board are:

- Dr. Thomas Hermes (Chairman), Essen, Attorney-at-Law and Notary
- Dr. Christof Nesemeier (Deputy chairman), Berlin, qualified merchant [Dipl.-Kaufmann]
- Prof. Dr. Wilhelm Mülder, Essen, University Professor

In addition to reimbursement of the expenditures which they incur in discharging their official duties, members of the Company's Supervisory Board are paid a fixed fee of EUR 5,000. The Supervisory Board chairman receives twice that amount, and the Deputy chairman receives one and one-half times that amount. The fee is paid after the financial year in question ends. Any value added tax charged on the cost reimbursement or fees will also be reimbursed.

In fiscal year 2008, the Supervisory Board's benefits consist of the following:

Name	2008 (EUR)	2007 (EUR)
Dr. Thomas Hermes	**12,000**	**12,800**
of which fixed compensation	10,000	10,000
of which meeting fees and expenditures	2,000	2,800
Dr. Christof Nesemeier	**10,020**	**9,400**
of which fixed compensation	7,500	7,500
of which meeting fees and expenditures	2,520	1,900
Prof. Dr. Wilhelm Mülder	**6,500**	**7,400**
of which fixed compensation	5,000	5,000
of which meeting fees and expenditures	1,500	2,400
Total Compensation Supervisory Board	**28,520**	**28,600**

Otherwise, the Supervisory Board members in fiscal year 2008 were not granted any loans or provided any advances for future payments, and no contingent liabilities were incurred for the benefit of such persons.

Ratingen, 23 January 2009

The Executive Board and the Supervisory Board of InVision Software AG

Report by the Supervisory Board

During fiscal year 2008, the Supervisory Board of InVision Software AG supervised the Executive Board in accordance with the German Corporate Governance Code and, by reviewing all key business transactions, gathered detailed information about the Group's performance. The Supervisory Board held four meetings during the reporting year.

At the meetings, the Supervisory Board together with the Executive Board closely analysed the ongoing business development and conferred on the strategic direction of the Company. The Supervisory Board reviewed those transactions, which are subject to its consent under the statutory rules or the provisions of the Company's articles and memorandum of association, and then decided on whether to consent to such transactions.

The discussions covered not only the business situation at InVision Software AG and its subsidiaries, but also the Company's current and long-term development and product, sales and marketing strategy. Furthermore, when requested, the Executive Board informed the Supervisory Board Chairman, either by telephone or in writing, about the ongoing course of business.

In addition, the Supervisory Board dealt with the issue of corporate governance and the German Corporate Governance Code. During the reporting year, the Supervisory Board and Executive Board took measures that were necessary to comply with most of the Code's recommendations.

The compliance statement, which is jointly issued with the Executive Board pursuant to § 161 of the German Stock Corporation Act (AktG), concludes that in fiscal year 2008 InVision Software AG has, subject to a few exceptions, complied with the recommendations of the Code (both in its 14 June 2007 version and in its amended version of 6 June 2008), and that it will also widely comply with the Code in the future. This compliance statement has been published in the annual report and on the Company's website, www.invisionwfm.com.

In fiscal year 2008, the Supervisory Board meetings focused on the following issues:

- The Supervisory Board’s meeting held on 10 April 2008 dealt with the audit of the 2007 annual financial statements and the consolidated financial statements as well as the resolutions required on such audits. The key figures for the first quarter of 2008 were also discussed.
- At the Supervisory Board’s meeting on 19 June 2008, the Shareholders' Meeting of 20 June 2008, that was attended by all Supervisory Board members, was prepared. The Supervisory Board also discussed business policy objectives and other fundamental questions regarding corporate planning (specifically financial, investment and personnel planning), including any discrepancies between earlier reported targets and actual performance.
- At a meeting held on 15 September 2008, the Supervisory Board members discussed the key figures for the first half of 2008 and the need to make adjustments to the business outlook.
- The meeting held on 17 November 2008 addressed business performance in the second half of 2008, the new adjustments to the outlook, and the contemplated corporate planning modifications based on the changed economic climate. The Board also discussed the reorganisation of the R&D department, the planned acquisition of a US consulting firm, and the planned formation of a licence holding company.

In order to audit the annual financial statements and the consolidated financial statements for fiscal year 2008, the Supervisory Board duly engaged the audit firm of Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf, which had been selected by the Shareholders' Meeting to act as the Company's annual accounts auditor.

The external auditors have issued the Supervisory Board with a declaration of independence in accordance with section 7.2.1 of the German Corporate Governance Code. This declaration confirms that no professional, financial or other kinds of relations exist between the firm of auditors and its boards and chief auditors on the one hand, and InVision Software AG and its board and committee members on the other hand, which could give reason to doubt the auditors’ independence.

The subject matter of the audit were the annual financial statements and consolidated financial statements as of 31 December 2008 as well as the management report, which were based on the bookkeeping performed by Verhülsdonk & Partner Wirtschaftsprüfungsgesellschaft mbH, Düsseldorf. The audit firm issued an unqualified auditor's opinion *[uneingeschränkter Bestätigungsvermerk]*.

The audit reports were submitted to the Supervisory Board. The auditors responsible for conducting the audit then explained the reports in person to the entire Supervisory Board and to the Executive Board. The Supervisory Board closely scrutinised the reports during a meeting held on 27 March 2009. The Supervisory Board concurred with the results of the audit and approved the annual financial statements and consolidated financial statements. The submitted annual financial statements are thereby formally adopted. The Supervisory Board concurs with the Executive Board's recommendation on the use of the un-appropriated balance sheet profit.

In fiscal year 2008, there were no changes in the membership of the Executive Board or the Supervisory Board of InVision Software AG. The Supervisory Board thanks the Executive Board and all employees for their dedication and for the work they did in fiscal year 2008.

Ratingen, 27 March 2009

The Supervisory Board

Dr. Thomas Hermes
-Chairman-

Dr. Christof Nesemeier
-Deputy chairman-

Prof. Dr. Wilhelm Mülder

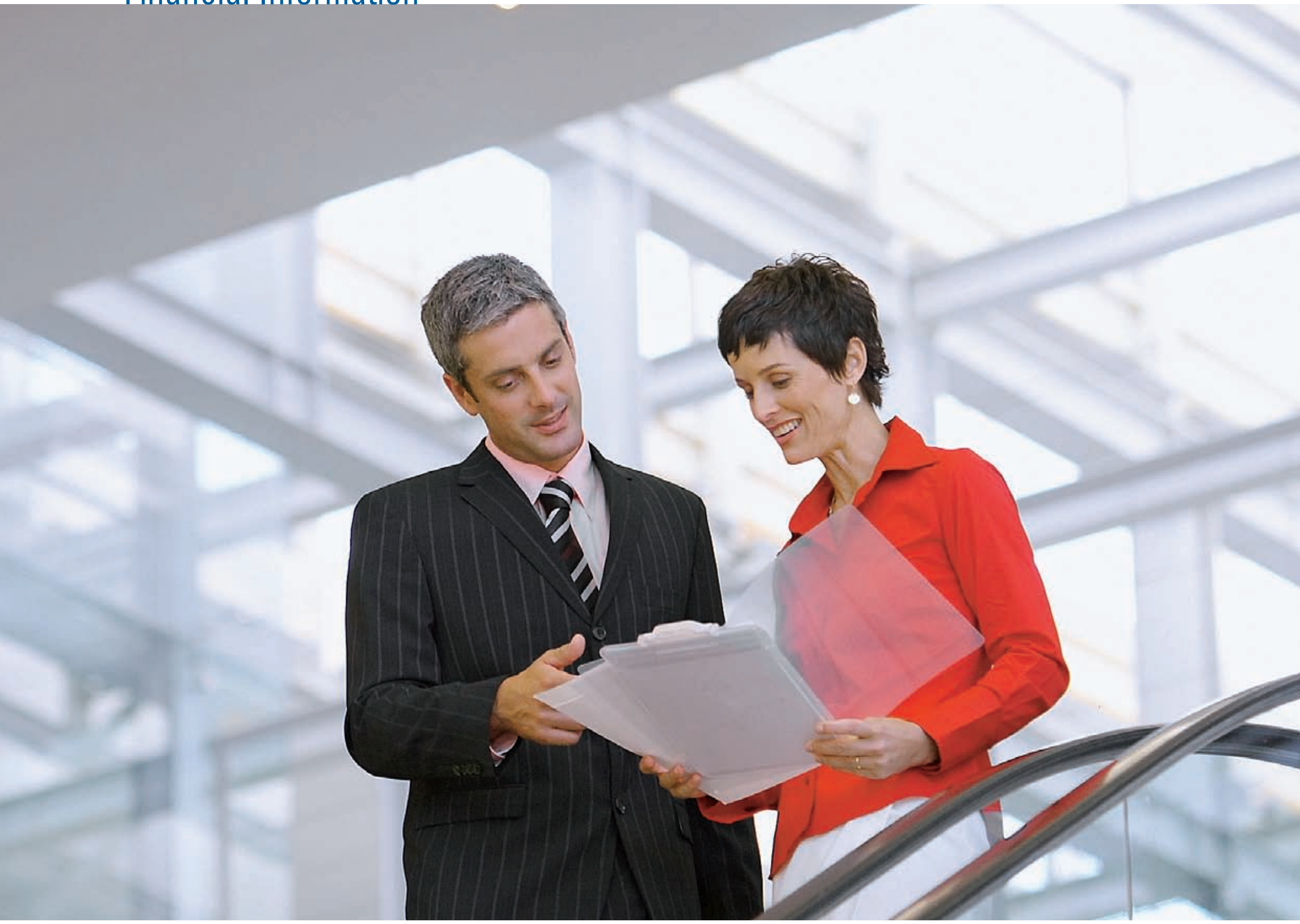
Members of the Supervisory Board and overview of other Supervisory Board positions

Dr. Thomas Hermes
Attorney-at-Law and Notary, Partner in the law firm Holthoff-Pförtner, Essen and Berlin
Dr. Hermes sits on the following additional Supervisory Boards:
- Deputy chairman of the Supervisory Board of Wohnungsbaugenossenschaft Essen-Nord eG

Dr. Christof Nesemeier
Executive Board chairman of MBB Industries AG, Berlin
Dr. Nesemeier sits on the following additional Supervisory Boards:
- Supervisory Board chairman of Delignit AG, Blomberg

Prof. Dr. Wilhelm Mülder
University professor, Essen
Professor Dr. Mülder does not sit on any other Supervisory Boards.

Financial Information



Group Management Report

The following management report contains information about InVision Software AG, Ratingen (hereinafter also referred to as "AG", "InVision AG" or the "Company"), and about its consolidated subsidiaries (hereinafter collectively with the Company also referred to as "InVision", "the InVision Group", or "the Group"). As the Group's parent company, InVision Software AG performs group management functions and is simultaneously the key member of the InVision Group. The explanations below generally relate to the Group, unless there has been an express reference to the Company itself.

1. Overview

In fiscal year 2008, the InVision Group was unable to achieve the goals it had set for itself at the beginning of the year. The dramatically deteriorating economic condition in the target markets, particularly in the second half of the year, triggered an abrupt change in the investment behaviour among many customers primarily in the fourth quarter of the year. Consequently, the year-end business, which typically contributes a disproportionate share of the earnings, did not come even close to meeting expectations. Overall, revenues declined by 25 percent to EUR 11,930 milion. After earning a EUR 2.6 million profit in 2007, the Group reported a loss of EUR -7.8 million in 2008.

Both in relative and absolute terms, the loss for the Group is unusually high. InVision has therefore launched a cost-cutting programme in order to adjust the personnel and other operating expenses to match revenue expectations, while at the same time preserving the opportunities to increase short-term, mid-term and long-term revenues.

Despite the poor annual results, InVision is well-positioned in international competition, solidly financed and is pursuing a long-term growth strategy. More than ever, a weak economic environment affords opportunities for intelligently using growth potential and restoring the profitability of the previous years by exploiting economies of scale.

2. The Company

Business

Since it was formed in 1995, InVision has been developing and selling workforce management software and providing related services such as consulting and implementation.

Workforce management is defined as the optimal deployment of human resources in the broadest sense. Workforce management consists of projecting labour demand, planning and optimizing staffing, performing time management, and analysing and directing the deployment of human resources. Staff scheduling and, more specifically, the optimisation of staff scheduling, are performed on the basis of complex mathematical models that are influenced by a large number of different factors. Staff scheduling must be optimally tailored to the needs of the respective enterprise in order to avoid unnecessary costs resulting from the deployment of unnecessary staff, or to guarantee adequate staffing during periods of peak staff demand. The greater the number of staff and the factors that must be taken into account in the scheduling of staff, the more complex the necessary calculations become. Thus, an optimal scheduling of staff requires the utilisation of sophisticated software-based system solutions.

The software, which is developed and sold by the InVision Group, encompasses all elements of workforce management and is not limited to certain industries or certain areas of application. Rather, the software can be used in all divisions of a business where staff scheduling and staff scheduling optimisation are necessary, provided that the respective environment is suitable for the use of the software. Thus, for example, in a retail business, it is possible not only to plan and optimise staffing in individual stores, but also to control staff scheduling in the company's call centres. In this respect, the Company maintains a special core competency in the development of software-based solutions for highly complex and technically demanding optimisation problems.

The objective of workforce management systems is to improve employee efficiency by consistently orienting staffing to meet actual needs, thereby resulting in lower personnel expenses and improved productivity. By enabling the active participation of employees or, as the case may be, by recording their preferences (such as individual working hour preferences) in the planning process, it is possible to achieve a better balance between work and leisure time. By scheduling employees in accordance with demand, it is possible to avoid unnecessary over-utilisation and under-utilisation of staff. Finally, balancing out the allocation of staff deployments at less desirable hours or at less desirable work locations yields fairer employee scheduling. These advantages also contribute to employee job satisfaction as a whole, thereby lowering staff turnover and reducing personnel recruiting expenses. The planning costs usually associated with staff scheduling can also be reduced by standardising the relevant processes and by greatly eliminating the use of paper and reducing error-prone manual corrections to staff schedules. As a rule, costs of the software can be fully amortised within six to twelve months.

Strategy

The Company's objective is to attain a leading global position in the market for workforce management software and to set the standard in the field of workforce management. To this end, the InVision Group is concentrating on workforce management solutions with a clear focus on software-supported solutions for highly complex optimisation problems in the field of staff scheduling, without thereby limiting its product to certain industries or to certain areas of application within a business. These software solutions are developed for company-wide workforce management services and are not limited to particular sectors or areas of application within a company. The key elements of the Company's sales strategy include the effective penetration of international markets, the successive diversification of its target markets and geographic areas of application for the Company's workforce management solutions and, from a technical perspective, the continuing advancement and development of the Company's range of products in order to build upon what the Company believes is its existing technological strengths. In addition, the Company feels that targeted acquisitions of companies and holdings in companies can be an appropriate means of implementing its strategy.

Internationalisation

Since establishing its first subsidiary in 1999 and forging its first sales partnerships abroad, the InVision Group has continued the international expansion of its business by successively forming additional foreign subsidiaries. In addition to its headquarters in Germany, the Company has since set up sales and service companies in France, Italy, Spain, Sweden, the United Kingdom, Estonia, Austria, Switzerland, the Netherlands as well as the United States und South Africa. In recent years, the Company has focused its activities primarily on building up local sales and consulting teams, gaining experience in local markets, and successfully acquiring local prestige customers. To expand its business, the InVision Group intends to continue aggressively penetrating local markets.

Since 2004, InVision has directed its sales and marketing activities to soliciting pan-European and large international customers in order to be better able to exploit its position as an internationally active provider. In this respect, InVision Group benefits from the fact that its software can be deployed across borders and can take into account complex cultural conditions and legal environments in the context of staff scheduling optimisation. In this way, the software may be deployed internationally without an immediate need to make complex adjustments to the software in order to adapt to the respective local environment.

Sector diversification

The successful deployment of workforce management solutions and, in particular, the deployment of software-based solutions for highly complex staff scheduling optimisation is not, in principle, limited to certain industry sectors or companies, to the extent that a larger number of employees are intended to be scheduled. However, the demand for workforce management solutions is highly dependent on whether the (legal) environment in the respective sector or in the respective area of application favours the use of workforce management solutions. The factors that favour the deployment of workforce management solutions include, among other things, the legal and factual opportunity for flexible employee scheduling, long business hours and hours of operation, a high quality of service sought by the user, the desire to increase efficiency potential, and elevated competition for qualified personnel. Because these factors weigh differently in the various countries and in the various sectors, there are currently substantial differences between the individual countries and sectors with respect to the opportunities for a broad-based deployment of workforce management systems. In Germany and continental Europe, workforce management systems are currently used primarily by companies that operate call centres. Additionally, workforce management systems are also being used by retail companies to optimise staff schedules in the context of organising their individual stores, as well as by airport operators and airlines in connection with staff schedule optimisation of ground personnel. In the United States and the United Kingdom, the use of workforce management systems is more wide-spread than in Germany and continental Europe due to a more favourable environment, so that workforce management systems in the aforementioned applications and, above all, in retail, are used to a much greater degree than in Germany and continental Europe. Moreover, other sectors in the US and UK already use workforce management systems. In an effort to identify early and exploit other sales potential, InVision is closely monitoring the industries and areas of application, which until now have not used workforce management or do so on a very limited basis.

Technology

In the development of its product base, InVision has carefully focused, and will continue to carefully focus, on ensuring that the developed software solutions for staff scheduling and optimisation can be deployed in the various sectors and in the various areas of application. InVision intends in future to offer on this basis more special programme versions that are tailored to the special requirements of individual sectors. These include mapping sector-specific processes in order to thereby strengthen the Company's competitiveness in certain market segments.

InVision also plans to invest in the further development of algorithms to solve highly complex optimisation problems within the workforce management, in an effort to further extend the strong position in this area. In this manner, the Company intends to effectively raise the barriers to market entry for other potential competitors.

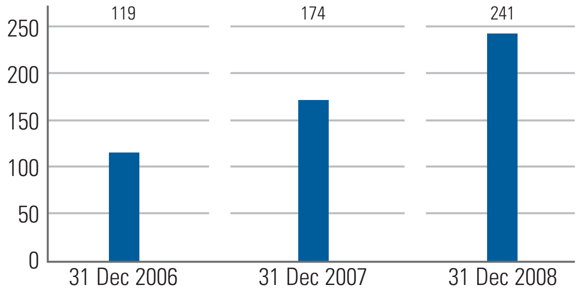
Corporate acquisitions and equity investments

To support its strategy, the Company is considering acquisitions of companies or company divisions with the objective of acquiring promising, complementary technology and expanding its own customer base. Furthermore, acquisitions are also intended to strengthen sales and service capacities.

Employees

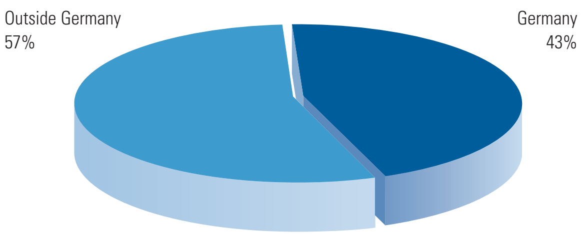
On 31 December 2008, the InVision Group employed 241 workers worldwide (including the Executive Board members). Thus, compared to the end of 2007, the number of employees rose by 39 percent (31 December 2007: 174 employees).

Employee growth 2006-2008



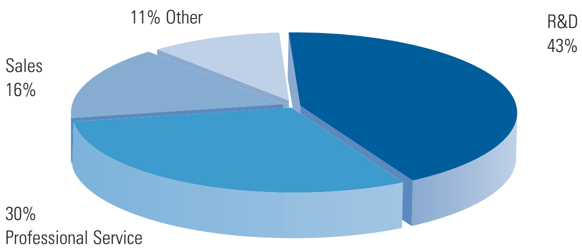
At the end of the year, 103 employees were on staff in Germany (31 December 2007: 79 employees), and 138 employees were employed in foreign subsidiaries (31 December 2007: 95 employees). This employee distribution reflects the Group's strong international orientation.

Employee distribution 2008 (according to region)



The number of employees working in research and development rose by 20 percent to 103 (2007: 86 employees); thus, R&D employees make up 43 percent of its staff (2007: 50 percent). The number of employees in the Professional Services Division rose by 49 percent to 73 (2007: 49 employees), which represents 30 percent of all employees (2007: 28 percent). A total of 39 employees worked in Sales as of 31 December 2008 (2007: 25 employees), which corresponds to a 56 percent increase over the previous year and 16 percent of all employees (2007: 14 percent).

Employee distribution 2008 (according to division)



Research and development

The key features of InVision's products are their special capability of solving highly complex optimisation problems, the accuracy of their projection algorithms, their broad functional coverage and their high processing speed (real time processing) even where there is a high volume of data. Moreover, customer-specific demands can be effectively accommodated by software updates and upgrades.

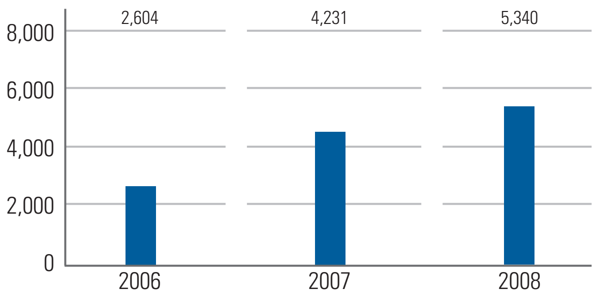
For InVision, the continued improvement of its software and its development of new components in order to meet market needs are key competitive factors. Accordingly, the InVision Group attaches great importance to research and development. Not surprisingly, therefore, InVision is constantly investing in the development of its product lines for its company-wide workforce management programme, InVision Enterprise WFM.

The InVision Group engages in software development at a total of four locations: Ratingen and Leipzig (Germany), as well as Londonderry (Northern Ireland) and Tallinn (Estonia); at which locations a total of 103 employees worked in Research and Development as of 31 December 2008 (2007: 86 employees).

In fiscal year 2008, version 4.6 of InVision Enterprise WFM was released. Important new product innovations included enhanced components for time management, upgraded optimisation functions as well as a number of detail improvements. Likewise, during the reporting period, the Group began development of version 4.7, which is expected to be released in 2009 and which contains a number of new innovations and additional components.

In financial year 2008, the expenses for research and development increased by 26 percent to TEUR 5.340 (2006: TEUR 4,231), which represents 45 percent (2007: 27 percent) of total revenues.

Development of R&D expenses 2006-2008 (TEUR)



Information required under § 315 (4) HGB

Pursuant to § 315 (4) HGB, the management report must cover the following points. The discussion shall also include explanations under § 175 (2) AktG.

The Company's registered share capital is EUR 2,235,000 and is divided into 2,235,000 no-par bearer shares. Each share represents a pro rata amount of the registered share capital equal to EUR 1.00 per share. Each share carries one vote. In accordance with the Company's articles and the applicable statutory provisions, the shareholders exercise their rights and cast their votes at the Shareholders' Meeting.

Pursuant to a shareholder resolution dated 13 March 2007, the Executive Board was authorised under § 4 (4) of the Company's Articles, with the consent of the Supervisory Board, to increase one or more times on or before 15 May 2012 the Company's registered share capital by up to a total of EUR 760,002 by issuing a total of up to 760,002 new no-par bearer shares in exchange for cash and/or non-cash capital contributions. As a rule, the shareholders must be given preemptive rights, which should be granted to them by way of an indirect preemptive right (§ 186 (5) of the German Stock Corporation Act ("AktG")). The Executive Board is authorised, however, with the consent of the Supervisory Board, to preclude the shareholders' preemptive rights.

The pre-emptive rights may be precluded:

- when the share capital is increased through contributions-in-kind (non-cash capital contributions), specifically for purposes of acquiring companies, company divisions and equity interests;
- when share capital is increased through cash contributions (cash capital contributions) that do not exceed in total EUR 150,000.00, provided that the issue price of the new shares is not significantly less than the stock market price of the Company's previously listed shares;
- in order to grant the holders of warrants and/or convertible bonds or warrant-linked bonds, a right to subscribe for shares in an amount to which they would be entitled as shareholders upon having exercised a conversion right or option or upon having discharged a conversion obligation;
- in order to grant employee shares to staff members of the Company and the enterprises affiliated with it; and
- in order to compensate any fractional amounts that may arise.

Pursuant to the shareholder resolution of 13 March 2007, the Executive Board is also authorised under § 4 (5) of the Company's Articles, with the consent of the Supervisory Board, to increase one or more times on or before 1 May 2012 the Company's registered share capital by up to a total of EUR 357,498 by issuing a total of up to 357,498 new no-par bearer shares in exchange for cash and/or non-cash capital contributions. As a rule, the shareholders must be given preemptive rights, which should be granted to them by way of an indirect preemptive right (§ 186 (5) of the German Stock Corporation Act ("AktG"). The Executive Board is authorised, however, with the consent of the Supervisory Board, to preclude the shareholders' pre-emptive rights.

The pre-emptive rights may be precluded:

- when the share capital is increased through contributions-in-kind (non-cash capital contributions), specifically for purposes of acquiring companies, company divisions and equity interests;
- when share capital is increased through cash contributions (cash capital contributions) that do not in total exceed EUR 71,500.00, provided that the issue price of the new shares is not significantly less than the stock market price of the Company’s previously listed shares;
- in order to grant the holders of warrants and/or convertible bonds or warrant-linked bonds, a right to subscribe for shares in an amount to which they would be entitled as shareholders upon having exercised a conversion right or option or upon having discharged a conversion obligation;
- in order to grant employee shares to staff members of the Company and the enterprises affiliated with it; and
- in order to compensate any fractional amounts that may arise.

Pursuant to the shareholder resolution dated 20 June 2008, the Company is authorised to purchase its own shares in a pro rata amount of the registered share capital totalling EUR 223,500.00. The purchased shares together with the other treasury shares, which the Company had previously acquired and still holds or which must be attributed to it pursuant to § 71 a et seq. AktG, may not exceed 10 percent of the Company's registered share capital. The authorisation will be in place through 19 December 2009. The shares purchased on the basis of this authorisation may be used for all purposes allowed by law. The Company currently holds no treasury shares.

The Company was granted the authority to purchase its own shares in order to be able, inter alia, to adjust the equity capital flexibly to meet the relevant business needs and to react effectively to any stock market situations. Moreover, treasury shares can be used as consideration for purposes of acquiring companies or holdings in companies.

The Company does not have any conditional capital.

The Company's primary shareholders are Messrs. Peter Bollenbeck, Matthias Schroer and Armand Zohari as well as InVision Holding GmbH, Ratingen. Messrs. Bollenbeck, Schroer and Zohari have entered into a voting pool agreement. Under the terms of the voting pool agreement, the three shareholders have agreed to vote unanimously at the Company's Shareholders' Meeting, if a majority of the members of the voting pool agree to vote in a particular manner on the matter which is subject to the vote. If the pooled shareholders fail to reach a consensus on how to vote a particular resolution at the Shareholders' Meeting, then the shareholders are obligated to cast their votes in accordance with the Company's management recommendation. The registered share capital in InVision Holding GmbH is held by Messrs. Bollenbeck (one-half) and Zohari (one-half). Messrs. Bollenbeck, Schroer and Zohari each hold 380,000 company shares, and InVision Holding GmbH holds 266,583 shares. Thus, the primary shareholders hold directly or indirectly a total of 1,406,583 shares, which represent 62.9 percent of the Company's registered share capital. Moreover, to the Company's knowledge, Mr. Günther Müller, Germany, holds 254,903 shares. This constitutes 11.41 percent of the registered share capital. To the Company's knowledge, no other shareholders hold more than 10 percent of the Company's registered share capital.

The Executive Board members are appointed and dismissed in accordance with §§ 84 et seq. of the German Stock Corporation Act (“AktG”). Pursuant to § 6 (1) of the Articles, the Executive Board consists of at least two persons. An alternate member of the Executive Board may be appointed. Pursuant to § 6 (2) of the Articles, the Supervisory Board is responsible for determining the number and appointment of the regular Executive Board members and alternate Executive Board members as well as the revocation of the appointment, together with the nomination of the Executive Board member to serve as Executive Board chairman and any further Executive Board members to serve as Deputy chairman.

Amendments to the Articles will be adopted by the Shareholders' Meeting if, in accordance with § 179 AktG, a majority of at least three-quarters of the registered share capital represented at the meeting vote in favour of the amendment.

Pursuant to § 10 (2) of the Articles, the Supervisory Board is authorised to amend the Articles, provided the amendment involves only the wording. Under § 21 (1) of the Articles, the shareholder resolutions require a simple majority of the votes cast, unless the laws prescribe another majority. In those cases in which the laws require a majority of the registered share capital represented at the time the resolution is adopted, a simple majority of the represented registered share capital will suffice, unless the laws prescribe a higher majority.

There are no significant agreements which are subject to a restriction relating to a change of control resulting from a takeover offer. Likewise, no agreements for indemnifying employees or members of the Executive Board in the event of a takeover offer have been reached.

In addition to the Company, the Group includes the following subsidiaries:

- InVision IT-Systems GmbH, Vienna
- InVision Software GmbH, Zurich
- InVision Software B.V., Arnhem
- InVision Software SAS, Paris
- InVision Software S.r.l., Milan
- InVision Software Systems S.L., Madrid
- InVision Software Ltd., London
- WFM Software AB, Stockholm
- InVision Software OÜ, Tallinn
- InVision Software, Inc., Lisle, IL
- InVision South Africa (Pty) Ltd., Cape Town
- InVision Intellectual Property AG (AG still in formation), Baar
- InVision Consulting International GmbH (GmbH still in formation), Baar (80%)

With only one exception, the Company holds 100% of the shares in its subsidiaries.

3. General Business Conditions

The economic environment unexpectedly and very dramatically deteriorated during the course of 2008. Particularly in the second half of the year, the economic forecasts had to be scaled back drastically because the overall global economy had fallen into a deep recession. After spectacular bank collapses, emergency programs were launched in Europe and North America in order to preserve what had to some extent become a complete liquidity bottleneck on the markets.

The main reason for this development was the financial crisis which had begun back in 2007, expanded considerably during the course of 2008, and in quick succession adversely affected other industries.

The International Monetary Union (IMF) updated its global economic forecast on 28 January 2009 and now predicts global economic growth of only 3.4 percent for 2008 compared to 5.2 percent growth in 2007. Accordingly, US growth fell to 1.1 percent in the reporting year compared to 2.0 in the previous year.

The projected growth in the European area, which is important to the InVision Group, has flattened to 1.1 percent (2007: 2.6 percent). Germany – which is the InVision Group's most important single market – has a growth rate of 1.3 percent over the average, whereas France, the United Kingdom and Italy all had significantly below-average growth rates of 0.8 percent, 0.7 percent and -0.6 percent, respectively.

It is noteworthy here that the economic output in the second half of the year and specifically in the fourth quarter of 2008 had unexpectedly collapsed dramatically. For example, German gross domestic product (GDP) in the fourth quarter of 2008 was 2.1 percent below the domestic GDP in the third quarter 2008.

The dramatic deterioration of the macroeconomic environment also influenced the forecasts of the market research institute for the software industry. The Datamonitor forecast in December 2008 on global revenues from IT applications for business customers projects a 7.2 percent growth rate to EUR 23.8 billion for 2008 (2007: EUR 22.2 billion). According to Datamonitor, sales in Europe will be EUR 8.6 billion (2007: EUR 8.0 billion) and will have therefore climbed by 7.3 percent. For Germany, sales are expected to total EUR 1.8 billion (2007: EUR 1.7 billion), which reflects an annual growth rate of 6.6 percent. Thus, the growth rates of 2008 were significantly below the rates in the previous years.

4. Business Development

Specific events in the financial year

As of 1 January 2008, InVision had begun building up a new global unit, "Channel & Alliance Management". The goal is to solicit and support global alliances and strengthen the international distribution units through local sales and service partners.

In June 2008, the Release 4.6 of InVision Enterprise WFM was shipped out. This new version, among other things, upgraded components for time management, better optimisation functions and a number of detail improvements.

In the third quarter, InVision was awarded a major contract worth a few million euros from a reputable European energy utility company, as well as a major contract worth a few million US dollars from an international financial service provider.

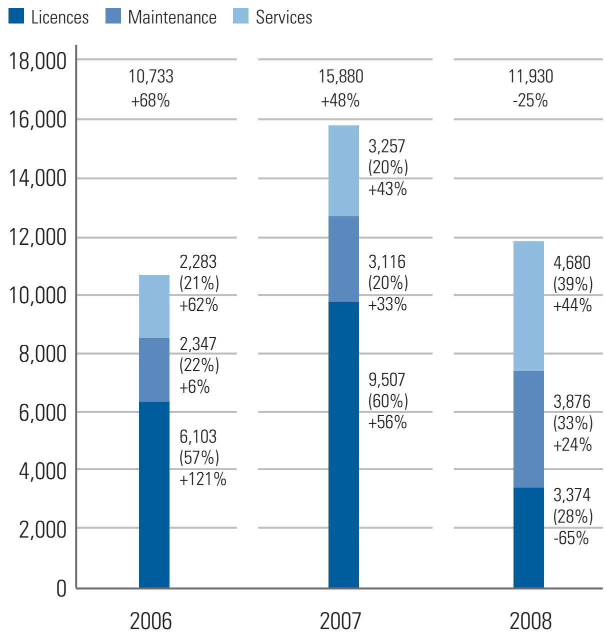
As a consequence of the Lehman Brothers bankruptcy in the United States, there was an abrupt change in the investment behaviour among numerous existing and potential customers in the fourth quarter, which meant that the contracts, which the Group had originally anticipated would be awarded at year's end, did not materialise. InVision has therefore initiated a cost-cutting programme, which seeks primarily to reduce other operating expenses, strongly limit further sales expansion and achieve additional savings in non-sales areas.

Results of operation

Revenues

The Group achieved revenues of TEUR 11,930 (2007: TEUR 15,880) during the reporting year; an amount which reflects a 25 percent decrease over the previous year. This development resulted primarily from a 65 percent decrease in licence income to TEUR 3,374 (2007: TEUR 9,507). Service income increased by 44 percent up to TEUR 4,680 (2007: TEUR 3,257). Maintenance revenues climbed by 24 percent to TEUR 3,876 (2007: TEUR 3,116).

Revenue growth 2006-2008 (TEUR)

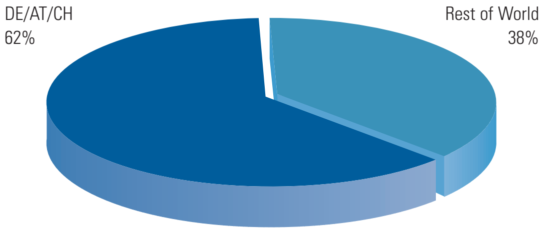


Licence revenues were generated both from sales with existing companies and smaller and mid-sized new customers and from certain major projects, but not to the same extent as the previous year. Given the great uncertainty experienced by customers as a result of Lehman Brothers' bankruptcy, the orders that typically arise from the year-end business and that make the largest contribution to revenues and earnings never materialised.

The increase in maintenance revenues is the direct consequence of a higher maintenance base triggered by licence revenues earned from both new and existing customers in the previous year and by a stable level of customer loyalty. The jump in service revenues was caused by the Group expanding service capacity during the fiscal year and by capacity utilisation in connection with long-term customer projects.

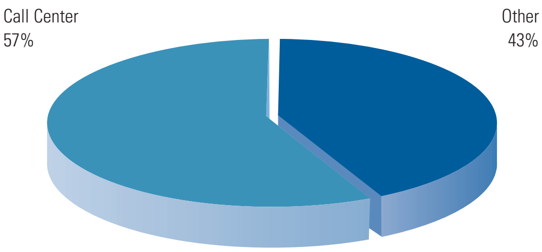
Revenues in the "Germany, Austria and Switzerland" region increased by 1 percent to TEUR 7,396 (2007: TEUR 7,351) in the reporting period, an amount representing 62 percent of total revenues (2007: 46 percent). Revenues generated in other foreign countries totalled TEUR 4,534 (2007: TEUR 8,528), reflecting a 47 percent decrease. Revenues generated in other foreign countries as a percentage of total revenue therefore constitute 38 percent (2007: 54 percent).

Revenue allocation 2008 (according to region)



Revenues generated with customers in the call centre industry decreased by 9 percent to TEUR 6.848 (2007: TEUR 7,531) and therefore constitute 57 percent of all customer revenue (2007: 47 percent). Revenues generated with other customers decreased by 39 percent to TEUR 5,082 (2007: TEUR 8,349) and therefore made up 43 percent of all customer revenue (2007: 53 percent).

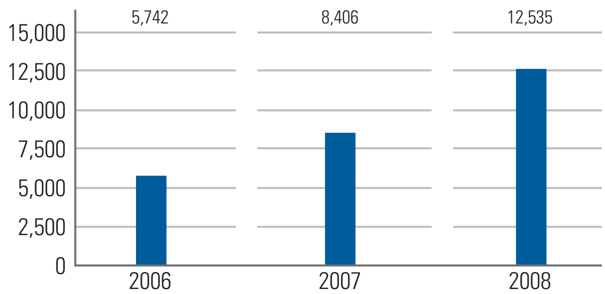
Revenue allocation 2008 (according to customer segment)



Personnel expenses and other operating costs

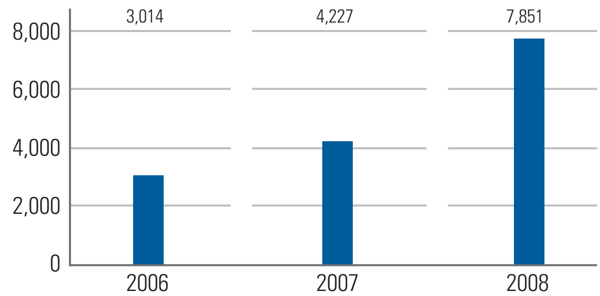
Based on the significant increase in the number of employees during the reporting year, personnel expenses rose by 49 percent to TEUR 12,535 (2007: TEUR 8,406).

Development of personnel expenses 2006-2008 (TEUR)



Other operating expenses increased by 86 percent to TEUR 7,851 (2007: TEUR 4,227). This increase was caused by losses from write-downs of receivables totalling TEUR 1,353 (2007: TEUR 65,1). In connection with staff expansion and the greater efforts in sales and distribution, expenses for office use rose by 61 percent to TEUR 1,155 (2007: TEUR 718), travel expenses by 17 percent to TEUR 669 (2007: TEUR 572), and marketing expenses by 44 percent to TEUR 1,116 (2007: TEUR 772). Consulting expenses also increased by 51 percent to TEUR 711 (2007: TEUR 472), miscellaneous third party service costs rose by 183 percent to TEUR 620 (2007: TEUR 219).

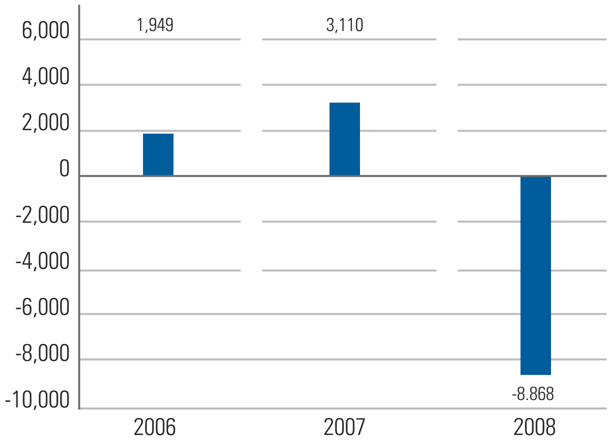
Development of other operating expenses 2006-2008 (TEUR)



Operating result and financial result

The operating result (EBIT) decreased to TEUR -8,868 (2007: TEUR 3,110) during the reporting period. This development is attributable primarily to the decrease in sales revenues, on the one hand, and to the high increase in personnel expenses and other operating expenses, on the other hand. The EBIT margin during the reporting period was -74 percent (2007: 20 percent).

EBIT development 2006-2008 (TEUR)



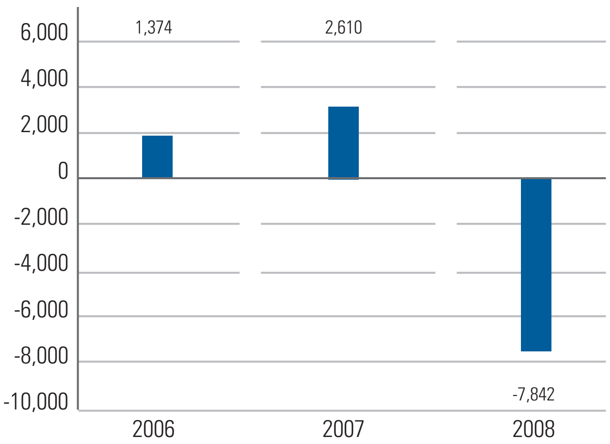
Interest income leaped by 44 percent to TEUR 560 (2007: TEUR 390). Interest expenses decreased by 50 percent to TEUR 64 (2007: TEUR 129). As a whole, financial results improved dramatically, climbing from TEUR 261 in 2007 to TEUR 496 in the reporting period.

The dramatic exchange rate fluctuations primarily between the US dollar and British pound, on the one hand, and the euro, on the other hand, produced a currency gain of TEUR 547 (2007: -125 TEUR).

Consolidated result and dividend

The consolidated result totalled TEUR -7,842 for financial year 2008 (2007: TEUR 2,610). Earnings per share equalled EUR -3.51 (2007: EUR 1.17), in each case based on 2,235,000 shares issued.

Net profit development 2006-2008 (TEUR)



The Executive Board and Supervisory Board of InVision Software AG recommend that no dividend be paid and that the earnings be retained to provide a good liquidity base. Retaining cash in the Company guarantees the sustained development of the Company.

Financial condition

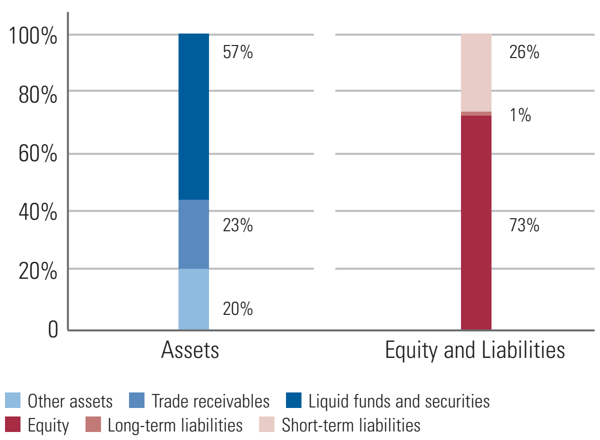
The Company's financial condition in fiscal year 2008 was impacted primarily by the Group's consolidated net loss.

As of the end of the financial year, the liquid funds (cash and cash equivalents) increased by 203 percent, from TEUR 3,651 in 2007 to TEUR 11,071, primarily because of the negative cash flow generated from operating activities. The Company holds securities as of the end of the fiscal year in the amount of TEUR 1,140 (2007: TEUR 13,155). As of the end of the fiscal year, trade receivables totalled TEUR 4,880 and were therefore 40 percent lower than the previous year's end (2007: TEUR 8,167), mostly because of the sales revenues recognised as of the end of the financial year. The income tax claims decreased by 26 percent to TEUR 120 (2007: TEUR 163). Prepaid expenses and other short-term assets increased by 36 percent to TEUR 610 (2007: TEUR 448). The income tax claims fell by 26 percent to TEUR 120 (2007: TEUR 163). Prepaid expenses and other short-term assets rose by 36 percent to TEUR 610 (2007: 448). Increased investing activities during the fiscal year led to a 5 percent growth in intangible assets to TEUR 67 (2007: TEUR 64) and a 94 percent jump in tangible assets to TEUR 433 (2007: TEUR 223). Deferred tax assets grew 44 percent to TEUR 3,018 (2007: TEUR 2,100) because losses carried forward in several Group companies climbed. Other long-term assets climbed by 83 percent to TEUR 62 (Vorjahr: 34 TEUR).

Financial liabilities jumped by 151 percent to TEUR 211 (2007: TEUR 84). At the same time, trade payables increased by 66 percent to TEUR 795 (2007: TEUR 480). Provisions rose by 113 percent to TEUR 1,657 (2007: TEUR 778) because, among other things, reserves for employee expenses were TEUR 93 higher, provisions for outstanding invoices rose by TEUR 188, litigation cost provisions climbed by TEUR 212 and reserves for warranties increased to TEUR 340. Tax provisions increased by 102 percent to TEUR 1,300 (2007: TEUR 643). The short-term (current) share of deferred income and other short-term liabilities declined by 8 percent to TEUR 1,519 (2007: TEUR 1,648). Deferred tax liabilities fell by 18 percent to TEUR 228 (2007: TEUR 278). The main reason for this devlopment was the lower share of receivables, which arose as a result of applying the percentage-of-completion method.

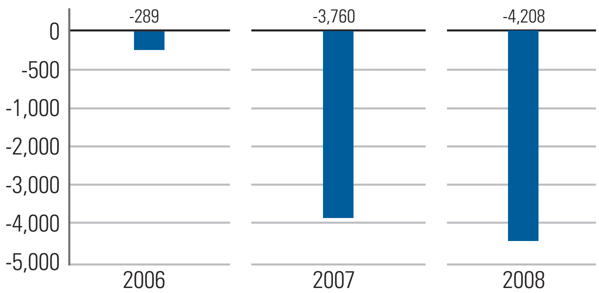
As of 31 December of the reporting period, the balance sheet total was TEUR 21,402 (2007: TEUR 28,005). The equity capital is now TEUR 15,691 (2007: TEUR 24,094), and the equity capital ratio is now 73 percent (2007: 86 percent).

Balance sheet ratios 2008



The cash flow from operating activity was impacted primarily by the TEUR 3,287 decline in trade receivables and by the TEUR -968.2 increase in deferred taxes, the TEUR 879 rise in provisions and the TEUR 657 increase in income tax liabilities and thereby reached TEUR -4,208 during the reporting period (2007: -3,760 TEUR). This amount represents -35 percent of consolidated revenue (2007: -24 percent).

Development of cash flow from operating activity
2006-2008 (TEUR)



The outgoing cash flow from investing activities increased to TEUR 11,501 (2007: TEUR -13,267) primarily because of the sales of securities. The cash flow from financing activities fell to TEUR 0 (2007: TEUR 20,452) because, unlike the previous year, no capitalisation was implemented.

5. Basic Background to the Compensation System

In addition to the reimbursement of the expenditures which they incur in performing the duties of their office, the members of the Company's Supervisory Board are paid a fixed remuneration in the amount of EUR 5,000. The Supervisory Board chairman receives twice that amount, while the Deputy chairman receives one and one-half times that amount. The remuneration is paid after the end of each financial year. Any value added tax paid on the expenditure reimbursement or on the aforementioned remuneration will be indemnified.

The Executive Board remuneration conforms with the customary industry standard and consists of a base salary which will increase if certain revenue targets, as more specifically defined in the contract, are met. In addition, members of the Executive Board have a right to use a company car, which is leased by the Company. Moreover, the Executive Board members receive a contribution towards the costs of their healthcare and disability insurance.

6. Risk Report

Risk management

For the InVision Group, a comprehensive and self-contained risk management programme is a significant component of the Group's corporate strategy. A company-wide monitoring system ensures the systematic identification and assessment of risks regarding any likelihood of occurrence or the possible quantitative effects on corporate value.

Risk management is intended to identify, at an early stage, specifically any risks which threaten the Company's very existence in an effort to launch effective counter-measures for avoiding the risks. Another goal is to minimise the possible adverse effects, which all risks could have on the financial condition and results of operation, while largely preserving the corresponding opportunities.

The Executive Board is responsible for administering the risk management. A fundamental review of all risks is made once each year. An internal ad hoc report is prepared in the event there are significant changes or newly emerged risks. All risk-relevant topics and the then-current economic situation compared to the business plans are discussed at regularly convened review meetings. If necessary, the individual specialty departments together with the relevant department head are engaged in order to participate.

The risk management is described and stipulated in a Group risk management policy and its suitability and functionality is reviewed each year in connection with the audit of the annual financial statements.

Significant risks related to the business

Risks related to the business development of the InVision Group arise from the often long and protracted sales process preceding the Company's conclusion of contracts and from the high costs incurred with its significant investments in terms of time and human resources, which expenditures are usually not charged to or binding upon potential customers. The resources tied up in the sales process are not available to pursue other sales and marketing activities. InVision's competitors may, under certain circumstances, derive advantages therefrom and acquire customer orders at the InVision Group's expense.

The InVision Group's annual result typically depend on a small number of projects that can be carried out in any given fiscal year. Annual results may therefore fluctuate considerably. Results may even fluctuate from one reporting period to another, for example as a consequence of delays in implementing projects. In addition to these fluctuations, most of the revenue is typically generated in the last months of a given fiscal year. Given the cyclical nature of the business, the InVision Group's financial figures reported in the annual and interim reports are of limited informative value.

The commercial success of InVision is dependent, above all, on the conclusion of new licence agreements or the extension of existing licences with current or new customers. Income from software maintenance or services cannot compensate for an insufficient number of executed licence agreements. InVision is, to only a limited extent, in a position to adjust its costs on short notice in order to take into account declining demand.

InVision relies on seasoned and well-trained sales staff and highly qualified employees in the Professional Services Division, who support the sales team in its efforts by providing substantial support on technical questions. The future success of InVision will also depend on finding and retaining on a long-term basis highly qualified employees in these areas. It is precisely during periods of economic growth that the competition for employees with scientific, technical or industry-specific expertise becomes quite intense. It is therefore possible that the Company will be unable to promptly recruit new staff on the open labour market and that this may give rise to additional costs. The loss of qualified staff or long-term difficulties in hiring suitable employees may lead to InVision's inability to successfully implement important decisions and courses of action, which in turn would impair its business operations and could have a material adverse effect on the Company's financial condition and results of operation.

7. Supplement Report

InVision Holding GmbH, Ratingen, acquired 246,192 shares of InVision Software AG on 12 January 2009 and is thereby the largest single shareholder of InVision Software AG.

After the end of the financial year, there were no special events which are of material importance to the annual financial statements.

8. Forecast Report

Anticipated global economic developments

According to the forecasts made by the International Monetary Fund (IMF) in January 2009, the global economic growth rate in the current year will slow to 0.5 percent from 3.4 percent in 2008. This is the lowest growth rate since the Second World War. The intensification of the crisis in the financial sector and the dwindling consumer and producer confidence has triggered a rapidly stagnating global economic output.

Whereas the economic output is expected to fall by 1.6 percent in the United States in 2009 (2008: 1.1 percent growth), the IMF is forecasting a 2.0 percent decline for the Euro zone in 2009 after a 1.0 percent growth in 2008. The economic output in Germany is expected to decline by 2.5 percent, compared to 1.3 percent growth rate in 2008. The IMF therefore believes that even Germany will experience its sharpest recession ever in the post-war period.

Anticipated industry development

In the Company's view, there are currently no timely studies that portray even in a rudimentary plausible manner the full scale of the financial and economic crisis. Most analysts do assume, however, that the software industry will not be able to fully escape from the ongoing crisis.

Anticipated development of InVision

Despite the poor annual results, InVision is well-positioned in the international field of competition, solidly financed and is pursuing a long-term growth strategy.

Notwithstanding the poor industry environment, the current crisis presents InVision with an excellent opportunity to enhance its own market share. An increasing demand for solutions to reduce costs and improve productivity has been discernible even at the beginning of the year inasmuch as these issues are at the forefront of our business customers' concerns. With solutions for optimising human resource deployment, InVision can deliver significant cost-savings and therefore utilise sales potential. At the same time, during crisis periods, enterprises tend to invest in solutions offered by companies, whose equity capital basis guarantees a high degree of investment protection. Here again, InVision is well positioned with an unusually high equity capital ratio of 73 percent.

The market for workforce management systems will provide InVision with superb growth potential in the long term. With its outstanding products, wide international presence and strong balance sheet, InVision is excellently positioned to handle the challenges of this internationally competitive market. InVision therefore has every opportunity to grow more quickly than the rest of the market in the next few years and to re-establish profitability primarily by exploiting economies of scale.

Even though, based on the current variability among global economic forecasts, any outlook for business development will be saddled with a high degree of uncertainty, InVision does plan to increase its revenues by 47 percent to approximately EUR 17.5 million in 2009 under the assumption that the economic conditions described in the foregoing paragraphs will prevail in 2009. The Company expects that growth in the German, Austrian and Swiss region will be matched by the growth in other foreign countries. Licence revenues are expected to increase by at least 137 percent to a minimum of TEUR 8,000 (2008: TEUR 3,374), maintenance revenues are expected to increase by at least 3 percent to a minimum of TEUR 4,000 (2008: TEUR 3,876), and service revenues are expected to increase by at least 18 percent to a minimum of TEUR 5,500 (2008: TEUR 4,680). According to the Group's budget forecast, the EBIT margin in 2009 should be -13 percent, thereby yielding an EBIT of EUR -2.2 million. In 2010, another increase in revenues should lead to a profit.

Ratingen, 20 March 2009

Peter Bollenbeck
Executive Board chairman

Matthias Schroer
Executive Board member

Consolidated Balance Sheet

Consolidated Balance Sheet under IFRS as of 31 December 2008

Assets (EUR)	Notes	31 December 2008	31 December 2007
Short-term assets			
Liquid funds	(15)	11,071,314.94	3,651,582.07
Securities	(15)	1,139,927.60	13,155,493.00
Trade receivables	(16)	4,879,669.04	8,166,876.78
Income tax claims	(17)	120,310.77	162,687.10
Prepaid expenses and other short-term assets	(18)	610,327.31	448,436.46
Total short-term assets		**17,821,549.66**	**25,585,075.41**
Long-term assets			
Intangible assets	(21)	66,982.25	63,811.33
Tangible assets	(22)	433,241.98	223,035.20
Deferred tax assets	(19)	3,017,925.70	2,099,587.00
Other long-term assets	(23)	62,057.71	33,880.17
Total long-term assets		**3,580,207.64**	**2,420,313.70**
Total assets		**21,401,757.30**	**28,005,389.11**

Equity and liabilities (EUR)	Notes	31 December 2008	31 December 2007
Short-term liabilities			
Short-term liabilities owed to financial institutions	(24)	210,968.11	84,324.76
Trade payables	(24)	795,029.48	479,613.37
Provisions	(25)	1,657,019.78	777,935.49
Income tax provisions	(24)	1,300,349.15	643,012.71
Short-term share in deferred income and other short-term liabilities	(26)	1,518,827.01	1,648,329.12
Total short-term liabilities		**5,482,193.53**	**3,633,215.45**
Long-term liabilities			
Deferred taxes	(19)	228,140.00	277,960.00
Total long-term liabilities		**228,140.00**	**277,960.00**
Equity			
Subscribed capital	(27)	2,235,000.00	2,235,000.00
Capital reserves	(28)	20,616,179.21	20,616,179.21
Earnings reserves	(29)	1,414,177.33	1,414,177.33
Equity capital difference from currency translation	(30)	-763,509.30	-200,525.42
Gains/losses carried forward		29,382.54	-2,580,177.68
Group result		-7,842,497.80	2,609,560.22
Minority shares		2,691.79	0.00
Total equity		**15,691,423.77**	**24,094,213.66**
Total equity and liabilities		**21,401,757.30**	**28,005,389.11**

Consolidated Income Statement

Consolidated Income Statement under IFRS for the period 1 January 2008 through 31 December 2008

EUR	Notes	2008	2007
Revenues	(31)	11,929,905.69	15,879,627.26
Other operating income	(32)	194,608.95	92,665.94
Costs of materials/costs of goods and services purchased	(33)	-430,882.48	-123,745.56
Personnel costs	(34)	-12,535,142.61	-8,405,939.55
Amortisation/depreciation of intangible and tangible assets	(35)	-175,892.25	-106,154.57
Other operational expenditures	(36)	-7,851,098.70	-4,226,910.47
Operating result (EBIT)		**-8,886,501.40**	**3,109,543.05**
Financial result interest income/expenses	(37)	496,132.43	261,276.60
Currency losses/gains		546,837.67	-124,574.64
Results before taxes (EBT) and minority shares		**-7,825,531.30**	**3,246,245.01**
Income tax	(38)	-16,966.50	-636,684.79
Consolidated net profit/loss		**-7,842,497.80**	**2,609,560.22**
Appropriation to statutory reserves		0.00	0.00
Group result		**-7,842,497.80**	**2,609,560.22**

Consolidated Cash Flow Statement

Consolidated cash flow statement as of 31 December 2008

Cash flow from operating activities (EUR)	2008	2007
Consolidated result	-7,842,497.80	2,609,560.22
Depreciation and amortisation of fixed assets	175,892.25	106,154.57
Gains/losses from the disposal of intangible and tangible assets	-316.24	0.00
Increase in provisions	879,084.29	336,456.14
Decrease/increase in income tax liabilities	657,336.44	-180,508.73
Increase in deferred taxes	-968,158.70	-562,466.34
Other cash income	-434,327.60	-234,547.26
Decrease/increase in trade receivables	3,287,207.74	-4,466,554.07
Increase in other assets and prepaid expenses	-190,068.39	-167,063.93
Decrease/increase in income tax claims	42,376.33	-115,572.05
Decrease/increase in trade payables	315,416.11	-173,353.11
Decrease/increase in other liabilities and deferred income	-129,502.11	-911,992.38
Cash flow from operating activities	**-4,207,557.68**	**-3,759,886.94**
Cash flow from investing activities		
Payments made for investments in tangible assets	-337,619.20	-210,309.91
Payments made for investments in intangible assets	-45,275,42	-42.597.29
Proceeds from the disposal of intangible and tangible assets	316.21	0.00
Payments made for purchasing securities (funds)	-3,000,000.00	-13,014,401.12
Income from the distribution of securities (funds)	14,883,225,61	0.00
Cash flow from investing activities	**11,500,647.20**	**-13,267,308.32**
Cash flow from financing activities		
Payments received from equity capital increase (IPO)	0.00	21,331,175.21
Payments received from finance loans	0.00	0.00
Payments made for repaying finance loans	0.00	-878,788.75
Cash flow from financing activities	**0.00**	**20,452,386.46**
Change in cash and cash equivalents	**7,293,089.52**	**3,425,191.20**
Cash and cash equivalents at the beginning of the period	**3,567,257.31**	**142,066.11**
Cash and cash equivalents at the end of the period	**10,860,346.83**	**3,567,257.31**

Consolidated Notes

I. General Information

1. General information about the Company

The business activities of InVision Software Aktiengesellschaft, Ratingen (hereinafter also referred to as "InVision AG" or the "Company"), together with its subsidiaries (hereinafter also referred to as the "InVision Group" or the "Group"), include developing, selling and maintaining software products relating to workforce management and providing services in connection with the sale of the software products. The InVision Group does business primarily in Europe and the United States.

The Company's registered offices are located at Halskestraße 38, 40880 Ratingen, Germany. It is entered in the Commercial Register of the Municipal Court of Düsseldorf under registration number HRB 44338. InVision Software AG has been listed in the Prime Standard segment of the Frankfurt Stock Exchange under securities identification number 585969 since 18 June 2007.

The IFRS consolidated financial statements are expected to be approved by the Supervisory Board of InVision Software AG on 27 March 2009 and then cleared for publication.

2. Bases of the accounting

Bases for preparing the annual financial statements

Since it is listed on an regulated market, InVision Software AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The consolidated financial statements as of 31 December 2008 were prepared in accordance with the IFRS, which were promulgated by the International Accounting Standards Board (IASB), in force on the balance sheet closing date, and applicable in the European Union. The designation IFRS also includes the still valid International Accounting Standards (IAS) as well as the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC). The requirements under § 315a of the German Commercial Code (HGB) must also be taken into account.

In contrast to the preceding consolidated financial statements, the following interpretations were applied for the first time: IFRIC 11, IFRS 2, IFRIC 12 and IFRIC 14. Since IFRIC 12 has not yet been adopted by the EU, only IFRIC 11 and 14 were taken into account. The application has no effects on the current consolidated financial statements. The changes to IAS 39 resulting from the crisis on the financial markets also have no effect on these consolidated financial statements.

Changes to the following Standards, Interpretations or any new Standards and Interpretations, which must be applied beginning only on 1 January 2009 or which have not yet been adopted by the EU, were not applied prior to their date of mandatory application: IFRS1 (Amendment relating to cost of an investment on first-time adoption), IFRS 2 (Amendment relating to vesting conditions and cancellation), IFRS 3 (Comprehensive revision on applying the acquisition method), IFRS 8 (Operating Segments), IAS 1 (Comprehensive revision and amendments relating to disclosure of puttable instruments arising on liquidation), IAS 23 (Comprehensive revision to prohibit immediate expensing), IAS 27 (Amendment relating to cost of an investment on first-time adoption), IAS 28 (Consequential amendments arising from amendments to IFRS 3), IAS 31 (consequential amendments arising from amendments to IFRS 3), IAS 32 (Amendments relating to puttable instruments and obligations arising on liquidation), IAS 39 (Amendments for eligible hedged items), various supplements from May 2008 in connection with the Annual Improvements to IFRS, IFRIC 13 (Customer Loyalty Programmes), IFRIC 15 (Agreements for the Construction of Real Estate), IFRIC 16 (Hedges of a Net Investment in a Foreign Operation), IFRIC 17 (Distributions of Non-cash Assets to Owners), IFRIC 18 (Transfers of Assets from Customers).

The effects of these changes are currently still under evaluation and cannot be specified at this point in time.

The consolidated financial statements are prepared in euro. Unless otherwise indicated, all amounts are shown in EUR 1,000 (TEUR) and, if applicable, rounded in accordance with the accepted commercial practices and standards.

The consolidated income statement was prepared under the so-called "Cost-summary method" [Gesamtkostenverfahren].

Consolidation principles

The consolidated annual financial statements comprise the annual financial statements of InVision Software AG and its subsidiaries as of 31 December of each fiscal year. The annual financial statements of the subsidiaries are prepared under the application of uniform accounting and valuation methods as of the same balance sheet closing date as the annual financial statements of the parent company.

The balance sheet closing date of all subsidiaries integrated into the consolidated financial statements is 31 December of the relevant applicable financial year.

The full amount of all intra-group balances, transactions, income, costs, profits and losses generated from internal group transactions, which are incorporated into the book value of the assets, are eliminated.

Subsidiaries are fully consolidated as from the date they were formed or acquired, i.e. as of the date on which the Group gained the control over the subsidiary. The inclusion into the consolidated financial statements ends as soon as the control by the parent company no longer exists. If a subsidiary is considered insignificant with respect to its inclusion in the consolidated financial statements, then consolidation will be waived and the shares will be valued at the cost of acquisition

The consolidation of the newly formed subsidiaries is made under the application of the acquisition method pursuant to IFRS 3. According to this method, purchase costs of the enterprise's merger are distributed to the acquired identifiable assets and the assumed identified debts and contingent liabilities according to their fair market values at the time of acquisition. The consolidated financial statements include all costs and income which have been incurred since the acquisition.

The consolidated financial statements cover InVision Software AG as well as the following foreign subsidiaries.

- InVision Software Ltd., London, United Kingdom
- WFM Software AB, Stockholm, Sweden
- InVision Software OÜ, Tallinn, Estonia
- InVision Software SAS, Paris, France
- InVision Software S.r.l., Milan, Italy
- InVision Software Systems S.L., Madrid, Spain
- InVision South Africa (Pty) Ltd., Cape Town, South Africa
- InVision Software GmbH, Zurich, Switzerland
- InVision Software B.V., Arnhem, The Netherlands
- InVision IT-Systems GmbH, Vienna, Austria
- InVision Software Inc., Lisle, IL, United States
- InVision Intellectual Property AG (AG still in formation), Baar, Switzerland
- InVision Consulting International GmbH (GmbH still in formation), Baar, Switzerland (80%)

With only one exception, the Company directly holds 100% of the shares in each of its subsidiaries.

The companies in Baar, were formed by InVision AG and were included in the consolidated financial statements for the first time in this financial year.

Currency translation

The consolidated financial statements are prepared in Euro, which is the Company's reporting currency. The corporate accounts are shown in Euro (EUR), which corresponds to the reporting currency. The relevant local currency is used as the functional currency of the individual Group companies. Transactions in foreign currencies are converted at the exchange rate applicable on the date of the transaction. All exchange rate differences resulting therefrom are booked in the income statements of the Group companies and are included in the consolidated net income.

In the Group companies, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate valid on the balance sheet closing date. Differences in exchange rates are recorded in the income statement. Non-monetary assets and liabilities are converted at the historical exchange rate.

In the preparation of the consolidated financial statements, the balance sheet figures of the foreign Group companies are converted at the exchange rates valid at the end of the year. The profit and loss figures are translated into Euro at the annual average exchange rate. Any translation differences resulting therefrom are recorded – on a neutral basis – as a separate component of equity capital.

The exchange rates, which were used as the basis for converting the currencies, developed as follows:

Currency	Average exchange rate on the balance sheet closing date	Prior year	Annual average exchange rate	Prior year
USD	1.3977	1.4716	1.4709	1.3703
GBP	0.9600	0.7346	0.7967	0.6844
CHF	1.4860	1.6557	1.5869	1.6427
EEK	15.6100	15.6200	15.6166	15.6175
SEK	10.9150	9.4350	9.6166	9.2523
ZAR	13.1698	10.0300	12.0694	9.6609

Management discretion and the main sources of forecasting uncertainty

When preparing the consolidated financial statements, some assumptions and estimates must be made, which have an effect on the amount and reporting of the recognised assets and liabilities, the income and expenses and the contingent liabilities for the reporting period. These assumptions relate primarily to the assessment of the carrying value of assets, the percentage-of-completion measurement with respect to jobs in progress, uniform Group determination of the economic useful lives of tangible assets, and the accounting and valuation of provisions. The assumptions and estimates are based on premises derived from available information at the time in question. The basis for the anticipated future business development are the circumstances present at the time the consolidated financial statements were prepared and a realistic scenario of the future development of the overall environment. If these framework conditions deviate from the assumptions made and cannot be influenced by management, then the resulting figures could deviate from the originally anticipated estimates.

Below is an explanation of the most important future-related assumptions and the other major sources of forecasting uncertainty, which are present on the balance sheet closing date and according to which there is a considerable risk that a major adjustment to the book values of the assets and liabilities will need to be made in the coming financial years.

Valuation of deferred tax assets

The valuation of deferred tax assets based on losses carried forward and deductible temporary differences depends on the future taxable profits of the companies in the InVision Group. The estimate of these taxable profits was made as of the balance sheet closing date by relying on the updated budget for a seven-year planning period. For purposes of capitalising the deferred tax assets based on tax loss carry forwards, only that portion of the loss carry forwards will be recognised which will probably be realised on the basis of the income anticipated under the current budget planning.

II. Accounting and Valuation Principles

3. Intangible assets

Acquired intangible asset values are valued at the time of their receipt according to their cost of acquisition or cost of production. Internally produced intangible assets are recognised when they can be identified and when it is likely that the Group will receive a future economic benefit from the asset and the asset's acquisition or production costs can be reliably determined. For subsequent valuations, the value of the intangible assets are recognised at their acquisition or manufacturing costs less the accumulated amortisation and less the accumulated impairment costs (shown under the amortisation item). Intangible assets are amortised on straight-line basis over their estimated useful life (3 to 5 years). The amortisation period and amortisation method are reviewed at the end of each financial year.

When producing new software and further developing existing software, it is not possible for the InVision Group to clearly and unequivocally demarcate the relevant software since the knowledge and improvements gained from producing new software and from the continued development of existing software are incorporated into other InVision Group products. Since not all criteria pursuant to IAS 38.57 were met by 31 December of the financial year, no development costs were capitalised.

4. Tangible assets

Tangible assets (computer hardware, tenant installations, fixtures and fittings relating to the business operation) are valued at the cost of acquisition or production less the accumulated depreciation. These assets are depreciated on a straight-line basis over the estimated useful life of the individual asset or asset category. The useful life for computer hardware is 3 to 5 years, and for the fixtures and fittings relating to the business operation, it is 5 to 10 years. Tenant installations are depreciated over the term of the tenancy or, if shorter, than over their useful life.

Subsequent expenditures made for a tangible asset are recognised at the costs of acquisition, if it is likely that the Group will receive a future economic benefit from it, and the costs for the asset can be reliably determined. Costs for repairs and maintenance, which do not increase the estimated useful life of the tangible asset, are recognised in the period in which they are incurred and are reported on the income statement.

5. Accounting for leases

The determination of whether a contract is or contains a lease is made on the basis of the economic content of the contract, and requires an assessment about whether the fulfilment of the contract depends on the use of a specific asset or assets, and whether the contract grants a right to use the asset.

The Group acts as lessee only.

Any asset under a finance lease, according to which virtually all property-related risks and opportunties relating to the transferred asset are transferred to the Group, is recognised as an asset at the commencement of the lease term and valued at the lower of the then-current fair market value of the asset or at the present cash value of the minimum leasing payments to be made thereunder. These assets are subject to scheduled depreciation over the shorter of the two aforementioned time periods: i.e., the term of the lease or the economic useful life of the leased property. Lease payments are separated into their components of either financing costs and amortisation of the lease obligation in such a manner that the remaining residual book value of the lease will incur a constant rate of interest. The remaining leasing obligations as of the balance sheet closing date are itemised in the balance sheet according to their remaining terms to maturity.

Lease payments under operating leases are booked in the income statement as expenses arising over the term of the lease.

6. Impairment of assets

In financial year 2008, no long-term assets were identified as subject to impairment.

7. Unfinished goods and services

Unfinished goods and services are valued according to the percentage-of-completion method. Accordingly, service agreements were recognised according to the degree to which the business thereunder was completed as of the balance sheet closing date. The degree of completion is calculated on basis of the actual man hours in relation to the amount of forecasted hours.

Unfinished goods and services are reported in the balance sheet after deducting any advance payments which have been received but already reported as a trade receivable.

8. Short-term financial assets

Short-term financial assets comprise accounts receivable and other receivables. The accounts receivable are reported on the balance sheet according to the amount invoiced, less a bad debt allowance based on the obligor's credit rating. A bad debt allowance for accounts receivable will be made if it is likely that the total amount of the original invoice cannot be collected. The amount of the bad debt allowance will equal the face value of the account less the realisable amount which equals the present cash value of the anticipated cash flows.

9. Other short-term assets

Assets are recognised at their face or nominal value, but will be separately discounted in value if they are subject to identifiable risks.

10. Cash and cash equivalents

Cash and cash equivalents consist of credit balances held with financial institutions as well as securities which may be redeemed for cash on short notice. These credit balances held with financial institutions are valued at face or nominal value. The securities are valued according to their amortised acquisition costs.

11. Taxes

Actual tax refund claims and taxes

The actual tax refund claims and tax debts for the current period and earlier periods must be valued at the amount at which a refund is expected from the tax authorities or a payment must be made to the tax authorities.

Deferred taxes

Deferred taxes are recognised under the liabilities method for all temporary differences between the tax basis of the assets/liabilities and their respective book values in the IFRS financial statements.

Deferred taxes are valued according to the tax rates (and tax regulations), which are effective as of the balance sheet closing date or which have for the most part been enacted into law, and the validity of which is expected on the date that the deferred tax receivable is realised and/or the deferred tax liability is settled.

Deferred tax receivables are recognised in an amount at which it is likely that taxable income will be available for crediting against the temporary differences.

12. Provisions

A provision is shown only if the Company has a present (statutory or factual) obligation (liability) based a past event, if it is likely that the fulfilment of the obligation will lead to an outflow of funds representing an economic benefit, and if a reliable estimate of the amount of the obligation can be made. If no provision could be created because one of the criteria mentioned was not fulfilled, then the liabilities in question will be reported as contingent liabilities.

Provisions are examined on each balance sheet closing date and adjusted to accord with the best estimate as of that date. If there is an expectation that the expenditures, which are required to fulfill a deferred liability, will be reimbursed either in whole or in part by another party, then the reimbursement will be recognised only when it is nearly certain that the Group will receive the reimbursement.

13. Liabilities

The liabilities comprise the trade receivables, liabilities owed to shareholders, tax liabilities, interest owed, liabilities owed to employees, and other liabilities. When such items are recognised for the first time, they are booked at their costs of acquisition, which correspond to the attributable fair market value of the consideration received. Debts denominated in foreign currencies are valued at the exchange rate on the reporting date.

14. Revenue and cost recognition

The InVision Group's revenues are generated primarily by granting licences to their developed software products. The maintenance and care of these products is another source of income. The revenues from services are generated by integrating the software products, consultation, analysis services and customer-specific software customisation.

The revenues are reported less any discounts, customer bonuses and rebates. Agreements with several components (licences, maintenance, services) are internally allocated to their individual components, and the revenues are recognised on the basis of those individual components.

Licences

The InVision Group recognises its revenues as soon as the licence is delivered, the purchase price is fixed or determinable, no material duties exist and the collection of the account receivable is considered likely.

Maintenance

Revenues from maintenance contracts are recognised on a straight line basis pro rata temporis throughout the period during which they were invoiced. Maintenance contracts are usually invoiced to the end-customer once a year in advance and, thus, the pertinent revenue is recognised in a straight line basis over twelve months.

Services

Revenues from consulting, training and other implementation services are recognised as soon as the service has been rendered. A requirement is that the purchase price is fixed or determinable, and that the collection of the accounts receivable is considered likely.

Other income and expenses

Costs are recognised on the balance sheet when the benefit is used and/or arises. Interest is recognised as either an expense and/or income according to the period in which it arose under the effective interest method. Rental payment costs under operating leases are likewise recognised on a straight line basis over the entire term of the lease irrespective of the payment arrangements made under such leases.

III. Notes to the Consolidated Balance Sheet

15. Liquid funds (cash and cash equivalents)

The liquid funds are divided between the following two categories:

	31 Dec 2008 TEUR	31 Dec 2007 TEUR
Credit balances held with financial institutions	11,071.3	3,651.6
Securities	1,139.9	13,155.5
Total	**12,211.2**	**16,807.1**

The liquid funds and securities include only cash and cash equivalents, which are subject to little fluctuation in value and have a term to maturity of less than 12 months calculated from the date of acquisition.

16. Trade receivables

The trade receivables (net) consist of the following:

	31 Dec 2008 TEUR	31 Dec 2007 TEUR
Trade receivables	4,616.2	7,686.5
Receivables from POC	400.3	494.7
Bad debt allowances	-136.8	-14.3
Total	**4,879.7**	**8,166.9**

The receivables from POC include receivables resulting from the partial recognition of service income. This item is calculated by multiplying the estimated degree of completion on any given project with that project's volume, less any amounts previously invoiced. In the financial year, the directly attributable costs for the receivables from POC were TEUR 159.9 (2007: TEUR 181.9).

The values of individual trade receivables are adjusted when needed.

17. Income tax claims

The income tax claims contain refund claims from previous years.

18. Prepaid expenses and other short-term assets

Prepaid expenses and other short-term assets include:

	31 Dec 2008 TEUR	31 Dec 2007 TEUR
Prepaid items	327,3	214,6
Domestic value added tax	131,2	0,0
Employee claims	3,4	6,0
Interest claims	0,0	112,5
Other miscellaneous assets	148,4	115,3
Total	**610.3**	**448.4**

19. Deferred taxes

The following table sets forth the status of deferred tax assets and liabilities according to the balance sheet items as of 31 December 2008:

	31 Dec 2008 TEUR Assets	31 Dec 2008 TEUR Liabilities
Deferred taxes based on temporary differences		
- of the provisions and reserves/ general valuation allowance	0.0	0.0
- from trade receivables	0.0	124.1
- from prepaid items	0.0	81.1
- from licence valuations	312.0	0.0
Subtotal	312.0	228.1
Deferred taxes based on losses carried forward	2,705.9	0.0
Total	**3,017.9**	**228.1**

The following table shows the status of deferred tax assets and liabilities according to the balance sheet items as per 31 December 2007:

	31 Dec 2007 TEUR Assets	31 Dec 2007 TEUR Liabilities
Deferred taxes based on temporary differences		
- of the provisions and reserves/ general valuation allowance	0.0	57.9
- from trade receivables	0.0	172.9
- from prepaid items	0.0	47.2
Subtotal	0.0	278.0
Deferred taxes based on losses carried forward	2,099.6	0.0
Total	**2,099.6**	**278.0**

Deferred tax claims based on unused tax loss carry-forwards were recognised to the extent that it is likely that such tax loss carry-forwards could be used and applied against future taxable profits. The deferred tax claims were calculated on 100 percent of the tax loss carry-forwards.

20. Development of long-term assets

The consolidated asset movement schedule for financial year 2008 is appended to the consolidated notes as an annex.

21. Intangible assets

Intangible assets consist primarily of software and industrial property rights acquired for consideration. These assets are valued at their historical costs of acquisition, less the scheduled amortisation. With respect to scheduled amortisation, the software acquired for consideration and the industrial property rights were amortised according to their expected useful life (3 years). Assets based on financial leases are subject to scheduled amortisation over the term of the lease (3 years).

The expenses for research and development totalled TEUR 5,340 in the financial year (2007: TEUR 4,231).

22. Tangible assets

Tangible assets consist of fixtures and fitting purchased for business operations and are recognised at their historical costs of acquisition, less any scheduled depreciation if the assets are subject to wear and tear. Tangible assets are depreciated on straight line basis over their useful life (3 to 13 years). The carrying value of the tangible assets is subject to impairment testing. None of these assets have been subject to non-scheduled depreciation. Low value items [geringwertige Wirtschaftsgüter] costing EUR 150 or less were completely written off in the year in which they were acquired.

23. Other assets

Other assets consist exclusively of security deposits paid for leased office space.

24. Liabilities

Liabilities may be allocated as follows:

TEUR	Short-term		Long-term		Total	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Short-term liabilities owed to financial institutions	211.0	84.3	0.0	0.0	211.0	84.3
Trade payables	795.0	479.6	0.0	0.0	795.0	479.6
Provisions	1,657.0	777.9	0.0	0.0	1,657.0	777.9
Income tax liabilities	1,300.4	643.0	0.0	0.0	1,300.4	643.0
Deferred income and other short-term liabilities	1,518.8	1,648.4	0.0	0.0	1,518.8	1,648.4
Total	**5,482.2**	**3,633.2**	**0.0**	**0.0**	**5,482.2**	**3,633.2**

25. Provisions

The provisions have developed as follows:

TEUR	as of 1 Jan 2008	Utilisation	Reversal	Allocation	Currency difference	as of 31 Dec 2008
Tax provisions	643.0	567.6	0.0	1,216.5	8.5	1,300.3
Provision for						
- personnel expenses	586.1	428.8	11.3	534.4	-1.0	679.4
- trade associations	13.4	9.2	4.2	15.7	0.0	15.7
- outstanding invoices	100.6	93.8	3.5	285.2	0.0	288.5
- annual accounts costs	71.1	69.2	1.9	75.8	0.0	75.8
- litigation costs	0.0	0.0	0.0	211.6	0.0	211.6
- warranties	0.0	0.0	0.0	339.8	0.0	339.8
Miscellaneous provisions	6.8	6.8	0.0	46.2	0.0	46.2
Subtotal	778.0	607.8	20.8	1,508.7	-1.0	1,657.0
Total	**1,421.0**	**1,175.4**	**20.8**	**2,725.2**	**7.5**	**2,957.3**

The provisions for personnel expenses related primarily to special annual payments and holiday pay.

The provisions for litigation costs include, above all, anticipated expenditures in connection with pending or potential legal disputes with customers.

Warranty provisions were created for individual, specifically identified orders.

26. Deferred income and other short-term liabilities

The item, "deferred income and other short-term liabilities", includes the following:

TEUR	Short-term		Long-term		Total	
	Financial year	Previous year	Financial year	Previous year	Financial year	Previous year
Deferred income from maintenance contracts	245.3	344.2	0.0	0.0	245.3	344.2
Value added tax	0.0	692.4	0.0	0.0	0.0	692.4
Payroll tax	282.3	141.6	0.0	0.0	282.3	141.6
Social security charges	309.4	208.5	0.0	0.0	309.4	208.5
Salaries	282.7	153.4	0.0	0.0	282.7	153.4
Swiss Stamp Tax	97.0	0.0	0.0	0.0	97.0	0.0
Foreign value added tax	118.5	0.0	0.0	0.0	118.5	0.0
Other miscellaneous liabilities	183.6	108.2	0.0	0.0	183.6	108.2
Total	**1,518.8**	**1,648.3**	**0.0**	**0.0**	**1,518.8**	**1,648.3**

27. Subscribed capital

The registered share capital of InVision Software AG is shown as the subscribed capital. The subscribed capital in the amount of EUR 2,235,000.00 is divided into 2,235,000 no-par shares with a pro rata share of the Company's registered share capital of EUR 1.00 per share.

The Executive Board of InVision Software AG is authorised, with the consent of the Supervisory Board, to increase one or more times the registered share capital by up to EUR 760,000.00 on or before 15 May 2012 (Authorised Capital I/2007). It is also authorised, with the consent of the Supervisory Board, to increase one or more times the registered share capital by up to EUR 357,498.00 on or before 1 May 2012 (Authorised Capital II/2007).

28. Capital reserves

The capital reserves include the net proceeds from the capital increase carried out on 18 June 2007 in connection with the Company's initial listing on the Frankfurt Stock Exchange. The costs of the initial public offering were booked against the capital reserves (upon factoring in the tax effects) and not reported in the income statement.

29. Earnings reserves

The earnings reserve account includes appropriation to the statutory reserves as well as adjustments to the opening consolidated balance sheet as of 1 January 2004. The adjustments include primarily deferred tax assets based on losses carried forward until 31 December 2003.

30. Equity capital differences based on currency conversion

The equity difference from currency translation is a result of converting on the basis of the modified closing date method [modifizierte Stichtagsmethode].

The difference arises from converting the items on the income statements of the subsidiaries, which had rendered their accounts in a foreign currency, at the average exchange rate and the equity capital of those subsidiaries at the historical rate of the initial consolidation, on the one hand, and to the closing date rate [Stichtagskurs], on the other hand.

IV. Notes to the Consolidated Income Statement

31. Revenue

Revenue may be categorised according to the following business activities:

Business activity	2008 TEUR	2007 TEUR
Licences	3,373.6	9,507.1
Services	4,679.8	3,256.6
Maintenance	3,876.5	3,115.9
Total	**11,929.9**	**15,879.6**

Revenues may be categorised according to the following regions:

Region	2008 TEUR	2007 TEUR
Germany, Austria, Switzerland	7,395.9	7,351.4
Other foreign countries	4,534.0	8,528.2
Total	**11.929.9**	**15,879.6**

Revenues may also be categorised according to certain industries or sectors:

Sector	2008 TEUR	2007 TEUR
Call Centre	6,847.8	7,531.1
Other sectors	5,082.1	8,348.5
Gesamt	**11,929.9**	**15,879.6**

32. Other operating income

Other operating income may be broken down as follows:

	2008 TEUR	2007 TEUR
Refund INVEST NORTHERN IRELAND	62.8	0.0
Income attributable to other period	61.3	11.1
Income from reversing or liquidating provisions	18.1	4.5
Income from cost transfers	16.9	31.1
Income from reducing bad debt allowances	8.0	0.0
Rental income from sub-leases	0.3	0.0
Miscellaneous income	27.2	46.0
Total	**194.6**	**92.7**

33. Costs of materials

Costs of materials consist only of expenses for goods and services purchased.

34. Personnel costs

Personnel costs consist of the following:
The direct insurance policies are classified as a defined contribution plan.

	2008 TEUR	2007 TEUR
Wages and salaries	10,340.6	7,015.7
Social charges and other pension expenses	2,194.5	1,390.2
Total	**12,535.1**	**8,405.9**
- of which for pensions (direct insurance)	15.8	15.7

35. Amortisation and depreciation of intangible and tangible assets

No assets were subject to impairment. Thus, this item consists of only scheduled amortisation and depreciation.

36. Other operational expenditures

The other operational expenditures may be broken down as follows:

	2008 TEUR	2007 TEUR
Losses on accounts receivables	1,352.5	65.1
Office space expenses	1,155.4	717.5
Advertising and marketing expenses	1,115.8	772.3
Consulting costs	710.6	471.5
Travel expenses	669.4	571.6
Miscellaneous third party services	619.8	219.1
Verhicle expenses	512.3	383.5
Expenses for warranties	339.8	0.0
Communication expenses	361.5	270.7
Leasing and maintenance costs	136.2	65.1
Other expenses	877.8	690.5
Total	**7,851.1**	**4,226.9**

37. Financial result

Financial result may be divided as follows:
Debt capital costs were recognised as an expense in the period in which they were incurred.

	2008 TEUR	2007 TEUR
Other interest and similar income	560.4	390.2
Interest and similar expenses	-64.3	-128.9
Total	**496.1**	**261.3**

38. Income taxes

Income taxes may be divided as follows:

	2008 TEUR	2007 TEUR
Income tax	-985.2	-535.4
Deferred taxes	968.2	-101.3
Total	**-17.0**	**-636.7**

Detailed information about the deferred tax assets and liabilities, which must be set aside, may be found in the preceding subsection 19. The basis used for setting aside the deferred taxes is an income tax rate of 30 percent for the domestic corporation and the future local tax rate for the foreign subsidiaries. It is also assumed that on the basis of the current tax legislation, any existing tax loss carry-forwards may continue to be used for an indefinite period into the future. The deferred tax assets will be reduced in the future by the recognised tax loss carry-forwards to the extent that the Company generates profits.

The actual tax rate may be shown as follows:

	2008 TEUR	2007 TEUR
Consolidated net income/loss before taxes and minority shareholdings	-7,825.5	3,246.2
Income tax	-17.0	-636.7
Actual tax rate	**0.2%**	**19.6%**

The difference between the theoretical income tax expense (when applying the tax rate applicable to the InVision Group) and the reported income tax expense may be attributed to the following causes:

	2008 TEUR	2007 TEUR
Result before income tax	-7,825.5	3,246.2
Theoretical income tax expense (30%, 2007: 40%)	-2,347.7	1,298.5
International tax rate differentials	2,243.2	-600.2
Tax add-backs/ tax abatements	92.1	-59.7
Other discrepancies	-4.6	-1.9
Total	**-17.0**	**636.7**

V. Notes to the Consolidated Cash Flow Statement

The cash flow statement shows the InVision Group's incoming and outgoing cash payments in the financial year. Under IAS 7, cash flow is distinguished between cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.

The net financial position reflected in the cash flow statement consists of all liquid funds, which are reported on the balance sheet (i.e., cash on hand and credit balances at financial institutions) and which can be reduced to cash within three months (calculated from the date acquired) without any significant fluctuation in value, less any short-term liabilities. The cash flows from investing and financing activities are computed directly (i.e., on a cash basis). In contrast, cash flows from operating activities are derived indirectly from the results for the period. Cash flows from operating activities include the following incoming and outgoing payments:

	2008 TEUR	2007 TEUR
Interest received	803.7	390.0
Interest paid	64.3	129.0
Income taxes paid	336.3	535.0

The net financial position shown in the cash flow statement is derived as follows from the inventory of liquid funds reported in the consolidated cash flow statement:

	2008 TEUR	2007 TEUR
Liquid funds	11,071.3	3,651.0
Less short-term liabilities	-211.0	-84.0
Net financial position	**10,860.3**	**3,567.0**

VI. Other Information

39. Miscellaneous financial obligations

As of the balance sheet closing date, there were other financial obligations arising from leases, primarily for intangible assets, office space and fixtures and fittings for business operations in the following amounts:

2009 TEUR	2010 TEUR	2011 TEUR	Subsequent years TEUR
1,289.5	791.7	364.1	285.1

40. Contingent liabilities

	2008 TEUR	2007 TEUR
Non-payment guarantee in favour of INVEST NORTHERN IRELAND for subsidies granted, or support services provided, to InVision Software Ltd., UK	123.6	173.5 TEUR

41. Financial assets and liabilities

The main financial liabilities existing in the Group are short-term liabilities arising from accounts payable. The significant assets of the Group consist of cash and cash equivalents, securities as well as accounts receivable. The book value of the financial assets as stated in the consolidated financial statements, less any write-downs, represents the maximum default risk and equals a total of TEUR 5,490 (2007: TEUR 8,615). Business relationships are established with creditworthy contracting parties (counterparties) only.

In order to evaluate the creditworthiness of counterparties (including large customers), the Group relies on available financial information and its internal trading records. The Group holds trade receivables against a number of customers from a wide range of industries and regions. Credit assessments about the financial strength of the receivables are constantly performed. The typical terms of payment granted (with no discounts or deductions) are 30 days. No bad debt allowances were created for TEUR 1,138.6 (2007: TEUR 8,170) in trade receivables, which were overdue as of the balance sheet date, since no material changes in the relevant customers' creditworthiness were identified and these outstanding amounts appear likely to be paid.

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in Euro or in the local currency.

The valuation of these financial assets and liabilities of the InVision Group are described under Item II. of the notes on the general accounting and valuation principles.

In general, the Group does not use the fair value option. Moreover, in 2008 or 2007, the Group did not hold any assets for trading purposes and any financial liabilities, which were recorded in the income statement and appraised at their current fair market value. The Group also did not execute any derivatives or hedging transactions. Reclassifications were not made either in 2008 or 2007.

42. Capital risk management

The Group manages its capital (equity capital plus debt less cash and cash equivalents) with the goal of using financial flexibility to achieve its growth targets while simultaneously optimising its financing costs. This overall capital management strategy has remained the same since the previous year.

Management reviews the capital structure at least once each half-year. The review covers the capital costs, the security and collateral provided, and the open credit lines and credit options.

During the reporting year, the capital structure may be shown as follows:

	31 Dec 2008 TEUR	31 Dec 2007 TEUR
Equity capital	15,691.4	24,094.2
- as a percentage of total capital	73.3%	86.0%
Liabilities	5,710.3	3,911.2
- as a percentage of total capital	26.7%	14.0%
Short-term liabilities	5,482.2	3,633.2
- as a percentage of total capital	25.6%	13.0%
Long-term liabilities	228.1	278.0
- as a percentage of total capital	1.1%	1.0%
Gearing*	-41.0%	-53.0%

* calculated as the ratio of liabilities (less any cash and cash equivalents) to equity capital

43. Finance risk management

The monitoring of finance risk is handled by management on a centralised basis. Individual financial risks are generally reviewed at least once each quarter.

The Group's primary risks resulting from financial instruments encompass liquidity and credit risks. As a rule, business transactions are executed only with creditworthy contracting parties. In order to evaluate the creditworthiness of the contracting parties, particularly larger customers, the Group relies on assessments made by independent ratings agencies, on other available financial information and on its own trading records. Moreover, the amounts of any receivables are constantly monitored in order to avoid exposing the InVision Group to any significant credit risk. The maximum default risk is limited to the book value of the asset as reported in the balance sheet.

The Group manages liquidity risks by holding adequate reserves, monitoring and maintaining credit agreements, and planning and coordinating incoming and outgoing payments.

44. Market risks

Market risks can arise from changes in exchange rates (currency risk) or interest rates (interest risk). Given the limited relevance these risks have for the Group, the Group has not heretofore hedged such risks using derivative financial instruments. These risks are managed through constant monitoring. Currency risks are largely avoided by virtue of the fact that the Group invoices primarily in Euro or in the local currency. As of the balance sheet date, the receivables denominated in foreign currencies equalled TEUR 665 (2007: TEUR 2,259) and the payables denominated in foreign currencies equalled TEUR 110 (2007: TEUR 302). Had the Euro appreciated (depreciated) by 10 percent compared to other currencies relevant to the Group as of 31 December 2008, then the pre-tax result would have been TEUR 55 (2007: TEUR 196) lower (higher). The securities are fixed-interest securities.

45. Transactions between related parties

Enterprises and parties, who are deemed "closely related" within the meaning of IAS 24, include members of the Executive Board and Supervisory Board and their close relatives as well as any enterprises, over which members of the Executive Board exert a controlling influence.

Commercial trading relationships with related enterprises and parties are generally concluded at market prices. In the reporting period, the Company purchased consulting services from eTimum Software GmbH, Ratingen, in the amount of TEUR 426.0.

A lease exists with eTimum Software GmbH, Ratingen, which generated TEUR 8.2 in income during the reporting period.

No commercial trading relationships existed with InVision Holding GmbH, Ratingen, during the reporting period.

In the reporting period, an employment contract existed with the wife of the Executive Board chairman. The gross salary payable under that contract was TEUR 89.7. The brother of the Executive Board chairman provided services during the reporting period on an hourly basis in the total amount of TEUR 25.8.

46. Events after the balance sheet closing date

On January 12, 2009, InVision Holding GmbH, Ratingen, purchased 246,192 shares of InVision Software AG and thereby is the largest single shareholder of InVision Software AG.

After the close of the fiscal year, no further transactions of any special significance occurred, which would be of material importance for the consolidated financial statements.

47. Number of employees

In financial year 2008, the Company employed an average of 225 (previous year: 146) workers.

48. Information on the Company's governing bodies

The following persons were members of the Executive Board in the fiscal year:

- Peter Bollenbeck (Chairman), Düsseldorf
- Matthias Schroer, Mülheim an der Ruhr

The total remuneration paid to the Executive Board members in financial year 2008 was TEUR 406.973. As of 31 December 2008, members of the Executive Board held a total of 760,000 shares of the Company.

The Supervisory Board consists of:
- Dr. Thomas Hermes (Chairman), Attorney-at-Law and Notary, Essen
- Dr. Christof Nesemeier (Deputy Chairman), Executive Board chairman of MBB Industries AG, Berlin
- Prof. Dr. Wilhelm Mülder, University professor, Essen

Dr. Thomas Hermes is the Deputy Supervisory Board chairman of Wohnungsgenossenschaft Essen-Nord eG.

Dr. Christof Nesemeier is the Supervisory Board chairman of Delignit AG, Blomberg.

Professor Dr. Mülder does not sit on any other supervisory boards.

The remuneration of the Supervisory Board in fiscal year 2008 was TEUR 28.0.

49. Information on the Company auditors

The fees recognised as expenses in the financial year equalled EUR 72,754.00 for the annual company audit and EUR 16,113.00 for other services.

50. Information on segment reporting

The products and services sold by the InVision Group constitute a single unitary business segment. The core of the business model is the sale and maintenance of licences as well as services directly related thereto. The Group provides no services which are unrelated to the licences sold. Thus, licence development and sales, licence maintenance and services collectively represent a single integrated unit.

The geographic markets, in which the InVision Group is present, constitute a single unitary geographic segment. The same products and services are sold in all markets, all regions fall under a unitary supra-regional management system, and human resources are deployed across regions. In addition, the overall economic and political conditions in these geographic areas are similar.

Given the uniformity of services provided by the companies of the InVision Group, no partitioning into separate mandatory reporting segments was undertaken.

51. Earnings per share

Earnings per share were calculated by dividing the periodic earnings, which are attributable to InVision Software AG shareholders, by the average weighted number of shares issued and outstanding during the reporting period. InVision Software AG has issued only ordinary shares. In fiscal year 2008, there was an average of 2,235,000 shares issued and outstanding. Earnings per share for this period were therefore EUR -3,51 compared to EUR 1.17 in the previous year (based on the same number of shares issued).

Pursuant to the InVision Software AG shareholder resolution dated 20 June 2008, the un-appropriated balance sheet loss of the previous year in the amount of EUR -1,497,758.72 was carried forward to new account. The Executive Board recommends carrying forward to new account InVision Software AG's net income for financial year 2008 in the amount of EUR 2,734,405.30.

52. Statements under § 161 of the German Stock Corporation Act

As a publicly listed stock corporation, InVision Software AG is obligated under § 161 of the German Stock Corporation Act (AktG) to issue a statement regarding the extent to which it has elected to comply with the recommendations of the "Government Commission of the German Corporate Governance Code". The Executive Board and Supervisory Board issued this statement on 23 January 2009. This statement together with the annual financial statements and consolidated financial statements will be published and also made available to the shareholders on the Company's website, www.invisionwfm.com.

53. Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and the Group's management report includes a fair review of the development and performance of the business, together with a description of the principal opportunities and risks related to the anticipated development of the Group for the remainder of the fiscal year.

Ratingen, 20 March 2009

Peter Bollenbeck
Executive Board chairman

Matthias Schroer
Executive Board member

Annex to the Consolidated Notes

Group Asset Movement Schedule for the InVision Software Group from 1 January through 31 December 2007

TEUR		Status as of 1 Jan. 2007	Additions	Disposals	Currency Differences	Status as of 31 Dec. 2007
Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	Gross	185.5	42.6	0.0	0.0	228.1
	Value adjustment	140.3	24.0	0.0	0.0	164.3
	Net	45.2	18.6	0.0	0.0	63.8
Other equipment, plant and office equipment	Gross	579.3	210.3	1.4	-1.2	787.0
	Value adjustment	484.5	82.3	1.0	-1.8	564.0
	Net	94.8	128.0	0.4	0.6	223.0
Long-term assets	Gross	764.8	252.9	1.4	-1,2	1,015.1
	Value adjustment	624.8	106.3	1.0	-1.8	728.3
	Net	140.0	146.6	0.4	0.6	286.8

Group Asset Movement Schedule for the InVision Software Group from 1 January through 31 December 2008

TEUR		Status as of 1 Jan. 2008	Additions	Disposals	Currency Differences	Status as of 31 Dec. 2008
Concessions, industrial property rights and similar rights and assets as well as licences to such rights and assets	Gross	228.1	45.3	0.0	0.0	273.4
	Value adjustment	164.3	42.1	0.0	0.0	206.4
	Net	63.8	3.2	0.0	0.0	67.0
Other equipment, plant and office equipment	Gross	787.0	337.6	0.3	-9.7	1,114.6
	Value adjustment	564.0	133.8	0.3	-16.1	681.4
	Net	223.0	203.8	0.0	6.4	433.2
Long-term assets	Gross	1,015.1	382.9	0.3	-9.7	1,388.0
	Value adjustment	728.3	175.9	0.3	-16.1	887.8
	Net	286.8	207.0	0.0	6.4	500.2

Consolidated Statement of Equity under IFRS as of 31 December 2008

EUR	Equity capital of the parent company's shareholders								
	Subscribed capital	Capital reserves	Statutory reserves	Other earnings reserves	Equity capital differences from currency translation	Group result	Equity	Minority shares	Total
31 December 2006	**380,001.00**	**0.00**	**78,988.99**	**1,253,813.32**	**-107,169.69**	**-1,367,981.04**	**237,652.58**	**9,181.38**	**246,833.96**
Period result	0.00	0.00	0.00	0.00	0.00	2,609,560.22	2,609,560.22	0.00	2,609,560.22
Appropriation to earnings reserves	0.00	0.00	0.00	1,220,735.14	0.00	-1,220,735.14	0.00	0.00	0.00
Capital increase from company's own funds	1,854,999.00	-714,996.00	0.00	-1,140,003.00	0.00	0.00	0.00	0.00	0.00
Issue proceeds	0.00	22,879,872.00	0.00	0.00	0.00	0.00	22,879,872.00	0.00	22,879,872.00
Amounts directly booked to equity account									
- Transaction costs capital increase	0.00	-2,212,423.98	0.00	0.00	0.00	0.00	-2,212,423.98	0.00	-2,212,423.98
- Tax advantage	0.00	663,727.19	0.00	0.00	0.00	0.00	663,727.19	0.00	663,727.19
Book entry adjustment minority shares	0.00	0.00	0.00	642.88	0.00	8,538.50	9,181.38	-9,181.38	0.00
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-93,355.73	0.00	-93,355.73	0.00	-93,355.73
Total recognised expenses/income	**0.00**	**-1,548,696.79**	**0.00**	**0.00**	**-93,355.73**	**2,609,560.22**	**967,507.70**	**0.00**	**967,507.70**
31 December 2007	**2,235,000.00**	**20,616,179.21**	**78,988.99**	**1,335,188.34**	**-200,525.42**	**29,382.54**	**24,094,213.66**	**0.00**	**24,094,213.66**
Period result	0.00	0.00	0.00	0.00	0.00	-7,842,497.80	-7,842,497.80	0.00	-7,842,497.80
Minority shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,691.79	2,691.79
Exchange rate difference from converting foreign financial statements	0.00	0.00	0.00	0.00	-562,983.88	0.00	-562,983.88	0.00	-562,983.88
Total recognised expenses/income	**0.00**	**0.00**	**0.00**	**0.00**	**-562,983.88**	**-7,842,497.80**	**8,405,481.68**	**0.00**	**8,405,481.68**
31 December 2008	**2,235,000.00**	**20,616,179.21**	**78,988.99**	**1,335,188.34**	**-763,509.30**	**-7,813,115.26**	**15,688,731.98**	**2.691.79**	**15,691,423.77**

Special Schedule of Shareholdings as of 31 December 2008

The Group parent company holds the following shares:

Company Name	Registered Office	Share in percent	Equity Capital (EUR)	Earnings for the financial year (EUR)
InVision Software SAS	Paris/France	100.0	-487.451,42	-263,666.44
WFM Software AB	Stockholm/Sweden	100.0	9,300.05	-334.829.25
InVision Software Ltd.	London/United Kingdom	100.0	966,145.83	1,790,845.00
InVision South Africa (Pty) Ltd.	Cape Town/South Africa	100.0	54,999.47	140,521.98
InVision Software S.r.l.	Milan/Italy	100.0	29,832.89	-588,484.87
InVision Software Systems S.L.	Madrid/Spain	100.0	-39,818.60	-49,818.60
InVision Software OÜ	Tallinn/Estonia	100.0	3,132,529.21	1,572,089.70
InVision Software GmbH	Zurich/Switzerland	100.0	139,964.80	73,660.17
InVision Software Inc.	Lisle, IL/USA	100.0	-213,351.06	-531,503.92
InVision Software B.V.	Arnhem/The Netherlands	100.0	-353,169.53	-109,913.86
InVision IT-Systems GmbH	Vienna/Austria	100.0	-163,626.40	-117,309.75
InVision Intellectual Property AG	Baar/Switzerland	100.0	67,294.75	0.00
InVision Consulting International GmbH	Baar/Switzerland	80.0	13,458.95	0.00

Independent Auditors' Report

To InVision Software AG

We have audited the consolidated financial statements prepared by InVision Software AG, Ratingen, comprising the balance sheet, the income statement, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the group management report for the period from 1 January 2008 through 31 December 2008. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] are the responsibility of the Company's legal representatives. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the German generally accepted standards for the audits of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements and group management reporting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the entities included in the consolidated financial statements, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 20 March 2009

Verhülsdonk & Partner GmbH
Audit firm
Tax consulting company

Hillesheim	Grote
German CPA	German CPA

Financial Calendar 2009

Annual Shareholders' Meeting	19 May 2009
Publication of the report for the first quarter of 2009	29 May 2009
Publication of the report for the first and second quarter of 2009	31 August 2009
Analysts' conference German Equity Forum – Fall 2009, Frankfurt/Main	9-11 November 2009
Publication of the report for the third quarter of 2009	30 November 2009

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