ANNUAL REPORT

[2008]

betasystems

At A Glance

Beta Systems Software AG and Group Companies – Group Financial Data in IFRS

Thousand €	2004	2005	2006	2007	2008	2008 vs. 2007
Revenues	89,993	95,606	96,621	88,596	90,439	2.1%
Operating Result	895	(4,624)	(15,602)	5,819	6,445	10.8%
Result before Income Taxes	317	(5,144)	(16,412)	4,904	5,951	21.3%
Profit (Loss) for the Year	59	1,571	(18,390)	2,310	4,805	108.0%
Cash	11,532	4,383	2,050	3,176	1,822	(42.6%)
Shareholders' equity	37,595	31,492	12,990	23,713	28,587	20.6%
Total Assets	104,083	74,594	69,532	69,408	70,980	2.3%
Equity Ratio in %	36.1	42.2	18.7	34.2	40.3	17.8%
Number of Employees	790	733	645	603	633	5.0%

German Security Code Number:	522 440
ISIN:	DE0005224406
Ticker Symbol:	BSS, Reuters: BSSG.DE
Share Capital:	€ 17.3 million (13.3 million shares)
IPO:	June 30, 1997
Market Segment & Market Place:	Prime Standard at Deutsche Boerse, Frankfurt, Stock Exchanges Berlin, Duesseldorf, Hamburg, Stuttgart
Indexes:	Prime All Share, Technology All Share, CDAX, DAXsector All Software, DAXsector Software, DAXsubsector All Software, DAXsubsector Software
Designated Sponsor:	Equinet Securities AG
IPO Lead Managers:	Deutsche Morgan Grenfell, Goldman Sachs, Sal. Oppenheim jr & Cie.

Content

FOREWORD BY THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

„There is nothing more convincing than success" – this quote stood in exactly the same place in our 2007 Annual Report. But when success is achieved on a sustained basis this is even more convincing! And this is exactly the proof that we have delivered through consistently pursuing our strategy in 2008 as well. For the second year in a row, Beta Systems has produced very good results. With an EBIT of € 6.4 million, we have even exceeded the success achieved in 2007 which was, up until then, the Company's best performance since its IPO. Along with raising profit, we also lifted revenues slightly, by 2%, and achieved profitability in all three business segments, as planned. Given the turbulence in the global economic environment, this is a commendable performance and particularly gratifying for us in the year which marks the 25th anniversary of our Company.

As planned, we raised our EBIT and EBITDA margins to 7.1% and 11.4% respectively. Net income for the year, which posted € 4.8 million, was excellent again in 2008, as in the previous year. We also raised profit in 2008 by expanding our high-margin software license business, strengthening our market position with financial services providers and major enterprises, also by way of acquisitions, by building up our international business, and by stringent cost management, and through the introduction of the integration solutions of the new Beta Agilizer Suite. Revenues generated by the software license in 2008 were slightly higher year on year, while revenues from services remained unchanged from the previous year's level. As expected, maintenance revenues declined marginally, mainly due to the ongoing process of consolidation which our customers are currently undergoing. Nonetheless, increasingly larger agreements with often multi-year terms were concluded with key customers. Ultimately this is also an expression of the greater confidence of our international customer basis.

All Business Segments profitable

In the year 2008, we attained profitability in all of our three business segments. In this process, the DCI line of business (LoB) continued to be highly profitable and made a significant contribution to the consolidated result in 2008. Similar to the ECM segment, which was already generating a profit in 2007, the IdM segment also contributed to the good development in results. The DCI segment benefited from the revenue contribution made by SI Software Innovation GmbH, a company acquired in 2008, and exceeded the threshold of € 40 million for the first time with revenues of € 40.5 million. The IdM segment saw total revenues decline, which was mainly attributable to the fact that a major order in the IT outsourcing business was not repeated in 2008. Despite this decrease, active cost management enabled this segment to generate a clear profit for the first time. The ECM segment raised its revenues with scanner hardware as part of new systems business. In line with expectations, total revenues in the ECM segment fell slightly due to the lower level of maintenance revenues in the wake of ongoing consolidation in the German payment transactions market.
We have also achieved growth in our international business which, despite the difficult business environment in most European countries and in the USA, generated a contribution to total revenues of € 40 million, the equivalent of 45%.

First 4Agility Products in the Market

In 2008, we concentrated on the innovative development of the portfolio comprising the Beta 4Agility products which are also intended to boost profit on an ongoing basis in the future. The business process-oriented products from our core segments of document processing, IT user management and data processing in data centers link up applications and systems under the Beta Agilizer Suite and make standard functions available via web services. The aim is to create more agility for our customer companies and their IT operations through integration solutions. With Beta Agilizer 4DocumentProcessing (A4Doc) and Beta Agilizer 4DataProcessing (A4DP), we launched the first Beta Agilizer Suite integration solutions on the market in 2008. A4Doc enables business process-oriented document research via web services or browser-based clients. Companies can link up the software applications of their data centers with the world of business processes through A4DP.

Growth through successful Acquisitions and Technology Transfer

One of the most important milestones in 2008 was the successful acquisition and integration of SI Software Innovation GmbH, Neustadt, which serves to strengthen the mainframe business of the DCI business line long term. The LDMS (Large Documents Management System) product, a solution for the archiving and mass processing of a wide variety of electronic documents, became an important cornerstone in the DCI product portfolio and was already recording double-digit revenues and profit growth in the first year following its purchase.
The acquisition of smaller, profitable local competitors therefore remains a fundamental part of our strategy for achieving profit improvement on a long-term basis in the product business with infrastructure software for large enterprises and IT providers. This also includes the successful takeover of all shares in the DETEC Group, based in Rüsselheim, at the end of the year. This strategic investment in a growing market will allow us to reinforce our market position in a growing market and offer a complete document process chain, from the creation through to the distribution of documents in major enterprises.

Another measure to extend our portfolio took the form of a technology transfer with the US company Proginet, our intention being to reinforce our security product portfolio. In one go, Beta Systems became the exclusive sales distribution channel and service house for Proginet's extended File Transfer Product Suite in Europe and strengthened its customer base in the area of security by gaining more than 100 new customers in North America.

Along with expanding our portfolio, strategic measures also include withdrawing from unprofitable product segments. With this in mind, we removed the FrontCollect Invoice and FormsRec from the ECM portfolio, as these products were generally used by mid-sized enterprises and not by large businesses which are the target group of Beta Systems. By hiving off these products, we can now redirect existing capacities into improving our remaining products on an ongoing basis.

25th Anniversary of the Company underscores the Strength of Beta Systems

In September 2008, we celebrated the 25th anniversary of our Company, together with 600 guests from 30 countries. Guests at this event, which also received extensive media coverage, included founders of companies, customers and guests of honor from the world of politics, science and sport, as well as employees who came from all over the world to Berlin. We are proud of our 25-year old company history and the people who have shaped this history. And you, as our valued Shareholder, are also part of this international success through the trust you have vested in our Company.

Moreover, our external reporting in the year of our anniversary was flanked by a series of different sports activities, ranging from working with young people in football through to German Federal league basketball and the support of the Stiftung Deutsche Sporthilfe (German sports foundation). These PR and marketing activities have helped us to position our Company and the Beta Systems brand more strongly and positively in the public eye.

Focus on Key Accounts

We consistently pursued our focus on key accounts in the financial sector and industry at large in 2008. And our success has proven that this was the right approach: We generated orders worth almost € 35 million with our ten largest customers in 2008, which means that our order books are already filled for 2009. Our goal in pursuing this approach is to set in place long-term relationships with strategic customers. Contrary to the general trend in the market, taken together our business segments recorded orders placed by the largest German and European banks, IT and transaction service providers in the double-digit million euro range which will cover the fiscal years ahead. Multi-year agreements were signed in the Infrastructure & Operations Management Division (LoBs DCI and IdM) with Finanz Informatik (Germany), Allianz Shared Infrastructure Services (Germany) and GIE SILCA (France), as well as with Credit Suisse (Switzerland) and Fortis (Belgium). In all these cases we were able to compete successfully against numerous large international competitors. In the ECM solutions business new agreements were concluded with major customers from the public-sector and cooperative banking industry in Germany and with the Central Bank of Nigeria, among others.

Financial Crisis to Date harbors Opportunities and Risks for Business Performance

Up until now, Beta Systems has only been affected to a limited extent by the impact on its customers of the all-pervasive financial crisis. Delays in placing orders due to liquidity and financing bottlenecks or lower volume of orders were only rarely the case. Despite the tense situation still prevailing in the international financial markets, there are nonetheless opportunities to be had for Beta Systems and its products and solutions. On the customer side, the situation has had the effect of accelerating the consolidation process in the financial services sector and, at the same time, has put increasing pressure on participants in this sector to cut costs. Inherent in these processes is the demand for software which focuses on modifying business processes, IT systems and organizations, also in the context of consolidations. This trend, coupled with new pan-European laws and directives such as, for instance, the 8th EU Directive (German Act on the Modernization of Accounting Law (BilMoG)), require customer companies to optimize their IT processes further and make them more secure. The software products of Beta Systems can support them in these efforts, as exemplified in the use of Beta Agilizer Suite integration solutions which facilitate the integration process following an acquisition. The cross-system analysis and monitoring software of the Beta 96 Enterprise Compliance Auditor, which functions independently of platforms, offers, for example, the efficient and practical implementation of an internal risk monitoring and control system. We therefore see enormous future potential in this area for generating above-average growth in the infrastructure (DCI/IdM) and solutions (ECM) business.

Growth through the Infrastructure and Solutions Business

The software license and services business remains our most important growth engine and our strategic focus in 2009. In addition, we will continue to concentrate on customers in the area of financial services. We are currently not in a position to make an informed assessment on whether and to what extent economic crisis will affect our customers.

In 2009 as well, we will be focusing on our strengths in respect of the customer. To this end, we have positioned ourselves internally in two business divisions, each of which with four clear goals: We will be combining the DCI and IdM LoBs under the Infrastructure Division (Infrastructure & Operations Management) and positioning the ECM LoB under the Solutions Division (ECM & Document Solutions), to cater to the needs of banks and insurance companies in particular. Our products will be allocated in line with the criteria set in the new divisions or will be hived off from our portfolio.

In the Infrastructure Division, we will be concentrating on Job and Output Management, where we are already leader in the European market, as well as on Security and Compliance. Our intention is to position ourselves to serve all sectors and to sell our products directly to the IT department of large enterprises. To round off our portfolio in this area we will seek to supplement it through the targeted acquisition of small, profitable companies. As a solutions provider, we will position ourselves in the ECM segment to serve the specific sectors of banks and insurance companies with solutions tailored to their needs. Furthermore, we believe there is additional revenue potential in global population censuses, as well as in the General Document Management business which enables research to be carried out rapidly and electronically archived documents to be found swiftly. In the solutions business, we will be offering customized solutions on the basis of standard modules, and we intend to forge ahead with building up our international customer relationships.
In 2009, we will be paying special attention to the development and market launch of more Beta Agilizer products and the successful marketing of newly acquired product suites.

Optimized Structures within the Group

Within the Beta Systems Group, we will be focusing on our strengths with a view to improving cooperation between the different business segments in the development and services departments, as well as in the centralized units of sales, procurement, personnel, and corporate communications. The processes and workflows optimized in recent years will facilitate swift decisions, contribute to enhancing our effectiveness, and raise productivity.

We have faced the many challenges in 2008 and achieved good results. We would like to thank all our employees for their ideas and their commitment as, ultimately, they are the people who have made the success of Beta Systems possible in 2008 and over the past 25 years. May we also extend our thanks to our customers, partners, analysts and investors for their support.

Berlin, March 2009

Kamyar Niroumand	Gernot Sagl
Chief Executive Officer	Chief Financial Officer

BETA SYSTEMS SOFTWARE AG – AGILITY INTEGRATED

Beta Systems Software AG, Berlin, (Prime Standard: BSS, ISIN DE0005224406) develops high-profile software products and solutions for the automated processing of large volumes of data and documents. These products and solutions serve to enhance security and the agility of IT. They guarantee compliance with business requirements relating to governance, risk management and compliance (GRC) and raise the performance of a company's IT in respect of availability, scalability and flexibility.

Beta Systems' IT infrastructure software (Infrastructure & Operations Management) is geared towards optimizing job and output management in data centers across all sectors. In addition, Beta Systems offers products for automating IT user administration in companies with high numbers of users. In its ECM solutions business (ECM & Document Solutions) Beta Systems develops customized solutions for large enterprises in the financial services sector, industry and trading to facilitate payments, the processing of incoming post, and general document management.

Beta Systems was founded in 1983 and has been a listed company since 1997. It has a workforce of more than 600 employees. The company's principal place of business is Berlin. Beta Systems operates through Centers of Competence in Augsburg, Cologne and Calgary, as well as 19 subsidiaries worldwide and cooperations with numerous partner companies. More than 1,400 customers throughout the world use the products and solutions of Beta Systems in more than 3,300 running installations. Beta Systems generates 50 percent of its sales from its international business. Around 200 of its customers are based in the USA and Canada.

In the year of the 25th anniversary of our Company we look back with pride on the history of Beta Systems. In the pages that follow we would like to present to you the most important milestones and highlights in our Company's history. A few pages further on in our Annual Report and you will meet some of our employees from different areas of the Company in locations all over the world and learn about their daily routines. They report on their work and their individual recipes for achieving a successful work-life balance in a series of personal profiles. Beta Systems owes its success to its employees as well as it founders, customers and partners.

1983 1985 1987 1989 1991

1983–1988: The first years – Early Successes and Rapid Expansion

The success story of Beta Systems begins with the start of operations in Berlin at the end of 1983: The IT experts Alfred H. Tauchnitz, William P. Schmidt and James Henderson found their start-up company Beta Systems Software GmbH.
The core motive and area of expertise of the company founders is the development of practically-oriented IBM mainframe software solutions for quality management and the automation of data processing in data centers.

Beta 92 for the managing and archiving of job logs is the Company's second product launched in 1984. In the 25 years that follow Beta 92 is developed and enhanced to support company-wide log management across all platforms and, in its current version 4, has taken its place a market leader in Western Europe.

Within a period of a mere three years the number of customers rises from 20 in 1984 to 90. By 1987, there are already 30 employees working in development, sales and service, and revenues of DM 6.5 million, which is almost ten times of the 1984 figure.

Within a short space of time, Beta Systems establishes itself as a name in Europe's IT sector. From 1986 onwards, it steps up its business in the USA with the founding of a Californian subsidiary, followed a year later by the setting up of a subsidiary in Great Britain.

In 1988, work on marketing the Beta 93 Report Distribution and Print Management Systems begins. In the following years, Beta 93 evolves into a standard for the secure archiving and efficient distribution of business-critical documents.

Beta 91, software for data processing production quality assurance in data centers is the first product that they bring to the market. Reliable and high-performance solutions for the processing of bulk data in data centers forms the basis for business success.

The first decade establishes the reputation of Beta Systems as a provider of software delivers maximum reliability and efficiency.

1993 1995 1997 1999 2001

1998-2001: International Growth and successful IPO

Beta Systems succeeds in gaining a foothold in Italy and France in 1987 as part of its expansion strategy. In 1989, the Company successfully enters the Dutch market and founds a subsidiary in France. Subsidiaries are set up in quick succession: in 1994 in Italy and Sweden, 1996 in the Netherlands, 1997 in Belgium, and 1998 in Spain.

The number of employees rises to 110 in 1994 and peaks temporarily at 248 in 1997, with revenues totaling almost DM 35 million. In 2001, the number of employees grows to 334 and revenues climb to just under € 45 million.

The success of Beta Systems makes waves in the sector, and in 1991 IBM accepts the Company as its first European partner in its System View partner program. In the same year Beta Systems takes the new legal form of a stock corporation. The Company has a workforce of 67 employees and revenues reach DM 16 million, which is one and a half times as high as in 1987.

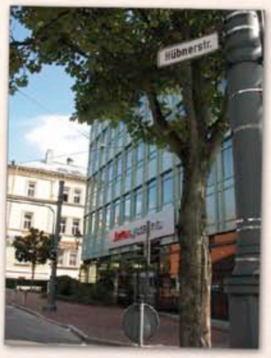
With its IPO in 1997, Beta Systems Software AG takes a decisive step towards its transformation from a start up company to a mid-sized software group with global operations.

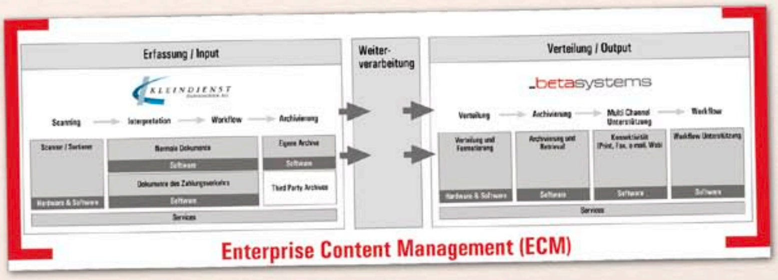
Growth driven by technology: Beta Systems extends the application area of its products by introducing the first cross-platform solutions. Beta 88 zSecurity Manager lays the cornerstone for the IT security and access management area of expertise, which Beta Systems subsequently reinforces through the acquisition of Systor Security in 1998. Beta Systems builds on its Workload suite and makes a comprehensive job management system available through its Beta 48 Extended Job Manager for Windows and UNIX systems. The Beta Web Enabler heralds a new generation of browser technology for the Beta Systems portfolio.

2002 2003 2004 2005

2002-2006: Technical Diversification – Beta Systems ranks among the TOP 10

Systematic expansion of technological leadership in data and document handling through the acquisition of companies and the ongoing development of the tried-and-tested infrastructure software solutions:
2003: takeover of Systor Security Solutions GmbH (Cologne) with the Security Administration Manager (SAM) product line
2004: acquisition of a majority stake in Kleindienst Datentechnik AG, Augsburg and rounding off of the portfolio with FrontCollect Suite
2005: merger of both companies consolidated under Beta Systems Software AG which now offers a fully fledged product range for the high growth Enterprise Content Management (ECM) market





End-to-end portfolio: 2002 cross-platform software suite for Output Management and new zSecurity Suite

2006: review of strategy, portfolio and organization.
- streamlining of the product offer
- realigning of product development and sales and distribution strategies towards the four application areas of Document Processing, Security, Compliance and Data Processing in data centers.

Trend reversal through the sales team's consistent customer orientation, optimized cost structures in the company, as well as concentration on its core business with software licenses and services.


WIRTSCHAFT

Beta Systems meldet sich zurück

2006 2007 2008 2009

2007-2008: Consolidation and Product Offensive – Two Successful Years in a Row

2007: Beta Systems generates almost a third of its total revenues of € 88.6 million with the ten largest of its meanwhile 1,300 customers worldwide.

2007: start of the Beta4Agility strategic product offensive which centers around the agility of IT as the focus of an initiative for innovation and growth
2007: start of marketing for the Beta 96 Compliance Auditor

Fall 2007: successful completion of a capital increase through the issuing of around 4.4 million new bearer shares.

The fiscal year 2007 closes with the best operating result since the Company's IPO.

Increase in revenues through new products and services flanked by acquisitions:

2008: takeover of SI Software Innovation GmbH, a specialist for electronic document management in the financial services sector based in Neustadt an der Weinstraße.
The Large Documents Management System (LDMS) software suite reinforces the mainframe solutions portfolio.

2008: acquisition of the DETEC Group - expansion of the product portfolio for data centers to complete the process chain, from the creation through to the distribution of documents

2008: technology transfer with the Proginet Corporation - strategic optimization of the product portfolio in the security business

September 2008: celebrations in Berlin to mark the Company's 25th anniversary with 600 guests from 30 nations.

INVESTOR RELATIONS AND THE BETA SYSTEMS SHARE

Price performance of the Beta Systems share strongly impacted by the crisis in the international financial markets

Whereas, in the year 2007, the Beta Systems share was well able to hold its ground against the negative impact of the financial market crisis, by the end of 2008 it was unable to disengage from the situation in the capital and financial markets which had steadily deteriorated. Its price performance suffered from the unprecedented volatility on the stock exchanges.

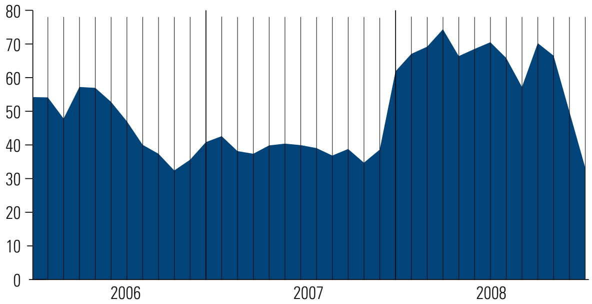
All major indices worldwide shed a great deal of their value last year, and the extremely poor financial situation caused hefty distortions in the financial sector. The bankruptcy of the US investment bank Lehman brothers in September 2008 was a major part of this scenario. Only state guarantees, which went into the millions, and hefty interest rate cuts by a number of the central banks were able to prevent the global financial system and the world economy from collapsing.

On January 2, 2008, the Beta Systems share started trading in Xetra at €4.90. By March 31, 2008, the share stood at €4.99 and by June 30, 2008, it had reached €5.25 (closing prices). At the end of six months, the share price, which peaked at €5.65 (opening price) on March 10, 2008, had improved from a six-month standpoint despite coming under pressure from extremely volatile capital markets.

In the wake of rising pressure on the overall market, however, investors' interest in buying the Beta Systems share waned as from mid-year. The announcement of the positive figures achieved in fiscal 2007 at the end of March, for instance, had little positive effect on the share price performance, as did the subsequent publication of the respective quarterly results, which had virtually no impact at all. The Beta Systems share was well able to hold its own against the negative trend in the months from July to September. In August, it was still recording a high price of € 5.37, and on September 30, 2008, its value was still € 5.20 (quarterly closing price).

As a result of the generally extremely volatile developments and growing anxiety about a recession, the price of the Beta Systems share went into decline as from October. It reached its low point for the year on December 19, 2008 (closing price in Xetra), and on December 23, 2008 (opening price in Xetra), both dates when it posted €1.86. Only the announcement of the acquisition of the DETEC Group was able to bring about a certain stabilization in the share's performance, enabling the share to close at € 2.10 (Xetra). Accordingly, share price performance and market capitalization fell 57% over the course of the year. By contrast, the trading volume had risen in comparison with that of the previous year.

Market Capitalization of Beta Systems

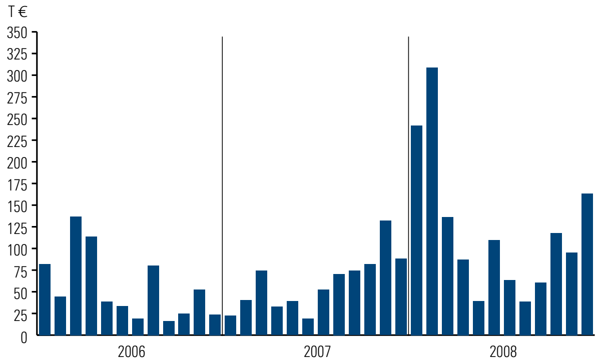


Market capitalization of Beta Systems 2006-2008 in € million (Xetra)

Price Performance of the Beta Systems Share

Market capitalization of the Beta Systems share 2006-2008 in € (Xetra)

Price Performance of the Beta Systems Share



Price Performance of the Beta Systems Share 2006-2008 in thousand units (Xetra)

Trading Volume of the Beta Systems Share

Trading volume of the Beta Systems share

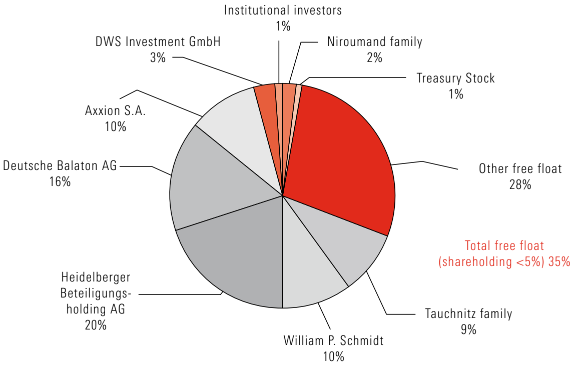
	2006	2007	2008
Earnings per share	€ (2.10)	€ 0.24	€ 0.36
High (Xetra)	€ 6.60	€ 5.10	€ 5.65
Low (Xetra)	€ 3.40	€ 3.55	€ 1.86
Year-end closing (Xetra)	€ 4.80	€ 5.10	€ 2.10
Number of shares issued	8,859,276 units	13,288,914 units	13,288,914 units
Share capital	€ 11.5 million	€ 17.3 million	€ 17.3 million
Year-end market capitalization	€ 42.5 million	€ 67.8 million	€ 27.9 million

Ongoing capital market communication

Extensive, timely and transparent communication with institutional and private investors, financial analysts and the business media was again the main focus of our investor relations work in 2008. We provided information on the development of our business and the strategy of our company in the form of constant dialog. In one-to-one discussions, at road shows and investor conferences, we made and built up new contacts in a consistent way and fostered existing contacts in 2008. The Beta Systems share is also attractive to private investors as a long-term investment. We also kept these private investors informed on an ongoing basis about the development of our company. Investors and potential future investors can find a wide range of information on our website under www.betasystems.com to help them in their assessment of the Beta Systems share.

Contact
Stefanie Frey, Investor Relations
Tel.: +49 (0) 30 726 118 171
Fax: +49 (0) 30 726 118 800
e-mail: ir@betasystems.com

Shareholder Structure (as per December 31, 2008)



Beta Systems' Financial Calendar 2009

March 30, 2009
Announcement of 2008 Annual Results
Online Financial Results Press Conference, Berlin

April 30, 2009
Press Release – 3-Monthly Results 2009

May 5, 2009
Publication – 3-Monthly Results 2008

May 15, 2009
Annual General Meeting, Ludwig-Erhard-Haus, Berlin

July 30, 2009
Press Release – Half-Yearly Results 2009

August 4, 2009
Publication – Half-Yearly Results 2009

October 29, 2009
Press Release – 9-Monthly Results 2009

November 3, 2009
Publication – 9-Monthly Results 2009

November 2009
Analyst/Investor Conference and European Investor Road Show

CORPORATE GOVERNANCE REPORT FOR THE FISCAL YEAR 2008

Beta Systems has always placed great importance on responsible and transparent management. Since the introduction of the German Corporate Governance Code, which has established standards for value-oriented and transparent management and monitoring of the company, Beta Systems, apart from a few exceptions, has espoused the suggestions and the recommendations of the Code in its current version dated June 6, 2008.

It is mandatory for German companies to apply the provisions prescribed by law. In respect of the recommendations, the German Stock Corporation Act (AktG) requires listed companies to make an annual declaration on the extent to which they comply with the German Corporate Governance Code and where they diverge from it. Companies may diverge from the suggestions of the Code without disclosure.

Information on Corporate Governance at Beta Systems

Documents pertaining to Corporate Governance, specifically the Articles of Association of Beta Systems Software AG and the declarations of conformity of previous years, are available on the web site of the Company at www.betasystems.com under the Investor Relations/Corporate Governance heading. The reports and documentation required by law for the Annual General Meeting of Shareholders, including the agenda and the Consolidated and Separate Financial Statements, were published on the web site at www.betasystems.com under the Investor Relations/Annual General Meeting of Shareholders 2008 heading. Furthermore, the shareholders are regularly informed about important dates in the financial calendar which is in this Annual Report and on the web site under the Investor Relations/Financial Calendar heading.

Compliance with the Corporate Governance Standards is monitored by the Compliance Officer.

Ansprechpartner
Arne Baßler
Compliance Officer
Tel.: (49) (30) 726 118 170
Fax: (49) (30) 726 118 881
E-Mail: complianceoffice@betasystems.com

Cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together for the benefit of the Company. Their common aim is to raise the enterprise value on a sustainable basis. The Management Board reports regularly, in a timely manner and extensively to the Supervisory Board on all relevant issues relating to corporate planning and strategic development, on the course of business, the Group's situation, including the risk position, and on risk management and compliance. Moreover, the Supervisory Board gives its approval to important transactions requiring approval. The Management Board is made up of two persons and has a Chairman. A set of bylaws regulates the work of the Management Board, in particular the allocation of tasks to the Board members, matters reserved for the whole Management Board as well as the majority required for Board resolutions. More information on the cooperation between the Management Board and the Supervisory Board can be found in the report by the Supervisory Board on pages 40 to 41.

Responsible Risk Management

Good corporate governance also entails a responsible management by the Company of risks. Systematic risk management ensures that any risks are recognized at an early stage and assessed. The risk management system of Beta Systems is developed on an ongoing basis and adjusted to changes in business conditions. Details on risk management can be found on pages 28 to 32.

The monitoring and observance of compliance guidelines was also an integral part of risk management in the fiscal year 2008. Part of this was to keep employees informed of the legal basis and the relevant requirements placed on internal and external communication. All relevant individuals who work for the Company and have access to inside information within the scope of their employment are registered in an Insider List and informed of the obligations arising from such insider rights.

Share Transactions and Shareholdings of the Management Board and the Supervisory Board

Pursuant to section 15a of the German Securities Trading Act (WpHG) members of the Management and Supervisory Boards are required by law to disclose the purchase or sale of the shares of Beta Systems Software AG if the value of any transaction(s) conducted by the respective member or parties related to him reaches or exceeds an amount of € 5,000 in a calendar year. In accordance with the Insider Trading Policy of Beta Systems Software AG, members of the executive bodies are obliged to report all transactions with shares of the Company. The following transactions were reported to Beta Systems Software AG in the fiscal year 2008 (all Beta Systems shares; financial instrument: ISIN DE0005224406):

Date	Person with notifiable holding	Reason for notification obligation	Function	Type of transaction	Units	Price in €	Comment
10/03/2008	Kamyar Niroumand	Person with executive tasks	Executive body (Board member)	Purchase (off-the-exchange)	100,000	3.24	The purchase from the portfolio of an institutional investor is linked to an optional holding period of one year and serves the purpose of promoting long-term loyalty to the company.
24/11/2008	Kamyar Niroumand	Person with executive tasks	Executive body (Board member)	Purchase (Xetra)	5,000	2.60	-
23/12/2008	Darius Niroumand	Closely related natural person	Person closely related to an incumbent with executive function, which entails notification obligation: Executive body (Board member)	Purchase (off-the-exchange)	100,000	1.50	-
23/12/2008	Ramin Niroumand	Closely related natural person	Person closely related to an incumbent with executive function, which entails notification obligation: Executive body (Board member)	Purchase (off-the-exchange)	100,000	1.50	-

All transactions are disclosed on the web site of the Company at www.betasystems.com under the Investor Relations/Corporate Governance/Directors' Dealings section. Directors' shareholdings as per December 31, 2008, are as follows:

As per December 31, 2008	Number of shares
The Management Board	
Kamyar Niroumand	134,377
Niroumand family	200,000
Gernot Sagl	-
Supervisory Board	
Sebastian Leser	-
Dr. Arun Nagwaney	-
Jürgen Dickemann	-
Volker Wöhrle	-
Stefan Hillenbach	6,432
Wilhelm Terhaag	-
Beta Systems Software AG	
Treasury shares	120,610

Remuneration Report

The total remuneration of the Board members is made up of a series of components. To be specific, remuneration comprises a fixed and a performance-based component (bonus). The remuneration of the Supervisory Board is determined by the Annual General Meeting of Shareholders and is regulated in Section 10 of the Articles of Association. It is based on the tasks and responsibilities of the Supervisory Board members as well as on the financial position and the success of the Company. More information, including an itemization of remuneration, can be found in the Remuneration Report in the section under Combined Management Report on the Group and on the Parent Company on pages 18 to 38. As per December 31, 2008, there were no option rights and no valid option rights program.

Declaration of Conformity of Beta Systems Software AG with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG)

In the last Declaration of Conformity, published on the Internet and in the 2007 Annual Report of Beta Systems Software AG, the Management Board and the Supervisory Board of Beta Systems Software AG declared that the Company had complied with the principles of conduct recommended by the German Commission of the German Corporate Governance Code with some minor departures from it and that it intends to do so in future.

From December 5, 2007, up until the meeting of the Supervisory Board on December 5, 2008, Beta Systems Software AG complied with the German Corporate Governance Code in the version dated June 14, 2007, with the exceptions listed below. On December 5, 2008, the Management Board and the Supervisory Board of Beta Systems Software AG resolved to diverge also in these instances from the German Corporate Governance Code in the version dated June 6, 2008.

Code Item 2.3.2 - Relaying of the Convening of the Annual General Meeting and of Convention Documents by Electronic Channels

The Company does not comply with this recommendation as it has bearer shares. Accordingly, not all domestic and financial service providers, shareholders and associations of shareholders are known to the Company, which means that they cannot be reached via electronic channels.

Code Item 3.8 - Excess in D&O Insurance Policies:

Contrary to the recommendation that liability insurance taken out by the Company for its Management Board and Supervisory Board members (so-called directors' and officers' (D&O) insurance) should include a reasonable deductible, Beta Systems does not consider that this measure will lead to any significant improvement in the motivation or sense of responsibility of its directors and officers. The insurance policies currently taken out by Beta Systems do not include any deductible. There are no plans to change this policy in future.

Code Item 4.2.3 – Compensation of the Management Board:

The Management Board members of Beta Systems Software AG receive compensation in the form of a fixed and variable remuneration. At present, the Annual General Meeting of Shareholders has not authorized a Management Board remuneration program with long-term incentive effect and risk elements in the form of shares, stock options or comparable instruments. Such instruments were last issued in 2001 as part of programs previously implemented within this area. Rights resulting from these programs were last exercised in 2004 or have expired.

Code Items 5.1.2 and 5.4.1. – Age Limits for Management Board and Supervisory Board Members:

Beta Systems regards the stipulation of age limits for Supervisory Board members as imposing a limitation on shareholders' rights to elect the Supervisory Board members of their own choice. Accordingly, the Company has not set any age limit. A similar departure from the Code's recommendation is that there is no age limit for Management Board members either as this would restrict the Supervisory Board in its selection of suitable candidates.

Code Item 5.3.2 – Setting up of an Audit Committee:

In view of the current size and composition of the Supervisory Board (6 persons) as well as the size of Beta Systems itself, the Supervisory Board does not currently intend to set up a separate Audit Committee. Essentially the entire Supervisory Board deals with all questions regarding the rendering and auditing of accounts.

Code Item 5.3.3 – Setting up of a Nomination Committee:

In view of the current size and composition of the Supervisory Board (6 persons) as well as the size of Beta Systems itself, the Supervisory Board does not currently intend to set up a separate Nomination Committee. Essentially the entire Supervisory Board deals with proposals for election.

Code Item 5.4.7 – Compensation of the Supervisory Board:

The Supervisory Board members of Beta Systems Software AG receive compensation only in the form of fixed remuneration. Membership and chairmanship of the Personnel Committee is not subject to specific compensation.

In the fiscal year 2008, with the exception of the afore-mentioned deviations, Beta Systems Software AG has complied and complies in all instances with the recommendations of the German Corporate Governance Code in the version dated June 14, 2008. Moreover, the Company has complied and complies with the Code recommendations in the version dated June 6, 2008, with the exception of the afore-mentioned deviations.

Berlin, December 5, 2008

Sebastian Leser	Kamyar Niroumand
Chairman of the Supervisory Board	Chief Executive Officer

Hallo, my name is Christina Krist and I joined Kleindienst in 1992. With the merger between Kleindienst and Beta in 2004, I became a Betanian. In June of this year, after 10 years in pre-sales, I changed to Product Management. I was involved in the general availability of the FrontCollect® suite based on the FC Server Release 3.10 and the associated product release which was a huge technical milestone.

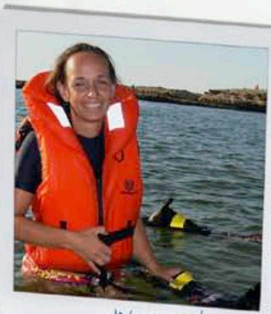
I like working at Beta because the job is very varied through a mixture of business travel, tasks to be completed at the Augsburg location and home office work. In addition, I benefit from a family-friendly part-time solution which enables me to spend more time with my three children.

In my free time sport is very important, as this is where I can really switch off after an intensive phase of work. I like doing different kinds of sport, including tennis, jogging, mountain biking, swimming, alpine skiing and waterskiing, but my favorite sport is volleyball.

I am very optimistic and my wish is that we have a long, shared and prosperous future, with a good flow of orders and the right figures, products which are successful in the market and nice customers! Think positive!

Christina Krist
Augsburg/Germany
Product Manager

Beach-Volleyball tournament 2008



Water ski June 2006

COMBINED MANAGEMENT REPORT ON THE GROUP AND ON THE PARENT COMPANY FOR THE FISCAL YEAR 2008

PRELIMINARY NOTE

Beta Systems Software AG has drawn up this Combined Management Report on the Group and the Parent Company as at December 31, 2008. It is to be read in conjunction with the Consolidated and separate Financial Statements which are included elsewhere in this Annual Report. The audited Consolidated Financial Statements are based on a series of assumptions which are described in detail in the Notes to the Consolidated Financial Statements (Accounting Policies and Evaluation Methods). The business development of the Beta Systems Group ("Beta Systems" or „Group") and of Beta Systems Software AG (the "Parent Company") are closely linked, as the Parent Company is part of the groupwide development, sales, service and marketing network. For this reason, the report on Beta Systems Software AG has been combined with a report on the Beta Systems Group. All information applies to the Group unless clearly attributed to the Parent Company.

The Consolidated Financial Statements as at December 31, 2008, have been prepared in accordance with the standards and interpretations of the International Financial Reporting Standards (IFRS), as applicable within the European Union. The information set out below relates to the consolidated results of the Beta Systems Group. The Segment Report has been prepared in accordance with the structure of the company and is divided into the following business segments: Data Center Infrastructure (DCI), Identity Management (IdM) and Enterprise Content Management (ECM).

The annual financial statements of Beta Systems Software AG (Parent Company) have been drawn up in accordance with the provisions of the German Commercial Code (HGB).

1. BACKGROUND AND STRATEGIC GUIDELINES

Background

For more than 25 years, Beta Systems has developed high-profile software products and solutions for the secure and efficient processing of large data volumes, which supports companies in the automation, safeguarding and transparency of their IT-based business processes. The Beta Systems Group ranks among Europe's leading mid-sized software suppliers in its market segment and has been listed on the stock exchange since 1997. The Group currently has a workforce of more than 600 employees in its four competence centers in Berlin, Cologne, Augsburg and Calgary. In addition, another 18 Group companies and numerous partner companies are engaged in business for the Beta Systems Group. The Group's customers include major companies from the sectors of financial services, industry and IT service providers in Germany, Europe, the USA and Africa.

The software products and solutions support customers in important key areas of their corporate IT: Data Center Infrastructure (DCI, information management in data centers), Identity Management (IdM, user management) and Enterprise Content Management (ECM, document management).

Strategic Guidelines

Beta Systems' intention is to consistently raise the enterprise value for investors, customers and employees and to strengthen its current market position in the more product-oriented business lines of DCI/IdM (combined under the umbrella term of infrastructure business/Infrastructure & Operations Management), and the more project-oriented ECM business line (under umbrella term of ECM solutions business/ECM & Document Solutions). The main objective of Beta Systems is to generate sustainable and positive results.

Achieving of Profitability in all three Business Segments

By achieving profitability in all three of its segments in the fiscal year 2008, Beta Systems has laid the foundation stone for sustained profitable growth. Following the operational turnaround and the exceeding of the breakeven threshold in 2007, this was the next milestone to be achieved within a space of two years. Profitability was attained through an increase in sales revenues in the profitable license business, through building up the Company's market position in respect of financial services providers and major companies, the expansion of its international business and stringent cost management, flanked by the successful market launch of the new Beta Agilizer Product Suite integration solutions. In this process, the DCI Line of Business (LoB) again generated a very high contribution to the result, also boosted by the acquisition of SI Software Innovation GmbH, the ECM segment was again profitable, and the IdM segment also disclosed a profit.

First Products of the Beta 4 Agility Growth Program in the Market

In Beta Agilizer 4DocumentProcessing (A4Doc) and Beta Agilizer 4DataProcessing (A4DP), Beta Systems brought the first integration solutions of the Beta4Agility product and sales strategy, initiated in the fiscal year 2007, to the market in 2008. The business process-oriented products from our core segments of document processing, IT user management and data processing in computer centers link up corporate IT applications and systems under the Beta Agilizer Suite and make standard functions available via web services. The aim is to offer our customers integration solutions which give them greater agility in their companies and IT operations. Beta Systems will be concentrating on the innovative development of the portfolio comprising the Beta 4Agility products in the future as well. The Beta 4Agility Suite is also intended to make a sustained positive contribution to lifting profit in the future.

Stringent Cost Management to enhance Profitability

Beta Systems' intention is to continue to operate profitably in all its core segments so as to be able to deliver positive results within the Group in the years ahead as well. To achieve this aim, the Company will, on the one hand, adhere to its stringent cost management while, on the other, forging ahead with its plans to raise earnings.

At the same time, costs savings are to be achieved and profitability enhanced by supplementing and adjusting our existing product suites on an ongoing basis, as progress made towards standardization has reduced the amount of modification effort involved customized solutions. In addition, Beta Systems will strive to consistently optimize its maintenance and services contracts and its price structures in line with the market.

Concentration on the Infrastructure and Solutions Business and Portfolio Optimization

Beta Systems also plans to achieve sustainable profit growth by concentrating on the infrastructure and solutions business. From today's standpoint it is not possible to fully assess whether and what impact the current economic situation will have on Beta Systems' customers.

To continue to provide its customers with optimum products and services, Beta Systems will be realigning its organization structure as of fiscal year 2009 to position itself through the two new divisions of Infrastructure Business and ECM Solutions (Infrastructure & Operations Management and ECM & Document Solutions), each of which have four clearly defined goals. In this process, the products will be assigned depending on the requirements of the new divisions or hived off from the portfolio.

The Infrastructure Division will combine the existing strengths of Beta Systems into four extensive product suites for efficient IT processes. Its focus will be on solutions in Job and Output Management as well as in the high-growth markets of Security and Compliance. Beta Systems products can ensure that IT processes in high-performance IT environments are cost effectively and securely monitored across all operations.

Beta Systems is positioning itself to serve a wide variety of sectors in its Infrastructure Division and will sell its products directly to the IT departments of large corporations. The Company intends to optimize this division's portfolio through the targeted acquisition of small, profitable companies. The emphasis in future will be on the successful marketing of newly acquired product suites.

With its ECM Solutions Division, Beta Systems is positioning itself in selected sectors in this segment and will build on its strong market position in the financial services industry where the focus will be on vertical solutions for value added as part of digitalization. On the one hand, Beta Systems will concentrate on providing customized solutions for the banking and insurance sectors and, on the other, it has identified additional opportunities for growth in the technological support of global population census activities where it is in the process of developing a flexible, modular system with a high degree of scalability, extensive options and integration at all process levels. Beta Systems believes that the area of General Document Management, which enables the swift and rapid locating of electronically archived documents, also harbors potential for growth.

In the Solutions Division, the Company will be offering customized solutions based on standard modules and will forge ahead with building international customer relationships in this segment.

Strengthening Customer and Service Orientation with Focus on Key Accounts

The Beta Systems Group offers products and solutions in all its segments which support customers in the automation, securing and transparency of their business processes. This benefits large enterprises in the financial sector and industry in particular which, owing to their size and operations, have to process extremely large volumes of sensitive data and documents in business processes critical to their operations. Many of the large European insurance groups and banks are already customers of the Beta Systems Group. Beta Systems plans to reinforce its market position in the financial services industry and establish itself as a leading software supplier in this sector.

The current state of the financial markets is also an opportunity for the products and solutions of Beta Systems. The situation has had the effect of accelerating the consolidation process in the financial services sector and, at the same time, has put increasing pressure on participants in this sector to cut costs. Inherent in these processes is the demand for software which focuses on modifying business processes, IT systems and organizations, also in the context of consolidations. This trend, coupled with new pan-European laws and directives such as, for instance, the 8th EU Directive (German Act on the Modernization of Accounting Law (BilMoG)), require customer companies to optimize their IT processes further and make them more secure. The software products of Beta Systems can support them in these efforts, as exemplified by the use of Beta Agilizer Suite integration solutions in facilitating the integration process following an acquisition. The cross-system analysis and monitoring software of the Beta 96 Enterprise Compliance Auditor, which functions independently of platforms, offers, for example, the efficient and practical implementation of an internal risk monitoring and control system. Beta Systems therefore sees huge future potential for above-average growth in the infrastructure (DCI/IdM) and solutions business (ECM) from focusing on customers in the financial services sector.

Moreover, Beta Systems regards the ongoing process of concentration in the European economy as an opportunity of winning major enterprises as customers and of offering them new/or extended licenses. In the Company's opinion, this trend is set to persist. Also in respect of the consolidation processes within conglomerates, combining the IT infrastructures of parent companies and subsidiaries, for instance, or hiving off IT infrastructures to external IT providers (so-called outsourcing), Beta Systems believes it has an advantage over other competitors owing to its end-to-end products and solutions which can span business segments and the fact that it is a mid-sized company which can react flexibly while still retaining its customer proximity.

Strengthening and Focusing of the Portfolio – Cooperations

The solutions of the Beta Systems Group are primarily integrated into the IT platforms of the market and technology leaders such as, for example, Microsoft, IBM, SAP or Oracle. With this in mind, the Beta Systems Group is already cooperating closely with these manufacturers at the level of technology and sales. Beta Systems intends to reinforce and deepen cooperation with these companies in order to be able to move ahead with the integration of its solutions into SAP NetWeaver, Microsoft SharePoint, Oracle Fusion and IBM Websphere in particular. Moreover, Beta Systems expects these measures to facilitate its being able to offer products and solutions on a timely basis in the future, especially with the new platform generations of these producers.

Geographical Focus

The Beta Systems Group generates a large part of its revenues in Germany, Austria and Switzerland and in the rest of Europe. In the fiscal year 2008, the share of business in Germany, Austria and Switzerland in the total revenues of the Beta Systems Group came to around 63% and 21% in the rest of Europe. As before, the Company intends to concentrate its business in Europe as this region offers good growth prospects owing to its sound market position with related potential for expansion, especially in the context of cross selling new products to existing customers. Besides this, the Beta Systems Group has plans to reinforce its presence and to build up a sustainably profitable business in North America, foremost in the USA. The Company took a first step in 2008 through the technology transfer with the US company Proginet and the customer base won through this transaction.

2. ECONOMIC ENVIRONMENT

Beta Systems operates in highly competitive domestic and international markets and has established business relationships with global players and large corporations in more than 40 countries. A major influence on Beta Systems' market is therefore the global economic development. Beta Systems expects that this development will also have an impact on the markets in which it operates.
The performance and success of the company is therefore also dependent on the economic and business trends in the regions where the Beta Systems Group is present. Global gross domestic product (GDP) grew 2.7% in 2008 (estimates of Global Insight Inc.).

The phase of strong global economic expansion came to an end in 2008, mainly due to the accelerating crisis in the financial markets. The German economy grew at a much slower pace in 2008 than in the previous two years. Price-adjusted GDP climbed by 1.3% (DESTATIS press release of February 25, 2009). GDP in the eurozone rose in fiscal year 2008 by 0.8% and in the USA by 1.1% as against the previous year.

The German economy was in recession at the end of 2008. The economic expectations of the Center for European Economic Research (ZEW), however, recovered many times over in February 2009. This significant improvement is likely to be the result of the second economic aid package of the German Federal Government and the ECB's policy of lowering key rates. The economic expectations for the eurozone are believed to have improved in February 2009 in comparison with the previous month. By contrast, the Kiel Institute for the Global Economy does not initially anticipate an economic recovery in 2009 and assumes that overall economic output will continue to fall over the course of the year, with a sharp decline in exports and a deterioration in financing conditions, compounded by a poorer situation in the labor market. By contrast, private consumption spending is likely to support the economy and the tax burden will decline substantially. The economy will, however, gradually begin to stabilize again in the year 2010. The Kiel Institute for the Global Economy predicts a GDP decline of 2.7% in Germany (2010: growth of 0.3%), -2.7% in the eurozone (2010: 0.1%) and -1.5% in the USA (2010:1.0%).

The German industry association BITKOM lowered its revenue expectations due to the economic environment for the year 2009. It now anticipates that business will stagnate and sets annual revenues at € 144.6 billion. In its opinion, the demand for information technology (IT) is nonetheless set to grow and the industry should benefit from restructuring of companies as a consequence of the crisis. Despite the ailing global economy, the European Information Technology Observatory (EITO) assumes that demand for information technology (IT) in Western Europe will rise by around 2% to € 315 billion in 2009. In this process, the IT market in Western Europe will grow more robustly than that of the USA. Numerous large software companies did not make forecasts for 2009 owing to the current economic environment.

Beta Systems has aligned its strategy to the more product-oriented DCI/IdM segments (combined under the umbrella term of infrastructure business/ Infrastructure & Operations Management) and the more project-oriented ECM business line (under umbrella term of ECM solutions business/ECM & Document Solutions), each of which has profitability and growth strategies geared to the market.

Market data gathered through a survey conducted by IDC in 2007 and 2008 gives a first overview of the potential impact of the crisis in the financial market. As, however, the global economic situation was subject to constant change in the following months and no update on market data is available from IDC, information on growth in the context of the risks and opportunities described under Section 5 in the "Outlook" is to be consulted.

The Infrastructure Division consists of four comprehensive product suites for efficient IT processes. The division's focus will be on solutions in Job and Output Management as well as in the high-growth markets of Security and Compliance.
In the UNIX business, job management is set to record a significant growth of 6.8% in the regions of EMEA (Europe, Middle East and Africa) over the period from 2007 to 2012. The output management market will remain stable, and UNIX will compensate for the decline in volume in the mainframe business.
In the security market, double-digit growth (+15.4%) is expected from identity management software in EMEA over the period from 2007 to 2012. Beta Systems optimized the security part of its product portfolio through the technology transfer with the US company Proginet in 2008.
The market for compliance software is also expected to grow swiftly in the years 2007 to 2012 (+16.1%), above all in the areas of storage (+17.4%) and security (+16.2%).

In the ECM solutions business, Beta Systems is concentrating on providing customized solutions for banks and insurance companies and is in the process of developing solutions which can be used for global population censuses and for General Document Management.
Growth in banking applications in the areas of lending and the segregation of trading and back office operations will run at a high level of 3% in EMEA over the period from 2007 to 2012.
The annual average census market potential in Africa has been estimated at an annual € 15 million over the period from 2009 to 2014.

3. BUSINESS PERFORMANCE

3.1 Acquisition of SI Software Innovation GmbH

On February 18, 2008, Beta Systems Software AG announced the successful completion of its takeover of all the shares in SI Software Innovation GmbH (SI GmbH) headquartered in Neustadt. The company will continue to operate as an independent company with limited liability (GmbH) under new management. With immediate effect, the company's business will be managed by Harald Podzuweit, General Manager of Beta Systems' Data Center Infrastructure (DCI) and Identity Management segments, and by Richard Racs, SI GmbH's managing director to date.
Similar to Beta Systems, SI GmbH, a company with over 20 years of experience in the market, has long-standing customer relationships with a large number of major enterprises and customers in the financial services sector. Beta Systems will supplement its existing product portfolio by including SI GmbH's Large Documents Management System (LDMS), thereby strengthening its mainframe business in particular. In this process, LDMS will be treated as an individual product line in its own right. This measure serves to underscore Beta Systems' long-term commitment to Neustadt as a location.


START TEAM LOGIN SCAN
DOWNLOAD BACKUP IT
My name is Claudio Murru and I have worked in the team of Beta Systems Italy since 1997. My tasks include pre-sales activities which support our sales people and the identification of potential new customers. I also work in project management and in post-sales customer support. Since September 2008, I have been responsible for our activities in Rome. This means that I not only organize all meetings and take care of the coordination but, first and foremost, present our new software solutions, ensure that they are installed successfully and that the customer is satisfied. Being professional in dealing with customers is part of Beta Systems' corporate culture. For, only if we can give our customers the feeling that, with us, they are in good hands will we remain successful. This approach has served us well in the last 25 years.
In my free time sport plays an important role in achieving a life-job balance. In winter I like skiing and in summer I play tennis or go sailing. In the spring of 2008, I spent a wonderful weekend with friends sailing around Elba und Capraia. The weather was glorious and the wind was just right. Throughout the year I spend time on my mountain bike – there is nothing better if the pressure is on at work.
Anniversary congratulations from Milan!
_betasystems
Claudio Murru
Sales Manager

Through its acquisition of SI GmbH, Beta Systems has raised its market share in data centers in Germany's financial services sector while reinforcing its profile as a strategic IT supplier to the German savings banks and the retail banks. At the same time, the former customers of SI GmbH, as well as those of Beta Systems Software AG, will benefit from extensive support with a broad solutions portfolio for data processing in data centers. In addition, they can draw on the premium support and range of services of Beta Systems.

3.2 Performance of the Lines of Business (LoBs)

The presentation of performance is shown in accordance with the strategy of the Beta Systems Group with its concentration on the three DCI, IdM and ECM lines of business (LoBs).

In contrast to fiscal 2007, a change in internal reporting effective in fiscal 2008 and intended to enhance the transparency of budget responsibilities at the operational level now means that only costs originated directly by the LoBs will be assigned to them. The comparative figures have been adjusted accordingly.

1, January to December 31, 2007 in thousand €	DCI	IdM	ECM	Cross Section	Total Group
Revenues with Customers	37,063	9,998	41,535	-	88,596
...Intersegment Revenues	35	127	26	(188)	-
Revenues of the Business Segments	**37,098**	**10,125**	**41,561**	**(188)**	**88,596**
Costs of Revenues and Operating Expenses of the Business Segments	(16,233)	(10,031)	(33,279)	-	(59,543)
Segment Income for the Year	**20,865**	**94**	**8,282**	**(188)**	**29,053**

1, January to December 31, 2008 in thousand €	DCI	IdM	ECM	Cross Section	Total Group
Revenues with Customers	40,468	9,302	40,669	-	90,439
...Intersegment Revenues	68	26	-	(94)	-
Revenues of the Business Segments	**40,536**	**9,328**	**40,669**	**(94)**	**90,439**
Costs of Revenues and Operating Expenses of the Business Segments	(19,348)	(8,955)	(33,522)	-	(61,825)
Segment Income for the Year	**21,188**	**373**	**7,147**	**(94)**	**28,614**

DCI (Data Center Infrastructure)

In line with budget, the DCI segment with its high earnings strength made a positive contribution to profit and closed the fiscal year 2008 with revenues of € 40.5 million (2007: € 37.1 million) and a segment result of € 21.2 million (2007: € 20.9 million). The segment lifted revenues solely on the back of the contribution of the acquired company SI Software Innovation GmbH (€ 4.2 million). SI GmbH's contribution to profit was € 1.1 million.

In thousand €	2007	2008
Revenues	**37,098**	**40,536**
Software Licenses	16,564	18,367
Maintenance	17,649	18,683
Services	2,850	3,418
Intersegment Revenues	35	68

The DCI LoB is characterized by its stable earnings potential which resides in maintenance, add-on and replacement investments. In recent years, however, the segment has operated in a generally stagnating market environment, as revenues in the segment are generated first and foremost from the mainframe business.

The process of consolidation in the bank sector was again turned to the advantage of the Company in the license and services business through taking over from competitors or add-ons to existing installations.

The DCI segment was significantly strengthened through the acquisition of SI Software Innovation GmbH in 2008. Expanding customer base and building on the existing product portfolio served first and foremost to raise maintenance revenues. Beyond this, the LDMS product also proved to be an ideal addition to the DCI portfolio. The takeover of the DETEC Group envisaged by the Beta Systems in 2009 is also intended to promote growth in revenues and profit and to reinforce Output Management operations.

The cooperation of the DCI and IdM segments was also intensified in the year 2008, with both LoBs forming the new Infrastructure Management business. Activities were focused on strengthening existing customer relationships through long-standing maintenance contracts and on selling and cross-selling activities and, in geographical terms, concentrated on Europe as well as North and Latin America. These activities resulted in the signing of multi-year license and maintenance agreements with major international customers. In the process, a growing number of software licenses and services agreements were concluded in the UNIX business.

The year 2008 also saw many releases and updates of existing products. One of the key areas of joint research and development activities centered around the development and market launch of the Beta Agilizer 4DataProcessing. Owing to the development of integration solutions of the new Beta Agilizer Suite research and development expenses rose in the DCI segment as well. The first customers have already been won for the new 4Agility projects.

The customers generating the highest revenues in 2008 include Finanz Informatik (IT services provider, Germany), Allianz Shared Infrastructure (IT services provider, Germany), FIDUCIA IT AG (IT services provider, Germany), GIE SILCA (financial services provider, France), HVB Information Services (IT services provider, Germany), IBM Deutschland (IT services provider, Germany), Volkswagen AG (automotive, Germany), Kommunale Rechenzentrum Niederrhein (government administration, Germany), AMB GENERALI Informatik Services (IT services provider, Germany) and IBM Svenska (IT services provider, Sweden).

IdM (Identity Management)

In fiscal 2008, the IdM LoB achieved a positive result of € 0.4 million (2007: € 0.1 million) with revenues of € 9.3 million (2007: € 10.1 million), thereby also contributing to the positive consolidated result. Segment revenues fell first and foremost because there was no repeat of a major IT outsourcing contract in the year 2008. However, active cost management cushioned the effect of the decline in revenue on the result.

In thousand €	2007	2008
Revenues	**10,125**	**9,328**
Software licenses	3,725	2,585
Maintenance	2,928	3,537
Services	3,345	3,180
Intersegment Revenues	127	26

As described above in respect of the DCI segment, the cooperation between the IdM and the DCI segment was stepped up in the year 2008 and aligned to meet the demands of the infrastructure business. Through the sales operations of the DCI LoB, joint activities geared towards customer needs resulted in a number of multi-license contracts being signed with key customers who have long-term maintenance and service agreements. Moreover, the security portfolio was strengthened through the successful technology transfer with the US company Proginet. In addition, along with the market and customer-oriented ongoing development of the new versions of the SAM Jupiter and SAM eSSO products, LoB- and cross-location development teams in part forged ahead with developing Beta Agilizer 4Security. Research and development expenses in the IdM segment also rose owing to work on the new Beta Agilizer Suite integration solutions.

In the IdM LoB, sales successes included contracts signed with Credit Suisse (financial services provider, Switzerland), Fortis Banque (financial services provider, Belgium), Lufthansa Systems Infratec (IT services provider, Germany), T. Rowe Price (financial services provider, USA), Aetna Life Insurance (financial services provider, USA), Commerzbank (financial services provider, Germany) and Nord/LB (financial services provider, Germany).

ECM (Enterprise Content Management)

Revenues of the ECM segment declined from € 41.6 million to € 40.7 million due to lower revenues from maintenance activities in the wake of the contractual consolidations of key accounts. The segment profit of € 7.1 million (2007: € 8.3 million) was again clearly positive but in a slight downtrend owing to the increase in the materials usage ratio caused by the higher proportion of hardware in 2008 revenues.

In thousand €	2007	2008
Revenues	**41,561**	**40,669**
Software Licenses	8,706	8,228
Hardware	3,280	6,215
Maintenance	21,230	18,312
Services	8,319	7,914
Intersegment Revenues	26	0

As before, Beta Systems is concentrating on business with software licenses and services. It nonetheless continues to realize profitable revenue from scanner hardware in new systems as part of customer-oriented total solutions for hard- and software (above all, in the banking sector). Hardware revenues, mainly generated through the sale of scanners, therefore soared 89.5% to € 6.2 million in 2008 (2007: € 3.3 million).

The ECM segment streamlined its organization structure at its Augsburg location in 2008. Furthermore, the LoB launched a quality offensive which is already showing the first signs of success: in fiscal 2008, the ECM segment succeeded in considerably expanding relationships with international customers. The segment's geographical focus in these activities is on Austria, Eastern Europe, Italy, Switzerland and Africa. Moreover, first customers undertook the process of migrating EBS 2000 to FrontCollect Payment. In fiscal 2008, the ECM segment concentrated on the market and customer-oriented development of the new FrontCollect Suite versions designed for banks and insurance companies as well as on the development and market launch of the Beta Agilizer 4DocumentProcessing. Research and development expenses in the ECM segment also rose owing to development of the new Beta Agilizer Suite integration solutions.

The customers generating the highest revenues in 2008 in the ECM LoB include the Central Bank of Nigeria (financial services provider, Nigeria), National Planning Commission (government administration, Nigeria), Postbank Systems AG (IT services provider, Germany), P.S.K Zahlungsverkehrsabwicklungs-Gesellschaft (financial services provider, Austria), F. Hoffmann-LaRoche (pharmaceutical company, Switzerland), Banca Comerciala (financial services provider, Romania) and UniCredit Global (financial services provider, Italy).

3.3 Partnerships

In the preceding fiscal years Beta Systems entered into technological partnerships with global IT players such as IBM, Microsoft, SAP, Oracle, HP, Sun, Novell, to name a few, which were continued and stepped up in fiscal 2008. These partnerships enable Beta Systems to offer its customers software solutions which are always up-to-date in cutting-edge technology. In the 25th year since the founding of the Company, all important partners attended the annual customer event of Beta Systems Software AG for the first time. Partners demonstrated the benefits of their cooperation with Beta Systems at their own stands.

The close cooperation with IBM was also documented in 2008 through a series of different certifications. The "SAM Jupiter" product, for instance, was certified for "IBM VIOS Technology", and the "Ready for IBM Tivoli Software" was conferred on the Beta Agilizer 4 Document Processing Connector for IBM TSM product. More of our employees were trained as Microsoft Certified Professionals as part of the technological cooperation with Microsoft. In the context of the partnership with SAP, Beta 48 and Beta 92, which are products based on the BC-XBP 7.0 interface, were prepared for "Certified Integration with SAP NetWeaver" and received this certification as the first products worldwide at the start of the 2009. Beyond this, XOM Input was certified for SAP NetWeaver in 2008.

4. FINANCIAL PERFORMANCE, ASSET AND FINANCIAL POSITION

4.1 Financial Performance of the Beta Systems Group

In the fiscal year 2008, Beta Systems generated revenues of € 90.4 million (2007: € 88.6 million), earnings before interest and tax (EBIT) of € 6.4 million (2007: € 5.8 million) and net income for the year of € 4.8 million (2007: € 2.3 million).

Development of Revenues

Beta Systems achieved total revenues of € 90.4 million in fiscal 2008. The increase of € 1.8 million over the previous year (2007: € 88.6 million) is attributable to higher revenues through to the acquisition of SI Software Innovation GmbH.

Hardware revenues rose significantly by € 2.9 million. The profitable license business recorded a slight increase (€ 0.2 million). A detailed explanation of the revenues trend is included in the Segment Reporting as part of the Notes to the Consolidated Financial Statements. For the sake of comparability, figures have been classified according to revenue type and compared with the previous year's figures:

In thousand €	2007	2008	Change in thousand €	Change in %
Sales Revenues	**88,596**	**90,439**	**1,843**	**2.1%**
Software Licenses	28,995	29,179	184	0.6%
Hardware	3,280	6,215	2,935	89.5%
Maintenance	41,807	40,533	(1,274)	(3.0%)
Services	14,514	14,512	(2)	0.0%

Revenues from Software Licenses climbed marginally to € 29.2 million in comparison with the previous year's figure (2007: € 29.0 million). License revenues in 2008 were generated first and foremost in Germany, Italy and France, where Beta Systems continued to benefit from the dynamic trend in IT outsourcing. Revenues from the Services business remained unchanged at € 14.5 million (2007: €14.5 million).

The revenues generated by the Hardware business with scanners soared by 89.5% to € 6.2 million (2007: € 3.3 million). As before, Beta Systems is concentrating on business with software licenses and services. It nonetheless continues to realize profitable revenues from scanner hardware in new systems as part of customer-oriented total solutions for hard- and software (above all, in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03:34:09
Detlef Sturm
Software developer Berlin | Germany
Hello, my name is Detlef Sturm. I have been a Betanian for 16 years and am responsible for development services in the shared-services Product Technology department. Here I was responsible for cross-product architecture and issues involving technology in 2008. Along with coordinating the Agilizer, the main part of my work was to support web service activities. Part of development work involves working with errors and eliminating them in order to have a perfect product at the end.
Sport is an important aspect of my free time. I go running, regularly play badminton and have a lot of fun with catamaran sailing and skiing. In general, though, running regularly is the most important sport for me. I am particularly proud of my personal record in 2008 of 03:34:09 h which I ran at the end of September in the Berlin Marathon.
For me as a software developer it is always exciting to work with innovative products and path-breaking concepts, alongside host products as the corner-stones of our portfolio. What I wish for us is another 25 years of success with cutting-edge software products and state-of-the-art technologies.

the banking sector). Maintenance revenues, where the decline of -3% was less pronounced than in previous years (2006 to 2007: -6.8%), came to € 40.5 million (2007: € 41.8 million). This development is the result of contractual consolidation in the key account segment owing to the concentration process which banks and data centers are currently undergoing.

Development of Gross Profit Margin

The cost of revenues in 2008 rose to € 40.8 million (2007: € 40.0 million) which was attributable to the greater materials usage and to the increase in the cost of services sourced.

In the period under review, gross profit climbed by € 1.0 million, the equivalent of 2.1%, to € 49.7 million, as expenses rose at a disproportionately slower rate compared with revenues. The gross profit margin remained unchanged at 54.9% in 2008 (2007: 54.9%).

In thousand €	2007	2008	Change in Thousand €	Change in %
Sales Revenues	88,596	90,439	1,843	2.1%
Cost of Revenues	39,968	40,769	801	2.0%
Gross Profit to Sales	48,628	49,670	1,042	2.1%
Gross Profit Margin	54.9%	54.9%		

Development of Costs and Expenses

Operating Expenses rose to € 43.2 million in the reporting year (2007: € 42.8 million). This trend resulted from generally higher costs incurred by the integration of SI Software Innovation GmbH and the increase in research and development costs. By contrast, measured against revenues, operating expenses fell to 47.8% (2007: 48.3%).

Selling Expenses decreased by € 1.1 million, which is 4.6%, to € 22.5 million (2007: € 23.6 million). Owing to the integration of SI Software Innovation GmbH selling expenses rose initially by € 1.0 million. This absolute increase was more than compensated by savings in the IdM and DCI LoBs and in a cross section, primarily in respect of personnel expenses (including sales commission) and travel expenses. Selling expenses therefore declined substantially despite the higher numbers of employees due to the acquisition of SI Software Innovation GmbH (employees as per December 31 respectively - 2007: 350; 2008: 365).

General and administrative expenses climbed to € 7.9 million (2007: € 7.6 million). The increase of 4.2% is mainly attributable to the acquisition of SI Software Innovation GmbH. Personnel expenses also rose slightly in this area (employees as per December 31 respectively - 2007: 76; 2008: 80).

Research and Development Expenses climbed by € 1.7 million, which is an increase of 14.5%, to € 13.8 million (2007: € 12.1 million) owing to the implementation of the 4Agility strategy and the integration of SI Software Innovation GmbH (€ 0.7 million). Personnel expenses remained at the level of the previous year (employees as per December 31 respectively - 2007: 177; 2008: 177).

Earnings before Interest and Tax (EBIT)

Earnings before interest and tax (EBIT) posted € 6.4 million (2007: € 5.8 million). EBITDA (EBIT plus depreciation and amortization) advanced to € 10.3 million, which is an increase of 10.2% as against the previous year (2007: € 9.4 million).

Finance Result

The Finance Result rose from €-0.9 million to €-0.5 million in 2008, boosted by positive interest-related effects upon conclusion of an external tax audit.

Net Result for the Year and Income Taxes

In 2008, Earnings before Tax (EBT) recorded a significant increase of € 1.1 million to € 6.0 million (2007: € 4.9 million).

Taking account of the non-recurring effect of an external audit, income taxes came to €-1.1 million (2007: €-2.6 million) which is the equivalent of a tax rate of 19.3% (2007: 52.9%).

After tax of € 1.1 million, the Result for the Fiscal Year 2008 stood at € 4.8 million (2007: € 2.3 million).

Earnings per share thus improved to € 0.36 (2007: € 0.24). The weighted average number of shares outstanding in 2008 came to 13,168,304 shares.

Human Resource Development

The number of employees of the Beta Systems Group had risen to 633 by December 31, 2008 (2007: 603 employees). This figure includes 35 employees from SI Software Innovation GmbH, a company acquired in the first quarter of 2008. Adjusted for this acquisition, employee numbers have fallen by 5 persons. The average number of employees in fiscal 2008 came to 630 (2007: 618 employees). On the reporting date, the workforce by country was as follows: 509 employees in Germany (2007: 486), 41 employees in the rest of Europe, excluding Germany (2007: 44), 31 employees in North America (2007: 29), and 52 employees in other regions (2007: 44). Research and Development Expenses climbed by € 2.6 million, an increase of 5.8%, to € 43.0 million, an effect spread across all operating units and results from the reduction of overtime and a lower level of transfers to pension provisions.

Around 57.7% of the workforce (365 employees) are engaged in sales, marketing and services, 28.0% in research and development (177 employees), 12.6% in administration (80 employees) and 1.7% (11 employees) in production and materials management.

4.2 Asset and Financial Position of the Beta Systems Group

The balance sheet total came to € 71.0 million (2007: € 69.4 million). A closer look at the balance sheet and the cash flow shows the following development:

On December 31, 2008, Beta Systems disclosed cash in the amount of € 1.8 million (2007: € 3.2 million). The decline of € 1.4 million is attributable to the increase in the redemption of borrowings from banks. The cash flow used in operating activities climbed to € 2.4 million in 2008 in tandem with the improved cost and profit situation (2007: €-1.3 million). The cash flow used in investing activities fell to €-2.9 million, down from €-0.6 million, owing to the acquisition of SI Software Innovation GmbH (€-3.6 million) and advance payment for the acquisition of the DETEC Group (€-1.5 million). By reverse, however, Beta Systems Software AG generated proceeds of € 2.4 million from the sale of investment property. The cash flow from financing activities came to €-0.9 million in 2008 (2007: € 3.1 million). It comprises the loan repayments of € 2.0 million, offset by payments received from drawings on loans in the same amount. In 2007, the cash flow from financing activities comprised funds received from the capital increase of € 9.1 million.

Trade Receivables declined marginally to € 38.3 million in 2008 (2007: € 38.9 million).

As per the reporting date, Work in Process (POC) minus project-related advances received fell to € 4.7 million (2007: € 4.9 million), a figure which reflects a decline in gross receivables of € 0.1 million and an increase in advances received relating to the projects of € 0.1 million.

Other Current Trade Receivables climbed from € 2.2 million to € 4.6 million owing to an advance payment for the acquisition of the DETEC Group of € 1.5 million.

The decrease in Property, Plant and Equipment from € 4.2 million to € 3.2 million was attributable to depreciation which exceeded the investments.

Goodwill rose from € 1.5 million to € 2.0 million due to the valuation calculated for this item in the context of the purchase price allocation of SI Software Innovation GmbH.

Other Intangible Assets climbed from € 0.8 million to € 2.5 million through the acquisition of the customer base of SI Software Innovation GmbH.

Acquired software product rights increased from € 1.6 million to € 2.4 million on the back of the rights to Software Large Documents Management System (LDMS) purchased as part of the acquisition of SI Software Innovation GmbH.

Short-term finance of € 8.2 million fell to € 7.5 million in 2008 and comprised drawdowns on credit lines in an amount of € 6.1 million, € 0.8 from the current portion of an investment loan taken out in 2008 for the acquisition of the DETEC Group, and finance leasing of € 0.6 million. For more information on the maturity and interest rate structure of committed loans, we refer to the Notes to the Consolidated Financial Statements

Deferred Income declined to € 6.9 million owing to reporting date-related effects (2007: € 7.2 million).

Other Current Liabilities fell from € 11.8 million to € 8.4 million due to lower tax and personnel-related liabilities owing to the reduction of hours on overtime accounts.

Non-Current Liabilties came in at € 13.7 million, which is higher than the previous year's figure (2007: € 11.7 million). This increase was mainly attributable to the long-term portion of the investment loan and an increase in Deferred Tax Liabilities.

Shareholders' Equity advanced to € 28.6 million, up from € 23.7 million. Given a higher balance sheet total, the equity ratio has improved from 34.2% to 40.3%. This development is mainly attributable to the positive results for the year which came to € 4.8 million.

4.3 Beta Systems Software AG

Beta Systems Software AG (the Parent Company) is the holding company of the Beta Systems Group. Along with managing operations in Germany, it is also the owner of the largest part of the product rights. This also includes the development and maintenance of existing products and the development of new products. The holding company heads up all cross-functional management and centralized operations (groupwide finance and accounting, personnel, strategic research and development, groupwide process management, worldwide corporate and marketing communication, as well as sales management). The Parent Company draws up its annual financial statements, which are published separately, in accordance with the regulations of the German Commercial Code (HGB).

In thousand €	2007	2008	Delta
Operating Performance	68,593	67,676	(917)
Other Operating Income	6,889	6,141	(748)
Costs of Materials and Acquired Service	(6,527)	(8,829)	(2,302)
Personnel Expenses	(40,051)	(35,443)	4,608
Depreciation and Amortization	(3,511)	(2,960)	551
Other Operating Expenses	(28,143)	(28,226)	(83)
Income from Investments	241	2,128	1,887
Interest Income	(546)	6	552
Result before Tax	(3,055)	493	3,548
Taxes	79	765	686
Net Profit for the Year (2007: Loss)	**(2,976)**	**1,258**	**4,234**

The operating performance is the result of sales revenues and changes in inventories. Income from investments is the result of income from holdings and lending, as well as write-downs on financial assets.

Financial Performance:
The Net Profit of the Parent Company in the reporting period was € 1.3 million, up from €-3.0 million in 2007. Earnings before Tax were also positive for the first time and stood at € 0.5 million (2007: €-3.1 million). The development is attributable to personnel expenses, which fell by € 4.6 million, and an increase in income from investments in subsidiaries. SI Software Innovation GmbH, a company acquired in 2008, contributed € 0.8 million to income from investments. Moreover, a positive tax result was achieved upon conclusion of an external audit.

The decline in Operating Performance was mainly caused by lower maintenance and license earnings of € 5.0 million, offset by the increase in hardware sales (€ 1.4 million) and a substantial increase in consulting services (€ 2.1 million). The downtrend in license revenues was the result of weaker business in Security Suite products as compared with the previous year. Moreover, the main changes described within the Group also affect Beta Systems Software AG as a material single entity. Another influencing factor was an increase of € 0.7 million in inventories in 2008 as compared with a decline of € 0.3 million in 2007.

Other Operating Income also fell marginally in a year-on-year comparison. Net of the effect of the release of valuation adjustments for receivables from subsidiaries in an amount of € 0.6 million in 2007, Other Operating Income remained unchanged from the previous year's figure.

In line with the sales revenue trend of hardware and consulting, the cost of materials has risen from € 6.5 million to € 8.8 million.

Personnel expenses fell to € 35.4 million, down from € 40.1 million mainly owing to average personnel numbers, which were 2.5% lower, and a decline in the transfers to provisions for variable remuneration.

Depreciation and amortization sank from € 3.5 million to € 3.0 million owing to a lower volume of write-downs (impairments) of software product rights acquired.

Other Operating Expenses edged up to € 28.2 million from € 28.1 million, a result which reflects consultancy costs which were € 0.9 million lower in 2008. This was primarily attributable to expenses incurred in 2007 in connection with the capital increase. In a year-on-year comparison, the item also includes higher selling costs and services sourced externally which came to € 0.8 million.

Income from Investments of Beta Systems Software AG advanced by € 1.9 million to € 2.1 million in particular owing to higher dividend paid by subsidiaries. The first-time contribution of € 0.8 million by SI Software Innovation GmbH deserves a special mention.

The improvement of the tax result to € 0.8 million is the result of the conclusion of an external tax audit.

Asset and Financial Position:
The balance sheet total contracted from € 45.7 million to € 43.7 million.

Whereas the financial investments rose by € 6.5 million due to the acquisition of SI Software Innovation GmbH and an advance payment for the acquisition of the DETEC companies, receivables and other assets and cash decreased by € 4.9 million.

The financing of the new investments caused cash and cash equivalents to fall by € 1.6 million and the utilization of amortizable loans of € 2.0 million with an overall term of four years, which reflects the development of the financial position in the cash flow statement in the separate financial statements as part of the Consolidated Financial Statements. In this context, reference is made to the section on the financial position of the Group.

With depreciation and amortization of € 3.0 million, the decline in non-current assets, without taking account of financial investments, is the result of the lower level of other investments of € 0.6 million,

Shareholders' Equity advanced to € 14.0 million, up from € 12.7 million, an increase resulting from net income for the year of the Company. The equity ratio climbed from 27.8% to 31.9%.

Provisions declined from € 14.8 million to € 9.5 million owing, on the one hand, to the external audit concluded in 2008 and, on the other, to the lower level of personnel provisions.

The increase in short-term finance, which climbed from € 15.6 million to € 17.6 million, was primarily caused by liabilities to associated companies, in particular in relation to SI Software Innovation GmbH.

4.4 Earnings per Share and Dividend

Beta Systems Software AG did not pay any dividend for fiscal 2007 in the year 2008. In view of the balance sheets deficit under the German Commercial Code (HGB), there will also be no dividend paid for 2008. If Beta Systems Software AG should generate unappropriated retained earnings in the years ahead, it will distribute dividend again.

5. OUTLOOK

Beta Systems is exposed to a number of risks and opportunities which are inextricably linked with entrepreneurial activities in respect of its global activities in software development and distribution. Risks may arise when making decisions based on estimates of the products and market opportunities as well as from its strategic investments and financial investments. Similarly, operational risks may be incurred by the influence and interaction of internal and external events on strategy, employees, processes and technologies. Risk policy consists of using the opportunities which present themselves in the context of business activities to the full and only entering into associated risks if value added can be derived from the opportunity. Risk management is an integral part of the business processes and the entrepreneurial position of Beta Systems. The Management Board formulates the fundamental risk guidelines which are then implemented by management. The subsidiaries and business segments are also responsible for implementing risk management in accordance with the groupwide risk guidelines.

5.1 Components of the Risk Management System of Beta Systems

The risk management system has been set up to reflect the organization structure.

Based on an early warning system implemented throughout the Group any risks are recognized as an early stage, analyzed and assessed, and appropriate countermeasures are taken. These measures include the recording, monitoring and control of the internal processes with the help of an internal reporting system, management and control system, and the planning process applied uniformly throughout the Group. The Supervisory Board, which is responsible for supervising and monitoring the Management Board, is informed on an extensive and ongoing basis.

To cover possible loss and liability risks, Beta Systems has taken out insurances which ensure that the financial consequences of potential risk event can be contained or excluded altogether. The extent of coverage is reviewed on an ongoing basis and adjusted, if necessary.

Despite the precautionary measures, loss sustained or claims asserted by market partners and their negative effect on the financial position of Beta Systems cannot be entirely excluded.


David Elm
Calgary/Canada
Software developer
Hello, my name is David Elm. I came to
Beta Systems at the end of 1998
through the takeover of Harbor Systems
Management. It is my job to develop
our high-speed file transfer systems
and client agents for back-up and re-
store solutions. For me as a software
developer Beta Systems is an interesting
employer because we can mostly develop
our products on our own and have a
great team here in Calgary.
Sport has always been important to me.
In 2003, I took on the challenge of the
700 kilometer long "Raid Pyreneen", a
route which goes from the Atlantic over
the Pyrenees and many famous passes
known from Tour de France down to
the Mediterranean.
My hopes and wishes are that things
continue to progress as successfully and
profitably after the anniversary year
as well, and that I can make some
little contribution through my work.
_betasystems

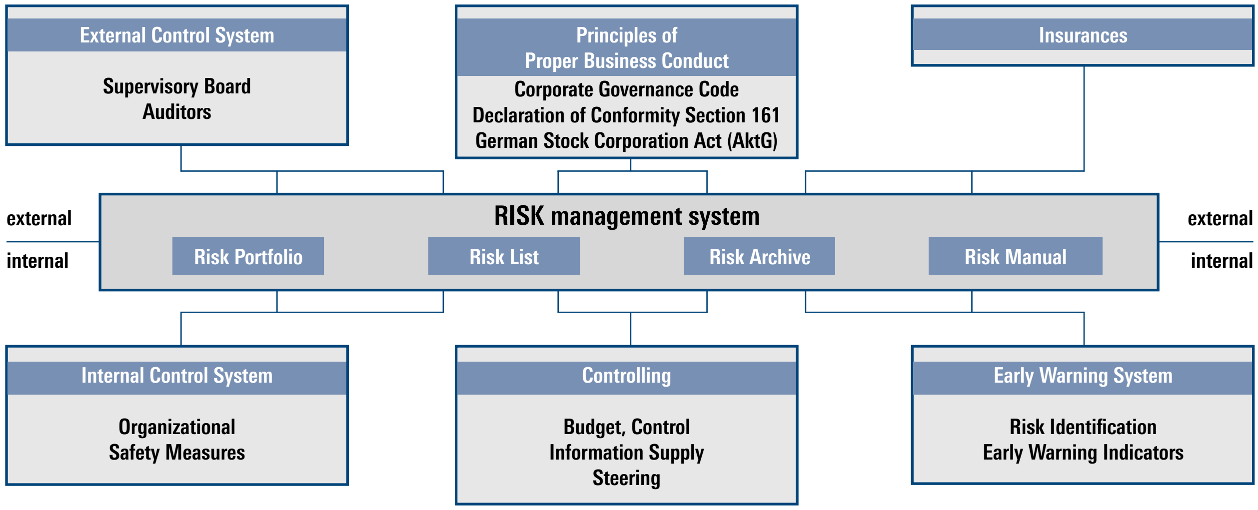

Chart: Beta Systems Risk Management System

5.2 Significant Risks monitored by the Risk Management System

Current Situation on the International Financial Markets

The persistently tense situation in the international financial markets is accelerating the consolidation process in the financial services sector and, at the same time, putting growing pressure on participants in this sector to cut costs. On the one hand, this trend favors the sale of the new software solutions of Beta Systems which are focused on adjusting business processes, IT systems and organization as part of consolidations; on the other, however, there is the risk that, in the medium term, investments by customers may be shelved owing to liquidity and financing shortfalls.

In respect of its own borrowing, Beta Systems safeguards against the risks of the crisis in the financial markets as follows:

1. 64% of the investment in the DETEC Group has been financed through loans with four-year terms.
2. Banks have made credit lines of € 2.0 million available to Beta Systems for an unlimited period.
3. In addition, Beta Systems is conducting negotiations with banks on the renewal of credit lines of € 7.5 million, which were formerly due to expire on April 30, 2009, for an unlimited period. In the view of management, discussions have been very positive. The Management Board therefore assumed that financing has been secured.

Business and Markets

The global markets for our products are hallmarked by fierce competition. This is valid for prices, the quality of products and services, development and time to market and service. Market risk is associated in particular with new products in the ECM segment, as well as products developed for open systems environments which incur greater earnings risk from higher sales risks and more expenses for market development, market launch and market penetration. The achieving of revenue targets depends particularly on how these markets generally develop and the acceptance of our solutions by customers. There is a risk that the market may not develop as anticipated or that the relevant products may not be as well received in the market as originally anticipated. Measures to counteract this threat include placing paramount importance on adjusting and developing products which are aligned to market needs. Beta Systems is confronted with fierce price competition in all its segments. The trend currently emerging in the software industry is the transition away from capacity-related price calculation methods towards use-oriented models. Moreover, Beta Systems' business is exposed to the danger of slumps in the market and in growth. Changes in the legal environment in regulated sectors can also be a cost factor.

Moreover, there are a few specific market risks in connection with input management in the area of payment settlements in the financial sector. Apart from the long-standing process of consolidation in the banking sector, these segments are confronted with a declining number of payment vouchers requiring processing. Competition in the market is intensifying owing to the process of consolidation in Germany and a growing number of larger projects abroad. The more efficient use of capacities associated with larger systems may lead to a further decline in the volume of investments and to a lower volume of services, the pricing of which is determined by the former. There is a risk that these trends may accelerate faster than expected from today's standpoint. Overall, the segments operating in payments settlements seek to counteract this risk by focusing on cost efficiency and the realizing of large-scale solutions.

Fluctuations, Seasonality of Revenue, Large-scale Projects

A large portion of the revenue from software licenses is generated in the fourth quarter of the fiscal year. The maturities, the volume and content of customer-specific license and service agreements are decisive for Beta Systems' performance as reflected in the results of operations. Many of the agreements cover high revenue volumes, and the selling cycles for the products of Beta Systems are often very long and partly difficult to determine in advance. Owing to the large share of the license and services businesses in total revenues, these risks are closely watched in order to be able to intervene swiftly and effectively in the event of untoward developments. A more even distribution of business over the quarters is to be promoted by strengthening the project business and putting sales incentive systems in place. At the same time, there is the typical dependency on large-scale projects: owing to their weighting in the sales and earnings contribution large-scale projects are particularly important for the achieving of the Company's goals. If such orders were not to be placed or subject to a delay, this could have a considerable impact on the financial position.

Product Portfolio

In fiscal 2008, 44.9% of revenues was generated by the four products Beta 93, Beta 92, EBS 2000 and SAM Jupiter. Any factor burdening pricing or demand for these products and services may negatively affect the net assets, financial position and result of operations. The appeal of the mainframe environment, served primarily by the SAM Jupiter, Beta 92 and Beta 93 products, depends greatly on the innovations and business policy of IBM and other major hard- and software manufacturers.

Through the acquisition of the rights of SI Software Innovation GmbH to the Large Documents Management System (LDMS) product, Beta Systems is currently building up its existing product portfolio in the mainframe business. In this process, LDMS will be treated as an individual product line in its own right. Beta Systems assumes that the synergies released from combined product portfolio can be used successfully in data processing centers.

Beta Systems has introduced a number of measures to protect its product rights, including copyright protection, brand names and trademarks, licenses, confidentiality agreements and other technical precautions. There can, however, be no guarantee that these protective measures will be sufficient. Despite all the preventative measures, for instance, it may still be possible for third parties to copy or develop Beta Systems products or otherwise to gain access to information which Beta Systems regards as its intellectual property. Moreover, the property rights of Beta Systems are not protected in a number of other countries to the same extent as in Germany or in the EU. By the same token, Beta Systems might infringe the protection rights of third parties, in particular copyrights and patents. This threat is also counteracted by proactive risk management.

Beta Systems conducts a thorough testing of new products or product versions before they are released in the market. Despite such testing, products may contain errors of which Beta Systems is unaware. The process of eliminating these errors may bind substantial resources. Furthermore, there is no guarantee that customers will not assert claims for damages, request an exchange of the software or other concessions from the Company. In addition, Beta Systems has taken numerous precautions to ensure that products are launched on the market in accordance with deadlines. Nonetheless, the supply or delivery of new products may be subject to delays. Such delays may adversely affect the market acceptance of Beta Systems' products and its development.

International Operations

Beta Systems serves its customers through local subsidiaries in Europe as well as in North America and Africa. Accordingly, the Beta Systems Group with its subsidiaries are exposed to risks accruing from international business, including currency risk.

Dependency on Qualified Personnel

The success of the Company is dependent to a great extent on having qualified employees and available specialized knowledge. Accordingly, preventing highly qualified employees from leaving the Company and winning additional new personnel is a decisive factor for the future earnings, financial and asset position. The current dearth of qualified personnel on the labor market incurs a risk that positions become vacant through fluctuation or created by the growth of the Company cannot be filled with suitable personnel – or only with a delay.

Credit Risk

Credit risk is the risk of financial loss to accompany if its customers failed to fulfill their contractual payment obligations in respect of the company. The potential credit risk for the Company consists mainly in defaulted customer receivables. Owing to the high number of customers with good credit standing the risk of default for the Company, measured in terms of its total revenues, is, as experience has shown, very low. The crisis in the financial markets has not caused any material changes. In individual cases, credit default results from unrecoverable amounts from individual sales transactions with small revenue volumes.

Liquidity Risk

The liquidity risk is the risk of a company not being able to settle its financial obligations by the deadline. The aim and the task of liquidity management is to have its own and borrowed funds available in sufficient quantities.

The liquidity planning and monitoring of the inherent risks is carried out as part of central, groupwide Cash Management by way of a series of supplementary measures. A consistently implemented receivables management, requirements planning updated on a regular basis, a centrally managed cash pool, the effective control of payment to creditors through observing full terms of payment and discounts and, last but not least, an effective controlling system to minimize and optimize costs form the basis for calculating the financing requirements from own funds and borrowings and the targeted optimization of cash return. As of December 31, 2008 the Company had credit lines totaling € 12.5 million (2007: € 9.5 million) available at its principal banks for the purpose of the drawdowns at short notice. The financing commitments of these banks are tied to the Company's achieving certain financial ratios. As per December 31, 2008, the Company had fulfilled all covenants.

The credit lines of € 8.0 million granted to the Company will expire on April 30, 2009. At the current point in time, the Company has written commitments for an overall credit volume of € 12.5 million.

Currency Risk

Owing to its international operations, the Company is exposed to currency risk arising from the fluctuations in exchange rates in relation to business transactions and the assets and liabilities denominated in foreign currency. With the aim of managing these currency risks and of keeping the impact of volatility risks on the consolidated results within plannable and acceptable limits, the Company buys and sells derivative instruments in the form of forward exchange transactions. For more details information we refer to the section on „Financial Risk Management - Currency Risk" in the Notes to the Consolidated Financial Statements.

Interest Rate Risk

The monitoring of the interest rate risk is also carried out as part of groupwide Cash Management. Excess payments from the central cash pool carry interest and, taking account of the estimated need for funds at short notice, are invested in short- to medium-term money market instruments. Similarly, the short-term operating payment deficit is covered by a credit on current account at the interest rates customary in the market.

Shareholders' Equity Position of the Parent Company

The shareholders' equity position of Beta Systems Software AG (Parent Company) has continued to improve. On the reporting date, equity came to 80.8% (2007: 73.6 %) of subscribed capital.

Shareholders' Compensation Claim

Kleindienst Datentechnik AG and Beta Systems Software AG concluded a merger agreement on April 27, 2005. Under this agreement, Kleindienst Datentechnik AG was to be integrated into Beta Systems through dissolution without liquidation by way of integration by assigning the entire assets against granting of shares of Beta Systems. The exchange ratio was set at three Beta shares for five Kleindienst shares.

A number of former shareholders of Kleindienst Datentechnik AG do not consider the exchange ratio appropriate and have therefore filed an application for a shareholders' compensation claim.

Beta Systems is attempting to bring about an out-of-court settlement with these applicant shareholders. In the period under review, the out-of-court settlement was pursued further and, in agreement with the applicants claiming shareholders' compensation, a draft of a settlement has been drawn up. This draft of a settlement for the shareholders' compensation claim was approved through the required majority at the General Meeting of Shareholders of Beta Systems held on May 23, 2007. The Company is now striving to bring about swift agreement with all applicants and a conclusion to the settlement under the law on the basis of the draft. Funds in the amount of approximately € 0.4 million for 430,905 shares outstanding at the time of the merger can be expected to be disbursed, including costs of litigation and legal advice incurred by then. Following an initial analysis, this disbursement would not affect income but would be capitalized under goodwill.

5.3 Significant Opportunities

New Organization Structure of LoBs

As from fiscal 2009, Beta Systems will be positioning itself in organizational terms with its two divisions of Infrastructure (Infrastructure & Operations Management, more product-oriented business lines of DCI/IdM) and ECM Solutions (ECM & Document Solutions, more project-oriented ECM business line), each of which has four clear goals. From today's standpoint it is not possible to fully assess whether and what impact the current economic situation will have on Beta Systems' customers.

The Infrastructure Division will focus on the Job and Output Management segments as well as on the high-growth markets of Security and Compliance. In the ECM Solutions Division Beta Systems will be concentrating on providing solutions customized for banks and insurance companies and, in addition, solutions which can be used in the context of global population censuses and in General Document Management.

New Beta 4Agility Product and Sales Strategy

With its Beta 4Agility growth program, initiated in the second quarter of 2007, Beta Systems has taken the opportunity of reinforcing its market position on a sustained basis with the aim of releasing additional revenue and earnings potential through an improved and market-oriented product and solution offer, coupled with a uniform presence market in the market. This incurs the customary risks associated with introducing new products in the market identified in this Outlook section.

Compliance

Another trend that Beta Systems has identified is compliance software which ensures the compliance, the monitoring thereof and the control of legislation and guidelines throughout the respective company. In recent years, company-wide compliance with legislation, directives and guidelines has become increasingly importance owing to a slew of amendments and stringent changes to the law. Compliance is particularly important in banks and insurance companies which process large volumes of critical data. The products and solutions of the Beta Systems Group already place special importance on the company-wide compliance with legislation, directives and guidelines. The Company is expecting this trend to accelerate, with a concurrent increase in demand for its products and solutions, which will result in growth opportunities for the Beta Systems Group.

Enterprise Application and Business Process Management

Besides this, Beta Systems sees other market trends in software for the companywide integration of business functions through the combination of a number of applications and different platforms (so-called Enterprise Application Management) as well as in software for the locating, design, documentation, control and improvement of business processes (so-called Business Process Management). Beta Systems intends to expand its development activities to include these areas.

Global Trend toward Consolidation

Moreover, the Company has identified the ongoing process of global consolidation as another market trend. Numerous mergers, particularly in Europe's financial services sector, have led to an increasing concentration. In addition, a number of large corporations have recently begun to outsource their IT infrastructure to IT service providers (so-called outsourcing). With its customer and service orientation, its focus on key accounts and its new Beta 4Agility Suite products, Beta Systems is well positioned to accommodate this trend.


Mikael Pertot
Sales Manager, Sundbyberg/Sweden
Workout against the daily stress
My name is Mikael Pertot and I have been with Beta Systems since 1992. Part of my job is the sale of DCI products in the Swedish and Danish markets.
In a sector like ours, where consultancy services have such a high priority, this is a job which first and foremost depends on whether you are a good listener. First I need to fully understand what my customers want before I can recommend the right solutions from the Beta Systems portfolio and work out the real benefits.
For me, sports and a good approach to work are what make up a good work-life balance. I start each morning by doing Nordic walking for 30 to 60 minutes, and also go to the sports studio two to three times a week.
I like the personal and empowering working style at Beta Systems. Even after 25 years we haven't become an large anonymous corporation – there is still real team spirit here.

6. RESEARCH AND DEVELOPMENT

In fiscal 2008, the research and development activities were an important stimulus for the development and launch of new products and solutions. With the approval of another approximately 40 product releases, manifold customer and market requirements were implemented in order to continue to satisfy the sophisticated demands placed on functionality, flexibility, security and efficiency by Beta Systems customers and to keep abreast of swift technological changes. Beta Systems entrusts its own employees with research and development for the most part. The costs came to € 13.8 million in fiscal 2008 (2007: € 12.1 million).

Products and solutions are developed in locations in Germany in Berlin (focus: DCI), Cologne (focus: IdM) and Augsburg (focus: ECM) and in the subsidiary Beta Systems Software of Canada Inc. in Calgary, Canada (focus: DCI).

In fiscal 2008, Beta Systems concentrated on the innovative development of the portfolio comprising the Beta 4Agility products. The business process-oriented products from our core segments of document processing, IT user management and data processing in data centers link up applications and systems under the Beta Agilizer Suite and make standard functions available via web services. The aim is to offer our customers integration solutions which give them greater agility in their companies and IT operations.

In 2008, Beta Systems brought the first integration solutions of the Beta Agilizer Suite to the market with Beta Agilizer 4DocumentProcessing (A4Doc) and Beta Agilizer 4DataProcessing (A4DP).
A4Doc enables business process-oriented document research via web services or browser-based clients. The target groups of A4Doc are conventional credit institutions, trading firms and insurance companies with bulk data.
A4Doc searches for electronically-filed documents in any format across different repositories, thus independently of the data source. A4Doc is an integrated interface layer that brings together strands of information from multiple systems, providing users with a centralized information hub and real-time access to data. Customers can continue to use legacy systems as before, or gradually migrate them under the interface layer by "encapsulating" certain functions. Since the fall of 2008, Beta Systems has supplemented its document management offer through the integration of Documentum, the EMC enterprise content management platform, into A4Doc, thereby extending it to include new functionalities in the areas of business process management and archiving.
Companies can link up the software applications of their data centers with the world of business processes through A4DP. Data center functions can be easily integrated using A4DP into workflows. This enables companies to optimize their business processes swiftly and with ease through extended functions in the areas of information, administration and automation of data centers. Using modern Java technology, implemented host applications are made available at any workstation equipped with a browser. Information can now be gathered and provided from various data sources via parallel queries. Legacy applications which formerly had no suitable access and integration options can now be integrated into modern process solutions and are available for use over the web. This enables companies to gain a consistent and platform-independent overview of all relevant business data.

In addition, Beta Systems develops other products and solutions which address the comprehensive integration of all aspects of security in IT systems and facilitate the integration of administration and provisioning services in existing portals, workflows and SOA platforms. They can also be seamlessly linked with Beta Systems compliance products. These solutions enable a cross-functional and companywide identity management to be implemented and a central integration platform to be set in place for security solutions in large companies.
Beta Systems also develops compliance products which can be used to automate and implement compliance management throughout the respective company. Compliance activities can be centralized through a system of internal system. Beta Systems offers a technological platform on the basis of tried-and-tested products. The internal control system enables Beta Systems' customers to react with flexibility and agility to compliance requirements and integrate a central compliance platform into existing corporate structures.

The research and development activities in the DCI/IdM segment concentrated on the development of the Beta UX product suite in 2008. This suite enables the compliant administration and archiving of protocol and process information on UNIX platforms. This in turn allows data center processes to be captured on a content-related basis and sent to designated system specialists for the purpose of data centre administration. In 2009, Beta Systems is planning further products and add-ons for mainframe and UNIX for existing and new customers.

The development unit was restructured in the IdM segment in 2008 in order to raise the performance of both core SAM Jupiter products (mainframe and UNIX line) by concentrating on them. Furthermore, the positive effects of cross-LoB cooperation with the Support, Product Management and Sales departments is anticipated. In this process, parts of development have been relocated from Cologne to Calgary.

Beta Systems launched a quality campaign in the ECM segment in 2008 to review all processes and procedures. The positive feedback of our customers confirms that this was the right measure. Moreover, the research and development activities in the ECM segment in 2008 concentrated on the development of the Beta Agilizer 4DocumentProcessing and on the ongoing development of new products and solutions customized for the bank and insurance sectors. The focus in fiscal 2009 will be on progressing the development of A4Doc in combination with extending the FrontCollect Suite.

In the area of research and development, Beta Systems benefits above all from its technological partnerships with global IT leaders such as IBM, Microsoft, SAP, Oracle, HP, Sun and Novell, and others. These partnerships enable Beta Systems to develop high-performance solution which accord with state-of-the-art technical specifications and developments.

7. REMUNERATION REPORT

Remuneration of the Management Board

The remuneration structure of the Management Board is determined by the Personnel Committee of Beta Systems Software AG' Supervisory Board. The Personnel Committee advises and regularly reviews the compensation structure and amount.

The overall remuneration of the Management Board is made up of two components: a fixed-based component (salary and benefits) and a performance-based component (bonus).

The fixed remuneration is paid as a monthly salary. In addition, the Management Board receives non-cash benefits such as the private use of a company car or the granting of a vehicle allowance. Moreover, the members of the Management Board receive an annual bonus, the granting and amount of which depends on the operating and financial results of the Beta Systems Group as well as on the individual personal performance of the respective Board member.

In the event of a change of control, where more than 75% of the shares with voting rights of the company are acquired by a third party, Chief Executive Officer Kamyar Niroumand will receive a non-recurring gross special payment. The amount of this additional remuneration will be calculated on the basis of the purchase price for the majority of the voting shares and is capped at € 5,000,000.

In the event of the premature termination of the employment contract, Board member contracts do not contain an explicit severance commitment. There may be a severance arrangement in an individually agreed termination agreement.

In fiscal 2008, remuneration of the individual members of the Management Board is set out in the table below:

In €	Fixed components in 2007		Performance-based components in 2007	Fixed components in 2008		Performance-based components in 2008
	Salary	Other benefits		Salary	Other benefits	
Kamyar Niroumand	360,000.00	12,514.08	240,000.00	360,000.00	14,178.96	125,000.00
Gernot Sagl	130,000.00	9,063.00	100,000.00	130,000.00	8,391.40	75,000.00
Total	**490,000.00**	**21,577.08**	**340,000.00**	**490,000.00**	**22,570.36**	**200,000.00**

In fiscal 2007, Mr. Kamyar Niroumand was entitled to a target bonus of € 240,000.00 owing to a bonus and objectives agreement with the Company, represented by the Supervisory Board. The entitlement in 2008 comes to € 125,000.00 depending on the consolidated result. The amount was paid out in full in 2008.

Of the performance-based remuneration, Mr. Gernot Sagl is to receive an amount of € 81,467.40 in fiscal 2008 (2007: € 111,336.00) from Beta Systems Software AG for his activities as Chief Financial Officer of the Company. For his activities as Managing Director of Beta Systems Software AG's Austrian subsidiary, Vienna-based Beta Systems EDV Software Gesellschaft m.b.H., Mr. Gernot Sagl is to receive total remuneration of € 56,924.00 in fiscal 2008 (2007: € 18,664.00). This amount is included in the remuneration of the Management Board itemized above.

In fiscal 2007, Mr. Gernot Sagl was entitled to a performance-based remuneration of € 100,000.00. The payment of variable remuneration depends on the consolidated result as well as on the degree to which personal goals have been achieved. Entitlement is based on a bonus and objectives agreement of Mr. Gernot Sagl with the Company, represented by the Supervisory Board. The amount was paid out in full in 2008. The entitlement in 2008 comes to € 75,000.00.

In fiscal year 2008, no remuneration components with long-term incentive (e.g. share options) were issued. Members of the Management Board of Beta Systems Software AG did not receive any advance payment or loans in the reporting year.

The Company has taken out a D&O insurance (liability group insurance) for members of the executive boards and senior executives of Beta Systems Software AG as well as for all executive bodies of affiliated companies in Germany and abroad. The insurance covers the personal liability risk for the event that damages are asserted against this group of persons in the exercising of their management tasks. The members of such executive bodies do not have to pay a deductible within the meaning of the German Corporate Governance, Code Item 3.8 para. 2. Beta Systems Software AG does not consider that having a deductible is necessary to improve the motivation and the responsibility with which the members of the Management Board and the Supervisory Board discharge their duties. For this reason, Beta Systems Software AG does not consider a deductible necessary for the aforementioned group of persons.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board of Beta Systems Software AG is determined by the General Meeting of Shareholders and is regulated in Section 10 of the Articles of Association. Remuneration is based on the tasks and the responsibilities of the Supervisory Board members as well as on the financial position and the success of the company.

The members of the Supervisory Board receive a fixed annual remuneration of € 7,700.00 for each member, double this amount for the Chairman of the Supervisory Board and one and a half times this amount for his deputy. Accordingly, the individual members of the Supervisory Board received the amounts shown in the table below in fiscal year 2008:

In thousand €	Fixed remuneration 2007	Fixed remuneration 2008
Sebastian Leser Chairman of the Supervisory Board	15,400.00	15,400.00
Dr. Arun Nagwaney Vice Chairman of the Supervisory Board	11,550.00	11,550.00
Volker Wöhrle	7,700.00	7,700.00
Jürgen Dickemann	7,700.00	7,700.00
Stefan Hillenbach	7,700.00	7,700.00
Wilhelm Terhaag	7,700.00	7,700.00
Total	**57,750.00**	**57,750.00**

In addition, the members of the Supervisory Board are reimbursed with outlays associated with the discharge of their office, including any VAT.

No provision has been made for a performance-based remuneration of Supervisory Board members. Membership and chairmanship of the Personnel Committee is not subject to specific compensation.
In the reporting year, members of the Supervisory Board of Beta Systems Software AG did not receive any advance payment or loans.

8. DISCLOSURE AND REPORT BY THE MANAGEMENT BOARD OF BETA SYSTEMS SOFTWARE AG PURSUANT TO SECTIONS 289 PARA. 4, 315 PARA. 4 GERMAN COMMERCIAL CODE (HGB)

Composition of Subscribed Capital

The share capital of the Company is currently € 17,275,588.20 and is divided into 13,288,914 shares in a pro rata amount in the share capital of € 1.30 per share. The associated rights and duties are regulated in the German Stock Corporation Act (AktG).

Restrictions affecting Voting Rights or the Transfer of Rights

Pursuant to Section 71b of the German Stock Corporation Act (AktG), the treasury shares held by a stock corporation do not carry a voting right. Beta Systems Software AG has 120,610 treasury shares where voting rights are excluded.

The Board of Management is not aware of any other restrictions which relate to the voting rights or the transfer of shares.

Direct and Indirect Shareholdings of the Share Capital which exceed 10% of the Voting Rights

The Company has been notified of direct or indirect shareholdings of the share capital which exceed 10% of the voting rights:

ABC Beteiligungen AG holds 37.1155% of the voting rights. Of this percentage amount the following is apportioned to the company pursuant to Section 22 para. 1 sentence 1 no. 1 German Securities Trading Act (WpHG): the voting rights of Heidelberger Beteiligungsholding AG, a company controlled by ABC Beteiligungen AG, and pursuant to Section 22 para. 2 sentence 1 German Securities Trading Act (WpHG) the voting rights of Deutsche Balaton AG.
Heidelberger Beteiligungsholding AG: 20.2868% (2,695,902 voting rights)
Deutsche Balaton Aktiengesellschaft: 16.8287% (2,236,349 voting rights)

More details are included on the statement on the share capital in the Notes to the Financial Statements of the Parent Company.

Pursuant to Section 21 para. 1 sentence 1 German Securities Trading Act (WpHG), Mr. William P. Schmidt holds 10.24% of the voting rights (1,360,672 shares). Of this amount he holds 1,034,320 shares (7.78% of the voting rights) directly. 326,352 shares (2.46% of the voting rights) are allocable to him pursuant to Section 22 para. 1 sentence 1 item 6 of the German Securities Trading Act (WpHG).

Axxion S.A. holds 10.15% of the voting rights (1,349,145 voting rights).

To the knowledge of the Management Board, no other shareholder holds more than 10% of the share capital, either directly or indirectly.

Shares with Special Rights

There are no shares with special rights at Beta Systems Software AG. Each share carries one vote in the Annual General Meeting of Shareholders.

Type of Voting Rights Control with Employee Participation

There is no voting right control in relation to employee shares.

Legal provisions and the provisions of the Articles of Association on the appointing and dismissing of members of the Management Board and on amendments to the Articles of Association
The members of the Management Board are exclusively appointed and dismissed under the legal provisions (Sections 84, 85 German Stock Corporation Act (AktG)). There is no specific regulation in the Articles of Association which provides for the appointing and the dismissal of the members of the Management Board. The Supervisory Board is responsible for the appointing and dismissal. It appoints Management Board members for a maximum of five years. A renewal of the appointment or extending the term of office is permitted for five years maximum respectively.

Amendments to the Articles of Association are possible under the legal provisions (Sections 133, 179 German Stock Corporation Act (AktG). Pursuant to Section 11 of the Articles of Association of Beta Systems Software AG the Supervisory Board is authorized to make amendments to the Bylaws which only relate to the respective version; in as much, the Annual General Meeting of Shareholders is not required to pass a resolution.

Authorization of the Management Board relating in particular to the Option of Issuing or Buying Back Shares

The Management Board has not been authorized to issue or buy back shares. In particular, the Management Board is currently not authorized to raise the share capital on the basis of authorized and contingent capital.
There is currently no authorization for the Company to buy back its own shares.

Important Agreements of the Parent Company which are subject to the Condition of a Control Change in the wake of a Takeover and the resulting Effects

In respect of the agreement which are subject to the conditions governing the change of control, reference is made to the Remuneration Report. There are no other agreements, for instance compensation agreements, in the event of a takeover offer.

The explanatory record of the Management Board of Beta Systems Software Aktiengesellschaft on information pursuant to Sections 289 para. 4, 315 para. 4 German Commercial Code (HGB) in the Combined Management Report on the Group and the Parent Company for the fiscal year 2008 will be submitted to the Annual General Meeting of Shareholders and can be viewed in the offices of Beta Systems Software AG, Alt-Moabit 90 d, D-10559 Berlin and on the website at http://ww2.betasystems.com/en/investors/annualgeneralmeeting.html. Upon request, each shareholder shall immediately receive a free copy of the report which will be on display at the Annual General Meeting.

9. EVENTS AFTER THE BALANCE SHEET DATE

Effective January 1, 2009, Beta Systems Software AG has taken over control of DETEC Decision Technology Software GmbH and DSP DETEC Software Products GmbH, Rüsselheim, and will integrate these companies into the group of consolidated companies as from 2009.

The Management Board and the Supervisory Board of Beta Systems as well as the shareholders and managing directors of the DETEC companies reached an agreement on the key components of the intended acquisition in December 2008 and signed a purchase agreement. Both DETEC companies will continue to operate independently with an expanded management base. The managing partners responsible for technology and sales at DETEC have pledged that they will continue to provide their cooperation for a transition period until the companies have been successfully integrated. In addition, Harald Podzuweit, General Manager of Beta Systems' Data Center Infrastructure (DCI) and Identity Management (IdM) segments, will assume responsibility for management. The acquisition is being funded by both debt and equity.

DETEC's portfolio comprises products for generating optically high-quality and sophisticated documents in Output Management through the formatting of output data. The intention is that the products, and the personnel involved with their development, sales and service, will continue to be managed as an independent line and unit, and assigned to the DCI/IdM Division in both product and financial terms. This measure serves to underscore Beta Systems' long-term commitment to Rüsselheim as a location. Confidentiality has been agreed in respect of further details of the purchase agreement.

Beta Systems will gain over 400 customers in the German-speaking region which are largely new contacts for the Company in various corporate divisions. This acquisition is an important building block for Beta Systems in its infrastructure software portfolio as well as being a good investment in an established product and a sound and profitable software company. Beta Systems anticipates a positive contribution to revenue and profits as early as fiscal 2009.

DETEC, a software producer based in Rüsselheim, Germany, specializes in software products and services centered around the structuring, production and distribution of professionally presented business documents (such as invoices, accounts, orders or shipping documents), whether in print or digital form.
With its new LaserSoft "DoXite" product generation, DETEC is focused on supporting professional internal and external "Business Communication" (B2B, B2C) 4/400 customers in Germany and abroad. „DoXite" enables them to produce, format and integrate documents for several, partly parallel output channels (printing, archiving, electronic distribution) in the output system. It can produce archived documents that conform to PDF/A, produce electronic signatures qualified with the help of partner software, optimize working processes, and cut users' costs.

10. SUMMARY AND OUTLOOK FOR THE GROUP AND THE PARENT COMPANY

In the year 2008, Beta Systems recorded an EBIT of € 6.4 million, thereby outperforming the good result in 2007 which, up until that time, had been the best operating result since its IPO. The Company succeeded in raising revenues to another new record level by concentrating on the high-margin software license business with financial services provides and large enterprises, completing the acquisition of SI Software Innovation GmbH, expanding its international business and consistently implementing stringent cost management. The launching of the new integration solutions comprised under the Beta Agilizer Suite has provided additional growth stimulus.

To raise earnings strength on a sustainable basis, Beta Systems intends to pursue its chosen strategy in the future as well. The successful marketing of newly acquired product suites and the Company's own innovations will release new growth potential here. From today's standpoint it is not possible to fully assess whether and to what extent the current economic situation will affect the customers of Beta Systems.

Beta Systems will continue to implement its stringent cost management in the years ahead for this reason as well. An important step in this process is the combination of the DCI and IdM LoBs to form the new Infrastructure Division (Infrastructure & Operations Management) and the restructuring of the ECM LoB into the ECM Solutions Division (ECM & Document Solutions). In this process, the products will be assigned depending on the requirements of the new divisions or hived off from the portfolio. Selective acquisitions of small, profitable companies will round off the portfolio in the infrastructure business. Together with customers, Beta Systems is currently examining the option of entering into the market for the outsourcing of document-related IT services or Business Process Outsourcing (BPO) in the ECM solutions business.

Guidance for revenues and profit can only be provided with the requisite reserve and caution given the general economic conditions and the specific risks in the financial sector. Based on the Company's stable market position, strengthened in the wake of additions to the holdings portfolio, such as the effective takeover of the DETEC Group, Management anticipates that raising revenues and profit should be possible for both the Group and Parent Company in the current fiscal year as well. In this process the aim is to outperform the overall market.

11. DECLARATION OF THE MANAGEMENT BOARD PURSUANT TO 312 PARA. 3 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Legal transactions or other measures subject to reporting requirements which the company undertook or refrained from undertaking upon the instruction or in the interest of the Deutsche Balaton Group, the controlling company, were not recorded in the fiscal year 2008. The Deutsche Balaton Group comprises Deutsche Balaton Aktiengesellschaft, Heidelberger Beteiligungsholding AG, Delphi Unternehmensberatung GmbH and VV Beteiligungen Aktiengesellschaft.

Berlin, March 17, 2009

Kamyar Niroumand	Gernot Sagl
Chief Executive Officer	Chief Financial Officer

Financial Statements/Disclaimer

This Combined Management Report on the Group and on the Parent Company contains forward-looking statements which are based on assumptions and estimates made by the management of Beta Systems Software AG. Although the expectations inherent in these forward-looking statements are assumed to be realistic, no guarantee can be undertaken that these expectations prove to be correct. The assumptions may harbor risks and uncertainties which may lead to actual results diverging significantly from the forward-looking statements. The factors which may cause such divergence have been described i.a. in the Risk Report. An update of these forward-looking statements by Beta Systems is neither planned nor does management undertake any obligation to do so. All company, product and service brand names and logos used here are the property of the respective company.

BETA SYSTEMS SOFTWARE AKTIENGESELLSCHAFT, BERLIN AFFIRMATION BY THE LEGALLY AUTHORIZED REPRESENTATIVES PURSUANT TO SECTION 315 PARA. 1 SENTENCE 6 AND SECTION 289 PARA. 1 SENTENCE 5 OF THE GERMAN COMMERCIAL CODE (HGB)

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Combined Management Report on the Group and the Parent Company includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company, and the Combined Management Report on the Group and the Parent Company includes a fair review of the development and performance of the business and the position of the Parent Company, together with a description of the principal opportunities and risks associated with the expected development of the Parent Company.

Berlin, March 17, 2009

Kamyar Niroumand	Gernot Sagl
Chief Executive Officer	Chief Financial Officer


BOAT HIKING MAP
Hallo, my name is Dr Claudia Mößner. As an employee of SI Software Innovation GmbH, my colleagues and I have only been part of Beta Systems since the start of 2008. I joined the company here in Neustadt ten years ago, and today I am responsible for heading up our hotline, quality assurance and documentation. Our team is committed to ensuring that our customers continue to be happy with the products we supply.
In the context of developing internal processes for the quality assurance of our products, we redefined, implemented, and got our database application for recording and managing test cases up and running at the end of 2008.
What I need most of all for my work-life balance is water. As soon as work allows what I like to do most is to sit in a boat. Taking my canoe alone out in the morning in the mist on a stretch of water where the Rhine used to flow, or time spent with the team in a racing rowboat – these are both ideal forms of relaxation and recovery for me.
What I wish for is good cooperation with new colleagues and many long-term synergy effects to follow on from our anniversary year!
Dr. Claudia Mößner, Quality Management, Support & Training, SI Software Innovation GmbH, Neustadt/Germany
Fürstenseer Gewässer
Rheinsbgr. Gewässer und Müntz-Havel-Wasserstr.
11

REPORT BY THE SUPERVISORY BOARD

Dear Shareholders,

The Supervisory Board of Beta Systems Software AG has discharged the duties entrusted to it under the law and the Articles of Association with great diligence in the fiscal year 2008. The Management Board informed the Supervisory Board at 12 meetings (physical meetings and telephone conferences) about the business situation and the development of Beta Systems Software AG. All Supervisory Board members were present at more than half of the meetings. Ensuring that the Supervisory Board was adequately supplied with information was the joint task of both the Management Board and the Supervisory Board.

We regularly advised and monitored the Management Board in respect of its management of the Company. The Supervisory Board was involved in all material decisions and was informed extensively by the Management Board in the form of written and oral reports in a regular and timely fashion about all issues relating to corporate planning and strategic development, on the course of business, the situation of the Company, including its risk position, as well as in respect of risk management and compliance. Any divergences from the plans and goals were explained to us in detail. The Management Board conferred with us to agree the strategy of the Company. We discussed all material business transactions of the Company in detail based on reports submitted by the Management Board in the Supervisory Board plenum. After thorough examination and consultation, we approved the reports and the resolutions proposed by the Management Board in as much as required by the law and the Articles of Association. Apart from the Supervisory Board meetings, the Chairman of the Supervisory Board had regular contact with the Management Board and kept himself informed of the current development of business and material transactions. Moreover, in his capacity as Chairman of the Supervisory Board, he coordinated the work of the Supervisory Board, chaired its meetings and represented the Board externally in all matters. In addition, the Supervisory Board ratified important transactions requiring its approval. Conflicts of interest relating to the members of the Management and Supervisory boards which are to be disclosed immediately to the Supervisory Board and communicated to the Annual General Meeting of Shareholders did not arise.

The Supervisory Board has an adequate number of independent members who dispose(d) of sufficient time to be able to exercise their mandates; no former member of the Management Board belongs to the Supervisory Board. The Supervisory Board members do not act on behalf on executive bodies nor in a consultancy capacity on major competitors of the Company.

Key Points of Consultation

In the fiscal year 2008, the Supervisory Board met to confer on a broad range of issues. In the first half-year, this included in particular discussions about current sales undertakings. The agendas of meetings mainly comprised measures geared towards sustainably reinforcing the financial performance and bolstering the growth opportunities of the individual lines of business and the Group as a whole, as well as the monitoring and value-related assessment of the respective current risk position, including the capital base of the Company.

In its meetings in the second half of 2008, the Supervisory Board concentrated on the analysis of business performance in 2008 and the medium-term planning submitted and explained by the Management Board for the financial years from 2009 to 2011, including the product and market strategies and the risk management system. Moreover, the renewed appointment of Board member Gernot Sagl and the extension of his contract was approved. The acquisition of the DETEC Group was also discussed in detail and conferred upon. In addition, the Supervisory Board discussed the Half-yearly Report 2008 and the Nine-month Report 2008 with the Management Board in accordance with Code Item 7.1.2 of the German Corporate Governance Code before they were published. The Supervisory Board conferred on adjusting and creating effective, new corporate governance mechanisms and standards.

Corporate Governance and Declaration of Conformity

The Management Board reports on corporate governance at Beta Systems – also on behalf of the Supervisory Board – in the Annual Report 2008. The Management Board and the Supervisory Board have repeatedly discussed the recommendations and suggestions of the German Corporate Governance Code and submitted an updated Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) on December 5, 2008. The declaration is included in the Corporate Governance Report of the Annual Report 2008 and has been made permanently accessible to the shareholders on the website of the Company. Prior to a number of joint meetings, the Supervisory Board met to deliberate without the Management Board. The content of these meetings also included the review of the efficiency of the Supervisory Board. In its meeting on December 5, 2008, the Supervisory Board conferred conclusively in a structured form with a detailed review of efficiency. The outcome is the basis for the ongoing optimization of the work of the Supervisory Board. The resulting proposals for enhancing reporting and the procedure of meetings will form the basis for improvement and will be implemented subsequently. Beta Systems has complied and will continue to comply with the recommendations of the Government Commission of the German Corporate Governance Code in the versions of June 6, 2008, and June 14, 2007.

Personnel Committee and Business Committee

The Personnel Committee is made up of three persons and confers on the appointment of Board members and determines both the structure and the remuneration of the Board members as well as reviewing these components on a regular basis. In the reporting period, the Personnel Committee did not convene separate meetings as the issues were discussed and resolved in the presence of the whole Supervisory Board.

The Business Committee is made up of three persons. The Committee's task is to ratify transactions which require the approval of the Supervisory Board. The Committee did not meet during the reporting period as all transactions requiring approval were submitted to the whole Supervisory Board for its approval.

As described in the Declaration of Conformity of December 5, 2008, there is neither an Audit Committee nor a Nomination Committee owing to the current size and composition of the Supervisory Board (six persons) and the size of Beta Systems itself. Essentially the entire Supervisory Board deals with all questions regarding the rendering and auditing of accounts and is responsible for submitting election proposals to the Annual General Meeting of Shareholders.

Adoption of the Financial Statements

The accounting, financial statements and the Combined Management Report on the Group and the Parent Company (combined Management Report) for the fiscal year 2008 were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, and were granted an unqualified auditor's opinion. The key audit areas defined in the process of this year's annual audit of the accounts were the recognition of revenues, the first-time consolidation of SI Software Innovation GmbH, the testing of intangible assets for impairment, reporting on the Company and the early warning system. The ensuing report, other audit reports and the financial statements with detailed explanations were sent to all Supervisory Board members in good time for their scrutiny. The Supervisory Board took cognizance of the audit results and affirmed them in its meeting of March 26, 2009 in the presence of the auditor. Following its own concluding examination, the Supervisory Board raises no objections to the financial statements and the Combined Management Report. The Supervisory Board ratified the annual financial statements and the combined Management Report on Beta Systems Software AG for the fiscal year 2008, drawn up by the Management Board and audited by KPMG AG, in its meeting on 26 March 2009.

The Consolidated Financial Statements were prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS), as applicable within the EU, and were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin,. Following its own concluding examination, the Supervisory Board raises no objections to the Consolidated Financial Statements and the Management Report on the Group. The Supervisory Board also approved the Consolidated Financial Statements prepared by the Management Board in its meeting on March 26, 2009, in the presence of the auditor.

In this meeting the Management Board also reported to the Supervisory Board on the profitability of the Company, in particular on return on capital employed. Furthermore, a detailed report was made on the financial position of the subsidiaries.

In addition, the Management Board prepared a report on relations with associated companies (Dependency Report). This report documents the fact that Beta Systems Software AG did not sustain any disadvantage in respect of the legal transactions disclosed and received appropriate compensation. The Dependency Report was examined by the independent auditor, with the following findings and opinion:

„Based on the conclusive findings of our audit, there are no objections to be raised within the meaning of Section 313 para. 4 German Stock Corporation (AktG) against the report submitted by the Management Board on relations with associated companies. We therefore grant the following unqualified opinion pursuant to Section 313 para. 3 German Stock Corporation Act (AktG) in respect of the report in Annex 1 submitted by the Management Board on relations with associated companies of Beta Systems Software Aktiengesellschaft, Berlin, for the fiscal year 2008:

Based on our duly performed audit and assessment we confirm that the information provided in the report is accurate."

We received both the Dependency Report and the audit report of the independent auditor in good time. Based on its own examination, the Supervisory Board concurred with the assessment made by the independent auditor in its meeting on March 26, 2009, and ratified the report. There were no objections to the explanations of the Management Board.

The Supervisory Board would like to thank the Management Board and all the employees of Beta Systems AG for their commitment throughout the fiscal year 2008.

Berlin, in March 2009

On behalf of the Supervisory Board

Sebastian Leser
Chairman of the Supervisory Board

INDEPENDENT AUDITORS' REPORT

We have audited the Consolidated Financial Statements - comprising the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Shareholders' Equity and the Notes to the Consolidated Financial Statements, together with the Combined Group and Company Management Report - prepared by Beta Systems Software Aktiengesellschaft, Berlin for the fiscal year from January 1, 2008 to December 31, 2008.

The preparation of the Consolidated Financial Statements and the Combined Group and Company Management Report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to § 315a Abs.1 HGB of the German commercial code are the responsibility of the Company's management.

It is our responsibility to express an opinion on the Consolidated Financial Statements and the Combined Group and Company Management Report based on our audit. In addition we have been instructed to express an opinion as to whether the Consolidated Financial Statements comply in full with IFRS.

We conducted our audit of the Consolidated Financial Statements in accordance with § 317 HGB of the German commercial code and the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit in such a way that misstatements and irregularities materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Combined Group and Company Management Report are detected with reasonable certainty. 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 the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Consolidated Financial Statements and the Combined Group and Company Management Report are examined primarily on a random test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in the consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by management as well as evaluating the overall presentation of the Consolidated Financial Statements and the Combined Group and Company Management Report.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on the findings of our audit, the Consolidated Financial Statements of Beta Systems Software Aktiengesellschaft comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the additional requirements of German commercial law pursuant to § 315a Abs.1 HGB of the German commercial code and full IFRS and present a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements.

The Combined Group Report and Company Management Report of Beta Systems Software Aktiengesellschaft 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.

Berlin, March 19, 2009

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Kronner	Marquordt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31 Thousand €, except share data in €	*Note*	2007	2008
Revenues		**88,596**	**90,439**
• Product Licenses		28,995	29,179
• Hardware		3,280	6,215
• Maintenance		41,807	40,533
• Services		14,514	14,512
Cost of Revenues		**39,968**	**40,769**
Gross Profit		**48,628**	**49,670**
Operating Expenses	*2*	**42,809**	**43,225**
• Selling Expenses		23,576	22,501
• General and Administrative Expenses		7,581	7,903
• Research and Development Expenses		12,050	13,796
• Sundry Income	*3*	(848)	(1,260)
• Other Expenses	*4*	450	285
Operating Result		**5,819**	**6,445**
Finance Result	*5*	**(915)**	**(494)**
• Interest Income		76	472
• Interest Expenses		(991)	(966)
Result before Income Taxes		**4,904**	**5,951**
Income Taxes	*6*	**(2,594)**	**(1,146)**
Profit for the Year		**2,310**	**4,805**
Earnings per Ordinary Share			
• Basic and Diluted	*7*	**0.24**	**0.36**

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31 Thousand €	Note	2007	2008
Current Assets		**52,494**	**52,810**
• Cash	8	3,176	1,822
• Trade Receivables	9	38,912	38,317
• Work in Process Project Orders (POC)	10	4,878	4,676
• Inventories	11	3,342	3,323
• Other Current Assets	12	2,186	4,557
• Current Income Taxes	20	-	115
Non-Current Assets		**16,914**	**18,170**
• Property, Plant & Equipment	13	4,202	3,197
• Goodwill	14	1,522	2,029
• Other Intangible Assets	15	768	2,490
• Acquired Software Product Rights	16	1,599	2,408
• Deferred Tax Assets	6	7,644	7,295
• Other Non-Current Assets	17	1,179	751
Total Assets		**69,408**	**70,980**
Current Liabilities		**33,990**	**28,650**
• Short-Term Finance and Finance Leasing	18	8,228	7,545
• Trade Payables		5,915	5,702
• Deferred Income	19	7,207	6,876
• Current Income Taxes	20	202	-
• Advance Payments Received (POC)		290	160
• Provisions	21	369	-
• Other Current Liabilities	22	11,779	8,367
Non-Current Liabilities		**11,705**	**13,743**
• Borrowings	23	-	1,250
• Employee Benefits	24, 25	2,921	2,922
• Deferred Tax Liabilities	6	7,238	8,812
• Other Non-Current Liabilities	26	1,546	759
Total Liabilities		**45,695**	**42,393**
Shareholders' Equity	29	**23,713**	**28,587**
• Share Capital		17,276	17,276
• Capital Reserve		10,709	10,709
• Retained Losses		(4,950)	(145)
• Other Comprehensive Income		1,097	1,166
• Treasury Shares		(419)	(419)
Total Liabilites and Shareholders' Equity		**69,408**	**70,980**

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 to December 31 Thousand €	*Note*	2007	2008
Net Cash from (used in) Operating Activities		**(1,330)**	**2,357**
• Profit for the Year		2,310	4,805
Reconciliation from Profit for the Year to			
Cash from (used in) Operating Activities:			
• Depreciation and Amortization		3,558	3,884
• Loss on the Disposal of Property, Plant & Equipment		86	51
• Finance Result, net		915	494
• Current Tax Expense		70	310
• Deferred Tax Expens		1,750	835
• Income Taxes Paid		(464)	(310)
• Foreign Currency Gains, net		151	589
• Changes in Assets and Liabilities:			
Increase (Decrease) in Trade Receivables		(4,052)	595
Decrease in Trade Payables		(2,852)	(213)
Decrease in Deferred Revenues		(1,086)	(1,497)
Changes in other Assets and Liabilities		(1,716)	(7,186)
Net Cash used in Investing Activities		**(606)**	**(2,920)**
• Acquisition of Property, Plant & Equipment		(682)	(658)
• Proceeds from Reinsurance Policies		-	397
• Interest Received		76	32
• Advance Payment on the Acquisition of Investments		-	(1,500)
• Proceeds from the Disposal of Property Held for Sale (SI GmbH)		-	2,400
• Cash Paid for Investments, net of Cash Acquired		-	(3,591)
Net Cash from (used in) Financing Activities		**3,132**	**(860)**
• Net Change in Short-Term Finance and Finance Leasing		(2,899)	(687)
• Proceeds from Borrowings		-	2,000
• Repayment of Borrowings		(2,000)	(2,000)
• Interest Paid		(452)	(173)
• Share Capital Increase		9,081	-
• Cost of Increase in Share Capital		(598)	-
Increase (Decrease) in Cash		**1,196**	**(1,423)**
Effect of Exchange Rate Fluctuations on Cash		(70)	69
Cash at the Beginning of the Fiscal Year		2,050	3,176
Cash at the End of the Fiscal Year	*8*	**3,176**	**1,822**

See accompanying Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Thousand €, except share data in no. of shares	*Note*	Number of Shares Issued	Value	Capital Reserve	Retained Losses	Other Comprehensive Income (Loss)	Net Profit including Other Comprehensive Income (Loss)	Number of Ordinary Shares	Value	Total Shareholders' Equity
Balance as at January 1, 2007		**8,859,276**	**11,517**	**7,985**	**(7,260)**	**1,167**		**(120,610)**	**(419)**	**12,990**
Share Capital Increase		4,429,638	5,759	3,322	-	-		-	-	9,081
Cost of Increase in Share Capital, net of tax effects		-	-	(598)	-	-		-	-	(598)
Net Profit for the Year		-	-	-	2,310	-	2,310	-	-	2,310
Other Comprehensive Loss, net of tax effects										
• Currency Translation Adjustments		-	-	-	-	(70)	(70)	-	-	-
Other Comprehensive Loss		-	-	-	-	-	(70)	-	-	(70)
Net Profit, including Other Comprehensive Loss							2,240			
Balance as at December 31, 2007	*29*	**13,288,914**	**17,276**	**10,709**	**(4,950)**	**1,097**		**(120,610)**	**(419)**	**23,713**
Net Profit for the Year		-	-	-	4,805	-	4,805	-	-	4,805
Other Comprehensive Income, net of tax effects										
• Currency Translation Adjustments		-	-	-	-	69	69	-	-	-
Other Comprehensive Income,		-	-	-	-	-	69	-	-	69
Net Profit, including Other Comprehensive Income							4,874			
Balance as at December 31, 2008	*29*	**13,288,914**	**17,276**	**10,709**	**(145)**	**1,166**		**(120,610)**	**(419)**	**28,587**

See accompanying Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008

GENERAL INFORMATION

Beta Systems Software AG with registered office in Germany comprises, together with its subsidiaries, the Group ("Beta Systems" or "the Company") for which the subsequent Consolidated Financial Statements for the fiscal year 2008 were compiled in accordance with IFRS standards.

The Company's principal place of business is located at Alt-Moabit 90d, D-10559 Berlin, Germany. The subsidiaries are located in Europe, North America and Africa.

Description of the Business Operations

The Company develops, market, implements and supports high-class automation software products and -solutions for the safe and efficient processing of large data volumes for use by enterprises, public administration as well as industry- and trade organizations for application on mainframe computers and other hardware in Mainframe-, Unix-, Linux- and Windows environments.

The Company's products are designed to increase the productivity of voluminous data processing transactions in data centers by means of the cost saving automation of manual tasks and the qualitative optimization of the use of hardware resources. Highest safety standards in critical business processes with sensitive data and the observance of legal regulations form the fundamental structure of the products. The Company's products feature a common comprehensive architecture which facilitates the development and integration of the Company's products across platforms, independent of the application.

The software products and -solutions of the Lines of Business ("LoBs") Data Center Infrastructure ("DCI"), Identity Management ("IdM") and Enterprise Content Management ("ECM") of Beta Systems support the Company's customers in the automation, safeguarding and transparency of their IT supported business processes.

The Line of Business (LoB) Data Center Infrastructure (DCI) focuses on cross-sector solutions for reliable, transparent and error free IT management in data center environments. The control and monitoring of the application processes, the processing, storing and restoring as well as the documenting of complex IT supported business processes are accomplished by the employment of products of this LoB.

The business unit Identity Management (IdM) is geared to serve the increasingly growing global demands in the Identity Management sector. Within this LoB cross-sector solutions for the central definition, control and administration of digital identities as well as IT user rights for purpose of the implementation and compliance with IT security standards in large enterprises and for IT service providers are developed, marketed and distributed.

The business unit Enterprise Content Management (ECM) supplies a comprehensive, industry-specific solutions portfolio designed to optimize fully integrated document-based business processes within the sectors banking, insurance, public administration, industry, trade and services. The identification, processing, providing, distribution and archiving of documents and data form the core functions of the products and solutions of this LoB. The ECM product portfolio is supplemented by the Kleindienst scanner and sorter product range, a brand owned by Beta Systems Software AG.

Within the scope of the 4Agility growth program, a number of specific 4Agility products, based on the current core products and which emphasize the blending aspects of systems, archives, applications and data stocks in centralized and decentralized corporate IT, were developed during the course of the fiscal year 2008 for each of the respective LoBs. Simultaneously particular emphasis is placed on industry solutions for financial services, and respective product portfolios developed for global solutions.

Statement of Compliance

The Consolidated Financial Statements for Beta Systems Software AG were prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations by the International Financial Interpretations Committee (IFRIC), as required to be applied in the European Union.

On March 20, 2009 the Management Board of Beta Systems Software AG authorized the Consolidated Financial Statements for the fiscal year 2008 for release to the Supervisory Board. It is the duty of the Supervisory Board to examine the Consolidated Financial Statements and to acknowledge their approval. The Supervisory Board has the power to amend the Consolidated Financial Statements after their issue, but not beyond the date of the Company's Annual General Meeting to be held on May 15, 2009.

Financial Reporting Principles and Measurement

The Consolidated Financial Statements were in principal prepared on the historical cost basis, and for the following financial and non-financial assets and liabilities on the basis of their fair value:

- Cash
- Trade Receivables and Trade Payables
- Short-Term Finance and Finance Leasing
- Borrowings
- Derivative Financial Instruments

The methods and assumptions used in determining fair values are discussed under the heading "Accounting Policies and Valuation Methods" in the Notes specific to these assets and liabilities.

Functional Currency

The Consolidated Financial Statements are prepared in euro thousand (T€). All amounts are commercially rounded to full T€. The euro is the parent company's functional currency. Due to the utilization of electronic data processing devices differences in the addition of rounded values and percentages may arise.

Use of Accounting Estimates and Discretionary Decisions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Subsequent actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the Statement of Comprehensive Income in the period in which the estimates are revised, as well as in subsequent periods where applicable.

Significant projections as well as nature and carrying amounts of assets with inherent valuation risks made in the of the power of judgment by the Company's management are described separately in each case in the Notes to the Consolidated Financial Statements, in particular in the Notes to the following assets and liabilities:

Note 6. Deferred Tax Assets under "Income Taxes"
Note 9. "Trade Receivables"
Note 10. "Work in Process Project Orders (POC)"
Note 11. "Inventories"
Note 12. Derivative Financial Instruments and Blanket Agreement EMC under "Other Current Assets"
Note 13 "Property, Plant & Equipment"
Note 14. "Goodwill"
Note 15. "Other Intangible Assets"
Note 16. "Acquired Software Product Rights"
Note 18. Finance Leasing under "Short-Term Finance and Finance Leasing"
Note 24. "Retirement Benefits"
Note 25. "Termination Benefits"
Note 32. "Contingent Liabilities"

Basis of Consolidation and Consolidation Methods
Beta Systems Software AG is the Parent Company. All companies which are subject to a controlling interest by the Parent Company ("subsidiaries") were included in the Consolidated Financial Statements by means of full consolidation. A controlling influence exists when a parent company is in the position to influence, directly or indirectly, the financial and business policies of the company.

The annual financial statements of the fully consolidated companies included in the Consolidated Financial Statements are based on the same accounting policies and valuation methods. The reporting date for all companies is December 31, 2008.

Inter-company revenues and expenses, accounts receivable, accounts payable, inter-company operating results and inter-company dividend payments were eliminated.

Apart from the Beta Systems Software AG as Parent Company the Consolidated Financial Statements include 18 group companies (2007: 17 group companies). The basis of consolidation is presented in the table "Group Entities" at the end of the Notes to the Consolidated Financial Statements.

ACCOUNTING POLICIES AND VALUATION METHODS

The accounting policies and valuation methods set out below were applied consistently to all periods presented in the Consolidated Financial Statements and by all Group entities.

Revenue Recognition
Software license revenue, consisting of new product licenses and CPU upgrades, is recognized when persuasive evidence of an arrangement exists, when delivery of the software has occurred and the execution key has been provided, the fee is fixed or determinable and receipt of payment is probable. When an agreement includes multiple elements, revenues are allocated to those elements on the basis of their fair value. For revenue recognized from licenses with temporary use, the criteria described in IAS18 App 20 are applied in particular.

Maintenance revenue is recognized pro rata temporis over the maintenance service period.

Service revenue consists of services for consulting, installation and training and is recognized, on the basis of contractually agreed prices, at the time when the services are delivered.

In addition to the existing standard software products for infrastructure software, the Company also offers, in the context of consulting services, products designed to meet the individual requirements and technological resources of customers in the form of customized project solutions and individual support. On the one side these construction contracts comprise the creation of made-to-order software through modification or further development of existing standard products and on the other hand project orders which comprise the combination of hardware, software licensing, maintenance and various services.

Revenues from these construction contracts are recognized in compliance with IAS 11 according to the progress of the performance in accordance with the percentage-of-completion method, a method making reference to the degree of completion of the project and requiring the following criteria to be satisfied for revenue recognition: the amount of the revenue must be able to be determined reliably, the economic gain resulting from the delivery of the service must be probable, the percentage of completion as at reporting date must be reliably measurable and the total projected costs of the contract must be able to be determined dependably. The Company uses the cost-to-cost method to determine the degree of completion of the project, whereby the actual costs accrued for the performance already completed as at reporting date are set in ratio to the estimated total project costs at that time.

Apart from the revenue categories referred to, additional revenues are realized in the LoB Enterprise Content Management (ECM) from sales of hardware (scanner systems) which do not form part of In Process Project Orders (POC). Revenue is recognized when ownership passes to the buyer, i.e. upon delivery of the goods and acceptance by the buyer.

Research and Development Costs

Research and development projects by the Company, which result in the construction of new software products or in the substantial enhancements to existing software products, proceed without being able to be clearly differentiated into a research and a development phase. Due to the lack of conformity with the recognition criteria an allocation of the costs to the particular phases is thus not possible. All software product rights are therefore recognized as research costs in the Consolidated Statement of Comprehensive Income in the period of their accrual in accordance with the principles of IAS 38.52 and IAS 38.53.

Severance Payments

The corporate restructure was supplemented by the following measures and concluded during the fiscal year 2006:

- personnel changes on Management- and Supervisory Boards,
- downsizing and reorganization of the sales and distribution structure in the subsidiaries (regional realignment),
- Augsburg office relocation (significant reduction in operating expenses in the future),
- cost optimization- and consolidation measures in line with the new business structure (fine-tuning of the corporate strategy, streamlining of the portfolio, industry focus and market-related strategies for the LoBs),
- sale of the subsidiary Kleindienst Scanner GmbH.

Full details on the development of the provisions for severance payments are provided under the Note 2. "Restructuring".

Sundry Income / Other Expenses

Sundry income comprises gains on the disposal of fixed assets and gains on financial assets and hedging instruments recognized through profit or loss. The income is recognized as it accrues.

Other expenses comprise losses on the disposal of fixed assets and on financial assets and hedging instruments recognized through profit or loss, as well as impairment losses recognized. These expenses are recognized in the statement of comprehensive income in the accounting period in which they occur.

Foreign currency gains and losses are reported on a net basis.

Finance Result

Finance income comprises all interest income on short-term cash deposits at banks and interest provisions relating to long-term provisions. Interest income is recognized as an income as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise interest expenses on short-tem finance and on borrowings as well as interest provisions relating to long-term trade receivables. All borrowing costs are recognized as an expense in the accounting period in which they occur, using the effective interest method.

Current Income Taxes

Current income taxes are determined based on the amounts of the corporate taxes due viz. receivable which are expected to result from the individual companies' taxable income viz. taxable loss for the current and former reporting periods. They are established under assumption of the tax regulations and tax rates valid for the respective companies as at reporting date and are recognized at that value which is expected to result as tax payment or tax refund. As settlement will be effected on a net basis, current taxes payable and current taxes receivable were offset against each other.

Deferred Income Taxes

Deferred tax assets and liabilities are determined using the liability method according to IAS 12 for all temporary differences between the accounting base of assets and liabilities as recognized in the Consolidated Financial Statements according to IFRS and the corresponding tax base values. In addition, tax gains on future taxable earnings resulting from existing losses carried forward which are likely to be realized are also considered in the calculation. Exceptions from the application of this principle are differences relating to non-deductible goodwill and temporary differences in connection with investments. The assumptions are quoted under the Note 6. "Income Taxes".

Tax Rate Changes resulting from the Corporate Tax Reform 2008 for the Federal Republic of Germany

Until December 31, 2007, the German corporate tax rate on undistributed earnings and on distributed earnings was 25.0%. Together with the solidarity surcharge and the trade tax rate a composite tax rate in the amount of 39.11% was applied.

With the resolution for the implementation of the corporate tax reform 2008 passed by the upper house of the German parliament on July 6, 2007, a new tax law was enacted and is therefore required to be applied in accordance with IAS 12. The corporate tax reform provided for the change in corporate tax rates with effect from 2008. These tax rate changes were considered and applied in the assessment of deferred tax assets and liabilities in the interim consolidated financial statements as at September 30, 2007.

The corporate tax reform has resolved, amongst others, the following material changes: With effect from fiscal 2008 the corporate tax rate will be lowered to 15.0%. While the trade tax rate measurement value will be lowered from a maximum of 5.0% to a uniform 3.5%, the trade tax will in future no longer represent a tax-deductible business expense.

In consequence, a composite tax rate of 30.53% has been applied in the assessment of deferred tax assets and liabilities in the interim consolidated financial statements at September 30, 2007 in accordance with IAS 12. This comprises a corporate tax rate of 15.0%, a solidarity surcharge in the amount of 0.83% and an average trade tax rate of 14.7%.

The implementation on the statement of financial position of the tax rate change has been realized and recorded in the interim financial statements as at September 30, 2007 as a discrete item on a cumulative basis. This method appropriately presents the effect of a tax rate change completely at that point in time in which the change has occurred, and represents a non-recurring effect.

Earnings per Ordinary Share

The basic earnings per ordinary share is calculated by dividing the net income or loss available to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the fiscal year.

Diluted earnings per ordinary share is calculated by dividing the net income or loss available to present and potentially new ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the fiscal year, adjusted for the effects of all dilutive potential ordinary shares. The dilutive effect of outstanding options is reflected by application of the treasury stock method in diluted earnings per ordinary share.

Cash

Cash comprises cash on hand and demand deposits at banks callable without notice. Valuation is at the closing exchange rate at reporting date.

Trade Receivables

Trade receivables are stated at their acquisitions cost less valuation allowances for expected uncollectible or doubtful accounts. The carrying amounts of trade receivables due for payment within twelve months from reporting date approximate their fair values because of their short maturity. For trade receivables denominated in foreign currencies the closing exchange rate at reporting date is applied.

In addition, receivables with long-term settlement terms are included under this position. These are assessed on the basis of the present value of the expected future cash flows. This approximates a valuation at fair value.

In Process Project Orders (POC)

The project order contracts comprise the manufacture of customized - and continuing across various accounting periods - made-to-order project solutions designed to meet the individual requirements of customers. On the one side these construction contracts comprise the construction of made-to-order software through modification or further development of existing standard products and on the other hand project orders which comprise a combination of hardware, software licensing and various services.

The nature and the extent of the goods and services to be delivered are in compliance with the respective contract terms; usually these are construction contracts for which the extent of the contractually agreed performance is provided at a fixed fee.

The allocation of the revenues and expenses to the respective accounting periods is determined on the basis of application of the realized progress of the total project by applying the percentage-of-completion method for each of the respective construction contracts. The Company uses the cost-to-cost method to determine the degree of completion of the project, whereby the actual costs accrued for the performance already completed at reporting date are set in ratio to the estimated total project costs at that time.

Project costs comprise both direct costs as well as general production overhead costs in connection with the existing agreements indirectly allocable.

During the construction phase the construction costs including margin are recognized in the Statement of Financial Position as In Process Project Orders (POC). This represents the gross unbilled amount expected to be collected from customers for contract work performed to date, excluding progress payments already received. If advance payments and progress payments received from a customer exceed the recognized profits for a particular In Process Project Order, the net excess is presented in the Statement of Financial Position under the position "Advance Payments Received (POC)".

Inventories

Inventories are stated at the lower value of the average acquisition costs and the net realizable value at the reporting date. In the case of commercial inventories the net realizable value is based on the current market price while the value determined from projected income, less estimated production costs is used as a basis for the other inventories. Inventory risks resulting from storage, slow-moving-, obsolete- and damaged goods are taken into consideration by accounting for appropriate valuation adjustments.

Other Current Assets

Other current assets principally comprise prepaid expenses and deferred charges and are valued at their acquisition cost less impairment losses. The carrying amounts approximate their fair values because of their short maturity.

Derivative Financial Instruments

In order to limit and control existing foreign currency and interest risks, certain derivative financial instruments in the form of foreign currency forwards and interest caps are employed. These do not fulfill the requirements of the Fair Value Hedge in terms of Hedge Accounting.

Foreign currency forwards are stated at acquisition cost at the time of the conclusion of the contract and stated at fair value in the subsequent reporting periods. The fair value of the currency forwards is assessed on the basis of the forward rates ruling on the reporting date.

Fixed interest caps are made use of to cover interest risks. The fair value of the interest caps is principally determined on the basis of the present value of the expected future cash inflows.

The results of the valuation adjustments resulting from the changes in fair value are recognized in the applicable accounting period in the Statement of Comprehensive Income.

Property, Plant & Equipment

Property, Plant & Equipment is valued at historical acquisition cost less accumulated allocation of scheduled straight-line depreciation amounts.

The scheduled depreciation of the depreciable assets is recognized through profit or loss and is based on the assets' expected useful lives. Assets which are subject to a finance leasing arrangement are depreciated over the useful life of the asset.

The following estimated useful economic lives are applied:

Estimated Useful Life	Years
Computer Equipment	3 – 5
Leasehold Improvements	5 – 10
Facilities and Office Equipment	3 – 13

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal of assets are determined by comparing the proceeds with the carrying amount of the asset, and are recognized within "Sundry Income" and "Other Expenses" in the Statement of Comprehensive Income respectively.

Goodwill

Goodwill arises on a business combination, and represents the excess of the cost of the acquisition over the Company's interest in the net fair values of the identifiable assets and liabilities and contingent liabilities of the acquiree. Goodwill is measured at this resulting difference amount, less all accumulated impairment losses resulting from impairment testing conducted in accordance with IAS 36. If the excess resulting from a business combination is negative, the excess is immediate recognized through profit or loss.

Other Intangible Assets and Acquired Software Product Rights

Acquired intangible assets with finite useful lives are valued in the Statement of Financial Position in the amount of the acquisition costs, less the accumulated allocation of scheduled amortization and impairment losses.

Intangible assets are subject to scheduled allocation of straight-line amortization. For the scheduled amortization of the intangible assets, which is recognized through profit or loss in each reporting period, an estimated useful economic life of five years is applied as a general rule.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets. Depreciation methods and useful lives are reviewed at each reporting date.

At each reporting date, the not fully amortized, acquired and capitalized intangible assets and acquired software product rights are compared to the net realizable values of those products, in order to determine whether any impairment of value exists. If an impairment of value has occurred, the amount by which the unamortized capitalized software product rights exceeds the net realizable value of that asset (the present value of future estimated sales of the products less cost of sales and selling costs) is written off.

Other Non-Current Assets

Other non-current assets include insurance policies intended to fund a portion of the Company's pension obligations. The Company values these investments at cash surrender value.

Operating Leasing / Finance Leasing

The classification of leases as finance leases viz. operating leases is determined on the basis of the economic content of the lease agreement in accordance with IAS 17.8. When all essential risks and rewards with respect to such property pass on to the lessee, the lease agreement is classified as a finance lease.

The lessee capitalizes the asset under Property, Plant & Equipment and accounts for it in accordance with the valuation method applicable to the specific asset. The present value of the obligation towards the lessor is carried as a liability. The difference between the present value of the future lease installments and the sum of the discounted lease installments constitutes deferred interest costs which are realized over the term of the agreements proportionate to the total amounts payable.

Other leases are operating leases and are not recognized in the Group's Statement of Financial Position. Payments made under operating leases are recognized in the Statement of Comprehensive Income over the term of the lease.

Trade Payables

Trade Payables are stated at their net carrying amount; this is equivalent to the repayment value. The carrying amounts of these trade payables due for payment within twelve months from reporting date approximate their fair values because of their short maturity.

Provisions

Provisions are accrued when the Company has legal or valid obligations towards third parties due to past events and if it is likely that such obligations will result in an outflow of funds. Such provisions are stated at such value as can be determined at the time the annual financial statements are compiled, on the basis of the best possible estimate. If the present value of the provision, determined on the basis of customary interest rates, differs substantially from the nominal value, the provision is stated at the present value of the obligation.

Other Current Liabilities

Other Current Liabilities are stated at their net carrying amount which is equivalent to the repayment value. The carrying amounts approximate their fair values because of their short maturity.

Borrowings

Borrowings are stated in the amount of the actual inflow less transaction costs. A difference between the amount received and the repayment amount is distributed over the financing term and is stated in the Finance Result.

Retirement Benefits

On the basis of existing contracts, several employees are due to receive pension payments under certain conditions upon their taking retirement. These defined benefit pension commitments are partly covered by investments in pension fund reinsurances earmarked for this purpose.

The retirement benefit provisions are recognized in the Statement of Financial Position in accordance with IAS 19 according to the projected unit credit method under application of the corridor method and are included in "Employee Benefits".

The actuarial gains and losses are distributed under application of the corridor method. The disclosure is included in the cost of revenues and in the operating expenses. Recognition of pro rata actuarial gains and losses outside the corridor are recognized for the expected average remaining service period in respect of the employees covered under the plan in the Statement of Comprehensive Income.

Termination Benefits

Employee benefits due in respect of partial retirement plans originating from collective bargaining agreements are also included in the position "Employee Benefits".

Here included are both benefits due in respect of existing partial retirement employment agreements as well as provisions for the likely future claiming of benefits by potential claimants.

Benefits are recognized through profit or loss when a respective offer by the Company for a partial retirement employment agreement is likely to be exercised.

The provisions were calculated according to the actuarial principles in accordance with IAS 19.133 ff. These assumptions are quoted under the Note 25. "Termination Benefits".

Fair Value of Financial Instruments

Financial instruments of the Company consist of financial assets and liabilities including cash, trade receivables and trade payables, short-term finance and finance leasing, borrowings as well as derivative financial instruments in the form of foreign currency forwards.

Non-derivative financial instruments are recognized initially at their acquisition costs plus - for instruments not at fair value through profit or loss - any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at fair value under application of the method as described in each particular case.

Derivative financial instruments are recognized initially at their acquisition costs; attributable transaction costs are recognized through profit or loss when incurred. Subsequent measurement is at fair value through profit or loss.

The fair values of financial assets and liabilities, as well as their carrying amounts shown in the Statement of Financial Position, are as follows:

Thousand €	December 31, 2007 Carrying Amount	December 31, 2007 Fair Value	December 31, 2008 Carrying Amount	December 31, 2008 Fair Value
Cash	3,176	3,176	1,822	1,822
Trade Receivables	38,912	38,912	38,317	38,317
Short-Term Finance and Finance Leasing	(6,228)	(6,228)	(6,795)	(6,795)
Borrowings	(2,000)	(2,000)	(2,000)	(2,000)
Trade Payables	(5,915)	(5,915)	(5,702)	(5,702)
Derivative Financial Instruments	125	125	(180)	(180)
Financial Instruments	**28,070**	**28,070**	**25,462**	**25,462**

Financial Risk Management

The Group has exposure to the following risk from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including currency- and interest risk)

The use of financial instruments and the nature and extent of the risks arising from the financial instruments to which the Company is exposed as at reporting date, as well as the Company's objectives, policies and processes for measuring and managing risk, and the Company's capital are described in full detail under "Outlook" within the "Combined Group and Company Management Report".

Full quantitative disclosures are included in these Consolidated Financial Statements under the Note 28. "Financial Risk Management".

Impairment of Assets

Financial Assets: All the Company's financial assets recognized at fair value through profit or loss, i.e. cash, trade receivables and trade payables and derivative financial instruments are assessed for indications of an impairment of value at each reporting date. Significant assets are tested for impairment on an individual basis.

If objective indications are found that one or more events have a negative effect on the estimated future cash flows of that asset, impairment is recorded for that asset. This is calculated as the difference between its carrying amount and the (lower) present value of the estimated and discounted future cash flows. Impairment losses are recognized through profit or loss.

An impairment reversal is recognized only if such a reversal can objectively be attributed to an event subsequent to the prior impairment loss. It is then recognized through profit or loss.

Non-Financial Assets: The carrying amounts of the Company's non-financial assets, i.e. Goodwill, Other Intangible Assets and Acquired Software Product Rights are assessed for indications of an impairment of value at each reporting date. Significant assets are tested for impairment on an individual basis.

If such indications are found, the recoverable value of the respective asset is determined as the higher amount of the value in use and the fair value less the selling costs. Should this recoverable value be below the carrying amount for this asset, the carrying amount of the asset is reduced to its net realizable value. The value in use is determined on the basis of the present value of the future discounted cash flows. Impairment losses are recognized through profit or loss.

If indications are found that an impairment of Other Intangible Assets and Acquired Software Development Costs recorded in the past has since decreased in value viz. no longer exists, then this will be reversed by recognizing an impairment gain accordingly. The carrying amount thus determined may not exceed the value of the asset measured at acquisition cost less all scheduled allocation of amortization to that date.

A goodwill acquired in a business combination is principally tested each year for impairment. Impairment losses are recognized through profit or loss. Impairment losses are not reversed.

Foreign Currency Conversion
The assets and liabilities denominated in the statement of financial positions of foreign subsidiaries were converted to euro on the basis of the appropriate foreign exchange benchmark rates at the reporting date, while the revenues and expenses in the statement of comprehensive incomes were translated using the appropriate average monthly foreign exchange benchmark rates.

The exchange benchmark rates of the main currencies developed as follows:

Country	Currency Unit	Exchange Benchmark Rate at December 31 2007	Exchange Benchmark Rate at December 31 2008	Average Exchange Rate for the Year 2007	Average Exchange Rate for the Year 2008
USA	1USD = €	0.679532	0.715461	0.730826	0.683159
Canada	1CAD = €	0.692521	0.582751	0.681701	0.642008
Great Britain	1GBP = €	1.361285	1.041667	1.461823	1.257917
Switzerland	1CHF = €	0.603974	0.672948	0.610755	0.630546
Sweden	1SEK = €	0.105988	0.091617	0.108091	0.104164
Poland	1PLN = €	0.278334	0.239103	0.263853	0.287275
Nigeria	1NGN = €	0.005656	0.005028	0.005728	0.005703

The currencies employed, with the exception of the British Pound, fluctuated only marginally during the fiscal year. Against the euro, the British Pound weakened by 13.9% on average during the fiscal year, while the US Dollar and the Canadian Dollar weakened against the euro by 6.5% viz. 5.8% on average during the year.

Comparisons as at reporting date reflect year-on-year losses of between 11.1% (Nigerian Naira) and 23.5% (British Pound) against the euro, with the exception of the Swiss Franc and the US Dollar, which gained 11.4% and 5.3% year-on-year against the euro as at reporting date respectively.

Realized gains resulting from continuing business transactions in foreign currency were recognized on a net basis in the position "Sundry Income" in the Statement of Comprehensive Income and amounted to T€ 589 in 2008 (2007: gains, net, in the amount of T€ 151 in "Sundry Income").

Cumulative currency translation adjustments resulting from changes not affecting the Statement of Comprehensive Income were reported, net of the tax effect, as a separate component of "Other Comprehensive Income/Loss" in the Consolidated Statement of Changes in Shareholders' Equity.

December 31 Foreign Currency Conversion Differences in Shareholders' Equity	2007	2008
Balance as at January 1	1,167	1,097
Foreign Currency Conversion Gains	906	1,049
Foreign Currency Conversion Losses	(969)	(973)
Other Foreign Currency Conversion Differences	(7)	(7)
Balance as at December 31	**1,097**	**1,166**

Shareholders' Equity
Deposits into the nominal value of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized directly in equity, net of any tax effects.

Each ordinary share entitles the holder to one vote.

When share capital recognized as equity is repurchased, the repurchased shares are classified as treasury shares and the amount paid, net of any tax effects, is recognized as a deduction from equity.

Share-Based Payment
The Company accounts for any share-based payment, which it grants in equity-settled instruments, in accordance with the principles of IFRS 2.

Several employees were granted options which entitle the holders to acquire ordinary shares at a previously determined fixed exercise price (US$1.00) on a certain exercise date determined by the allocation committee, but in no event later than 10 years from grant date. In the event that the share market price exceeds the exercise price on exercise date, the title holder realizes a gain in the amount of the difference. If the market price is below the exercise price, the options expire. The option holders are required to fulfill certain vesting conditions (e.g. continued service with the Company) within the determined vesting period. IFRS requires the realization of granted share-based payments to the Statement of Comprehensive Income.

The total cost results from the multiplication of the fair value of the options at grant date by the expected number of options fulfilling the conditions. If the options can be exercised immediately at grant date without a vesting period, the costs are recognized immediately. If certain vesting conditions are required to be fulfilled for the exercise of the options, the total costs are distributed over the vesting period. Cancellations by the employees or the early settlement in cash or cash equivalents during the vesting period results in an adjustment of the costs still to be distributed over the remaining periods. The assumptions are quoted under the Note 27. "Stock Option Plans".

NEW PRONOUNCEMENTS

The amendments to existing as well as new IFRS and IFRIC, as adopted by the European Union, were applied when compiling the Consolidated Financial Statements. The amendments to existing or new standards and interpretations already adopted for application by the European Union, which were issued but are not yet effective as at December 31, 2008 were - with the exception of the Standard IFRS 8 "Operating Segments" published on November 30, 2006 and endorsed on November 22, 2007 - not applied ahead of the effective date.

Standards and Interpretations to be applied in the Current Fiscal Year

On October 13, 2008 the IASB resolved upon amendments to ***IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures"*** that would permit entities the reclassification in rare circumstances of some financial instruments from the category 'valued at fair value through profit or loss' into other categories for which measurement is performed at acquisition costs net of valuation allowances. The European Union adopted the amendments to IAS 39 and IAS 7 on October 15, 2008. Upon fulfillment of the requirements the amended regulations may be applied retrospectively to July 1, 2008. The amendments to the Standards IAS 39 and IAS 7 will have no impact on the recognition methods of the Group and the presentation of the net assets, financial position and the results of operations of the Group.

On June 28, 2007 the Financial Reporting Interpretation Committee published the Interpretation ***IFRIC 13 "Customer Loyalty Programs"***. The Interpretation addresses how entities who grant their customers loyalty award credits (like 'points' or 'free miles') when buying goods or services, should account for their obligation to provide free or discounted goods or services if and when the customers redeem the points. In accordance with the Interpretation, a part of the revenues realized from the sale must be allocated to premium credits. This portion of the revenues may only be realized as revenue when the obligation has been redeemed. The obligation can be redeemed by means of the entity or a third party on behalf of the entity converting the premiums. The Interpretation aims ensure that obligations arising from customer loyalty programs are accounted for consistently, independently of whether premiums were acquired singly or as part of a sales transaction. The European Union adopted the Interpretation IFRIC 13 on December 16, 2008. IFRIC 13 is mandatory for annual periods beginning on or after 1 July 2008. Earlier application is permitted. The Interpretation IFRIC 13 will have no impact on the Group or its disclosures in the Consolidated Financial Statements.

On July 5, 2007 the IASB published the Interpretation ***IFRIC 14 "IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"***. In essence, the Interpretation IFRIC 14 addresses the interaction between an existing obligation at reporting date requiring additional amounts to be paid into a pension plan, and the provisions of IAS 19 relating to the maximum amount of a surplus between the plan asset and defined benefit obligation. The European Union adopted the Interpretation IFRIC 14 on December 16, 2008. IFRIC 14 is mandatory for annual periods beginning on or after January 1, 2008. Earlier application is permitted. The Interpretation IFRIC 14 will have no impact on the Group or its disclosures in the Consolidated Financial Statements.

Early Adoption of Standards and Interpretations

On November 30, 2006 the IASB published the Standard ***IFRS 8 "Operating Segments"***. IFRS 8 replaces the hitherto relevant IAS 14 "Segment Reporting". Except for minimal terminological amendments the wording of the corresponding US-GAAP Standard SFAS 131 was completely taken over by IFRS 8. The Standard was adopted by the European Union on November 21, 2007 and its amendment is compulsory for fiscal years beginning on or after January 1, 2009. The Company applies the principles of this standard ahead of the effective date in its Consolidated Financial Statements for the fiscal year 2007. The early application of the standard resulted in a reduced scope of the disclosure in respect of the reporting according to the secondary segmentation, i.e. the segment reporting according to geographic regions.

Published Standards und Interpretations not yet applied

As at reporting date the following Interpretations - apart from the Standard ***IFRS 8*** "Segment Reporting" which the Company applied ahead of the effective date - had already been published and adopted by the European Union; their application however not yet being compulsory.

On September 6, 2007 the IASB published the revised version of ***IAS 1 "Presentation of Financial Statements"***. The revision is aimed at improving the users' ability to analyze and compare the information given in financial statements. Main feature of the revised Standard is the requirement to aggregate the information on the basis of changes in a company's equity resulting from transactions with owners in their capacity as owners - such as dividends and share repurchases - separately from 'non-owner' changes. Preparers of financial statements have the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The revisions include changes in the titles of some of the financial statements. The European Union has adopted the revised Standard on December 17, 2008. The revised Standard will come into effect for the annual periods beginning on or after January 1, 2009, but earlier application is permitted. The application of the revised Standard will most likely not have any material impact on the presentation of the Group's financial and earnings position or its disclosures in the Consolidated Financial Statements.

On March 29, 2007 the IASB published the revised Standard IAS 23 ***"Borrowing Costs"***. The main change from the previous version is the removal of the option of immediately recognizing as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revised Standard continues the IASB's work in its Short-term Convergence project with the FASB to reduce differences between IFRS and US-GAAP. The IASB believes that application of the revised Standard will improve financial reporting in three ways:

1) The cost of an asset will in future include all costs incurred in getting it ready for use or sale.
2) Comparability is enhanced because one of the two accounting treatments that previously existed for those borrowing costs is removed.
3) The revision to the Standard IAS 23 achieves convergence in principle with US-GAAP.

The European Union has adopted the revisions of the Standard IAS 23 on December 10, 2008. The revised regulations will come into effect for the annual periods beginning on or after January 1, 2009, but earlier application is permitted under disclosure thereof. The application will most likely not result in additional disclosures in the Group's Consolidated Financial Statements in future.

On January 17, 2008 the IASB published amendments to ***IFRS 2 "Share-based Payments"***. The amendments clarify that vesting conditions are service conditions and performance conditions only. All cancellations, whether by the entity or by the employee should receive the same accounting treatment. The European Union has adopted the revised Standard on December 17, 2008. The amendments will come into effect for the annual periods beginning on or after January 1, 2009, but earlier application is permitted. The application of these amendments will not have any impact on the presentation of the Group's net assets, financial position and results of operations.

SEGMENT REPORTING

SEGMENT REPORTING ACCORDING TO BUSINESS UNITS

The segmentation comprises the allocation of reportable data according to the business units of the Company.

The business segments are determined based on the Group's management and internal reporting structure. These strategic units offer different products and services and are managed separately because they require different technology, sales and marketing strategies.

The existing business units of the Company are positioned into the three Lines of Business (LoBs) IdM (Identity Management), DCI (Data Center Infrastructure) and ECM (Enterprise Content Management) with individual market-driven strategies for each.

The delimitation of the business units is in accordance with the product- and solutions- oriented market segmentation customary in the IT market. Strategically responsive structures, transparency and effective marketing establish Beta Systems' position as strategic supplier in three critical key areas of the IT infrastructure business.

The structure of the LoBs is oriented towards the respective relevant markets and strategic challenges. For this purpose the Company's products and services are allocated to each LoB on the basis of its strategic business concept.

The profit center structure is designed to provide LoB-management with direct, more self-determined operational and financial control, which also incorporates the product development of the allocated products, as well as the production and project management. Under the LoB-structure described the relevant sales and services functions are directly allocated to the LoBs.

Simultaneously the internal cost allocation of the functional areas is in operation - this allows for a "fair according to the input involved" allocation of the costs for the functional areas Sales and Service. The LoB-manager operates as entrepreneur, taking the responsibility for the global success of his business.

This structure achieves great proximity with client enterprises and a high level of specialization within the Company's sales and service teams in order to tailor their activities accurately to the specific requirements of the different market sectors. The effect is the fast reaction to customer demand, great flexibility in meeting specific requirements as well as accelerated decision-making processes and pronounced entrepreneurship within the organization. Highly efficient general business processes and the "go-to-market" process, as well as close strategic partnership with the customer as a result of allocation of the sales and service activities to the LoBs count among the advantages that accrue.

All segments derive revenues from sales of product licenses, maintenance and consulting services as well as revenues from construction projects. Hardware sales are also realized in the ECM business segment.

In contrast to the fiscal year 2007, and for the purpose of improving the disclosure of operative budget responsibilities, changes from fiscal year 2008 were implemented to the internal reporting, effectively resulting in only directly attributable costs being allocated to the LoBs. The comparative amounts were adjusted accordingly.

The revenue-relevant settlement of revenues realized between the business segments are allocated, as is shown in the following table in the "Cross Section" column, directly to the LoBs and subsequently eliminated. Inter-segment sales are transacted on the basis of the arm's length terms and conditions.

Cost of Revenues and Operating Expenses incurred by the business segments, but not directly allocable to these, are accounted for and also disclosed in the "Cross Section" column in the table.

January 1 to December 31, 2007	DCI	IdM	ECM	Cross Section	Total Group
Revenues with Customers	37,063	9,998	41,535	-	88,596
...Intersegment Revenues	35	127	26	(188)	-
Total Revenues	**37,098**	**10,125**	**41,561**	**(188)**	**88,596**
Cost of Revenues and Operating Expenses of the Business Segments	(16,233)	(10,031)	(33,279)	-	(59,543)
Segment Income (Loss) for the Year	**20,865**	**94**	**8,282**	**(188)**	**29,053**
Interest Income	76	-	-	-	76
Interest Expenses	-	-	(991)	-	(991)
Capital Investment Expenditures for Fixed and Intangible Assets	(743)	(200)	(832)	-	(1,775)
Total Carrying Amount of Segment Assets	29,036	7,833	32,539	-	69,408
Segment Liabilities	19,116	5,157	21,422	-	45,695
Scheduled Depreciation and Amortization	(1,488)	(402)	(1,668)	-	(3,558)
January 1 to December 31, 2008	**DCI**	**IdM**	**ECM**	**Cross Section**	**Total Group**
Revenues with Customers	40,468	9,302	40,669	-	90,439
...Intersegment Revenues	68	26	-	(94)	-
Total Revenues	**40,536**	**9,328**	**40,669**	**(94)**	**90,439**
Cost of Revenues and Operating Expenses of the Business Segments	(19,348)	(8,955)	(33,522)	-	(61,825)
Segment Income (Loss) for the Year	**21,188**	**373**	**7,147**	**(94)**	**28,614**
Interest Income	472	-	-	-	472
Interest Expenses	-	-	(966)	-	(966)
Capital Investment Expenditures for Fixed and Intangible Assets	(4,617)	(234)	(1,018)	-	(5,869)
Total Carrying Amount of Segment Assets	32,781	7,463	30,736	-	70,980
Segment Liabilities	19,814	4,510	18,069	-	42,393
Scheduled Depreciation and Amortization	(1,750)	(398)	(1,736)	-	(3,884)

The accounting policies of the operating segments are the same as those described in the "Significant Accounting Policies and Valuation Methods" and were retained unchanged from those applied during the prior year.

The total carrying amount of the Company's assets and liabilities includes items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Corporate assets (primarily the Company's headquarters) and liabilities and related expenses, as well as the scheduled allocation of depreciation and amortization, income tax assets and liabilities are allocated on the basis of the reported Segment Revenues with Customers. Segment capital expenditure is the total cost incurred to acquire property, plant & equipment, goodwill, other intangible assets and acquired software product rights. Goodwill, intangible assets and software product rights acquired in a business combination are allocated directly and in full to the particular business segment.

As for purposes of internal reporting and steering of the Company not all costs are allocated to the operating results of the LoBs - i.e. certain Cost of Revenues, General Administrative Expenses as well as Sundry Income and Other Expenses - a reconciliation of the results of the business segments to the Company's consolidated totals is as follows:

January 1 to December 31	2007	2008
Total Segment Income for the Year	29,053	28,614
Unallocated Overhead Costs	(23,632)	(23,144)
Sundry Income	848	1,260
Other Expenses	(450)	(285)
Operating Result	**5,819**	**6,445**
Finance Result	(915)	(494)
Result before Income Taxes	**4,904**	**5,951**
Income Taxes	(2,594)	(1,146)
Profit for the Fiscal Year	**2,310**	**4,805**

The analysis of sales revenues according to the geographical location of markets in Germany, other European countries, America, Africa and the Rest of the World as well as corresponding disclosures relating to the non-current assets in these regions as at reporting date is as follows:

January 1 to December 31, 2007	Germany	Other Europe	America	Africa and RoW	Total
Total Revenues, as disclosed	**52,597**	**25,564**	**4,932**	**5,503**	**88,596**
Non-Current Assets, excluding Deferred Tax Assets	7,153	1,303	709	105	9,270
Deferred Tax Assets	6,879	3	726	36	7,644
Employee Benefits	2,921	-	-	-	2,921

January 1 to December 31, 2008	Germany	Other Europe	America	Africa and RoW	Total
Total Revenues, as disclosed	**49.748**	**25.873**	**6.494**	**8.324**	**90.439**
Non-Current Assets, excluding Deferred Tax Assets	9,905	518	335	117	10,875
Deferred Tax Assets	6,491	3	765	36	7,295
Employee Benefits	2,922	-	-	-	2,922

The management of the risks and uncertainties which may have a negative effect on the economic success of the Company's business segments is described in detail under the heading "Outlook" within the "Combined Group and Company Management Report".

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME AND TO THE STATEMENT OF FINANCIAL POSITION

1. ACQUISITION OF SI SOFTWARE INNOVATION GMBH, NEUSTADT AN DER WEINSTRASSE

Effective January 1, 2008, Beta Systems Software AG has acquired 100% of the shares in SI Software Innovation GmbH, Neustadt an der Weinstraße ("SI GmbH"). With more than 20 years market expertise, SI GmbH calls on proven customer relationships with a number of large corporations. The financial services sector constitutes a focal point. Here the two central IT service providers of the Volksbanken- und Raiffeisen-association, the GAD eG and the FIDUCIA IT AG and their more than 900 affiliated institutes belong to the entity's customer base. SI GmbH's product, Large Documents Management System ("LDMS"), is a central archiving system for document-based business processes as well as digital records, and is based on IBM's current zServer technology (mainframe). The business combination is allocated to the business segment Data Center Infrastructure (DCI), under the portfolio of which the LDMS-suite will be integrated as a separate product in future.

The purchase price amounts to T€ 3,000 plus transaction costs in the amount of T€ 19. A further value consideration existed in the form of a variable purchase price component. The SI GmbH was owner of an immovable property designated as held for sale. In this way the purchase price increased by the amount of the selling price of the property, less the repayment of the mortgage over the property and the direct costs related to the sale. This additional purchase price component amounts to T€ 981.

The net purchase price in the amount of T€ 3,591 (i.e. T€ 4,000 less acquired Cash T€ 409) was fully settled in cash and from existing operating credit facilities.

The acquisition date for purposes of initial consolidation was determined to be February 25, 2008. The final allocation of the purchase price in accordance with IFRS 3 was recognized as follows:

SI Software Innovation GmbH, Neustadt an der Weinstraße Purchase Price Allocation, in T€	Book Value SI GmbH	Revalution	Market Value
Goodwill	-	507	507
Other Intangible Assets	-	2,123	2,123
Acquired Software Product Rights	-	1,941	1,941
Trade Payables	-	(250)	(250)
Deferred Tax Liabilities	-	(1,145)	(1,145)
Cash	409	-	409
Property, Plant & Equipment	122	-	122
Other Assets and Liabilities	(852)	-	(852)
Assets Held for Sale	2,400	-	2,400
Liabilities Held for Sale	(1,255)	-	(1,255)
Net Assets, including Goodwill	**824**	**3,176**	**4,000**

The value of the goodwill is based on a number of factors, like the value of the staff complement and synergies in the area of sales. The SI GmbH contributes an amount of T€ 4,229 to revenues in the reporting period, and a net profit in the amount of T€ 271 to the net result.

2. RESTRUCTURING

Restructuring Costs

The development of the provision for severance payments during the fiscal year 2008 is as follows:

December 31 Development of the Accrual for Severance Payments	2006	2007	2008
Balance as at January 1	2,197	2,615	369
Appropriation	4,179	-	-
Recognition	(3,761)	(2,007)	(369)
Reversal	-	(239)	-
Balance as at December 31	**2,615**	**369**	**-**

All liabilities for severance payments have been fully settled as at December 31, 2008.

3. SUNDRY INCOME

The Sundry Income is composed of:

December 31	2007	2008
Gain from Foreign Currency Translations, net	151	589
Income from the Reversal of Provisions and Liabilities	299	154
Gain on Disposal of Property, Plant & Equipment	7	70
Income from Insurance Claims	10	-
Gain from Other Operating Taxes	-	308
Other Income	381	139
Sundry Income	**848**	**1,260**

4. OTHER EXPENSES

The Other Expenses are composed of:

December 31	2007	2008
Loss on Disposal of Property, Plant & Equipment	(93)	(21)
Loss from Other Operating Taxes	(91)	(96)
Sundry Expenses	(266)	(168)
Other Expenses	**(450)**	**(285)**

5. FINANCE RESULT

December 31	2007	2008
Interest Income on Taxes	-	385
Interest Income on Call Deposits at Banks	76	87
Interest Income	**76**	**472**
Interest Expense on Current Operating Facilities at Banks	(276)	(307)
Interest Expense on Finance Leasing	(44)	(41)
Discount on Long-Term Trade Receivables	(416)	(513)
Other Interest	(255)	(105)
Interest Expenses	**(991)**	**(966)**
Finance Result	**(915)**	**(494)**

The above includes no interest income or interest expenses in respect of financial assets and liabilities not measured at fair value through profit or loss.

6. INCOME TAXES

The Result before Income Taxes is attributable to the following geographic locations:

December 31	2007	2008
Germany	4,026	3,956
Abroad	878	1,995
Result before Income Taxes	**4,904**	**5,951**

The income tax expenses are attributable as follows:

December 31	2007	2008
Current Taxes		
• Germany	(110)	(528)
• Abroad	703	838
Total Current Taxes	**593**	**310**
Deferred Taxes		
• Germany	2,425	640
• Abroad	(424)	196
Total Deferred Taxes	**2,001**	**836**
Total Corporate Taxes	**2,594**	**1,146**

Since the year 2008 the corporate tax rate on undistributed earnings and on distributed earnings is 15.0%. In addition a solidarity surcharge of 5.5% is levied on the corporate tax liability established. The federal trade tax rate is 15.14%.

A reconciliation of income taxes determined using the German federal statutory rate plus the federal trade taxes for a combined statutory rate of 30.95% is as follows:

December 31	2007	2008
Expected Tax Expenses	1,917	1,762
Non-Deductible Operating Expenses	142	-
Unrealized Losses of the Current Fiscal Year	1,249	242
Taxes Prior Years	(515)	(1,082)
Tax Effects resulting from Change in Tax Rate	(17)	-
Foreign Tax Rate Differences	48	74
Other	(230)	150
Actual Income Tax Expense	**2,594**	**1,146**
Effective Corporate Tax Rate	**52.9%**	**19.5%**

Deferred income tax assets and liabilities are summarized as follows:

December 31	2007	2008
Deferred Tax Assets relating to:		
• Accumulated Net Operating Losses	6,633	6,398
• Property, Plant & Equipment	17	11
• Pension Obligations	203	195
• Unrealized Foreign Currency Losses	196	551
• Deferred Expenses	595	140
Total Deferred Tax Assets	**7,644**	**7,295**
Deferred Tax Liabilities relating to:		
• Trade Receivables	(5,773)	(6,068)
• Customer Base	-	(621)
• Capitalized Software Development Costs	(291)	(413)
• Deferred Revenues	-	(9)
• Work in Process Project Orders (POC)	(732)	(753)
• Property, Plant & Equipment	(61)	(25)
• Other Liabilities	(381)	(923)
Total Deferred Tax Liabilities	**(7,238)**	**(8,812)**
Net Deferred Taxes as per Balance Sheet	**406**	**(1,517)**

In assessing the possible realization of deferred tax assets on accumulated net operating losses, the Management Board considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible.

The German accumulated net operating losses do not expire, while the American accumulated net operating losses expire in 2025. Utilization of the accumulated losses in Germany is set at a maximum of T€ 1,000 per annum. A net taxable income in excess is only recognizable at 60% with the accumulated net operating losses. Further accumulated net operating losses exist in the subsidiaries in Spain, Great Britain and Sweden.

The deferred taxes resulting from the accumulated net operating losses recognized as likely in the amount of T€ 6,398 (2007: T€ 6,633) apply to Beta Systems Software AG (Parent Company) in the amount of T€ 6,103 (2007: T€ 6,339) and to Beta Systems Software of North America, Inc. in the amount of T€ 294 (2007: T€ 294). For the Parent Company accumulated net corporate operating losses in the amount of T€ 18,436 (2007: T€ 18,440) and accumulated net trade losses in the amount of T€ 21,044 (2007: T€ 21,049) were assumed.

Only those accumulated net operating losses which are likely to be realized within five years were recognized. During 2009, trade tax losses in the amount of T€ 4,202 and corporate tax losses in the amount of T€ 3,748 will probably be realized.

The Company presently deems accumulated net corporate operating losses in Germany in the amount of T€ 35,981 (2007: T€ 54,419) and accumulated net trade losses in the amount of T€ 29,619 (2007: T€ 54,668) as not realizable. The deferred tax assets would amount to T€ 10,135 (2007: T€ 16,893).

Further non-realizable deferred tax assets for accumulated net operating losses and timing differences exist in the subsidiaries in the USA in the amount of T€ 1,672 (2007: T€ 1,672) and in Canada in the amount of T€ 3,142 (2007: T€ 3,142).

Accounting estimates applied in the measurement of the deferred tax assets are based on prospective assumptions with regard to the utilization of net operating losses. The underlying assumptions with respect to the extent of the realizable net operating losses and the taxation rates are described in detail above.

7. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share were calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of ordinary shares in circulation during the fiscal year. No option rights to the purchase of new ordinary shares, which would influence the net earnings per ordinary share, existed.

Earnings per Ordinary Share as disclosed December 31	2007	2008
Weighted Average Number of Ordinary Shares Outstanding		
Number of Ordinary Shares, basic and diluted	9,430,418	13,168,304
Profit for the Year attributable to the Shareholders of the Parent Company		
Thousand €	2,310	4,805
Earnings per Ordinary Share € per Ordinary Share, basic and diluted	**0.24**	**0.36**

A reconciliation of the weighted average number of ordinary shares outstanding used as a denominator in calculating basic and diluted earnings per ordinary shares is as follows:

Weighted Average Number of Ordinary Shares Outstanding	Days in Circulation	2007	2008
Balance as at January 1, 2007	**308**	**8,738,666**	
November 5, 2007 Issue of Ordinary Shares against Cash Contribution	57	4,429,638	
Balance as at December 31, 2007	**365**	**13,168,304**	
Balance as at December 31, 2008	**366**		**13,168,304**
Weighted Average Number of Ordinary Shares Outstanding		**9,430,418**	**13,168,304**

The timing of the inclusion of the ordinary shares was determined by the terms and conditions attaching to their issue. The ordinary shares which were issued in exchange for cash were included when the cash was received and the shares were released for trading.

8. CASH

Cash comprises cash on hand in the amount of T€ 5 and demand deposits held at banks in the amount of T€ 1,817.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed under the Note 28. "Financial Risk Management".

9. TRADE RECEIVABLES

The measurement of the trade receivables is based on the amount of the future benefit which will be realized by the Company. Principally, the trade receivables are valued individually according to their respective expected cash inflow.

The valuation allowance relates exclusively to trade receivables overdue for payment.

The Company's customer base substantially comprises customers from the banking and insurance sectors and key accounts from the industrial sector. These have, in the majority of cases, an Investment Grade Rating; in conclusion the trade receivables inventory is not afflicted with any material credit losses.

The discounted value of Trade Receivables with a maturity of more than one year, included in the total value of the Trade Receivables, amounts to T€ 16,802 (2007: T€ 10,909). The interest rate applied is 5.0% p.a. (2007: 5.0% p.a.).

The maturity of the receivables as at reporting date is as follows:

As at December 31	2007	2008
2009	5,457	-
2010	3,456	8,077
2011	1,235	4,370
2012	732	2,851
2013	29	1,504
Trade Receivables due > 12 Months	**10,909**	**16,802**

The carrying amount of the Trade Receivables which were assigned as collateral for a borrowing from the Deutsche Bank AG in the form of a global cession, amounts to T€ 0 as at December 31, 2008 (2006: T€ 15,586).

The Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed under the Note 28. "Financial Risk Management".

10. IN PROCESS PROJECT ORDERS (POC)

December 31	2007	2008
Order Revenues realized: Current Projects	8,939	8,823
Total Revenues in the Reporting Period	26,794	17,459
Total Costs accrued i.r.o. Current Projects	(5,937)	(5,958)
Disclosed Project Income	**3,002**	**2,865**
Progress Payments Received	(4,061)	(4,147)
In Process Project Orders (POC)	**4,878**	**4,676**

The In Process Project Orders (POC) are recognized in the Statement of Financial Position during the construction phase at construction costs including margin.

Accounting estimates used in the measurement of the In Process Project Orders (POC) are based on prospective assumptions in connection with the planned costs and the percentage of completion for the individual projects. These assumptions are based on long standing experience with regards to the extent and cost of consulting services required as well as on the basis of reliably determinable market values for the procurement of necessary hardware.

In Process Project Orders (POC) for which advance payments and progress payments in excess of the values for which revenues have been recognized were received, viz. for which the construction phase has not yet begun as at reporting date are contained with a liability balance in the amount of T€ 160 (2007: T€ 290) under the position "Advance Payments Received (POC)" in the Statement of Financial Position as at December 31, 2008.

The In Process Project Orders (POC) reported as at December 31, 2008 will presumably be completed within one year.

The Group's exposure to credit and currency risks and impairment losses related to receivables from in process project orders (POC) are disclosed under the Note 28. "Financial Risk Management".

11. INVENTORIES

December 31	2007	2008
Production Supplies and Materials	4,418	4,181
Finished Goods	177	301
Subtotal	**4,595**	**4,482**
Valuation Allowances	(1,253)	(1,159)
Total Carrying Amount of Inventories	**3,342**	**3,323**

The gross value of the value-adjusted inventories amounted to T€ 1,371 (2007: T€ 1,467). The decrease in the valuation allowance results from the disposal of impaired assets. This decrease in the valuation allowance was recognized as a gain in fiscal year 2008.

Pledging as collateral for liabilities did not exist.

Accounting estimates used in the measurement of inventories are based on prospective assumptions with reference to the range of coverage of these inventories. This is determined on the basis of the average change in inventories of the preceding year.

Purchases, including the change in inventory, are included in the amount of T€ 6,567 in the cost of revenues (2007: T€ 6,178).

12. OTHER CURRENT ASSETS

December 31	2007	2008
Prepaid Expenses & Deferred Charges	1,426	2,204
Derivative Financial Instruments	125	(180)
Foreign Sales Tax Benefit	26	192
Advance Payment for Acquisition of Investmentsfor Detec Group	-	1,500
Sundry Current Assets	609	841
Other Current Assets	**2,186**	**4,557**

Derivate Financial Instruments

In fiscal year 2008 the Company entered into foreign currency forward contracts in order to cover foreign currency risks related to USD-receivables and CAD-payables. As at December 31, 2008 four open USD-positions from forward currency agreements with a total volume in the amount of TUSD 2,000 and twelve open CAD-positions from forward currency agreements with a total volume in the amount of TCAD 2,160 exist (2007: six open USD-positions from forward currency agreements with a total volume in the amount of TUSD 2,200 and twelve open CAD-positions from forward currency agreements with a total volume in the amount of TCAD 1,800). The fair value of the derivative financial instruments amounted to T€ -180 as at December 31, 2008 (2007: T€ 113).

As at December 31, 2007 an interest cap with a fair value in the amount of T€ 12 existed. This interest cap expired on December 31, 2008.
Losses arising from foreign currency forward contracts were recognized through profit or loss in the amount of T€ 180 in fiscal year 2008 (2007: gains in the amount of T€ 125).

Accounting estimates used in the measurement of the derivative financial instruments are based on prospective assumptions with reference to the development of the foreign currency exchange rates. The valuations are determined on the basis of customary actuarial valuation methods; the material assumptions are estimates in connection with the development of interest rates in the currency areas USA, Canada and Germany. These are based on the usual market swap rates.

The Group's exposure to credit, currency and interest rate risks related to derivative financial instruments are disclosed under Note 28. "Financial Risk Management".

Blanket Agreement EMC

The Other Current Assets include a Channel Partner Agreement first concluded on June 22, 2007 between the Company and EMC (Benelux) BV, Amsterdam, Netherlands („EMC"). The terms of the agreement relating to volume and maturity were extended on December 18, 2008. All existing contracts were integrated into the new blanket agreement. The Company is thus obliged to call up - at any time, but by December 17, 2011 - the requirement of the total volume of specific customer licenses in the amount of T€ 1,051 already paid in advance viz. in respect of the remaining amount to be paid in 2009 (T€ 600) from EMC, until exhaustion of the contractual volume. As at December 31, 2008, the net value of this blanket agreement amounted to T€ 451 (2007: T€ 330).

Other assets with an expected maturity of more than one year are recognized in the Statement of Financial Position under the position "Other Non-Current Assets".

13. PROPERTY, PLANT & EQUIPMENT

December 31	2007	2008
Acquisition Costs		
• Computer Equipment	12,751	13,640
• Leasehold Improvements	1,914	1,916
• Facilities and Office Equipment	2,833	2,552
Acquisition Costs	**17,498**	**18,108**
Accumulated Scheduled Depreciation	(13,296)	(14,911)
Property, Plant & Equipment, net	**4,202**	**3,197**

Scheduled depreciation expenses charged to the Statement of Comprehensive Income amounted to T€ 1,737 in fiscal year 2008 (2007: T€ 2,001) as follows:

December 31	2007	2008
Cost of Revenues	398	231
Selling Expenses	248	210
General & Administrative Expenses	755	651
Research & Development Expenses	600	645
Scheduled Depreciation Expenses	**2,001**	**1,737**

The Company acquired computer and office equipment under a number of finance lease agreements. These are described in detail under the heading "Short-Term Finance and Finance Leasing". As at December 31, 2008, the net carrying amount of equipment subject to finance leasing was T€ 763 (2007: T€ 1,058).

Accounting estimates used in the measurement of property, plant & equipment are based on prospective assumptions with reference to the expected economic useful lives of these assets. These are described in detail under the heading "Property, Plant & Equipment" within the "Accounting Policies and Valuation Methods".

The development of the carrying amounts from the beginning to the end of the reporting period, separately detailing additions, disposals and exchange differences, are presented in the table on page 80 "Development of the Group's Fixed and Intangible Assets".

14. GOODWILL

December 31	2007	2008
Goodwill		
• Acquisition Costs	2,774	3,297
• Valuation Allowance	(1,252)	(1,268)
Goodwill, net	**1,522**	**2,029**

The acquisition costs result on the one hand from the Asset Deal with the SYSTOR Security Solutions GmbH in fiscal year 2003 in the amount of T€ 1,268 (Goodwill I) (2007:T€ 1,252) and the acquisition of the Kleindienst Datentechnik AG in fiscal year 2004 in the amount of T€ 1,522 (Goodwill II) (2007: T€ 1,522). In fiscal year 2008 a further goodwill resulted from the business acquisition of the SI Software Innovation GmbH in an amount of T€ 507 (Goodwill III).

The difference in the variance in the acquisition costs of the goodwill results from a foreign currency difference of the Goodwill I in the amount of T€ 16 (2007: T€ 35). The Goodwill I (SYSTOR) is allocated to the business unit Identity Management (IdM), while the Goodwill II (Kleindienst and the Goodwill III (SI) are assigned to the business unit Enterprise Content Management (ECM) and Data Center Infrastructure (DCI) respectively.

Acquisition Costs Goodwill	Acquisition	Year	Acquisition Costs 2007	Acquisition Costs 2008	Business Unit
Acquired Business					
• SYSTOR Security Solutions GmbH	Asset Deal	2003	1,252	1,268	IdM
• Kleindienst Datentechnik AG	Share Deal	2004	1,522	1,522	ECM
• SI Software Innovation GmbH	Share Deal	2008	-	507	DCI
Acquisition Costs Goddwill			**2,774**	**3,297**	

Based on the business budget for 2007 to 2011 an impairment test was conducted in fiscal year 2006 as at reporting date. This resulted in a valuation allowance of the ***Goodwill I*** (SYSTOR) in the full amount. The valuation loss in fiscal year 2006 in respect of the Goodwill I (SYSTOR) was included in the Cost of Revenues in that fiscal reporting period.

The valuation of the ***Goodwill II*** (Kleindienst) as at reporting date for the fiscal year 2008 was established on the basis of the expected discounted net future cash inflows attributable to the assets. For the forecast of the expected cash inflows the Company adopted the assumptions of a range of between 0% p.a. and 5% p.a. (2007: 5% p.a. and 10% p.a.) regarding the revenue increases customary for the trade in the business segments for the following years from 2009 to 2013 and applied a capital interest rate in the amount of 8.5% p.a. (2007: 15% p.a.).

The estimated growth rate forecast for the expected cash inflows beyond 2013 amounts to 0% (2007: 0%).

The assumptions are based on the expectations of the Company's management in reference to the future development of the Company's business. These expectations draw on empirical values for the fiscal year 2008, on external market studies and on the expected general developments of future economic conditions.

Impairment testing as at December 31, 2008 did not result in a requirement to recognize an impairment loss in respect of Goodwill II (Kleindienst).

The valuation of the ***Goodwill III*** (SI) as at reporting date for the fiscal year 2008 was established on the basis of the expected discounted net future cash inflows attributable to the assets. For the forecast of the expected cash inflows the Company adopted the assumptions of 6% p.a. regarding the revenue increases customary for the trade in the business segments for the following years from 2009 to 2013 and applied a capital interest rate in the amount of 8.5% p.a.
The estimated growth rate forecast for the expected cash inflows beyond 2013 amounts to 0%.

The assumptions are based on the expectations of the Company's management in reference to the future development of the Company's business. These expectations draw on empirical values for the fiscal year 2008, on external market studies and on the expected general developments of future economic conditions.

The difference in the variance in the valuation allowance of the goodwill results from a foreign currency difference of the Goodwill I in the amount of T€ 16 (2007: T€ 35).

The development of the carrying amounts from the beginning to the end of the reporting period, separately detailing additions, disposals and exchange differences, are presented in the table on page 80 "Development of the Group's Fixed and Intangible Assets".

15. OTHER INTANGIBLE ASSETS

December 31	2007	2008
Customer Base and License Rights		
• Acquisition Costs	3,611	4,484
• Accumulated Amortization	(2,843)	(1,994)
Other Intangible Assets, net	**768**	**2,490**

The acquisition costs comprise those for license rights to the product suite SAM (Security Administration Manager) in the amount of T€ 735 and for the product rights to the SAM Enterprise Single Sign-On (SAM eSSO) software in the amount of T€ 1,293. Both are assigned to the Identity Management business segment (IdM).

The carrying amount of these existing Other Intangible Assets amounts to T€ 496 as at December 31, 2008 (2007: T€ 755). This amount will be amortized on a straight-line basis over the estimated remaining useful life until the year 2010.

The scheduled amortization expense included in the operating expenses under the "Cost of Revenues" in respect of these existing Other Intangible Assets amounted to a total amount of T€ 272 in fiscal year 2008 (2007: T€ 319).

Acquisition Costs Other Intangible Assets	Acquisition	Year	Acquisition Costs 2007	Acquisition Costs 2008	Business Unit
Acquired Business					
• Existing License Rights		before 2003	1,583	22	DCI
• SYSTOR Security Solutions GmbH	Asset Deal	2003	735	735	IdM
• Okiok Data	Asset Deal	2005	1,293	1,293	IdM
• SI Software Innovation GmbH	Share Deal	2008	-	2,123	DCI
• Proginet Corporation (USA)	Asset Swap	2008	-	311	IdM
Acquisition Costs Other Intangible Assets			**3,611**	**4,484**	

During the fiscal year 2008, further acquisition costs of Other Intangible Assets resulted from the business acquisition of the SI Software Innovation GmbH and the Asset Swap with Proginet Corporation (USA) as follows:

Within the scope of the business acquisition of the ***SI Software Innovation, GmbH***, a value in the amount of T€ 2,123 resulted for the acquired customer base. This is assigned to the Data Center Infrastructure (DCI) business segment.

The carrying amount of this intangible assets amounted to T€ 1,698 as at December 31, 2008. This amount will be amortized on a straight-line basis over the estimated remaining useful life until the year 2012.

The scheduled amortization expense included in the operating expenses under the "Cost of Revenues" amounted to a total of T€ 425 in fiscal year 2008.

Pursuant to the provisions of the Asset Swap concluded with the ***Proginet Corporation (USA)***, the Company exchanged the customer base of Proginet Corporation (USA) against the customer base of own products and allocated this to the Identity Management business segment (IdM).

The acquisition cost of the customer base at the time of acquisition amounted to T€ 311. At December 31, 2008, the carrying amount of this intangible asset amounted to T€ 296. This amount will be amortized on a straight-line basis over the estimated remaining useful life until the year 2013.

The scheduled amortization expense included in the operating expenses under the "Cost of Revenues" amounted to a total of T€ 15 in fiscal year 2008.

The Company conducted impairment tests as at reporting date for all its Other Intangible Assets.

The valuation of the Other Intangible Assets was established on the basis of the expected discounted net future cash inflows attributable to the assets. For the forecast of the expected cash inflows the Company adopted the assumptions of a range of between 0% p.a. and 6% p.a. (2007: 5% p.a. and 10% p.a.) regarding the revenue increases customary for the trade in the business segments for the following years from 2009 to 2013, by business segment as the case may be, and applied a capital interest rate in the amount of 8.5% p.a. (2007: 15% p.a.).

The computation of the expected cash flows was performed the period corresponding to the remaining useful life of the Other Intangible Assets.

The assumptions are based on the expectations of the Company's management in reference to the future development of the Company's business. These expectations draw on empirical values for the fiscal year 2008, on external market studies and on the expected general developments of future economic conditions.

A requirement to recognize an impairment loss did not result.

The variances in the acquisition costs and in the accumulated amortization of the Other Intangible Assets compared with the prior year result from a disposal of acquisition costs and accumulated amortization in the amount of T€ 1,561 in the fiscal year 2008 respectively.

The expected scheduled allocation of amortization expense for the next years for the Other Intangible Assets is as follows:

At December 31	
2009	759
2010	711
2011	487
2012	486
2013	47
Total Expected Amortization Expense	**2,490**

The development of the carrying amounts from the beginning to the end of the reporting period, separately detailing additions, disposals and exchange differences, are presented in the table on page 80 "Development of the Group's Fixed and Intangible Assets".

16. ACQUIRED SOFTWARE PRODUCT RIGHTS

December 31	2007	2008
Acquired Software Product Rights		
• Acquisition Costs	6,363	8,356
• Accumulated Amortization	(4,764)	(5,948)
Acquired Software Product Rights, net	**1,599**	**2,408**

The acquisition costs for Acquired Software Product Rights in essence comprise the costs for the SAM (Security Administration Manager) product suite in the amount of T€ 2,136 and the costs for the product rights to the payment transfer software EBS2000 FrontCollect in the amount of T€ 3,730.
Amortization expenses related to these existing Acquired Software Product Rights amounted to T€ 552 in fiscal year 2008 (2007: T€ 1,238). The amortization expenses are included in total in the cost of revenues.

Acquisition Costs Acquired Software Product Rights	Acquisition	Year	Acquisition Costs 2007	Acquisition Costs 2008	Business Unit
Acquired Business					
• Existing Acquired Software Product Rights		before 2003	260	239	IdM
• SYSTOR Security Solutions GmbH	Asset Deal	2003	2,373	2,136	IdM
• Kleindienst Datentechnik AG	Share Deal	2005	3,730	3,730	ECM
• SI Software Innovation GmbH	Share Deal	2008	-	1,941	DCI
• Proginet Corporation (USA)	Asset Swap	2008	-	310	IdM
Acquisition Costs Acquired Software Product Rights			**6,363**	**8,356**	

Investments for Acquired Software Product Rights in fiscal year 2008 amounted to T€ 2,251 (2007: T€ 0), including a variance in the acquisition costs resulting from foreign currency differences in the amount of T€ -33 (2007: T€ 1), and comprise the following acquisitions:

Within the scope of the business acquisition of the ***SI Software Innovation GmbH***, the Company acquired the rights to the product suite Large Documents Management System ("LDMS") at a cost of T€ 1,941. The product suite is assigned to the Data Center Infrastructure business segment (DCI).

The carrying amount of this intangible assets amounted to T€ 1,552 as at December 31, 2008. This amount will be amortized on a straight-line basis over the estimated remaining useful life until the year 2012.

The scheduled amortization expense included in the operating expenses under the "Cost of Revenues" amounted to a total of T€ 388 in fiscal year 2008.

Pursuant to the provisions of the Asset Swap concluded with the ***Proginet Corporation (USA)***, the Company exchanged the product rights to Proginet Corporation's Security Suite against own product rights and assigned these to the Identity Management business segment (IdM).

The acquisition cost of these product rights amounted to T€ 310 at the time of acquisition. At December 31, 2008, the carrying amount of this intangible asset amounted to T€ 295. This amount will be amortized on a straight-line basis over the estimated remaining useful life until the year 2013.

The scheduled amortization expense included in the operating expenses under the "Cost of Revenues" amounted to a total of T€ 15 in fiscal year 2008.

The variance in the acquisition costs of the Acquired Software Product Rights results from a partial disposal of the acquisition costs of the product suite SAM in the amount of T€ 237 and from the disposal of other acquisition costs in the amount of T€ 21 in fiscal year 2008.

The Company conducted impairment tests as at reporting date for all its Acquired Software Product Rights. A verification of the current carrying amounts of the Acquired Software Product Rights was established on the basis of the expected discounted net future cash inflows attributable to the software products. For the forecast of the expected cash inflows the Company adopted the assumptions of a range of between 0% p.a. and 6% p.a. (2007: 5% p.a. and 10% p.a.) regarding the revenue increases customary for the trade in the business segments for the following years from 2009 to 2013, by product and by business segment as the case may be, and applied a capital interest rate in the amount of 8.5% p.a. (2007: 15% p.a.).

The computation of the expected cash flows was performed for a period corresponding to the remaining useful life of the intangible assets.

The assumptions are based on the expectations of the Company's management in reference to the future development of the Company's business. These expectations draw on empirical values for the fiscal year 2008, on external market studies and on the expected general developments of future economic conditions.

A requirement to recognize an impairment loss did not result.

The prospective assumptions, on which the accounting estimates used in the measurement of the Acquired Software Product Rights are based, are described in detail above.

The variance in the accumulated amortization of the Acquired Software Product Rights results from a partial disposal of the acquisition costs of the product suite SAM in the amount of T€ 237 and from the disposal of other acquisition costs in the amount of T€ 13 in fiscal year 2008.

The expected scheduled allocation of amortization expense for the next years in respect of the Acquired Software Product Rights is as follows:

At December 31	
2009	1,010
2010	450
2011	450
2012	450
2013	48
Total Expected Amortization Expense	**2,408**

The development of the carrying amounts from the beginning to the end of the reporting period, separately detailing additions, disposals and exchange differences, are presented in the table on page 80 "Development of the Group's Fixed and Intangible Assets".

17. OTHER NON-CURRENT ASSETS

December 31	2007	2008
Guarantee Deposits and Other Non-Current Assets	116	95
Cash Surrender Value of Insurance Policies	1,063	656
Other Non-Current Assets	**1,179**	**751**

The cash surrender value of the insurance policies was confirmed by the particular insurance companies. In fiscal year 2008, an amount of T€ 407was received in repayment; in fiscal year 2009 an amount of T€ 5 is expected to become due for repayment.

18. OPERATING FINANCE AND FINANCE LEASING

During fiscal year 2008, the Company made use of operating credit facilities and finance leasing as described in detail as follows:

December 31	2007	2008
Deutsche Bank AG	351	100
Landesbank Berlin AG	2,642	3,028
Berliner Volksbank eG	-	904
Dresdner Bank AG	2,365	2,129
Current Operating Finance due to Banks	**5,358**	**6,161**
Finance Leasing Obligations	870	634
Installments of Borrowings, due ≤ 12 Months	2,000	750
Short-Term Finance and Finance Leasing; Short-Term Installments of Borrowings	**8,228**	**7,545**

Current Operating Finance due to Banks

The repayment obligations due to banking institutions are due within the next twelve months. The interest rate for these credit facilities ranges between EURIBOR plus 1.00% p.a. and 8.17% p.a.

As at December 31, 2008 the Company has total credit facilities available in an amount of T€ 12,500 (2007: T€ 9,500).

The Group's exposure to interest rate and liquidity risks related to short-term finance and current operating finance due to banks are disclosed under the Note 28. "Financial Risk Management".

Finance Leasing

A finance leasing obligation resulted from the purchase of a telephone system in 2004 for T€ 141. The present value of the lease payments has been capitalized and recorded in the same amount as borrowings. The acquisition costs of this fixed asset amounted to T€ 158. Monthly repayments in the amount of T€ 3 are due in payment of the finance lease for the telephone system until March 2009. As at December 31, 2008 the remaining obligation in respect of the finance lease for the telephone system amounts to T€ 8, all due for repayment in 2009 (2007: T€ 38, T€ 30 of which were due for repayment in 2008).

During fiscal year 2005 a finance lease agreement was concluded with IBM for acquisition of mainframe computer equipment (Part I) in the amount of T€ 200. The lease arrangement is subject to interest at an average rate of 4.70% p.a. and matures in 2009. Pursuant to IAS 17 the Company has capitalized the present value of the lease payments and recorded the same amount as borrowings. As at December 31, 2008 the remaining obligation in respect of this acquisition amounts to a total of T€ 22, all due for repayment in 2009 (2007: T€ 76, T€ 50 of which were due in 2008).

A further liability due to IBM resulted from another finance lease agreement resulting from extensions to the mainframe computer (Part II) in fiscal year 2007. The lease arrangement is subject to interest at an average rate of 5.00% p.a. and matures in 2012. The present value of the lease payments has been capitalized and recorded in the same amount as borrowings. As at December 31, 2008 the remaining obligation in respect of this acquisition amounts to a total of T€ 658, inclusive of the portion due for repayment within the next 12 months in the amount of T€ 208 (2007: T€ 756, viz. T€ 151).

Scheduled amortization in respect of these capitalized assets amounted to T€ 227 in 2008 (2007: T€ 187):

December 31	2007	2008
Telephone System	32	32
IBM Leasing Mainframe Computer (Part I)	36	36
IBM Leasing Mainframe Computer (Part II)	119	159
Scheduled Depreciation Expenses	**187**	**227**

As at December 31, 2008 the carrying amount of the capitalized assets amounts to T€ 544 (2007: T€ 771):

December 31	2007	2008
Telephone System	40	8
IBM Leasing Mainframe Computer (Part I)	54	18
IBM Leasing Mainframe Computer (Part II)	677	518
Net Carrying Amounts	**771**	**544**

Repayment terms for the Finance Leases are as follows:

December 31	2008
2009	237
2010	208
2011	208
2012	35
Sum of Future Lease Obligations	**688**
Less Interest Portion 2009	(29)
Less Interest Portion 2009 - 2012	(25)
Total Carrying Amount of Finance Leasing Obligations	**634**
Portion of the Carrying Amount due ≤ 12 Months	**208**
Portion of the Carrying Amount due > 12 Months	**426**

Accounting estimates used in the measurement of the finance leasing are based on prospective assumptions in connection with the estimated economic useful life of the assets. These are described in detail under the heading "Property, Plant & Equipment" within the "Accounting Policies and Valuation Methods".

The Group's exposure to credit, currency and interest rate risks related to finance lease obligations are disclosed under Note 28. "Financial Risk Management".

19. DEFERRED INCOME

In compliance with the regulations on the realization of revenues this position comprises the revenues already billed but not yet realized, i.e. in respect of services from maintenance-, consulting- or service contracts still to be delivered.

20. CURRENT INCOME TAXES

Tax Liabilities

The provisions for liabilities in respect of corporate income taxes amount to T€ 355 as at reporting date (2007: T€ 470).

Tax Receivables

The receivables due in respect of corporate taxes amount to T€ 419 as at reporting date (2007: T€ 161). Additionally the Company is subject to withholding tax in various countries - these represent an allowable deduction from corporate taxes in the amount of T€ 51 as at reporting date (2007: T€ 107).

21. PROVISIONS

December 31	2007	2008
Accruals for Severance Payments	369	-
Provisions	**369**	**-**

Provisions for Severance Payments

This position comprises exclusively provisions for severance payments still due to employees affected by the staff reduction measures of the fiscal year 2006. All remaining liabilities were settled in full during fiscal year 2008.

Full details on the development of the provisions for severance payments are provided under the Note 2. "Restructuring".

22. OTHER CURRENT LIABILITIES

December 31	2007	2008
Other Taxes and Social Security Payables	1,609	1,526
Deferred Payroll and Personnel Expenses	7,776	5,400
Outstanding Invoices for Goods and Services	607	976
Sundry Current Liabilities	1,787	465
Other Current Liabilities	**11,779**	**8,367**

Other Taxes and Social Security Payables

This position comprises liabilities due to the tax authorities for GST/VAT and for payroll taxes as well as payments due to social security institutions.

Deferred Payroll and Personnel Expenses

This position comprises holiday entitlements, overtime and flexi-time as well as provisions for sales commissions and incentive payments. Refunds due from travel expenses are also contained herein.

Outstanding Invoices for Goods and Services

Included here are mainly outstanding invoices for goods and services received and for legal-, auditing- and consulting services.

23. BORROWINGS

As at December 31, 2008, Beta Systems AG carries a balance in respect of its borrowings in an amount of T€ 2,000, of which the installments due for repayment within the next 12 months represent T€ 750 (2007: T€ 2,000, due within the next 12 months T€ 2,000). The borrowings are altogether classified as non-current and are included in the position "Borrowings" in the Statement of Financial Position.

The balance in the amount of T€ 4,000 as at December 2006 in respect of the borrowing taken up with the Dresdner Bank AG in fiscal year 2005 in the amount of T€ 6,000 was redeemed in full during fiscal year 2007. Concurrently the Company took up borrowings in the amount of T€ 3,500 with the Deutsche Bank AG in fiscal year 2007. The borrowing bore an interest rate of 1.25% p.a. above 3-months-EURIBOR and matured at the end of 2008. As security, a global cessation on all trade receivables due to Beta Systems Software AG (parent company) was assigned as collateral. Of the T€ 3,500, T€ 1,500 were due for repayment in fiscal year 2007. The balance of T€ 2,000 was due for repayment in equal quarterly installments of T€ 500 over the remainder of the term during the fiscal year 2008. The balance was fully repaid as agreed.

In fiscal year 2008, the Company took up borrowings in the amount of T€ 2,000 as follows:

	Balance December 31, 2007	Balance December 31, 2008	Repayment 2009	Repayment 2010	Repayment 2011	Repayment 2012
Dresdner Bank AG	2,000	-	-	-	-	-
Deutsche Bank AG	-	500	250	250	-	-
Berliner Volksbank eG	-	1,000	250	250	250	250
Landesbank Berlin AG	-	500	250	250	-	-
Borrowings	**2,000**	**2,000**	**750**	**750**	**250**	**250**

The borrowings taken up with the Deutsche Bank AG bear an interest rate of 6% p.a., while those taken up with the Berliner Volksbank eG and the Landesbank Berlin AG bear an interest rate of 6.9% p.a. and 6.2% p.a. respectively.

The borrowings respectively mature on December 31, 2012.

The borrowing facilities available to the Company within the scope of the borrowings described above amount to altogether T€ 3,000 as at December 31, 2008 (2007: T€ 0); the Company will make use during fiscal year 2009 of the remaining borrowing facilities granted by the Deutsche Bank AG and the Landesbank Berlin AG in the amount of T€ 500 respectively.

The respective borrowings will be redeemed over their respective 4-year maturity periods in respective equal annual amounts of T€ 250 during the fiscal years 2009 - 2012, by payment in equal quarterly installments.

The Group's exposure to interest rate and liquidity risks related to borrowings is disclosed under the Note 28. "Financial Risk Management".

24. RETIREMENT BENEFITS

Pension obligations exist at Beta Systems Software AG on the basis of individual formal agreements and a general pension scheme.

These are included in the position "Employee Benefits".

The Company provides limited defined benefit pension benefits to one founder member and two former Management Board Members of Beta Systems Software AG. The benefits are based upon years of service and salary earned. Although the Company is not required under German law to maintain separate plan assets, the Company maintains life insurance policies to cover its pension obligations. The cash surrender value of these policies, T€ 656 (2006: T€ 1,063), is included under the position "Other Non-Current Assets". The Company anticipates increasing its contributions by T€ 21 in fiscal year 2009 (2008: T€ 25) to fund the future plan obligations.

A general pension scheme exists for several former employees of the Kleindienst Datentechnik AG. These pension obligations arise from a bargaining agreement dated December 21, 1972 and appendices thereto. All employees who joined the services of the company on or before September 20, 1987 are eligible for benefit.

The general pension scheme provides for the granting of an old-age pension after a 10-year service period with the company and following the attainment of the age of 65 viz. on receipt of the advanced old-age pension in the full amount from the legally regulated pension fund as well as the granting of a disability pension on termination following the attainment of the age of 58 on the grounds of a permanent disability in terms of the legally regulated pension fund.

Assumed discount rates and rates of increase in remuneration used in calculating the projected benefit obligations follows:

The calculations as at December 31, 2008 are based on the following assumptions:

December 31		2007	2008
Interest Rate		5.39%	6.04%
Pension Increases	Individual Agreements	2.00%	2.00%
	General Scheme	1.50%	1.50%
Salary Increases	Individual Agreements	none	none
	General Scheme	none	none
Fluctuations	Individual Agreements	none	none
	General Scheme	3.50%	3.50%
Retirement Age - Women		56.5 - 60	56.5 - 60
Retirement Age - Men		61.5 - 65	61.5 - 65

The decrements applied are based on the "Richttafeln 2005 G von Klaus Heubeck ".

The individual commitments are due to retired former employees of the Company. Salary increases are thus not relevant. No increases in remuneration were considered in the calculation of the general scheme, as the monthly old-age and disability pensions are based on fixed, salary-independent pension components in the amount of T€ 2.76 for each year of service after the completed age of 30 years.

A reconciliation of the opening and closing balances of the present value of the defined benefit obligations in respect of post-employment benefits, showing the effects during the fiscal year for the applicable positions, follows:

December 31	2007	2008
Projected Benefit Obligations at the Beginning of the Year	1,890	1,666
Periodic Pension Costs:		
• Interest Cost on Projected Benefit Obligations	82	89
• Actuarial Gains	(319)	(133)
• Current Service Cost for the Fiscal Year	32	25
• Actual Pension Payments during the Fiscal Year	(19)	(21)
Projected Benefit Obligations at the End of the Year	**1,666**	**1,626**

The past service costs for fiscal year 2008, as well as for the prior year, amount to T€ 0. The current service cost is recognized through profit or loss and is included in the General & Administrative Expenses in the Statement of Comprehensive Income; the interest expenses are contained in the Finance Result. No actuarial gains or losses were recognized through profit or loss during the fiscal year 2008 (2007: T€ 0).

The development of the present value of the defined benefit obligation for the current and the previous four reporting periods is as follows:

Year	Defined Benefit Obligations
2004:	1,667
2005:	1,907
2006:	1,890
2007:	1,666
2008:	1,626

The following table sets forth the composition of the provision for the defined benefit pension plan:

December 31	2007	2008
Projected Benefit Obligations at the End of the Year	1,666	1,626
Unrecognized Actuarial Gains	457	561
Provision for Pension Obligations at the End of the Year	**2,123**	**2,187**

No past service costs are included in the unrecognized actuarial gains.

The valuation of the obligations as at December 31, 2008 was determined by independent actuarial method.

The Company also maintains a defined contribution plan at its subsidiary in the United Kingdom to which the Company made discretionary contributions of T€ 26 in 2008 (2007: T€ 28).

The accumulated benefit obligations viz. the defined benefit obligations (DBO) represent the pension obligations of the company excluding, viz. including assumed trends related to salary development. The calculation of the pension accrual on the basis of the defined benefit obligation for the first time after the pension accrual previously disclosed resulted in a difference which is being amortized over the average remaining service period of the beneficiaries.

The unrecognized transition amount is the unamortized difference as at Statement of Financial Position date. The unrecognized net gain is the difference between the amount estimated previously and the actual amount of pension expenses determined afterward. The difference results from the deviations between the assumptions forming the basis of the calculations of the pension obligations and the actual development thereof.

Defined contributions into the statutory pension insurance in the amount of T€ 2,359 were recognized as an expense during the fiscal year (2007: T€ 2,482).

The prospective assumptions on which the accounting estimates used in the measurement of the retirement benefits are based are described in detail above.

25. TERMINATION BENEFITS

Furthermore, termination benefits in the amount of T€ 735 (2007: T€ 798) are included in "Employee Benefits".

The obligations of the commitment legally come into force between the employer and the employee with the conclusion of a partial retirement agreement which is based on the trade agreement. Obligations resulting from the possibility of the claiming of partial retirement benefits by employees in the future are determined at each reporting date in accordance with IAS 19.140 on the basis of their present value (Defined Benefit Obligation - DBO), and under recognition of the respective extent of future probable claims.

The employer effects certain payments to employees attaining the age of 57 years during the partial retirement period and a severance payment at the end of the partial retirement employment period.

The entitlement to a partial retirement agreement between the Company and the employer is precluded when, and as long as, 5% of the employees of the Company are making use of the a partial retirement agreement. Furthermore the utilization of partial retirement is subject to upper limits depending on age groups. During the entire partial retirement phase the employer accrues top-up amounts in accordance with the provisions of the AltTZG; at the end of the partial retirement employment period the employee receives a severance payment. Obligations for the payment of future top-up amounts constitute so-called termination benefits in terms of IAS 19.7.

As a result of the definition and form of the partial retirement agreement settlement arrears accrue on the employer's side according to the block model during the employment phase in the amount of the not yet remunerated portion of the service performed. This fact is compensated for by means of the accrual of a liability, the value of which is determined on the basis of the present value. When compensation of the employee then occurs in accordance with the partial employment agreement, without the employee actually delivering corresponding performance, the utilization of the accrued liability is effected.

The following assumed discount rates and rates of increase in remuneration were used in calculating the present values of settlement arrears and top-up payments as at December 31, 2008:

December 31	2007	2008
Interest Rate	4.96%	6.33%
Salary Increases	2.00%	2.00%

The decrements applied are based on the "Richttafeln 2005 G von Klaus Heubeck"

A reconciliation of the opening and closing balances of the present value of the defined benefit obligations in respect of termination benefits, showing the effects during the fiscal year for the applicable positions, follows:

December 31	2007	2008
Defined Benefit Obligations i.r.o. Termination Benefits at the Beginning of the Year	911	798
• Top-Up Amounts and Settlement Arrears	194	275
• Benefits Paid	(270)	(330)
• Reversals	(37)	(8)
Defined Benefit Obligations i.r.o. Termination Benefits at the End of the Year	**798**	**735**

The Company does not maintain separate plan assets to cover its obligations arising from partial retirement agreements. A claim for repayment by the Federal Agency in respect of the top-up amounts paid is due to the employer only when all conditions itemized under §§ 2,3 AltTZG are met. As these requirements are not satisfied as at reporting date, the Company could not recognize any claim for reimbursement.

No voluntary works council agreement exists for partial retirement in the Company. Therefore no other direct claims by employees for other post-employment benefits exist against the employer. As a result no requirement to accrue further provisions exists.

The prospective assumptions, on which the accounting estimates used in the measurement of the termination benefits are based, are described in detail above.

26. OTHER NON-CURRENT LIABILITIES

Included in the Other Non-Current Liabilities is a revenue-dependent purchase price liability valid for the following two years for the Software SAM Enterprise Single Sign-On (SAM eSSO) in the amount of T€ 241 (2007: T€ 293). This liability is assessed on the basis of future revenue-dependent earn-out payments until fiscal year 2010. The Company is liable to settle the purchase price by making payment in the amount of 20% of the license revenues realized with this product. Beta Systems Software AG assumes annual revenue increases with this product in the amount of 10% (2007: 10%). The fair value is determined on the basis of the expected discounted cash outflows.

27. STOCK OPTION PLANS

Following the launch of Tantia Technologies, Inc., now Beta Systems Software of North America, Inc., Herndon, USA at the beginning of the second quarter of 2000, the Company adopted the Tantia Technologies, Inc. 2000 Stock Option Plan ("Tantia Plan") for its employees and members of the Management Boards of the Beta Group on May 11, 2000. 2,500,000 options to purchase common stock were authorized to be awarded under the Plan, 985,000 thereof to recipients in Europe. The awards of the options were allocated by the Management Board of the Company and, for awards to members of the Management Board by the Supervisory Board of the Company. As at December 31, 2008 a total of 117,052 options were issued to recipients in Europe at an exercise price of US$ 1.00 per option (2007: 130,310 options). The options vest after three years and expire upon termination of employment with the Company or any subsidiary of the Company during the vesting period. The validity period of the Plan ends in the year 2010.

A summary of Tantia's stock options as at December 31, 2008 follows:

December 31	2007 Weighted Average Exercise Price Ordinary Shares in US$		2008 Weighted Average Exercise Price Ordinary Shares in US$	
Exercisable Options at the Beginning of the Year	136,550	1.00	130,310	1.00
Options Granted	-	-	-	-
Options Forfeited	(6,240)	1.00	(13,258)	1.00
Options Excercised	-	-	-	-
Exercisable Options at the End of the Year	**130,310**	**1.00**	**117,052**	**1.00**

The Company records no unearned deferred compensation costs as at December 31, 2008.

28. FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer is not able to meet its contractual payment obligations. Possible credit risk results primarily from the Company's Trade Receivables.

The exposition is influenced predominantly by the Company's dependency on key accounts and their credit rating; the business sector and the country in which customers operate also have an influence.

The Company serves mainly key accounts from the banking-, insurance- and IT sectors and currently realizes between 50% and 60% of its corporate revenues from business with domestic customers. The ten largest Trade Receivable inventories comprise a share of ca. 17% of the aggregate portfolio; of these, eight have their principal place of business in Germany. All the Company's customers are end-user customers, and with the overriding number of its key customers the Company looks back on uninterrupted business relations for more than five years.

Our customers, mostly DAX-quoted corporations, continue to dispose of solid capitalization and immaculate credit rating. Therefore the Company's loss of receivables is, based on experience and when measured against its corporate revenues, rather insignificant. In some individual cases losses of receivables result from uncollectibility of amounts from individual sales with small revenue volumes.

As a result of the current situation on the international financial markets, creditworthiness checks, purchase limits and deliveries against prepayment are extensively conducted. Suspension of further deliveries to customers finds application on a limited scale with middle-sized customers, mainly abroad.

Retirement of one or more of these key accounts from the market, with resulting uncollectibility of due receivables could have a substantial negative effect on the short-term liquidity and the development of the future performance of the Company.

Monitoring of the credit risk is performed within the scope of the centralized group-wide cash management. Regularly conducted overdue analyses of all trade receivables and a process of collection consistently implemented, progressing swiftly from payment reminder notices via establishment of personal contact by the sales representative with the customer, through to the point of escalation and the possible use of legal means are the methods employed in managing this risk.

Exposure

The carrying amounts of financial assets represent the maximum credit exposure as at reporting date:

Financial Assets December 31	*Note*	2007	2008
Cash	*8*	3,176	1,822
Trade Receivables	*9*	38,912	38,317
Derivative Financial Instruments	*12*	125	(180)
Financial Assets		**42,213**	**39,959**

The maximum exposure to credit risk as at reporting date for Trade Receivables was, by geographic regions, as follows:

Trade Receivables December 31	2007	2008
Domestic	26,471	20,625
Europe, excluding Germany	8,596	11,271
USA and Canada	3,389	2,286
Africa and the Rest of the World	456	4,135
Trade Receivables, net	**38,912**	**38,317**

The Trade Receivables exclusively comprise end-user customers.

The Group's ten largest Trade Receivables, mainly key accounts from the banking-, insurance- and IT sectors, contributed a share of the carrying amount of the Trade Receivables in the amount of T€ 6,628 as at December 31, 2008 (2007: T€ 7,539).

Impairment

The aging of Trade Receivables due or past due as at reporting date was:

Trade Receivables	December 31, 2007		December 31, 2008	
	Carrying Amount	Impairment	Carrying Amount	Impairment
Aging Analysis				
Not Yet Due	19,295		22,127	
Due 0 - 30 Days	16,377		14,009	
Past Due 31 - 90 Days	1,048		1,052	
Past Due 91 - 180 Days	1,377		475	
Past Due 181 - 360 Days	632		768	(114)
Past Due more than 365 Days	689	(506)	385	(385)
Trade Receivables	**39,418**	**(506)**	**38,816**	**(499)**

The development in the valuation allowance for expected uncollectible or doubtful Trade Receivables during the fiscal year was as follows:

Trade Receivables December 31	2007	2008
Beginning Balance	(1,111)	(506)
• Appropriation	(65)	(183)
• Recognition	670	190
Ending Balance	**(506)**	**(499)**

Allowances for Expected Uncollectible or Doubtful Trade Receivables are used to record impairment losses for individual trade receivables possibly impaired by credit losses. If the Company is certain that no recovery of the amount owing is possible, it is considered irrecoverable and is written off in full.

The determination of the impairment is based on different assumptions and on individually particular receivables; the Company assesses its allowance for expected uncollectible or doubtful trade receivables on the credit rating of its customers as well as on the general economic conditions. The impairment recorded here substantially comprises allowances of between 40% and 100% of the carrying amount of Trade Receivables already past due for payment by more than 365 days.

Liquidity Risk

Liquidity risk is the risk that the Company will not be in the position to meet its financial obligations on schedule. Objective and function of the Company's liquidity management is the continuous and sufficient provision of own resources and external funds.

Liquidity planning and the monitoring of its inherent risks are performed within the scope of the centralized group-wide cash management by means of employing a number of complementary measures. The consistently pursued management of receivables, regularly updated cash requirement planning, a centrally administered cash pool, efficient control of payments to creditors by making use of advantageous payment targets and discounts, and not least an effective controlling to ensure adherence to budgeted costs form the basis in determining the financing requirements from own resources and external funds, and the planned optimization of the cash return.

Typically, the Company's principal aim is to insure that it always has sufficient readily available cash resources at its disposal to meet its operative expenses and short-term liabilities for up to 60 days in advance. The cash flow monitoring described above serves towards the continuous monitoring. Surplus cash balances are deposited in interest-bearing deposits in the financial market.

Apart from the borrowing facilities granted for purposes of financing the business acquisition of the DETEC companies, in the amount of T€ 3.000, further operating bank credit facilities in the amount of T€ 12,500 (2007: T€ 9,500) were available to the Company as at December 31, 2008. The granting of liabilities due to banking institutions is bound to the compliance with certain business performance indicators In 2008 the Company met all agreed terms and provision imposed by the lenders.

The current operating facilities granted to the Company in the amount of T€ 8,000 expire on April 30, 2009. At the time of issuance of the financial statements, the Company has grants for operating credit facilities in the amount of T€ 12,500.

As at December 31, 2008, the Company has no long-term borrowing facilities at its disposal to provide required resources in significant exceptional situations. On the basis of the credit rating and the performance of the Company, management presumes that possible future application for the granting of external financing resources will be responded to in the affirmative.

Apart from the instruments described above, the Company incorporates the possibility of making use of alternative methods of financing, e.g. project financing and finance leasing, in its planning and risk management process.

Exposure

The carrying amounts of financial liabilities represent the maximum liquidity exposure as at reporting date:

Financial Liabilities December 31	*Note*	2007	2008
Short-Term Finance and Finance Leasing	*18, 23*	8,228	8,795
Trade Payables		5,915	5,702
Financial Liabilities		**14,143**	**14,497**

The following are the contractual maturities of the Company's financial liabilities, including estimated interest payments:

	December 31, 2007			December 31, 2008		
Financial Liabilities	Operating Finance and Finance Leasing	Trade Payables	Borrowings	Operating Finance and Finance Leasing	Trade Payables	Borrowings
Carrying Amount	6,228	5,915	2,000	6,795	5,702	2,000
Contractual Cash Flow	6,357	5,915	2,073	6,885	5,702	2,260
Maturity						
Due within 0 - 30 Days	5,414	5,847	10	6,216	5,609	11
Due within 31 - 90 Days	46	25	519	40	68	209
Due within 91 - 180 Days	68	17	522	59	5	221
Due within 181 - 360 Days	137	10	1,022	119	10	442
Due after more than 365 Days	692	16	-	451	10	1,378
Financial Liabilities	**6,357**	**5,915**	**2,073**	**6,885**	**5,702**	**2,260**

Currency Risk

As a result of its international business activities the Company is subject to currency risks resulting from the influence which currency fluctuations have on its business transactions and on its assets and liabilities denominated in foreign currencies.

Here the exposure principally covers the business activities and transactions denominated in the currency units US-Dollar and CA-Dollar by the respective foreign subsidiaries. With reference to the US-Dollar the necessity for corporate financial limitation of the currency risk exists primarily as a result of the fluctuation of the US-Dollar against the euro; this averaged a loss of 6.5% during the fiscal year and amounted to a rise of 5.3% when compared at reporting date. With reference to the CA-Dollar, it is the volume of the liabilities denominated in CA-Dollar which is specifically relevant.

With the aim of controlling currency risks and maintaining volatility risks within predictable and acceptable limits the Company purchases and sells derivative financial instruments in the form of forward currency exchange transactions.

These transactions are accurately determined, planned and employed. A direct matching of maturities with reference to specific receivables viz. payables in foreign denominations does however not take place.

Determination of the detailed currency requirements is based on the forecasts and the cash management of the particular subsidiaries abroad as well as on the findings of the group-wide cash- and liquidity management described above, including ongoing updates of sensitivity analyses for the various currency units.

Exposure

The Group's exposure to foreign currency risk as at reporting date was as follows:

	December 31, 2007					
Financial Instruments	**USD**	**CAD**	**GBP**	**CHF**	**SEK**	**NGN**
Cash	82	117	5	605	1,910	25,146
Trade Receivables	2,833	-	661	805	28,727	80,606
Short-Term Finance and Finance Leasing	-	-	-	-	-	-
Trade Payables	(21)	-	(10)	(31)	(274)	-
Derivative Financial Instruments	(2,200)	1,800	-	-	-	-
Balance Sheet Exposure	**694**	**1,917**	**656**	**1,379**	**30,363**	**105,752**
Forecast Revenues	7,174	66	1,525	2,305	22,490	472,391
Forecast Expenditures	(3,357)	(2,943)	(609)	(393)	(9,854)	(165,230)
Net Exposure	**4,511**	**(960)**	**1,572**	**3,291**	**42,998**	**412,912**

	December 31, 2008					
Financial Instruments	**USD**	**CAD**	**GBP**	**CHF**	**SEK**	**NGN**
Cash	173	87	8	358	930	128,667
Trade Receivables	2,973	-	777	1,341	27,906	55,551
Short-Term Finance and Finance Leasing	-	-	-	-	-	-
Trade Payables	92	(8)	(13)	(22)	(200)	-
Derivative Financial Instruments	(2,000)	2,160	-	-	-	-
Balance Sheet Exposure	**1,238**	**2,239**	**772**	**1,677**	**28,636**	**184,218**
Forecast Revenues	8,420	61	942	2,643	23,464	52,604
Forecast Expenditures	(5,277)	(3,590)	(705)	(380)	(10,414)	(184,588)
Net Exposure	**4,381**	**(1,290)**	**1,009**	**3,940**	**41,686**	**52,234**

The table portrays the exposition in thousand currency units of the respective foreign currencies.

Sensitivity Analysis

A strengthening of the euro against the following currencies as at reporting date of 10% would have increased (decreased) equity and profit or loss by the amounts shown below. This assumes that all other variables remain constant.

Effect in T€	December 31, 2007 USD	CAD	GBP	CHF	SEK	NGN
Equity	(47)	(133)	(89)	(83)	(322)	(60)
Profit or Loss	(279)	196	(134)	(117)	(137)	(176)

Effect in T€	December 31, 2008 USD	CAD	GBP	CHF	SEK	NGN
Equity	(89)	(130)	(80)	(113)	(262)	(93)
Profit or Loss	(215)	227	(30)	(143)	(136)	75

A weakening of the euro against the following currencies as reporting date of 10% would have had the equal but opposite effect on the above currencies.

The currency exchange rates applied in the sensitivity analysis in respect of the balance sheet exposure and the forecast revenues and expenditures denominated in foreign currencies are the Exchange Benchmark Rates viz. the Average Exchange Rates respectively presented under the heading "Foreign Currency Conversion" within the "Accounting Polices and Valuation Methods".

Interest Risk

The monitoring of the interest risk is also performed within the scope of the centralized group-wide cash management. Under allowance of the estimated short-term cash requirements, surplus cash from the centralized cash pool is invested in interest-bearing short- to medium-term deposits in the financial market. Similarly, short-term operative cash shortages are financed by making use of overdraft facilities at customary interest rates. Overall, the resulting interest risk to the Company is marginal.

As a matter of principle significant interest risks may result to the Company from any required provision of long-term external debt financing. The Company meets necessary resourcing by making us of investment credits with fixed and variable interest components.

For purpose of the financial delimitation of the risk relating to the variable interest component the Company employs the use of an interest cap when applicable.

Exposure

At reporting date the Group's interest-bearing financial instruments were:

December 31	2007	2008
Fixed Rate Financial Assets	39,037	38,137
Fixed Rate Financial Liabilities	(6,785)	(8,336)
Variable Rate Financial Assets and Liabilities	(4,182)	(4,339)
Financial Instruments	28,070	25,462

Sensitivity Analysis

An increase in 100 basis points in interest rates as at reporting date would have decreased profit or loss by T€ 45 (2007: T€ 42). This assumes that all other variables remain constant.

Capital Management

The purpose of the Company's capital management is the satisfactory provisioning of equity, serving both any legal minimum capital requirements as well as allowing for adequate distribution to the shareholders and leading to an external Investment Grade rating for the Company.

The minimum requirements refer on the one hand to the observance with commercial law stipulations under the national § 92 AktG and on the other hand to the requirements by the banks with regard to the granting of credit facilities.

As a result of the significantly improved financial performance and the share capital increase implemented in fiscal year 2007 the minimum capital requirements could be met.

Under the provisions of German commercial law and § 92 AktG of the German stock corporation law Beta Systems Software AG (parent company) is subject to legal minimum capital requirements. Hereunder the amount of equity of the parent company may not fall below 50% of the value of the ordinary share capital. In fiscal year 2008 the Company has met these requirements.

NOTES TO THE SHAREHOLDERS' EQUITY

29. SHAREHOLDERS' EQUITY

The issued Share Capital of the Company as at December 31, 2006 amounted to T€ 11,517 with altogether 8,859,276 no-par ordinary shares issued, including 120,610 treasury shares. The imputed nominal value per ordinary share of the Company therefore amounted to € 1.30 per ordinary share.

Increase in Share Capital

The Management Board of Beta Systems Software AG made the proposal at the Company's Annual General Meeting held on May 23, 2007 for an increase in the ordinary share capital of the Company by means of a cash contribution.

On September 14, 2007 the Management Board of Beta Systems Software AG, with consent by the Supervisory Board, determined the subscription period, the subscription ratio and further details of the planned share capital increase as follows:

By means of issue of up to 4,429,638 shares in the name of the holder the ordinary share capital of the Company was to be increased by up to € 5,758,529.40 from € 11,517,058.80 up to € 17,275,588.20. The new shares were to be issued at the lowest amount advanced of € 1.30 per ordinary share, and were to partake in the profit distribution from the beginning of fiscal year 2007.

The new shares were offered to the shareholders by means of a non-public rights offer during the subscription period from September 19, 2007 to October 2, 2007 (both inclusive) in the way of indirect options on new shares in a ratio of 2 old shares : 1 new share at an exercise price in the amount of € 2.05 for subscription per ordinary share.

On October 30, 2007 the registration of the increase in share capital was lodged in the Companies' Register (Handelsregister) of the Beta Systems Software AG, HRB 38874 B of the Companies' Register at the District Court (Amtsgericht) Charlottenburg, Berlin, Germany.

Following the registration of the increase in share capital the ordinary share capital of the Company with effect from October 30, 2007 thus amounts to € 17,275,588.20, divided into 13,288,914 ordinary shares in the name of the holder with a nominal amount in the amount of € 1.30 per ordinary share. This is also the status as per December 31, 2008. All issued shares are fully paid.

The amount of T€ 10,709 disclosed under ***Capital Reserve*** (2007: T€ 10,709) comprises the accumulated value of transactions with the Company's shareholders which exceeded the nominal value of the ordinary shares. The Capital Reserve in accordance with German HGB differ from this value by an amount of T€ 4,024 (2007: T€ 4,024). The reasons for this variance are differing carrying amounts resulting from the merger with the Kleindienst Datentechnik AG in the amount of T€ 2,239, differing treatment of the transaction costs for the merger in the amount of T€ 521, compensation costs for share-based compensation in the amount of T€ 666 and costs in respect of the share capital increase in 2007 in the amount of T€ 866, net of the tax effect in the amount of T€ 268.

National regulations principally prohibit the use of the capital reserve for distribution.

Retained Losses comprise the accumulated net income viz. the accumulated net losses of the Group as at reporting date. This comprises the gain for the period in the amount of T€ 4,805 (2007: T€ 2,310).

The amounts recognized under ***Other Comprehensive Income and Expenses*** are accumulated net amounts after the deduction of the apportionable income taxes. The income and losses of the fully consolidated subsidiaries result in changes not through profit or loss in the shareholders' equity and result from foreign exchange translation differences.

As at December 31, 2008 the Company held 120,610 ***Treasury Shares.*** These are valued at acquisition cost, i.e. T€ 419 (2007: 120,610 Treasury Shares, viz. T€ 419).

The composition of and the changes in the shareholders' equity is presented in the "Consolidated Statement of Changes in Shareholders' Equity".

30. DIVIDEND DISTRIBUTION

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Dividends are recognized when the shareholders right to receive payment is established. Amounts available for distribution to the shareholders are determined according to stock corporation law and the individual financial statements of the Beta Systems Software AG (parent company). These accounts are prepared in accordance with the German commercial code (HGB).

No dividends were paid to the shareholders in fiscal year 2008 in respect of fiscal year 2007 (no dividends paid in fiscal year 2007 in respect of fiscal year 2006).

As at December 31, 2008 the net profit for the year in accordance with German HGB amounts to T€ 1,258 (2007: net loss in the amount of T€ 2,976). After December 31, 2008 no dividend for fiscal year 2008 was proposed.

OTHER DISCLOSURES

31. GUARANTEES

During the previous ownership of Datasec GmbH, Siegen, which was sold as at 31 December, 2001, Kleindienst Datentechnik AG had issued an unsecured guarantee in the amount of T€ 333 in favor of Volksbank im Siegerland eG within the terms of providing its share of the security for a long-term loan to Datasec GmbH. The corresponding loan liability at Datasec GmbH is still held in full and expires on November 30, 2009. As a result of shares in Datasec GmbH being sold, Kleindienst Datentechnik AG has the right to release itself from its guarantee obligations or to obtain a right of recourse from the acquirer of the company. The Company is not aware of any evidence that would suggest delivering payment on the guarantee and estimates the fair value of the guarantee at zero. No liability is therefore recorded.

32. CONTINGENT LIABILITIES

Altogether 11 applicants initiated a shareholders compensation claim against Beta Systems Software AG during the fiscal year 2005 in connection with the merger onto the Kleindienst Datentechnik AG. The shareholders compensation claim aims at a cash adjustment in the sense of § 15 Abs. 1 UmwG. In the case of an adjudging verdict a cash adjustment would become due to all previous shareholders of the Kleindienst Datentechnik AG who became shareholders of the Company as a result of the merger. In the case of a settlement an approximation by the Company's legal consultants estimates payments for a total amount of up to T€ 440. At this stage the final outcome can not be concluded exactly. In the case of a settlement this would increase the purchase price and would be allocable to the goodwill of the LoB ECM in the full amount. No effect to net income would result. In addition, the net realizable value determined pursuant to the impairment test in accordance with IAS 36 conducted as at December 31, 2008 would also cover the carrying amounts inclusive of the estimated cash adjustment.

33. RELATED PARTY DISCLOSURES

On the basis of their direct equity investment viz. on the basis of the attribution of voting rights
the Deutsche Balaton AG, Heidelberg, the Heidelberger Beteiligungsholding AG, Heidelberg and the ABC Beteiligungen, Heidelberg had significant influence on the Company during the fiscal year 2008. As a result of the relationship of dependence of the Deutsche Balaton AG, Heidelberg, the VV Beteiligungen AG, Heidelberg and the Delphi Unternehmensberatung GmbH, Heidelberg are also related parties of Beta Systems Software AG. No business relationships existed with these parties in fiscal year 2008.

No other related party business relationships existed.

Comprehensive disclosures relating to the business relationships and remuneration of the members of the Management Board and the Supervisory Board can be found in the "Remuneration Report" within the "Combined Group and Company Management Report".

34. AUDITOR'S FEES

The expenses accrued during the fiscal year 2008 in respect of fees paid to the KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin as Group Auditors amounted to T€ 165 for the audit of the annual and consolidated financial statements and the IFRS consolidation packages, T€ 43 for tax consultancy and T€ 54 for other auditing and corporate consultancy services rendered (2007: T€ 162 for audit fees, T€ 12 for tax consultancy and T€ 123 for other auditing services).

35. OPERATING LEASES

The Company has payment commitments from non-cancellable operating leases for its data processing and office equipment, vehicle fleet, for other business plant and equipment as well as for long-term rental agreements for its office facilities. The lease terms are evident from the presentation of the future office rentals and operating leasing payments. Options for extensions do not exist.

The minimum future rental and leasing payments as at December 31, 2008 are as follows:

December 31	Office Rentals	Other Operating Leasing
2009	2,650	1,280
2010	2,583	1,130
2011	2,478	606
2012	1,925	150
2013	1,965	90
Total Minimum Payments for Rentals and other Operating Leasing	**11,601**	**3,256**

No contractual obligations for the payment of office rentals exist beyond the year 2012.

Total costs for office rentals and operating leasing expensed through profit or loss during the fiscal year ended on December 31, 2008 amounted to T€ 4,565 (2007: T€ 4,903).

36. EVENTS AFTER THE BALANCE SHEET DATE

ACQUISITION OF THE DETEC GROUP OF COMPANIES

On December 22, 2008 the Company announced its acquisition of all the shares in the two Rüsselsheim-based DETEC companies - DETEC Decision Technology Software GmbH and DSP DETEC Software Products GmbH - effective from January 1, 2009.

The management and supervisory board of Beta Systems Software AG and shareholders and management of the DETEC companies have since reached agreement on the key aspects of the intended acquisition and have concluded a purchase agreement. Both DETEC companies will continue to be operated independently and with an expanded management base. The two managing shareholders responsible for technology and sales at DETEC have pledged to continue to provide their co-operation for the transition period until the successful integration. In addition, the General Manager of the Data Center Infrastructure (DCI) and Identity Management (IdM) business lines at Beta Systems will assume responsibility for general management.

DETEC's portfolio comprises products to generate optically high-quality and sophisticated documents in the output management area through the formatting of output data. The intention is that the products, and the personnel involved with their development, sales and service, will continue to be managed as an independent line and unit, and be allocated to the DCI/IdM business segment in both product and financial terms. Beta Systems is so underscoring its long-term commitment to the Rüsselsheim location.

The software producer DETEC specializes in software products and services centered on the structuring, production, and distribution of professionally presented business documents (such as invoices, accounts, orders, or shipping documents) in print or digital form. With its new LaserSoft "DoXite" product generation, DETEC is focused on supporting professional internal and external "Business Communications" (B2B, B2C). DoXite facilitates the production, formatting and integration of documents for several and partly parallel output channels (printing, archiving, electronic distribution) in the output system. It is able to produce archived documents which conform to PDF/A, to generate electronic signatures qualified with the help of partner software, to optimize work processes and to cut user costs.

With this acquisition Beta Systems Software AG gains over 400 customers in the German-speaking region and an important strategic building block in the Company's Infrastructure Software portfolio, while also representing a good investment in an established product and a solid, profitable software company.

The Management Board of Beta Systems Software AG expects a positive contribution to the revenues and earnings from as early as the financial year 2009.

The purchase price amounts to T€ 4,783. The purchase price comprises a fixed component in the amount of T€ 4,000 and a variable component in the amount of T€ 783. The variable component represents the Cash balances as per the audited financial statements of the DETEC group of companies as at December 31, 2008. The acquisition is being funded from both own and borrowed capital resources. The allocation of the purchase price could not yet be performed.

DEVELOPMENT OF THE GROUP'S FIXED AND INTANGIBLE ASSETS

Thousand €	Property, Plant & Equipment				Goodwill, Other Intangible Assets, Acquired Software Product Rights				Total
	Computer Equipment	Leasehold Improvements	Facilities and Office Equipment	Property, Plant & Equipment	Goodwill	Customer Base and Licenses	Goodwill and Other Intangible Assets	Acquired Software Product Rights	Fixed and Intangible Assets
Acquisition Costs									
Balance January 1, 2007	12,274	1,914	3,129	17,317	2,809	3,611	6,420	6,362	30,099
Additions	1,693	-	82	1,775	-	-	-	-	1,775
Currency Translation Differences	19	-	(58)	(39)	(35)	-	(35)	1	(73)
Disposals	1,235	-	320	1,555	-	-	-	-	1,555
Balance December 31, 2007	12,751	1,914	2,833	17,498	2,774	3,611	6,385	6,363	30,246
Depreciation and Amortization									
Balance January 1, 2007	9,702	751	2,004	12,457	1,287	2,524	3,811	3,526	19,794
Additions	1,314	252	435	2,001	-	319	319	1,238	3,558
Currency Translation Differences	14	-	(45)	(31)	(35)	-	(35)	-	(66)
Disposals	891	-	240	1,131	-	-	-	-	1,131
Balance December 31, 2007	10,139	1,003	2,154	13,296	1,252	2,843	4,095	4,764	22,155
Carrying Amount									
December 31, 2006	2,572	1,163	1,125	4,860	1,522	1,087	2,609	2,836	10,305
December 31, 2007	2,612	911	679	4,202	1,522	768	2,290	1,599	8,091
Acquisition Costs									
Balance January 1, 2008	12,751	1,914	2,833	17,498	2,774	3,611	6,385	6,363	30,246
Additions	633	3	22	658	-	297	2,927	343	5,869
Currency Translation Differences	(195)	(1)	(23)	(219)	16	14	30	(33)	(222)
Additions from Bus. Acquisitions	972	-	94	1,066	507	2,123	-	1,941	1,066
Disposals	521	-	374	895	-	1,561	1,561	258	2,714
Balance December 31, 2008	13,640	1,916	2,552	18,108	3,297	4,484	7,781	8,356	34,245
Depreciation and Amortization									
Balance January 1, 2008	10,139	1,003	2,154	13,296	1,252	2,843	4,095	4,764	22,155
Additions	1,222	253	262	1,737	-	711	711	1,436	3,884
Currency Translation Differences	(197)	(1)	(17)	(215)	16	1	17	(2)	(200)
Additions from Bus. Acquisitions	893	-	52	945	-	-	-	-	945
Disposals	519	-	333	852	-	1,561	1,561	250	2,663
Balance December 31, 2008	11,538	1,255	2,118	14,911	1,268	1,994	3,262	5,948	24,121
Carrying Amount									
December 31, 2008	2,102	661	434	3,197	2,029	2,490	4,519	2,408	10,124

SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR 2008

Performance related to Other Reporting Periods

Other operating income in the amount of T€ 2,519 relating to other reporting periods and other operating expenses in the amount of T€ 650 relating to other reporting periods were included in the cost of revenues and operating expenses for the fiscal year (2007: other operating income relating to other reporting periods in the amount of T€ 1,824and other operating expenses relating to other reporting periods in the amount of T€ 743).

Personnel Expenses

Personnel expenses for the fiscal year 2008 were as follows:

December 31	2007	2008
Wages and Salaries	39,354	36,959
Social Security Contributions	6,251	6,012
Total Personnel Expenses	**45,605**	**42,971**

Staff Complement

The average number of 630 employees in the fiscal year 2008 (2007: 618 employees) was distributed as follows:

December 31	2007	2008
Sales and Service	361	365
Development	168	175
Administration	78	78
Manufacture	11	12
Average Total Number of Employees	**618**	**630**

Effective January 1, 2006 Beta Systems Software AG resigned its membership from the employer's union. Of the 633 staff employed as at December 31, 2008 (2007: 603 employees), 145 employees (22.9%) are covered by the collective bargaining arrangement IG Metall (2007: 156 employees viz. 25.9%).

Declaration of Conformity with the German Corporate Governance Code

The declaration of conformity for Beta Systems Software AG in accordance with § 161 of the German Stock Corporation Act (AktG) was issued on December 5, 2008 by the Management and Supervisory Boards for the fiscal year 2008 and has been made permanently available to the shareholders in German and English on the corporate Internet website at www.betasystems.com.

DIRECTORS' BOARDS

Management Board

Management Board members of the Company during the fiscal year 2008 were:

- Mr. Dipl.-Wirtschaftsing. Kamyar Niroumand, Chief Executive Officer, Member from April 1, 2006,
- Mr. Gernot Sagl, Chief Financial Officer, Member from October 26, 2006.

The disclosure requirements pursuant to IAS 24 on the remuneration of Management in key positions of the Group comprise the remuneration of the members of the Management Board and the Supervisory Board. The total remuneration for current employment benefits for the members of the Management Board amounted to T€ 712 during fiscal year 2008 (2007: T€ 852). The total remuneration for members of the Management Board comprises various remuneration elements. The individualization and full details are contained under the audited section "Remuneration Report" within the "Combined Group and Company Management Report".

In respect of future pension obligations due to former members of the Management Board benefit provisions were increased in the amount of T€ 34 during the fiscal year (2007: T€ 31). The balance as at December 31, 2008 pursuant to the provisions of IAS19 amounted to T€ 1,042 (2007: T€ 1,008).

Supervisory Board

Members of the Supervisory Board of the Company during the fiscal year 2008 were:

- Mr. Dipl.-Kfm. Sebastian Leser, MBA – Diplômé de l'ESSEC, Karlsruhe,
  Chairman of the Supervisory Board, Member from May 22, 2006,
  Chief Executive Officer of Heidelberger Beteiligungsholding AG, Heidelberg from September 1, 2008,
  Member of the Management Board of Heidelberger Beteiligungsholding AG, Heidelberg until August 31, 2008,
  Chief Executive Officer of ABC Beteiligungen AG, Heidelberg from August 15, 2008,
  Member of the Management Board of ABC Beteiligungen AG, Heidelberg until August 14, 2008,
  Member of the Management Board of Fidelitas Deutsche Industrie Holding AG, Berlin from December 7, 2006,
- Dr. Arun Nagwaney, London,
  Vice Chairman of the Supervisory Board, Member from May 22, 2006,
  Director of AF Capital Partners Ltd, London,
  Director Petrous Limited, London,
  Director Plastics Capital Plc, London,
- Mr. Dipl.-Kfm. Volker Wöhrle, Rheinstetten,
  Member from May 22, 2006,
  Member of the Management Board of Fortuna Maschinenbau Holding AG, Bad Staffelstein from January 1, 2008,

- Mr. Dipl.-Kfm. Jürgen Dickemann, Berlin,
  Member from June 14, 2005,
  Managing Director of PCD GmbH, Heidelberg from January 7, 2008,
  Member of the Management Board of the Dickemann Capital AG,
  Heidelberg from March 14, 2008.
- Mr. Stefan Hillenbach, Berlin, Employee Representative,
  Member from May 16, 2000, Manager Software Engineering,
- Mr. Wilhelm Terhaag, Augsburg, Employee Representative,
  Member from June 14, 2005, Workers' Council Augsburg.

Dr. Arun Nagwaney is Member of the Board of Directors of the following Companies:

- Plastics Capital Trading Limited, London,
- Plastics Capital Bearings Limited, London,
- Cobb Slater Limited, London,
- Bell Holdings Limited, London
- Bell Plastics Limited, London,
- BNL (UK) Limited, London,
- Sabreplas Limited, London,
- Mulberry Plastics Limited, London,
- Trimplex Safety Tread Limited, Belvedere,
- Channel Matrix Limited, London,
- Howper 136 Limited, London,
- Palagan Ltd, London.

Mr. Volker Wöhrle is member of the following Supervisory Boards:

- Heidelberger Beteiligungsholding AG, Heidelberg,
  Vice Chairman of the Supervisory Board,
- Papierwerke Lenk AG, Kappelrodeck, Vice Chairman of the
  Supervisory Board.

Mr. Jürgen Dickemann holds the following memberships in the Supervisory Boards of:

- CornerstoneCapital AG, Frankfurt am Main,
  Vice Chairman of the Supervisory Board until February 4, 2008,
- CornerstoneCapital Verwaltungs AG, Heidelberg,
  Member of the Supervisory Board until December 31, 2008,
- ABC Beteiligungen AG, Heidelberg,
  Chairman of the Supervisory Board until February 1, 2008,
- Stratec Grundbesitz AG, Mannheim,
  Chairman of the Supervisory Board until February 1, 2008.

Mr. Sebastian Leser is member of the following Supervisory Board:

- CornerstoneCapital Verwaltungs AG, Heidelberg,
  Vice Chairman of the Supervisory Board since June 25, 2007.

The Supervisory Board members Mr. Wilhelm Terhaag and Mr. Stefan Hillenbach hold no other Supervisory Board mandates.

The total remuneration for current employment benefits for the members of the Supervisory Board amounted to T€ 58 during fiscal year 2008 (2007: T€ 57). Full details are contained under the audited section "Remuneration Report" within the "Combined Group and Company Management Report".

GROUP ENTITIES

Summary of Holdings as at December 31, 2008 (Unconsolidated)

Company	Local Currency	Share Capital at 12.31.2008 in Local Currency	Equity at 12.31.2008 in Local Currency	Net Income (Loss) at 12.31.2008 in Local Currency	Interest	Share Capital at 12.31.2008 in T€	Equity at 12.31.2008 in T€	Net Income (Loss) at 12.31.2008 in T€
Beta Systems EDV-Software GmbH, Vienna, Austria					100%	36	420	32
Beta Systems Software SPRL, Waterloo, Belgium					100%	50	246	60
Beta Systems Marketing GmbH, Berlin, Germany (Profit Distribution)					100%	26	26	-
Beta Systems Software France SARL, Saint Thibault des Vignes, France					100%	763	2,048	535
Beta Systems Software Ltd, Reading, Great Britain	TGBP	400	(1,175)	(4)	100%	601	(1,224)	(5)
Beta Systems Software SRL, Milan, Italy					100%	52	744	314
Beta Systems Software BV, Nieuwegein, Netherlands					100%	23	7	(26)
Betann Systems AB, Sundbyberg, Sweden	TSEK	100	14,394	914	100%	11	1,319	70
Beta Systems Software AG, Wallisellen, Switzerland	TCHF	100	1,077	450	100%	63	725	266
Beta Systems Software Espana SL, Madrid, Spain					100%	1,553	354	(31)
Beta Systems Software of North America, Inc., Herndon, USA	TUSD	401	8,219	199	100%	383	5,698	140
Kleindienst Datadress GmbH, Augsburg, Germany					100%	26	22	(3)
EDM Verwaltungs GmbH (i.L.), Augsburg, Germany					100%	25	30	(1)
ICR Verwaltungs GmbH (i.L.), Augsburg, Germany					100%	25	28	(1)
SI Software Innovation GmbH, Neustadt an der Weinstraße, Germany					100%	511	4,270	271
Kleindienst Polska Sp.z.o.o. (i.L.), Warsaw, Poland	TPLN	2,000	594	84	100%	493	142	21
Beta Systems Software Africa Ltd, Lagos, Nigeria	TNGN	5,000	31,676	(2,985)	100%	29	159	(18)

In addition Beta Systems Software AG holds the following indirect equity investments:

Beta Systems Software of North America, Inc. wholly owns Beta Systems Software of Canada Inc., which therefore counts towards the indirect holdings:

Beta Systems Software of Canada Inc., Calgary, Canada	TCAD	31,356	(21,186)	(1,068)	100%	17,266	(12,346)	(701)

Apart from those holdings listed above, no further equity holdings exist.

The values of the equity and the operating results for the fiscal year 2008 are those resulting from the financial statements of the individual entities drawn up in accordance with IFRS (unconsolidated). The Statement of Financial Positions of foreign subsidiaries were converted from the national currency to euro at the foreign exchange benchmark rate at the reporting date while the Statement of Comprehensive Income was translated at the average monthly foreign exchange benchmark rate during the period.

BETA SYSTEMS WORLDWIDE

Austria
Beta Systems EDV-Software GesmbH
Mooslackengasse 15-17
A-1190 Vienna
(43) (1) 74040 290

Belgium
BVBA Beta Systems Software SPRL
Avenue Jean Monnet 1
B-1348 Louvain-la-Neuve
(32) (2) 3520 480

Canada
Beta Systems Software of Canada Inc.
Suite 600
736 - 8th Avenue SW
Calgary, Alberta
T2P 1H4
(1) (403) 231 9800

Germany
Beta Systems Software AG
Alt-Moabit 90d
D-10559 Berlin
(49) (30) 726 1180

SI Software Innovation GmbH
Europastraße 3
D-67433 Neustadt
(49) (6321) 499 1500

From January 1, 2009
DETEC Decision Technology Software GmbH
Bensheimer Straße 61
D-65428 Rüsselsheim
(49) (6142) 35 750

France
Beta Systems Software France SARL
2, Rue Paul Henry Spaak
Saint Thibault des Vignes
F-77462 Lagny sur Marne Cedex
(33) (1) 6412 7980

Great Britain
Beta Systems Software Ltd
Unit 8, Diddenham Court
Lambwood Hill, Grazeley
GB-Reading RG7 1JS
(44) (1189) 885 175

Italy
Beta Systems Software SRL
Via Stephenson No 43/A
I-20157 Milan
(39) (2) 3320 2251
Netherlands
Beta Systems Software BV
Postbus 173
NL-3430 JS Nieuwegein
(32) (2) 3520 480

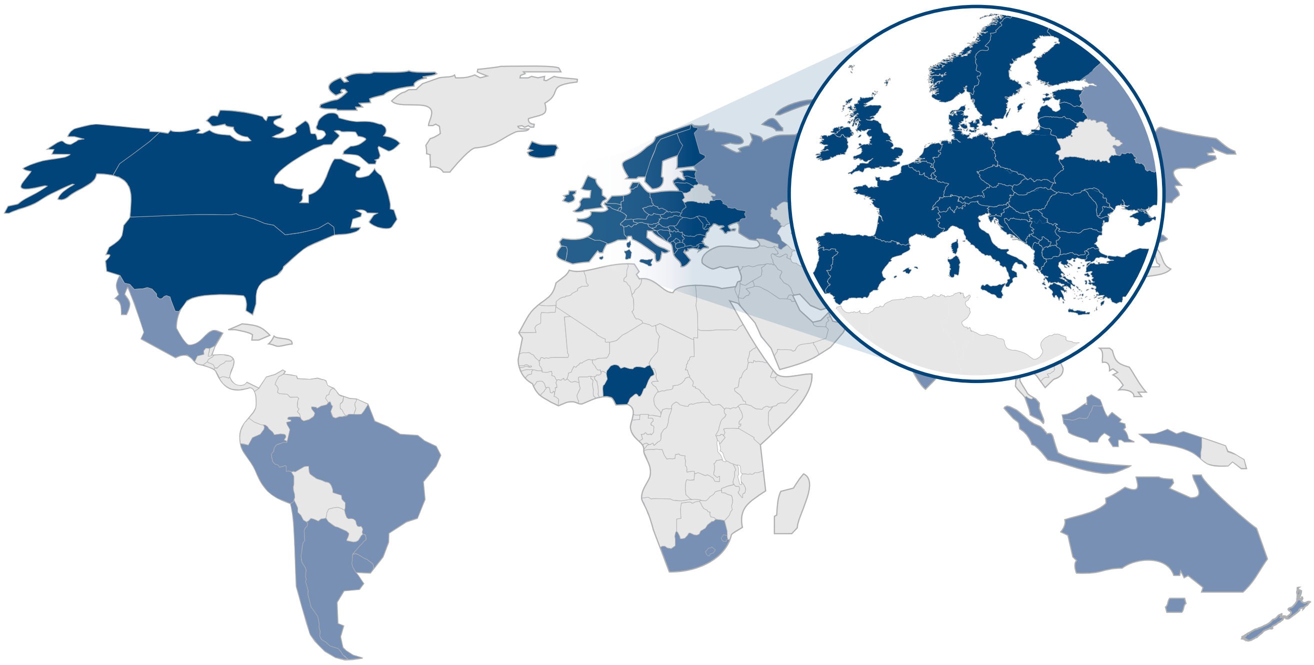
Sweden
Betann Systems AB
Kavallerivägen 30
Rissne Centrum, Box 2099
S-17402 Sundbyberg
(46) (8) 733 0045

Switzerland
Beta Systems Software AG
Glatt Tower, Postfach 1550
CH-8301 Glattzentrum b. Wallisellen
(41) (44) 832 73 20

Spain
Beta Systems Software Espana SL
c/ Somera n° 7-9 Planta 2a
E-28023 La Florida, Madrid
(34) (91) 307 7675

USA
Beta Systems Software of North America, Inc.
Suite 350
2201 Cooperative Way
Herndon
Virginia, VA 20171
(1) (703) 889 1240

Nigeria
Beta Systems Software Africa Limited
3rd floor Globe Motors House
Victoria Island
Lagos, Nigeria
(234) (1) 262 970



GLOSSARY

Add-ons
Programs which supplement existing software

Automated User Management
Equips users with the basic prerequisites for fulfilling their tasks and grants them the individual access rights based on their roles/tasks within the organization on an automated basis

Backup
Securing data

Business Process Management
Location, design, documentation, control and improvement of business processes

Compliance
Compliance with legal provisions and other directives and guidelines within entities and organizations for the protection of owners, customers and investors against loss or damage through illegal entrepreneurial transactions

Computer Centers
This designates both the building and the areas in which core computer technology of one or several entities or companies is located, as well as any organization which services these computers

Data Processing
Processing of data in data centers

Document Management
Recording and processing of electronic and paper-based incoming data and targeted distribution of electronic documents

Document Processing
Document processing and linking business processes with documents

Enterprise Application Management
Companywide integration of business functions by linking various applications and different platforms

Enterprise Content Management (ECM)
All tools and strategies implemented to capture, archive, administer, preserve and transmit content and documents related to the organizational processes of an entity

Information Management
Provision and securing of data in corporate networks

Input Management
Capturing, recording, preparation and processing of analogue and electronic information

ISE
Image-supported cheque collection

Job Scheduling
Control, automation, monitoring and planning of IT processes

Level of Standardization
The proportion of deployable standardized products and solutions; the higher the degree of standardization the lower the amount of effort involved in software-related customizing

Mainframe
A very complex and extensive computer system which is optimized in respect of reliability and high data throughput

Open Systems Environment
Operating environment which secures the inter-operationability and portability through open, i.e. freely accessible interfaces and specifications (e.g. Linux or UNIX as an operating system in an open system)

Output Management
Preparation, generating, control and distribution of electronic or physically accessible documents to all requisite recipients in or outside the organization

Outsourcing Service
Provision of services to customers who have outsourced this area to external providers

SAM Jupiter
Solution of the Beta Systems Group for the administration of user access rights (user administration)

SEPA
Single Euro Payments Area

SOA – Service-Oriented Architecture
A SOA is a software architecture which splits applications used in organizations into individual services

Suite
An organized, consistent collection of software programs for carrying out a number of associated responsibilities (e.g. office packages with customary office software)

Synchronization
Synchronized processes which ensure that resources are deployed efficiently and data kept at a consistent level

Update
Actualization of existing products and solutions which correct program defects or include smaller program improvements

Upgrade
New versions of a basic software which contains additional functions; upgrades are generally identifiable through a change in the version number as part of the product name

User Management
Administration of access rights for users

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