# [HALF-YEARLY FINANCIAL REPORT]

as at June 30, 2009

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## I. HALF-YEARLY FINANCIAL REPORT AND REPORT ON THE SECOND QUARTER OF 2009

- Revenues and profit growth in the infrastructure business
- Greater volatility discernable in the solutions business
- Positive profit contribution by the newly acquired companies

In the first half of 2009, Beta Systems Software AG (BSS, ISIN DE0005224406) raised revenues and profit considerably in its sustainedly strong Infrastructure Division (Data Center Infrastructure (DCI) and Identity Management (IdM) LoBs (line of business)). By contrast, the solutions for banks and insurance companies business (Enterprise Content Management (ECM) LoB) was exposed to greater volatility during the period under review, which led to orders being postponed to the second half of 2009. Moreover, there was no repeat this year of a major order carried out in the first six months of 2008. At the end of the first six months of 2009 therefore, the total revenues of Beta Systems came to € 40.8 million (Q1-Q2/2008: € 42.5 million) and consolidated earnings before interest and tax (EBIT) stood at € -0.9 million (Q1-Q2/2008: € 0.6 million).

All three divisions were profitable in the first half year of 2009 as compared with the previous year's period. The highly profitable Infrastructure Division, which comprises the DCI LoB, made a decisive contribution to the consolidated result by raising revenues 17.3% to € 20.0 million (Q1-Q2/2008: € 17.0 million) and lifting profit by 15.9% to € 8.5 million (Q1-Q2/2008: € 7.4 million). The IdM segment also increased revenues to € 5.2 million (Q1-Q2/2008: € 4.3 million) on the back of larger new contracts and profit climbed to € 0.2 million (Q1-Q2/2008: € 0.0 million). This positive development is also confirmation of Beta Systems' acquisition strategy, as SI Software Innovation GmbH, a company acquired in 2008, and the DETEC Group, effectively taken over in 2009, both made considerable contributions to revenue and profit in the first half of 2009. Moreover, maintenance revenues grew, boosted by the technology transfer carried out with the US company Proginet in 2008.
In the solutions for banks and insurance companies business (ECM LoB) the sales successes of the year-earlier quarter were not repeated due to orders being postponed and longer purchase decision cycles. Accordingly, revenues came to € 15.7 million and profit had fallen to € 0.6 million by the end of the first six months of 2009 (Q1-Q2/2008: € 21.2 million and € 4.1 million respectively). Active cost management, however, served to cushion the decline in profit.

At the current point in time as well, guidance for revenues and profit can only be provided with the requisite reservation and caution given the general economic conditions and the specific risks in the financial sector. Due to the seasonal nature typical of the software business, Beta Systems always generates its highest revenues and profit in the fourth quarter of the fiscal year. For this reason and based on the Company's stable market position, strengthened in the wake of additions to the holdings portfolio among other measures, Management anticipates that raising revenues and profit should be possible in the current fiscal year as well.

**Statement by the Management Board**

"Steady and strong demand for infrastructure software despite the persistently tense situation in the global IT market is clearly reflected in the revenue and profit growth of the DCI and IdM LoBs. We have created a substantially broader based product range for our customers by adding to our portfolio. Moreover, we can use this to develop new customer segments such as, for instance, mid-sized enterprises", declared Gernot Sagl, member of the Management Board of Beta Systems Software AG, and added: "On the other hand, the reluctance to invest triggered by the global financial crisis, above all in the case of major international banks, has caused customers to postpone orders in the first half of 2009, with the result that achieving the exceptionally high license revenues generated in the previous year's quarter has not been possible."

**Other Key Financial Data for Q1-Q2/2009 at a Glance:**

- Maintenance revenues advance by € 4.2% to € 20.5 million (Q1-Q2/2008: € 19.7 million)
- Software license revenues decline from € 12.8 million to € 11.8 million
- Service revenues post € 6.6 million (Q1-Q2/2008: € 6.9 million)
- Scanner hardware revenues fall to € 2.0 million, as budgeted (Q1-Q2/2008: € 3.2 million)
- Earnings before interest, tax, depreciation and amortization (EBITDA) post € 0.9 million (Q1-Q2/2008: € 2.6 million)
- The result for the period (after tax) comes to € -0.7 million and € -0.06 per share (Q1-Q2/2008: € 0.3 million and € 0.03 per share)

**Other Key Financial Data for Q2/2009 at a Glance:**

- Maintenance revenues climb by 9.2% to € 10.5 million (Q2/2008: € 9.6 million)
- Software license revenues decline to € 5.9 million (Q2/2008: € 7.7 million)
- Service revenues post € 2.8 million (Q2/2008: € 3.9 million)
- Scanner hardware revenues remain stable at € 1.3 million (Q2/2008: € 1.3 million)
- Total revenues come to € 20.5 million (Q2/2008: € 22.5 million)
- EBIT stands at € -0.9 million (Q2/2008: € 1.2 million)
- The result for the period (after tax) comes to € -0.6 million and € -0.05 per share (Q2/2008: € 0.9 million and € 0.07 per share)

**Key Operational Highlights**

- **Price Performance of the Beta Systems Share**
- **Beta Systems takes over the DETEC Group**
- **Termination of the Shareholders' Compensation Claim**
- **Beta Systems held Customer Conference in Berlin**
- **International Financial Services Providers implement Security and Compliance Concepts using the Software of Beta Systems**
- **Annual General Meeting of the Shareholders of Beta Systems Software AG took place in Berlin**

**Price Performance of the Beta Systems Share**
The price of the Beta share started off on January 2, 2009, at € 2.19, stood at € 2.00 on March 31, 2009, and had risen to € 3.22 by June 30, 2009 (opening and closing price in Xetra). In the first three months of 2009, neither information by the Company nor analyses nor the release of the very positive financial data for the fiscal year 2008 were able to stimulate the share price. The trading volume was also low. In April and May, by contrast, share price impetus was provided by the good financial data of the first quarter of 2009, coupled with positive press reports. The trading volume also picked up again in the second quarter of 2009.

**Beta Systems takes over the DETEC Group**
With effect as of January 1, 2009, Beta Systems Software AG assumed economic control over DETEC Decision Technology Software GmbH and DSP DETEC Software Products GmbH, both companies based in Ruesselsheim, and included these companies in the group of consolidated companies with effect from 2009.
The Management Board and Supervisory Board of Beta Systems, as well as shareholders and the management of the DETEC companies, agreed the key points of the intended acquisition in December 2008 and signed a purchase agreement. Both DETEC companies will continue to be managed as independent entities.
The DETEC portfolio comprises products in the Output Management business which produce optically high-quality and aesthetic documents through the formatting of output data. The products and the employees involved in their development, sales and distribution and service are to be managed as an independent product line and unit and be assigned from both a content and business standpoint to the DCI/IdM Division.

**Termination of the Shareholders' Compensation Claim**
The Shareholders' Compensation Claim court case, lodged with the District Court of Munich I, concerning additional cash payment in connection with the business combination of Kleindienst Datentechnik AG with Beta Systems Software AG, was terminated by way of settlement upon the service of the record of court proceedings on April 1, 2009. The settlement was published on April 17, 2009, in the German Electronic Federal Gazette as well as in the Börsen-Zeitung (German financial newspaper). The draft of this settlement was approved by the required majority at the Annual General Meeting of Shareholders of Beta Systems held on May 23, 2007.
Payment, including incidental costs, therefore comes to T€ 509 in total and has no effect on net income but is to be capitalized as goodwill (subsequent acquisition costs).

**Beta Systems held Customer Conference in Berlin**

Beta Systems Software AG held its annual Customer Conference on June 18/19, 2009, in Berlin under the slogan of "Don't save on IT, but with IT". Customers and partners were invited to come to the event to discover new ways of surmounting challenges in the current economic environment and turn it into an opportunity.

The event was dedicated to the topics of infrastructure solutions in data centers, security and compliance as well as enterprise content management. Emphasis was placed on cost-oriented approaches to enhancing efficiency and optimizing business processes as well as innovative ideas designed to strengthen IT across the enterprise.

**International Financial Services Providers implement Security and Compliance Concepts using the Software of Beta Systems**

More stringent legislation and security guidelines are the determinants of this development: Above all, large enterprises in the financial sector and industry are currently in the process of ramping up their IT security, ensuring that access rights to their software systems are controlled, and improving their reporting systems. Beta Systems Software AG offers a range of tools to facilitate these processes. As many as four international companies have recently decided in favor of security and compliance software from the IT infrastructure software product range: The 3 Banken Group, Linz, DZ PRIVATBANK (Switzerland) AG, Zurich, the insurance company CZ, Tilburg/Netherlands, and the Serbian KOMERCIJALNA BANKA, Belgrade.

Observing compliance rules and regulations is especially important in banks and insurance companies which process large volumes of critical data. Managing the slew of new rules and regulations and requirements is generally only possible nowadays if business processes are automated. DZ PRIVATBANK (Switzerland) AG has solved this problem by using SAM Jupiter, Beta Systems' IdM software, which has enabled it to implement a role-based concept for a uniform allocation of permissions. The solution for Identity Management and Security Administration allows the bank to set in place company-wide administration of users and access rights across all platforms which complies with rules and regulations and harmonizes with business processes.

At KOMERCIJALNA BANKA based in Belgrade a heterogeneous IT environment with proprietary user administration was the cause of uncontrolled authorization and risks inherent in threats to security. The company decided to implement the SAM Jupiter solution in order to obviate these risks and raise the productivity of its IT administration.

At Netherlands-based CZ, an insurance company, SAM Jupiter has also ensured a high degree of transparency, efficiency and security through a centralized, role-based user administration. This approach serves to reduce the high costs of administration, and all service level agreements associated with user authorization have been fully satisfied.

The implementation of Beta 96 Enterprise Compliance Auditor marked the start of a dynamic audit for 3 Banken EDV Gesellschaft m.b.H., a company based in Linz. The software enables the service center of Austrian 3 Banken Group to meticulously implement the requirements set out under the BSI IT measures catalogues, ISO 27001 and CobiT 4.0.

**Annual General Meeting of the Shareholders of Beta Systems Software AG took place in Berlin**
At the Annual General Meeting of the Shareholders of Beta Systems Software AG, which took place on May 15, 2009, in Berlin, the Management Board and the Supervisory Board were discharged with regard to the fiscal year 2008. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was mandated as independent auditor for the fiscal year 2009. Moreover, the Management Board was authorized to acquire and dispose of the Company's own shares, and the Articles of Association were amended with respect to possible pending changes in legislation. The Control and Profit Transfer Agreement with SI Software Innovation GmbH was also approved. The application by the Administration for a resolution on the creation of new Authorized Capital 2009 did not meet with the required majority in the Annual General Meeting of Shareholders.

## II. INTERIM MANAGEMENT REPORT

### 1. Foreword
Beta Systems Software AG has drawn up this Interim Management Report for the period as at June 30, 2009, in accordance with the legal requirements. The reporting period covers the first six months of 2009. The Interim Management Report is to be read in conjunction with the Interim Consolidated Financial Statements as at June 30, 2009.

All forward-looking statements relate to the period up until December 31, 2009. In observance of the legal provisions, this Interim Management Report is not an instrument of information in its own right but constitutes material changes to the statements made in the Combined Management Report on the Group and on the Parent Company as per December 31, 2008, and must therefore be read in connection with the latter. In respect of the forward looking statements, these are also an update on those made on December 31, 2008.

The following information 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).

All amounts cited in the Interim Management Report and information derived therefrom (e.g. percentage figures) are figures fully rounded up to thousands of euros as presented in the Interim Consolidated Financial Statements.

The Interim Consolidated Financial Statements as at June 30, 2009, and the Interim Management Report were neither audited by the external auditor nor were they subjected to a review by the external auditor.

## 2. Report on the Financial Performance, Assets and Financial Position

### 2.1. Financial Performance of the Beta Systems Group

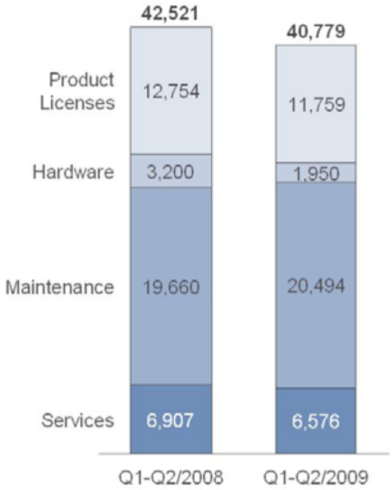
**Development of Revenues**

As a supplier of complex IT corporate solutions, Beta Systems generates revenues from the components of software licenses, maintenance and services. An additional source of revenue comes from hardware in the form of scanner systems.

Despite the protracted global crisis in the capital and financial markets, demand in the core market of Europe came primarily from the banking and insurance sectors. The persistently difficult economic situation nonetheless gives rise to opportunities for the products and solutions of Beta Systems. On the customer side, for instance, it is accelerating the process of consolidation in the financial services sector and, at the same time, exerting pressure on companies in this sector to reduce costs. For this reason and for reason of the new pan-European laws and directives with more stringent compliance requirements, our customer companies must continue to optimize their IT processes and make them more secure. This is where they can draw on the support of the software solutions in the Beta Systems portfolio. Alongside tried-and-tested standard products, the product range also comprises new products acquired in the context of acquisitions or technology transfer.

In the first six months of 2009, the companies of the Beta Systems Group signed a series of contracts worldwide with renowned customers in all of its three business segments. Contracts with major banks, IT and transaction service providers were concluded, including 3 Banken EDV (IT service provider, Austria) and Highmark (health insurance company, USA), to name a few.

**Development of Revenues**
**Amounts in T€**




**Total revenues** fell in the first half of 2009 owing to orders being postponed to the second half of 2009 (LoB ECM). Revenues declined by 9.2% to € 20.5 million in the second quarter of 2009 (Q2/2008: € 22.5 million) and posted € 40.8 million at the end of the first six months of 2009 (Q1-Q2/2008: € 42.5 million).

As the exceptionally high license revenues generated in the previous year's quarter were not repeated, revenues with **software licenses** dropped from € 7.7 million to € 5.9 million in the second quarter of 2009. At the end of the first half of 2009, they came to € 11.8 million (Q1-Q2/2008: € 12.8 million). This development is attributable to reluctance to invest triggered by the global financial crisis, above all in the case of major international banks.

The **hardware business with scanners** remained stable at € 1.3 million in the second quarter (Q2/2008: € 1.3 million) and had fallen to € 2.0 million, in line with expectations, at the end of the first six months of 2009 (Q1-Q2/2008: € 3.2 million). The higher revenues achieved in the previous year's period resulted from the execution of a number of larger-volume new system contracts signed in the previous year's quarter which were not repeated.

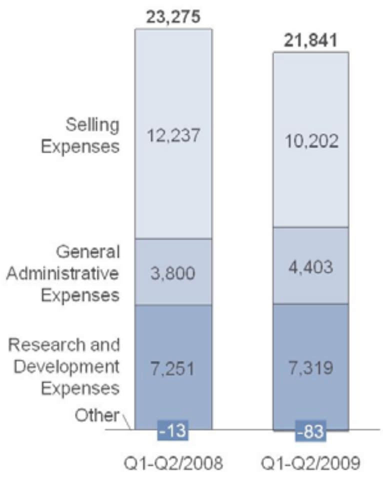
**Maintenance revenues**, which continue to be a mainstay of the business model, strengthened by recent acquisitions, climbed by 9.2% to € 10.5 million in the second quarter of 2009 (Q2/2008: € 9.6 million) and by 4.2% to € 20.5 million at the end of the first six months of 2009 (Q1-Q2/2008: € 19.7 million).

Revenues generated by the **services** business declined marginally to € 2.8 million in the second quarter (Q2/2008: € 3.9 million) and stood at € 6.6 million at the end of the six-month period (Q1-Q2/2008: € 6.9 million).

**Development of Gross Profit**
The **cost of revenues** rose from € 9.8 million to € 10.2 million in the second quarter of 2009 and from € 18.7 million to € 19.9 million at the end of the first six months of 2009 as against the previous year's period. This development was attributable to the higher personnel costs associated with the purchase of the DETEC Group.

**Gross profit** fell accordingly to € 10.3 million in the second quarter of 2009 (Q2/2008: € 12.7 million) and to € 20.9 million at the end of the first half-year of 2009 (Q1-Q2/2008: € 23.9 million).

**Development of Costs and Expenses**
**Amounts in T€**




**Operating expenses** decreased by 3.4% to € 11.2 million (Q2/2008: € 11.6 million) in the second quarter of 2009 and to € 21.8 million at the end of the first six months of 2009 (Q1-Q2/2008: € 23.3 million), mainly owing to a reduction in selling expenses.

**Selling expenses** fell by 19.5% to € 5.3 million (Q2/2008: € 6.6 million) in the second quarter of 2009 and by 16.6% to € 10.2 million by the end of the first six months of 2009 (Q1-Q2/2008: € 12.2 million) in a year-on-year comparison. This development is especially due to the reduction of the ECM LoB's external selling costs.

**General administrative expenses** rose by 32.4% to € 2.2 million in the second quarter of 2009 (Q2/2008: € 1.7 million) and by 15.9% to € 4.4 million at the end of the first six months of 2009 (Q1-Q2/2008: € 3.8 million) owing to the higher costs incurred by the purchase of the DETEC Group.

**Research and development expenses** remained stable at € 3.7 million in the second quarter and € 7.3 million after the first six months of 2009, virtually unchanged from the previous year's level (Q2/2008: € 3.5 million and Q1-Q2/2008: € 7.3 million).

Measured against revenues, operating expenses had risen to 54.6% by the end of the second quarter of 2009 (Q2/2008: 51.3%) but had fallen to 53.6% by the end of the first six months of 2009 (Q1-Q2/2008: 54.7%).

**EBIT**, defined as the operating results including Sundry income and Other expenses, stood at € -0.9 million in the second quarter of 2009 (Q2/2008: € 1.2 million) and at € -0.9 million at the end of the first six months of 2009 (Q1-Q2/2008: € 0.6 million).

**EBITDA**, which is EBIT plus depreciation and amortization, came to € 0.9 million in the first half of 2009 (Q1-Q2/2008: € 2.6 million).

At the end of the first six months of 2009, the **finance result** had declined to € -0.1 million, down from € 0.3 million in previous year's period.

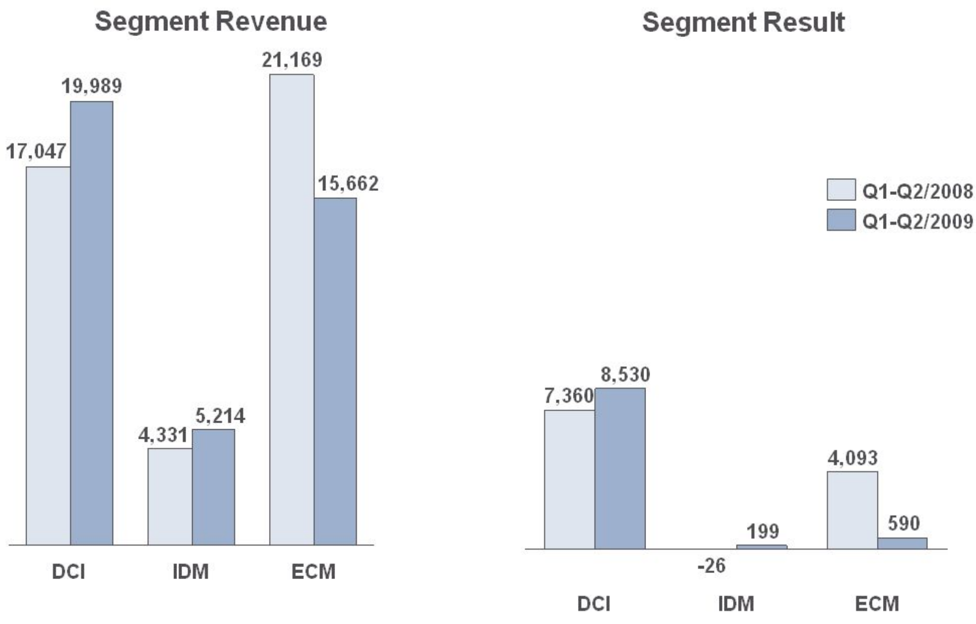
The **result before income taxes** declined to € -1.1 million in the first half of 2009 (Q1-Q2/2008: € 0.8 million).

Given a tax rate of 30.4%**, income taxes** came to € 0.3 million at the end of the six-month period (Q1-Q2/2008: € -0.5 million).

Accordingly, the **result after income taxes** for the first six months of 2009 came in at € -0.7 million as compared with the year-earlier figure of € 0.3 million.

**Earnings per share** thus declined to € -0.06 (Q1-Q2/2008: € 0.03). The weighted average number of shares outstanding at the end of the first six months of 2009 came to 13,168,304.

**Performance of the Business Segments**
**Amounts in T€**




All three divisions were profitable in the first half year of 2009 as compared with the previous year's period.

The **Infrastructure Division** consists of the LoBs (line of business) **Data Center Infrastructure (DCI)** and the **Identity Management (IdM)**.

Revenues in the **DCI** segment climbed by 23.7% to € 11.1 million, up from € 9.0 million, in the second quarter of 2009, and had risen 17.3% to € 20.0 million, up from € 17.0 million, by the end of the first six months of 2009 in a year-on-year comparison. EBIT rose 32.3% to € 5.3 million in the second quarter of 2009 (Q2/2008: € 4.0 million) and 15.9% to € 8.5 million at the end of the first half of 2009 (Q1-Q2/2008: € 7.4 million).
This positive development also reflects the Beta Systems' acquisition strategy. Contributions to revenue and profit were made by SI Software Innovation GmbH, a company acquired in 2008, and the DETEC Group, effectively taken over in 2009, in the period under review. The contribution of the DETEC Group to revenue and profit came to € 2.5 million and € 0.5 million respectively in the first six months of 2009.

The **IdM** segment lifted revenues by 25.9%, from € 2.4 million to € 3.0 million, in the second quarter of 2009, and by 20.4%, from € 4.3 million to € 5.2 million, at the end of the first six months of 2009. This development is attributable to larger new contracts signed in North America and to the increase in service revenues generated in Western Europe. Moreover, maintenance revenues grew, boosted by the technology transfer carried out with the US company Proginet in 2008. Segment profit posted € 0.1 million in the second quarter of 2009 (Q2/2008: € 0.2 million) and had risen to € 0.2 million by the end of the first six months of 2009 (Q1-Q2/2008: € 0.0 million).

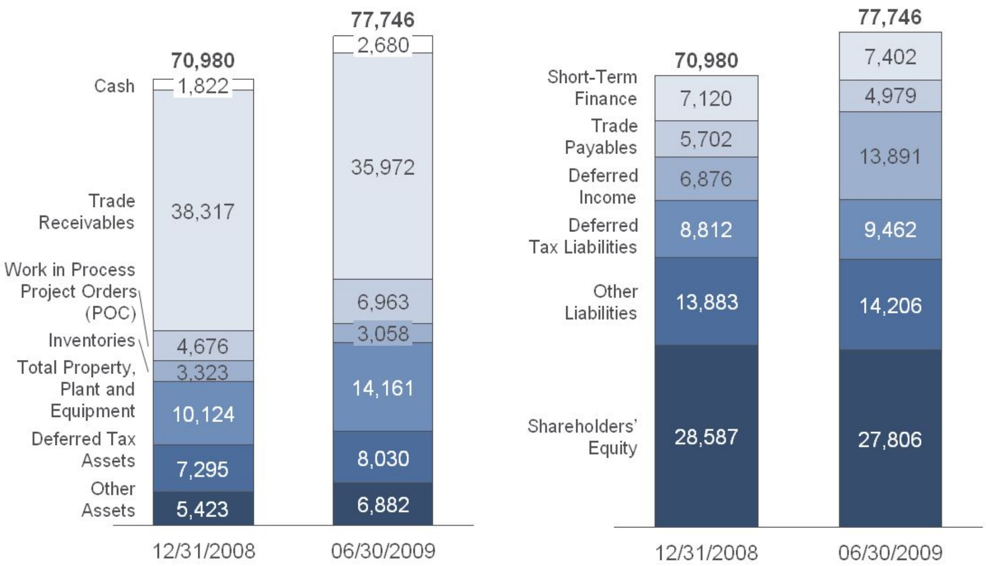
The LoB **Enterprise Content Management (ECM)** effectively comprises the **solutions for banks and insurance companies business**.

In the **ECM** LoB's solutions for banks and insurance companies business the sales successes of the year-earlier quarter were not repeated due to orders being postponed and longer purchase decision cycles. Accordingly, revenues declined from € 11.2 million to € 6.4 million in the second quarter of 2009 and had fallen from € 21.2 million to € 15.7 million by the end of the first six months of 2009. In addition, this year there was no repeat of a major order which was carried out in the first half of 2008. Segment profit came to € -1.0 million in the second quarter of 2009 (Q2/2008: € 2.1 million) and to € 0.6 million at the end of the first six months of 2009 (Q1-Q2/2008: € 4.1 million). Active cost management, however, served to cushion the decline in profit.

**Human Resource Development**
At the end of the first six months of 2009, the number of employees in the Beta Systems Group had climbed to 663, up from the year-earlier figure of 628. This figure includes 31 employees from DETEC Group which was purchased in the first quarter of 2009. Adjusted for this acquisition, employee numbers have risen by 4 persons.

## 2.2. Asset and Financial Position of the Beta Systems Group

**Amounts in T€**




As per June 30, 2009, **total assets** had risen to € 77.7 million owing to reporting date-related effects (December 31, 2008: € 71.0 million).

On June 30, 2009, Beta Systems disclosed **cash** amounting to € 2.7 million compared with € 1.8 million on December 31, 2008.

The **cash flow from operating activities**, which posted € 2.3 million, fell short of expectations (December 31, 2008: € 7.3 million). From an operational standpoint, this development was caused by heightened volatility in the solutions for banks and insurance companies business (ECM LoB) in an economic environment which remains difficult. **EBITDA**, which posted € 0.9 million, was € 1.7 million below the year-earlier figure. Above all, as in the past, receivables management is entailing greater endeavors in international business, as it is not the credit standing of core customers which has deteriorated but payment practices against the background of a persistently tense financial situation.

The **cash flow used in investment activity** declined from € -2.9 million to € -2.0 million. In respect of the purchase of the DETEC Group, an amount of € 1.3 million, set off against cash acquired, has been paid in accordance with the payment plan in the first half year. In addition, another € 0.5 million were paid in subsequent acquisition costs upon agreement on the compensation associated with the purchase of Kleindienst.

At the end of the six month period, the **cash flow used in financing activities** came to € 0.7 million (Q1-Q2/2008: € -4.3 million) and includes the assumption of non-current liabilities for the DETEC financing of € 1.0 million. In addition, long-term borrowings of € 0.5 million were repaid. Short-term finance rose by € 0.3 million.

Due to effects associated with the reporting date, **trade receivables** had fallen from € 38.3 million on December 31, 2008, to € 36.0 million by June 30, 2009. **Work in process project orders** (minus project-related advances) climbed to € 7.0 million (December 31, 2008: € 4.7 million).

In the wake of the DETEC acquisition, the **goodwill** had risen by € 2.9 million and the settlement amount for the purchase of Kleindienst by € 0.5 million to € 5.4 million in total as per June 30, 2009.

**Other intangible assets** advanced from € 2.5 million to € 3.0 million, also owing to the assumption of DETEC's customer base.

**Acquired software product rights** rose from € 2.4 million to € 3.0 million, augmented by the rights purchased for DETEC's Software LaserSoft/DoXite.

Due to effects associated with the reporting date, **trade payables** had fallen from € 5.7 million on December 31, 2008, to € 5.0 million by June 30, 2009.

**Deferred income** climbed to € 13.9 million owing to reporting date-related effects (December 31, 2008: € 6.9 million) and included maintenance revenues invoiced at the start of the year for the corresponding provision of services and recognition of revenues in the course of the year in accordance with the accruals concept.

**Long-term borrowings** increased from € 1.7 million to € 2.2 million due, on the one hand, to a loan of € 1.0 million taken out for the acquisition and, as a counter effect, the repayment of loans in an amount of € 0.5 million.

**Deferred taxes** had risen from € 8.8 million on December 31, 2008, to € 9.5 million by June 30, 2009, due to the DETEC acquisition.

**Shareholders' equity** posted € 27.8 million on June 30, 2009 (December 31, 2008: € 28.6 million).
The **equity ratio** stood at 35.8% as compared with 40.3% at year-end 2008.

## 3. Outlook

In respect of the end of the fiscal year 2009, the Management Board confirms its outlook as per December 31, 2008, published in its Combined Management Report on the Group and the Parent Company.

## 4. Opportunities and Risk Report

The opportunities and risk report is an update of the assumptions made in the Combined Management Report on the Group and the Parent Company as per December 31, 2008. The report is therefore to be read in conjunction with these statements. Major changes in the current fiscal year have occurred in relation to the following opportunities and risks:

### Market and Product Portfolio

With its "Beta 4Agility" growth program, initiated in the second quarter of 2007, Beta Systems is taking the opportunity of improving 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 and an enhanced uniform presence in the market. This incurs the customary risks identified in the last Combined Management Report on the Group and the Parent Company associated with introducing new products in the market.

### 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, qualified personnel is a decisive factor for its financial performance, asset and financial position. The current dearth of qualified personnel on the labor market incurs a risk that positions which become vacant through fluctuation or which are created by the growth of the Company cannot be filled with suitable personnel - or only with a delay.

### Current Situation on the International Financial Markets

The ongoing 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 consolidation; on the other, however, there is the risk that, in the short term, investments may be shelved owing to liquidity and financing bottlenecks.

## 5. Report on Material Transactions with related Parties

Material transactions with related parties did not take place during the reporting period.

### 6. Events after the Balance Sheet Date

**Chief Executive Officer relieved of his Duties**

The Supervisory Board of Beta Systems Software AG made the decision in its meeting on July 18, 2009, to relieve Mr. Kamyar Niroumand of his duties as Chief Executive Officer of the Company. The Supervisory Board has taken up the search for a successor without delay. Until successful conclusion of this procedure Mr. Gernot Sagl, Chief Financial Officer, will temporarily take over the responsibilities and duties formerly assigned to Mr. Niroumand.

## III. AFFIRMATION BY THE LEGALLY AUTHORIZED REPRESENTATIVE

To the best of my knowledge, and in accordance with the applicable reporting principles for interim reporting, I hereby affirm that 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 Interim Management Report 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 during the remaining financial year.

Berlin, August 2009

Gernot Sagl
Member of the Management Board

**Financial Statements/Disclaimer**

This Half-yearly Financial Report 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 in the Outlook report of the Combined Management Report on the Group and the Parent Company 2008 and elsewhere. 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.

## IV. BETA SYSTEMS SOFTWARE AG AND SUBSIDIARIES
## CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2009 (UNAUDITED)

### CONSOLIDATED STATEMENT OF INCOME

| (Thousand €, except share data in € viz. in number of shares) | Q1-Q2/2008 (unaudited) | Q1-Q2/2009 (unaudited) |
|---|---|---|
| **Revenues** | **42,521** | **40,779** |
| Product Licenses | 12,754 | 11,759 |
| Hardware | 3,200 | 1,950 |
| Maintenance | 19,660 | 20,494 |
| Services | 6,907 | 6,576 |
| **Cost of Revenues** | **18,654** | **19,882** |
| **Gross Profit** | **23,867** | **20,897** |
| **Operating Expenses** | **23,275** | **21,841** |
| Selling Expenses | 12,237 | 10,202 |
| General Administrative Expenses | 3,800 | 4,403 |
| Research and Development Expenses | 7,251 | 7,319 |
| Sundry Income | (277) | (395) |
| Other Expenses | 264 | 312 |
| **Operating Result** | **592** | **(944)** |
| **Finance Result** | **255** | **(107)** |
| Interest Income | 382 | 52 |
| Interest Expenses | (127) | (159) |
| **Result before Income Taxes** | **847** | **(1,051)** |
| Income Taxes | (507) | 319 |
| **Result for the Fiscal Period** | **340** | **(732)** |
| Earnings per Ordinary Share | | |
| **Basic and Diluted** | **0.03** | **(0.06)** |
| Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share | | |
| **Basic and Diluted** | **13,168,304** | **13,168,304** |

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF INCOME

| (Thousand €, except share data in € viz. in number of shares) | Q2/2008 (unaudited) | Q2/2009 (unaudited) |
|---|---|---|
| **Revenues** | **22,517** | **20,455** |
| Product Licenses | 7,698 | 5,916 |
| Hardware | 1,333 | 1,275 |
| Maintenance | 9,583 | 10,463 |
| Services | 3,903 | 2,801 |
| **Cost of Revenues** | **9,801** | **10,178** |
| **Gross Profit** | **12,716** | **10,277** |
| **Operating Expenses** | **11,560** | **11,171** |
| Selling Expenses | 6,558 | 5,280 |
| General Administrative Expenses | 1,653 | 2,189 |
| Research and Development Expenses | 3,475 | 3,665 |
| Sundry Income | (143) | - |
| Other Expenses | 17 | 37 |
| **Operating Result** | **1,156** | **(894)** |
| **Finance Result** | **72** | **(69)** |
| Interest Income | 141 | 19 |
| Interest Expenses | (69) | (88) |
| **Result before Income Taxes** | **1,228** | **(963)** |
| Income Taxes | (308) | 329 |
| **Result for the Fiscal Period** | **920** | **(634)** |
| Earnings per Ordinary Share | | |
| **Basic and Diluted** | **0.07** | **(0.05)** |
| Weighted Average Number of Shares Outstanding used to compute Earnings per Ordinary Share | | |
| **Basic and Diluted** | **13,168,304** | **13,168,304** |

See accompanying Notes to the Consolidated Financial Statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Thousand €) | 12.31.2008 (audited) | | 06.30.2009 (unaudited) |
|---|---|---|---|
| **Current Assets** | **52,810** | | **54,733** |
| Cash | 1,822 | | 2,680 |
| Trade Receivables | 38,317 | | 35,972 |
| Work in Process Project Orders (POC) | 4,676 | | 6,963 |
| Inventories | 3,323 | | 3,058 |
| Other Current Assets | 4,557 | | 5,884 |
| Current Income Taxes | 115 | | 176 |
| **Non-Current Assets** | **18,170** | | **23,013** |
| Property, Plant & Equipment | 3,197 | | 2,751 |
| Goodwill | 2,029 | | 5,403 |
| Other Intangible Assets | 2,490 | | 3,029 |
| Acquired Software Product Rights | 2,408 | | 2,978 |
| Deferred Tax Assets | 7,295 | | 8,030 |
| Other Non-Current Assets | 751 | | 822 |
| **Total Assets** | **70,980** | | **77,746** |
| **Current Liabilities** | **28,225** | | **34,749** |
| Short-Term Finance and Finance Leasing | 7,120 | * | 7,402 |
| Trade Payables | 5,702 | | 4,979 |
| Deferred Income | 6,876 | | 13,891 |
| Advance Payments Received (POC) | 160 | | - |
| Other Current Liabilties | 8,376 | | 8,477 |
| **Non-Current Liabilities** | **14,168** | | **15,191** |
| Long-Term Borrowings | 1,675 | * | 2,206 |
| Employee Benefits | 2,922 | | 2,911 |
| Deferred Tax Liabilities | 8,812 | | 9,462 |
| Other Non-Current Liabilities | 759 | | 612 |
| **Total Liabilities** | **42,393** | | **49,940** |
| **Shareholders' Equity** | **28,587** | | **27,806** |
| Share Capital | 17,276 | | 17,276 |
| Capital Reserve | 10,709 | | 10,709 |
| Retained Losses | (145) | | (877) |
| Other Comprehensive Income | 1,166 | | 1,117 |
| Treasury Shares | (419) | | (419) |
| **Total Liabilities and Shareholders' Equity** | **70,980** | | **77,746** |

See accompanying Notes to the Consolidated Financial Statements

* including Reclassifications (for Detail refer to the Notes, "Reclassification")

## CONSOLIDATED STATEMENT OF CASH FLOWS

| (Thousand €) | Q1-Q2/2008 (unaudited) | Q1-Q2/2009 (unaudited) |
|---|---|---|
| **Net Cash from Operating Activities** | **7,329** | **2,260** |
| Result for the Fiscal Period | 340 | (732) |
| Reconcilation from Result for the Fiscal Period to | | |
| Net Cash from Operating Activities: | | |
| Depreciation and Amortization | 2,039 | 1,867 |
| (Gain) Loss on the Disposal of Property, Plant & Equipment, net | (31) | 21 |
| Finance Result, net | (255) | 107 |
| Current Tax (Benefit) Expenses | 115 | 415 |
| Deferred Tax (Benefit) Expenses | (587) | (735) |
| Income Taxes Paid | (35) | (200) |
| Foreign Currency Gains (Losses), net | 169 | - |
| Changes in Assets and Liabilities: | | |
| - (Increase) Decrease in Trade Receivables | 4,714 | 2,345 |
| - Increase (Decrease) in Trade Payables | 696 | (723) |
| - Increase (Decrease) in Deferred Revenues | 5,260 | 5,945 |
| - Changes in other Assets and Liabilities | (5,096) | (6,050) |
| **Net Cash used in Investing Activities** | **(2,874)** | **(2,007)** |
| Acquisition of Property, Plant & Equipment | (299) | (210) |
| Interest Received | 35 | 52 |
| Cash Paid for Kleindienst Settlement | - | (509) * |
| Cash Paid for Investments, net of Acquired Cash | (2,610) | (1,340) |
| **Net Cash used in Financing Activities** | **(4,267)** | **654** |
| Repayment of Short-Term Finance and Finance Leasing | (4,140) | 282 |
| Receipt of Payment from Constitution of Long-Term Borrowings | - | 531 |
| Interest Paid | (127) | (159) |
| **Increase in Cash** | **188** | **907** |
| Effect of Exchange Rate Fluctuations on Cash | - | (49) |
| Cash at the Beginning of the Fiscal Period | 3,176 | 1,822 |
| **Cash at the End of the Fiscal Period** | **3,364** | **2,680** |

See accompanying Notes to the Consolidated Financial Statements

* for Detail refer to the Notes, "Termination of the Shareholders' Compensation Claim from the Kleindienst Acquisition"

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Q1-Q2/2009 (unaudited)<br>(Thousand €, except share data in number of shares) | Ordinary Shares: Number of Shares Issued | Ordinary Shares: Value | Capital Reserve | Retained Earnings (Losses) | Other Comprehensive Income (Loss) | Net Income (Loss) including Other Comprehensive Income (Loss) | Treasury Shares: Number of Ordinary Shares | Treasury Shares: Value | Total Shareholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at January 1, 2008** | **13,288,914** | **17,276** | **10,709** | **(4,950)** | **1,097** | | **(120,610)** | **(419)** | **23,713** |
| Net Profit (Loss) for the Year | - | - | - | 4,805 | - | 4,805 | - | - | **4,805** |
| Other Comprehensive Income (Loss), net of Tax Effects | | | | | | | | | |
| Currency Translation Adjustments | - | - | - | - | 69 | 69 | - | - | - |
| Other Comprehensive Income (Loss) | - | - | - | - | - | 69 | - | - | **69** |
| Net Profit (Loss) for the Year, including Other Comprehensive Income (Loss) | | | | | | 4,874 | | | |
| **Balance as at December 31, 2008** | **13,288,914** | **17,276** | **10,709** | **(145)** | **1,166** | | **(120,610)** | **(419)** | **28,587** |
| Net Profit (Loss) for the Year | - | - | - | (732) | - | (732) | - | - | **(732)** |
| Other Comprehensive Income (Loss), net of Tax Effects | | | | | | | | | |
| Currency Translation Adjustments | - | - | - | - | (49) | (49) | - | - | - |
| Other Comprehensive Income (Loss) | - | - | - | - | - | (49) | - | - | **(49)** |
| Net Profit (Loss) for the Year, including Other Comprehensive Income (Loss) | | | | | | (781) | | | |
| **Balance as at June 30, 2009** | **13,288,914** | **17,276** | **10,709** | **(877)** | **1,117** | | **(120,610)** | **(419)** | **27,806** |

See accompanying Notes to the Consolidated Financial Statements

BETA SYSTEMS SOFTWARE AG AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2009 (UNAUDITED)

## 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 Interim Financial Statements for the fiscal period to June 30, 2009, 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, Africa and North America.

**Description of the Business Operations**

The Company develops, distributes, 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.

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.

**Statement of Compliance**

The Consolidated Interim Financial Statements was prepared in compliance with the International Financial Reporting Standards (IFRS), as they are required to be applied within the European Union, particularly IAS 34 for interim financial reports. Accordingly they do not include all of the information and notes required by the International Financial Reporting Standards (IFRS) for Consolidated Annual Financial Statements, and should be read in conjunction with the Annual Consolidated Financial Statements for the fiscal year 2008 and footnotes thereto.

In the opinion of the Management Board, all adjustments considered necessary for a fair presentation (normal recurring provisions) are included. The results for the period to June 30, 2009, are not necessarily indicative of the results which may be expected for the entire fiscal year 2009.

## ACQUISITION OF DETEC GROUP, RUESSELSHEIM

With effect as of January 1, 2009, Beta Systems Software AG has acquired 100% of the shares in DETEC Decision Technology Software GmbH ("DETEC GmbH") and DSP DETEC Software Products GmbH, Ruesselsheim ("DSP GmbH").
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 core DETEC product, LaserSoft/DoXite, formats graphical documents from data, texts and layouts. The section is allocated to the business segment DCI/IdM.
The purchase price amounts to T€ 4,749.

The acquisition date for purposes of initial consolidation is January 1, 2009. The allocation of the purchase price detailed in the following table is provisional, as current efforts to determine the market values of certain own-produced intangible assets had not been concluded at balance sheet date. Future adjustments to the purchase price allocation will be carried out in accordance with IFRS 3 within 12 months after the date of acquisition and recognized with retrospective effect from such date:

**DETEC Group, Ruesselsheim**

| **Purchase Price Allocation, in T€** | **Book Value** | **Revalution** | **Market Value** |
|---|---|---|---|
| Goodwill | - | 2,864 | 2,864 |
| Product Rights | - | 1,181 | 1,181 |
| Customer Base | - | 983 | 983 |
| Deferred Tax Liabilities | - | (649) | (649) |
| Cash | 1,736 | - | 1,736 |
| Property, Plant & Equipment | 144 | - | 144 |
| Other Current Receivables and Liabilities | (440) | - | (440) |
| Deferred Income | (1,070) | - | (1,070) |
| Net Assets, including Goodwill | 370 | 4,379 | 4,749 |

The value of the goodwill is the result of a number of factors, such as the value of the core workforce and synergies in the area of sales and distribution. In the reporting period, the DETEC companies contributed revenues of T€ 2,451 and a profit of T€ 485 to the consolidated result.

## TERMINATION OF THE SHAREHOLDERS' COMPENSATION CLAIM FROM THE KLEINDIENST ACQUISITION

The Shareholders' Compensation Claim concerning the business combination of Kleindienst Datentechnik AG with Beta Systems Software AG has now been terminated upon the conclusion of settlement proceedings. The settlement was published on April 17, 2009, in the German Electronic Federal Gazette as well as in the Börsen-Zeitung (German financial newspaper). Along with payment of a settlement of T€ 431, attorney fees of T€ 78 were incurred. A total amount of T€ 509 in subsequent costs of acquisition in connection with purchasing Kleindienst have been capitalized as goodwill.

## ACCOUNTING POLICIES AND VALUATION METHODS

The same financial reporting principles and measurements as were used in the Consolidated Annual Financial Statements as at December 31, 2008, were applied in the Consolidated Interim Financial Statements as at June 30, 2009.

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
- Long-Term 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.

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.

**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.

**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 Interim 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 financial statements of the fully consolidated companies included in the Consolidated Interim Financial Statements are based on the same accounting policies and valuation methods. Inter-company revenues and expenses, accounts receivable, accounts payable, inter-company operating results and inter-company dividend payments were eliminated.

**Reclassification**

The current set of quarterly financial statements has been presented in a new format in order to allow information for comparison from the fiscal year 2008 to be adjusted to the presentation applied in the fiscal year 2009. This reclassification has not any impact on net income for the current year or the equity of the previous year.

An amount of T€ 425 has been reclassified from the "short-term finance and finance leasing" position to the "long-term borrowings" item.

**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 a licensing 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 tested 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. Revenues from these long-term customer-specific 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.

Revenue of the sales of scanner systems 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.

**Acquired Software Product Rights and Other Intangible Assets with limited useful life**
Intangible assets acquired against payment with limited useful life are carried at cost of acquisition, less scheduled amortization and potential impairment.

In each reporting period, scheduled amortization is carried out on a straight-line basis over the estimated useful life of the software.

In accordance with IAS 36, intangible assets which have not been fully written off are assessed against their fair value if there are certain events triggering potential impairment which necessitate establishing whether or not there is a need for impairment. In the event that impairment becomes necessary, unscheduled writedowns are made on the amount by which capitalized software product rights not written down exceed the fair value (net present value of estimated sale of the products, minus selling costs).

**Finance Result**
Interest income and interest expenses are recognized as it accrues in profit and loss, using the effective interest method.

**Income Taxes**
Income taxes are recognized in each reporting period on the basis of the best estimate of the weighted average annual income tax rate anticipated for the year as a whole. This tax rate is applied to the pre-tax result of the interim financial statements.

Since the year 2008, the German corporate tax rate on undistributed earnings and on distributed earnings is 15.0%. Together with the solidarity surcharge and the trade tax rate a composite tax rate in the amount of 30.53% has since then been applied.

**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 period. 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 period, 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.

**Trade Receivables**
Trade Receivables are stated at their acquisitions cost less valuation allowances for expected uncollectible or doubtful accounts. The carrying amounts of these trade receivables due for payment within twelve months from reporting date approximate their fair values because of their short maturity.

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.

**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.

Herewith we refer to the description to the Revenue Recognition according to IAS 11.

**Inventories**
Inventories are stated at the lower value of the average acquisition- or production 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.

**Derivative Financial Instruments**

In order to limit and control existing financial 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.

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 in 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:

| | |
|---|---|
| Technical Plant and Machinery, 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 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.

**Other Intangible Assets and Acquired Software Product Rights**

Acquired intangible assets are valued in the Statement of Financial Position at acquisition cost, less scheduled accumulated amortization and accumulated impairment losses (value in use). Intangible assets are subject to scheduled allocation of straight-line amortization. For the scheduled amortization of the intangible assets, which is recognized in profit or loss, an estimated useful economic life of three till five years is applied as a general rule.

The realizable value is determined on the basis of the value in use.

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets.

**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 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 on 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.

**Long-Term Borrowings**
Long-Term 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.

**Employee 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.

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. The provisions were calculated according to the actuarial principles in accordance with IAS 19.133 ff.

**Fair Value of Financial Instruments**
Financial instruments of the Company consist of non-derivative financial instruments including cash, trade receivables and trade payables, short-term finance and finance leasing and long-term borrowings, as well as derivative financial instruments in the form of foreign currency forwards.

Non-derivative financial instruments are recognized initially at fair value 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 as described in each case.

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

**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. The Company's capital is described in the Combined Management Report on the Group and the Parent Company as at December 31, 2008, and updated in the Interim Report as at June 30, 2009.

**Impairment of Assets**
***Financial Assets:*** All the Company's financial assets designated as 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. Individually 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 in 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. Individually 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.

A goodwill acquired in a business combination is principally tested annually for impairment. Impairment losses are recognized in profit or loss.

**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.

Cumulative currency translation adjustments resulting from changes not affecting the Statement of Comprehensive Income were reported as a separate component of “Other Comprehensive Loss” in shareholders’ equity.

**Shareholders’ Equity**

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.

## SEGMENT REPORTING

### SEGMENT REPORTING ACCORDING TO BUSINESS UNITS

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

The delimitation of the LoBs is product-oriented in alignment with the business activities. 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. Marketing-, sales- and service functions are also allocated directly to each particular LoB. The LoB-manager operates as entrepreneur, taking the responsibility for the global success of his business.

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.

Under the LoB-structure described above the functional areas Sales and Service 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 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.

| **Q2/2008** | **DCI** | **IdM** | **ECM** | **Cross-Section** | **Total Group** |
|---|---|---|---|---|---|
| Revenues with Customers | 9,000 | 2,354 | 11,185 | (22) | 22,517 |
| ...Inter-Segment Revenues | - | - | - | - | - |
| Total Revenues | 9,000 | 2,354 | 11,185 | (22) | 22,517 |
| Cost of Revenues and Operating Expenses of the Business Segments | (5,003) | (2,178) | (9,080) | - | (16,261) |
| Segment Income (Loss) for the Fiscal Period | 3,997 | 176 | 2,105 | (22) | 6,256 |
| **Q2/2009** | **DCI** | **IdM** | **ECM** | **Cross-Section** | **Total Group** |
| Revenues with Customers | 11,135 | 2,963 | 6,372 | (15) | 20,455 |
| ...Inter-Segment Revenues | - | - | - | - | - |
| Total Revenues | 11,135 | 2,963 | 6,372 | (15) | 20,455 |
| Cost of Revenues and Operating Expenses of the Business Segments | (5,849) | (2,852) | (7,392) | 15 | (16,078) |
| Segment Income (Loss) for the Fiscal Period | 5,286 | 111 | (1,020) | - | 4,377 |
| **Q1-Q2/2008** | **DCI** | **IdM** | **ECM** | **Cross-Section** | **Total Group** |
| Revenues with Customers | 17,047 | 4,331 | 21,169 | (26) | 42,521 |
| ...Inter-Segment Revenues | - | - | - | - | - |
| Total Revenues | 17,047 | 4,331 | 21,169 | (26) | 42,521 |
| Cost of Revenues and Operating Expenses of the Business Segments | (9,687) | (4,357) | (17,076) | - | (31,120) |
| Segment Income (Loss) for the Fiscal Period | 7,360 | (26) | 4,093 | (26) | 11,401 |
| **Q1-Q2/2009** | **DCI** | **IdM** | **ECM** | **Cross-Section** | **Total Group** |
| Revenues with Customers | 19,989 | 5,214 | 15,662 | (86) | 40,779 |
| ...Inter-Segment Revenues | - | - | - | - | - |
| Total Revenues | 19,989 | 5,214 | 15,662 | (86) | 40,779 |
| Cost of Revenues and Operating Expenses of the Business Segments | (11,459) | (5,015) | (15,072) | 86 | (31,460) |
| Segment Income (Loss) for the Fiscal Period | 8,530 | 199 | 590 | - | 9,319 |

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.

As for purposes of internal reporting and steering of the Company not all costs are allocated to the net results generated by the LoBs - i.e. general Cost of Revenues, the General Administrative Expenses, general Research and Development 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:

| | Q2/2008 | Q2/2009 |
|---|---|---|
| Total Segment Results for the Fiscal Period | 6,256 | 4,377 |
| Unallocated Overhead Costs | (5,226) | (5,234) |
| Sundry Income | 143 | - |
| Other Expenses | (17) | (37) |
| Operating Result | 1,156 | (894) |
| Finance Result | 72 | (69) |
| Result before Income Taxes | 1,228 | (963) |
| Income Taxes | (308) | 329 |
| Income for the Fiscal Period | 920 | (634) |

| | Q1-Q2/2008 | Q1-Q2/2009 |
|---|---|---|
| Total Segment Results for the Fiscal Period | 11,401 | 9,319 |
| Unallocated Overhead Costs | (10,822) | (10,347) |
| Sundry Income | 277 | 395 |
| Other Expenses | (264) | (312) |
| Operating Result | 592 | (944) |
| Finance Result | 255 | (107) |
| Result before Income Taxes | 847 | (1,051) |
| Income Taxes | (507) | 319 |
| Income for the Fiscal Period | 340 | (732) |

## GUARANTEES AND CONTINGENT LIABILITIES

In comparison to the financial statement date any change has not occurred since December 31, 2008. In particular, the following position exists:

During the previous ownership of Datasec GmbH, Siegen, which was sold as at December 31, 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.

Regarding the termination of the Shareholders' Compensation Claim we refer to the description to the "Termination of the Shareholders' Compensation Claim from the Kleindienst Acquisition".

## 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 interim reporting period. 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 entities during the interim reporting period.

No other related party business relationships existed.

## EVENTS AFTER THE BALANCE SHEET DATE

The Supervisory Board of Beta Systems Software AG made the decision in its meeting on July 18, 2009, to relieve Mr. Kamyar Niroumand of his duties as Chief Executive Officer of the Company. The Supervisory Board has taken up the search for a successor without delay. Until successful conclusion of this procedure Mr. Gernot Sagl, Chief Financial Officer, will temporarily take over the responsibilities and duties formerly assigned to Mr. Niroumand.

## V. DISCLOSURE OF DIRECTORS' HOLDINGS OF BETA SYSTEMS SOFTWARE AG

| As per June 30, 2009 | Shares |
|---|---|
| **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 |

None of the members of the Supervisory Board or the Management Board currently hold stock option rights or conversion rights to the shares of Beta Systems Software AG.

## VI. CONTACT

### Hotline for investors, analysts and journalists

Our Investor Relations Team is at your disposal for any questions on the results as per June 30, 2009, under the telephone number +49 (0)30 26 118 -171 or email under ir@betasystems.com.

### Beta Systems Software AG, Berlin, Germany

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 process optimization, improve security and make IT more agile. They guarantee compliance with business requirements in respect of 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 product segment (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 to companies with high numbers of users. In its ECM Solutions Division (ECM & Document Solutions) Beta Systems develops customized solutions for large enterprises in the financial services sector, industry and trading in the areas of payments, processing of incoming post and general document management.

Beta Systems was founded in 1983, has been a listed company since 1997, and 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. Throughout the world more than 1,400 customers use the products and solutions of Beta Systems in more than 3,300 running installations. At present, Beta Systems generates 50 percent of its sales from international business. Around 200 of its customers are based in the USA and Canada.
More information on the company and its products can be found under www.betasystems.com.

### Financial Calendar

**July 30, 2009**
Press Release – Second Quarter Results 2009

**August 4, 2009**
Publication – Second Quarter Results 2009 (Half-yearly Report)

**October 29, 2009**
Press Release – Third Quarter Results 2009

**November 3, 2009**
Publication – Third Quarter Results 2009

**November 9, 2009**
Analysts' conference at the German Equity Forum in Frankfurt/Main

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